

BLB&G Trial Team Achieves Precedent-Setting Victory in Delaware Court of Chancery

March 17, 2023



On March 15, 2023, in a major trial victory for BLB&G, the Delaware Court of Chancery held that a class of former Mindbody stockholders are entitled to damages of \$1 per share. This favorable decision comes after four years of hard-fought litigation related to Vista Equity Partners' ("Vista") 2019 buyout of the software fitness company, Mindbody, Inc. ("Mindbody" or the "Company").

Within Chancellor Kathaleen St. J. McCormick's opinion, the Court found that Mindbody's Chairman, CEO, and Founder, Richard Stollmeyer, breached his fiduciary duties to Mindbody's stockholders in connection with the sale of the Company to Vista, and that Vista aided and abetted Stollmeyer's breaches of duty in connection with the issuance of a false and misleading proxy soliciting stockholder approval for the deal. Vista and Stollmeyer are jointly and severally liable for paying Mindbody former stockholders an additional \$1 for each Mindbody share they owned at the time of the closing of the deal.

BLB&G's Corporate Governance team is proud to be part of another landmark and precedent-setting outcome in the Delaware Court of Chancery. The decision reaffirms the bedrock legal principle that directors and senior executives of public companies owe fiduciary duties to their stockholders, including when they are overseeing a sale of the company. The decision also makes clear that corporate acquirers cannot assist sell-side company insiders in providing misleading information to their stockholders to get a deal done. It is an important precedent for corporate advisors and M&A practitioners around the country.

The BLB&G team was led by Partners Christopher J. Orrico, Gregory V. Varallo and Jeroen van Kwawegen, and Senior Counsel Andrew Blumberg. In addition, Friedlander & Gorris PA served as co-counsel. "We are pleased with the Court's decision, which enforces the fiduciary duties of directors and officers to public stockholders in connection to a public company sale," said BLB&G Partner Christopher Orrico. "This was a case against well-funded

defendants represented by nationally recognized defense firms. The decision demonstrates BLB&G's capability and willingness to take cases to trial and our role as the leading shareholder firm in the country."

For background on this case, please visit the case description linked under the Related Case section of this page.