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BLB&G achieved a significant victory on behalf of a class of former Mindbody stockholders before the Delaware Supreme Court, which affirmed a favorable trial victory from the Delaware Court of Chancery in the *Mindbody* Stockholder Litigation. This landmark breach-of-fiduciary-duty class action stemmed from the 2019 merger of software-as-a-service company Mindbody and private equity firm Vista Equity Partners. The Supreme Court's decision underscores the responsibilities of corporate officers and directors and reinforces protections for stockholders in merger transactions.

Writing for the Supreme Court, Justice Karen L. Valihura upheld the trial court's findings against Richard Stollmeyer, Mindbody's founder and CEO. In particular, the Supreme Court affirmed the trial court's findings that Stollmeyer breached his fiduciary duties under *Revlon* by prioritizing his personal interests over maximizing stockholder value. Specifically, the court found that Stollmeyer's actions tilted the sale process in the buyer's favor, driven by his desire to monetize his investment. The ruling upheld a one-dollar-per-share damages award for the breaches of fiduciary duty under *Revlon*. The Supreme Court also affirmed the trial court's conclusion that defendants had waived their right to an offset from an earlier partial settlement.

Case Background

The dispute arose from Vista Equity Partners' acquisition of Mindbody in February 2019 for $36.50 per share. Evidence presented during trial revealed that Stollmeyer initiated a flawed sales process without board authorization, giving Vista an unfair advantage over other potential acquirers. Stollmeyer also concealed his back-channel communications with Vista from the Mindbody board, compromising the integrity of the transaction.

BLB&G filed a class action complaint on behalf of Luxor Capital Partners and similarly situated former stockholders of Mindbody, alleging breaches of fiduciary duty by Stollmeyer and others. Following an eight-day trial, the Court of Chancery ruled in favor of the plaintiffs and the class in March 2023, awarding $1 per share in damages. The decision underscored the critical importance of action by corporate directors and officers to prioritize stockholder value in merger transactions.

Implications of the Ruling

The Delaware Supreme Court's decision affirms the core principles of fiduciary responsibility and reinforces the need for transparency and fairness in M&A transactions. It serves as a powerful reminder to corporate executives that conflicts of interest and self-dealing will not be tolerated under Delaware law. Although findings against the buyer were set aside on appeal, the decision clarifies the circumstances where a buyer can be liable for aiding and abetting a breach of the duty of disclosure.

BLB&G's Role in the Case

BLB&G played a pivotal role in achieving this landmark result. The litigation team, led by Partners Christopher Orrico, Andrew Blumberg, and Greg Varallo, and assisted by Senior Staff Attorney Rebecca Reyhani, secured this precedent-setting outcome on behalf of Mindbody's former stockholders. The victory highlights BLB&G's commitment to protecting stockholder rights and holding corporate leaders accountable.

A Precedent-Setting Achievement

This case stands as a milestone in Delaware corporate law, reaffirming the fiduciary duties owed by directors and senior executives to their stockholders and making clear that individual directors and officers can be held personally accountable for breach of their duties. It also sends a clear message to M&A practitioners nationwide about the legal standards governing sale processes and disclosure obligations. Through its diligent advocacy, BLB&G set a powerful precedent that will guide corporate advisors and stockholders alike in future transactions.