

Business Divorce & Ownership Disputes

Business owners regularly call upon us to help resolve disputes with their business partners. If the dispute cannot be resolved through negotiations, our skilled and experienced litigators work to vigorously protect the interests of our clients and their businesses through litigation. Whether it is a dispute over the taking of profits, the use of company assets, or a new strategic direction, and whether the dispute involves a corporation, a partnership, a limited liability company, or another type of business entity, we can help. Litigation of ownership disputes often begins with emergent requests for relief from the court, and we are more than prepared to respond immediately to seek such relief or defend against it.

We can also help on the front end by helping to negotiate and draft corporate governance documents that will reduce the likelihood of future disputes. Whether it is for a small, family-owned business or a larger business venture, our attorneys prepare well-written and comprehensive ownership agreements that clearly define the rights and obligations of each owner, while helping to minimize complications that regularly occur. Formation documents prepared by our attorneys also provide fair and efficient mechanisms for resolving disputes among owners that are designed to reduce the disruption and costs that often are incurred in resolving such disputes.

Our clients include officers, directors, and majority and minority shareholders, partners, and members. We prosecute and defend all matters of ownership disputes, including oppression of minority shareholder claims, dissolution proceedings, valuation proceedings, corporate governance disputes, claims of breaches of fiduciary duty, theft of corporate opportunities claims, breaches of restrictive covenants, and claims for advancement of legal fees and indemnification.

Our experienced litigators regularly appear in New Jersey's Chancery Division and New York's Commercial Division, where ownership disputes are typically litigated.

Representative Matters

Our firm is proud of the results it has achieved for clients, some of which are noted here. Of course, each legal matter is unique on many levels, and past successes are not a guarantee of results in any other pending or future matters.

- Representing the plaintiff in an oppressed minority shareholder suit concerning issues of oppression in a closely held corporation. This case resulted in the New Jersey Supreme Court issuing a precedential decision clarifying the State's oppressed shareholders jurisprudence and provided needed guidance on the question of the proofs necessary to trigger the availability of remedies under the oppressed shareholder statute. The case was remanded and appealed following the entry of a \$25 million judgment in our client's favor on remand. In a second Supreme Court decision, which also created new law on the applicability of a marketability discount in the context of a court ordered buy out of interests in closely held corporations, the Court reinstated in full the judgment of \$25 million (an \$18 million buyout

and plus more than \$7 million in pre- and post-judgment interest). In post-judgment enforcement proceedings, assisted in collecting more than \$20 million through various execution avenues from both individual and corporate judgment debtors. Successfully tried a fraudulent transfer claim, resulting in an opinion and order requiring the return of \$18 million in funds secreted overseas.

- Successfully represented a group of limited partners with a minority interest in a commercial real estate company in a dispute with the general partners, who sought to amend the partnership agreement on terms which would have an adverse impact on the limited partners' rights and devalues their shares. The general partners agreed to a consent order that prohibited them from amending the agreement, and after extensive motion practice, we entered mediation and secured a mutually agreeable settlement.
- Successfully defended a lawsuit brought by a sibling in a family-owned business, who after 30 years of having no involvement with the business, demanded his share of the business and its profits. Despite the existence of an old stock ledger supporting the claim, the plaintiff was awarded zero dollars on his claims.
- Represented dissenting minority shareholders seeking a buyout of their interests in a closely held corporation, whose focus is the development of software for investment portfolio analysis. The matter involved complex issues concerning the effect of outside consulting agreements entered into by the individuals as well as the valuation of the respective ownership interests. A judgment was entered awarding our clients in excess of \$3 million.
- Represented one 50% owner in an oppressed minority shareholder case, and after a two-week trial our client was awarded significant legal fees as a result of the frivolous claim brought by the other 50% owner.
- Successfully negotiated and then enforced a favorable buy out settlement among sibling owners of a highly profitable health service business. Obtained the appointment of a Special Fiscal Agent and avoided catastrophic harm to the business pending litigation.
- Successfully represented a client with interests in multiple closely-held family businesses through mediation, which required the resolution of complex issues of ownership interests and valuation.
- Represented real estate developer shareholders in a closely-held family limited liability corporation in successfully ousting a member whose conduct was interfering with business operations.
- Represented the majority owner of an insurance brokerage in ousting a fellow shareholder who was interfering with business operations.
- Represented shareholders in major New Jersey company involving an internal shareholder dispute among the stakeholders alleging shareholder oppression, conspiracy, single enterprise theory, and attendant valuation disputes. Much of the hard-fought litigation took place up front with Orders to Show Cause and an application for temporary restraints. Our attorneys front-loaded litigation efforts with extensive fact-gathering, research and briefing on complex issues of oppression that effectively gutted plaintiff's most valuable claim in the case. The matter was ultimately resolved through private mediation.

- Successfully represented a group of LLC members in a case asserting breach of fiduciary duty claims against the company's managing member.
- Successfully represented a group of LLC members in a complex international shareholder dispute where the clients won control of the LLC after a decade-long dispute.
- Guided members of a limited liability company and limited liability partnership valued in excess of \$24 million through 8 years of litigation and arbitration culminating in a favorable settlement. Efforts included emergent applications for the appointment of a Receiver and Special Fiscal Agent while regularly and vigorously advocating for relief from the oppressive conduct of those members controlling the business.
- Represented a leading New Jersey health care company seeking to divest a minority member of his shares as a result of his wrongful conduct, including breaches of fiduciary duty, misappropriation of corporate opportunities and assets. During the course of the litigation, the firm successfully enforced a restrictive covenant and obtained sanctions for the defendant's violation of a preliminary injunction.
- After a five-day bench trial, successfully obtained a no-cause-of-action and dismissal of a case brought against the owner of a closely-held business who was sued by someone claiming to be a 50% owner of the business.