

# MANN, LIEBMAN AND FLANAGAN SECURE COMPLETE DEFENSE VERDICT IN \$200 MILLION CLASS ACTION

Partners Monte Mann and Joshua Liebman and Associate Ian Flanagan of Armstrong Teasdale’s new Chicago office just secured a complete defense verdict for private equity clients Siem Kapital AS, Harwood Capital LLP (f/k/a North Atlantic Value LLP) and Siem Industries Inc. in a class action shareholder dispute where plaintiffs were seeking over \$200 million in damages. Mann, Liebman and Flanagan obtained this complete victory despite being retained just three months before trial.

In this nearly decade-old shareholder dispute, a class of minority members in a Delaware LLC that owned and operated an ethanol plant in Rochelle, Illinois, alleged they were improperly “squeezed out” of the company by the LLC’s majority member. The defendants included the four individual executive managers of the LLC who voted in favor of the supposed squeeze-out, the LLC’s majority member and its parent companies, as well the European private equity investors that had acquired the majority member shortly before the alleged squeeze out.

The lawsuit was originally filed in 2014 in Ogle County, Illinois. In 2018, the court entered summary judgment on liability for the plaintiffs and against the individual defendants, finding that the company executives had breached their fiduciary duties and the LLC’s operating agreement. The court then bifurcated the trial, deciding to determine the damages allegedly caused by the individual defendants before determining whether any of the corporate defendants were liable. In 2020, the plaintiffs and the individual defendants went to trial on the issue of damages arising out of the individual defendants’ liability, and the court awarded the plaintiffs over \$10 million in damages (including prejudgment interest).

The corporate defendant case was set for trial in November 2022. Yet, just a few months before trial, in August 2022, the private equity investor defendants – Siem Kapital, Siem Industries and Harwood Capital – who were originally represented by an Am Law 15 firm, retained Mann and Liebman as their trial counsel to defend them against claims of aiding and abetting the individual defendants’ breaches of fiduciary duty and tortious interference with the LLC’s

## PEOPLE

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operating agreement.

At the November 2022 trial, in addition to joint liability for the \$10 million award they already obtained against the individual defendants, the plaintiffs sought over \$57 million in “consequential damages” and an unspecified amount – but likely at least three times their purported actual damages in punitive damages – based on the theory that the corporate defendants (including the private equity investor defendants) orchestrated the squeeze-out knowing it was wrong and illegal at the expense of the minority members who were primarily local farmers from in or around Ogle County.

Following an eight-day bench trial and a round of extensive closing briefs, the Court found that Armstrong Teasdale’s three clients were not liable on either of the claims. This was complete vindication for the private equity investor defendants who consistently maintained that they were not involved in determining the price or process of the minority buyout. The Court did find one other company, represented by a different law firm, jointly and severally liable with the individual defendants for over \$10 million.