

Court of Chancery Dismisses Implied Covenant Claim Arising Out of Privately Negotiated Sale Transaction

Article

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In *Miller v. HCP & Company*, 2018 WL 656378, the Court of Chancery granted defendants' motion to dismiss an action seeking relief under the implied covenant of good faith and fair dealing under the subject company's limited liability company agreement (LLC Agreement) in connection with a sale of the subject company pushed by the defendants.

The plaintiffs argued that a privately negotiated sale of the subject company pushed by board members appointed by the controller, which primarily benefited the controller while leaving the other members with little or no proceeds, breached an implied covenant that any sale of the subject company would be conducted pursuant to an open-market sale or auction to ensure maximum value for all members.

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Tarik J. Haskins, "Court of Chancery Dismisses Implied Covenant Claim Arising Out of Privately Negotiated Sale Transaction," Month-In-Brief: Corporations, LLCs & Partnerships, *ABA Business Law Today* (February 2018).

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