

Delaware Court of Chancery Allows Claims to Move Forward in Trifecta Earnout Dispute

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Selendy Gay secured an important victory on behalf of Trifecta Multimedia Holdings (“Trifecta”) in an earnout dispute in Delaware Court of Chancery. The case asserts claims for fraud, breach of the implied covenant of good faith and fair dealing, indemnification, and breach of contract following WCG Clinical’s acquisition of Trifecta. On June 10, 2024, the court denied the majority of the defendant’s motion to dismiss the claims.

The lawsuit contends that WCG Clinical took steps immediately upon purchasing Trifecta that prevented the healthcare technology company from reaching revenue milestones and interfered with the company’s ability to secure new customers. Our suit, filed in July 2023 with Wilmington-based Ross Aronstam & Moritz, alleges that the defendant’s actions deprived Trifecta’s founder and employees of the earnout payments to which they otherwise would have been entitled under the sale agreement. As a result of the ruling, three of the four claims—including the fraud claim—will proceed to discovery.

The Selendy Gay team is led by partners David Flugman and Lauren Zimmerman and includes associates Korey Boehm, Ashley Ulrich, and Kevin Closs.

Attorneys

- David S. Flugman
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Practice

- Complex Commercial Disputes