

LITIGATION

Closely-Held Business Disputes

Business owner disputes, if not managed properly, can threaten a company's health and vitality. A company's ongoing day-to-day operations and its future financial success are often dependent upon resolution of these multi-faceted disagreements between owners. Business relationships can often be complicated by interpersonal issues between owners who also happen to be family members or longtime business partners. Disagreements can arise for any number of reasons including succession planning (or the lack of it), differences of opinion concerning strategic direction, family animosity, uneven financial commitment or "sweat equity" among the owners, declining company financial performance, or disparities in compensation. Developing the appropriate strategy to resolve disputes in a manner that meets the client's objectives requires a thorough understanding of these dynamics, as well as an analysis of the critical documents affecting the parties' rights.



Babst Calland has extensive experience representing majority, minority and equal percentage business owners at every phase of a disagreement. The strategy, leverage and options available to business owners can differ significantly based on their percentage of ownership, their rights as set forth in any applicable documents, their importance to the business, and a number of other factors. As counsel, our role is often limited to "behind the scenes" counseling. When appropriate, we also can become more actively involved through communications and/or negotiations with other business owners and their counsel. We are also experienced at litigating these matters, if necessary.

A representative sample of our litigation experience in a wide variety of businesses and industries includes the following:

On behalf of the majority owner:

- Successfully opposed emergency appointment of a custodian sought by a minority shareholder and achieved a buyout of minority shareholder who sought to own control of the entire business.
- Representation of majority owners of a family manufacturing business in multiple actions in state, federal and bankruptcy courts involving a brother with a minority interest in the business.
- Representation of the majority owner of a software company in a dispute concerning the valuation of a minority shareholder interest.
- Representation of majority owners of an aviation business in a contentious dispute with a minority shareholder over control of the business.
- Representation of majority owners who engaged in strategy to dilute a minority shareholder's interest in the business.
- Negotiation of a buyout of a minority shareholder pre-litigation following termination of employment.

On behalf of the minority owner:

- Successfully obtained a substantial buyout of a terminated minority shareholder of a uniform business.
- Achieved buyout of a minority shareholder of a travel agency in litigation with majority owner following termination of the minority shareholder's employment.
- Representation of a minority shareholder of a motorcycle business in a contractual buyout dispute with his family members.

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- Representation of minority member of a public relations firm in a dispute over the majority owner's excessive compensation and improper reimbursement of personal loans and expenses.

On behalf of a 50 percent owner:

- Successfully obtained emergency appointment of a custodian and subsequent buyout of the other owner.
- Representation of members who controlled 50 percent of a business in an arbitration with the other 50 percent member over management and control of a primary care facility.
- Representation of an owner of a timber business in litigation filed by his brother claiming the existence a partnership between them and an equal share of a multi-million dollar business.



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