

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

GENESEE COUNTY EMPLOYEES' :
RETIREMENT SYSTEM, on behalf of itself: :
and all other similarly situated : :
former stockholders of CVENT HOLDING : :
CORP., : :

Plaintiff, : :

v : C. A. No. :
: 2024-0299-PAF

VISTA EQUITY PARTNERS MANAGEMENT, LLC, :
VISTA EQUITY PARTNERS FUND VI, L.P., :
VISTA EQUITY PARTNERS FUND VI-A, L.P., :
VEPF VI FAF, L.P., VEPF IV AIV VII, :
L.P., VEPF IV AIV VII-A, VFF I AIV IV, :
L.P., VFF I AIV IV-A, L.P., MANEET :
SAROYA, DAVID BREACH, BETTY HUNG, SAM :
PAYTON, NICOLAS STAHL, AND RAJEEV :
AGGARWAL, : :

Defendants. : :

- - -

Chancery Courtroom Chambers
Leonard L. Williams Justice Center
500 North King Street
Wilmington, Delaware
Friday, January 24, 2025
11:00 a.m.

- - -

BEFORE: HON. PAUL A. FIORAVANTI, JR., Vice Chancellor

- - -

TELEPHONIC RULINGS OF THE COURT ON
DEFENDANTS' MOTIONS TO DISMISS

CHANCERY COURT REPORTERS
500 N. King Street, Ste 11400, Wilmington, DE
(302) 255-0526

1 APPEARANCES:

2 MARK RICHARDSON, ESQ.
3 NED WEINBERGER, ESQ.
4 Labaton Keller Sucharow LLP
5 -and-

6 KIMBERLY A. EVANS, ESQ.
7 JASON LEVITON, ESQ.
8 ROBERT ERIKSON, ESQ.
9 Block & Leviton LLP

10 -and-
11 THOMAS CURRY, ESQ.
12 Saxena White P.A.

13 -and-
14 MAE OBERSTE, ESQ.
15 DANIEL MEYER, ESQ.
16 Bernstein, Litowitz, Berger & Grossman LLP
17 -and-

18 DAVID F.E. TEJTEL, ESQ.
19 JEREMY S. FRIEDMAN, ESQ.
20 of the New York Bar
21 Friedman Oster & Tejtel PLLC

22 -and-
23 JOSHUA NELSON, ESQ.
24 of the New York Bar
Saxena White, P.A.
for Plaintiff

T. BRAD DAVEY, ESQ.
J. MATTHEW BELGER, ESQ.
ADRIANE KAPPAUF, ESQ.
Potter, Anderson & Corroon LLP

17 -and-
18 MATTHEW SOLUM, ESQ.
19 STEPHANIE TAYLOR, ESQ.
20 of the New York Bar
21 Kirkland & Ellis LLP
22 for Vista Equity Partners Management, LLC,
23 Vista Equity Partners Fund VI, L.P., Vista
24 Equity Partners Fund VI-A, L.P., VEPR VI FAF,
L.P., VEPF IV AIV VII, L.P., VEPF IV AIV VII-A,
VFF I AIV IV, L.P., VFF I AIV IV-A, L.P.,
Maneet Saroya, David Breach, Betty Hung, Sam
Payton, and Nicolas Stahl

Appearances Cont'd ...

CHANCERY COURT REPORTERS
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1 APPEARANCES CONT'D:

2 BRADLEY R. ARONSTAM, ESQ.
3 Ross Aronstam & Moritz LLP
4 -and-
5 BRIAN M. BURNOVSKI, ESQ.
6 DANA M. SESHENS, ESQ.
7 of the New York Bar
8 Davis Polk & Wardwell LLP
9 for Defendant Rajeev Aggarwal
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1 THE COURT: Good morning. Vice
2 Chancellor. I'm not going to ask for a roll call, but
3 make sure to give your names to the court reporter so
4 that we have that documented on the record.

5 Counsel, I'm going to give you my
6 ruling on the pending motion to dismiss; if you will
7 kindly put your phones on mute, I will give you my
8 decision.

9 This action arises out of a 2023
10 transaction in which affiliates of Blackstone Inc.
11 acquired Cvent Holding Corp., which I refer to as
12 "Cvent" or the "Company," in a take private
13 transaction.

14 I'm assuming the parties' familiarity
15 with the facts, so I'm not going to engage in a
16 detailed recitation of the background of the
17 transaction, but I will refer to pertinent facts in
18 the explanation of my decision on the pending motion.
19 These do not constitute factual findings. I'm not
20 going to hold everyone in suspense. I am largely
21 denying the motion to dismiss. My reasoning follows.

22 In the transaction, Cvent's minority
23 common stockholders received \$8.50 per share in cash
24 for their stock. Cvent's controlling stockholder,

1 Vista Equity Partners Management, LLC, which owned
2 approximately 81 percent of Cvent's outstanding common
3 stock, received \$8.50 per share in cash for
4 approximately 63% of its Cvent stock, valued at
5 about \$2.13 billion, and then received nonconvertible
6 preferred stock in the post-merger entity for the
7 remaining 27%, valued at \$1.25 billion. The
8 transaction was not subject to a majority of the
9 minority vote condition or negotiation and approval by
10 an independent committee of the board. There were two
11 committees created and involved in the process,
12 however. The parties entered into a definitive merger
13 agreement on March 14, 2023, and the transaction
14 closed on June 15, 2023.

15 At the time of the transaction, there
16 were eight directors on Cvent's Board of Directors:
17 Five of the eight directors – Maneet Saroya, David
18 Breach, Betty Hung, Sam Payton, and Nicolas Stahl –
19 were employed by and held senior management positions
20 with Vista. I refer to these five directors as the
21 "Vista-Affiliated Directors." Rajeev Aggarwal,
22 Cvent's founder and CEO, was also on the Board. The
23 Vista-Affiliated Directors and Aggarwal are the
24 defendants in this action, along with Vista and its

1 affiliated funds that owned Cvent common stock.

2 The plaintiff filed its verified class
3 action complaint on March 25, 2024. The Complaint
4 asserts three counts. Count I asserts a breach of
5 fiduciary duty claim against Vista, as Cvent's
6 controlling stockholder. Count II asserts a breach of
7 fiduciary duty claim against the individual director
8 defendants, and Count III asserts a breach of
9 fiduciary duty claim against Aggarwal in his capacity
10 as an officer.

11 The defendants have moved to dismiss
12 for failure to state a claim under Court of Chancery
13 Rule 12(b)(6). I heard argument on the motion last
14 Friday.

15 On the motion to dismiss for failure
16 to state a claim under Rule 12(b)(6), "(i) all
17 well-pleaded factual allegations are accepted as true;
18 (ii) even vague allegations are well-pleaded if they
19 give the opposing party notice of the claim; (iii) the
20 Court must draw all reasonable inferences in favor of
21 the nonmoving party; and ([iv]) dismissal is
22 inappropriate unless the plaintiff would not be
23 entitled to recover under any reasonably conceivable
24 set of circumstances susceptible of proof." That's

1 from *Savor v. FMR*, 812 A.2d 894, at pages 896 to 97
2 from our Supreme Court in 2002. See also *Central*
3 *Mortgage v. Morgan Stanley*, 27 A.3d 531 at page 536
4 from our Supreme Court in 2011.

5 The plaintiff is "entitled to all
6 reasonable factual inferences that logically flow from
7 the particularized facts alleged, but conclusory
8 allegations are not considered as expressly pleaded
9 facts or factual inferences." That's from *White v.*
10 *Panic*, 783 A.2d 543 at page 549 from our Supreme Court
11 in 2001.

12 As the Supreme Court said in the
13 *General Motors (Hughes)* litigation in 2006, the court
14 need not "accept every strained interpretation of the
15 allegations proposed by the plaintiff." That's 897
16 A.2d 162, at page 168.

17 Count I alleges that Vista breached
18 its as Cvent's controlling stockholder in connection
19 with the Merger and its conduct is subject to entire
20 fairness review because Vista received a non-ratable
21 benefit.

22 Defendants argue that the Complaint
23 should be dismissed in its entirety because the Merger
24 was not a conflicted-controller transaction and was

1 approved by a fully informed, uncoerced stockholder
2 vote, triggering business judgment review under
3 *Corwin*.

4 The parties do not dispute that Vista,
5 which owned approximately 81% of Cvent's outstanding
6 common stock prior to the merger, was Cvent's
7 controlling stockholder. That level of equity
8 ownership constitutes what has been referred to as
9 "hard control." Hence, Vista owed fiduciary duties to
10 Cvent's minority stockholders.

11 "The presence of a controller during a
12 transaction will not trigger entire fairness review on
13 its own. The controller must be conflicted as well."
14 That's from *In Re Crimson Exploration*, 2014 WL 5449419
15 at *12 from this court on October 24, 2014. Thus, the
16 issue before me is whether the complaint alleges facts
17 from which it is reasonably conceivable that the
18 merger was a conflicted-controller transaction.

19 Delaware courts have identified two
20 categories of conflicted controller transactions that
21 implicate the entire fairness standard: "(a)
22 transactions where the controller stands on both
23 sides; and (b) transactions where the controller
24 competes with the common stockholders for

1 consideration." That's from *Crimson* at *12.

2 A controller stands on both sides of a
3 transaction where it "is as much a buyer as a seller"
4 in the transaction. That's from *In Re LNR Properties*,
5 896 A.2d 169, at page 176 from this court in 2005.

6 "A controller competes with common
7 stockholders for consideration when it (i) receives
8 greater monetary consideration for its shares than the
9 minority stockholders, (ii) takes a different form of
10 consideration than the minority stockholders, or (iii)
11 extracts something uniquely valuable to the
12 controller, even if the controller nominally receives
13 the same consideration as all other stockholders."

14 That's from *Manti Holdings v. Carlyle Group*, 2022
15 WL 1815759, at *8 from this court on June 3rd, 2022.

16 To state a claim under the theory that a controller
17 received an improper side benefit, the complaint must
18 also allege an improper diversion of consideration
19 that would otherwise have gone to the other
20 stockholders." See *In Re Martha Stewart*, 2017
21 WL 3568089, at *13 and footnote 50 from this court on
22 August 18, 2017.

23 The plaintiff argues that Vista was
24 conflicted as to the Merger because it received

1 different consideration in the form of non-convertible
2 preferred stock that was not available to Cvent's
3 minority stockholders. The plaintiff also argues that
4 Vista obtained unique benefits from the Merger,
5 including needed liquidity and the preferred stock in
6 the post-Merger company, which improperly diverted
7 consideration from the minority stock molders.

8 As this court stated in *Firefighters*
9 *Pension System of Kansas City v. Foundation Building*
10 *Materials*, "[a] fiduciary is interested in a
11 transaction when the fiduciary receives a form of
12 consideration not shared pro rata with the
13 stockholders." That's 313 A.3d 1105 at page 1143 from
14 this court in 2024.

15 I conclude that the plaintiff has
16 pleaded facts supporting a reasonable inference that
17 Vista received a non-ratable benefit as part of the
18 Merger that was not shared with the other
19 stockholders. The Complaint alleges that Vista
20 received non-convertible preferred equity in the
21 post-Merger company. The final equity commitment
22 documents are not in the record. As disclosed at page
23 45 of the proxy statement, the terms of the preferred
24 equity included 1, a 10.5% dividend rate, paid in

1 kind, increasing by .75% *per annum* beginning on the
2 eighth anniversary of closing, with a total increase
3 of up to 15%.

4 Two, a right for Vista to receive a
5 "Catch-Up payment" in the event of a change in control
6 transaction or IPO in which Blackstone achieves a
7 gross internal rate of return of 20% or greater,
8 whereby Vista would receive payments accounting for a
9 retroactive adjustment to the initial dividend rate to
10 12.5%.

11 Third, a right for Vista to demand
12 Cvent to engage in a process to effectuate either an
13 IPO or sale following the tenth anniversary of the
14 closing of the merger with a 1% *per annum* increase in
15 dividend rates thereafter if an IPO or sale is not
16 achieved.

17 Four, board observer rights,

18 Five, consent rights for the
19 incurrence of debt, the issuance of superior preferred
20 stock, the payment of dividends, and amendments to
21 Cvent's organizational documents.

22 Only Vista received preferred stock.
23 The other Cvent stockholders were not given the option
24 to acquire preferred stock in the post-Merger entity;

1 their shares were cashed out. Thus, it is reasonably
2 conceivable that Vista received a non-ratable benefit
3 in connection with the merger.

4 The defendants presented several
5 arguments in their briefing and at the hearing last
6 Friday, but I do not find these arguments to be
7 persuasive on the plaintiff-friendly standard that I
8 must apply. Many of the defendants' arguments involve
9 disputed factual issues, which cannot be resolved at
10 this stage.

11 Defendants argue that Vista was a "net
12 seller" in the merger because it sold more stock than
13 it rolled over and therefore its primary economic
14 incentive was to obtain the highest price for its
15 equity, which aligned with the other Cvent
16 stockholders. That Vista cashed a portion of its
17 common stock does not change the fact that Vista
18 received preferred equity in the post-Merger company
19 while the other Cvent stockholders did not. And the
20 cases cited by the defendants do not aid them.
21 *Columbia Pipeline* did not involve a conflicted
22 controller transaction, and *Merion Capital* was a
23 statutory appraisal proceeding. *In re Columbia*
24 *Pipeline Group Merger Litigation*, 299 A.3d 393 from

1 this court in 2023, and *Merion Capital v. Lender*
2 *Processing*, 2016 WL 7324170 from this court on
3 December 16, 2016. Those are *Columbia Pipeline* and
4 *Merion Capital* post-trial decisions. And at this
5 stage, we're at the motion to dismiss area.

6 The defendants also argue that Vista
7 "did not seek" the rollover from Blackstone, and that
8 Blackstone "increased its offer twice" after Vista
9 agreed to receive preferred stock in the post-Merger
10 entity.

11 In their papers, the defendants rely
12 primarily on this court's transcript ruling in
13 *Ancestry.com* from 2013. There, the alleged controller
14 agreed to a partial rollover of its common stock after
15 the buyer failed to obtain financing. That's
16 Consolidated C.A. No. 7988-CS, page 86, lines 9
17 through 14 of the transcript from September 27, 2013.

18 The plaintiff alleged that the
19 rollover gave rise to a conflicted controller
20 transaction. The court dismissed the claims,
21 concluding that the allegations in the complaint did
22 not support a reasonable inference that the defendant,
23 which held a 31% equity stake and appointed a minority
24 of the directors on the board, was a controller or was

1 conflicted in the transaction. The court observed
2 that there were no well-pleaded allegations in the
3 complaint that the controller "had ever really sought
4 out any opportunity to roll over any of its
5 investment" or was "pushing for a big rollover."
6 That's from the transcript at page 84, lines 20 to 21
7 and page 86 at line 4. The court further observed
8 that the only reasonable inference that could be drawn
9 from the complaint was that "the rollover was a
10 despite, rather than a because of, factor" for the
11 controller; in other words, the alleged controller
12 agreed to the deal "despite the fact [that it was]
13 being asked to roll over, rather than [the controller
14 was] doing [the] deal because [it] got an opportunity
15 to roll over." That's from the transcript at page 85,
16 lines 12 to 13.

17 Ancestry is distinguishable. First,
18 Cvent was indisputably a controlled company prior to
19 the Merger, and Vista-affiliates composed a majority
20 of the Board. Second, the Ancestry defendants filed
21 their motion to dismiss after the parties had briefed
22 and the court entered a preliminary injunction, and
23 the plaintiff filed an amended complaint. We are at
24 the very early stages of this case, and the parties

1 have not taken any discovery. Third, the Complaint
2 contains no allegations that Vista agreed to the
3 partial rollover after Blackstone failed to obtain
4 financing. In fact, Blackstone's November 12th offer
5 of \$8.00 to \$8.50 per share did not contemplate any
6 equity financing. The proposal indicated that
7 Blackstone could independently commit the full amount
8 of required equity capital, but noted that it would be
9 open to discussing a potential equity rollover with
10 certain existing Cvent stockholders. The Complaint
11 alleges that the Vista-controlled board rejected
12 Blackstone's initial offer as insufficient, but then
13 approved the \$8.50 per share Merger price after the
14 preferred rollover terms were solidified. Unlike in
15 *Ancestry*, the "despite, rather than because of"
16 inference is not the only reasonable inference that
17 can be drawn from the facts alleged in the Complaint
18 here. And the plaintiff gets the benefit of all
19 reasonable inferences at this stage.

20 The Defendants contend that, like the
21 buyer in *Ancestry*, Blackstone initially requested the
22 rollover, not Vista. But as my colleague Vice
23 Chancellor Laster recently observed in *Foundation*
24 *Building* in the context of side agreements, a buyer

1 "can easily choreograph its approach" and "[a]t the
2 pleading stage, who made the offer provides an
3 ambiguous signal, so the plaintiff gets the benefit of
4 the doubt." That's from the *Foundation Building*
5 decision at page 1146.

6 In addition, the defendants argue that
7 the preferred equity rollover represented a detriment
8 to Vista because its terms were below market. The
9 plaintiff disputes this, arguing that the terms were
10 highly favorable to Vista and above market for
11 preferred equity issuances around that time. Based on
12 the well-pleaded facts alleged in the complaint, it is
13 reasonably conceivable that the benefits of the
14 preferred equity were above market. See paragraphs
15 60, 62 to 65, and 73 to 74 of the Complaint.

16 The defendants have made strong
17 arguments to the contrary, but at this stage, the
18 plaintiff gets the benefit of all reasonable
19 inferences.

20 In sum, I conclude that the complaint
21 contains well-pleaded allegations supporting a
22 reasonable inference that the Merger was a conflicted
23 controller transaction and therefore is presumptively
24 subject to entire fairness review.

1 "Because the entire fairness inquiry
2 is fact intensive, it is rare the court will dismiss a
3 fiduciary duty claim on Rule 12(b)(6) motion when
4 entire fairness is the governing standard of review."
5 That's from *Manti v. Carlyle* at *10. "The pleading
6 standard here is low – the Plaintiffs need only plead
7 some facts supporting an unfair process or price."
8 That's also from *Manti* at *10.

9 The plaintiff satisfies the minimal
10 standard here. As to process, the Complaint alleges
11 that the Merger was negotiated by a
12 majority-conflicted board and transaction committee;
13 that the board formed the special committee late in
14 the process, and the special committee did not conduct
15 any meaningful review of the deal terms or the Vista
16 rollover; and that the boards and the special
17 committee's advisors were conflicted. See Complaint
18 at paragraph 6 to 12, 67 to 70, and 73 to 80.

19 As to price, the Complaint alleges
20 that the \$8.50 per share undervalued the Company and
21 represented a substantial discount from the \$10 per
22 share valuation from the company's de-SPAC 15 months
23 earlier; that the company exceeded its financial
24 projections for 2021 and 2022, and that company

1 management forecasted continued growth; and that
2 Vista, via the preferred equity rollover, had the
3 opportunity to participate in the Company's
4 post-Merger upside gain while the minority
5 stockholders were cashed out at \$8.50 per share. The
6 allegations in the Complaint support a reasonable
7 pleading-stage inference that the Merger was not
8 entirely fair as to process or price. Therefore, the
9 motion is denied as to Count I.

10 Count II alleges that the
11 Vista-Affiliated Directors breached their fiduciary
12 duties in connection with the merger by acting to
13 further Vista's interests over the interests of the
14 other Cvent stockholders. The plaintiff also argues
15 that, at a minimum, the Motion must be denied because
16 the individual defendants' conduct cannot withstand
17 enhanced scrutiny under *Revlon*.

18 The plaintiff has pleaded facts
19 supporting a reasonable inference that the
20 Vista-Affiliated Directors acted disloyally. At the
21 time of the merger, the five Vista-Affiliated
22 Directors – Breach, hung, Payton, Saroya, and Stahl –
23 held senior positions at Vista and had been Vista
24 employees for the preceding eight years. As dual

1 fiduciaries, the Vista-Affiliated Directors faced
2 inherent conflicts of interest. Saroya and Stahl were
3 members of the transaction committee, and all five
4 Vista-Affiliated Directors voted in favor of the
5 Merger. And the defendants acknowledged, in their
6 papers and at argument on Friday, that if the
7 Complaint states a breach of fiduciary duty claim
8 against Vista as a controller, it also states a duty
9 of loyalty claim against the Vista-Affiliated
10 Directors.

11 Accordingly, the motion is denied as
12 to Count II with respect to the Vista-Affiliated
13 Directors. Therefore, I need not reach the *Revlon*
14 theory at this stage.

15 Count II and Count III allege that
16 Aggarwal, Cvent's CEO, breached his fiduciary duties
17 both as a director and an officer.

18 To state a non-exculpated claim
19 against Aggarwal as a director, the Complaint must
20 allege facts from which to infer that he (i) had a
21 personal interest in the merger; (ii) lacked
22 independence from someone who was interested in the
23 merger and took action to further that person's
24 interest; or (iii) acted in bad faith. See *In re*

1 *Cornerstone*, 115 A.3d 1173, at pages 1179 to 1180,
2 from the Delaware Supreme Court in 2015.

3 The plaintiff argues that Aggarwal
4 lacked independence from Vista and acted to advance
5 its interest in the merger. "Under the great weight
6 of Delaware precedent, senior corporate officers
7 generally lack independence for purposes of evaluating
8 matters that implicate the interests of either a
9 controller or a conflicted board majority." That's
10 *New Enterprise Associates v. Rich*, 292 A.3d 112 at
11 page 161 from this court in 2023. It is reasonably
12 conceivable that Aggarwal, as the CEO of a controlled
13 company, lacked independence from Vista. See *Beam v.*
14 *Stewart*, 833 A.2d 961 at page 978 from this court in
15 2003, affirmed by our Supreme Court in 2004.

16 It's also reasonably conceivable that
17 Aggarwal acted to further Vista's interests. Aggarwal
18 served on the transaction committee along with Saroya
19 and Stahl. He took an active role in negotiations
20 with Blackstone and voted in favor of the Merger,
21 which provided Vista with a non-ratable benefit in the
22 preferred equity rollover.

23 The plaintiff also argues that
24 Aggarwal had a disabling personal interest in the

1 Merger because of his desire to liquidate his equity
2 in the Company and to continue as the Company's
3 CEO post-Merger.

4 "Delaware law recognizes that
5 liquidity is one benefit that may lead directors to
6 breach their fiduciary duties if a desire to gain
7 liquidity caused them to manipulate the sales process
8 and subordinate the best interest of the corporation
9 and the stockholders as a whole." That's from *In Re*
10 *Mindbody*, 2020 WL 5870084 at *15 from this court on
11 October 2nd, 2020. "Regardless of the underlying
12 theory, the key in evaluating whether financial
13 interests gave rise to a disabling conflict is to look
14 to the subjective intent of the fiduciary." That's
15 also from *Mindbody* at *15.

16 It is not reasonably conceivable that
17 Aggarwal was conflicted in any purported need to
18 liquidate his equity stake in the company. There are
19 no well-pleaded allegations in the Complaint that
20 Aggarwal was strapped for cash or otherwise had an
21 immediate need to liquidate his Cvent stock. It is,
22 however, reasonably conceivable that Aggarwal was
23 conflicted due to his desire to retain his employment
24 as CEO post-closing. The Complaint alleges that

1 Aggarwal had a long-standing relationship with
2 Blackstone and that he met with Blackstone
3 representatives either in person or over the phone on
4 at least 10 occasions prior to Blackstone making its
5 initial offer. When Blackstone submitted its initial
6 November 13, 2022, proposal, the offer letter
7 indicated its interest in retaining Aggarwal as CEO.
8 The Complaint alleges that Aggarwal "understood he
9 would ultimately be retained as Cvent's CEO following
10 the [Merger]" based on Aggarwal's longstanding
11 business relationship and interactions with
12 Blackstone. Aggarwal served as the company's
13 CEO since September 1999, and was retained in his
14 executive role following Vista's take private
15 transaction in 2016, and the de-SPAC transaction in
16 2022. Under these alleged facts and giving the
17 plaintiff the benefit of all reasonable inferences,
18 it's reasonably conceivable that Aggarwal's desire to
19 retain post-closing employment rendered him interested
20 in the Merger.

21 The defendants point to this court's
22 decision in *Klein v. H.I.G. Capital* in support of
23 their argument that the claims against Aggarwal should
24 be dismissed. That's 2018 WL 6719717 from this court

1 on December 19, 2018. But *Klein* is distinguishable.
2 There, the plaintiff asserted claims against the
3 company's alleged controllers and the five members of
4 the company's board. This court concluded at the
5 pleading stage that the challenged transactions were
6 presumptively subjective to entire fairness review
7 because the controller was conflicted. The court,
8 however, dismissed claims against the company's CEO in
9 his director capacity because there were no
10 well-pleaded allegations that the CEO took actions to
11 advance the interests of the controller aside from
12 voting in favor of the transaction. Unlike in *Klein*,
13 the complaint here contains well-pleaded allegations
14 that Aggarwal was actively involved in the
15 negotiations as part of the transaction committee.

16 In sum, the allegations in the
17 complaint support a reasonable inference that Aggarwal
18 breached his duty of loyalty as a director under
19 *cornerstone's* first and second prongs.

20 However, the Complaint does not
21 contain specific well-pleaded facts regarding specific
22 actions taken by Aggarwal in his capacity as CEO,
23 separate from actions taken in his director capacity.
24 Admittedly, this is a bit of a close call. But there

1 are no well-pleaded allegations that Aggarwal, in his
2 officer capacity, tilted the sales process in favor of
3 Blackstone over another bidder or that Aggarwal
4 withheld information from or otherwise deceived the
5 other members of the Cvent board regarding the
6 transaction with Blackstone. See *City of Warren*
7 *General Employees' Retirement System v. Roche*, 2020 WL
8 7023896, at *15 and *17 from this court on
9 November 30, 2020.

10 Accordingly, I am granting the motion
11 as to Aggarwal in his capacity as an officer, but I am
12 going to do so without prejudice.

13 Lastly, the defendants argue that
14 discovery should be bifurcated as to Count I if the
15 complaint survives dismissal. I do not see any reason
16 to deviate from the customary discovery practice here.
17 There are overlapping factual and legal theories. And
18 in the exercise of my discretion, I am denying the
19 defendants' request to bifurcate discovery.

20 In conclusion, the motion is granted
21 as to Aggarwal in his capacity as an officer without
22 prejudice, but it is otherwise denied.

23 Counsel, that is my ruling. I am not
24 asking for re-argument. But if you have any

1 questions, I will address them now. And I will give
2 the defendants the opportunity to move for re-argument
3 if they so desire. And they'll have five days after
4 they receive the transcript to file any such motion.

5 First let me turn to counsel for the
6 defendants.

7 ATTORNEY: No questions, Your Honor.
8 Thank you.

9 ATTORNEY SOLUM: This is Matt Solum
10 from Kirkland and Ellis on behalf of all defendants
11 except for Mr. Aggarwal. No questions from my
12 perspective. I understand.

13 THE COURT: Great, thank you.
14 Plaintiffs?

15 ATTORNEY RICHARDSON: Thank you, Your
16 Honor. This is Mark Richardson from Labaton Keller
17 Sucharow. No questions from the plaintiffs. Thank
18 you for your Honor's time.

19 THE COURT: Great. Mr. Aronstam, I
20 think I cut you off.

21 ATTORNEY ARONSTAM: Not by much. I
22 was simply going to say no questions for our client,
23 either. Thank you, Your Honor.

24 THE COURT: Thank you, Counsel. I

1 appreciate you getting on the line on a Friday
2 morning. Have a good weekend. The court stands in
3 recess.

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5 (Court adjourned at 11:28 a.m.)

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I, KATHY CORTOPASSI, Official Court Reporter for the Court of Chancery for the State of Delaware, Registered Diplomate Reporter, Certified Realtime Reporter, do hereby certify that the foregoing pages numbered 3 through 26 contain a true and correct transcription of the rulings as stenographically reported by me at the hearing in the above cause before the Vice Chancellor of the State of Delaware, on the date therein indicated, except as revised by the Vice Chancellor.

IN WITNESS WHEREOF I hereunto set my hand at Wilmington, this 26th day of January, 2025.

/s/ Kathy Cortopassi

Kathy Cortopassi
Official Court Reporter
Registered Diplomate Reporter
Certified Realtime Reporter
Delaware Notary Public

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