

Segerdahl Stock Plan Participants Get Trial Over Forced Buyout

By Jacklyn Wille 2022-12-16T13:54:44000-05:00

- Company sold for depressed price in 2016, suit alleges
- Judge tosses challenge to executives' post-sale payments

A 464-person class action accusing Segerdahl Corp. and Greatbanc Trust Co. of orchestrating a stock buyout that caused Segerdahl's employee stock plan to lose millions of dollars can go to trial on most claims, a Chicago federal judge ruled.

The Segerdahl plan participants presented evidence that the defendants shopped the company to financial buyers and not to strategic buyers despite indications that a strategic buyer would have paid \$55 million more, Judge [Andrea R. Wood](#) said in an [opinion](#) issued Friday. A trial is needed to determine whether the defendants fulfilled their fiduciary duties in orchestrating this transaction or whether they put other interests ahead of the stock plan, she said.

However, Wood trimmed claims challenging certain post-sale payments to company executives, concluding that these claims were based on "coincidence and conjecture."

The lawsuit challenges a 2016 transaction in which Segerdahl, an Illinois printing company with more than 700 employees, was sold from the company's employee stock ownership plan to an investment firm for about \$265 million in a transaction overseen by Greatbanc. Plan participants claimed that only a portion of that purchase price actually went to the ESOP, with the rest diverted to company executives and other insiders.

This transaction allegedly stemmed from a "deeply flawed process" in shopping the company to potential buyers. The defendants intentionally avoided marketing the company to its competitors, causing the ESOP to receive an artificially low price for its stock, according to the lawsuit.

Wood, who sits in the US District Court for the Northern District of Illinois, also denied a slew of competing motions to exclude expert testimony.

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Schneider Wallace Cottrell Konecky LLP and Law Offices of Michael M. Mulder represent the class. Jackson Lewis PC represents the defendants.

The case is [Rush v. GreatBanc Tr. Co.](#) , 2022 BL 449702, N.D. Ill., No. 1:19-cv-00738, 12/16/22 .

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