



6821 North Avenue
Oak Park, Illinois 60302

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708.383.9050
www.TheGriffingGroup.com

CASE SUMMARY

Case Name: [QuietAgent, Inc. v. Symphony Technology Group, LLC, et al.](#)
Case Conclusion: March 2019
Caption: Delaware Court of Chancery, C.A. No. 10813-VCMR
Keywords: Economic Damages, Entire Fairness, Fiduciary Duties
Industry: Human Resource Software
Professionals: [David G. Clarke, ASA](#), [Joseph W. Thompson, CFA, ASA](#), and [David Neuzil, CFA](#)

Findly Talent, LLC (“Findly”) was an early-stage software company with a complex capital structure. In addition to common shares, Findly was capitalized with three types of convertible preferred equity units (Classes A through C). QuietAgent, Inc. (“QuietAgent”) held Class B units that enjoyed a liquidation preference multiplier. This multiplier provided that as Findly’s value increased, so too would the Class B units’ share of the company’s value.

Several years after formation, Findly required an infusion of capital. In response to this need, Symphony Technology Group, LLC (“Symphony”) allegedly used its position as Findly’s controlling shareholder to cause the company to issue Symphony a new type of units (Class D) at an artificially low price and with terms that essentially eliminated the liquidation preference multiplier feature afforded to the Class B units held by QuietAgent. As a result, QuietAgent filed a breach of fiduciary duty lawsuit against Symphony, alleging, among other things, that the Class D unit issuance was a self-dealing transaction that enriched Symphony and damaged QuietAgent.

Symphony responded to the lawsuit by converting its Class D units to Class A units. While this effectively restored the liquidation preference multiplier to QuietAgent’s Class B units, it did not compensate QuietAgent for the dilution it allegedly suffered as a result of the artificially low price at which Symphony’s Class D units were issued (and at which they were converted to Class A units).

The Griffing Group was retained by counsel for QuietAgent. David G. Clarke, ASA, a Managing Principal of the Griffing Group, submitted an expert report and testified at deposition in February 2019, opining that QuietAgent suffered significant economic damages as result of the Class D financing round and the dilution of its equity interest. The matter settled before trial.

David G. Clarke, ASA was assisted by Joseph W. Thompson, CFA, ASA and David J. Neuzil, CFA. QuietAgent was represented by Matthew R. Devine and Precious S. Jacobs of Jenner & Block LLP.