

## Delaware Court of Chancery Issues Ruling in de-SPAC Lawsuit

On January 3, 2022, the Delaware Court of Chancery (the “Court”) issued its ruling [in \*In Re: MultiPlan Corp.\*](#), its first in connection with a de-SPAC transaction. While the significant increase in the use of special purpose acquisition companies (“SPACs”) has resulted in intense scrutiny from the US Securities and Exchange Commission and several shareholder lawsuits, the Court’s ruling is significant because it addresses fiduciary duty issues resulting from a financial/governance structure common to SPACs. In addition to addressing disclosure requirements, the Court addressed the allegation that the SPAC’s structure created inherent conflicts for the SPAC’s sponsors and directors, ruling that the onerous entire fairness standard applied because of those conflicts, rather than the business judgment rule.

Although much of the Court’s ruling was specific to the facts of the MultiPlan litigation, particularly the allegations of material disclosure violations, it is likely to result in additional litigation in de-SPAC transactions and provides a roadmap for plaintiffs moving forward. In light of this, SPACs should consider adopting deal processes long utilized in traditional mergers, including:

- Appointing an independent special committee to evaluate the proposed transaction;
- Utilizing qualified financial and legal advisors; and
- Obtaining a third-party fairness opinion.

As a leading valuation advisor to SPACs, Centri is uniquely qualified to provide independent fairness opinions to boards and special committees as they look to fulfill their fiduciary duties.

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