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## Possible Conn. WWE Stockholder Suit Deal Pauses Del. Cases

By **Matthew Santoni**

Law360 (August 19, 2021, 7:55 PM EDT) -- Shareholders in World Wrestling Entertainment have agreed to pause a group of derivative lawsuits in Connecticut and Delaware over the company's alleged lies about business dealings in Saudi Arabia, telling the courts that they are inking a settlement.

The proposed deal, the details of which have not yet been released, would settle investors' claims that the wrestling company had allegedly hidden the early end of its deal with Orbit Showtime Network for WWE media rights in the Middle East-North Africa region, and included a term sheet that said related suits would be paused and dismissed with prejudice if the deal were approved by a Connecticut federal court.

"The parties have reached agreement on the terms of a settlement that would resolve all claims in the above-captioned actions and are in the process of preparing settlement papers to be submitted to the court within the next thirty days," a filing with the Connecticut court said Tuesday. "In the interim, the parties respectfully request that the court hold in abeyance all pending decisions on all substantive motions currently pending before the court."

Investors who'd filed three similar suits in Delaware Chancery Court also asked for a pause Wednesday, noting that they would drop their cases if the settlement were approved.

"The parties in the Connecticut derivative actions, the Delaware derivative actions, and [plaintiff Bernard] Leavy reached an agreement-in-principle to settle all related actions and documented their understanding in a term sheet," Wednesday's filing said. "Among other things, the term sheet provides that ... the parties in the Delaware derivative actions are to seek a suspension of all proceedings pending the Connecticut federal court's consideration of the proposed settlement."

The stockholders claimed that after the OSN deal ended, WWE executives tried to assuage investors' fears by falsely claiming the company was close to a new deal with the Saudi General Sports Authority, but that deal never materialized. Just before WWE's stock dropped on news of the failed deal, executives allegedly sold off \$282 million worth of shares, the suits said.

While details of the settlement had not yet been disclosed, WWE made a filing with the U.S. Securities and Exchange Commission on Tuesday to notify shareholders that there had been a deal reached over the Saudi Arabia litigation.

"The proposed settlement would include, among other things, a full release of all defendants in connection with all allegations made in the actions, and it would not contain any admission of liability or admission as to the validity or truth of any or all allegations or claims by the company or any of the other defendants," the SEC form 8-K said. "The proposed settlement also would provide that the company will implement and maintain certain corporate governance measures."

The plaintiffs would get their legal bills paid and case contribution awards from WWE's insurers, the SEC notice said.

"Although the company and the other defendants have denied, and continue to deny, all claims asserted by the plaintiffs in the actions, the company believes that resolving the actions in accordance with the terms of the proposed settlement is the proper business decision and that it is

prudent to end the protracted and uncertain derivative litigation process on the terms of the proposed settlement," the Form 8-K said.

Counsel for the WWE executives and the investors did not immediately respond to requests for comment Thursday.

The investors in Connecticut and Delaware are represented by attorneys from Rigdrosky Law PA, Grabar Law Office, Abraham Fruchter & Twersky LLP, Smith Katzenstein & Jenkins LLP, Gainey McKenna & Egleston, The Weiser Law Firm PC, Aeton Law Partners LLP, Moore Kuehn PLLC, Robbins Geller Rudman & Dowd LLP and Levi & Korsinsky LLP.

WWE and its executives are represented by Jeffrey P. Mueller of Day Pitney LLP, Theodore V. Wells, Daniel J. Kramer, Richard C. Tarlowe, Justin Anderson and Matthew D. Stachel of Paul Weiss Rifkind Wharton & Garrison LLP and Jerry S. McDevitt of K&L Gates LLP.

The cases are Merholz et al. v. McMahon et al., case number 3:20-CV-00557; Kooi v. McMahon et al., case number 3:20-CV-00743; Nordstrom v. McMahon et al., case number 3:20-CV-00904; Merholz et al. v. McMahon et al., case number 3:21-CV-00789; City of Pontiac Police and Fire Retirement System v. McMahon et al., case number 3:21-CV-00930; and Rezendes v. McMahon et al., case number 3:21-CV-00793, in the U.S. District Court for the District of Connecticut, and Dastgir v. McMahon et al., case number 2021-0513; Lowinger v. McMahon et al., case number 2021-0656; and Leavy v. World Wrestling Entertainment, case number 2020-0907, in the Chancery Court of Delaware.

--Additional reporting by Rachel O'Brien and Jeff Montgomery. Editing by Bruce Goldman.

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