

Blue Owl Brass Sued Over BDC Liquidity Woes

By **Jessica Corso**

Law360 (October 8, 2026, 6:53 PM EDT) -- A Blue Owl Capital Inc. investor is suing the company's top brass in New York federal court, arguing that they should be forced to pay up for allegedly hiding from investors that the company's business development unit was struggling.

Investor Lewis Baker filed a derivative lawsuit Wednesday on behalf of the company and against its board of directors and top executives, including Co-CEOs Doug Ostrover and Marc Lipschultz.

Baker claims leadership breached its fiduciary duty to the company by hiding falling redemptions from its publicly-traded business development company, Blue Owl Capital Corp., which lends money to private companies.

With its direct lending division representing 37% of its business, the loss of redemptions led to a loss of fee-related revenue for Blue Owl, according to the lawsuit. Baker claims the loss was revealed when Blue Owl released its third quarter earnings for 2025, which showed fee-related earnings below consensus estimates.

Prior to the issuance of that financial report, the defendants "made and/or allowed others to make misleading statements to the public about the company's positive financial results, prospects, and liquidity, including with respect to its direct lending business," according to the lawsuit.

The case also targets Blue Owl's leadership for pulling the plug on the merger of Blue Owl Capital Corp. and one of its private business development companies. Baker says that the decision to terminate the proposed merger came after it was reported that investors in the private business development company would receive a haircut on their shares if the merger went through.

That news caused the company's stock price to fall 5.8%, or \$0.85 per share, to close at \$13.77 on November 17, 2025, according to the lawsuit.

"We believe the claims against us are without merit and we intend to zealously defend ourselves," a Blue Owl spokesperson said Thursday.

The allegations are similar to ones brought in a **proposed class action lawsuit** against Blue Owl last year, which Baker also places at the feet of the company's leadership.

"As a direct and proximate result of the individual defendants' misconduct, the company has incurred significant financial losses, including the cost of defending and paying class-wide damages in the securities class action, as well as additional losses including reputational harm and loss of goodwill," according to the lawsuit.

Baker says the directors and executives should have to pay monetary damages and is asking the court to impose corporate governance reforms.

Baker is represented by Vincent Licata, Leah Wihtelin and Zachary McGarry of Rigrodsky Law PA and Joshua Grabar of Grabar Law Office.

Counsel information for the defendants wasn't immediately available Thursday.

The case is Baker v. Ostrover et al., case number 1:26-cv-08851, in the U.S. District Court for the Southern District of New York.

--Editing by Jay Jackson Jr.