COURT OF CHANCERY OF THE STATE OF DELAWARE

Douglas M. Chertok and SDTC Advisors LLC v. OnSolve, LLC

C.A. No. 2020-0417-PAF (Del. Ch. Apr. 13, 2026) · No. C.A. No. 2020-0417-PAF · Decided April 13, 2026

SUMMARY

In this post-trial memorandum opinion, the Delaware Court of Chancery holds that OnSolve breached the corporation's certificate of incorporation by conditioning payment of merger consideration on a stockholder's execution of a joinder and release agreement. The court concludes that the stockholder's damages are limited to the merger consideration calculated under the merger agreement and awards prejudgment interest at the applicable legal rate without compounding. The court also holds that SDTC Advisors lacked standing to pursue the breach-of-contract claim and that the unjust-enrichment claim was duplicative.

CASE DETAILS

COURT	Court of Chancery of the State of Delaware
WRITING FOR THE COURT	Vice Chancellor Fioravanti
JURISDICTION	Court of Chancery of the State of Delaware
DECIDED	April 13, 2026
DOCKET	C.A. No. 2020-0417-PAF
DISPOSITION	other
PROCEDURAL POSTURE	Post-trial memorandum opinion following a one-day trial on a paper record. Plaintiffs asserted breach of contract and, alternatively, unjust enrichment based on OnSolve's conditioning payment of merger consideration on execution of a release and other documents.
STANDARD OF REVIEW	At trial, Plaintiffs bore the burden of proving the breach-of-contract elements by a preponderance of the evidence. The court independently determined the appropriate prejudgment-interest rate in its equitable discretion.
PRECEDENTIAL VALUE	Published Court of Chancery post-trial memorandum opinion
PARTIES	Douglas M. Chertok, SDTC Advisors LLC v. OnSolve, LLC

TOPICS

breach of contract · contracts · mergers and acquisitions · damages · commercial litigation

PRACTICE AREAS

Delaware corporate law | contract law | mergers and acquisitions | equitable remedies | commercial litigation

QUESTIONS PRESENTED

1. Whether SDTC Advisors LLC had standing to assert a breach-of-contract claim based on SWN's certificate of incorporation.
2. Whether OnSolve breached the certificate of incorporation by conditioning payment of merger consideration on execution of the Joinder, Indemnification and Release Agreement.
3. Whether Chertok was entitled to merger damages exceeding the per-share consideration calculated under the merger agreement by avoiding deductions for management bonuses, transaction expenses, and escrow obligations.
4. Whether Chertok was entitled to prejudgment interest and, if so, what rate and method of calculation applied.
5. Whether Plaintiffs were entitled to attorneys' fees under the bad-faith exception to the American Rule.

HOLDINGS

1. SDTC lacked standing because it was not a stockholder of SWN at the time of the merger; any remaining interest in the warrant belonged, if at all, to Chertok individually.
2. OnSolve breached the certificate of incorporation by conditioning payment of merger consideration on Chertok's execution and delivery of the Joinder, Indemnification and Release Agreement.
3. Chertok was not entitled to merger consideration exceeding the amount calculated under the merger agreement. His damages were $469,513.19 for his portion of the merger consideration and released escrow amounts, plus $29,044.83 in agreed distributions, for a total of $498,558.02.
4. The unjust-enrichment claim was dismissed as duplicative because the breach-of-contract claim provided an adequate remedy and the alleged wrong arose from relationships governed by contract.
5. Chertok was entitled to prejudgment interest as a matter of right, but the court exercised its discretion to award simple interest at 6.75%, the legal rate in effect when payment became due, rather than compound interest or the requested higher rate.
6. Plaintiffs were not entitled to attorneys' fees because they failed to show that OnSolve acted in bad faith or that another recognized exception to the American Rule applied.

KEY QUOTATIONS

> *"Accordingly, the court concludes that OnSolve's conditioning payment of the Merger consideration upon Chertok's returning an executed Joinder Agreement breached the Certificate."* (20)

> *"The Merger Agreement governs the amount of Merger consideration to which Chertok was entitled when he withdrew his appraisal demand, which the Company unlawfully conditioned upon execution and delivery of the Joinder Agreement."* (24)

> *“Because Chertok has prevailed on his breach of contract claim, he is entitled to prejudgment interest as a matter of right.”* (26)

> *“Judgment will be entered in favor of Plaintiff Chertok on his claim for breach of contract. Chertok is awarded $498,558.02 in damages.”* (30)

FACTUAL BACKGROUND

SWN Communications Inc. issued a warrant that ultimately resulted in Douglas Chertok holding 188,894 shares of SWN common stock, with OnSolve later agreeing to acquire SWN in a cash merger. After Chertok withdrew his appraisal demand, OnSolve refused to pay merger consideration unless he delivered required documents, including a broad release agreement. Chertok sued, and OnSolve later withdrew the condition and tendered a check, but disputed liability for prejudgment interest and the amount of consideration. The court found that the release condition breached SWN's certificate of incorporation, but held that Chertok's recovery remained governed by the merger agreement and applicable distributions.

PROCEDURAL HISTORY

Plaintiffs filed suit on May 29, 2020. The Court of Chancery partially granted and partially denied OnSolve's Rule 12(b)(6) motion, dismissing the claims insofar as they sought unpaid dividends but allowing the remaining theories to proceed. After a one-day paper trial, the court entered judgment for Douglas M. Chertok on the breach-of-contract claim, awarded $498,558.02 in damages plus simple prejudgment interest, denied attorneys' fees, and dismissed the unjust-enrichment theory as duplicative.

DISPOSITION

other

CASES CITED

- Airgas, Inc. v. Air Prods. & Chems., Inc., 8 A.3d 1182, 1188 (Del. 2010)
- Mehta v. Smurfit-Stone Container Corp., 2014 WL 5438534 (Del. Ch. Oct. 20, 2014)
- Lacey ex rel. S. Copper Corp. v. Mota-Velasco, 2021 WL 508982 (Del. Ch. Feb. 11, 2021)
- AB Stable VIII LLC v. Maps Hotels & Resorts One LLC, 2020 WL 7024929 (Del. Ch. Nov. 30, 2020), aff'd, 268 A.3d 198 (Del. 2021)
- Del. Exp. Shuttle, Inc. v. Older, 2002 WL 31458243 (Del. Ch. Oct. 23, 2002)
- Boilermakers Local 154 Ret. Fund v. Chevron Corp., 73 A.3d 934, 955 (Del. Ch. 2013)
- Federal United Corp. v. Havender, 11 A.2d 331, 333, 338 (Del. 1940)
- Cigna Health & Life Insurance Co. v. Audax Health Solutions, Inc., 107 A.3d 1082, 1088-89 (Del. Ch. 2014)
- Nemec v. Shrader, 2009 WL 1204346 (Del. Ch. Apr. 30, 2009), aff'd, 991 A.2d 1120 (Del. 2010)
- In re Bremerton Cellular Tel. Co. Litig., 328 A.3d 330, 353 (Del. Ch. 2024)
- LG Elecs. Inc. v. Invention Inv. Fund I, L.P., 2026 WL 935618 (Del. Apr. 7, 2026)
- Brandywine Smyrna, Inc. v. Millennium Builders, LLC, 34 A.3d 482, 486 (Del. 2011)

- Williams Cos., Inc. v. Energy Transfer LP, 2022 WL 3650176 (Del. Ch. Aug. 25, 2022), aff'd, 2023 WL 6561767 (Del. Oct. 10, 2023) (TABLE)
- Montgomery Cellular Hldg. Co. v. Dobler, 880 A.2d 206, 226 (Del. 2005)
- Transpolymer Indus., Inc. v. Chapel Main Corp., 582 A.2d 936 (Del. 1990)
- World Award Found. Inc. v. Anbang Ins. Grp. Co., 240 A.3d 1139 (Del. 2020)
- Johnston v. Arbitrium (Cayman Is.) Handels AG, 720 A.2d 542, 545-46 (Del. 1998)
