

COURT OF CHANCERY OF THE STATE OF DELAWARE

John Merrill Lafferty, Jr. v. Corient Partners, LLC, Corient Services LLC, and Segall Bryant & Hamill, LLC

Lafferty v. Corient Partners · No. C.A. No. 2026-0004-LWW · Decided March 2, 2026

SUMMARY

The Delaware Court of Chancery denied John Merrill Lafferty, Jr.'s request to enjoin arbitration initiated by his former employer. The court held that Lafferty assented to the Fifth Amended and Restated Limited Liability Company Agreement, including its arbitration provision, by signing an equity award agreement incorporating the amended agreement and by accepting benefits under it. Judgment was entered for the defendants.

CASE DETAILS

COURT	Court of Chancery of the State of Delaware
WRITING FOR THE COURT	Vice Chancellor Will
JURISDICTION	Court of Chancery of the State of Delaware
DECIDED	March 2, 2026
DOCKET	C.A. No. 2026-0004-LWW
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff petitioned the Delaware Court of Chancery under 10 Del. C. § 5703(b) to permanently enjoin an ongoing Miami, Florida arbitration. After granting expedited proceedings and temporary relief to preserve the status quo, the court conducted an expedited trial on a paper record concerning whether plaintiff was bound by the amended LLC agreement and its arbitration clause.
STANDARD OF REVIEW	The court considered the facts proven by a preponderance of the evidence at an expedited trial on a paper record. It applied Delaware contract-formation and interpretation principles to determine assent and which agreement governed.
PRECEDENTIAL VALUE	published
PARTIES	John Merrill Lafferty, Jr. v. Corient Partners, LLC, Corient Services LLC, Segall Bryant & Hamill, LLC

TOPICS

contract interpretation

contracts

limited liability companies

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remedies

PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the Court of Chancery or the arbitrator had authority to decide whether Lafferty was bound by the Fifth LLC Agreement and its arbitration clause.
2. Whether the Fifth LLC Agreement was validly adopted under the amendment provisions of the Fourth LLC Agreement.
3. Whether Lafferty manifested assent to the Fifth LLC Agreement by signing the Equity Award Agreement and incorporated documents.
4. Whether Lafferty manifested assent to the Fifth LLC Agreement by accepting benefits under it through his conduct.
5. Whether Lafferty's reliance on an email describing the amendment as not materially adverse excused his failure to read the Fifth LLC Agreement.

HOLDINGS

1. Questions concerning contract formation and the existence of an agreement containing an arbitration clause are for the court to decide, even when the purported agreement includes a broad delegation clause.
2. A party who signs an agreement that incorporates another agreement, including through nested incorporated documents, is bound by the incorporated agreement's terms, including its arbitration provision.
3. A party that accepts the benefits of an agreement cannot later reject the agreement's burdens, including its dispute-resolution provision.
4. The court need not decide whether the Fifth LLC Agreement's replacement of the Delaware forum clause materially, adversely, and disproportionately affected Lafferty because, even assuming his consent was required, the record established that he later consented.

KEY QUOTATIONS

“The plaintiff manifested his assent to the amended agreement when he signed an equity award that incorporated its terms. He then accepted the amended agreement’s economic benefits for nearly a year before resigning. Having done so, he is bound by the agreement, including its arbitration clause.” (at 1)

“Under Delaware law, questions of contract formation and existence are for the court to decide, not the arbitrator.” (at 12)

“By executing the Equity Award Agreement, Lafferty accepted the conversion of his Class B units to Class A units, a grant of additional units, and the receipt of quarterly distributions through 2025.” (at 18)

“Lafferty’s request to enjoin the Miami arbitration fails. He is bound by the Fifth LLC Agreement, including its arbitration provision. Judgment is entered for the defendants.” (at 21)

FACTUAL BACKGROUND

Lafferty became a member of Corient Partners and initially joined the Fourth LLC Agreement, which required litigation in Delaware and permitted amendments subject to limits on material, adverse, and disproportionate effects. Corient later adopted the Fifth LLC Agreement, replacing the Delaware forum clause with a broad arbitration provision. Lafferty electronically signed an Equity Award Agreement incorporating the Notice of Conversion, which referred to the Fifth LLC Agreement, and then accepted converted units, additional units, and quarterly distributions totaling more than \$7 million in value before resigning. After his resignation, Corient initiated arbitration concerning restrictive-covenant claims.

PROCEDURAL HISTORY

Corient initiated a JAMS arbitration against Lafferty on December 29, 2025, and an emergency arbitrator issued a temporary restraining order after determining that Lafferty had expressly adopted the Fifth LLC Agreement and its arbitration clause. Lafferty filed this action on January 2, 2026, asserting that the Fourth LLC Agreement governed and required litigation in Delaware. The Court of Chancery held a paper-record trial and entered judgment for defendants, denying the requested injunction.

DISPOSITION

other

CASES CITED

- SBV Interactive, Inc. v. Corp. Media P’rs, 714 A.2d 758, 761 (Del. 1998)
- Rent-A-Center, W., Inc. v. Jackson, 561 U.S. 63, 70-71 (2010)
- AffiniPay v. West, 2021 WL 4262225, at *4-5 (Del. Ch. Sept. 17, 2021)
- Granite Rock Co. v. Int’l Bhd. of Teamsters, 561 U.S. 287, 296 (2010)
- Seaport Vill. Ltd. v. Seaport Vill. Operating Co., 2014 WL 4782817, at *2 (Del. Ch. Sept. 24, 2014)
- Osborn ex rel. Osborn v. Kemp, 991 A.2d 1153, 1159 (Del. 2010)
- Kuhn Constr., Inc. v. Diamond State Port Corp., 990 A.2d 393, 397 (Del. 2010)
- Lorillard Tobacco Co. v. Am. Legacy Found., 903 A.2d 728, 739 (Del. 2006)
- Concord Steel, Inc. v. Wilm. Steel Processing Co., 2008 WL 902406, at *4 (Del. Ch. Apr. 3, 2008)
- Newell Rubbermaid Inc. v. Storm, 2014 WL 1266827, at *6-8 (Del. Ch. Mar. 27, 2014)
- RHA Constr., Inc. v. Scott Eng’g, Inc., 2013 WL 3884937, at *7 (Del. Super. July 24, 2013)
- Town of Cheswold v. Cent. Del. Bus. Park, 188 A.3d 810, 818-19 (Del. 2018)

- REM OA Hldgs., LLC v. N. Gold Hldgs., LLC, 2023 WL 6143042, at *21-22 (Del. Ch. Sept. 20, 2023), aff'd, 320 A.3d 237 (Del. 2024) (TABLE)
- McAnulla Elect. Const., Inc. v. Radius Techs., LLC, 2010 WL 3792129, at *4 (Del. Super. Sept. 24, 2010)
- Mikkilineni v. PayPal, Inc., 2021 WL 2763903, at *12 (Del. Super. July 1, 2021)
- Chemours Co. v. DowDuPont Inc., 2020 WL 1527783, at *9 (Del. Ch. Mar. 30, 2020), aff'd, 243 A.3d 441 (Del. 2020) (TABLE)
- Est. of Carmel v. GIII Accumulation Tr., 2023 WL 313931, at *5 (D. Del. Jan. 19, 2023)
- Pellaton v. Bank of N.Y., 592 A.2d 473, 477 (Del. 1991)
- W. Willow-Bay Ct., LLC v. Robino-Bay Ct. Plaza, LLC, 2009 WL 3247992, at *4 n.19 (Del. Ch. Oct. 6, 2009), aff'd, 985 A.2d 391 (Del. 2009) (TABLE)
- Graham v. State Farm Mut. Auto. Ins., 565 A.2d 908, 913 (Del. 1989)
- E. States Petroleum Co. v. Universal Oil Prods. Co., 49 A.2d 612, 616 (Del. Ch. 1946)
- Elia v. Hertrich Fam. of Auto. Dealerships, Inc., 103 A.3d 514, 2014 WL 5410723, at *1 (Del. Oct. 23, 2014) (TABLE)
- Deutsche Bank Nat'l Tr. Co. v. Goldfeder, 86 A.3d 1118, 2014 WL 644442, at *2 (Del. Feb. 14, 2014) (TABLE)
- UBEO Holdings, LLC v. Drakulic, 2021 WL 1716966, at *1 (Del. Ch. Apr. 30, 2021)