UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

John David Miley, III and Dr. Steven Richard Smith v. Hatteras Funds, L.P., et al.

Miley · No. Civil Action No. 25-672-CFC · Decided December 23, 2025

SUMMARY

The U.S. District Court for the District of Delaware denied Defendants' motion under 28 U.S.C. § 1404(a) to transfer the action to the Eastern District of North Carolina. Applying the twelve Jumara factors, the court found that Plaintiffs' choice of forum was entitled to paramount consideration and that the factors did not strongly favor transfer. The action concerns alleged tortious interference and breach of fiduciary duty arising from an investment-fund liquidation transaction involving Beneficient securities.

CASE DETAILS

COURT	United States District Court for the District of Delaware
JURISDICTION	United States District Court for the District of Delaware
DECIDED	December 23, 2025
DOCKET	Civil Action No. 25-672-CFC
DISPOSITION	denied
PROCEDURAL POSTURE	Defendants moved under 28 U.S.C. § 1404(a) to transfer the removed class action from the District of Delaware to the Eastern District of North Carolina, Raleigh Division.
STANDARD OF REVIEW	A motion to transfer under 28 U.S.C. § 1404(a) is committed to the district court's discretion. The moving party bears a heavy burden to show that the relevant private and public interests strongly favor transfer, and the plaintiff's choice of a proper forum is a paramount consideration that should not be lightly disturbed.
PRECEDENTIAL VALUE	Unknown
PARTIES	Hatteras Funds, L.P., Hatteras Investment Partners, L.P., David B. Perkins, H. Alexander Holmes, Steve E. Moss, Gregory S. Sellers, Thomas Mann v. John David Miley, III, Dr. Steven Richard Smith

TOPICS

civil procedure · commercial litigation · limited liability companies · fiduciary duty · torts

PRACTICE AREAS

civil procedure · commercial litigation · corporate law · limited liability companies · torts

QUESTIONS PRESENTED

1. Whether the private and public interests identified in Jumara and 28 U.S.C. § 1404(a) strongly favored transferring the action from the District of Delaware to the Eastern District of North Carolina.
2. Whether Plaintiffs' choice of Delaware as the forum was entitled to paramount consideration despite Plaintiffs' Indiana residence and the lack of an apparent factual connection to Delaware.

HOLDINGS

1. Under binding Third Circuit precedent, a plaintiff's choice of a proper forum is a paramount consideration in a § 1404(a) transfer analysis and should not be discounted merely because the plaintiff resides elsewhere or the underlying events occurred elsewhere.
2. Defendants failed to establish that the Jumara factors weighed strongly in favor of transfer; the motion to transfer was therefore denied.

KEY QUOTATIONS

> *"Unless the balance of convenience of the parties is strongly in favor of [the] defendant, the plaintiff's choice of forum should prevail."* (25)

> *"I will thus follow Shutte and give Plaintiffs' forum choice paramount consideration in balancing the Jumara factors."* (25)

FACTUAL BACKGROUND

Hatteras Investment Partners, formerly Hatteras Funds, is a Delaware limited partnership headquartered in Raleigh, North Carolina, and manages several investment funds. Plaintiffs, Indiana residents and unitholders in two feeder funds, allege that the defendants approved a 2021 liquidation plan exchanging portfolio holdings for illiquid Beneficient securities, causing investors a near-total loss. Most defendants and the fund's employees are located in North Carolina, while the fund is organized in Delaware.

PROCEDURAL HISTORY

Plaintiffs initially filed a verified class action complaint against the director defendants in the Delaware Court of Chancery, later amended the complaint to add Hatteras Funds and assert tortious-interference claims, and the action was removed to the District of Delaware under the Class Action Fairness Act. Defendants moved to dismiss and to transfer the case to the Eastern District of North Carolina. After Plaintiffs filed a stipulated Second Amended Complaint adding breach-of-fiduciary-duty claims, the motion to dismiss became moot, but the transfer motion remained pending. The District of Delaware denied the motion to transfer.

DISPOSITION

denied

CASES CITED

- Shutte v. Armco Steel Corp., 431 F.2d 22, 25 (3d Cir. 1970)
- Jumara v. State Farm Ins. Co., 55 F.3d 873, 879-80 (3d Cir. 1995)
- Burroughs Wellcome Co. v. Giant Food, Inc., 392 F. Supp. 761, 763 & n.4 (D. Del. 1975)
- ADE Corp. v. KLA-Tencor Corp., 138 F. Supp. 2d 565, 573 (D. Del. 2001)
- Affymetrix, Inc. v. Synteni, Inc., 28 F. Supp. 2d 192, 203 (D. Del. 1998)
- Joao Control & Monitoring Sys., LLC v. Ford Motor Co., 2013 WL 4496644, at *7 (D. Del. Aug. 21, 2013)
- Mitel Networks Corp. v. Facebook, Inc., 943 F. Supp. 2d 463, 475-76 (D. Del. 2013)
- Round Rock Rsch., LLC v. Dell, Inc., 904 F. Supp. 2d 374, 378 (D. Del. 2012)
- Intell. Ventures I LLC v. Altera Corp., 842 F. Supp. 2d 744, 760 (D. Del. 2012)