SUPERIOR COURT OF THE STATE OF DELAWARE

Gemspring JTI Parent, LLC v. JMC Investment LLC

Gemspring · No. C.A. No. N25C-10-165 SKR CCLD · Decided June 22, 2026

SUMMARY

The Delaware Superior Court addressed Defendants' motion to dismiss state securities-fraud claims arising from a contractual dispute. Applying Delaware choice-of-law principles, the Court dismissed the Connecticut securities claims but held that the California securities claims were not barred by the agreement's Delaware choice-of-law provision and were sufficiently pleaded. The Court granted the motion as to Counts IV and V and denied it as to Counts II and III.

CASE DETAILS

COURT	Superior Court of the State of Delaware
WRITING FOR THE COURT	Sheldon K. Rennie
JURISDICTION	Superior Court of the State of Delaware
DECIDED	June 22, 2026
DOCKET	C.A. No. N25C-10-165 SKR CCLD
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved to dismiss Gemspring's California and Connecticut statutory securities-fraud claims. The Court had previously granted in part and denied in part the motion, deferred the State Securities Claims, and resolved them after supplemental briefing.
STANDARD OF REVIEW	On a motion to dismiss, the Court accepts well-pleaded allegations as true and determines whether the complaint sufficiently states a claim under Delaware's notice-pleading standard.
PRECEDENTIAL VALUE	Published Delaware Superior Court opinion
PARTIES	Gemspring JTI Parent, LLC v. JMC Investment LLC, Defendants

TOPICS

commercial litigation · securities fraud · contract interpretation · motions to dismiss · choice of law

PRACTICE AREAS

commercial litigation · securities law · contracts · conflict of laws · civil procedure

QUESTIONS PRESENTED

1. Whether the agreement's Section 8.9 carveouts permitted Gemspring to pursue the California and Connecticut securities claims.
2. Whether the Delaware choice-of-law provision barred the California and Connecticut statutory securities claims.
3. Whether the amended complaint adequately pleaded a geographic nexus and otherwise stated claims under the California Securities Act.

HOLDINGS

1. Neither the Fraud Carveout nor the Equitable Relief Carveout covered the California and Connecticut statutory securities claims. Statutory fraud was expressly excluded from the agreement's definition of Fraud, and rescissory damages are legal rather than equitable relief.
2. The Delaware choice-of-law provision barred the Connecticut State Securities Claims, and Counts IV and V were dismissed.
3. The California State Securities Claims survived the Delaware choice-of-law challenge.
4. The amended complaint sufficiently stated the California Securities Act claims because it expressly alleged that Seller Defendants offered and sold a majority security interest in the company from California.

KEY QUOTATIONS

> *"Taken as a whole and accepting the allegations as true, the Amended Complaint sufficiently states a claim under the California Securities Act."* (p. 9)

FACTUAL BACKGROUND

Gemspring alleged that Defendants violated California and Connecticut securities-fraud statutes in connection with the sale of a majority security interest in a company. The agreement contained a Delaware choice-of-law provision and Section 8.9 carveouts for certain claims. The alleged transaction and negotiations had substantial connections to California, including the company's headquarters, the subject matter of the contract, in-person negotiations, and the residence of several defendants.

PROCEDURAL HISTORY

On April 24, 2026, the Court issued a memorandum opinion and order granting in part and denying in part Defendants' motion to dismiss, while deferring the State Securities Claims. After supplemental briefing, the Court granted dismissal of the Connecticut claims and denied dismissal of the California claims.

DISPOSITION

other

CASES CITED

- In re Tesla, Inc. Deriv. Litig., 351 A.3d 1005 (Table), 2025 WL 3689114, at *13 (Del. Dec. 19, 2025)
- Gemspring Parent, LLC v. JMC Inv. LLC, C.A. No. 2024-1332-MTZ (Del. Ch. Sep. 24, 2025) (Order)
- Gemspring Parent, LLC v. JMC Inv. LLC, 2025 WL 2888336, at *1 (Del. Ch. Oct. 9, 2025)
- RGIS International Transition Holdco, LLC v. Retail Services Wis Corporation, 2025 WL 3560688, at *7–8 (Del. Super. Sep. 29, 2025)
- Wind Point P'rs VII-A, L.P. v. Insight Equity A.P. X Co., 2020 WL 5054791, at *18–20 (Del. Super. Aug. 17, 2020)
- Anschutz Corp. v. Brown Robin Cap., LLC, 2020 WL 3096744, at *7–8 (Del. Ch. June 11, 2020)
- Abry Partners V, L.P. v. F&W Acquisition LLC, 891 A.2d 1032 (Del. Ch. 2006)
- Swipe Acq. Corp. v. Krauss, 2021 WL 282642, at *5, *7–8 (Del. Ch. Jan. 28, 2021)
- Pursuit P'rs, LLC v. UBS AG, 2009 WL 3286011, at *3–4 (Conn. Super. Ct. Sep. 8, 2009)
- Moran v. Zoomcar India Private Ltd., 2025 WL 3243428, at *13 (Del. Super. Nov. 20, 2025)
- Focus Fin. P'rs v. Holsopple, 241 A.3d 784, 805, 814 (Del. Ch. 2020)
- SVF II Aggregator (DE) LLC v. Shafi, 2024 WL 3324623, at *2 (N.D. Cal. May 2, 2024)
- SVF II Aggregator (DE) LLC v. Shafi, 2025 WL 2490447 (N.D. Cal. Feb. 27, 2025)
- Martinez v. E.I. DuPont de Nemours & Co., Inc., 82 A.3d 1, 14 n.36 (Del. Super. 2013), aff'd, 86 A.3d 1102 (Del. 2014)