

COURT OF CHANCERY OF THE STATE OF DELAWARE

O.R.C. Partners, LLC v. SBTN Holdings, LLC

O.R.C. Partners · No. C.A. No. 2024-1239-BWD · Decided March 17, 2026

SUMMARY

The Delaware Court of Chancery held that O.R.C. Partners, LLC is an 80% member of SBTN Holdings, LLC under the parties’ Partnership Agreement and therefore has standing to inspect the company’s books and records under 6 Del. C. § 18-305. The court rejected SBTN Holdings’ reliance on a purported operating agreement that was not adequately authenticated and found that the parties never finalized a later replacement operating agreement. Judgment was entered for O.R.C.

CASE DETAILS

COURT	Court of Chancery of the State of Delaware
WRITING FOR THE COURT	David, V.C.
JURISDICTION	Court of Chancery of the State of Delaware
DECIDED	March 17, 2026
DOCKET	C.A. No. 2024-1239-BWD
DISPOSITION	other
PROCEDURAL POSTURE	Post-trial action by O.R.C. Partners, LLC to compel inspection of SBTN Holdings, LLC's books and records under 6 Del. C. § 18-305. SBTN Holdings denied the demand on the ground that O.R.C. was not a member. After a one-day trial, the Court entered judgment for O.R.C. and denied its request for attorneys' fees.
STANDARD OF REVIEW	The Court determined the parties' contractual and membership relationship based on the evidentiary record following trial and applied a preponderance-of-the-evidence standard to Plaintiff's proof that it was a member of SBTN Holdings. The Court applied a clear-evidence and glaringly-egregious-conduct standard to Plaintiff's request for attorneys' fees based on bad faith.
PRECEDENTIAL VALUE	Published Court of Chancery post-trial memorandum opinion

TOPICS

- limited liability companies
- commercial litigation
- contract interpretation
- contracts
- corporate governance

PRACTICE AREAS

limited liability companies

books and records inspection

contract interpretation

commercial litigation

QUESTIONS PRESENTED

1. Whether the Partnership Agreement or the Purported Operating Agreement governed the internal affairs of SBTN Holdings.
2. Whether O.R.C. was admitted as an 80% member of SBTN Holdings and therefore had standing to inspect its books and records under 6 Del. C. § 18-305(a).
3. Whether the parties rescinded or canceled the Partnership Agreement when they negotiated, but failed to execute, a replacement operating agreement.
4. Whether O.R.C.'s receipt of funds from the refinancing transformed its capital contribution into a loan.
5. Whether O.R.C. was entitled to attorneys' fees based on SBTN Holdings' alleged bad-faith litigation conduct.

HOLDINGS

1. O.R.C. proved by a preponderance of the evidence that it was an 80% member of SBTN Holdings under the Partnership Agreement and therefore had standing to demand inspection of the company's books and records under 6 Del. C. § 18-305(a).
2. The Partnership Agreement, not the Purported Operating Agreement, governed the internal affairs of SBTN Holdings.
3. The Partnership Agreement was not rescinded or canceled because the parties never executed the contemplated replacement operating agreement or cancellation document.
4. O.R.C.'s receipt of refinancing proceeds did not transform its capital contribution into a loan because O.R.C. never agreed to become a creditor or lender and accepted the funds as a distribution.
5. O.R.C. was not entitled to attorneys' fees because it failed to establish by clear evidence that SBTN Holdings engaged in glaringly egregious bad-faith conduct.

KEY QUOTATIONS

“The Partnership Agreement, whose title is seemingly the result of an imprecise translation from Hebrew to English, served the role of an operating agreement.” (at 23-24)

“Because Defendant’s litigation positions do not reflect an “abuse of process that is manifestly incompatible with justice” or “an attempt to game the system” in bad faith, Plaintiff’s request for an award of attorneys’ fees is denied.” (at 29)

FACTUAL BACKGROUND

O.R.C. invested approximately \$1.625 million in SBTN Holdings, a Delaware LLC, pursuant to a document called the Partnership Agreement, which provided O.R.C. an 80% membership interest. The parties later negotiated, but never executed, a replacement operating agreement and cancellation document. SBTN Holdings

later treated O.R.C.'s investment as a loan or returned capital, while organizational charts and tax documents continued to identify O.R.C. as an 80% member. After SBTN Holdings rejected O.R.C.'s demand to inspect books and records, O.R.C. brought this action.

PROCEDURAL HISTORY

O.R.C. served a books-and-records demand on October 31, 2024, and SBTN Holdings rejected it on November 13, 2024. O.R.C. filed a verified complaint on December 3, 2024. SBTN Holdings filed an answer and counterclaim seeking a declaration that O.R.C. was not a member, but later abandoned the counterclaim. The Court held a one-day trial on December 3, 2025, post-trial briefing concluded on February 9, 2026, and the Court entered judgment for O.R.C. while denying fee shifting.

DISPOSITION

other

CASES CITED

- Gill v. Regency Hldgs., LLC, 2023 WL 4607070, at *10 (Del. Ch. June 26, 2023)
- Restanca, LLC v. House of Lithium, Ltd., 2023 WL 4306074, at *21 (Del. Ch. June 30, 2023)
- Sarissa Cap. Domestic Fund LP v. Innoviva, Inc., 2017 WL 6209597, at *24 n.264 (Del. Ch. Dec. 8, 2017)
- Klein v. Sussman, 2024 WL 339339, at *7 (Del. Ch. Jan. 30, 2024)
- Pettry v. Gilead Scis., Inc., 2020 WL 6870461, at *29-30 (Del. Ch. Nov. 20, 2020)
- Rice v. Herrigan-Ferro, 2004 WL 1587563, at *1 (Del. Ch. July 12, 2004)
- Dearing v. Mixmax, Inc., 2023 WL 2632476, at *5 (Del. Ch. Mar. 23, 2023) (ORDER)
- Beck v. Atl. Coast PLC, 868 A.2d 840, 851 (Del. Ch. 2005)
- Seidman v. Blue Foundry Bancorp, 2023 WL 4503948, at *6 (Del. Ch. July 7, 2023)
- Hashemi v. All.Health, Inc., 2024 WL 1500659, at *3 (Del. Ch. Apr. 8, 2024)
- Gen. Video Corp. v. Kertesz, 2009 WL 106509, at *1 (Del. Ch. Jan. 13, 2009)
- Donnelly v. Keryx Biopharmaceuticals, Inc., 2019 WL 5446015, at *6 (Del. Ch. Oct. 24, 2019)
- Shawe v. Elting, 157 A.3d 142, 149 (Del. 2017)
- Trexler v. Billingsley, 2017 WL 2665059, at *4 (Del. 2017) (TABLE)