

Chicago Daily Law Bulletin®

VOLUME 171, NO. 43

LAW BULLETIN MEDIA.

Federal judge drops class-action lawsuit

Employees took issue with \$265 million sale of printing company

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A financial institution and leaders of a printing company did not breach their financial duties in conducting a 2016 sale of a company for \$265 million, a federal judge ruled.

U.S. District Judge Andrea R. Wood entered a judgment in favor of the defendants and found that the allegations of a class-action lawsuit were not proven.

Bruce Rush sued GreatBanc Trust Co., printing company Segerdahl Corp., its CEO Mary Lee Schneider, Chairman Richard Joutras and board members Rodney Goldstein, Peter Mason and Robert Cronin in the Northern District of Illinois, alleging claims under the Employee Retirement Income Security Act of 1974 (ERISA).

Rush, former senior vice president at Segerdahl, filed the suit in 2019 after the company's 2016 sale to private equity firm ICV Partners for \$265 million. The class represented other similarly situated participants in and beneficiaries of the Segherdahl's employee stock ownership plan (ESOP).



Charles F. Seemann III

His first amended complaint alleged the defendants participated in “a deeply flawed process” in marketing Segerdahl to potential buyers, including primarily prioritizing investment firms and not marketing to Segerdahl's competitors, which would typically pay a higher price.

The complaint alleged the defendants orchestrated the sale to protect the financial and professional interests of Segerdahl's executives, which were “directly contrary to the interests of the ESOP.”

Further, it alleged GreatBanc was aware of the sale's higher value but approved the lower price to the detriment of ESOP participants, among other allegations.

Following a bench trial, Wood entered a judgment in favor of the defendants on March 31.

In her order and opinion,



Robert W. Rachal

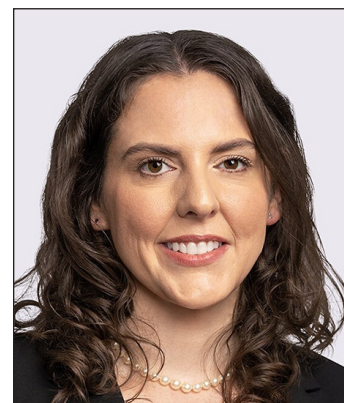
Wood wrote Rush did not prove any of the claims, including those that the board excluded strategic buyers or that GreatBanc breached its fiduciary duty in approving the sale.

Charles F. Seemann III of Jackson Lewis' New Orleans office was the lead attorney for GreatBanc, Segerdahl, Schneider and Joutras.

“The court's ruling emphasizes that the defendants' approach to the case was fully compliant with ERISA,” Seemann said. “It was not only legally and factually correct, but a morally correct outcome.”

Robert W. Rachal and Sarah J. Gasperini of Jackson Lewis' New Orleans and Chicago offices also represented the GreatBanc, Segerdahl, Schneider and Joutras.

Goldstein, Cronin and Mason were represented by



Sarah J. Gasperini

Bill O'Neil and Kevin P. Simpson of Winston & Strawn's Chicago and Los Angeles offices.

O'Neil said in an email that he was “very pleased” with the ruling.

“Judge Wood appropriately determined that [my clients] maximized value for all of the ESOP holders in connection with the sale of the Segerdahl — in my opinion, this was exactly [the] right decision, and it was compelled by the law and the facts,” he wrote.

Rush was represented by James Bloom, Peter B. Schneider, Raymond S. Levine and Todd M. Schneider of Schneider Wallace Cottrell Konecky, alongside Michael M. Mulder and Elena N. Liveris of Law Offices of Michael M. Mulder. Bloom declined to comment.

The case is *Rush v. GreatBanc Trust Co. et al.*, No. 19 cv 00738.