
Third Circuit Holds That Appraisal Proceedings Are Not The Exclusive Remedy For Minority Shareholders In Squeeze-Out Mergers

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Sitting based on diversity jurisdiction, on August 31, 2011 the United States Court of Appeals for the Third Circuit decided an important issue of Pennsylvania corporate law that the Supreme Court of Pennsylvania has not yet addressed, holding in *Mitchell Partners, L.P. v. Irex Corp.* that Pennsylvania's appraisal statute "does not exclude post-merger suits for damages alleging that majority shareholders breached their fiduciary duties to minority shareholders in the process of consummating a freeze out merger...." In reaching its decision in the absence of controlling Pennsylvania precedent, the Third Circuit found decisions of the Delaware Supreme Court persuasive.

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