

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

ARON YOUNGERWOOD,)
)
 Plaintiff,)
)
 v.) C.A. No. 2025-1375-LM
) **PUBLIC VERSION¹**
 AP SULPHUR SPRINGS LP,)
 AP SULPHUR SPRING GP LLC,)
 AP AMINIM PROPERTIES LP, and)
 NIR KRIEL,)
)
 Defendants.)

Date Submitted: March 16, 2026

Date Decided: April 30, 2026

POST-TRIAL REPORT

Aron Youngerwood, Jerusalem, Israel; *Pro se Plaintiff*.

Timothy S. Martin, Daryll Hawthorne-Bernardo, WHITE AND WILLIAMS LLP, Wilmington, DE; Daniel S. Goldstein, SMITH, GAMBELL & RUSSELL, LLP, New York, NY; *Counsel for Defendants*.

MITCHELL, Magistrate

¹ This report was originally issued under seal and the parties were given an opportunity to request redactions within five (5) days. To date, neither party has requested redactions of the final report. Thus, this report is being reissued publicly, with the same findings and recommendations.

This matter arises from a books and records action brought by Aron Youngerwood pursuant to 6 Del. C. § 17-305 and §§ 6.2 and 6.3 of the Limited Partnership Agreement governing AP Sulphur Spring LP, a Delaware limited partnership. Mr. Youngerwood seeks to inspect certain Partnership records relating to his interest and the proposed sale of the Partnership's sole asset. This litigation required the Court to examine whether Plaintiff has demonstrated a proper purpose, whether the requested categories of documents are essential and sufficiently tailored to that purpose, whether Plaintiff has complied with applicable statutory procedural requirements, and what relief, if any, is warranted. For the reasons explained below, the Court finds that Plaintiff is entitled to inspect all documents listed in his third demand email pursuant to Section 6.2(a) of the Limited Partnership Agreement, and that each party shall bear its own costs for this litigation.

This constitutes the Court's final post-trial report.

I. FACTUAL BACKGROUND²

A. The Parties

Aron Youngerwood ("Plaintiff") is a limited partner of AP Sulphur Spring LP (the "Limited Partnership"), and holds approximately a 0.73% interest pursuant to a

² The facts in this report reflect my findings based on the record developed at the trial held on March 16, 2026. I grant the evidence the weight and credibility I find it deserves. Citations to the Docket are cited in the form of "D.I. ___".

written assignment dated December 31, 2022.³ Defendant AP Sulphur Spring GP LLC (the “General Partner”) is the General Partner of the Limited Partnership.⁴ Defendant AP Aminim Properties LP is a member of the General Partner.⁵ Defendant Nir Kriel (“Defendant Kriel”) is an individual principal of the General Partner.⁶ The General Partner, Aminim Properties, and Kriel are collectively referred to as “Defendants.”⁷ The Limited Partnership was formed to acquire, operate, and ultimately sell its sole operating asset – a 313,000 square-foot commercial warehouse complex located at 2209 Sulphur Spring Road in Baltimore County, Maryland (the “Property”).⁸ Plaintiff represents that the Property is valued between \$50 million and \$80 million based on CoStar Group data.⁹

Plaintiff is a former employee of Aminim Holdings and Underwriting (1996) Ltd. (“Aminim Holdings”), which is affiliated with the Limited Partnership.¹⁰ In September 2023, Plaintiff was terminated from his employment by Defendant Kriel,

³ D.I. 79 at 1; D.I. 52 at 8.

⁴ D.I. 65 at 10.

⁵ *Id.*

⁶ *Id.*

⁷ D.I. 1 at 2.

⁸ D.I. 79 at 2; D.I. 52 at 7–8.

⁹ D.I. 52 at 8.

¹⁰ D.I. 65 at 5; D.I. 1 at 3–4; D.I. 2, Ex. A.

who was serving as a principal of Aminim Holdings at that time.¹¹ Following his termination, Plaintiff brought an employment litigation suit in Israel against Aminim Holdings (the “Employment Litigation”), alleging that he is entitled to the carried interest in the Property upon its sale.¹² The parties to the Employment Litigation mainly debate the value of Plaintiff’s carried interest in the Property held by the Limited Partnership.¹³

In late October 2025, an executive summary for Q3 of 2025 stated that the Property was being marketed for sale.¹⁴ The executive summary explained that, at the beginning of Q4, a deal for the Property had “been awarded to the most suitable bidder” and that a purchase and sale agreement for the Property was being negotiated.¹⁵ An access agreement had already been executed with the selected bidder for the Property to permit due diligence.¹⁶ The summary indicated a target closing by the end of 2025, with the possibility of closing in Q1 of 2026.¹⁷

¹¹ D.I. 65 at 5; D.I. 65, Affidavit of Nir Kriel at ¶ 6.

¹² D.I. 65 at 5–6; D.I. 65, Affidavit of Nir Kriel at ¶¶ 6–7; D.I. 1 at 6.

¹³ D.I. 65, Affidavit of Nir Kriel at ¶ 7.

¹⁴ D.I. 52 at 9; D.I. 1 at 8.

¹⁵ D.I. 2, Ex. C.

¹⁶ *Id.*

¹⁷ *Id.*

B. The Demands

Plaintiff made a series of demands for books and records related to the sale of the Property.¹⁸ Plaintiff's counsel in the Employment Litigation, S. Horowitz & Co., sent the initial demand by email on October 30, 2025 to Aminim Holdings' Employment Litigation counsel, Herzog Fox Neeman, Law Offices.¹⁹ The email requested copies of the following documents: "i. All term sheets submitted by prospective buyers to purchase the property; ii. The Sales Offering Memorandum; iii. Sale broker's summary of all purchase bids received; iv. Identify which prospective purchaser Aminim has selected; [and] v. The signed or most recent draft of the Purchase and Sale Agreement."²⁰

The email also explained that Plaintiff was entitled to these records under Section 6.2 of the Limited Partnership Agreement ("Partnership Agreement") and "the laws of the State of Delaware," permitting limited partners to inspect "the company's books and records, including transaction documents relating to the company's assets ..."²¹ The initial demand did not state a purpose for the inspection.²²

¹⁸ D.I. 1 at 9–10; D.I. 2, Exs. D–F.

¹⁹ D.I. 2, Ex. D.

²⁰ *Id.*

²¹ *Id.*

²² *See* D.I. 2, Ex. D.

Receiving no response by November 6, 2025, Plaintiff’s counsel sent a follow-up email and demand on November 9, 2025.²³ The follow-up demand referred to the previous letter, but did not restate the requested documents or the basis for the claims, and again failed to identify Plaintiff’s purpose in seeking these documents.²⁴ The follow-up demand also noted that if the requested documents and information were not provided, Plaintiff would consider bringing legal action in either Israel or the United States.²⁵ On November 11, 2025, Counsel for Aminim Holdings responded that they did not represent the relevant parties in connection with the sale of the Property and would not provide the documents as the requests were “lacking in good faith” and the documents “are incapable of contributing in any way to proving [Plaintiff’s] alleged entitlement to the remedies claimed by him in the [Employment Litigation].”²⁶

Also on November 11, 2025, Plaintiff personally sent a third demand by email to Oshrit Bar David, the Chief Financial Officer of Aminim Holdings.²⁷ This demand requested substantially the same documents as the initial demand to be

²³ D.I. 2, Ex. E.

²⁴ *Id.*

²⁵ *Id.*

²⁶ D.I. 2, Ex. G.

²⁷ D.I. 2, Ex. F.

produced no later than November 13, 2025.²⁸ Plaintiff explained that he was a limited partner in the Limited Partnership and, for the first time, stated that the purpose of the documents was to “allow [Plaintiff] to better understand the investment, the realization and valuation of the investment at this point in time, assist [his] tax planning and better understand the rationale and appropriateness of the sale of the Property at this point in time.”²⁹ Ms. David responded that she was not the proper party for this as she was not involved in the matter, but stated that she would forward the requests and question to the appropriate parties.³⁰

On November 25, 2025, Plaintiff filed his Complaint in this action.³¹ The Complaint sought significantly more documents than the previous demands, covering the period from October 1, 2023, to the present, including categories relating to marketing materials, bids, transaction documents, valuations, financial information, governance materials, and partner communications.³² The Complaint demanded the following documents:

(1) Broker Engagements and Marketing Materials:

- a. Engagement letters or agreements with any brokers, or other sale/marketing agents for the Property.

²⁸ D.I. 2, Ex. F.

²⁹ *Id.*

³⁰ *Id.*

³¹ *See* D.I. 1.

³² *Compare* D.I. 2, Exs. D, E, *with* D.I. 1 at 12–13.

- b. Leasing efforts and indications of interests, letters of intent or similar documents submitted by prospective tenants/their brokers.
- c. All offering memoranda, pitch books, teasers, and marketing packages provided to prospective purchasers, together with the public listing of the sale on commonly-used and public-facing real estate listing and marketing websites such as RCM, Lightbox, CoStar, Loopnet and Crexi and websites of any brokers.

(2) Sale Bids and Negotiations:

- a. All written expressions of interest, indications of interest, letters of intent, term sheets, and bids submitted by prospective purchasers.
- b. Any bid summaries, bid books, or comparisons or rankings of bids prepared by or for Defendants.
- c. All correspondence between Defendants (or their agents) and the ultimately selected purchaser concerning price, terms, timing, and conditions of the proposed sale.

(3) Purchase and Sale Agreement and Related Documents: The executed Purchase & Sale Agreement (if executed) and all material drafts exchanged with the selected purchaser, as well as any amendments and ancillary agreements

(4) Valuations and Financial Analyses:

- a. All broker or other opinions of value, appraisals, or valuation reports for the Property (whether formal or informal, including all draft valuations and appraisals and related correspondence with brokers and appraisers).
- b. Any internal financial models, projections, “hold-sell” analyses, valuations evaluating the proposed sale price, the timing of the proposed sale, and alternative hold scenarios.
- c. Any materials provided to or prepared for lenders in connection with consents to the sale, including requests for the new purchaser to assume the existing loan encumbering the Property.

(5) Partnership-Level Financial Information:

- a. Annual, year-to-date, and other periodic audited and unaudited financial statements and reports for the [Limited] Partnership and the Property (income statements, balance sheets, and cash-flow statements) for 2023, 2024, and year-to-date 2025.

b. Rent rolls, major tenant leases and amendments.

(6) Approval and Governance Materials:

- a. All minutes, resolutions, written consents, or presentations of the Defendants or their affiliates and any investment or credit committee relating to the decision to market and sell the Property;
- b. Any written recommendations, memoranda, or analyses regarding whether, when, and on what terms to sell the Property.

(7) Partner Communications: All notices, reports, emails, or letters sent to any partner concerning the marketing, bidding, or proposed sale of the Property (other than the LP Report attached as Exhibit C).³³

Plaintiff's Complaint was accompanied with a letter informing the Court he was not seeking an expedited proceeding or emergency relief.³⁴ Prior to entering an appearance, the Defendants reached out to the Plaintiff seeking an extension to file an Answer on December 18 and December 22, but on December 23, 2025, Plaintiff filed a motion for default judgment.³⁵ In response, Defendants filed a motion for enlargement of time to answer the complaint, which was granted by the Court on December 24, 2025.³⁶ The Court also denied Plaintiff's motion for default judgment on the same day.³⁷ Plaintiff then filed a motion to expedite and for a provisional

³³ D.I. 1 at 12–13.

³⁴ D.I. 5.

³⁵ See D.I. 12; D.I. 17.

³⁶ See D.I. 17; D.I. 18.

³⁷ See D.I. 19.

relief on December 29, 2025.³⁸ The Court then held oral arguments for this motion on January 6, 2026, and subsequently granted the motion to expedite but denied Plaintiff's motion seeking provisional relief.³⁹

On January 16, 2026, Plaintiff filed another motion for default judgment or, in the alternative, enforcement of the Court's December 24, 2025 order.⁴⁰ Four days later, Defendants answered the Complaint, to which Plaintiff still requested that the Court rule on his motion for default judgment.⁴¹ The Court denied Plaintiff's motion for default judgment, but deemed Defendants waived any motion to dismiss or compel arbitration and awarded Plaintiff his costs associated with that motion.⁴²

Shortly before trial, on February 20, 2026, Defendants provided Plaintiff with the Limited Partnership's 2023 and 2024 audited financial statements.⁴³ These statements included financial information regarding the Property, the Limited Partnership's financial position, the cash flows, and accompanying notes of certain parts of the financial statements.⁴⁴

³⁸ See D.I. 20.

³⁹ See D.I. 28; *see also* D.I. 29.

⁴⁰ See D.I. 37.

⁴¹ See D.I. 39; *see also* D.I. 40.

⁴² See D.I. 44.

⁴³ D.I. 69 at 8; D.I. 69, Exs. D–E.

⁴⁴ See D.I. 69, Exs. D–E.

Trial was originally scheduled for March 9, 2026, but the Defendants requested a continuance. On March 16, 2026, the trial was held, and the Court took this matter under advisement.⁴⁵

II. ANALYSIS

The Court first addresses the proper defendant in this action. It then considers whether Plaintiff is entitled to inspection under the Partnership Agreement and 6 Del. C. § 17-305, including whether Plaintiff satisfied the applicable form and manner requirements and has articulated proper purposes for inspection. Finally, the Court determines the appropriate scope of any inspection and whether fee shifting is warranted.

A. Only the Limited Partnership is the Proper Defendant in this Books-and-Records Action

The Court *sua sponte* raised whether the individually named Defendants, other than the Limited Partnership, are proper parties to this books-and-records action.⁴⁶ Despite Plaintiff's assertion to the contrary, the Limited Partnership is the only proper defendant here.⁴⁷ The statutory claim for books and records under 6 Del. C. § 17-305(a) grants inspection rights against the entity whose records are

⁴⁵ D.I. 81.

⁴⁶ See D.I. 48.

⁴⁷ See D.I. 60.

sought and does not create a cause of action against individuals associated with the entity as Plaintiff has attempted here. In the Section 220 context, the corporation—not its officers, directors, or affiliates—is the proper defendant, even where the requested materials include informal communications and materials.⁴⁸ “[I]ndividual corporate officers and employees need not be individually joined for a stockholder to obtain materials or communications of those individuals provided that the stockholder can specifically justify qualified access for broader production.”⁴⁹

This Court has applied Section 220 principles to books-and-records actions brought under 6 Del. C. § 17-305, recognizing the close statutory and functional parallels between the two provisions.⁵⁰ Those principles apply here. Therefore, the individually named defendants, Nir Kriel, AP Sulphur Springs GP LLC, and AP Aminim Properties LP are not proper Defendants, and the Limited Partnership, AP Sulphur Spring LP, is the only proper party to this action.

⁴⁸ See C.A. No. 2025-0762-DH, D.I. 27 (dismissing individual defendants in a Section 220 action and holding that the plaintiff had not shown that there is a valid justification for the individual defendants to be joined with the corporation in this action) (citing *Schnatter v. Papa John’s Int’l, Inc.*, 2019 WL 194364, at *16).

⁴⁹ *Id.*

⁵⁰ *Murfey v. WHC Ventures, LLC*, 236 A.3d 337, 344 (Del. 2020) (explaining that the Court of Chancery has routinely imported the proper purpose requirement from Section 220 to Section 17-305 due to shared language and legislative history between the two statutes) (citing *Gotham P’rs, L.P. v. Hallwood Realty P’rs, L.P.*, 714 A.2d 96, 100–102 (Del. Ch. 1998)).

B. Plaintiff is Entitled to Limited Books and Records

The parties agreed to limit trial to three issues of law: (1) whether Plaintiff has a right to inspect books and records under the Partnership Agreement and/or under 6 *Del. C.* § 17-305; (2) whether Plaintiff is entitled inspect the Limited Partnership's books and records under Section 6.2 or other provisions of the Limited Partnership Agreement; and (3) the appropriate scope, format, and timing of production of those documents under each provision.⁵¹

1. Plaintiff has Standing to Seek Inspection

As a limited partner of the Limited Partnership, Plaintiff has standing to bring this books-and-records action pursuant to both Section 6.2 of the Partnership Agreement and 6 *Del. C.* § 17-305. Section 6.2 of the Partnership Agreement provides that “[e]ach Partner ... at such Partner’s own expense and upon such Partner’s giving notice to the [Limited Partnership], shall at all reasonable times have access to, and may inspect, audit and make copies of, such books and accounts and any other records of the [Limited Partnership].”⁵² Additionally, Section 17-305 provides a limited partner with the right, subject to reasonable standards set forth in the partnership agreement or otherwise by the general partners, to obtain upon

⁵¹ D.I. 79 at 7.

⁵² D.I. 2, Ex. B § 6.2(a).

reasonable demand certain information reasonably related to the limited partner's interest.⁵³

Accordingly, Plaintiff has standing to seek books and records under both the Partnership Agreement and Section 17-305.

a. Plaintiff's Demand Satisfies the Partnership Agreement

Under Section 6.2(a) of the Partnership Agreement, a partner must provide prior notice to the "Company" to receive books and records of the Limited Partnership.⁵⁴ Section 11.3 of the Partnership Agreement governs the form and manner of such notice.⁵⁵ It requires the notice be in writing and be sent by a nationally and internationally recognized courier and addressed to the Limited Partnership's principal place of business.⁵⁶ However, the notice "may also be sent by electronic mail and/or facsimile upon confirmation of receipt ..."⁵⁷

Plaintiff argues that he has satisfied this notice requirement by sending three demands by email.⁵⁸ He argues that Section 6.2 of the Partnership Agreement "...

⁵³ 6 *Del. C.* § 17-305(a).

⁵⁴ *See* D.I. 2, Ex. B § 6.2(a).

⁵⁵ *See* D.I. 2, Ex. B § 11.3.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ D.I. 52 at 11–12; D.I. 69 at 31–32.

grants Plaintiff unconditional inspection rights ...”⁵⁹ These inspection rights are expressly conditioned on the partner providing prior notice. However, it is clear that Plaintiff did not satisfy these requirements for the first two demands.

The initial demand letter, which was sent on October 30, 2025, and the follow-up demand letter, which was sent on November 9, 2025, were sent to Herzog Fox Neeman, Law Offices, who represents Aminim Holdings in the Employment Litigation and specifically referenced the Employment Litigation in the subject line.⁶⁰ Although Aminim Holdings is affiliated with the Limited Partnership, it is a separate legal entity, and notice to its counsel does not constitute notice to the Limited Partnership under the Agreement.⁶¹ Put differently, notice to a different legal entity cannot meet the notice requirement of the Partnership Agreement when that Partnership Agreement requires notice to be served on the Limited Partnership.⁶²

⁵⁹ D.I. 69 at 51.

⁶⁰ See D.I. 2, Ex. D, E.

⁶¹ See D.I. 1, at 3–4 (Plaintiff describes Aminim Holdings as an affiliate of Defendants); D.I. 79 at 4 (Defendants describe Aminim Holdings as an affiliate of Defendants).

⁶² See D.I. 2, Ex. A § 11.3. Delaware Courts have routinely upheld the corporate separateness of distinct legal entities, even when one of the legal entities is the corporate parent of the other legal entity. See *In re Aeero Technologies LLC Insurance Appeals*, 346 A.3d 584, 596 (Del. 2025) (citing *Skouras v. Admiralty Enters., Inc.*, 386 A.2d 674, 681 (Del. Ch. 1978); *Hart Hdlg. Co. Inc. v. Drexel Burnham Lambert Inc.*, 1992 WL 127567, at *10 n.11 (Del. Ch. May 28, 1992)).

The third demand, however, satisfies the notice requirement. The third demand was sent by email to Oshrit Bar David on November 11, 2025.⁶³ While Ms. David is not a partner of the Limited Partnership and serves as the Chief Financial Officer of Aminim Holdings, she appears to have served as the point of contact between Plaintiff and the Limited Partnership.⁶⁴ This is evident from the multiple emails between Ms. David and Plaintiff with her providing Limited Partnership K-1s and tax statements, coordinating with the Limited Partnership's accountant, and responding to inquiries regarding distributions.⁶⁵ Under these circumstances, it was reasonable for Plaintiff to assume that the same individual who served as his point of contact for other Limited Partnership matters was also the appropriate recipient of his demand letter.

Section 11.3 of the Partnership Agreement also does not list an email address for a partner to use if they wish to send their demand via email, which further emphasizes the reasonableness of Plaintiff's actions.⁶⁶ Finally, Ms. David did not specify who Plaintiff should send his demand to, leaving Plaintiff lost as to where to

⁶³ See D.I. 2, Ex. F.

⁶⁴ See D.I. 2, Ex. F; D.I. 69, Ex. A.

⁶⁵ See D.I. 69, Ex. A.

⁶⁶ D.I. 2, Ex. B § 11.3.

direct his demand.⁶⁷ Ms. David also informed the Plaintiff that she would forward Plaintiff's request, which reinforces the reasonableness of Plaintiff's reliance on her as an intermediary.⁶⁸

Accordingly, the Court concludes that Plaintiff's November 11, 2025, demand constituted valid notice under the Partnership Agreement.

i. **The Scope of Inspection is Limited to the Third Demand**

Defendants argue that the Complaint requests substantially more documents than the third demand letter.⁶⁹ I agree. The Complaint lists seven overall categories of documents comprising fifteen specific types of categories, while the third demand only sought five specific types of documents.⁷⁰ "Under Section 17-305, '[i]nspection rights are limited by the scope of the demand letter, and a ... plaintiff will be foreclosed from recasting the scope of its demand at the eleventh hour.'"⁷¹ "The conventional wisdom underlying this rule is that it is difficult and inefficient for companies to consider the merits of an evolving request."⁷² "Strict adherence to

⁶⁷ D.I. 2, Ex. F (Ms. Bar David's email simply stated, "As you probably know, this is a matter that I am not involved in. I will forward your requests and question.")

⁶⁸ See D.I. 2, Ex. F.

⁶⁹ D.I. 65 at 26–27.

⁷⁰ D.I. 1 at 12–13; D.I. 2, Ex. F.

⁷¹ *Eller Associates Inc. v. SRP Opportunities II, LP*, 2025 WL 3201897 at *11 (Del. Ch. Nov. 5, 2025).

⁷² *Petry v. Gilead Sciences, Inc.*, 2020 WL 6870461 at *27 (Del. Ch. Nov. 24, 2020).

the section 220 procedural requirements for making an inspection demand protects the right of the corporation to receive and consider a demand in proper form before litigation is initiated.”⁷³

While some of these cases apply the limitation to plaintiffs that attempt to broaden the scope of their demand right before trial, the same reasoning applies here.⁷⁴ Plaintiff made a targeted demand on November 11, 2025, but then sought a substantially broader set of documents in the Complaint two weeks later. The effect is the same: the Limited Partnership is improperly forced to “consider the merits of an evolving request.”⁷⁵ Accordingly, the scope of Plaintiff’s inspection rights is limited to the documents identified in Plaintiff’s November 11, 2025, demand.

ii. Plaintiff’s Statutory Right to Inspection Under 6 Del. C. § 17-305

Having determined that Plaintiff is entitled to inspection under the Partnership Agreement, the Court next considers whether Plaintiff is independently entitled to inspection under 6 Del. C. § 17-305.

⁷³ *Fuchs Family Trust v. Parker Drilling Co.*, 2015 WL 1036106 at *4 (Del. Ch. Mar. 4, 2015).

⁷⁴ *See Fuchs Family Trust*, 2015 WL 1036106 at *4 (“... just eight days before trial, Fuchs issued a supplemental inspection demand ...”); *see Eller Associates Inc.*, 2025 WL 3201897 at *1 (... the plaintiffs ignored the limits of their demand and pressed for more and more different records until as late as four days before trial.”).

⁷⁵ *Petry*, 2020 WL 6870461 at *27.

1. Legal Standard

To obtain demanded documents under Section 17-305, the limited partner must establish that it has complied with the statute's form and manner requirements and that it seeks the documents for a proper purpose reasonably related to the limited partner's interest in the limited partnership.⁷⁶ If the limited partner meets that burden, they are entitled to "obtain such information as is necessary and essential to achieving that purpose."⁷⁷ Establishing a proper purpose requires more than a general statement for the Court to determine the propriety of the demand.⁷⁸ Even if a proper purpose is established, there cannot be secondary or ulterior motives or purposes that are adverse to the best interests of the limited partnership.⁷⁹ The presence of secondary or ulterior motives does not defeat proper purpose unless they are adverse to the best interest of the limited partnership.⁸⁰ If the Court is "not

⁷⁶ See 6 Del. C. § 17-305(e).

⁷⁷ 6 Del. C. § 17-305(f).

⁷⁸ *Madison Ave. Inv. P'rs, LLC v. Am. First Real Estate Inv. P'rs, L.P.*, 806 A.2d 165, 174 (Del. Ch. 2002).

⁷⁹ See *Madison Ave. Inv. P'rs, LLC*, 806 A.2d at 174; see also *Faillace v. Outlander Gamma 5.2, LLC*, 2025 WL 3159137 at *4 (Del. Ch. Oct. 24, 2025) (while this case deals with § 18-305, the Court has previously applied § 17-305 principles to § 18-305 cases); see also *Sanders v. Ohmite Hldgs., LLC*, 17 A.3d 1186, 1193 (citing case law ruling on § 17-305 issues while the Court has a § 18-305 issue in front of it).

⁸⁰ *Madison Ave. Inv. P'rs, LLC*, 806 A.2d at 174.

satisfied as to the propriety of the plaintiff's purpose," it may deny the request for books-and-records.⁸¹

In the context of Section 220 demands, "a stockholder whose stated purpose is investigating mismanagement must provide 'some evidence' to suggest a 'credible basis' to support from which this Court may infer possible mismanagement, waste, or wrongdoing may have occurred."⁸² This Court has applied that standard to the Section 17-305 context.⁸³ The credible basis standard is "the lowest possible burden of proof."⁸⁴

2. Compliance with Form and Manner Requirements

Plaintiff has satisfied the form and manner requirements of Section 17-305(d). This subsection requires that any demand under Section 17-305 be made in writing and state the purpose of the demand and be accompanied by a power of attorney or

⁸¹ *Id.*

⁸² *See In re Plains All Am. Pipeline, L.P.*, 2017 WL 6016570 at *2 (Del. Ch. Aug. 8, 2017) (internal quotation marks omitted) (quoting *Seinfeld v. Verizon Commc 'ns, Inc.*, 909 A.2d 117, 118 (Del. 2006)).

⁸³ *See generally In re Plains All Am. Pipeline, L.P.*, 2017 WL 6016570 (Del. Ch. Aug. 8, 2017) (applying the credible basis standard to a claim under § 17-305(a)).

⁸⁴ *Seinfeld v. Verizon Commc 'ns, Inc.*, 909 A.2d 117, 123 (Del. 2006).

similar document if an agent or attorney is making a demand on a limited partner's behalf.⁸⁵ Plaintiff's third demand satisfies these requirements.⁸⁶

As discussed above, Plaintiff reasonably believed that Ms. Bar David was acting on behalf of the Limited Partnership or would forward his demand to the appropriate recipient. The demand was in writing, as it was an email.⁸⁷ The demand stated the purposes for which Plaintiff was making the demand: "... to allow [Plaintiff] to better understand the investment, the realization and valuation of the investment at this point in time, assist [Plaintiff's] tax planning and better understand the rationale and appropriateness of the sale of the Property at this point in time."⁸⁸ Finally, a power of attorney or similar document did not need to accompany the demand because Plaintiff sent the demand email himself.⁸⁹ Accordingly, the statutory prerequisites are satisfied.

⁸⁵ See 6 Del. C. § 17-305(d).

⁸⁶ D.I. 2, Ex. F.

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

3. Plaintiff's Stated Purposes

(1) Valuation of Plaintiff's Investment

“Valuing one’s investment is generally considered to be a proper purpose reasonably related to one’s interest.”⁹⁰ Plaintiff has shown that allowing him to better understand his investment and the realization and valuation of the investment before the sale is a proper purpose reasonably related to his interest. This purpose is supported by the October stock deck and announcement that the Property was to be sold within the next six months.⁹¹ Plaintiff has argued that he cannot value his investment without information related to the sale of the Property, as this “would permanently determine Plaintiff’s economic return.”⁹² Such a purpose is proper under Section 17-305.

Defendants argue that this stated purpose is secondary to Plaintiff’s true primary purpose, which is to obtain information to be used in the Employment Litigation.⁹³ Defendants claim that because Plaintiff’s true purpose “is a personal and improper one,” Plaintiff has not shown a proper purpose.⁹⁴ Plaintiff contends

⁹⁰ *Madison Ave. Inv. P’rs, LLC*, 806 A.2d at 174; *see also Murfey*, 236 A.3d at 352.

⁹¹ D.I. 2, Ex. C.

⁹² D.I. 52 at 28.

⁹³ D.I. 65 at 29.

⁹⁴ *Id.*

that the Employment Litigation is unrelated to this action and does not limit his inspection rights.⁹⁵

Delaware case law is clear that having an ulterior motive will not automatically defeat a proper purpose.⁹⁶ The record supports that Plaintiff seeks to value his investment in the Limited Partnership, which is a proper purpose. However, not all of the documents sought by Plaintiff are necessary and essential to value his investment. The only documents sought by Plaintiff that are necessary and essential for this purpose are “the signed or most recent draft of the Purchase and Sale Agreement.”⁹⁷ These documents will allow Plaintiff to value his interest in the Property when it is sold by revealing the amount the Property is to be sold for and to whom. The other four categories of documents do not directly relate to Plaintiff valuing his investment and instead relate more to Plaintiff assessing and investigating the fairness of the sale process.⁹⁸

The identity of the prospective purchaser will also be revealed by the draft of the Purchase and Sale Agreement, rendering the documents in the category

⁹⁵ D.I. 1 at 9; D.I. 79 at 4; D.I. 65 at 7–8.

⁹⁶ *See Madison Ave. Inv. P’rs, LLC*, 806 A.2d at 174; *see also Faillace*, 2025 WL 3159137 at *4 (while this case deals with § 18-305, the Court has previously applied § 17-305 principles to § 18-305 cases); *see also Sanders*, 17 A.3d at 1193 (citing case law ruling on § 17-305 issues while the Court has a § 18-305 issue in front of it).

⁹⁷ D.I. 2, Ex. F.

⁹⁸ *Id.*

numbered “(4)” unnecessary.⁹⁹ While term sheets, sales offering memoranda, and sales broker summaries of bids may hold important valuation information at preliminary stages of a negotiation for the sale of a Property, they are not necessary for Plaintiff’s stated purpose where an offer has been accepted and closing is approaching.¹⁰⁰

Accordingly, Plaintiff is only entitled to “the signed or most recent draft of the Purchase and Sale Agreement” of the Property.¹⁰¹

(2) Assessing the fairness of the sale process

Plaintiff has not shown that assessing the fairness of the sale process of the Property is a proper purpose. While investigating suspected wrongdoing and corporate misconduct may be a proper purpose,¹⁰² Plaintiff is required to show a credible basis from which the Court may infer mismanagement, wrongdoing, or misconduct, and Plaintiff has failed to meet that burden here.¹⁰³ In support of his

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² See *KT4 P’rs LLC v. Palantir Techs. Inc.*, 203 A.3d 738, 742 (Del. 2019) (upholding the Court of Chancery’s ruling that investigating suspected corporate wrongdoing is a proper purpose).

¹⁰³ See *In re Plains All Am. Pipeline, L.P.*, 2017 WL 6016570 at *2 (Del. Ch. Aug. 8, 2017) (internal quotation marks omitted) (quoting *Seinfeld v. Verizon Commc’ns, Inc.*, 909 A.2d 117, 118 (Del. 2006)).

demand to assess the fairness of the sale process, Plaintiff presents no evidence that Defendants are pursuing the sale of the Property at significantly below market value, have conducted themselves in bad faith, and have not complied with the Partnership Agreement.¹⁰⁴

Plaintiff presents publicly available information related to the valuation of the Property and attests that he had “recent discussions with Baltimore-area commercial real estate brokers” that explained that Defendants may be pursuing a sale below \$35 million while the publicly available value is \$50-\$80 million.¹⁰⁵ Plaintiff also alleges that no information on the marketing process, valuations obtained, or bids and offers received was provided by Defendants. This is insufficient evidence even considering the low credible basis standard and does not lead this Court to infer that corporate misconduct has occurred or Defendants have acted in bad faith.

Even if Plaintiff is correct and this sale is being contemplated at below market values, Plaintiff has not explained how this would constitute corporate misconduct or how it is related to his interest in the Limited Partnership. Furthermore, Plaintiff has not shown that he has a right as a limited partner to object to or vote on the sale of the Property.

¹⁰⁴ D.I. 65 at 29.

¹⁰⁵ D.I. 52, Affidavit of Aron Youngerwood at 7.

According to Section 4.3(c) of the Partnership Agreement, the General Partner expressly has the right to sell the Property.¹⁰⁶ Section 4.4 of the Partnership Agreement identifies a specific list of actions that requires the General Partner to obtain consent, of all Partners.¹⁰⁷ Selling the Property is not an act that requires the General Partner to obtain consent.¹⁰⁸ Plaintiff has no right to inspect the fairness of that sale according to the Partnership Agreement. Because Defendants can take this step without the consent of the limited partners, their failure to provide details of the marketing process does not support an inference that Defendants acted in bad faith.

For these reasons, Plaintiff has not established that assessing the fairness of the sale process is a proper purpose, and no documents will be produced on this basis.

(3) Tax Planning

Plaintiff has shown that seeking documents to assist with tax planning is a proper purpose reasonably related to his interest in the Limited Partnership. Section 17-305(a) specifically provides that a limited partner may obtain information regarding the status of the business and financial condition of the limited partnership,

¹⁰⁶ D.I. 2, Ex. B § 4.3(c).

¹⁰⁷ D.I. 2, Ex. B § 4.4.

¹⁰⁸ *Id.*

including copies of its tax returns, all of which are routinely used for tax planning.¹⁰⁹ This purpose is also similar to the proper purpose of valuing his investment, as both involve financial statements and tax information of the Limited Partnership.¹¹⁰ For these reasons, Plaintiff has shown that tax planning is a proper purpose under Section 17-305.

However, Plaintiff does not seek any traditional tax planning documents in his third demand, such as financial statements or tax returns.¹¹¹ Instead, Plaintiff seeks information related to the bids and offers received for the Property, how these bids and offers were valued and evaluated, which buyer Defendants ultimately chose, and details about the proposed sale of the Property.¹¹² Plaintiff retained, Joseph Savitsky, an attorney specializing in partnership taxation and real estate transactions, who provided a list of documents Plaintiff would require for tax planning.¹¹³ Mr. Savitsky explained that Plaintiff would require:¹¹⁴

(a) Valuation and sale documents—appraisals, broker opinions of value, term sheets, and purchase-and-sale agreements—to determine fair-market value and potential capital gain; (b) Partnership financial statements and general ledger activity to calculate current-year income,

¹⁰⁹ See 6 Del. C. § 17-305(a)(1)– (2).

¹¹⁰ *Madison Ave. Inv. P'rs, LLC*, 806 A.2d at 174.

¹¹¹ D.I. 2, Ex. F.

¹¹² *Id.*

¹¹³ D.I. 52, Affidavit of Joseph Savitsky at 1–2, 8.

¹¹⁴ *Id.*

depreciation recapture, and taxable allocations; (c) Allocation schedules and capital account records to evaluate whether allocations comply with the Partnership Agreement; and (d) Tax elections and reporting positions (including Section 754 status).

Interestingly, the documents recommended by Mr. Savitsky are not the tax planning documents Plaintiff identified in his third demand. While Plaintiff's third demand does seek what are essentially valuation and sale documents, it does not seek the other tax planning documents identified by Mr. Savitsky in his affidavit.¹¹⁵

Defendants also provided the Limited Partnership's 2023 and 2024 audited financial statements to Plaintiff before trial.¹¹⁶ The financial statements do not include information about the upcoming sale or the valuation of the Property before the upcoming sale, only historical information related to Limited Partnership assets, liabilities, expenses, and valuations of the Property in 2023 and 2024. This information, while likely helpful for Plaintiff's tax planning, does not show Plaintiff the value of the upcoming sale of the Property and its tax implications to him.¹¹⁷ According to Joseph Savitsky, Plaintiff requires "valuation materials, transaction documents, and current financial data" for a tax adviser to "assess potential gain

¹¹⁵ D.I. 2, Ex. F; D.I. 52, Affidavit of Joseph Savitsky at 8.

¹¹⁶ D.I. 69 at 8; D.I. 69, Exs. D–E.

¹¹⁷ D.I. 69, Exs. D–E.

recognition, depreciation recapture, allocation timing, and estimated tax exposure.”¹¹⁸ The financial statements produced do not meet that necessity.

Accordingly, Plaintiff is entitled to the documents that are necessary for his tax planning, which include the term sheets for the sale of the Property, and the signed or most recent draft of the Purchase and Sale Agreement.

(4) Investigating the Financial Irregularities Revealed in the Disclosed Audited Financial Statements

In the Plaintiff’s pre-trial answering brief, the Plaintiff advances another purpose, which is to investigate the “financial irregularities” revealed by the financial statements produced by Defendants on February 20, 2026.¹¹⁹ This is an improper purpose, as it is more akin to a discovery request than a books-and-records demand.¹²⁰ The Court has previously held that Section 220 (and by extension Section 17-305) actions are “not a way to circumvent discovery proceedings, and [are] certainly not meant to be a forum for the wide-ranging document requests

¹¹⁸ D.I. 52, Affidavit of Joseph Savitsky at 7.

¹¹⁹ D.I. 69 at 19–20.

¹²⁰ D.I. 65 at 32–33.

permissible under Rule 34” and the use of books-and-records for that purpose is improper.¹²¹

Plaintiff’s demand for documents related to this purpose would not result in an order with the “rifled precision” required of Section 220 and Section 17-305 demands, and instead would resemble a broad discovery order in a plenary proceeding.¹²² Plaintiff has not presented evidence to suggest a credible basis from which this Court may infer possible mismanagement, waste, or wrongdoing, rather Plaintiff simply presents simply escalating costs from the years 2023 to 2024.¹²³

This is insufficient to show a credible basis, as there are too many unknowns related to the financials and history of the Limited Partnership for the Court to find a credible basis. If the Plaintiff chooses to initiate an action against Defendants for mismanagement, discovery in that action may uncover mismanagement, but a books-and-records action is not a proper substitute for such discovery.

Accordingly, Plaintiff has not advanced a proper purpose by seeking to investigate alleged financial irregularities. Therefore, no documents shall be produced pursuant to this purpose.

¹²¹ *Highland Select Equity Fund, L.P. v. Motient Corp.*, 906 A.2d 156, 165 (Del. Ch. 2006) affirmed after remand for clarification, 922 A.2d 415 (TABLE).

¹²² *Security First Corp. v. U.S. Die Casting and Development Co.*, 687 A.2d 563, 570 (Del. 1997).

¹²³ D.I. 69 at 19–20.

C. Parties Shall Pay Their Own Fees

Delaware Courts follow the American Rule against fee-shifting, meaning that “litigants are expected to bear their own costs of litigation.”¹²⁴ The Court may, in equity, shift attorneys’ fees when certain special circumstances are present, such as bad faith.¹²⁵ Bad faith is assessed on the basis of the facts presented in the case, and the Court must find that the “litigation was brought in bad faith or find[] litigation to have been brought in bad faith or find[] that a party conducted the litigation process itself in bad faith, thereby unjustifiably increasing the costs of litigation.”¹²⁶ This exception is not invoked lightly, as the party seeking a fee award bears the burden of producing clear evidence of such bad-faith conduct.¹²⁷ Delaware Courts have found bad faith conduct where parties have unnecessarily prolonged or delayed litigation, knowingly asserted frivolous claims, misled the court, or changed position on an issue.¹²⁸

Neither party has produced sufficient evidence of bad faith conduct by the other party. Defendants have claimed multiple times that Plaintiff has engaged in

¹²⁴ *Beck v. Atlantic Coast PLC*, 868 A.2d 840, 850 (Del. Ch. Feb. 11, 2005).

¹²⁵ *See id.* at 850.

¹²⁶ *Id.* at 850–51.

¹²⁷ *Id.* at 851.

¹²⁸ *See Beck*, 868 A.2d at 851 (citing *Johnston v. Arbitrium (Cayman Islands) Handels*, 720 A.2d 542, 232 (Del. 1998)).

allegedly “vexatious conduct” by filing five motions within six weeks, refusing to grant short extension requests to Defendants over the Christmas and New Years’ holidays, and misleading the Court with frivolous and misleading motions.¹²⁹ While this litigation has proceeded at a rapid pace, expedited summary proceedings are, by their nature, meant to proceed at a rapid pace.¹³⁰ It is unfortunate that this litigation has proceeded around the winter holidays, but Plaintiff’s refusal to provide extensions over the Christmas and New Years’ holidays is not clear evidence of bad-faith conduct.

Defendants also claim that Plaintiff misled the Court by making frivolous motions and omitting or misstating key facts.¹³¹ While frivolous motions, allegations, and arguments waste both the parties and the Court’s time and resources, Defendants have not provided sufficient evidence of bad faith conduct by Plaintiff related to his motions. Plaintiff’s argument that the Employment Litigation is unrelated to this action is not an omission of material facts, as he disclosed the existence of the Employment Litigation early in the litigation and was instead making a legal argument attempting to distinguish the two litigations.¹³² The same

¹²⁹ D.I. 65 at 17–20.

¹³⁰ D.I. 47 (transcript where the Court orally granted Plaintiff’s motion to expedite).

¹³¹ D.I. 65 at 19–20.

¹³² *See* D.I. 1 at 3–4.

applies to Defendants' claim that Plaintiff made a misstatement of fact to the Court regarding the previous demands.¹³³ Defendants have not shown sufficient evidence of bad faith conduct by Plaintiff. Thus, Defendants will pay their own litigation fees.

Plaintiff also alleges that Defendants have litigated in bad faith by failing to provide documents after Plaintiff's three demands and raising "hypertechnical service defects for the first time in their Pre-Trial Brief" when those defenses were not identified in Defendants' answer.¹³⁴ Defendants did not act in bad faith by rejecting the first two demands, as neither of the first two demands were served properly on the Limited Partnership.¹³⁵ Moreover, Defendants did not act in bad faith by rejecting what they believed to be improper service of the third demand.¹³⁶

Plaintiff alleges that Defendants have engaged in bad faith conduct by presenting documents that Defendants allegedly withheld from Plaintiff to attempt to moot the issue on the eve of the originally scheduled trial.¹³⁷ Defendants produced some of the documents Plaintiff requested in his Complaint, however these were not requested in any of Plaintiff's previous demands.¹³⁸ The timing of Defendants'

¹³³ D.I. 65 at 19.

¹³⁴ D.I. 69 at 48–49.

¹³⁵ *See* D.I. 2, Exs. D–E.

¹³⁶ *See* D.I. 2, Ex. F.

¹³⁷ D.I. 69 at 45–46.

¹³⁸ D.I. 2, Exs. D–F; D.I. 1 at 12–13.

production of these documents alone is not sufficient to establish bad faith. Moreover, Defendants were not obligated to provide documents outside of the third demand.

For these reasons, the Court finds that there has been no evidence presented of bad faith conduct by either party sufficient to shift fees. Therefore, each party will pay their own litigation fees consistent with the American Rule.

III. CONCLUSION

In summary, Plaintiff has established that his November 11, 2025, demand complied with the Partnership Agreement and that his contractual inspection rights are therefore triggered. The scope of inspection, however, is limited to the categories of documents identified in that demand.

Plaintiff has advanced two proper purposes: valuing his interest in the Property and tax planning. Those purposes are reasonably related to Plaintiff's interest as a limited partner and independently support inspection. However, inspection under Section 17-305 is limited to documents that are necessary and essential to those purposes.

Accordingly, Plaintiff is entitled only to the most recent draft of, or the signed version of the Purchase and Sale Agreement, and all term sheets for the sale of the Property, as those documents are sufficient to allow Plaintiff to value his interest and

assess the tax implications of the anticipated sale. All other requested categories exceed what is necessary and essential and therefore will not be produced.

Neither party has provided sufficient evidence of bad faith conduct by the other party, and the circumstances of this expedited proceeding do not warrant deviation from the American Rule. Accordingly, the Court declines to shift fees, and each party shall bear its own costs.

This is the Court's final post-trial report and expedited exceptions may be filed within three days under Court of Chancery Rule 144. The stay of exceptions to any prior rulings is hereby lifted.

Respectfully submitted,

/s/ Loren Mitchell

Magistrate in Chancery