EFiled: Jul 03 2025 04:02PM EDT
Filing ID 76545183
Case Number 129,2025

IN THE SUPREME COURT OF THE STATE OF DELAWARE

PARAMOUNT GLOBAL, Defendant Below, Appellant, v. STATE OF RHODE ISLAND OFFICE OF THE GENERAL TREASURER, ON BEHALF OF THE EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND, Plaintiff Below, Appellee.	)	No. 129, 2025 Court Below: Court of Chancery of the State of Delaware C.A. No. 2024-0457-SEM

APPELLEE'S ANSWERING BRIEF

PRICKETT, JONES & ELLIOTT, P.A.
Corinne Elise Amato (#4982)
Eric J. Juray (#5765)
Stacey A. Greenspan (#7056)
Seth T. Ford (#7051)
1310 N. King Street
Wilmington, Delaware 19801
(302) 888-6500

Counsel for Plaintiff State of Rhode Island Office of the General Treasurer, on behalf of the Employees' Retirement System of Rhode Island

OF COUNSEL:

KESSLER TOPAZ MELTZER & CHECK, LLP
Lee D. Rudy
Eric L. Zagar
Grant D. Goodhart
Michael W. McCutcheon
280 King of Prussia Road
Radnor, Pennsylvania 19087
(610) 667-7706

Dated: July 3, 2025

TABLE OF CONTENTS

TABLE OF CITATIONS

Page(s)

CASES

RULES

STATUTES

OTHER AUTHORITIES

NATURE OF PROCEEDINGS

Since 2016, Shari Redstone ("Redstone") has controlled the Redstone family business, National Amusements, Inc. ("NAI"). NAI's primary assets in 2016 were the majority of the voting shares of CBS Corporation ("CBS") and Viacom, Inc. ("Viacom"). In 2019, she forced CBS and Viacom to merge, which predictably cratered the stock price of the combined company, now known as Paramount Global ("Paramount" or the "Company").[1]

Because Redstone mismanaged Paramount, the Company's board of directors (the "Board") cut Paramount's quarterly dividend from $0.24 to just $0.05 per share in May 2023—a near 80% decrease. That dividend was a critical source of cash for NAI and forced Redstone to explore NAI's strategic options. Thus, Redstone had a motive to use her control of Paramount to solve the cash crunch NAI was experiencing.

Around the same time, reports began to surface that Redstone and NAI were using third-party interest in acquiring some or all of Paramount to extract a favorable deal for NAI. Specifically, Redstone was offering NAI to potential buyers as an alternative means to acquire control of Paramount or a portion of its assets. Redstone made clear that, in any acquisition of Paramount, potential buyers must include

[1] *See In re CBS Corp. S'holder Class Action & Deriv. Litig.*, 2021 WL 268779, at *1–3, *5–6, *15, *33 (Del. Ch. Jan. 27, 2021).

better terms for NAI than Paramount's other stockholders. One effect of Redstone's apparent conduct was an increase in the stock price of Paramount's Class A shares (of which NAI controls about 80%) and a significant drop in the stock price of Class B shares (that most public investors own), as market participants anticipated that the Class A shares would receive favorable treatment in any transaction.[2]

State of Rhode Island Office of the General Treasurer, on behalf of the Employees' Retirement System of Rhode Island ("Rhode Island"), holds Paramount Class B shares. After Redstone's conduct harmed that investment, Rhode Island served its 8 *Del. C.* § 220 ("Section 220") books and records demand on Paramount on April 5, 2024 (the "Demand").[3] Reports of Redstone's effort to channel interest in Paramount to NAI continued after Rhode Island served the Demand.

Paramount refused Rhode Island's Demand. At trial, Rhode Island and Paramount both relied on news reports and post-Demand information as evidence. In two pages of a bench ruling, the Senior Magistrate ruled that the dozens of news reports in the record did not establish a credible basis to suspect wrongdoing because they relied on confidential sources.[4] Rhode Island took exception to that ruling.

---

[2] A0231.

[3] A0045–0052.

[4] A0403–0404.

Exercising *de novo* review, the court below followed settled Delaware law in finding that Rhode Island had a credible basis to suspect wrongdoing.[5] The court below held that the Demand included cognizable legal theories warranting investigation, including whether "Redstone and NAI could have engaged in disloyal conduct by channeling potential buyers away from a Company-level transaction and into an NAI-level transaction."[6] The primary issues before the Vice Chancellor were the reliability and consideration of (i) post-Demand information and (ii) news reports that cite confidential sources. The court below held that, in this case, both forms of evidence were sufficiently reliable to establish a credible basis to suspect wrongdoing. Those factual findings are well-supported by the record, are entitled to considerable deference, and should be affirmed.

After the Proper Purpose Decision, the Company sought an interlocutory appeal. The court below certified the appeal, but noted that Paramount "mischaracterize[d] the Proper Purpose Decision and [made] dubious predictions

[5] Unless otherwise specified, all references herein to the "court below," "trial court" and "Court of Chancery" refer to determinations made by Vice Chancellor J. Travis Laster in *Paramount I* and *Paramount II* (defined below).

[6] *R.I. Off. Of Gen. Treasurer ex rel. Empls.' Ret. Sys. of R.I. v. Paramount Glob.*, 331 A.3d 179, 190 (Del. Ch. 2025) ("*Paramount I*" or the "Proper Purpose Decision").

about its dire consequences."[7] For the reasons set forth herein, the Proper Purpose Decision should be affirmed.

[7] *R.I. Off. Of Gen. Treasurer ex rel. Empls.' Ret. Sys. of R.I. v. Paramount Glob.*, 2025 WL 894501, at *2 (Del. Ch. Mar. 24, 2025) ("*Paramount II*").

SUMMARY OF ARGUMENT

1. Denied. Paramount relied on post-Demand evidence at trial to argue that Rhode Island lacks a credible basis to suspect wrongdoing. Consistent with that approach, Paramount did not argue that post-Demand evidence could not be considered. Paramount raised the argument for the first time after Rhode Island took exception to the bench ruling. Paramount's untimely argument is waived, precluding plain error review.

Even if Paramount had preserved the argument, the trial court correctly determined that the (i) plain language of Section 220 and Delaware law permit consideration of post-demand evidence that is relevant and not unduly prejudicial, and (ii) post-Demand evidence here was relevant to Rhode Island's stated proper purpose and consideration of that evidence did not prejudice Paramount.[8] The Court of Chancery's factual determinations should be shown "considerable deference" and affirmed.[9]

2. Denied. The Court of Chancery engaged in detailed fact-finding to determine news reports were sufficiently reliable evidence supporting a credible basis to infer possible wrongdoing. The trial court evaluated the reports' publishers,

[8] *Paramount I*, 331 A.3d at 194–95.

[9] *See AmerisourceBergen Corp. v. Lebanon Cnty. Empls.' Ret. Fund*, 243 A.3d 417, 425 (Del. 2020).

editorial standards, authors, and details, and the lack of any evidence the news reports were unreliable. The trial court held: "In this case, the news articles provide ample evidence to establish a credible basis to suspect wrongdoing."[10] Even if independent evidence was necessary to corroborate the news reports (it is not), Paramount concedes Rhode Island had that, too.[11] The Court of Chancery's factual determinations should be shown "considerable deference" and affirmed.[12]

[10] *Paramount I*, 331 A.3d at 195; *see also Paramount II*, 2025 WL 894501, at *11.

[11] *See* Appellant's Opening Brief at 39 (Filing ID 76386953) ("OB") ("While future events may sometimes prove a reported rumor correct or corroborate an anonymous statement—and this indeed happened in some instances in this matter. . . .").

[12] *See AmerisourceBergen*, 243 A.3d at 425.

STATEMENT OF FACTS

A. Redstone's Plan to Combine CBS and Viacom and then Sell NAI

Credible trial evidence revealed Redstone's motivation for competing against Paramount.

Around 2016, Redstone seized control of NAI.[13] At the time, the majority of NAI's assets consisted of its ownership of CBS Class A stock and Viacom Class A stock, which gave Redstone control over both companies.[14]

For much of the 2010s, CBS outperformed the market and was well-positioned.[15] Conversely, Viacom underperformed the market and was viewed as a "troubled company."[16] This put pressure on Redstone to find a suitable exit strategy for NAI's investment in Viacom.

In January 2018, Evercore Partners ("Evercore") and Cleary, Gottlieb, Steen & Hamilton LLP ("Cleary Gottlieb") advised Redstone and NAI that "[t]he ideal scenario for [NAI] may be a combination of [CBS] and [Viacom] as a first step, followed by a sale of [NAI]."[17] According to these NAI advisors, if Viacom and

---

[13] *CBS*, 2021 WL 268779, at *5.

[14] *See id.* at *6, *33. Redstone now controls Paramount. *Paramount I*, 331 A.3d at 184.

[15] *CBS*, 2021 WL 268779, at *8.

[16] *Id.* at *7.

[17] *Id.* at *8.

CBS were to combine, NAI could expect a sale premium as high as 50%.[18] Redstone caused CBS to acquire Viacom on December 4, 2019.[19]

B. Redstone Conducts an Informal Auction for NAI

After the CBS-Viacom merger closed, Paramount maintained its quarterly dividend of $0.24 per share—paid on Class A and Class B shares. On May 8, 2023, the Board cut the dividend to $0.05 per share—a near 80% decrease.[20] The Paramount quarterly dividend was a key source of NAI's income, as it provided NAI the ability to pay operating expenses without having to sell Paramount shares.[21] Due to the dividend cut, the *New York Times* reported that NAI was struggling to pay the substantial annual interest cash payments it owed, putting pressure on NAI to explore a sale.[22] The *Wall Street Journal* reported that, "according to people familiar with the situation," NAI had to obtain a $125 million investment from BDT & MSD Partners, which was also acting as a financial advisor to NAI.[23] Redstone confirmed the investment.[24]

---

[18] *Id.*

[19] *Paramount I*, 331 A.3d at 184.

[20] B269; *Paramount I*, 331 A.3d at 184.

[21] *Paramount I*, 331 A.3d at 184 (citing A0456–0457).

[22] A0468–0473.

[23] A0456–0457; A0389–0390.

[24] B49.

After the dividend cut, it became "an open secret on Wall Street that Redstone was exploring a sale of NAI."[25] Redstone had conflicting interests between her (i) need to address NAI's liquidity and debt issues to maximize her wealth and (ii) fiduciary duties to Paramount's stockholders.

As early as April 2023, reports surfaced that Byron Allen ("Allen") had offered to acquire Paramount for $18.5 billion. The offer was disclosed to the *Wall Street Journal* by a person "familiar with the situation."[26] Around the same time, Redstone and NAI began channeling the interest of third parties in acquiring some or all of Paramount for NAI's financial benefit while its debt mounted.

In December 2023, the *New York Times* and other reputable outlets reported that Redstone had held meetings with David Ellison ("Ellison") as far back as the summer of 2023 to explore the possibility of Ellison's studio, Skydance Media, LLC ("Skydance"), acquiring NAI, rather than acquiring Paramount directly.[27] The reporting suggested that Redstone was offering NAI to potential buyers as an alternative means to acquire control of Paramount's assets.[28] Additional reports

[25] *Paramount I*, 331 A.3d at 184.

[26] A0480.

[27] *Paramount I*, 331 A.3d at 184 (citing A0458–0459 and A0468).

[28] *See* A0458–0460; *see also* A0472.

indicated that Redstone had met with other potential Paramount suitors in 2023, including Amazon, Apple, and Netflix.[29]

On January 10, 2024, the *New York Post* reported that Redstone had formally put NAI up for auction and was looking for a 50% mark-up on NAI's Paramount voting shares in the sale, which mirrored Evercore and Cleary Gottlieb's advice.[30] The urgency to sell NAI was driven by a March 2024 deadline for a $37.5 million loan payment.[31]

On January 10, 2024, the *Wall Street Journal* confirmed that Skydance was preparing an all-cash bid for NAI as part of an anticipated two-step transaction.[32] The reports made clear that Skydance's interest in acquiring NAI was contingent on being able to merge Skydance with Paramount as a second step.[33]

On January 31, 2024, the *Wall Street Journal* reported that multiple "people familiar with the situation" confirmed that Allen had made a $14.3 billion bid to buy all outstanding Paramount shares.[34] Allen offered $28.58 per share for the Company's Class A shares, representing a 50% premium compared to trading levels,

---

[29] *Paramount I*, 331 A.3d at 184 (citing A0472).

[30] *Id.* (citing A0474).

[31] *Id.* (citing A0475).

[32] *Id.* at 185 (citing A0476–0477).

[33] A0476–0477.

[34] A0480; *accord Paramount I*, 331 A.3d at 185 (citing A0480).

and $21.53 for the Class B shares "according to Tuesday's offer letter, a copy of which was viewed by The Wall Street Journal."[35]

Also on January 31, 2024, the *New York Post* reported that Paramount's Board had formed a committee to consider Paramount's strategic alternatives (the "Special Committee").[36] The formation of the Special Committee was an acknowledgement that Redstone had put Paramount in play and that her interests diverged from the interests of Paramount's other stockholders. That same article reported that a "source close to the situation" said that Redstone and Skydance were "close on price" as to NAI.[37]

A February 16, 2024 *Bloomberg* article confirmed that "according to more than a dozen interviews with people involved in the process," such as current and former employees, financial advisers, and bidders, Redstone had been conducting an informal auction of NAI for the past several months, corroborating prior reports.[38] The article noted that "[b]ecause Redstone is attempting to sell control of Paramount through her family holding company . . . any deal is [] more complicated because

[35] A0480–0481; *accord Paramount I*, 331 A.3d at 185.

[36] A0485, A0487. Paramount publicly confirmed this development. *See Paramount I*, 331 A.3d at 185 (citing B298, B303).

[37] *Paramount I*, 331 A.3d at 185 (citing A0489).

[38] *Id.* (citing A0502, A0507).

she'll expect her controlling shares to be valued higher than those of common shareholders."[39]

On March 20, 2024, the *Wall Street Journal* reported that, "according to people familiar with the situation," Apollo Global Management ("Apollo") had offered to buy Paramount Studios for $11 billion, which was more than the Company's entire market capitalization at the time.[40] That day, the *Financial Times* reported that Redstone rejected Apollo's offer because she was negotiating a "rival deal" with Ellison.[41] The *Financial Times*' reporting was based on information from "two people briefed on the matter," "several people familiar with the matter," those with "direct knowledge" of Skydance-NAI negotiations, and "people close to NAI."[42]

The *Wall Street Journal* later reported that Apollo subsequently offered to buy all of Paramount for $27 billion, which Redstone spurned in favor of exclusive talks with Skydance.[43] This reporting was based on information from multiple "people familiar with the matter," including "[p]eople close to the Apollo bid."[44]

---

[39] A0499.

[40] *Paramount I*, 331 A.3d at 185 (citing A0510, A0513).

[41] A0513.

[42] A0513–0514; *Paramount I*, 331 A.3d at 185.

[43] *Paramount I*, 331 A.3d at 185 (citing A0516).

[44] A0518–0519.

C. Rhode Island's Demand

On April 5, 2024, Rhode Island served its Demand out of its concern that "Redstone and NAI have used third parties' interest in acquiring some or all of Paramount to usurp Paramount's corporate opportunity by marketing NAI to buyers who otherwise would be interested in Paramount or its assets," and that "the Paramount Board has done nothing to ensure that Redstone is not diverting corporate opportunities or interfering with Paramount's ability to seek the best deal for Paramount and its other stockholders."[45]

D. Further Evidence of Redstone's Misconduct Buttresses Rhode Island's Proper Purpose

On April 5, 2024, the same day as the Demand, the *Wall Street Journal* reported that, according to "people familiar with the situation," NAI's "exclusive talks to sell itself to Skydance" had yielded a preliminary agreement whereby Skydance was set to acquire NAI for $2 billion, then, Paramount would acquire Skydance in an all-stock deal valuing Skydance at $5 billion.[46] In other words, Redstone and NAI were negotiating a (i) $2 billion price for NAI, a significant premium to the market value of NAI's interest in Paramount, and (ii) subsequent

[45] B87, B89.

[46] A0522; *accord Paramount I*, 331 A.3d at 186 (citing A0521).

Skydance-Paramount merger that would leave the remaining Paramount stockholders with a diluted position in a company with a new controller.

Reports then revealed that Paramount insiders opposed the Skydance deal. On April 10, 2024, the *Wall Street Journal* reported that, according to "people familiar with the situation," four directors, including three Special Committee members, were stepping down from the Board.[47] The article noted that at least one departing director expressed concern about the Skydance deal.[48] On April 19, 2024, Paramount rejected the Demand.[49] On April 22, 2024, Paramount confirmed the Board departures.[50]

Then, on April 26, 2024, the *Wall Street Journal* reported that, based on discussions with "people familiar with the situation," Paramount was also preparing to fire CEO Robert Bakish ("Bakish"), who reportedly opposed the Skydance proposal because the structure benefitted only Redstone, and instead, Paramount planned to install a committee of executives to replace him.[51] Indeed, on April 29,

[47] *Paramount I*, 331 A.3d at 186 (citing A0533).

[48] *Id.* (citing A0527).

[49] *Id.* at 186–87.

[50] *Id.* (citing B112).

[51] A0533; A0538–0541; *accord Paramount I*, 331 A.3d at 186.

2024, the Board announced Bakish's departure and that Paramount had installed multiple executives to serve in the vacant CEO role.[52]

On April 30, 2024, Rhode Island filed its Section 220 complaint.[53] On May 2, 2024, Apollo and Sony submitted a joint offer letter to acquire Paramount for $26 billion.[54]

On June 2, 2024, the *Wall Street Journal* reported that Skydance had revised its proposal to provide less cash to NAI, and to include an option for a certain number of Paramount Class B shares to tender into a cash tender offer at $15 per share.[55] After Paramount and Skydance agreed on the principal terms, the Board scheduled a meeting to consider the deal.[56]

On June 12, 2024, the *Los Angeles Times* reported that, based on discussions with "seven people close to the situation who were not authorized to comment on internal discussions," Redstone walked away from negotiations over reduced consideration offered to her and Skydance's refusal to indemnify her against

---

[52] *Paramount I*, 331 A.3d at 186 (citing B240).

[53] *See id.* at 187.

[54] *Id.* (citing A0601).

[55] A0615–0616. *See also* A0606–0607 ("In an earlier proposal, Skydance had offered about $2 billion in cash to Redstone for National Amusements, and Paramount would have acquired Skydance in an all stock-deal at a $5 billion valuation. Many stockholders opposed that offer because they saw it as a sweetheart deal for Redstone."); *accord Paramount I*, 331 A.3d at 187.

[56] *Paramount I*, 331 A.3d at 187 (citing A0615).

anticipated stockholder lawsuits.[57] The *Wall Street Journal* issued similar reporting.[58]

On July 2, 2024, the *Wall Street Journal* reported that, according to "people familiar with the matter," Skydance had reached a new preliminary agreement to buy NAI for $1.75 billion—$50 million more than previously contemplated.[59] In the revised agreement, Paramount and Redstone abandoned a majority-of-the-minority condition to the second-step merger with Skydance. In return, Redstone received the extra $50 million and her sought-after indemnification.[60] The revised deal provided further evidence that Redstone was improperly competing with Paramount Class B stockholders.

Paramount announced the deal on July 8, 2024.[61] Paramount's press release disclosed that (i) Skydance would "invest $2.4 billion to acquire National Amusements for cash," (ii) the all-stock merger of Skydance with Paramount valued Skydance at $4.75 billion, and (iii) Skydance will receive 317 million Class B

[57] *Id.* (citing A0615–0616).

[58] *Id.* (citing A0610).

[59] A0624; *accord Paramount I*, 331 A.3d at 187.

[60] A0625; B284.

[61] B290.

Paramount shares in the merger and will be the sole owner of Paramount's Class A voting shares.[62]

E. The Proceedings Below

On July 24, 2024, Senior Magistrate Molina held a half-day trial on a paper record. Rhode Island's trial evidence of potential wrongdoing included more than a dozen pre-Demand reports identifying Skydance and Ellison as Redstone's favored suitor and chronicling the evolving stages of her negotiations.[63] These reports stated that Redstone was negotiating for the sale of NAI—including NAI's position in Paramount, in connection with a sale of Paramount—and demanding a large premium. Based on these reports, Rhode Island had a credible basis to suspect Redstone was channeling interest in Paramount to advance her effort to sell NAI. The trial evidence also included post-Demand news reports and SEC filings corroborating pre-Demand reports and Rhode Island's suspicion. Paramount did not object to post-Demand evidence as irrelevant; Paramount relied on it.

On August 2, 2024, the Senior Magistrate issued a bench ruling to which Rhode Island took exception.

---

[62] B294.

[63] A0458–0461; A0462–0467; B67–69; A0468–0473; A0474–0475; A0476–0479; B70–74; B75–79; A0480–0484; A0485–0489; A0490–0498; A0499–0509; A0510–0512; A0513–0515; B80–84; A0516–0517; A0518–0520.

On January 29, 2025, the court below issued the Proper Purpose Decision, holding that the Demand properly sought to investigate potential wrongdoing, which Paramount does not challenge on appeal.[64] Thus, this appeal concerns only whether Rhode Island's trial evidence met the low burden of establishing a proper purpose to suspect that potential wrongdoing, not whether Rhode Island's Demand articulated a proper purpose.

The court below remanded the matter to the Senior Magistrate to determine the scope of production. That determination never occurred. Paramount instead pursued this interlocutory appeal.

[64] *Paramount I*, 331 A.3d at 190. Paramount instead claims the Demand was premature because "no transaction had been announced." *See* OB at 1, 4, 8, 22. That is irrelevant and not an issue on appeal. Rhode Island is investigating Redstone's disloyal conduct starting in 2023. A deal's announcement (or not) does not control an investigation of potential wrongdoing.

ARGUMENT

I. POST-DEMAND EVIDENCE THAT IS RELIABLE AND NOT PREJUDICIAL CAN PROVIDE A CREDIBLE BASIS TO SUSPECT POTENTIAL WRONGDOING

A. Question Presented

Did the Court of Chancery abuse its discretion by finding that the post-Demand trial evidence in this case was reliable, not unduly prejudicial to Paramount, and supported Rhode Island's credible basis to suspect potential wrongdoing?[65]

B. Scope of Review

Whether Section 220 and Delaware law generally permit a trial court to consider post-demand evidence is a legal issue subject to *de novo* review.[66] That question, however, is not properly before this Court because Paramount waived it by failing to object to the admission or consideration of post-Demand evidence and affirmatively relying on such evidence at trial.[67]

The Court of Chancery's consideration of the post-Demand evidence and determination that Rhode Island has a credible basis to suspect potential wrongdoing is a case-specific determination entitled to "considerable deference."[68]

---

[65] OB at 15; *Paramount I*, 331 A.3d at 191–95.

[66] OB at 15.

[67] *See* Supr. Ct. R. 8; *Shawe v. Elting*, 157 A.3d 152, 168 (Del. 2017); OB at 15–31; *Paramount I*, 331 A.3d at 191–95.

[68] *See NVIDIA Corp. v. City of Westmoreland Police & Fire Ret. Syst*., 282 A.3d 1, 12 (Del. 2022); *AmerisourceBergen*, 243 A.3d at 424–25.

C. Merits of Argument

Paramount relied on post-Demand evidence at trial to argue that Rhode Island lacked a credible basis to suspect wrongdoing. Consistent with that approach, Paramount did not argue that post-Demand evidence could not be considered. Paramount raised the argument for the first time after Rhode Island took exception to the bench ruling. Paramount's untimely argument is waived, precluding plain error review.

Even if Paramount had preserved the argument, the trial court correctly determined that the (i) plain language of Section 220 and Delaware law permit consideration of post-demand evidence and (ii) post-Demand evidence here was relevant to Rhode Island's stated proper purpose and did not prejudice Paramount.

1. Paramount Waived the Argument that Post-Demand Information Cannot Be Admitted or Considered as Evidence

Paramount made a strategic decision to rely on post-Demand evidence to bolster its defense at trial. A party's failure to object to the admissibility of evidence is typically reviewed for plain error,[69] but a strategic decision not to object is a waiver barring even plain error review.[70]

---

[69] *Floray v. State*, 720 A.2d 1132, 1136–37 (Del. 1998); *Weedon v. State*, 647 A.2d 1078, 1082–83 (Del. 1994).

[70] *Crawley v. State*, 2007 WL 1491448, at *2–3 (Del. 2007) (TABLE); *Wright v. State*, 980 A.2d 1020, 1024 (Del. 2009). The trial court did not rule on Rhode Island's waiver argument, which was raised below. *See* B35–36.

Paramount agreed, and the trial court ordered, that trial would be conducted on a paper record consisting of the trial exhibits, briefs, and oral argument.[71] Paramount had the opportunity but did not object—in the joint exhibit list, pre-trial order, pre-trial brief, or trial—to the admission or consideration of post-Demand evidence on the basis of relevance or prejudice.[72] Instead, Paramount used post-Demand evidence, including to argue that Rhode Island's Demand was moot.[73] This tactical decision constitutes a waiver that precludes appellate review.[74]

2. Delaware Law Permits Post-Demand Information to be Considered as Evidence at Trial

Even if the Court considers Paramount's argument, Paramount's request for a blanket exclusion of post-demand evidence in Section 220 proceedings must be denied.[75] The credible basis inquiry is not limited to evidence available "at the time

---

[71] B13 at ¶27.

[72] A0141–0185; B1–6; B7–19. Paramount only raised hearsay objections to post-Demand evidence (*see* B4–6), which the Senior Magistrate overruled. A0396.

[73] A0162–0165. Paramount used post-Demand facts to argue that a go-shop period defeated Rhode Island's inspection right. *See* A0272 ("employment of a go-shop period [is] consistent with an independent deal-making process."); *see also id*. at A0277–0278 n.11. Paramount also relied on other post-Demand evidence. A0159–0160, A0169 (citing B249–250; B251–254; B255–259; B263–265).

[74] *Crawley*, 2007 WL 1491448, at *2–3; *Wright*, 980 A.2d at 1023–24.

[75] Whether Section 220(c) permits the Court of Chancery to consider post-demand information is a legal issue that would otherwise be subject to *de novo* review if preserved.

the demand is served[.]"[76] The trial court correctly concluded that the language of Section 220 permits the consideration of post-demand information as evidence at trial. That conclusion is supported by the Court of Chancery Rules, the Delaware Uniform Rules of Evidence ("Rules of Evidence" or "DRE"), case law, and policy.

a. Section 220 Contemplates the Consideration of Post-Demand Evidence

The trial court held that the "statutory procedure" of Section 220 "appears to envision that the stockholder could submit a relatively abbreviated demand, produce evidence about the basis for the demand in discovery, and then present that evidence at trial."[77] Section 220(b) read together with Section 220(c) supports this conclusion.

Section 220(b) proscribes the form and manner of the inspection demand. Section 220(b) requires that a Section 220 demand "state" the "purpose" of the demand.[78] Section 220(b) does not require a stockholder to submit evidence in a Section 220 demand.[79]

---

[76] *Cf.* OB at 16 (emphasis omitted).

[77] *Paramount I*, 331 A.3d at 192. The trial court interpreted Section 220 as it existed before being amended by Senate Bill 21.

[78] 8 *Del. C.* § 220(b) (2010); *see also NVIDIA*, 282 A.3d at 13; *Paramount I*, 331 A.3d at 192.

[79] *See Paramount II*, 2025 WL 894501, at *8 ("Section 220(b) only requires that the demand stat[e] the purpose for the inspection, not that the demand cite evidence.") (internal quotations omitted).

Section 220(c) authorizes a stockholder to sue for an order compelling the demanded inspection. Section 220(c) provides that to obtain such an order, a stockholder "shall first establish that . . . the inspection such stockholder seeks is for a proper purpose."[80] "Establish" means "to put beyond doubt."[81] Thus, Section 220(c) requires the stockholder to establish a proper purpose with evidence at trial in a Section 220(c) action.

Reading Section 220(b) with Section 220(c) makes clear that Section 220 does not "require that the stockholder cite evidence in its demand."[82] Section 220(c) does not limit the evidence the parties may submit at trial to that which existed at the time of the demand or filing of the complaint. Section 220(c) indicates the opposite. For example, the statute does not indicate that a corporation waives any rights, arguments, or defenses at trial by failing to respond to the demand.[83] The statute contemplates that the corporation may use evidence at trial that it obtained after the stockholder served a demand or filed the complaint.[84] Likewise, the statute does not

---

[80] 8 *Del. C.* § 220(c)(1) (2010) (underlining added); *see also NVIDIA*, 282 A.3d at 13; *Paramount I*, 331 A.3d at 192.

[81] *Establish*, Merriam-Webster Dictionary, *available at* https://www.merriam-webster.com/dictionary/establish (last visited July 3, 2025).

[82] *Paramount I*, 331 A.3d at 192; *Paramount II*, 2025 WL 894501, at *8; *see also Sec. First Corp. v. U.S. Die Casting and Dev. Co.*, 687 A.2d 563, 568 (Del. 1997).

[83] *Paramount I*, 331 A.3d at 192.

[84] *Id*.

preclude a stockholder from presenting evidence at trial that it obtained after serving the demand and that is relevant to the stated proper purpose.

b. The Court of Chancery Rules and Rules of Evidence Permit the Consideration of Post-Demand Evidence

Where the stockholder's stated purpose is to investigate wrongdoing, the burden of proof at a Section 220 trial requires the stockholder to show by a preponderance of the evidence that there is a credible basis for the Court of Chancery to infer possible wrongdoing.[85] There is not a "preponderance of evidence" in a Section 220 demand. The stockholder "must present some evidence" of possible wrongdoing.[86] Evidence is presented at trial, not in a demand. The trial record, not what information the stockholder possessed at the time of its demand, controls the credible basis determination.

Furthermore, "[s]ome evidence" of possible wrongdoing in a Section 220 trial can include "documents, logic, testimony or otherwise."[87] "Testimony" is not available at the time of the demand. "Testimony" is given at post-demand

[85] *Woods Tr. of Avery L. Woods Tr. v. Sahara Enters., Inc.*, 238 A.3d 879, 894 (Del. Ch. 2020); *Seinfeld v. Verizon Commc'ns, Inc.*, 909 A.2d 117, 123 (Del. 2006); *NVIDIA*, 282 A.3d at 12.

[86] *City of Westland Police & Fire Ret. Sys. v. Axcelis Techs., Inc.*, 1 A.3d 281, 286–87 (Del. 2010).

[87] *AmerisourceBergen*, 243 A.3d at 426–27.

depositions and a Section 220(c) trial.[88] There is no limitation that "documents" must have existed or been known to the stockholder prior to the demand. Indeed, trial evidence can include documents the corporation produced,[89] and positions the corporation took in the answer it filed during the Section 220(c) action.[90]

The Rules of Evidence, which apply at a Section 220(c) trial, also permit the consideration of post-demand evidence.[91] Under DRE 401, post-demand developments are relevant because they tend to make the stockholder's suspicions of wrongdoing more "probable than [they] would be without the evidence."[92] DRE 402 provides that relevant evidence is admissible, unless otherwise provided by statute or rule. No statute or rule limits the admissibility of evidence at a Section 220(c) trial because that evidence post-dates a stockholder's demand or complaint. DRE 403 provides that relevant evidence is admissible, unless its probative value is

---

[88] *See* 1 D. J. Wolfe & M. A. Pittenger, *Corporate & Commercial Practice in the Delaware Court of Chancery* § 9.07[e][3] (2024) (evidence of a proper purpose often includes trial testimony); *see Wilkinson v. A. Schulman, Inc.*, 2017 WL 5289553, at *2 (Del. Ch. Nov. 13, 2017) (evidence included plaintiff's trial testimony); *see also Sec. First*, 687 A.2d at 567–68 (same) (cited at OB at 15–16).

[89] *See*, *e.g.*, *In re Facebook, Inc. Sec. 220 Litig.*, 2019 WL 2320842, at *1 (Del. Ch. May 30, 2019) (noting Facebook produced 1,700 pages of documents); *Bucks Cnty. Empls.' Ret. Fund v. CBS Corp.*, 2019 WL 6311106, at *1 (Del. Ch. Nov. 25, 2019) (explaining CBS produced documents).

[90] *See Woods*, 238 A.3d at 894–95.

[91] DRE 1101; *Paramount II*, 2025 WL 894501, at *9.

[92] DRE 401.

substantially outweighed by unfair prejudice. It is, therefore, within the discretion of the trial court to consider post-demand evidence that is relevant and not unduly prejudicial.[93]

Paramount does not address the Court of Chancery Rules or the Rules of Evidence.

c. Delaware Law Permits Post-Demand Evidence to be Considered

The court below correctly held that Delaware law permits the trial court to consider post-demand evidence that is relevant and not unduly prejudicial.[94] In *AAR*, the Court of Chancery stated it would have admitted post-demand evidence if that evidence did not prejudice the defendant.[95] In *Sutherland*, the Court of Chancery recognized a plaintiff may point to post-demand evidence "if relevant . . . to bolster her showing of proper purpose."[96]

Paramount recycles on appeal the same cases it cited below, arguing (again) that those cases limit a credible basis inquiry to the time a Section 220 demand is

---

[93] DRE 403.

[94] *Paramount I*, 331 A.3d at 194 & nn.40–45 (citing *AAR Corp. v. Brooks & Perkins, Inc.*, 1980 WL 6419, at *2 (Del. Ch. Aug. 12, 1980); *Sutherland v. Dardanelle Timber Co., Inc.*, 2005 WL 1074357, at *1–2 (Del. Ch. Apr. 25, 2005)).

[95] *AAR*, 1980 WL 6419, at *2.

[96] *Sutherland*, 2005 WL 1074357, at *1–2.

served.[97] The court below correctly found that Paramount's authorities do not support that rule. Rather, the cases "merely restate the need for the stockholders to establish a credible basis in a Section 220 proceeding . . . Each decision found that the evidence the stockholder provided was insufficient but did not address the timing issue" regarding the admissibility of post-demand evidence.[98]

[97] OB at 17–20 (citing *Plumbers & Steamfitters Loc. Union No. 248 Pension Fund v. Wal-Mart Stores*, C.A. No. 7726-CS, at 11 (Del. Ch. May 20, 2013) (TRANSCRIPT); *Rudnick v. Chatham Cap. Corp.*, C.A. No. 3010-VCS, at 10 (Del. Ch. Mar. 12, 2008) (TRANSCRIPT); *Cutler v. Quiq, Inc.*, C.A. No. 6897-VCG, at 20 (Del. Ch. Feb. 24, 2012) (TRANSCRIPT)).

[98] *Paramount I*, 331 A.3d at 193 & n.38 ("*See Wal-Mart*, C.A. No. 7726-CS, at 9–12 (holding that a 8-K disclosure about a judgment on the pleadings and a letter from two members of Congress on an *unpled* wrongdoing as the only pled basis is not sufficient to establish credible basis for investigating the pled wrongdoing); *Rudnick*, C.A. No. 3010-VCS, at 34–35 (restating the stockholders must prove credible basis to get inspection right); *Cutler*, C.A. No. 6897-VCG, at 20 (ruling that 'what you can't do is simply go on a fishing expedition for evidence of improper management to bolster your Section 220 action')" (emphasis in original) (citations altered)). Paramount's authorities are also distinguishable because Rhode Island did not seek discovery in aid of its proper purpose (as was the case in Paramount's authorities). Paramount's reliance on *New Relic* is also misplaced. OB at 22–23 (discussing *In re New Relic, Inc.*, C.A. No. 2023-1089-SEM (Del. Ch. July 22, 2024) (TRANSCRIPT)). *New Relic* addressed an unrelated issue of *defendant's* attempted use of a Section 220 production to undermine plaintiff's claimed wrongdoing.

d. No Policy Rationale Supports Paramount's Argument

Paramount cannot prevail on the statute, rules, or case law. Its plea for reversal based on policy likewise fails.[99] Paramount's "dubious predictions" do not provide any basis to limit a stockholder's trial evidence.[100]

First, permitting the trial court to exercise its discretion to consider post-demand evidence on a case-specific basis will not jeopardize efficient resolution of Section 220 demands.[101] The court below correctly concluded that it would be more efficient for the parties and the court to proceed on the existing Demand and for the trial record to include post-Demand evidence (to which Paramount did not object), instead of forcing Rhode Island to serve a new Demand. The trial court explained:

> If pertinent and sufficiently reliable information emerges after a stockholder serves a demand, and if considering the evidence is not prejudicial to the corporation, then the court can take it into account when ruling on whether a credible basis to suspect wrongdoing exists. The stockholder need not go back to square one and serve a new demand. Under the Company's proposed rule, a stockholder could not rely on—and the court could not consider—probative evidence under those circumstances. Instead, the Stockholder would have to start over with a new demand and a new enforcement action, leading to more work for everyone. Although the Company finds it convenient to advocate for that wasteful approach in this case, more demands would mean greater burdens for corporations. Serial enforcement actions

[99] OB at 21–31.

[100] *See Paramount II*, 2025 WL 894501, at *2; *see also id.* at *6 (describing Paramount's arguments as "poor attempts at Chicken Little consequences").

[101] *Cf.* OB at 21.

would certainly lead to greater burdens on the court, something the Company claims that it seeks to avoid.[102]

Second, allowing parties to introduce post-demand evidence will not encourage "fishing expeditions."[103] Admitting post-demand evidence at a Section 220(c) trial does not relieve a stockholder of its burden under Section 220(b) to state its proper purpose in its demand. However, post-demand trial evidence is still relevant to that purpose.[104] Here, the post-Demand evidence was relevant to the proper purpose Rhode Island stated in its Demand and would not prejudice Paramount if considered.[105] The fact that post-Demand evidence exists does not mean Rhode Island used the Demand to "fish" for a proper purpose or served a premature demand.[106]

---

[102] *Paramount II*, 2025 WL 894501, at *7. The trial court's holding is consistent with prevailing practice, in which some books and records are exchanged and relied upon at trial to narrow outstanding issues. *See supra* at n.100.

[103] *Cf*. OB at 15–16, 21.

[104] *See*, *e.g.*, *Sutherland*, 2005 WL 1074357, at *1–2. Paramount cites *U.S. Die Casting* (OB at 15–18), which supports this point. There, the court "considered the totality of the trial record," including post-demand live witness testimony, to find the stockholder established a proper purpose. *Sec. First*, 687 A.2d at 567–68. The case also stands for the uncontroversial proposition that "mere curiosity or a desire for a fishing expedition will not" satisfy the credible basis standard. OB at 15–16.

[105] *See infra* pp. 32–35.

[106] Paramount rejected the Demand, claiming it was premature because no transaction had been finalized. A0291–0296; A0147–0150, A0155; A0365. The trial court correctly rejected that argument, because it mischaracterized the Demand. *Paramount I*, 331 A.3d at 190; *see also supra* n.7.

Third, cutting off trial evidence at the time a Section 220 demand is served is not necessary to allow stockholders and defendants to "know in the first instance what information may be admitted as evidence, which eliminates the guesswork required under any other standard."[107] The Court of Chancery has well-established procedures in Section 220 proceedings providing the parties with notice of proffered evidence: a pre-trial order, a joint trial exhibit list (with objections), pre-trial briefing, and trial.[108] If a party has insufficient notice of proffered evidence, it has opportunities to object. Paramount had notice of Rhode Island's proffered evidence, but chose not to object to the admission of post-Demand evidence on the basis of prejudice.[109] Instead, it relied on such evidence.[110] Paramount's plea to policy is not a valid basis to undo its chosen trial strategy.

Fourth, limiting Section 220 litigation to pre-demand information is not needed to "keep such litigation in check and encourage extrajudicial resolution of stockholder demands."[111] Stockholders who serve Section 220 demands are already incentivized to resolve them extrajudicially. The sooner stockholders obtain books

---

[107] *Cf*. OB at 23.

[108] *See* B1–19; A0078–0185, A0353–0383.

[109] *See* A0166; B1–19.

[110] *Paramount I*, 331 A.3d at 195 & n.51; *Paramount II*, 2025 WL 894501, at *9 & n.45.

[111] *Cf*. OB at 23–24.

and records, the sooner they can evaluate and vindicate their rights. Here, Rhode Island served its Demand to investigate potential misconduct by Redstone, who, at the time Rhode Island served its Demand, had already harmed Rhode Island's investment.

Fifth, permitting post-demand evidence will not "allow speculative, premature demands to proliferate, imposing undue burdens on corporations contrary to the legislative goals behind Section 220."[112] Paramount claims that "plaintiffs' lawyers are [] incentivized to put down their marker through the Section 220 demand process in order to jockey for position as lead counsel in lucrative plenary litigation."[113] As the trial court explained, this "drift-net strategy is not a real thing."[114] There is no practical, financial, or real-world benefit to contingently compensated counsel pursuing an inspection demand without stating a proper purpose that counsel has to litigate (and lose) or tries to leave open indefinitely.

---

[112] *Cf. id.* at 26. Paramount's policy arguments appear grounded in the belief that all stockholder litigation is "vexatious." *See id.* at 27. This is an astonishing argument from a Company whose controller's conduct is alleged to have caused it hundreds of millions of dollars in harm, including more than $120 million to settle Viacom litigation and more than $167 million to settle CBS litigation arising out of the same transaction. B275–276.

[113] OB at 29. This slippery-slope argument ignores current practices. Publications about potential transactions happen frequently. Yet, there has been no proliferation of "premature demands" made "as soon as rumored transactions hit the presses." *Cf. id.*

[114] *Paramount II*, 2025 WL 894501, at *7.

Indeed, as the court below noted, with that litigation strategy, a sluggish contingent lawyer would only fall behind in a leadership fight.[115]

Paramount's position also casts unnecessary doubt on the Court of Chancery's ability to manage its docket. As the court below explained:

> The members of the Court of Chancery strive to decide Section 220 actions in sixty to ninety days; they are not interested in having Section 220 actions persist "in perpetuity" or as opportunities to explore "hypothetical-but-as-yet-unsubstantiated corporate wrongdoing." If stockholders and their counsel try that, then corporations will find allies in their friendly neighborhood Chancery judges.[116]

The idea that the Proper Purpose Decision will let Section 220 demands sit dormant on dockets into perpetuity is without basis.

Sixth, prohibiting post-demand evidence is not necessary to protect a corporation's ongoing transactions from disruption or its competitively sensitive information.[117] The Court of Chancery will restrict production of "highly sensitive" information if necessary.[118]

---

[115] *Id.* at *6–7.

[116] *Id.* at *6.

[117] *Cf.* OB at 27–28.

[118] *See Dolphin Ltd. P'ship I, L.P. v. InfoUSA, Inc.*, 2006 WL 1071518, at *1 (Del. Ch. Apr. 11, 2006).

3. The Trial Court Properly Considered Post-Demand Evidence

The court below considered post-Demand evidence in this case because it found that evidence was relevant to Rhode Island's proper purpose and did not unduly prejudice Paramount. The below court's factual findings are well-supported and should be shown deference and affirmed.[119]

a. The Evidence Was Relevant

The post-Demand evidence in this case comprised twenty-five news reports, seven Paramount SEC filings, and two litigation communications.[120] Paramount did not object to the post-Demand evidence as irrelevant.[121] The trial court correctly noted that the evidence was relevant to Rhode Island's stated proper purpose: (i) the news articles reported on the Company's or Redstone's post-Demand actions regarding Redstone and NAI's attempts to compete with Paramount, and (ii) disclosures with the SEC generally confirmed what the articles said previously.[122] The information provided additional evidence of potential wrongdoing that Rhode

---

[119] *See Bank of N.Y. Mellon Tr. Co., N.A. v. Liberty Media Corp.*, 29 A.3d 225, 236 (Del. 2011) (a factfinder's choice between "two permissible views of the evidence…cannot be clearly erroneous.").

[120] *Paramount I*, 331 A.3d at 194.

[121] *See supra* pp. 20–21.

[122] *Paramount I*, 331 A.3d at 194–95.

Island had already stated in its Demand,[123] and was relevant to Rhode Island's proper purpose.

b. The Evidence Did Not Prejudice Paramount

The trial court correctly concluded that the consideration of post-Demand evidence in this case was not prejudicial to Paramount. The post-Demand evidence was not available at the time of the Demand.[124] Rhode Island promptly raised the issues during litigation.[125] The news reports only concerned Paramount's or Redstone's post-Demand actions, strengthening the conclusion that there was no unfair surprise.[126] The Company's disclosures generally confirmed the news reporting, underscoring that the Company was already aware of the issues.[127] And, Paramount did not object to the introduction of this evidence at trial on the basis of prejudice, but instead relied on post-Demand events and seven post-Demand articles in its trial brief.[128]

---

[123] *Id*. at 183 (finding "[t]he record as a whole" sufficiently proved Rhode Island's proper purpose).

[124] *Id.* at 195; *Paramount II*, 2025 WL 894501, at *9.

[125] *Paramount I*, 331 A.3d at 195; *Paramount II*, 2025 WL 894501, at *9.

[126] *Paramount I*, 331 A.3d at 195; *Paramount II*, 2025 WL 894501, at *9.

[127] *Paramount I*, 331 A.3d at 195 & n.51; *Paramount II*, 2025 WL 894501, at *9 & n.45.

[128] *Paramount I*, 331 A.3d at 195 & n.51; *Paramount II*, 2025 WL 894501, at *9 & n.45.

Paramount does not meaningfully address these grounds for considering the post-Demand evidence in this case. It belatedly argues now that it was prejudiced because Rhode Island "exposed Paramount to needless time-consuming and costly litigation."[129] Paramount's argument is based on the incorrect premise that Rhode Island's Demand was "premature" and "evolve[ed]" post-Demand.[130] Paramount is re-hashing its unsuccessful argument that, without a transaction announcement, the Demand was premature. That argument failed below and is not before this Court on appeal. That Paramount unsuccessfully opposed a Demand and had to expend resources to lose at trial is a circumstance of its own making.

[129] OB at 20.

[130] *Id*. *See supra* n.106 (refuting this argument).

II. THE COURT BELOW CORRECTLY CONSIDERED SUFFICIENTLY RELIABLE NEWS REPORTS AS EVIDENCE OF POTENTIAL WRONGDOING

A. Question Presented

Did the Court of Chancery abuse its discretion by finding that news reports were sufficiently reliable to supply some evidence to support Rhode Island's credible basis to suspect potential wrongdoing? This argument was raised below and in the Proper Purpose Decision.[131]

B. Scope of Review

Paramount is wrong to suggest that the trial court's findings on the reliability of news reports are subject to *de novo* review.[132] This Court affords "considerable deference" to the Court of Chancery's determination that a credible basis to infer wrongdoing exists.[133]

C. Merits of Argument

The court below followed settled Delaware law by engaging in detailed fact-finding to determine news reports were sufficiently reliable evidence in this Section 220 proceeding. Those factual findings are entitled to considerable deference, particularly given that (i) the reports were typically corroborated by Paramount's own SEC filings and statements and (ii) Paramount itself relied on the same news

[131] OB at 32–41; A0262–0270; *Paramount I*, 331 A.3d at 195–201.

[132] *Cf.* OB at 32.

[133] *See NVIDIA*, 282 A.3d at 12; *AmerisourceBergen*, 243 A.3d at 424–25.

outlets at trial. Indeed, Paramount has never proffered evidence, let alone argued (even now on appeal), that a specific news report was wrong or unreliable in fact. Paramount, instead, generally argues that news reports cited by Rhode Island in the Demand were categorically unreliable hearsay because they described information from confidential sources.[134] Paramount's generalized argument does not provide any basis to disturb the trial court's careful findings of fact.

Paramount also tries to manufacture a legal dispute by arguing that the court below "adopt[ed] a general rule that hearsay statements in news articles are reliable so long as the outlet is reputable."[135] The court below made no such holding and its findings were multi-faceted.[136] Paramount's argument must be rejected.

1. The Court Below Made Well-Supported, Case-Specific Factual Findings to Consider the News Reports Reliable

Delaware courts permit the introduction of hearsay evidence to meet the credible basis standard where the evidence is sufficiently reliable.[137] "Whether to

[134] OB at 38–41.

[135] *Id*. at 32.

[136] *See Paramount II*, 2025 WL 894501, at *2, *11 (noting Paramount's application for interlocutory appeal repeatedly mischaracterized the Proper Purpose Decision).

[137] *Lebanon Cnty. Empls.' Ret. Fund v. AmerisourceBergen Corp.*, 2020 WL 132752, at *8 (Del. Ch. Jan. 13, 2020); *Facebook*, 2019 WL 2320842, at *2 n.10; *In re Plains All. Am. Pipeline, L.P.*, 2017 WL 6016570, at *4 (Del. Ch. Aug. 8, 2017).

credit hearsay as sufficiently reliable is a question of fact."[138] Paramount concedes these points,[139] which Delaware courts apply to news reports.[140]

Paramount claims the trial court relied on news reports that cite or quote confidential sources without applying the "fact-specific inquiry Delaware courts use in the Section 220 context to determine whether hearsay statements are reliable."[141] Paramount's argument is impossible to reconcile with the Proper Purpose Decision.

The trial court "closely examined all forty-seven news articles and the quotations they contained, considering their contents individually and collectively."[142] The trial court then found the reports sufficiently reliable and held: "In this case, the news articles provide ample evidence to establish a credible basis

---

[138] *Paramount I*, 331 A.3d at 196 (citing *Taylor v. Below*, 76 A.3d 791 (Del. 2013)).

[139] OB at 33.

[140] *See, e.g.*, *Facebook*, 2019 WL 2320842, at *2 n.10; *Plains*, 2017 WL 6016570, at *3–4; *Paul v. ChinaMediaExpress*, 2012 WL 28818, at *4–5 (Del. Ch. Jan. 5, 2012).

[141] OB at 32.

[142] *Paramount II*, 2025 WL 894501, at *12. The Vice Chancellor's analysis was more detailed than the Senior Magistrate's, though Paramount continues to erroneously assert that the Senior Magistrate's analysis was more thorough. *Compare id.* at *12 & n.64 (describing the comparative analysis) *with* OB at 34 (claiming that only the Senior Magistrate conducted "the sort of fact-specific inquiry ordinarily undertaken by the Court of Chancery in Section 220 actions"). Paramount also argues that the Vice Chancellor did not "engag[e]" with the "substance" of the articles (OB at 38), which is impossible to reconcile with the opinions.

to suspect wrongdoing."[143] The trial court's factual findings are well-supported and should be shown deference and affirmed.[144]

a. The Trial Court Considered and Weighed the News Reports' Publishers, Editorial Standards, and Authors

The trial court considered that the publishers of the reports were "well-known," "reputable," independent publications.[145] The trial court observed:

> A third of them came from the *Wall Street Journal*. The bulk of the rest came from other well-known news organizations like the *New York Post*, the *New York Times*, *Bloomberg*, the *Financial Times*, and *Reuters*. Those are reliable publications with strong editorial policies.[146]

The trial court noted that "[a]bsent specific evidence in the record, well-known news publications generally do not have a financial incentive to favor a particular party."[147] The trial court noted there was no evidence in the record indicating any of the publications were biased.[148]

---

[143] *Paramount I*, 331 A.3d at 195; *see also Paramount II*, 2025 WL 894501, at *11. "Evaluating evidence is a case-specific responsibility." *Paramount I*, 331 A.3d at 198 & n.74.

[144] *See Liberty Media*, 29 A.3d at 236 ("Where there are two permissible views of the evidence, the factfinder's choice between them cannot be clearly erroneous.").

[145] *Paramount I*, 331 A.3d at 197–98 & nn.72–73; *see also Paramount II*, 2025 WL 894501, at *1, *12.

[146] *Paramount I*, 331 A.3d at 200.

[147] *Id.* at 197 n.72 (citing *Haque v. Tesla Motors, Inc.*, 2017 WL 448594 (Del. Ch. Feb. 2, 2017)).

[148] *Id.* at 197, 198. As one example, the trial court considered the conflict policies of the *New York Times*, which published four of the news reports, and prohibits its

The court below also considered the rigorous reporting policies and practices of the reputable publishers—including the *New York Times*, *Financial Times*, and *Wall Street Journal*—that only permit reliance on confidential sources "if the journalist believes the information is both newsworthy and credible."[149] The trial court also carefully considered the credibility of the journalists:

> In addition to appearing in well-known and reputable publications, the articles in this case were written by experienced journalists. The authors include editors, a senior editor, a bureau chief, a co-editor-in-chief, a winner of the *Financial Times* Business Book of the Year Award, and a Pulitzer Prize finalist.[150]

The court below found that the publishers' independence and editorial policies and the journalists' experience added to the reports' reliability.[151]

Paramount claims the trial court's approach "ignores the possibility that even reputable news sources can rely on sources that may be biased or otherwise

---

staff from working on stories in which they are financially interested. *Id.* at 197 n.72. The trial court found this further evidence of reliability. *Id.* at 197–98 & n.72.

[149] *Id.* at 199; *see id*. at 199 n.78 (also citing editorial standards of the BBC, Pulitzer Center, Independent Press Standards, and best practices on confidential sources); *accord Paramount II*, 2025 WL 894501, at *12.

[150] *Paramount I*, 331 A.3d at 200; *see also Paramount II*, 2025 WL 894501, at *12 ("The court also considered the credibility of the particular journalists who authored the articles (many of whom were senior reporters or editors who had won prizes for their work), how the articles used confidential sources, and the policies that the pertinent publications had regarding their use.").

[151] *Paramount I*, 331 A.3d at 198–200 ("weigh[ing] evidence and mak[ing] factual findings."); *see also Paramount II*, 2025 WL 894501, at *12.

unreliable for purposes of a Section 220 analysis."[152] That is not correct. The trial court considered if there was "evidence in the record in this case indicating that the news articles relied on demonstrably biased sources."[153] There was none, because Paramount did not proffer any specific evidence of bias,[154] instead, arguing below that the news reports were generally unreliable.[155] The trial court rejected the argument because Paramount never provided any evidence that the news organizations, journalists, or sources had any bias or even got anything wrong. This is fatal to Paramount's appeal.

b. The Trial Court Considered and Weighed the News Reports' Contents and Details

The trial court considered and weighed the contents of the news reports, and found that evidence indicated the reports' confidential sources were sufficiently reliable. The trial court reasoned that the news reports referred to the confidential

---

[152] OB at 35. A corporation can always argue that news reports from reputable sources are unreliable and indeed, Paramount cites cases that applied the fact-specific inquiry and came out the other way. *See id.* at 35–36 (citing *Okla. Firefighters Pension & Ret. Sys. v. Amazon.com, Inc.*, 2022 WL 1760618, at *9 (Del. Ch. June 1, 2022) (analyzing specific news articles); *La. Mun. Police Empls. Ret. Sys. v. Lennar Corp.*, 2012 WL 4760881, at *4 (Del. Ch. Oct. 5, 2012) (same)). As the trial court already said about Paramount's reliance on *Lennar*: Paramount "holds out the *Lennar* decision as an example of what should be done, and the Proper Purpose Decision did the same thing." *Paramount II*, 2025 WL 894501, at *11.

[153] *Paramount I*, 331 A.3d at 197.

[154] *Id*.

[155] A0165–0169, A0262–0270.

sources with standard identifiers such as "people close to the negotiations" or "sources briefed on the process," which indicated the sources were knowledgeable individuals from public relations firms, investment bankers, lawyers, and internal personnel.[156] The trial court considered that the reports used the confidential sources for specific pieces of information, which, given the level of detail in the reporting, underscored that "[t]he sources are not random people off the street. They are people who know what they are talking about."[157] The trial court also considered the hearsay declarants' motivations, which, as noted above, included a "deep dive into journalistic practices . . . [and] the sources and the reporters' motivations," which "factored into the court's credibility determination."[158]

Paramount, again, does not credibly respond to the trial court's fact-based, obvious conclusion that the confidential sources were well-placed to provide accurate information, claiming instead that because the sources are not identified, they may have conflicting motives for being a source.[159] Paramount has never

---

[156] *Paramount I*, 331 A.3d at 200; *Paramount II*, 2025 WL 894501, at *12–13.

[157] *Paramount I*, 331 A.3d at 200. Paramount admits that the trial court judge also drew on his twenty-nine years of corporate law experience in reaching this conclusion. OB at 36; *Paramount II*, 2025 WL 894501, at *13. Drawing on "judicial experience and common sense" is what good judges do. *See Cent. Mortg. Co. v. Morgan Stanley Mortg. Cap. Hldgs. LLC*, 27 A.3d 531, 537 (Del. 2011) (citation omitted).

[158] *Paramount II*, 2025 WL 894501, at *11 & n.62.

[159] OB at 37. Paramount claims that a reputable news outlet could still publish statements that have "suspect incentives similar to those at issue in *Thomas & Betts*."

identified, or even argued, that any article was written or sourced by somebody with a divergent interest to proliferate misinformation. Paramount's generic and speculative argument fails when tested against the specific facts of this case.

c. The Trial Court Considered and Weighed Paramount's Corroborating Statements

The trial court also credited the articles as sufficiently reliable because Paramount often confirmed in its SEC filings the information the confidential sources provided in the news reports.[160] Paramount's corroboration is consistent with Paramount's inability to argue that any confidential sources were, in fact, wrong.

d. The Trial Court Considered and Weighed Paramount's Reliance on News Reports

The trial court credited the articles as sufficiently reliable because Paramount "relied on seven news articles in its pre-trial brief, including from the same publication and even the same journalist as the articles the Company found objectionable."[161] Paramount's reliance on the news reports is consistent with Paramount's inability to discredit the articles in fact.

Id. The testimony in that case was rejected because the hearsay declarant—a disaffected company insider—had a demonstrable financial incentive to distort the truth. *Thomas & Betts Corp. v. Leviton Mfg. Co., Inc.*, 681 A.2d 1026, 1032 (Del. 1996). Paramount did not attempt to make that showing here.

[160] *Paramount I*, 331 A.3d at 200; *Paramount II*, 2025 WL 894501, at *12.

[161] *Paramount I*, 331 A.3d at 200; *Paramount II*, 2025 WL 894501, at *12.

e. The Trial Court Rejected Paramount's Categorical Exclusion Argument as Contrary to Delaware Law and Impractical

The court below considered Paramount's argument that confidential sources are inherently unreliable. The trial court rejected the argument because excluding a category of evidence "as a matter of law…is not how evidentiary determinations work. A trial court must weigh evidence and make factual findings."[162] The trial court also reasoned that broadly excluding articles based on the use of confidential sources does not "make[] sense in light of how reporters use confidential sources."[163] The court below explained that journalists obtain information by granting anonymity, which Delaware and the United States Supreme Court recognize as foundational aspects of freedom of the press and constitutional protections.[164] Paramount does not meaningfully address this rationale, merely claiming constitutional issues are "inapposite"[165] without explaining why.

****

[162] *Paramount I*, 331 A.3d at 198.

[163] *Id.*

[164] *Id.* at 199; *see also Paramount II*, 2025 WL 894501, at *13 ("[T]he Company approached the confidential sources with near-conspiratorial suspicion, notwithstanding the many factors supporting their reliability. That is not how the United States Constitution and our law regard the press.").

[165] OB at 37.

In the end, the court below exercised its discretion to determine the news reports were sufficiently reliable. This was a textbook application of Delaware law and the Proper Purpose Decision should be affirmed.

2. The Reports Did Not Need Corroboration

Stockholders typically only have access to public information—including news reports—when serving Section 220 demands.[166] For this reason, sufficiently reliable hearsay can supply the necessary evidence to meet the credible basis standard.

Paramount claims that news reports alone are insufficient to justify a Section 220 demand.[167] Paramount's quotation from *Lennar* is misleading and out of context. There, the Court of Chancery found two articles insufficient to suggest wrongdoing because they merely described investigations by regulators and only mentioned Lennar Corp. as one of many companies included in the investigations, without describing any wrongdoing by Lennar. The Court of Chancery did not hold

[166] *See Facebook*, 2019 WL 2320842, at *2 n.10 (noting that when a company refuses production, a plaintiff relies on publicly available information "by necessity").

[167] OB at 33 (partially quoting *Lennar*, 2012 WL 4760881, at *4, out of context); *see also id.* at 4 (incorrectly describing this as "settled Delaware law").

that a stockholder is unable to establish a proper purpose by reference to news reports.[168]

Here, the news reports established a credible basis to suspect wrongdoing on their own. But that was not all Rhode Island relied upon. The credible news reporting was corroborated by significant additional trial evidence: (i) Redstone's motive and opportunity to channel Paramount's corporate opportunities to NAI, (ii) market reactions that were was consistent with reporting, demonstrating that the market considered articles on Paramount developments reliable, (iii) the significant changes at Paramount at the C-Suite and Board-level, and (iv) deal negotiations.[169]

Moreover, Paramount concedes that the news reports were correct and corroborated here.[170] It, however, argues—without case support—for excluding all after-the-fact corroboration, while criticizing the articles for not containing contemporaneous corroboration. This argument makes little sense. News reports based on confidential sources often beat corroborating news by public sources.

---

[168] *See Paramount I*, 331 A.3d at 196. Paramount also claims that "news articles must be supported by corroborating evidence." OB at 33 (citing *Paul*, 2012 WL 28818, at *5). *Paul* did not say that. The Court of Chancery merely concluded, based on the facts of that case, that a shortsellers' claims were "reinforce[d]" by additional facts. *Paul*, 2012 WL 28818, at *5.

[169] A0228–0233, B39–42.

[170] *See* OB at 39 ("While future events may sometimes prove a reported rumor correct or corroborate an anonymous statement—and this indeed happened in some instances in this matter . . . .").

Journalists source information for scoops; not just to report on past events. If later events cannot confirm the reliability of earlier, well-sourced news from reputable outlets, it would eviscerate the fact-driven standard.

CONCLUSION

The Proper Purpose Decision should be affirmed.

PRICKETT, JONES & ELLIOTT, P.A.

OF COUNSEL:

KESSLER TOPAZ MELTZER
& CHECK, LLP
Lee D. Rudy
Eric L. Zagar
Grant D. Goodhart
Michael W. McCutcheon
280 King of Prussia Road
Radnor, Pennsylvania 19087
(610) 667-7706

/s/ Eric J. Juray
Corinne Elise Amato (#4982)
Eric J. Juray (#5765)
Stacey A. Greenspan (#7056)
Seth T. Ford (#7051)
1310 N. King Street
Wilmington, Delaware 19801
(302) 888-6500
ceamato@prickett.com
ejjuray@prickett.com
sagreenspan@prickett.com
stford@prickett.com

Counsel for Plaintiff State of Rhode Island Office of the General Treasurer, on behalf of the Employees' Retirement System of Rhode Island

Dated: July 3, 2025

CERTIFICATE OF SERVICE

I, Eric J. Juray, hereby certify on this 3rd day of July, 2025, that I caused a copy of the foregoing *Appellee's Answering Brief* to be served by eFiling via File & ServeXpress upon the following counsel of record:

Jon E. Abramczyk, Esq.
D. McKinley Measley, Esq.
Alexandra M. Cumings, Esq.
MORRIS, NICHOLS, ARSHT
& TUNNELL LLP
1201 N. Market Street
Wilmington, DE 19801

/s/ Eric J. Juray
Eric J. Juray (#5765)