COURT OF CHANCERY OF THE STATE OF DELAWARE

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October 31, 2013

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Re: JPMorgan Chase & Co. v. American Century Companies, Inc.

C.A. No. 6875-VCN

Date Submitted: July 2, 2013

Dear Counsel:

Plaintiffs, JPMorgan Chase & Co. and JPMAC Holdings Inc. (collectively, "JPMorgan"), have moved to compel Defendant American Century Companies, Inc. ("American Century") to produce documents responsive to its Request for Production No. 32 ("RFP 32"). RFP 32 seeks documents "referring or relating to the value of [American Century's] claims in the Arbitration." The Court has already ordered JPMorgan to produce comparable documents despite JPMorgan's

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assertion of the attorney-client privilege. The Court accepted that JPMorgan's

own contemporaneous valuation of the claim in the Arbitration rendered those

comparable documents discoverable under the "at-issue" exception to the attorney-

client privilege. American Century, in turn, has asserted its rights under the

attorney-client privilege and the work product doctrine to avoid responding to

RFP 32.

At the core of JPMorgan's complaint is its contention that American Century

failed to disclose to Duff & Phelps, the entity performing the arbitration function,

all material information necessary to value fairly American Century's stock.

American Century, in response, has asserted that it did provide Duff & Phelps with

appropriate and necessary information.

What American Century provided to Duff & Phelps is not the real issue

presented by JPMorgan's motion to compel. It is not a question of evidence

presented in the Arbitration, whether through its expert or otherwise. Instead, the

issue, for present purposes, is what was American Century's own valuation of (or

¹ JPMorgan Chase & Co. v. Am. Century Cos., Inc., 2013 WL 1668393, *2-5 (Del. Ch. Apr. 18, 2013) (the "Letter Opinion"). Terms defined in the Letter Opinion are used here for

convenience.

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anticipated outcome based on) the claims that it was asserting in the Arbitration?

Its estimates should have provided the best guidance for Duff & Phelps with

respect to the fair value of those claims in its valuation effort. As noted in the

Letter Opinion, information of this nature may be critical to resolving a pivotal

issue in this action.

The information which JPMorgan seeks, for the same reasons as set forth in

the Letter Opinion, is, at the outset, protected by both the attorney-client privilege

and the work product doctrine. In the Letter Opinion, the Court concluded that

JPMorgan had waived its attorney-client privilege under the "at-issue" doctrine;

that doctrine applies when "the party injects an issue into the litigation, the truthful

resolution of which requires an examination of the confidential communications."²

The Court further noted that "[a]pplication of the 'at-issue' exception is guided by

considerations of 'fairness and discouraging use of the attorney-client privilege as

a litigation weapon."3

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² *Id.* at *3 (quoting *Sokol Hldgs., Inc. v. Dorsey & Whitney, LLP*, 2009 WL 2501542, at *6 (Del. Ch. Aug. 5, 2009)).

³ *Id.* (quoting *Sokol Hldgs., Inc.*, 2009 WL 250152, at *6).

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JPMorgan's "inject[ing] an issue" was done more clearly. Yet, American Century also injected the issue of its assessment of the Arbitration during discovery in this action. In its answer to JPMorgan's Second Set of Interrogatories, American Century asserted that it had "provide[d] all information necessary to enable [Duff & Phelps] to accurately determine [its stock's] fair market value." JPMorgan cannot fully determine whether American Century provided "all information necessary" without discovery and a comparison of what valuation information American Century had and what potential subset of that information it actually provided to Duff & Phelps. Thus, it waived the attorney-client privilege to its valuation of the Arbitration with this response.

It should be noted that American Century is not deemed to have waived its attorney-client privilege to its valuation of the Arbitration, as guided by its attorneys, because JPMorgan was deemed to have waived its attorney-client privilege with respect to its valuation of the Arbitration. If that were the proper

⁴ Def.'s Resp. and Objections to Pls.' Second Set of Interrogs., Resp. to ¶ 15.

⁵ Similarly, as with JPMorgan in the Letter Opinion, American Century has waived its protection under the work product doctrine because this information is critical to a "pivotal" issue and there effectively is no other way for JPMorgan to gain access to this information. *JPMorgan Chase & Co.*, 2013 WL 1668393, at *2-3 (citing Ct. Ch. R. 26(b)(3)).

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approach, one party could put a privileged matter at issue, be deemed to have

waived its attorney-client privilege, and, through its own machinations, find a way

to pierce the attorney-client privilege held by an adverse party. There is a certain

element of fairness that comes with both sides having to provide comparable

information, but the attorney-client privilege cannot be avoided so easily.

Nonetheless, the "at-issue" exception to the attorney-client privilege is

guided by notions of fairness. In this instance, a joint loss of the attorney-client

privilege comports with the fairness notion, but the notion of fairness also guides

the Court in determining the scope of the information which must be provided.

The scope that is appropriate in this case is substantially the same as the scope

outlined in the Letter Opinion.⁶ To that comparable extent, JPMorgan's motion to

compel is granted.

IT IS SO ORDERED.

Very truly yours,

/s/ John W. Noble

JWN/cap

cc: Register in Chancery-K

⁶ *Id*.