

**COURT OF CHANCERY
OF THE
STATE OF DELAWARE**

**BONNIE W. DAVID
VICE CHANCELLOR**

**COURT OF CHANCERY COURTHOUSE
34 THE CIRCLE
GEORGETOWN, DE 19947**

Date Submitted: August 25, 2026
Date Decided: September 14, 2026

Michael A. Barlow, Esq.
Shannon M. Doughty, Esq.
Quinn Emanuel Urquhart & Sullivan,
LLP
500 Delaware Avenue, Suite 1400
Wilmington, DE 19801

William M. Lafferty, Esq.
Ryan D. Stottmann, Esq.
Adam C. Perri, Esq.
Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street
Wilmington, DE 19801

RE: *Neil Luthra, et al. v. HIR Holdings LP*,
C.A. No. 2025-1122-LM (BWD)

Dear Counsel:

I write to resolve defendant HIR Holdings LP's ("Defendant") exceptions to the Magistrate in Chancery's July 8, 2026, Implementing Order Governing Inspection of Books and Records (the "Implementing Order"). Implementing Order Governing Inspection of Books and Records [hereinafter Implementing Order], Dkt. 60. I write for the parties who are familiar with this matter and refer readers to the Magistrate in Chancery's post-trial final report for a more detailed recitation of the factual background.

This is a books and records action under 6 *Del. C.* § 17-305. The assigned Magistrate in Chancery issued a post-trial final report (the "Final Report") on May 28, 2026. Magistrate's Post-Trial Final Report [hereinafter Final Report], Dkt. 54.

Neither party filed exceptions, and on June 22, the Chancellor entered an Order approving the Final Report and adopting “the findings of fact made therein.” Adopting Order, Dkt. 59.

The parties filed competing forms of an implementing order with accompanying letters. Dkts. 57–58. On July 8, the Magistrate in Chancery entered the Implementing Order, largely accepting plaintiffs Neil Luthra and Vann Avedisian’s (“Plaintiffs”) proposed form of order, and Defendant filed exceptions to the Implementing Order (the “Exceptions”) thereafter. Def.’s Notice of Exceptions, Dkt. 61. Plaintiffs moved to strike the Exceptions, arguing that exceptions to an implementing order are procedurally improper under Court of Chancery Rule 144(c)(2)(A). Pls.’ Mot. to Strike Def.’s Untimely Notice of Exceptions ¶ 9, Dkt. 65. On August 10, I issued a letter opinion denying the motion to strike, explaining that “[t]he defendant may not relitigate the merits of the Magistrate in Chancery’s post-trial final report through Exceptions to the Implementing Order,” “[b]ut to the extent the Implementing Order resolved issues not addressed in the post-trial final report, the Exceptions are procedurally proper.” *Luthra v. HIR Hldgs. LP*, 2026 WL 2296616, at *2 (Del. Ch. Aug. 10, 2026).

As relevant to the Exceptions, the Final Report interpreted the governing limited partnership agreement (“LPA”) and its attached investment schedule to mean

Plaintiffs are not entitled to “confidential, proprietary or sensitive information,” unless such information has been “provided to qualifying non-employee, non-founders outside the Limited Partners.” Final Report at 28.¹ Although Defendant argued that Section 12.17 of the LPA defines “proprietary” information to “include all information not previously publicly disclosed by the Partnership,” which would encompass all the books and records Plaintiffs sought,² the Final Report ordered the

¹ See *id.* (“Under the Investment Schedule, Mr. Luthra’s departure triggered limitations on his access to certain categories of information, particularly confidential, proprietary or sensitive information. . . . The confidentiality limitation does not apply to information provided to qualifying non-employee, non-founders outside the Limited Partners.”); *id.* at 29–30 (“He is entitled to *non-confidential* or appropriately sanitized information reasonably necessary to verify contributions and distributions, reconcile capital account balances, and evaluate tax positions associated with those investments.”) (emphasis added); *id.* at 30 (“He is entitled to any confidential or sensitive categories concurrently provided to qualifying non-employee, non-founder limited partners, with reasonable redactions and confidentiality protections.”); *id.* (“He is *not entitled to* internal strategy documents, forward-looking projections, proprietary analyses, competitive business materials, or *confidential internal communications* unrelated to capital account reporting, tax matters, or the financial information necessary to accomplish his proper purposes.”) (emphasis added); *id.* at 32 (describing similar documents to which Avedisian is entitled); see also Transmittal Aff. of Shannon M. Doughty in Supp. of Pls.’ Pre-Trial Br. [hereinafter Aff.], PX-9 § B1-3.6, Dkt. 19 (“[T]he Partnership shall not be required to provide [Plaintiff] any confidential, proprietary or sensitive information in connection with the Partnership (or any other Founder Partner Entity), except to the extent any such information is provided to any other partner of the Partnership that is not a Founder Partner Entity or an employee or consultant of a Founder Partner Entity.”); see also *id.*, PX-10 § B2-3.4 (same).

² See 1-7-2026 Trial Tr. at 79:1–11, Dkt. 52; Aff., PX-2 at 34.

production of some nonpublic documents,³ but with “redaction, sanitization, or limitations on dissemination of sensitive information.” Final Report at 24.

On Exceptions, Defendant argues that two aspects of the Implementing Order fail to accurately implement the Final Report.⁴ First, Paragraph 7(f) of the Implementing Order would require Defendant to produce “‘confidential internal communications’ related ‘to capital account reporting, tax matters, or the financial information necessary to accomplish his proper purposes.’” Implementing Order ¶ 7(f). But, as Defendant points out, the Final Report recognizes only one circumstance in which Plaintiffs may inspect “confidential, proprietary, or sensitive information” under the LPA—when Defendant has provided such information to another non-employee, non-founder member. Final Report at 25. Aside from that exception, which does not apply here, the Final Report does not require the production of confidential internal communications. It does order the production of

³ See, e.g., Final Report at 29–30 (ordering the production of “non confidential, or appropriately sanitized information reasonably necessary to verify contributions and distributions, reconcile capital account balances, and evaluate tax positions associated with those investments”); *id.* at 31 (ordering the production of “non-confidential or appropriately sanitized information, including redacted balance sheets, income statements, capital reporting, and tax-related materials sufficient to permit Mr. Avedisian to value his continuing investment interests”).

⁴ Exceptions are subject to *de novo* review. *DiGiacobbe v. Sestak*, 743 A.2d 180, 184 (Del. 1999).

“non-confidential or appropriately sanitized information reasonably necessary to verify contributions and distributions, reconcile capital account balances, and evaluate tax positions associated with those investments,”⁵ but that is already reflected in Paragraph 7(d) of the Implementing Order. Paragraph 7(f) must be stricken.

Second, Paragraph 12 of the Implementing Order would define “Confidential” to mean “non-public information that [Defendant] reasonably believes in good faith would cause concrete competitive harm if disclosed to a person without a legitimate need to know, or that constitutes personal financial, tax, or account information of an identified third party.” Implementing Order ¶ 12. The Final Report ordered the production of some nonpublic documents, but with “redaction, sanitization, or limitations on dissemination of sensitive information.” Final Report at 24. Narrowly defining “Confidential” to require production unless disclosure would result in “concrete competitive harm” is inconsistent with the Final Report’s determination that Defendant may redact “sensitive” information. Implementing Order ¶ 12; Final Report at 24.

⁵ Final Report at 29–30.

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The Exceptions are sustained. The parties should submit a revised order consistent with the rulings herein.

Sincerely,

/s/ Bonnie W. David

Bonnie W. David
Vice Chancellor

cc: All counsel of record (by File & ServeXpress)