



H.S. Grace & Company, Inc.

## General Partnership Dispute

The experience of H.S. Grace & Company, Inc.'s (HSG) team of former senior executives enables us to evaluate complex business issues within and outside of corporate environments. In the project described below, we were engaged to evaluate the actions of the managing general partner of a general partnership within which a number of complex, emotionally-charged disputes had arisen.

Management/business governance issues occur in all forms of business structures, and have become almost pervasive in complex litigation today. A quick review of our website ([www.hsgraceco.com](http://www.hsgraceco.com)) of our senior executives, along with a review of articles we have authored and speeches we have given, make clear our experience and our ability to assist in addressing these issues.

## Complexities within a General Partnership

### Allegations

Three corporate general partners, one of whom served as managing general partner had developed a successful track record over the years. The managing general partner had developed related vehicles enabling members of its senior management to participate in the various projects within its general partnership position. Problems developed (and litigation was filed) when one of the senior executives resigned and a dispute arose regarding that individual's share of a particular project. The situation was further complicated by the fact that confusion had arisen among the senior executives of the managing general partner regarding how their individual interests were to be calculated in connection with the sale of certain assets of the general partnership, wherein the managing general partner was required to participate with the buyers in purchasing the assets.

### Analysis

HSG was hired by the managing general partner and its legal counsel to address both the issue of the litigation that had been filed and the issue of the confusion regarding the interests of those senior executives remaining with the managing general partner. The HSG team had extensive familiarity with the formulation and workings of general partnerships, as well as the various organizational structures which are often created inside the respective general partners.

HSG met with the remaining senior executives of the managing general partner, and carefully examined the complex transaction which had precipitated the confusion regarding the sale by the general partnership in which the managing general partner retained an ownership interest. Simultaneously, HSG worked closely with counsel and the managing general partner in analyzing the complaint that had been filed by the former executive. This examination included an evaluation of whether real damages had occurred, and the question of whether some form of business liability existed on the part of the managing general partner.

Should HSG have found that real damages occurred, and also that business liability existed on the part of the managing general partner, HSG would have then analyzed whether there was a causal relationship between the business liability issues and the damages incurred by the plaintiff. HSG's analysis raised questions as to whether the plaintiff had incurred any actual damages and, further, determined that there were no business liability issues on the part of the managing general partner.

## **Result**

H. Stephen Grace, Jr. was serving as the testifying expert. The matter settled favorably shortly before the date for his deposition.

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*H.S. Grace & Company, Inc. is a team of senior executives who diagnose and resolve critical corporate problems in business governance, operations, finance and control. With more than 1,000 years of experience, our goal is to help companies enhance shareholder value, protect reputation and their long-term ability to succeed, avoid and manage litigation, and navigate major changes such as mergers and acquisitions or bankruptcies. We often serve as consulting and testifying experts, identifying and analyzing critical business issues.*

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