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Dole Food executives settle with shareholders in fraud case

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Dole Food Co. executives agreed Monday to settle a landmark case involving investor fraud and award shareholders \$114 million.

A Delaware judge had found Dole CEO David Murdock and Chief Operating Officer and General Counsel C. Michael Carter liable for driving down the company's market value so Murdock could take the fruit and vegetable firm private in 2013 in the \$1.2 billion deal.

The judge found Murdock and Carter provided misleading information that deprived stockholders of their ability to consider the buyout fairly and potentially vote it down.

"Murdock and Carter's conduct throughout the Committee process, as well as their credibility problems at trial, demonstrated that their actions were not innocent or inadvertent, but rather intentional and in bad faith," wrote Vice Chancellor J. Travis Laster in the Aug. 27 opinion.

The executives pitched to the board "lowball management projections," and were able to manipulate stock prices and "freeze out" other possible buyers in the food industry, Laster found.

The court awarded the stockholders \$2.74 per share, estimated at \$148 million. "Although facially large, the award is conservative relative to what the evidence could support," Laster said in the decision.

"We are extremely pleased not only with the large financial recovery, but the forceful way in which the court excoriated the defendants for the brazen way they tried to hijack Dole for their own advantage in taking the company private," said Stuart Grant, of Grant & Eisenhofer, counsel for the

shareholders, in August.

Under the latest settlement, which has yet to be finalized, shareholders will receive \$114 million and all parties agree not to appeal the decision.

Other parties have filed lawsuits as a result of the buyout scheme likely to drive up the cost Dole will have to pay out, however.

Dole still owes hedge funds not part of the class action suit \$233.4 million and, with damages and interest, the company may be on the hook for more than \$300 million, Reuters reports.

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