

## Whistleblower auto exec settles breach of contract suit

### \$30 million settlement

In 2017, the plaintiff, a longstanding owner/operator of various auto dealerships in Massachusetts and other New England states, sold the majority interest in his company to an entity indirectly owned by the private equity firm GPB Capital Holdings, LLC, known as GPB Prime Holdings, LLC. The plaintiff was retained post-acquisition as operator of the acquired dealerships, now known as Prime Automotive Group.

The plaintiff alleged that, as part of the acquisition, the parties entered into an agreement allowing him and related family trusts to exercise a “put option” requiring the business to buy out the plaintiff and his trusts for \$23.6 million.

According to the plaintiff’s suit, in 2019, GPB Prime and related entities and individuals retaliated against the plaintiff after he reported financial wrongdoing by GPB Capital and certain individuals, including running a Ponzi-like scheme, eventually wrongfully terminating his employment.

The plaintiff alleged that those same entities and individuals further violated the “put option” by causing him not to be paid for his interest in Prime Automotive Group.

The plaintiff and related family trusts filed a lawsuit in 2019 for breach of contract and related claims, including a breach of fiduciary duty claim related to the harm the majority owner and others caused to the company by terminating the plaintiff. He alleged that by so do-

ing, GPB Capital and related businesses and individuals further harmed Prime Automotive Group by breaching agreements with the lenders and automobile manufacturers upon which the business’s viability depended.

GPB Capital Holdings’ former CEO and two others connected with the company have been indicted on charges of conspiracy to commit securities fraud, conspiracy to commit wire fraud, and securities fraud.

**Action:** Contract

**Injuries alleged:** Refusal to comply with stock repurchase agreement, damage to value of business, retaliation, wrongful termination

**Case name:** Rosenberg, et al. v. GPB Prime Holdings LLC, et al.

**Court/case no.:** Norfolk Superior Court/No. 1982-CV-0925

**Jury and/or judge:** N/A (settled)

**Amount:** \$30 million

**Date:** August 2021

**Attorneys:** Howard M. Cooper, Benjamin J. Wish, Alycia Kennedy and Rebecca M. O’Brien, of Todd & Weld, Boston (for the plaintiffs)



**Todd & Weld** LLP