

Delaware Supreme Court Provides New Guidance on Derivative Suits: Private Planes and Venture Capital Investments May Raise Doubts at Pleading Stage

December 13, 2016

The Delaware Supreme Court reversed the dismissal of a derivative suit for failure to make demand, finding that the complaint alleged particularized facts sufficient to create a reasonable doubt as to the disinterestedness and independence of a majority of directors, in *Sandys v. Pincus*, No. 157, 2016 (Del. Dec. 5, 2016). In *Sandys*, the plaintiff alleged that some top managers and directors at Zynga, Inc. were given an exemption to Zynga's rule preventing sales by insiders until three days after an earnings announcement.