

NEWS RELEASES

PUBLISHED: JULY 25, 2019

Service

Litigation &
Alternative Dispute
Resolution

Professionals

MARNIE A. JENSEN
OMAHA:
402.964.5034
MARNIE.JENSEN@
HUSCHBLACKWELL.COM

KAMRON T. HASAN
OMAHA:
402.964.5176
KAMRON.HASAN@
HUSCHBLACKWELL.COM

Court Rules in Favor of Streck Founder, Dr. Wayne L. Ryan

JUDGE ACKNOWLEDGES "THAT WHICH WAS TAKEN FROM HIM" AND VALUES COMPANY NEAR \$900 MILLION

In one of the largest valuation disputes in Nebraska state court history, a district court judge this week assigned a value of \$893 million to Streck, Inc., over \$300 million more than the defendants' competing valuation. After four and a half years of litigation, the order on July 23rd marked a significant victory and validation for Streck founder, Dr. Wayne L. Ryan (now deceased). Streck is a worldwide leader in developing and manufacturing quality control and diagnostic products for use in the research and clinical settings.

"This is a victory for my father, a bittersweet victory because he is not here to know that a Court understood what he had gone through," said daughter, Carol Ryan. "The Court recognized that the value in Streck was my dad, his technology, his key customer relationships and his hard work."

The valuation dispute arose from the company's decision to purchase Dr. Ryan's shares in January 2015. After Dr. Ryan's wife Eileen passed away in 2013, her voting shares passed to daughter Constance "Connie" Ryan, giving her voting control of Streck over Dr. Ryan's objection. Shortly thereafter, Connie assumed the position of CEO and Chairman of the Board, replacing her father in these roles and doing so based on her own recommendation to the Board. After a failed sales process in which Connie and Streck intentionally excluded Dr. Ryan and sabotaged the process, Dr. Ryan and his Trust filed the suit against both Connie Ryan and Streck. The suit alleged that Connie's actions constituted acts of oppression under Nebraska law and that she breached her fiduciary duties as a shareholder, director and president of the company.

“This case was about much more than simply affixing a value to shares or the efficacy of valuation methodologies,” said Marnie Jensen, the Omaha-based litigator who led Husch Blackwell’s representation of Dr. Ryan. “We felt we were fighting for the legacy and life’s work of a true innovator in the medical sciences who was being badly mistreated by the company he had created from nothing. He deserved to be fairly compensated for his shares.”

On nearly all contested matters at trial, the court largely adopted Dr. Ryan’s arguments. On the valuation issue, the court order spelled out in unequivocal terms that “Dr. Ryan created Streck’s value” and that “[w]hat has been taken here is Dr. Ryan’s life work.” The decision completely rejected the analytical foundations of the defendants’ valuation analysis and characterized the defendants’ valuation expert as having a “downward bias...designed to lower the valuation” that “renders his conclusion unreliable.” Conversely, the decision recognized the soundness of Dr. Ryan’s case, noting that “what he lost here is substantial, and that is reflected in the fair value of his shares as determined” by the plaintiff’s valuation analysis.

Significantly, the court also completely rejected the defendants’ arguments regarding pre-judgment interest as being meritless and ordered that plaintiffs are entitled to pre-judgment interest at a rate of 12 percent per year commencing on October 29, 2014, the valuation date selected by the Court, bringing Dr. Ryan’s total compensation to over \$720 million.

Dr. Ryan passed away in November 2017. His Trust provided that upon his passing, 100 percent of its ownership in Streck is to be conveyed to the Ryan Foundation, a Nebraska charitable foundation established by Dr. Ryan and his wife Eileen. The Ryan Foundation has been active in numerous philanthropic endeavors throughout Nebraska and the Omaha community.

“Although my father’s work revolutionized medical diagnostics, his goal was to have a lasting impact on the community at large,” said son, Steve Ryan. “Although many issues still exist that must be resolved, this court decision will continue his legacy and direct the fruits of all his hard work where he would have wanted it – helping fund scientific research, education, and organizations in need.”