

# Private Company Loss Scenarios from Chubb



## Sale Gone Sour

<b>COVERAGE SECTION</b>	<b>Directors &amp; Officers Liability</b>
Cause of action	Negligent Misrepresentation
Type of organization	Private
Number of employees	18
Annual revenue	\$2.7 million

### DESCRIPTION OF EVENT

Doe Inc. reached a contractual agreement with ABC Energy Co. to sell Doe Inc. Several months after the agreement was made, ABC Energy accused Doe Inc. of manipulating its accounts receivable and accounts payable. ABC Energy filed suit against Doe Inc. and its board of directors for breach of contract, fraud, and negligent misrepresentation, alleging damages of \$5.5 million. Doe Inc., in turn, threatened to countersue, alleging that ABC Energy owed Doe Inc. money from earlier dealings with the company.

### RESOLUTION

The case essentially settled when both parties withdrew their claims and cancelled the sale of the company. Legal fees incurred by Doe Inc. totaled \$200,000.



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**Could this happen to your organization? Contact your trusted Chubb agent or broker.**

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