

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

KISCO WC SPORTS II, LLC and)
KENT CIRCLE INVESTMENTS, LLC,)

Plaintiffs,)

v.)

SUNS LEGACY HOLDINGS, LLC,)

Defendant.)

C.A. No. 2025-0947-SEM

REDACTED PUBLIC VERSION

EFILED: August 27, 2025

**VERIFIED COMPLAINT TO COMPEL
INSPECTION OF BOOKS AND RECORDS**

Plaintiffs Kisco WC Sports II, LLC (“Kisco”) and Kent Circle Investments, LLC (together, the “Members”), by and through their undersigned counsel, upon knowledge, information, and belief as to all matters alleged herein, allege the following in support of their Verified Complaint against Defendant Suns Legacy Holdings, LLC (the “Company”).

NATURE OF ACTION

1. This action concerns the Company’s refusal to permit the inspection of books and records to which the Members are entitled.

2. The Members are each investors in and members of the Company, which was organized to acquire and operate, among other things, the Phoenix Suns NBA basketball team and franchise and the Phoenix Mercury WNBA basketball team and franchise.

3. The Company and its manager, Suns Capital Group, LLC (the “Manager”), have engaged in a pattern of conduct that has deprived the Members of basic information about the Company and its management. That includes basic information about the circumstances surrounding a [REDACTED] capital call made on [REDACTED] notice in what appears to be part of a leverage strategy to exert pressure on and dilute the Company’s minority owners, including the Members.

4. At the same time, the Members have reason to believe, based in part on a handful of documents recently produced by the Company, that the Manager has entered into multiple undisclosed side deals with other investor members of the Company, including with respect to the [REDACTED] capital call. The Company and Manager have also undertaken significant, related-party transactions with entities controlled by the Manager—[REDACTED]
[REDACTED]—
about which the Members have been provided virtually no information.

5. Given these concerning developments, the Members exercised their inspection rights under 6 *Del. C.* § 18-305 and the First Amended and Restated Limited Liability Company Agreement of Suns Legacy Holdings, LLC (the “LLC Agreement”), which govern the rights and obligations of the Company and its

members, including the Members and the Manager. A true and correct copy of the LLC Agreement, along with the amendments thereto, is attached as Exhibit A.

6. The proper purpose of these demands is, given the Manager's conduct, self-evident: the Members require the requested information to investigate the status of the Company's business and financial condition and apparent (a) breaches of the LLC Agreement, including disparate treatment of investor members; (b) mismanagement of the Company by the Manager; and (c) the Manager's conflicts of interest.

7. The Company and Manager, however, have refused to permit the Members access to the complete records necessary to enable investigation into these matters.

8. Accordingly, the Members seek an order under 6 *Del. C.* § 18-305 and the LLC Agreement compelling the Company to produce the books and records sought by the Members and identified below.

PARTIES

9. Plaintiff Kisco WC Sports II, LLC is a Delaware limited liability company and a member of the Company.

10. Plaintiff Kent Circle Investments, LLC is an Arizona limited liability company and a member of the Company.

11. Defendant Suns Legacy Holdings, LLC is a Delaware limited liability company.

JURISDICTION

12. This Court has subject matter jurisdiction over this action pursuant to 6 *Del. C.* § 18-305.

13. This Court has personal jurisdiction over the Company because it is a Delaware limited liability company.

BACKGROUND

I. Mat Ishbia Buys The Phoenix Suns For A Record \$4 Billion

14. In or around December 2022, Mat Ishbia agreed to purchase a majority stake in the Company based on an enterprise value of \$4 billion, in what was then “the largest franchise purchase in NBA history.”¹

15. After completing the purchase in early 2023, Mr. Ishbia became the controlling member of the Manager and majority owner of the Company.

II. The June 2, 2025 Capital Call

16. After becoming dissatisfied with the Manager’s management of the Company, in September 2024, Plaintiff Kisco, through counsel, began negotiating a

¹ See NBA, *Mat Ishbia agrees to buy Suns, Mercury for \$4 billion*, <https://www.nba.com/news/mat-ishbia-agrees-to-buy-suns-mercury-for-4-billion> (December 20, 2022).

buyout of its interests in the Company with an advisor to the Manager. While Kent Circle Investments, LLC at that time did not seek a buyout, it too had growing concerns regarding the Manager's management.

17. Kisco's discussions with the Manager's advisor continued through mid-2025, when Kisco ultimately requested that the Manager provide a final response to Kisco's offer to sell its units by June 1, 2025.

18. Under the LLC Agreement, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19. Recognizing the significant leverage it possessed over the minority members, rather than respond in good faith to Kisco's sale offer by the requested June 1 date, the Manager instead issued a [REDACTED] capital call the next day, June 2, 2025, and demanded that all members provide their pro rata share of the call within [REDACTED]. A true and correct copy of the June 2, 2025 capital call notice is attached as Exhibit B.

20. The Members were provided with no advance notice of the capital call or the sudden need for a [REDACTED] raise.

21. The Manager's capital call notice [REDACTED]

[REDACTED]

[REDACTED] Exhibit B, at 1. That per unit valuation is strikingly low and bears no relationship to the actual value of the Company which is worth billions, as Mr. Ishbia's \$4 billion franchise purchase and more recent sales data establish. For example, [REDACTED]

[REDACTED]

[REDACTED] The Company, however, is worth substantially more and has only grown in value since the Manager acquired a

controlling interest in early 2023, as indicated by, among other things, the compound annual growth rate of NBA franchises, including the Suns, over the past several years, and recent franchise sales that demonstrate the NBA's explosive growth. That includes the sale of the Boston Celtics in April 2025 for \$6.1 billion,² and the sale of the Los Angeles Lakers in June 2025 for \$10 billion.³

22. This background is relevant not to any present franchise valuation-related dispute, but to explain why the Manager's use of a [REDACTED] per unit valuation was baseless and posed a significant risk to all minority owners. Rather than price each unit at its fair market value, or undertake any such fair market value analysis to determine the appropriate price, the Manager arbitrarily selected a de minimis per unit valuation untethered to the value of any one unit or the Suns franchise as a whole. And given the number of outstanding units, *see* Exhibit B, at 2, and number of new units to be issued, any member that did not fund the capital

² See New York Times, *Celtics sold for \$6.1 billion, highest price in North American sports history* (April 21, 2025), <https://www.nytimes.com/athletic/6218327/2025/03/20/celtics-franchise-sale-william-chisholm-highest-value-billion/>.

³ The Wall Street Journal, *Los Angeles Lakers Sold for \$10 Billion in Richest Deal in Sports History* (June 18, 2025), <https://tinyurl.com/Lakers-Sale>.

call not only risked dilution, but a severe and punitive write-down of their ownership percentage given the stated [REDACTED] per unit offering price.

23. The Members objected to the capital call (noting among other things that the timing alone indicated clear gamesmanship), including the [REDACTED] per unit valuation. The Manager, however, refused to cancel the capital call or revise the [REDACTED] per unit price.

24. As a result, by the stated June 12, 2025 deadline, the Members under protest together funded over [REDACTED] to meet the capital call to avoid being punitively diluted.

III. The Members Raise Additional Concerns Regarding The Manager's Conduct

25. In subsequent correspondence with the Company and Manager, the Members raised still other concerns regarding the Manager's conduct.

26. In particular, the Members learned that the Manager may have entered into undisclosed side deals with other members of the Company, including side deals relating to the capital call. Although the Members raised this concern with the Manager, the Manager refused to admit or deny whether such side deals in fact were executed. The Manager refused to do so even though the LLC Agreement, and fundamental concepts of good faith and fair dealing, require that all members in the

Company be treated equally, including with respect to capital calls. *See* LLC Agreement, Section 4.2.

27. The Members also wrote the Manager regarding the funding of a [REDACTED] [REDACTED] Phoenix Mercury practice facility—seemingly paid for using Company funds and pursuant to a related-party transaction involving the Manager—about which the Members had been provided virtually no information. Here too, the Manager refused to provide any information regarding the practice facility, how it was funded, or why, instead claiming only that the Company complied with its duties under the LLC Agreement.

IV. The Manager Continues The Capital Call

28. On June 24, 2025, counsel for the Manager advised that one of the Company’s members, [REDACTED], failed to fund its pro rata portion of the June 2 capital call.

29. The LLC Agreement provides that [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

30. On June 27, 2025, the Manager wrote to the Members and offered to re-issue the units associated with the June 2 capital call, at [REDACTED] per unit, to all members who contributed capital.

31. On July 3, 2025, the Members responded that, while the stark disparity between the [REDACTED] per-unit valuation the Manager arbitrarily used for purposes of the capital call and recent sales of other units at [REDACTED] each itself was indicative of bad faith, the Members had neither endorsed nor demanded that the Manager use the [REDACTED] figure on a going-forward basis. At bottom, the Members stated, the Company's units must reflect their fair market value, but the Manager evidently had not undertaken any fair market value analysis (or ignored the franchise's fair market value) to account for, among other things, the fact that the Suns franchise is worth substantially more now than when the Manager acquired its controlling share in 2023.

32. The Manager's belated offer to re-issue the new units at [REDACTED] each in any event did not and could not absolve the Manager's past conduct in connection with the June 2 capital call. The June 12 funding deadline for the initial round of capital contributions had come and gone, and the Members funded that call under the threat of severe and punitive dilution given the Manager's use of a [REDACTED]

Section 9.2 of the LLC Agreement. A true and correct copy of the Members' July 3, 2025 demand is attached as Exhibit D.

38. On July 11, 2025, the Members served another demand on the Manager and Company, containing notarized power of attorney forms from each Member appointing Quinn Emanuel Urquhart & Sullivan, LLP to act on their behalf (together, with the July 3, 2025 demand, the "Demands"). A true and correct copy of the Members' July 11, 2025 demand is attached as Exhibit E.

39. The Demands reiterated the Members' concerns with the June 2, 2025 capital call and the Manager's conduct, necessitating a review of the Company's records. As the July 11, 2025 demand stated: "As you know, the purpose of the Members' demand is to receive required information regarding the status of the Company's business and financial condition and to investigate potential: (a) breaches of the LLC Agreement; (b) mismanagement of the Company by Suns Capital Group, LLC (the 'Manager'); and (c) the Manager's conflicts of interest." Exhibit E, at 1.

40. That purpose is reasonably related to the Members' interests as members of the Company, and the books and records requested are necessary and essential to achieving that purpose. In particular, the Demands sought the following records created or maintained during the Manager's tenure:

- Any agreements with any investor member regarding or relating to the June 2, 2025 capital call;
- Any other agreements of any type with any investor member, unitholder or prospective unitholder, including regarding the sale of any units or other membership or ownership interest in the Suns, not limited to Suns Legacy Holdings, LLC;
- Any actual or anticipated related party transactions, agreements or expenses the Manager has authorized or incurred; and
- Bank statements showing the amounts and dates on which any portion of the June 2, 2025 capital call was funded and by whom.

41. The Demands accordingly complied with both Section 9.2 of the LLC Agreement and 6 *Del. C.* § 18-305.

VI. The Manager And Company Refuse To Respond In Good Faith To The Members' Demands

42. Following delivery of the Demands, on July 23, 2025, counsel for the Manager and Company responded by letter and stated the Company would make certain non-privileged, responsive documents available for inspection after the parties signed a confidentiality agreement—without indicating what documents or even categories of documents would be provided—and attached a fifteen-page nondisclosure agreement.

43. On July 28, 2025, counsel for the Members wrote to counsel for the Company and Manager and asked that the Company describe the documents being

provided to facilitate the Members' review of the Company's response to the Demands.

44. On July 29, 2025, counsel for the Company and Manager responded, and declined to identify the documents that would be produced, claiming there was no contractual or statutory provision requiring the Company to provide the Members with a list of categories of documents the Company might provide in response to the Demands.

45. On August 8, 2025, the Members and Company executed a nondisclosure agreement and the Company produced eight documents, including an agreement signed by the Members that they already possessed. The documents provided did not satisfy the Demands and, if anything, indicated that the Company had withheld responsive documents and raised further questions regarding the Manager's conduct.

46. On August 18, 2025, the Members wrote to the Company, noting the deficiencies in the August 8 production and requesting the remaining records sought

in the Demands. To date, however, the Company has failed to provide the requested records.

47. The Company has thus failed to comply with its obligations pursuant to 6 *Del. C.* § 18-305 and Section 9.2 of the LLC Agreement, thereby forcing the Members to file this action.

48. Although the Members are entitled to all of the information sought in the Demands, the Members here seek to compel only the following materials (the “Requested Materials”), all encompassed by the Demands and relevant to the Members’ proper purpose in determining the scope and extent of the Manager’s misconduct, conflicts of interest, and breaches of the LLC Agreement, as well as the status of the Company’s business and financial condition:

Documentation of Capital Call Funding: The Demands seek bank statements showing the amounts and dates on which any portion of the June 2, 2025 capital call was funded and by whom. The Company failed to produce the requested documents, providing only a redacted [REDACTED] (SLH-0000091) and a one-page document titled [REDACTED] [REDACTED] (SLH-0000097), true and correct copies of which are attached as Exhibits F and G, respectively. The [REDACTED]

[REDACTED]

[REDACTED] The Members separately cannot determine what the [REDACTED] [REDACTED] document is intended to show, who created it, when it was created or why, or what Company records were used to prepare it. These documents do not establish the amounts and dates on which the June 2 capital call—including the subsequent July 8 request to contribute [REDACTED] unfunded share—was funded or by whom. The lack of documentation does not allow an assessment of whether each investor member properly funded their portion of the call by the deadlines and if anything, raises more questions than answers. The Company accordingly should be required to produce the requested bank records showing the amounts and dates on which any portion of the June 2, 2025 capital call was funded and by whom, as required by the Demands.

Side Agreements: The Demands seek agreements with any actual or prospective investor members, including agreements relating to the June 2, 2025 capital call. In response, the Company produced a [REDACTED] [REDACTED] (SLH-0000069), a true and correct copy of which together with its amendments is attached as Exhibit H. The Company should be required to produce any other agreements with any other actual or prospective investor member as called for by the Demands.

Related Party Transactions: The Demands seek any actual or anticipated related party transactions, agreements or expenses the Manager has authorized or incurred. The Company produced a [REDACTED] [REDACTED] document (SLH-0000001), a true and correct copy of which is attached as Exhibit I, indicating that the Manager has entered into multiple related-party transactions, agreements, and expenses, all encompassed by the Demands. For example, the financial statements state (at 27, emphasis added):

[REDACTED]

[REDACTED]

[REDACTED]

The Company should be required to provide the [REDACTED]

[REDACTED]

[REDACTED]

COUNT I
Demand for Inspection Pursuant to Section 9.2 of the LLC Agreement

49. Plaintiffs repeat and reallege all of the preceding allegations as if specifically alleged herein.

50. Plaintiffs are, and have been continuously throughout all times relevant hereto, members of the Company.

51. On July 3 and July 11, 2025, Plaintiffs, through counsel, served demands on the Company and Manager for the inspection of books and records that described the materials sought and specified the Plaintiffs' proper purpose in seeking those materials.

52. Plaintiffs made their demand for the proper purpose of receiving required information regarding the status of the Company's business and financial condition and to investigate potential: (a) breaches of the LLC Agreement; (b) mismanagement of the Company by the Manager; and (c) the Manager's conflicts of interest, all of which are reasonably related to Plaintiffs' interests as members of the Company. The books and records requested by Plaintiffs are necessary and essential to achieving this stated purpose.

53. In making the Demands, Plaintiffs complied with the requirements of Section 9.2 of the LLC Agreement.

54. The Company has refused to produce the materials sought in the Demands, thereby preventing Plaintiffs from inspecting the books and records to which they are entitled.

55. Accordingly, the Company has not complied with its obligations to Plaintiffs under Section 9.2 of the LLC Agreement.

56. Based on the foregoing, and pursuant to Section 9.2 of the LLC Agreement, Plaintiffs are entitled to an order requiring the Company to produce to Plaintiffs the Requested Materials.

57. Plaintiffs have no adequate remedy at law.

COUNT II
Demand for Inspection Pursuant to 6 *Del. C.* § 18-305

58. Plaintiffs repeat and reallege all of the preceding allegations as if specifically alleged herein.

59. Plaintiffs are, and have been continuously throughout all times relevant hereto, members of the Company.

60. On July 3 and July 11, 2025, Plaintiffs, through counsel, served demands on the Company and Manager for the inspection of books and records that described the materials sought and specified the Members' proper purpose in seeking those materials.

61. Plaintiffs made their demand for the proper purpose of receiving required information regarding the status of the Company's business and financial condition and to investigate potential: (a) breaches of the LLC Agreement; (b) mismanagement of the Company by the Manager; and (c) the Manager's conflicts of interest, all of which are reasonably related to Plaintiffs' interests as members of the Company. The books and records requested by Plaintiffs are necessary and essential to achieving this stated purpose.

62. In making the Demands, Plaintiffs complied with the requirements of 6 *Del. C.* § 18-305.

63. The Company has refused to produce the materials sought in the Demands, thereby preventing Plaintiffs from inspecting the books and records to which they are entitled.

64. Accordingly, the Company has not complied with its obligations to Plaintiffs under 6 *Del. C.* § 18-305.

65. Based on the foregoing, and pursuant to 6 *Del. C.* § 18-305, Plaintiffs are entitled to an order requiring the Company to produce to Plaintiffs the Requested Materials.

66. Plaintiffs have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court summarily enter judgment for Plaintiffs and against the Company in the form of an Order awarding Plaintiffs the following relief:

- a) Requiring the Company to produce immediately all of the Requested Materials;
- b) Requiring the Company to pay reasonable legal fees, costs, and expenses, including attorney's fees and other professional's fees, in connection with Plaintiffs' books and records demands and this litigation; and
- c) Awarding Plaintiffs any and all other or further relief as the Court may deem just and proper.

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