

Berkshire Hathaway and Pilot Settle Dispute Over Truck Stop Chain Valuation



Warren Buffett's Berkshire Hathaway (BRKa.N) and Pilot announced on Sunday that they have reached a comprehensive agreement to settle an ongoing lawsuit in Delaware. The dispute primarily revolved around the valuation of billionaire Jimmy Haslam's truck stop chain, Pilot Travel Centers.

Resolution of Delaware Litigation

Berkshire and Pilot confirmed in separate statements that they have successfully resolved the Delaware litigation, ending all claims and counterclaims involving Pilot Travel Centers and National Indemnity Company.

Halt to Billion-Dollar Trial

The settlement is crucial, preventing a high-stakes billion-dollar trial scheduled for Monday. The trial, a two-day affair set to take place in Delaware's Court of Chancery, aimed to determine the value of the Haslam family's remaining 20% stake in Pilot Travel Centers, the largest truck stop chain in the United States.

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Agreement Details Remain Confidential

While the settlement has been confirmed, both parties have chosen to keep the specific details of the agreement confidential. When approached for further information, Pilot declined to disclose additional details, and Berkshire Hathaway has not yet responded to requests for comment.

Background of the Dispute

The Haslam family, including Jimmy Haslam, who also owns the Cleveland Browns football team, had previously sold an 80% stake in Pilot to Berkshire for \$11 billion in two separate transactions in 2017 and January 2023. Disputes arose as both sides accused each other of employing accounting maneuvers to manipulate Pilot's earnings before interest and tax (EBIT), a crucial metric for determining the value of the Haslams' remaining 20% stake.

Allegations and Counterclaims

The legal battle intensified when the Haslams sued Berkshire in October of the previous year, alleging that Berkshire had altered its accounting practices to diminish the amount owed if the family chose to sell the 20% stake to Berkshire in 2024. In response, Berkshire countersued on November 28, claiming that Jimmy Haslam attempted to bribe Pilot executives with millions of dollars to artificially inflate earnings in 2023 at the expense of Pilot's long-term value.

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Disputed Valuation

According to court documents, the Haslams asserted that the 20% stake in Pilot, based in Knoxville, was worth \$3.2 billion before Berkshire's accounting changes—a valuation that Berkshire vehemently contested.

The resolution of this dispute marks a significant turn of events, ending potential financial uncertainties and allowing both Berkshire Hathaway and Pilot to move forward without the looming threat of a protracted legal battle.

Don't be a silent ninja! Let us know your thoughts in the comment section below.

