



**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

DSM HOLDCO, INC.; DEMOULAS )  
SUPER MARKETS, INC.; and JAY K. )  
HACHIGIAN, STEVEN J. COLLINS, and )  
MICHAEL KEYES, in their capacities as )  
Directors of the Board of DSM HoldCo, ) C.A. No. 2025-\_\_\_\_ - \_\_\_\_  
Inc. and the Board of Demoulas Super )  
Markets, Inc. )  
)  
Plaintiffs, )  
)  
v. )  
)  
ARTHUR T. DEMOULAS, )  
)  
Defendant. )

**VERIFIED COMPLAINT PURSUANT TO 8 DEL. C. § 225(a)**

1. Plaintiffs DSM HoldCo, Inc., a Delaware corporation (“DSM”); Demoulas Super Markets, Inc., a Massachusetts corporation and a wholly-owned subsidiary of DSM (“OpCo” and, together with DSM, “Market Basket” or the “Company”); and Jay K. Hachigian, Steven J. Collins, and Michael Keyes, the latter in their capacities as the three Directors of Plaintiffs DSM HoldCo, Inc. and OpCo; by and through their undersigned counsel, hereby bring this Verified Complaint as follows:

**NATURE OF THE ACTION**

2. DSM Holdco, Inc. is a Delaware corporation that is well known in New England for its operation, through its wholly-owned subsidiary OpCo, of an iconic



group of ninety supermarkets now named Market Basket. For more than a century, customers and communities throughout New England have relied on Market Basket to deliver the highest quality fresh meats, produce and other grocery products at the lowest possible prices. It is fair to say that Market Basket has one of the best known and most beloved brands in New England.

3. Plaintiffs Hachigian, Collins, and Keyes (the “Plaintiff Directors”) are the members of the Board of Directors of Market Basket,<sup>1</sup> with Collins the longest serving member of the three (since 2019) and Keyes the most recently elected (since 2023). The Plaintiff Directors are charged with the fiduciary responsibility of overseeing the Company’s operations on behalf of the Company and all its stockholders.

4. Up through his recent termination on September 9, 2025, Market Basket’s then-CEO and President, Defendant Arthur T. Demoulas (“Defendant” or “Mr. Demoulas”), had a long-standing history of exercising his own unfettered discretion as to virtually every important decision at the Company—while ignoring and stonewalling the Market Basket Board. After joining the Board, the Plaintiff

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<sup>1</sup> The Board of Directors of each of DSM and OpCo is composed of the same individuals and similarly constituted. For the sake of efficiency and convenience, the Board of Directors of each of DSM and OpCo typically convene and hold joint meetings. Except as otherwise expressly provided herein, and unless the context clearly provides otherwise, references to the “Board” should be construed to be references to the Boards of Directors of both DSM and OpCo.



Directors decided to depart from the path of the prior Board members, who either had capitulated to Mr. Demoulas's bullying tactics or, like the recently removed fourth Board Member Bill Shea, willingly did Mr. Demoulas's bidding. The Plaintiff Directors decided to put their foot down and, in the words of an immortal football coach in New England, "Do Your Job"—which they began to try to do several years ago by seeking to discharge their fiduciary responsibilities of oversight over Mr. Demoulas and the Company's operations. This did not sit well with Mr. Demoulas, who fought the Plaintiff Directors every step of the way.

5. As Mr. Demoulas has said, "*[t]here's only one boss in the company. There's not two. There's not three. There's not five.*"<sup>2</sup> Even though he is only a minority stockholder, owning just 28.4% of DSM's outstanding stock, for years Mr. Demoulas has acted as if he were the sole owner of the Company and rejected any form of even the most basic oversight by the Board. Contrary to Delaware law and basic principles of corporate governance, he has refused to provide the Board with basic information about the Company and its plans or to comply with basic, lawful directives of the Board. He also insisted that he, and not the Board, would select his successor, stating to the Board that he would unilaterally install his children into the

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<sup>2</sup> Welker, Grant, *Market Basket CEO Power Struggle: What You Need to Know*, BOS. BUS. J. (May 29, 2025), <https://www.bizjournals.com/boston/news/2025/05/29/market-basket-demoulas-power-struggle-explained.html>, attached as **Ex. A**.



top positions in the C-suite following his eventual departure—without regard for the Board’s views on the matter. Under Delaware law, Mr. Demoulas—like all CEOs and other corporate officers—has a fiduciary duty, at minimum, to keep the Board informed of operational and other significant matters and to follow the lawful directives of the Board. But not according to Mr. Demoulas, who acknowledged no one’s authority but his own.

6. When it started with a single store at its founding in 1917, the Company was run almost single-handedly by Mr. Demoulas’s grandfather. The same was true for Mr. Demoulas’s father, Mike Demoulas, who took over when Mr. Demoulas’s grandfather died. The present Mr. Demoulas for years exercised the same centralized power as his forebears. But today, thanks to the contributions of many stakeholders, Market Basket has grown into a ninety-store powerhouse, with revenues of almost \$8 billion per year, employing over 30,000 dedicated associates, and providing groceries at “More For Your Dollar” prices to its customers and dozens of underserved communities in New England. A company of Market Basket’s size, operational structure, and importance to so many stakeholders simply cannot tolerate the risks of consolidating all decision-making authority and power in a single individual—particularly one who outright refuses any attempt at oversight.

7. The Plaintiff Directors repeatedly tried to work with Mr. Demoulas *for years* to gain his cooperation. Mr. Demoulas would have none of it. For example,



despite numerous requests, Mr. Demoulas never gave the Board an annual budget, did not give the Board advance notice (let alone seek input) about significant capital outlays, and never permitted the Board to meet with a single officer or senior manager of the Company, other than the Company's CFO. Mr. Demoulas even forbade the Board from *entering* the Market Basket headquarters in Tewksbury, Massachusetts; the Board had to hold its meetings at a local hotel. Mr. Demoulas at one point openly dared the Plaintiff Directors to fire him rather than submit to meaningful Board oversight, apparently banking on an employee walkout and customer boycott—like the one that followed his temporary ouster in 2014, discussed below.

8. In addition, recognizing that one of the principal responsibilities of any board of directors is overseeing management and ensuring that the Company at all times has appropriate senior leadership in place to safeguard the long-term health of the business, the Board sought to engage in discussions with the now 70-year-old Mr. Demoulas about succession planning. But Mr. Demoulas hijacked the process, thwarting the Board's efforts to identify and evaluate successors, thereby impeding the Board's ability to discharge one of its most fundamental duties. He categorically refused to participate in any substantive discussions with the Board about a succession plan, other than his unilateral plan to install his own children upon his eventual departure. He dictated this plan without even permitting the Board to meet



his children, denying the Directors a meaningful opportunity to assess whether Mr. Demoulas's children would have the baseline qualifications and experience to manage a business of this size, let alone determine whether they would be the best candidates. Mr. Demoulas treated the decision as his and his alone and expected the Board and the Company's owners simply and blindly to rubber stamp it.

9. Finally, having gotten nowhere with Mr. Demoulas, in August 2024, the Plaintiff Directors adopted a formal resolution directing Mr. Demoulas to comply with basic requirements of Board oversight, including: (1) providing the Board with an annual budget and periodic budget updates during the course of the year; (2) giving the Board advance notice of and obtaining approval for all capital expenditures ("CapEx") in excess of \$10 million, and informing the Board of any material events at the Company; (3) requiring senior management of Market Basket to attend and present at Board meetings, so that the Board could assess their roles and performance and form functional relationships with them; and (4) directing Mr. Demoulas to work together with the Board on a mutually satisfactory succession plan. Despite the Plaintiff Directors' persistent requests that Mr. Demoulas comply with these straightforward directives, months and months went by without Mr. Demoulas even beginning to perform a single one of them.

10. Worse still, when Mr. Demoulas saw the proverbial writing on the wall—that he would not be able to continue skirting the Board's directives and just



get his way—he apparently began plotting with his closest lieutenants to sabotage the Company in an effort to pressure and exert leverage over the Board.

11. In a meeting of the Board in March 2025, it was decided that Plaintiff Hachigian would replace Bill Shea as Chairman of the Board. Mr. Demoulas, who was present at the meeting, reacted angrily at the replacement of his last hand-picked Director, going on a half-hour tirade against the Plaintiff Directors and then cutting the meeting short. Later that month, the Board learned that Mr. Demoulas appeared to have a secret plan: If the Board were to take disciplinary action against him for refusing to comply with its directives, he would instigate through his closest lieutenants a disruptive employee work stoppage and customer boycott, attempting to repeat what occurred in 2014 during a dispute between him and his cousin, Arthur S. Demoulas, over Mr. Demoulas's termination at that time for insubordination. As Mr. Demoulas (and the Board) knows, that 2014 work stoppage cost the Company hundreds of millions of dollars and only ended when Mr. Demoulas and his three siblings were collectively able to borrow \$1.6 billion to buy out his cousins. Now, ten years later, Mr. Demoulas was planning to run the same playbook again if the Board did not stand down. Fortunately, the Plaintiff Directors got wind of his plans, which would have been extremely harmful to the Company.

12. In response to learning of these plans, the Board suspended Mr. Demoulas and several of his top lieutenants with pay on May 28, 2025. Since that



time, Mr. Demoulas, directly and through various proxies, has engaged in a scorched-earth campaign to disrupt Company operations, threaten and intimidate Company associates to stay loyal to him, and smear the Board and the other stockholders of the Company in the media—all in his own self-interest to return to power. For example, Mr. Demoulas has been behind numerous television and radio appearances, as well as interviews in the press, by his top two lieutenants, Joseph Schmidt and Tom Gordon, who were terminated from the Company in July 2025 for misconduct, blasting the Board and other Company stockholders. He was also behind, among other things: Schmidt and Gordon’s illegal trespassing at twenty-six stores in a matter of days and Schmidt’s unlawful after-hours entry into the Market Basket headquarters in an effort to intimidate associates, necessitating the Company to obtain an injunction against their continuing trespass; inducing a third party named David D’Alessandro, former CEO of John Hancock and a close friend of the head of Mr. Demoulas’s public relations firm, to “write” an op-ed in *The Boston Globe* calling for a boycott, despite acknowledging that he was unfamiliar with the facts; and causing then-Board member Bill Shea to leak to *The Boston Globe* a confidential letter to the Board under his signature, but which he admittedly did not write, containing numerous untruths, accompanied by various confidential Market Basket documents that were also provided to the media and which the media then used in their published reports.



13. Lest there be any doubt about Mr. Demoulas's role in these activities, at any time since his suspension Mr. Demoulas could have put the word out publicly or privately to stop his side's media attacks. Instead, Mr. Demoulas has done the opposite. He issued a public statement in support of his lieutenants and their actions, and he (directly and through his designated spokesperson) has targeted the Board and the majority stockholders, trying to paint them as villains who would ruin the Market Basket culture and sell the company to private equity firms (despite the fact that the Company's Charter effectively requires his consent to any such sale).

14. No company, no matter how successful, can tolerate this type of behavior from a corporate officer, let alone the President and CEO. Mr. Demoulas's actions interfered with the Board's ability to fulfill its fiduciary responsibilities to set the strategic direction of the Company and oversee the Company's management, and to ensure the Company's continued success *for the long term*—for *all* its stockholders, customers, associates, and the New England communities it serves. And Mr. Demoulas revealed his true colors, that he cared more about getting his own way than about the Company and its constituents' best interests and future—just the opposite of the carefully cultivated public persona that Mr. Demoulas portrays to the outside world.

15. Accordingly, Mr. Demoulas forced the Board to choose between accepting his autocratic control of Market Basket or terminating him in order to



protect a vibrant and growing business that cannot flourish over the long-term under the leadership of a dictator. As is its right, the Board therefore terminated Mr. Demoulas as President and CEO of the Company effective September 9, 2025. The Plaintiff Directors were duty-bound to act in the best interests of the Company and all of its stockholders and took this step to ensure a solid long-term future for Market Basket, its associates and customers.

16. Mr. Demoulas contests his termination. Accordingly, Plaintiffs now bring this proceeding under 8 *Del. C.* § 225(a) for a judicial declaration that the resolution adopted at the September 9, 2025 special meeting of the Board of DSM removing Mr. Demoulas as CEO and President of DSM is valid and effective. Plaintiffs also seek a judicial declaration that the resolution adopted at the September 9, 2025 special meeting of the Board of OpCo removing Mr. Demoulas as CEO and President of OpCo is also valid and effective.

### **PARTIES**

17. Plaintiff DSM HoldCo., Inc., is a Delaware corporation with its principal place of business in Tewksbury, Massachusetts. DSM is a family-owned Delaware corporation that, through Plaintiff OpCo, a wholly-owned subsidiary incorporated in the Commonwealth of Massachusetts, operates ninety stores in Massachusetts, New Hampshire, Maine, and Rhode Island, known familiarly as Market Basket. Market Basket employs more than 30,000 associates throughout



New England. The associates are provided with a lucrative profit-sharing plan; they want stability and continued financial success for a company whose bottom line they believe and share in.

18. Plaintiff Jay K. Hachigian has served as a Director of Market Basket since 2021, and he currently serves as the Chairman of the Board and of the Board's Executive Committee (defined below). Mr. Hachigian is a prominent New England attorney who recently, for example, was involved in a major transaction for the region's beloved Boston Celtics. He is a name partner of the law firm Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP and a founding partner and leader of that firm's Boston office. During his forty years of practice, Mr. Hachigian has provided advice to hundreds of companies, both public and private, including advice about corporate governance issues such as those posed by Mr. Demoulas here.

19. Plaintiff Steven J. Collins has served as a Director of Market Basket since 2019 and is a member of the Board's Executive Committee. Mr. Collins is a founding member and Managing Director of Boston-based Exeter Capital. Before that he was a partner in the prestigious firm Advent International in Boston. Mr. Collins is a very experienced director, having served on the boards of various consumer and retail companies, both public and private, throughout his long career.



20. Plaintiff Michael Keyes has served as a Director of Market Basket since 2023 and is a member of the Board's Executive Committee. Mr. Keyes is a Senior Director and member of the Investment Committee at Intercontinental Real Estate Corporation, a major Massachusetts real estate investment management company. One of the unique attributes of Market Basket that separates it from its competition is that it typically owns the real estate on which its stores are located; Mr. Keyes therefore brings his strong expertise in real estate to bear as a Director of Market Basket.

21. Defendant Arthur T. Demoulas is a resident of Lowell, Massachusetts. Mr. Demoulas is a minority stockholder of Market Basket, owning 28.4% of DSM's outstanding stock. Prior to his removal, Mr. Demoulas served as the CEO and President of Market Basket. Since DSM's incorporation in 2014, Mr. Demoulas has not served as a member of the Market Basket Board of Directors.

### **JURISDICTION**

22. This Court has jurisdiction under *8 Del. C. § 225(a)*, as relevant here, to hear the application of any director to determine the validity of any removal of an officer of any Delaware corporation and to make such order or decree as may be just and proper in connection therewith.

23. This Court also has subject matter jurisdiction pursuant to *10 Del. C. § 341* because Plaintiffs seek equitable relief as alleged herein.



## **FACTUAL BACKGROUND**

### **I. Market Basket Was Incorporated In 2014 By The Demoulas Family, Which Intentionally Chose A Non-Family Board To Oversee The Company's Management And Operations**

24. Market Basket is an iconic company, operating ninety supermarkets across New England, with its headquarters in Tewksbury, Massachusetts. The Company originated from a single store started in 1917 by Athanasios Demoulas, who had immigrated from Greece to Lowell, Massachusetts.

25. The progeny of Athanasios Demoulas includes (in birth order) Francis Demoulas Kettenbach, Glorianne Demoulas Farnham, Arthur T. Demoulas, and Caren Demoulas Pasquale, all the children of Athanasios's son, Mike Demoulas. On December 10, 2014, these four siblings incorporated Market Basket in Delaware, under the name DSM HoldCo, Inc.

26. The creation of DSM followed a major dispute in 2014 regarding the management and ownership of the business between two sets of Athanasios's descendants: the four siblings, and the then-majority owner of the predecessor company, Arthur S. Demoulas ("Arthur S."), and his immediate family. Arthur S. had been awarded majority ownership of what is now Market Basket back in 1994 by a Massachusetts Superior Court Judge, after a finding that Arthur T. Demoulas, the Defendant here, had taken corporate opportunities and engaged in self-dealing transactions to the detriment of the Arthur S. family. *See Demoulas v. Demoulas*



*Super Markets, Inc.*, 424 Mass. 501 (1997). The two sides of the family had no love lost between them, and when Arthur S. removed Mr. Demoulas as CEO in 2014, Mr. Demoulas and his lieutenants orchestrated a retaliatory “walkout,” inducing Market Basket associates to walk off the job, suppliers to refuse to fulfill shipments, and customers to boycott the stores. Mr. Demoulas’s walkout had its intended effect and brought Market Basket to its knees, causing approximately three-quarters of a billion dollars in lost sales in just a few weeks. Ultimately, the dispute was resolved when the four siblings together bought out Arthur S. and his family’s majority share of the business for \$1.6 billion, and incorporated DSM. All four siblings have since collectively repaid the \$1.6 billion of debt that was undertaken as part of the 2014 buyout.

27. Shares of DSM were issued to the Demoulas family as follows: The Demoulas sisters collectively own 61.3%; Mr. Demoulas owns 28.4%; and the remaining 10.3% is held in a trust for the fourteen children of the four Demoulas siblings.

28. Although Market Basket has been and continues to be a family-owned enterprise, consistent with Delaware law, DSM’s organizational documents—which were negotiated and agreed to by all four of the Demoulas siblings (including Mr. Demoulas)—provide that the business and affairs of the Company shall be managed under the direction of the Board of Directors, where each Director is elected annually



by the stockholders, acting by a plurality vote. Since 2014, the stockholders of DSM have elected an outside, independent Board (i.e., a board that does not include any Demoulas family member) so as to provide third-party and professional oversight of the Company's management and operations and to foster impartial, unbiased decision-making.

29. Specifically, and consistent with Section 141(a) of the Delaware General Corporation Law, DSM's Charter provides, in Section 5.1, that "[t]he business and affairs of the [Company] shall be managed under the direction of the Board of Directors. The Board of Directors shall have the authority to delegate or assign to appropriate officers of the [Company] the authority and duty to manage the day-to-day operations of the [Company]."<sup>3</sup>

30. Similarly, consistent with Section 216 of the Delaware General Corporation Law, DSM's Bylaws provide that directors are elected by a "plurality of the votes cast" at each annual stockholders' meeting.<sup>4</sup> Vacancies on the Board may be filled only by "affirmative vote of the holders of at least a majority in voting

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<sup>3</sup> Amended and Restated Certificate of Incorporation of DSM HoldCo, Inc. (the "DSM Charter"), attached as **Ex. B**, § 5.1. The operative bylaws of OpCo contain a similar provision. *See* Amended and Restated By-Laws of Demoulas Super Markets, Inc., Oct. 2017 ("OpCo Bylaws"), attached as **Ex. C**, § 2.1. As noted above, however, OpCo is a wholly-owned and controlled subsidiary of DSM. Therefore, the Board of DSM, subject to the provisions in OpCo's Articles of Organization, is the sole shareholder entitled to vote in an election of OpCo directors.

<sup>4</sup> Amended and Restated By-Laws of DSM HoldCo, Inc. (the "DSM Bylaws"), attached as **Ex. D**, § 3.1.



power of the issued and outstanding capital stock of” the Company.<sup>5</sup> And consistent with Section 141(k) of the Delaware General Corporation Law, Directors may be removed with or without cause by the affirmative vote of stockholders representing a majority of the issued and outstanding shares entitled to vote.<sup>6</sup>

31. The organizational documents of OpCo reflect arrangements pursuant to which internal governance matters would be addressed principally at the holding company level. For example, Section 6.16 of the Articles of Organization of OpCo provides that “the directors of [OpCo] shall at all times be the individuals who are then serving as directors of DSM Holdco, Inc., a Delaware corporation and the sole shareholder of the Corporation” and that “[e]xcept as may be provided in the By-laws, vacancies and newly created directorships shall be filled only by the shareholders [i.e., DSM] and not by the Board of Directors [of OpCo].”<sup>7</sup>

32. After the Company was incorporated in 2014, the stockholders of DSM elected directors to the Board, including Terrence Carleton and then-Chairman Bill Shea. It was intentional that none of the four Demoulas siblings, including Mr. Demoulas, has been appointed to or served on the DSM Board, although there is no

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<sup>5</sup> *Id.* § 3.3.

<sup>6</sup> *Id.* § 3.7.

<sup>7</sup> Restated Articles of Organization, Demoulas Super Markets, Inc., Oct. 11, 2017 (“OpCo Articles of Organization”), attached as **Ex. E**, § 6.16.



prohibition on stockholders serving as directors in DSM's Charter or Bylaws.<sup>8</sup> It was also important that the Board operate independently by majority vote—and that no individual director could thwart the will of a majority. Section 3.8 of the DSM Bylaws therefore implements the default rules under Section 141(b) of the Delaware General Corporation Law, specifying that a majority of the total number of directors (currently three, with two vacancies) will constitute a quorum for the transaction of business at a meeting of the Board and that the Board may take action by the affirmative vote of a majority of the Directors present at a meeting of the Board at which a quorum is present. OpCo's corporate organizational documents are to the same effect.<sup>9</sup>

33. The stockholders of DSM—again, including Mr. Demoulas—also ensured that the Company's officers would be answerable to the Board, and specified that they did not have to be family members. Section 4.1 of the DSM Bylaws provides that “[t]he officers of the Corporation shall be chosen by the Board of Directors . . . [and] need not be stockholders of the Corporation.”<sup>10</sup> Section 4.2

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<sup>8</sup> See DSM Bylaws § 3.1 (providing that “Directors need not be stockholders,” an implicit recognition that they could be).

<sup>9</sup> See OpCo Bylaws §§ 2.11-2.12.

<sup>10</sup> DSM Bylaws § 4.1. Similarly, Section 4.1 of the OpCo Bylaws provides that OpCo “shall have a President, a Treasurer and a Secretary,” and Section 4.2 of the OpCo Bylaws provides that the “officers shall be appointed by the Board of Directors,” each of whom “has the authority and shall perform the duties set forth in these By-laws or, to the extent consistent with these By-laws, the duties prescribed by the Board of Directors or by



further provides that the officers elected by the Board “shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors....”

34. Particularly important for purposes of this Complaint is the fact that the stockholders (including Mr. Demoulas) specified that officers are removable by the Board *at will*: Section 4.2 of the DSM Bylaws provides: “Any officer elected by the Board of Directors may be removed at any time by the Board of Directors; provided, that in the event of the removal of an officer for cause, such officer shall be entitled to prior notice of the alleged basis therefor and an opportunity to be heard by the Board of Directors in respect thereof.”<sup>11</sup>

## **II. Mr. Demoulas Fought All Attempts By The Board To Collaborate With Him Or Exercise Any Meaningful Oversight**

35. When DSM was incorporated in 2014, the new Board permitted Mr. Demoulas to resume his role of President and CEO. For the next several years, Mr. Demoulas unilaterally decided what information the Board would receive and when,

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direction of an officer authorized by the Board of Directors to prescribe the duties of other officers.”

<sup>11</sup> DSM Bylaws § 4.2. Section 4.6 of the OpCo Bylaws includes a corresponding provision, stating that the OpCo Board “may remove any officer at any time with or without cause; provided, that in the event of the removal of an officer for cause, such officer shall be entitled to prior notice of the alleged basis therefor and an opportunity to be heard by the Board of Directors in respect thereof.”



almost always *after* major Company actions were taken, and the Board provided little to no oversight.

36. Beginning in 2019, three of the four siblings (i.e., the Demoulas sisters) decided to professionalize the Board and began to elect Directors who would truly exercise independent oversight over the Company—and over Mr. Demoulas. Mr. Demoulas voted against each of the Plaintiff Directors because he viewed them as a threat to his unfettered autonomy who would not simply rubber-stamp his decisions, no questions asked.

37. As they settled into their positions as Directors of Market Basket and learned more about the business, the Plaintiff Directors were surprised by the lack of oversight and control that had historically been exerted over Mr. Demoulas's actions. As Mr. Demoulas put it, “*my style is not to come back to this board and ask for permission. I’m going to do it.*”<sup>12</sup>

38. The Plaintiff Directors became increasingly concerned that, under Mr. Demoulas's leadership, they could not fulfill their obligations, recited in the DSM Charter and OpCo Bylaws, to oversee the management of the business and affairs of the Company. Whenever they tried to exercise oversight and satisfy their fiduciary obligations, Mr. Demoulas rebuffed them, tried to bully them, or completely ignored them. Illustrating Mr. Demoulas's unrelenting efforts to keep the Board at arm's

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<sup>12</sup> Welker, *supra* n.2.



length from the business, Mr. Demoulas insisted that Board meetings be held at local hotels, rather than the Company's offices and did not maintain an email account, making it very difficult for the Board to communicate with Mr. Demoulas outside of scheduled board meetings.

39. As Mr. Demoulas continued to rebuff their efforts to do their jobs, the Plaintiff Directors also became increasingly concerned about the lack of an appropriate succession plan. Over time, it became clear that Mr. Demoulas—who had concentrated power in his own hands and those of a small group of key lieutenants, including Joseph Schmidt and Tom Gordon—intended to unilaterally appoint his children to succeed him, tying the Board's hands and preventing the Directors from pursuing or implementing properly vetted succession plans. Yet Mr. Demoulas refused even to introduce his children to the Board, denying the Board a meaningful opportunity to assess whether the children would be qualified, prepared, or even wanted to lead an \$8 billion company like Market Basket—not to mention preventing the Board entirely from identifying and selecting the candidates that they believed would be best suited to lead the Company.

### **III. Mr. Demoulas Defied Board Resolutions Requiring Basic Corporate Oversight**

40. By the summer of 2024, it had become clear that the Board members' attempts to obtain Mr. Demoulas's cooperation had reached a stalemate. On August 8, 2024, Directors Hachigian and Shea met to discuss a path forward, resulting in a



list of four basic requirements that, they agreed, at least as a start, were the *bare minimum* any board of a company the size of Market Basket would require of a CEO and President.

41. On August 22, 2024, the Board convened for a meeting with Mr. Demoulas in attendance and reviewed their requirements of him going forward:

42. *First*, Mr. Demoulas would be required to provide annual and quarterly budgets to the Board that included a balance sheet, income statement, and cash flows, and that provided a detailed CapEx budget by project, which the Board could review and approve as appropriate.

43. *Second*, Mr. Demoulas would present for approval by the Board any CapEx project with an anticipated total cost of \$10 million or more *before* committing to any new projects. Mr. Demoulas and senior management would also inform the Board of any material events at the Company, including, but not limited to, new store openings; any anticipated performance that deviated from the approved budget; any material changes to Company policies or its profit-sharing plan; and any advertising or promotional activities outside the ordinary course of business.

44. *Third*, Mr. Demoulas would make senior management and heads of key functional areas of the Company available to meet with and present to the Board on a regular basis, so the Board could build relationships with the Market Basket management team and perform customary oversight activities.



45. *Fourth*, Mr. Demoulas would work together with the Board to prepare an appropriate succession plan and to identify a qualified leader for the future; Mr. Demoulas could *not* unilaterally appoint his children as his successors.

46. *Fifth*, Mr. Demoulas would not produce, promote, or participate in content or activities celebrating the 2014 walkout—which had severely harmed the Company and threatened the livelihood of its associates—on its upcoming ten-year anniversary that year.

47. Three of the Company’s then-five Directors voted to deliver these basic requirements to Mr. Demoulas and to seek his affirmative cooperation in allowing the Board to perform its fiduciary duties and oversight responsibilities. True to form, after initially supporting the requests, Mr. Demoulas’s hand-picked Director, Mr. Shea, did an about-face and voted against these basic obligations, including requiring Mr. Demoulas to even submit a budget to the Board. Subsequently, Mr. Shea went on a PR campaign to help bolster Mr. Demoulas’s authoritarian regime, even leaking confidential letters and various corporate and Board documents to *The Boston Globe* and other media outlets. As a consequence of Mr. Shea’s blind loyalty to Mr. Demoulas and his inability to act as an independent director serving the interests of all stockholders, by majority vote, the Demoulas sisters removed Mr. Shea from the Board on August 7, 2025.



#### IV. Mr. Demoulas And His Lieutenants Were Suspended For Misconduct Allegations

48. By the next Board meeting in January 2025, not only had Mr. Demoulas not cooperated with the Board on a single one of its requests, two weeks after specifically directing Mr. Demoulas **not** to engage in any celebration of the 2014 walkout that so badly damaged Market Basket, in defiance of the Board's directive Mr. Demoulas rolled out a full-blown media campaign—complete with articles in local press including the *Boston Globe* and over a dozen video testimonials from associates who were “asked” to participate.

49. At the January Board meeting, the Board spent literally *hours* with Mr. Demoulas reviewing what items he would and would not agree to comply with voluntarily. But Mr. Demoulas was so defiant and so uncooperative that at one point he dared Board members to fire him.

50. Mr. Demoulas made clear by his words and conduct that he was **never** going to cooperate with the Board to make any meaningful changes to his role as President and CEO. Rather, his clear intention was to continue side-lining the Board and acting in his own self-interest to keep power in his own hands, the future of Market Basket be damned.

51. At a subsequent Board meeting in March 2025, Mr. Demoulas's conduct was so egregious that the Plaintiff Directors believed if they did not forego



their demands and allow him to continue to act at his will, he would take affirmative action to harm the Company.

52. At virtually the same time that the Board was trying to obtain Mr. Demoulas's cooperation, the Board began to receive information from credible sources that Mr. Demoulas and his closest lieutenants, Schmidt and Gordon, were intimidating and pressuring associates at Market Basket to "choose sides" and to be prepared to follow others in a Company "walkout." These threats harkened back to the 2014 walkout, which paralyzed and severely harmed the Company. The Plaintiff Directors were highly concerned that Mr. Demoulas and his lieutenants were going to run that same playbook, preparing the ground for another work stoppage, which they would use to force the Board into submission. Such a disruption, if executed, could devastate the Company and jeopardize the livelihoods of over 30,000 Market Basket associates, to say nothing of the disruption to the Company's cherished shoppers who rely on Market Basket (and who drive its revenues) or the severe destruction in stockholder value.

53. On May 25, 2025, Board Chairman Hachigian sent a notice by email for a special meeting of the Executive Committee of the Board (the "Executive Committee") scheduled for May 27, 2025. The Executive Committee is a committee consisting of the three Plaintiff Directors and was formed in large part to allow for confidential discussion and deliberation over corporate matters involving the



conduct of Mr. Demoulas and his key lieutenants without the risk that Mr. Shea—who was completely allied with Mr. Demoulas, in disregard of his fiduciary responsibility to act in the best interests of the Company—would funnel confidential information back to Mr. Demoulas and to the media, and thus thwart efforts at responsible planning over personnel matters and corporate strategy. The Executive Committee retained Richards, Layton & Finger, P.A., to advise it as to fiduciary and corporate matters. The meeting notice was given via e-mail to all Directors (including Mr. Shea) and all stockholders (including Mr. Demoulas), as contemplated by the notice provisions in the Company’s Bylaws. In the same email, Mr. Hachigian directed the Secretary, Andrea Batchelder, to provide notice to Mr. Demoulas, who does not use email, through such means as she customarily used to give him notice, and Mr. Demoulas received notice of the meeting.

54. At the May 27, 2025 meeting, the Executive Committee unanimously voted to approve placing Mr. Demoulas and several members of senior management on paid administrative leave. None of those individuals’ positions and/or employment was terminated at the time, and all continued to receive their full pay and benefits.

55. On May 28, 2025, Plaintiff Directors Hachigian and Collins went to Market Basket’s Tewksbury headquarters and hand-delivered letters to Mr. Demoulas, his two children Madeline Demoulas and T.A. Demoulas, and Messrs.



Schmidt, Gordon, and a third individual Gerard Lewis (Mr. Demoulas's brother-in-law), confirming that they were on paid administrative leave. Contrary to some of these individuals' subsequent false statements to the press, there were no "armed guards" present, and nobody was asked to clean out their desks.

56. On May 30, 2025, the Board held a previously scheduled regular meeting. All Directors were present and participated, including Bill Shea. Upon a motion duly made, a majority of the Directors, including all three Plaintiff Directors, voted to ratify the suspension of Mr. Demoulas. Mr. Shea abstained from that vote.

57. After being placed on paid administrative leave, Mr. Demoulas began to retaliate against the Board, including by using his lieutenants Schmidt and Gordon and his Director Bill Shea to initiate a smear campaign in the press. Specifically, and among other things, Mr. Demoulas engaged a hired spokesperson to prepare various statements for Schmidt, Gordon, and Shea for issuance to the press, even though those statements were knowingly untrue and concerned matters about which these individuals had no personal knowledge.<sup>13</sup> Mr. Demoulas's spokesperson and his allies similarly made a number of false and damning statements to the media. Those untruths included, among others, that Mr. Demoulas and his children were

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<sup>13</sup> See, e.g., Date, Terry, *A Culture in Limbo: Suspended Market Basket Execs Just Want to Remain 'Part of Something Greater'*, EAGLE TRIB. (June 21, 2025), [https://www.eagletribune.com/news/merrimack\\_valley/market-baskets-suspended-execs-and-a-culture-in-limbo/article\\_ef526377-1a8a-4165-a9e9-1718fbbfb7af.html](https://www.eagletribune.com/news/merrimack_valley/market-baskets-suspended-execs-and-a-culture-in-limbo/article_ef526377-1a8a-4165-a9e9-1718fbbfb7af.html), attached as Ex. F.



forced to clear out their desks and were escorted off the premises of the Market Basket headquarters by “armed guards”<sup>14</sup>; that the Board and the majority of the Market Basket stockholders planned to “sell” the Company to private equity firms and “giv[e] shares of the company to outsiders” by promising “big dividends”; that Mr. Demoulas’s removal was part of a “coup” by his siblings to “extract cash from the company”.<sup>15</sup> Mr. Demoulas and his team apparently were also behind another employee signing her name to a letter to the Board—which appears to have been ghostwritten by Mr. Demoulas’s PR team—complaining about alleged “concerns” she had at the Company, which would continue until Mr. Demoulas, Schmidt, and Gordon were reinstated. After the associate sent the letter, Mr. Demoulas’s PR team apparently caused her to leak the letter to the media and go on a press tour.

58. Through it all, Mr. Demoulas sought to remain above the fray and hide his involvement through the use of proxies, when in fact he was the proverbial “man behind the curtain,” orchestrating the entire public relations campaign. He revealed himself when, on July 22, 2025, the Board was forced to terminate the employment of Schmidt and Gordon for their continued insubordinate and unlawful conduct.

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<sup>14</sup> Currier, Peter, *Against Our Culture: Ousted Market Basket Officials Speak Out About ‘Pre-Planned Attack’*, LOWELL SUN (June 29, 2025), <https://www.lowellsun.com/2025/06/29/completely-against-our-culture-ousted-market-basket-officials-speak-out-about-pre-planned-attack/>, attached as **Ex. G**.

<sup>15</sup> Rea, Dan, *The Market Basket Drama Continues*, NIGHTSIDE WITH DAN REA (July 14, 2025), <https://podcasts.apple.com/us/podcast/the-market-basket-drama-continues/id440308136?i=1000717286925>.



Despite Schmidt’s and Gordon’s weeks-long public campaign of falsehoods against the Company, the Board, and its stockholders, Mr. Demoulas issued a press statement, in his own name, fully supporting and vouching for them: “*To Market Basket, Tom and Joe are part of the heart and soul of the company and key executives in its immense success to date. **They are men of integrity and honor** and belong on the Market Basket team, and **we will use all efforts** to reverse this heartless and unwarranted decision.*”<sup>16</sup>

59. Mr. Demoulas’s campaign of guerilla warfare against the Company through Schmidt and Gordon continued, and actually accelerated, even after they were terminated. Despite repeated, express instructions to stay off Market Basket property, during just a six-day period from August 4 through 9, 2025, Schmidt and Gordon made the rounds to **twenty-six** Market Basket stores in three states—upon information and belief at Mr. Demoulas’s direction, and certainly with his approval—as an open show of defiance against the Board. They wore suits and ties, as they used to do when still employed, defiantly waved to surveillance cameras, and spoke to numerous on-the-job associates, sending the clear message that, no matter

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<sup>16</sup> Chesto, Jon, *Market Basket Board Fires Two Top Lieutenants of Arthur T. Demoulas, Accusing Them of Insubordination*, THE BOS. GLOBE (July 22, 2025), <https://www.bostonglobe.com/2025/07/22/business/market-basket-fires-executives-demoulas/> (emphasis added), attached as **Ex. H**.



what the Board said, they and Mr. Demoulas were still in charge and would be back—and they were watching which associates were loyal to Mr. Demoulas.

60. That same week, Mr. Schmidt (who, again, had been terminated) unlawfully entered the Company's corporate headquarters through a side door after regular business hours, marching past multiple signs stating that entry was for employees and authorized personnel only, and lingering out of view of security cameras in the private corporate offices. At this time, Mr. Schmidt had retained a master key which would let him into all Market Basket properties and offices, which he had refused to return. Mr. Schmidt also left his locked Company car in the headquarters parking lot on that occasion, with pictures of Mr. Demoulas taped to the inside of the windows (apparently to send a message), and then took the car keys with him.

61. If there was any doubt that Mr. Demoulas was in charge and calling the shots on this conduct, the doubt was removed when Market Basket was forced to take legal action on August 11, 2025, to stop Messrs. Schmidt and Gordon's campaign of public defiance. In response to the Company's legal complaint laying out the indisputable evidence, including photos, of their trespassing at Market Basket's stores and headquarters, *Mr. Demoulas's personal spokesperson* issued a public statement on their behalf trying to explain away their behavior and lashing out at the Board, claiming that "they are lying." When a Massachusetts Superior



Court judge found that Schmidt and Gordon *had* committed “continuing trespass” and granted a preliminary injunction against them on August 14, 2025, forbidding them from entering Market Basket properties, Mr. Demoulas’s spokesperson again was front-and-center in their defense, even sitting with the two men in open court and orchestrating a courthouse-steps press conference for them. And Mr. Demoulas has *never* retracted his prior public statements supporting Schmidt and Gordon and saying that they were “men of integrity and honor” who should be brought back to the Company—even after the judge in the case found that they had “ignored” “clear and unambiguous instructions” and “numerous notices prohibiting them from entering” Market Basket property and, at one location, had “caused an employee to feel frightened, pressured, intimidated, and distracted with respect to their workplace experience.”<sup>17</sup> Mr. Demoulas has given every indication that he approves of such conduct.

62. Through it all, Mr. Demoulas and his allies have suggested that Market Basket could not possibly function without him and his lieutenants at the helm. The record shows that is simply untrue. Since Mr. Demoulas’s suspension on May 28, 2025, Market Basket’s same store sales have *increased*; it successfully celebrated the grand re-opening of one of its stores in a larger footprint; and, on August 11,

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<sup>17</sup> Order, *Demoulas Super Markets, Inc. d/b/a Market Basket, Inc. v. Schmidt et al.*, No. 2581CV01952 (Mass. Super. Ct. Middlesex Cnty. Aug. 14, 2025), attached as **Ex. I**.



2025, an open letter from Market Basket associates working at the Tewksbury headquarters was issued, strongly rebutting the false statements made by Mr. Demoulas's allies in the press, and stating that, "*[I]n many ways the culture [at Market Basket] is better today than it was before the suspensions in May.* The managers and supervisors running Market Basket today have been with the company for many decades, [and] they are trusted mentors and friends." Referring to the statements of Mr. Demoulas's terminated lieutenants and allies in the press, the letter continued, "We do not understand how these lies, horrible images and insults, about the owners and leaders of our company achieve anything. *These people do not speak for us.*" Since being issued, dozens of Market Basket associates have signed on to this letter.

## **V. The Board Terminated Mr. Demoulas's Employment At Market Basket**

63. Mr. Demoulas's outright resistance to any oversight, and his attacks on the Board, the majority stockholders, and virtually everyone else associated with the Company apart from himself, were the last straw. Mr. Demoulas's conduct has been at all relevant times contrary to the best interests of Market Basket and all its constituents, and is directed only at preserving his own power. That is not how the leader—the President and CEO—of an iconic company like Market Basket is supposed to or required to act.



64. On September 9, 2025, a duly noticed special meeting of the Board was held at which the Board unanimously voted to remove Mr. Demoulas from the positions of Market Basket's CEO and President.

**CAUSES OF ACTION**  
**COUNT I**  
**(Declaratory Judgment)**

65. Plaintiffs repeat and re-allege each of the foregoing paragraphs as if fully set forth herein.

66. Until September 9, 2025, Mr. Demoulas was an officer of DSM, holding the position of President and CEO. Mr. Demoulas was also an officer of OpCo, holding the same positions.

67. At a duly called and convened meeting of the Board of DSM and OpCo held on September 9, 2025, at which all Directors (constituting a quorum) were present, the Directors unanimously adopted resolutions terminating Mr. Demoulas and removing him as President and CEO of both companies.

68. The DSM Board was authorized to take this action pursuant to Delaware law, which provides that Delaware corporations like Market Basket are “managed by or under the direction of a board of directors.” 8 *Del. C.* § 141(a); *see also Unanue v. Unanue*, 2004 WL 5383942, at \*15 (Del. Ch. Nov. 9, 2004) (“It is well settled that officers of a corporation serve at the pleasure of the board of directors” and that terminations of officers by a corporate board are “appropriate in



the exercise of their business judgment.”). Further, DSM’s Bylaws in Section 4.2 allow the Board to remove an officer of the Company at “any time,” with or without cause. Similarly, the OpCo Board was authorized to take this action under Massachusetts law, which provides, in relevant part, that “[a]ll corporate power shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its board of directors.” Mass. Gen. Laws c. 156D, § 8.01. Section 4.6 of the OpCo Bylaws also provides that the “Board of Directors may remove any officer at any time with or without cause.”

69. Accordingly, DSM and the Plaintiff Directors are entitled to a declaration pursuant to 8 *Del. C.* § 225(a) that Mr. Demoulas’s removal was valid, that he is no longer the President or CEO of DSM, and that he has no right to hold or continue to hold such office or any other office of DSM. Similarly, OpCo and the Plaintiff Directors are entitled to a declaration that Mr. Demoulas’s removal was valid, that he is no longer the President or CEO of OpCo, and that he has no right to hold or continue to hold such office or any other office of OpCo.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiffs respectfully request that the Court enter judgment and relief against Defendant, as follows:



A. Enter judgment in favor of Plaintiffs DSM HoldCo, Inc.; Demoulas Super Markets, Inc.; Hachigian; Collins; and Keyes; and against Defendant Arthur T. Demoulas;

B. Enter a declaration, pursuant to 8 *Del. C.* § 225(a), that Mr. Demoulas was validly terminated by resolution of the DSM Board as President and CEO of DSM on September 9, 2025; that Mr. Demoulas is no longer the President or CEO of DSM; and that Mr. Demoulas has no right to hold or continue to hold such office or any other office of DSM;

C. Enter a declaration that Demoulas was validly terminated by resolution of the OpCo Board as President and CEO of OpCo on September 9, 2025; that Mr. Demoulas is no longer the President or CEO of OpCo; and that Mr. Demoulas has no right to hold or continue to hold such office or any other office of OpCo.

D. Grant such other and further relief as the Court deems just and proper under the circumstances.



Of Counsel:

Harvey J. Wolkoff (*pro hac vice  
forthcoming*)

Aliki Sofis (*pro hac vice forthcoming*)

Alex del Nido (*pro hac vice forthcoming*)

Taylor Comerford (*pro hac vice  
forthcoming*)

QUINN EMANUEL URQUHART  
& SULLIVAN, LLP

111 Huntington Avenue, Suite 520

Boston, MA 02199

(617) 712-7100

harveywolkoff@quinnemanuel.com

aliskisofis@quinnemanuel.com

alexdelnido@quinnemanuel.com

taylorcomerford@quinnemanuel.com

DATED: September 9, 2025

/s/ Rudolf Koch

Rudolf Koch (#4947)

John Mark Zeberkiewicz  
(#4618)

Brendan W. Clark (#7383)

RICHARDS, LAYTON & FINGER,  
P.A.

920 North King Street

Wilmington, DE 19801

(302) 651-7700

koch@rlf.com

zeber@rlf.com

clark@rlf.com

*Attorneys for Plaintiffs DSM  
HoldCo, Inc., Demoulas Super  
Markets, Inc., Jay Hachigian,  
Steven J. Collins, and Michael  
Keyes, in their capacities as  
Directors of the Board of DSM  
HoldCo, Inc. and the Board of  
Demoulas Super Markets, Inc.*