ANDREW B. BENDER BRIEF WRITING COMPETITION
South Texas College of Law Houston | 2027

PROBLEM RECORD

Pembroke Family Trust v. Sloane Stroud and Kieran Stroud

On Petition for Review to the Supreme Court of Texas
from the Fifteenth Court of Appeals, No. 15-26-00118-CV

INSTRUCTIONS

You represent Petitioner, the Pembroke Family Trust. Prepare a petition for review that complies with Texas Rules of Appellate Procedure 9.4 and 53. Cite Texas authorities in Greenbook form and all others in Bluebook form.

This packet has two parts. The Clerk's Record (CR 1 to 45) is the record the trial clerk certified to the court of appeals. Cite it as "CR [page]." The Appendix (App. 1 to 11) contains the court of appeals' opinions and judgment and the governing statutes. Cite it as "App. [page]." Rule 53.2(k) requires these items, and the trial court's judgment, in your petition's appendix.

No reporter's record was made. No motion for rehearing was filed in the court of appeals. Assume your petition is timely.

The record is closed as to facts. Treat every stipulation as binding. You may research and cite any legal authority. All persons, entities, and events are fictional.

FILED IN
15th COURT OF APPEALS
AUSTIN, TEXAS
6/10/2026 10:27:14 AM
OWEN R. CASTELLANOS
Clerk

CLERK'S RECORD

VOLUME 1 OF 1

Trial Court Cause No. 26-BC11B-0042-A
(severed from Cause No. 26-BC11B-0042)

In the Business Court of Texas, Eleventh Division
Houston, Texas
Honorable Marcus T. Ellery, Judge Presiding

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke,
Appellant,

v.

SLOANE STROUD and KIERAN STROUD,
Appellees.

Appealed to the Fifteenth Court of Appeals
Austin, Texas
Appellate Cause No. 15-26-00118-CV

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Prepared by Maren K. Holloway, Clerk, Business Court of Texas
By J. Espinoza, Deputy Clerk | Date prepared: June 8, 2026

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CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

PLAINTIFF'S ORIGINAL PETITION

Pembroke Family Trust, through its Trustee, Nadine Pembroke, sues Stroud Meridian Media, LLC, Rowan Stroud, Sloane Stroud, and Kieran Stroud and alleges as follows:

I. Discovery Control Plan and Rule 47 Statement

1. The Trust intends to conduct discovery under Level 3 of Texas Rule of Civil Procedure 190.4.

2. The Trust seeks monetary relief over $1,000,000. Tex. R. Civ. P. 47(c)(5).

II. Parties

3. Pembroke Family Trust (the "Trust") is a Texas trust. Nadine Pembroke is its sole trustee and sues in that capacity.

4. Stroud Meridian Media, LLC ("Meridian") is a Texas limited liability company with its principal office in Houston, Harris County, Texas. The Trust will serve Meridian through its registered agent.

5. Rowan Stroud lives in Harris County, Texas. At all relevant times he was Meridian's Chief Operating Officer and one of its members.

6. Sloane Stroud lives in Travis County, Texas. At all relevant times she was a member of Meridian.

7. Kieran Stroud lives in Harris County, Texas. At all relevant times he was a member of Meridian.

8. Lyle Stroud, Meridian's founder and sole Manager, died on October 11, 2025. The Trust's claims against his estate are pending in Harris County Probate Court No. 2, and the Trust does not assert them here.

III. Jurisdiction and Venue

9. This Court has jurisdiction because this action arises out of a qualified transaction. Tex. Gov't Code § 25A.004(d)(1). The Asset Purchase Agreement at issue carried a price of $1.8 billion plus an earnout of up to $250 million.

10. Venue lies in Harris County because Meridian keeps its principal Texas office there and every claim arises from the same transaction. Tex. Civ. Prac. & Rem. Code §§ 15.002(a)(3), 15.005.

IV. Facts

11. Meridian bought the Trust's newsroom by hiding that Meridian itself was for sale. The Trust owned Pembroke Global News, the news organization Nadine Pembroke's father founded. For the Trust, the newsroom's survival was the one term that mattered.

12. Early in 2025, Meridian set out to buy Pembroke Global News. Nadine Pembroke told Lyle Stroud that the Trust would not sell to any company that might sell the network to a technology buyer.

13. Meridian was already for sale. Beginning March 3, 2025, Lyle Stroud and Rowan Stroud secretly negotiated Meridian's own sale to Fjell Technologies AS ("Fjell"), a Norwegian technology company. Within two weeks, Sloane Stroud and Kieran Stroud knew of the negotiations.

14. On April 12, 2025, at the Pembroke family ranch near Fredericksburg, Nadine Pembroke asked Sloane Stroud whether anyone was negotiating with a technology company. Sloane Stroud said that no one was talking to "the tech people," that there was no sale, and that she and Kieran Stroud would vote their units against any effort to gut the network. Each statement was false, and Sloane Stroud knew it.

15. Kieran Stroud urged his sister to tell Nadine Pembroke "whatever she needs to hear." He urged Lyle Stroud to hide the Fjell negotiations until the Trust signed. And he signed a member consent approving the acquisition.

16. Relying on these statements, the Trust signed an Asset Purchase Agreement (the "Purchase Agreement") with Meridian on May 9, 2025. In § 4.11, Meridian represented that it was not negotiating any change of control. In § 6.9, Meridian promised to keep the network's editorial board for five years.

17. Three months later, Fjell announced its acquisition of Meridian. Sloane Stroud and Kieran Stroud voted for it. In January 2026, Fjell dissolved the editorial board and folded Pembroke Global News into an algorithmic content service. Meridian will never pay the earnout.

V. Causes of Action

Count 1: Breach of Contract (Meridian).

18. Meridian breached §§ 2.3, 4.11, and 6.9 of the Purchase Agreement. All conditions precedent have been performed or have occurred.

Count 2: Common-Law Fraud and Fraudulent Inducement (Sloane Stroud and Rowan Stroud).

19. Sloane Stroud and Rowan Stroud made material misrepresentations that they knew were false, intending that the Trust rely on them. The Trust relied on them in signing the Purchase Agreement and suffered injury. Each answers personally for the fraud each committed.

Count 3: Civil Conspiracy (Kieran Stroud, Rowan Stroud, and Sloane Stroud).

20. These defendants agreed with Lyle Stroud to obtain the Trust's assent by fraud, and each committed overt acts to carry out that agreement. Each is jointly and severally liable for the resulting damages.

VI. Damages

21. The Trust seeks actual damages of at least $310 million, exemplary damages against the individual defendants under Chapter 41 of the Texas Civil Practice and Remedies Code, prejudgment and postjudgment interest, and costs.

VII. Jury Demand

22. The Trust demands a jury trial and tenders the fee.

Prayer

The Trust asks the Court to issue citation to each defendant and, on final trial, to render judgment for the Trust for the relief described above and all other relief to which the Trust is entitled.

Respectfully submitted,

OKAFOR VANCE LLP

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ATTORNEYS FOR PLAINTIFF
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FILED
BUSINESS COURT OF TEXAS
2/9/2026 4:51 PM
MAREN K. HOLLOWAY, CLERK
BY: R. OKONJO, DEPUTY
CAUSE NO. 26-BC11B-0042
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CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

DEFENDANTS SLOANE STROUD AND KIERAN STROUD'S ORIGINAL ANSWER

Sloane Stroud and Kieran Stroud answer the Trust's Original Petition. Separate counsel represent Meridian and Rowan Stroud, who answer separately.

I. General Denial

1. Under Texas Rule of Civil Procedure 92, Sloane and Kieran Stroud deny every allegation in the Original Petition and demand strict proof by a preponderance of the evidence, and by clear and convincing evidence where the law requires it.

II. Verified Denial

2. Under Texas Rule of Civil Procedure 93(2), Sloane and Kieran Stroud deny that they are liable in the capacity in which the Trust sues them. They are members of Meridian and nothing more. Neither held any office, managerial position, or job at Meridian, and neither had

authority to act for it. Any liability the Trust seeks to impose on them arises, if at all, from their status as members.

III. Affirmative Defenses

3. **Statutory limitation of liability.** Section 21.223 bars the Trust's claims. The Trust seeks to hold Sloane and Kieran Stroud liable for a matter relating to Meridian's contractual obligations under the Purchase Agreement, on the basis of actual fraud or a similar theory. Tex. Bus. Orgs. Code § 21.223(a)(2). Section 101.002(a) extends that bar to limited liability companies and their members, and § 21.224 makes it exclusive.

4. **Member liability shield.** A member is not liable for a debt, obligation, or liability of a limited liability company. Tex. Bus. Orgs. Code § 101.114. Meridian's Company Agreement does not specifically provide otherwise.

5. **Chapter 41.** Section 41.008 of the Texas Civil Practice and Remedies Code caps any award of exemplary damages.

6. **Proportionate responsibility.** Chapter 33 of the Texas Civil Practice and Remedies Code applies, including its credit for the Trust's settlement with Rowan Stroud.

Prayer

Sloane and Kieran Stroud ask the Court to render judgment that the Trust take nothing against them, and to award them their costs and all other relief to which they are entitled.

Respectfully submitted,

PELL HARTWELL PLLC

By: /s/ Graham Pell
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Telephone: (713) 555-0187

ATTORNEYS FOR DEFENDANTS SLOANE STROUD AND KIERAN STROUD

VERIFICATION

STATE OF TEXAS §
§
COUNTY OF HARRIS §

Before me, the undersigned notary, appeared Sloane Stroud and Kieran Stroud, who, being duly sworn, each stated that they have read paragraph 2 of this Answer and that the facts stated in it are within their personal knowledge and are true and correct.

/s/ Sloane Stroud
Sloane Stroud

/s/ Kieran Stroud
Kieran Stroud

Subscribed and sworn to before me on February 9, 2026.

/s/ Andrea L. Moreno
Notary Public, State of Texas
[SEAL]

CERTIFICATE OF SERVICE

On February 9, 2026, I served a true and correct copy of this document on all counsel of record through the electronic filing manager under Texas Rule of Civil Procedure 21a.

/s/ Graham Pell
Graham Pell

FILED
BUSINESS COURT OF TEXAS
3/23/2026 2:06 PM
MAREN K. HOLLOWAY, CLERK
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CAUSE NO. 26-BC11B-0042
Envelope No. 106331985

CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

DEFENDANTS SLOANE STROUD AND KIERAN STROUD'S TRADITIONAL AND NO-EVIDENCE MOTION FOR SUMMARY JUDGMENT

(Oral hearing set for April 21, 2026, at 9:00 a.m.)

I. Summary of the Motion

The Legislature has already decided when an owner answers for a matter relating to the company's contract. An owner is liable for actual fraud only if the owner used the company to commit that fraud primarily for the owner's direct personal benefit. Tex. Bus. Orgs. Code § 21.223(b). The Trust stipulates that it cannot make that showing. That stipulation ends the case against Sloane Stroud and Kieran Stroud.

Sloane and Kieran each own a membership interest in Meridian. Neither was an officer, manager, employee, or agent. The Trust sues them over Meridian's Purchase Agreement for

actual fraud and civil conspiracy, the very theories the statute names. The statute makes ownership the test, and both are owners.

II. Summary-Judgment Evidence

Sloane and Kieran rely on the following exhibits, attached and incorporated by reference:

Exhibit	Description
1	Joint Stipulations of Fact for Purposes of Summary Judgment and Appeal (Mar. 20, 2026)
2	Company Agreement of Stroud Meridian Media, LLC (excerpts)
3	Asset Purchase Agreement dated May 9, 2025 (excerpts)
4	Oral Deposition of Sloane Stroud, Feb. 24, 2026 (excerpts)
5	Oral Deposition of Kieran Stroud, Feb. 25, 2026 (excerpts)

III. Standards

A movant wins a traditional motion by showing that no genuine issue of material fact exists and that it is entitled to judgment as a matter of law. Tex. R. Civ. P. 166a(c). A movant wins a no-evidence motion when, after adequate time for discovery, the nonmovant produces no evidence of a challenged element on which it bears the burden of proof. Tex. R. Civ. P. 166a(i). The meaning of a statute is a question of law.

IV. Ground One: Section 21.223(a)(2) bars the fraud claim against Sloane Stroud

A. The claim meets every element of the statute. Section 21.223(a)(2) applies when three conditions meet: the defendant is an owner, the claim concerns the company's contract, and the theory is fraud or one like it. The statute protects a "holder of shares" from liability to an obligee "with respect to . . . any contractual obligation of the corporation or any matter relating to or arising from the obligation" when the claim rests on "actual or constructive fraud, a sham to perpetrate a fraud, or other similar theory." Section 101.002(a) extends that protection to limited liability companies and their members. Sloane is a member (Ex. 1, Stip. 2). The Trust is

Meridian's obligee under the Purchase Agreement (Stip. 4). The Trust alleges that Sloane fraudulently induced that agreement, and it measures its damages by the earnout and editorial covenants Meridian did not perform (Pl.'s Pet. ¶¶ 16 to 21). That is a claim for actual fraud on a matter relating to Meridian's contract.

B. *Keyes v. Weller* governs agents, and Sloane was not one. An agent who commits a tort answers for it, even if the agent also owns stock. The Supreme Court of Texas so held, resting on the common-law rule that an agent is liable for the agent's own torts. *Keyes v. Weller*, 692 S.W.3d 274 (Tex. 2024); *see Miller v. Keyser*, 90 S.W.3d 712 (Tex. 2002); *Leyendecker & Assocs., Inc. v. Wechter*, 683 S.W.2d 369 (Tex. 1984). Sloane and Kieran do not quarrel with that rule. It does not reach them. The Trust stipulates that neither acted as Meridian's agent (Stip. 3), and the Company Agreement denies members any authority to act for the company (Ex. 2, § 3.4). The *Keyes* Court reserved the question this case presents: when § 21.223 limits an owner's liability for torts committed outside any role as officer or agent. The text answers it. As Justice Busby observed in *Keyes*, the statute's protection turns on status as a holder.

C. Subsection (b) assumes that subsection (a) covers an owner's own fraud. Subsection (b) preserves liability when the owner "did perpetrate an actual fraud on the obligee primarily for the direct personal benefit" of the owner. An exception for an owner who personally commits fraud makes sense only if the rule it excepts covers that owner. Read subsection (a) to exclude owner fraud, and subsection (b) has nothing left to do.

D. Sloane spoke as an owner, about an owner's vote. Four justices in *Keyes* explained that the statute keeps its force when a shareholder acts under the rights or obligations of ownership. Sloane testified that she spoke to the trustee "[a]s a Stroud" and "[a]s an owner," and

that her promise concerned how she would vote her units (Ex. 4). The Company Agreement makes that vote hers to cast "in its sole discretion and in its own interest" (Ex. 2, § 5.3).

In short, the Trust sues an owner, about the company's contract, for actual fraud. Section 21.223(a)(2) bars that claim, and the Trust cannot meet the one exception the Legislature allowed.

V. Ground Two: Section 21.223(a)(2) bars the conspiracy claim against Kieran Stroud

The claim against Kieran is a claim about other people's fraud. Kieran never spoke to anyone at the Trust (Ex. 5). Civil conspiracy is a derivative tort that imposes liability for another's wrong. *Agar Corp. v. Electro Circuits Int'l, LLC*, 580 S.W.3d 136 (Tex. 2019). Like alter ego and sham to perpetrate a fraud, it attaches to an owner a liability that begins with someone else. That makes it an "other similar theory" within § 21.223(a)(2). And the overt acts the Trust alleges are acts of ownership: Kieran voted, signed a member consent, and kept a confidentiality agreement he signed as a member (Ex. 5, Stip. 5).

VI. Ground Three (No Evidence): Section 21.223(b)

The Trust has no evidence that either Sloane or Kieran caused Meridian to be used to perpetrate an actual fraud primarily for that owner's direct personal benefit. Tex. R. Civ. P. 166a(i). The Trust stipulates as much (Stip. 9). Each received the same proportionate value every member received, and no more (Stip. 7, Ex. 4).

VII. Ground Four: Section 21.224 makes the limitation exclusive

Because § 21.223 limits Sloane's and Kieran's liability, § 21.224 preempts "any other liability imposed for that obligation under common law or otherwise." The Trust cannot recover under the common law of fraud or conspiracy what the statute forbids.

VIII. Ground Five: Section 101.114 independently bars both claims

Section 101.114 gives members a second shield. A member "is not liable for a debt, obligation, or liability of a limited liability company" unless the company agreement "specifically provides otherwise." Tex. Bus. Orgs. Code § 101.114. Section 21.223 reaches these companies only "subject to Section 101.114." Tex. Bus. Orgs. Code § 101.002(a). The Trust seeks the benefit of Meridian's bargain, which is Meridian's liability. Company Agreement § 7.2 is a general rule of construction. It imposes no company liability on any member (Ex. 2).

Prayer

Sloane and Kieran Stroud ask this Court to grant the motion, render judgment that the Trust take nothing on its claims against them, sever those claims to make the judgment final, and grant all other relief to which they are entitled.

Respectfully submitted,

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ATTORNEYS FOR DEFENDANTS SLOANE STROUD AND KIERAN STROUD

CERTIFICATE OF SERVICE

On March 23, 2026, I served a true and correct copy of this document on all counsel of record through the electronic filing manager under Texas Rule of Civil Procedure 21a.

/s/ Graham Pell
Graham Pell

EXHIBIT 1

Joint Stipulations of Fact for Purposes of Summary Judgment and Appeal

CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

JOINT STIPULATIONS OF FACT
FOR PURPOSES OF SUMMARY JUDGMENT AND APPEAL

The Pembroke Family Trust, Sloane Stroud, and Kieran Stroud stipulate to the following facts. The stipulations bind the parties in the trial court and on appeal.

1. **Parties.** The Pembroke Family Trust (the "Trust") is a Texas trust, and Nadine Pembroke is its sole trustee. Stroud Meridian Media, LLC ("Meridian") is a manager-managed Texas limited liability company with headquarters in Houston. Lyle Stroud founded Meridian and served as its sole Manager and Chief Executive Officer until his death on October 11, 2025.

2. **Membership.** At all relevant times, Meridian's members held these interests: Lyle Stroud 51%, Halvorsen Capital Partners 15%, Kieran Stroud 12%, Sloane Stroud 9%, Rowan Stroud 9%, and Conrad Stroud 4%. Lyle Stroud is the father of Kieran, Sloane, Rowan, and Conrad.

3. **No office or agency.** From January 1, 2025, to the present, neither Sloane Stroud nor Kieran Stroud held any office, managerial position, or job at Meridian, and neither had actual or apparent authority to act for it. Lyle Stroud, as Manager, removed Kieran as co-Chief Operating Officer in November 2024. Sloane is a political consultant whom Meridian has never employed. The Trust does not contend that either acted as Meridian's agent.

4. **The acquisition.** On May 9, 2025, Meridian, as buyer, and the Trust, as seller, signed an Asset Purchase Agreement (the "Purchase Agreement") for the assets of Pembroke

Global News. The price was $1.8 billion in cash plus an earnout of up to $250 million. The sale closed June 30, 2025. The Trust is an obligee of Meridian under the Purchase Agreement.

5. **The Fjell negotiations.** Beginning March 3, 2025, Lyle Stroud and Rowan Stroud, Meridian's Chief Operating Officer, negotiated in confidence with Fjell Technologies AS ("Fjell"), a Norwegian technology company, for Fjell to acquire all of Meridian's membership interests. Company Agreement § 9.2 required approval by members holding at least 75% of those interests. On March 17, 2025, Lyle told Sloane and Kieran about the negotiations because the deal needed their votes. Each signed a confidentiality agreement as a member. Neither took part in negotiating with Fjell.

6. **The Pembroke weekend.** On April 12 and 13, 2025, Sloane Stroud visited Nadine Pembroke at the Pembroke family's ranch near Fredericksburg, Texas. No Meridian officer was present.

7. **The Fjell merger.** On August 4, 2025, Fjell announced its agreement to acquire Meridian. Sloane and Kieran voted their interests in favor. The merger closed December 15, 2025. Every member received merger consideration in proportion to its interest. In January 2026, Fjell dissolved the editorial board of Pembroke Global News and folded the network into its algorithmic content service. The network did not meet the earnout targets.

8. **Merits assumed.** For the motion and the appeal only, the parties assume that the Trust can establish every element of (a) common-law fraud against Sloane Stroud, based on her statements to Nadine Pembroke on April 12, 2025, and (b) civil conspiracy against Kieran Stroud, based on an agreement with Lyle Stroud, Rowan Stroud, and Sloane Stroud to defraud the Trust into signing the Purchase Agreement. Sloane and Kieran reserve all merits defenses for trial.

9. **Abandoned theories.** The Trust concedes that it has no evidence that either Sloane or Kieran caused Meridian to be used to perpetrate an actual fraud primarily for that owner's direct personal benefit under § 21.223(b). The Trust does not contend that either expressly assumed, guaranteed, or agreed to be personally liable for any Meridian obligation under § 21.225(1).

10. **Contract defenses.** Sloane and Kieran are neither parties to nor beneficiaries of the Purchase Agreement. They do not contend that any provision of the Purchase Agreement bars the Trust's claims against them.

11. **Damages and other parties.** The Trust claims damages of $310 million. Section 9.4 of the Purchase Agreement caps Meridian's liability under that agreement at $40 million. The Trust's contract claims against Meridian remain pending in the trial court. Rowan Stroud settled with the Trust, and the court dismissed the claims against him with prejudice. The Trust's claims against the Estate of Lyle Stroud are pending in Harris County Probate Court No. 2.

Agreed and stipulated on March 20, 2026.

/s/ Marisol Okafor
Marisol Okafor
State Bar No. 24099001
OKAFOR VANCE LLP
Attorneys for Plaintiff

/s/ Graham Pell
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State Bar No. 24099002
PELL HARTWELL PLLC
Attorneys for Defendants Sloane Stroud and Kieran Stroud

EXHIBIT 2

Company Agreement of Stroud Meridian Media, LLC (excerpts)

COMPANY AGREEMENT
OF
STROUD MERIDIAN MEDIA, LLC
a Texas limited liability company
Effective as of January 15, 2019

[Excerpts]

ARTICLE III. MEMBERS

§ 3.4 Authority of Members. No Member, in its capacity as a Member, has authority to act for or bind the Company. Only the Manager and officers appointed by the Manager may act on behalf of the Company.

ARTICLE V. MEETINGS AND VOTING

§ 5.3 Voting. Each Member may vote its Membership Interest in its sole discretion and in its own interest, and owes no duty to the Company or to any other Member in doing so.

ARTICLE VII. LIABILITY OF MEMBERS

§ 7.1 Limited Liability. Except as required by the Code, no Member shall be personally liable for any debt, obligation, or liability of the Company, whether arising in contract, tort, or otherwise, solely by reason of being a Member.

§ 7.2 Construction. Nothing in this Article VII limits the liability of any Member for that Member's own acts or omissions.

ARTICLE IX. MAJOR TRANSACTIONS

§ 9.2 Major Transactions. The Company shall not merge, convert, or sell all or substantially all of its assets or Membership Interests without the approval of Members holding at least seventy-five percent (75%) of the Membership Interests.

EXHIBIT 3

Asset Purchase Agreement dated May 9, 2025 (excerpts)

ASSET PURCHASE AGREEMENT
by and between
STROUD MERIDIAN MEDIA, LLC, as Buyer, and PEMBROKE FAMILY TRUST, as Seller
Dated as of May 9, 2025

[Excerpts]

ARTICLE II. PURCHASE PRICE

§ 2.3 Earnout. Buyer shall pay Seller up to $250,000,000 in additional consideration based on PGN Net Revenue for fiscal years 2026 through 2028, as set forth in Schedule 2.3.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF BUYER

§ 4.11 No Change of Control. As of the date of this Agreement, Buyer is not engaged in negotiations or discussions concerning any transaction that would result in a Change of Control of Buyer.

ARTICLE VI. COVENANTS

§ 6.9 Editorial Independence. For five (5) years after the Closing, Buyer shall maintain the PGN Editorial Board, chaired by Nadine Pembroke, with final authority over PGN news content.

ARTICLE IX. INDEMNIFICATION

§ 9.4 Cap. Buyer's aggregate liability under this Agreement shall not exceed $40,000,000.

ARTICLE XI. MISCELLANEOUS

§ 11.8 Non-Reliance. Each Party acknowledges that it has not relied on any representation of the other Party not set forth in this Agreement.

EXHIBIT 4

Oral Deposition of Sloane Stroud (excerpts)

CAUSE NO. 26-BC11B-0042
IN THE BUSINESS COURT OF TEXAS, ELEVENTH DIVISION

ORAL DEPOSITION OF SLOANE STROUD
February 24, 2026
(Excerpted Pages)

Page 31

Q. When you went to the Pembroke ranch, were you there on Meridian business?
A. No. I had no role at Meridian. My father was clear about that. He said I was going as family.
Q. Did anyone at Meridian authorize you to make any statement on the company's behalf?
A. No.

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Q. In what capacity were you speaking to Mrs. Pembroke?
A. As a Stroud. As an owner. I told her that.
Q. When you said you would vote your units, what did you mean?
A. My vote is mine. The company agreement says I can vote however I want. That's what owning something means.

Page 47

Q. Did you receive any payment or benefit from the PGN acquisition?
A. Nothing that every other member didn't get. My units went up in value along with everyone else's.

[Reporter's certificate omitted from excerpt.]

EXHIBIT 5

Oral Deposition of Kieran Stroud (excerpts)

CAUSE NO. 26-BC11B-0042
IN THE BUSINESS COURT OF TEXAS, ELEVENTH DIVISION

ORAL DEPOSITION OF KIERAN STROUD
February 25, 2026
(Excerpted Pages)

Page 18

Q. Did you ever speak with Nadine Pembroke or anyone at the Trust about the PGN deal?

A. Never. Not one word.

Q. What was your role in Meridian in April 2025?

A. I didn't have one. They took it away in November. I was a member with a vote. Voting is what owners do.

Page 19

Q. Why did you sign the member consent approving the PGN acquisition?

A. Because my father asked and because I owned twelve percent of the company. Owners sign consents.

Page 26

Q. You wrote "keep Fjell dark until they sign." What did you mean?

A. I meant keep the confidentiality agreement I signed as a member. That's what I'd promised.

[Reporter's certificate omitted from excerpt.]

FILED
BUSINESS COURT OF TEXAS
4/13/2026 11:32 AM
MAREN K. HOLLOWAY, CLERK
BY: J. ESPINOZA, DEPUTY
CAUSE NO. 26-BC11B-0042
Envelope No. 107019362

CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

PLAINTIFF'S RESPONSE TO DEFENDANTS SLOANE STROUD AND KIERAN STROUD'S TRADITIONAL AND NO-EVIDENCE MOTION FOR SUMMARY JUDGMENT

TO THE HONORABLE JUDGE OF THE BUSINESS COURT:

I. Summary of the Response

Everyone who commits fraud answers for it. Texas has never let a defendant escape that rule by pointing to stock in the company whose contract the fraud induced. Section 21.223 tells courts when an owner must answer for what the company owes. It says nothing about an owner who must answer for what the owner did.

Sloane and Kieran Stroud ask this Court to make ownership a license to lie about a company's contracts, so long as the owner holds no title. The Trust does not ask the Court to disregard Meridian. It asks Sloane to answer for her own false statements and Kieran to answer for his own agreement to defraud. The Court should deny the motion.

II. Summary-Judgment Evidence

The Trust relies on Exhibits 1 through 5 to the motion and on the following, attached and incorporated by reference:

Exhibit	Description
A	Text messages produced by Gavin Hirsch (authenticity stipulated)
B	Declaration of Nadine Pembroke (Mar. 2, 2026)

III. Argument

A. *Keyes* recognizes two tracks of liability, and the Trust is on the one § 21.223 does not touch. Texas law holds individuals liable in connection with a company's affairs in two distinct ways. One disregards the company to impose its obligation on its owner. The other holds a person liable for that person's own tortious conduct. *Keyes v. Weller*, 692 S.W.3d 274 (Tex. 2024). Section 21.223 governs the first track and is silent on the second. Agency was the setting in which *Keyes* arose, not the reason for its holding. An owner who lies is on the direct-liability track for the same reason an agent who lies is. Each answers for the words spoken.

B. The theories the statute lists are veil-piercing theories. Section 21.223(a)(2) limits liability "on the basis that" the owner "is or was the alter ego of the corporation or on the basis of actual or constructive fraud, a sham to perpetrate a fraud, or other similar theory." Each listed item is a ground for setting the company aside. *Castleberry* used the terms that way, and the Legislature narrowed that doctrine in 1989. *Castleberry v. Branscum*, 721 S.W.2d 270 (Tex. 1986); *see Willis v. Donnelly*, 199 S.W.3d 262 (Tex. 2006).

C. Subsection (b) confirms the Trust's reading. Sloane and Kieran say subsection (b) would mean nothing unless subsection (a) covered an owner's own fraud. But subsection (b) asks whether the owner "caused the corporation to be used for the purpose of perpetrating" a fraud. It

describes an owner using the company as an instrument. That is veil-piercing fraud. Sloane did not use Meridian to deceive anyone. She told the trustee she was not speaking for it (Ex. B ¶ 6).

D. A status-only reading makes owners safer than strangers. Under the movants' rule, a stranger who told Nadine Pembroke the same lie would be liable, but an owner who told it is immune. So would the holder of a single share of a public company. To be sure, the Legislature meant to give owners certainty, and § 21.223 does: no owner answers for the company's debts unless subsection (b) is met. But certainty about the company's debts is not immunity for the owner's own lies. The statute protects owners from what the company owes. It does not make them safer than strangers when they defraud the company's counterparties.

E. The concurrences do not carry the motion. Justice Busby observed that the statute keys on status, which explained why capacity was not the test. He did not answer the question the Court reserved. The four-justice concurrence described a shareholder acting under the rights of ownership, such as voting. The Trust does not sue Sloane for voting. It sues her for stating that "[n]obody is talking to the tech people" and that there was "no sale" (Ex. B ¶ 6). Both were false statements of existing fact, and she knew it (Ex. A, Apr. 13 text). Lying is not a right of ownership.

F. Civil conspiracy is not a status theory. Conspiracy is derivative only in that it requires an underlying tort. *Agar Corp. v. Electro Circuits Int'l, LLC*, 580 S.W.3d 136 (Tex. 2019). It demands the defendant's own meeting of the minds and specific intent, and conspirators are jointly liable because they took part. *See Carroll v. Timmers Chevrolet, Inc.*, 592 S.W.2d 922 (Tex. 1979). Alter ego ignores the company. Conspiracy ignores nothing. Kieran told his sister to tell the trustee "whatever she needs to hear," and he told his father to "[k]eep Fjell dark until they

sign" (Ex. A). Those were his acts, not Meridian's. Read with the theories around it, "other similar theory" does not reach conspiracy.

G. Section 21.224 preempts only liability for the company's obligation. Section 21.224 preempts other liability "for that obligation," meaning the company obligation that § 21.223 limits. Sloane's and Kieran's liability arises from their own breach of the duty everyone owes not to defraud.

H. Section 101.114 protects members only from the company's liabilities. Section 101.114 shields a member from a debt, obligation, or liability "of a limited liability company." A judgment against Sloane for her own fraud is not Meridian's liability, even if the bargain she induced measures the damages. Meridian's own Company Agreement says so. Section 7.1 protects members only "solely by reason of being a Member," and § 7.2 preserves each member's liability "for that Member's own acts or omissions" (Defs.' Ex. 2).

I. The no-evidence ground misses the target. Section 21.223(b) is an exception to a bar that does not apply here. The Trust's stipulation that it cannot satisfy subsection (b) (Stip. 9) therefore decides nothing. A no-evidence motion may challenge only an element of the nonmovant's claim. Subsection (b) is not an element of fraud or of conspiracy.

In short, the Trust sues two owners for what they did, not for what Meridian owes. Section 21.223 governs the second kind of claim. This case is the first.

Prayer

The Trust asks this Court to deny the motion in full and to grant all other relief to which the Trust is entitled.

Respectfully submitted,

OKAFOR VANCE LLP

By: /s/ Marisol Okafor
Marisol Okafor
State Bar No. 24099001
1200 Smith Street, Suite 2400
Houston, Texas 77002
Telephone: (713) 555-0142

ATTORNEYS FOR PLAINTIFF PEMBROKE FAMILY TRUST

CERTIFICATE OF SERVICE

On April 13, 2026, I served a true and correct copy of this document on all counsel of record through the electronic filing manager under Texas Rule of Civil Procedure 21a.

/s/ Marisol Okafor
Marisol Okafor

EXHIBIT A

Text Messages Produced by Gavin Hirsch

TEXT MESSAGES PRODUCED BY GAVIN HIRSCH
HIRSCH 000014 to HIRSCH 000019

Produced by Gavin Hirsch, executive assistant to Lyle Stroud, from Lyle Stroud's phone and from the family message thread titled "Stroud Kids." The parties stipulate to their authenticity. This exhibit reproduces each message as sent.

Date (2025)	From	To	Message	Bates
Mar. 17	Lyle	Sloane, Kieran	Fjell is real. Not a word to anyone. I need your votes at the end of this.	HIRSCH 000014
Apr. 10	Lyle	Sloane	Nadine wants family, not lawyers. Go be family. You don't speak for the company. You speak for you. Make her feel safe.	HIRSCH 000015
Apr. 11	Kieran	Sloane	Tell her whatever she needs to hear. Once Fjell closes, PGN is a content stream with a logo on it.	HIRSCH 000016
Apr. 11	Sloane	Kieran	I'm not going to lie to Nadine.	HIRSCH 000016
Apr. 11	Kieran	Sloane	You're not lying. You're voting later. Different thing.	HIRSCH 000016
Apr. 13	Sloane	Kieran	Done. She asked if anyone was talking to the tech people. I said no. I feel sick.	HIRSCH 000017
Apr. 13	Kieran	Sloane	Welcome to the family business.	HIRSCH 000017
Apr. 13	Kieran	Lyle	Pembroke is locked. Keep Fjell dark until they sign on May 9. I'll sign whatever consent you need.	HIRSCH 000018
May 8	Lyle	Kieran	Consent received. Good boy.	HIRSCH 000019

EXHIBIT B

Declaration of Nadine Pembroke

CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

UNSWORN DECLARATION OF NADINE PEMBROKE

(Tex. Civ. Prac. & Rem. Code § 132.001)

1. My name is Nadine Pembroke. I am over eighteen years of age, of sound mind, and capable of making this declaration. The facts stated in it are within my personal knowledge and are true and correct.

2. I am the sole trustee of the Pembroke Family Trust, the Plaintiff in this case.

3. Until June 30, 2025, the Trust owned Pembroke Global News.

4. My father built PGN. The only thing I cared about in selling it was that its newsroom survive us. I told Lyle Stroud that I would not sell to a company that might flip PGN to a technology buyer.

6. On the evening of April 12, 2025, Sloane Stroud and I had dinner alone on the porch at our ranch. I asked her whether Meridian or her father was talking to any technology company about a sale. She told me, "I'm here as a Stroud and as an owner, not as Meridian. Nobody is talking to the tech people. There's no sale. And if anyone ever tried to gut PGN, I would vote my units against it, and so would Kieran. You have my word."

7. I knew Sloane did not work for Meridian. That is exactly why I believed her. I took her as speaking for the family that owned the company, not as someone selling me something.

9. Had I known of the Fjell negotiations, the Trust would not have signed the APA.

My name is Nadine Pembroke, my date of birth is [redacted], and my address is [redacted], Fredericksburg, Texas 78624, United States of America. I declare under penalty of perjury that the foregoing is true and correct.

Executed in Gillespie County, State of Texas, on the 2nd day of March, 2026.

/s/ Nadine Pembroke
Nadine Pembroke, Declarant

FILED
BUSINESS COURT OF TEXAS
4/28/2026 3:12 PM
MAREN K. HOLLOWAY, CLERK
BY: R. OKONJO, DEPUTY
CAUSE NO. 26-BC11B-0042

CAUSE NO. 26-BC11B-0042

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
v.	§	OF TEXAS
STROUD MERIDIAN MEDIA, LLC, ROWAN STROUD, SLOANE STROUD, and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

ORDER GRANTING DEFENDANTS SLOANE STROUD AND KIERAN STROUD'S TRADITIONAL AND NO-EVIDENCE MOTION FOR SUMMARY JUDGMENT AND ORDER OF SEVERANCE

The Court has jurisdiction because this action arises out of a qualified transaction. Sloane Stroud and Kieran Stroud moved for traditional and no-evidence summary judgment on one ground: that Texas Business Organizations Code §§ 21.223, 21.224, 101.002, and 101.114 bar the Trust's claims against them. Having considered the motion, the response, the stipulated record, and argument, the Court rules as follows.

1. *Keyes* does not control. Section 21.223 does not displace the common-law rule that a corporate agent is personally liable for the agent's own torts. *Keyes v. Weller*, 692 S.W.3d 274 (Tex. 2024). Sloane and Kieran Stroud were not Meridian's agents (Stip. 3).

2. Section 21.223(a)(2) bars the claims. The Trust seeks to hold two holders of membership interests liable for a matter relating to Meridian's contractual obligations under the Purchase Agreement, on the basis of actual fraud and a theory similar to it. The Trust has no evidence satisfying § 21.223(b) (Stip. 9). Section 21.223(a)(2), applied through § 101.002(a), bars the claims, and § 21.224 makes that bar exclusive.

3. Section 101.114 independently bars the claims. A member is not liable for a liability of the company, and the Company Agreement does not specifically provide otherwise.

The Court GRANTS the motion. The Trust takes nothing on its claims against Sloane Stroud and Kieran Stroud. The Court SEVERS those claims into Cause No. 26-BC11B-0042-A. This judgment disposes of all claims and all parties in the severed cause and is final and appealable. The Clerk shall copy into the severed cause all pleadings, motions, responses, exhibits, and orders relating to the claims against Sloane Stroud and Kieran Stroud.

SIGNED April 28, 2026.

/s/ Marcus T. Ellery

_____

HON. MARCUS T. ELLERY
JUDGE PRESIDING

FILED
BUSINESS COURT OF TEXAS
5/15/2026 10:48 AM
MAREN K. HOLLOWAY, CLERK
BY: J. ESPINOZA, DEPUTY
CAUSE NO. 26-BC11B-0042-A
Envelope No. 107902514

CAUSE NO. 26-BC11B-0042-A

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
	§	OF TEXAS
v.	§	
SLOANE STROUD and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

NOTICE OF APPEAL

Pembroke Family Trust, through its Trustee, Nadine Pembroke, gives notice of appeal under Texas Rule of Appellate Procedure 25.1.

1. The trial court is the Business Court of Texas, Eleventh Division. The trial court cause number is 26-BC11B-0042-A, severed from Cause No. 26-BC11B-0042. The style of the case is *Pembroke Family Trust v. Sloane Stroud and Kieran Stroud*.

2. The Trust appeals from the Order Granting Defendants Sloane Stroud and Kieran Stroud's Traditional and No-Evidence Motion for Summary Judgment and Order of Severance, signed April 28, 2026. That order rendered a take-nothing judgment on the Trust's claims against Sloane Stroud and Kieran Stroud and severed those claims, making the judgment final.

3. The Trust desires to appeal from the entire judgment.

4. The Trust takes this appeal to the Fifteenth Court of Appeals, which has exclusive intermediate appellate jurisdiction over appeals from the Business Court of Texas.

5. This is not an accelerated appeal.

6. The appellant is Pembroke Family Trust. The appellees are Sloane Stroud and Kieran Stroud, whom Graham Pell of Pell Hartwell PLLC represents.

Respectfully submitted,

OKAFOR VANCE LLP

By: /s/ Marisol Okafor
Marisol Okafor
State Bar No. 24099001
1200 Smith Street, Suite 2400
Houston, Texas 77002
Telephone: (713) 555-0142

ATTORNEYS FOR PLAINTIFF PEMBROKE FAMILY TRUST

CERTIFICATE OF SERVICE

On May 15, 2026, I served a true and correct copy of this document on all counsel of record through the electronic filing manager under Texas Rule of Civil Procedure 21a.

/s/ Marisol Okafor
Marisol Okafor

FILED
BUSINESS COURT OF TEXAS
5/15/2026 10:51 AM
MAREN K. HOLLOWAY, CLERK
BY: J. ESPINOZA, DEPUTY
CAUSE NO. 26-BC11B-0042-A
Envelope No. 107902533

CAUSE NO. 26-BC11B-0042-A

PEMBROKE FAMILY TRUST, by and through its Trustee, Nadine Pembroke, Plaintiff,	§	IN THE BUSINESS COURT
	§	OF TEXAS
v.	§	
SLOANE STROUD and KIERAN STROUD, Defendants.	§	ELEVENTH DIVISION

APPELLANT'S REQUEST FOR PREPARATION OF CLERK'S RECORD

Under Texas Rule of Appellate Procedure 34.5(b), Pembroke Family Trust asks the Clerk to prepare the clerk's record and to include, in addition to the items Rule 34.5(a) requires, the following:

1. Plaintiff's Original Petition, filed January 12, 2026.

2. Defendants Sloane Stroud and Kieran Stroud's Original Answer, filed February 9, 2026.

3. Defendants Sloane Stroud and Kieran Stroud's Traditional and No-Evidence Motion for Summary Judgment, filed March 23, 2026, with all exhibits.

4. Plaintiff's Response to the Motion for Summary Judgment, filed April 13, 2026, with all exhibits.

5. The Order Granting Summary Judgment and Order of Severance, signed April 28, 2026.

6. The Notice of Appeal and this Request.

The Trust does not request a reporter's record. The hearing on April 21, 2026, was nonevidentiary, and no court reporter recorded it.

Respectfully submitted,

OKAFOR VANCE LLP

By: /s/ Marisol Okafor
Marisol Okafor
State Bar No. 24099001
1200 Smith Street, Suite 2400
Houston, Texas 77002
Telephone: (713) 555-0142

ATTORNEYS FOR PLAINTIFF PEMBROKE FAMILY TRUST

CERTIFICATE OF SERVICE

On May 15, 2026, I served a true and correct copy of this document on all counsel of record through the electronic filing manager under Texas Rule of Civil Procedure 21a.

/s/ Marisol Okafor
Marisol Okafor

BILL OF COSTS

Trial Court Cause No. 26-BC11B-0042-A | Appellate Cause No. 15-26-00118-CV
Pembroke Family Trust v. Sloane Stroud and Kieran Stroud

Description	Amount ($)
Filing fee, Plaintiff's Original Petition	2,500.00
Filing fee, Notice of Appeal	205.00
Preparation of Clerk's Record (45 pages at $1.00 per page)	45.00
Certification of Clerk's Record	10.00
TOTAL	**2,760.00**

Pembroke Family Trust paid the cost of preparing the clerk's record.

MAREN K. HOLLOWAY, CLERK
BUSINESS COURT OF TEXAS
By: /s/ J. Espinoza, Deputy Clerk

CLERK'S CERTIFICATE

THE STATE OF TEXAS §
§
BUSINESS COURT OF TEXAS §

I, Maren K. Holloway, Clerk of the Business Court of Texas, certify that the documents contained in this record, to which this certification is attached, are all of the documents specified by Texas Rule of Appellate Procedure 34.5(a) and all other documents timely requested by a party to this proceeding under Texas Rule of Appellate Procedure 34.5(b), in Cause No. 26-BC11B-0042-A, styled *Pembroke Family Trust v. Sloane Stroud and Kieran Stroud*, on appeal to the Fifteenth Court of Appeals, Austin, Texas, as Appellate Cause No. 15-26-00118-CV. This record consists of one volume of 45 pages.

GIVEN UNDER MY HAND AND THE SEAL OF THE COURT at Austin, Texas, on June 8, 2026.

MAREN K. HOLLOWAY, CLERK
BUSINESS COURT OF TEXAS

By: /s/ J. Espinoza
Deputy Clerk

[SEAL]

APPENDIX

Court of Appeals Opinions and Judgment; Statutory Provisions

Appellate Cause No. 15-26-00118-CV

Document	Date	Page
Majority Opinion of the Fifteenth Court of Appeals	10/30/2026	2
Dissenting Opinion	10/30/2026	6
Judgment of the Fifteenth Court of Appeals	10/30/2026	9
Texas Business Organizations Code §§ 21.223, 21.224, 21.225, 101.002, and 101.114		10

FILED IN
15th COURT OF APPEALS
AUSTIN, TEXAS
10/30/2026 9:00:00 AM
OWEN R. CASTELLANOS
Clerk

Affirmed and Majority and Dissenting Opinions filed October 30, 2026.

In The

Fifteenth Court of Appeals

Austin, Texas

NO. 15-26-00118-CV

PEMBROKE FAMILY TRUST, Appellant

V.

SLOANE STROUD AND KIERAN STROUD, Appellees

On Appeal from the Business Court of Texas, Eleventh Division
Trial Court Cause No. 26-BC11B-0042-A

OPINION

Section 21.223 of the Business Organizations Code does not shield a shareholder who commits fraud while acting as the corporation's agent. *Keyes v. Weller*, 692 S.W.3d 274 (Tex. 2024). This appeal asks what happens when the owner is no one's agent. We hold that § 21.223, which reaches limited liability companies through § 101.002(a), bars the Trust's fraud claim against a member who held no office and spoke only as an owner. We also hold that civil conspiracy is an "other similar theory" within § 21.223(a)(2). We affirm.

I. Background

The facts are stipulated. Meridian bought Pembroke Global News from the Trust. While Meridian's officers secretly negotiated Meridian's own sale to Fjell, Sloane Stroud, a 9% member with no role in the company, told the Trust's trustee that no sale was under discussion and

promised to vote her units to protect the network. Kieran Stroud, a 12% member who also held no office, encouraged the deception. He urged his father to hide the Fjell talks until the Trust signed the Purchase Agreement, and he signed a member consent approving the acquisition. The Trust concedes it cannot satisfy § 21.223(b). The business court granted summary judgment for both members.

II. Standard of Review

We review a summary judgment de novo, as we do a question of statutory construction. We look for the Legislature's intent in the statute's text. *Entergy Gulf States, Inc. v. Summers*, 282 S.W.3d 433 (Tex. 2009).

III. The Fraud Claim Against Sloane Stroud

A. The text reaches this claim. Section 21.223(a)(2) applies when three conditions meet: the defendant is a holder or affiliate, the claim concerns a contractual obligation of the company "or any matter relating to or arising from the obligation," and the plaintiff proceeds "on the basis of" alter ego, "actual or constructive fraud," a sham, "or other similar theory." Each is met here. Sloane is a member, and § 101.002 treats members as holders. The Trust claims that Sloane fraudulently induced the Purchase Agreement, and it measures its damages by the earnout and editorial covenants Meridian failed to honor. That claim relates to Meridian's contractual obligations. And it sounds in actual fraud, a theory the statute names.

The Trust answers that the listed theories are veil-piercing labels and that it sues Sloane for her own conduct. The text draws no such line. As Justice Busby observed in *Keyes*, the statute's application turns on whether the defendant holds shares, not on the capacity in which the defendant acts. Status is what the Legislature chose.

B. Section 21.223(b) confirms that reading. Subsection (b) lifts the bar only when the owner "did perpetrate an actual fraud" primarily for the owner's direct personal benefit. That exception assumes that subsection (a) otherwise protects an owner who personally commits actual fraud. If an owner's own fraud fell outside subsection (a), the Legislature's narrow exception would do no work. We do not read a statute to leave a provision meaningless.

C. *Keyes* does not control. *Keyes* rested on a distinct common-law rule: a corporate agent is personally liable for the agent's own torts. *See Miller v. Keyser*, 90 S.W.3d 712 (Tex.

2002); *Leyendecker & Assocs., Inc. v. Wechter*, 683 S.W.2d 369 (Tex. 1984). The Court reasoned that § 21.223 does not address that rule, and that an agent does not escape it by also owning stock. Sloane was no one's agent. She acted for herself, and she told the trustee so. Without the agent-liability rule, the Trust's only theory is that an owner who lies about a matter relating to the company's contract is personally liable for actual fraud. That is the claim § 21.223(a)(2) addresses.

The *Keyes* Court expressly declined to decide when § 21.223 limits a shareholder's direct liability for torts committed outside any role as officer or agent. We therefore write on a clean slate, guided by the text. We also find persuasive the four-justice concurrence in *Keyes*, which explained that the statute keeps its force when a shareholder acts under the rights and obligations of ownership. Sloane's statements concerned how she would exercise the voting rights Company Agreement § 5.3 gave her as an owner. Kieran voted, signed a member consent, and kept a confidentiality promise he made as a member. That is ownership conduct.

D. The history points the same way. In 1989 the Legislature amended former Article 2.21 to cut back the flexible approach of *Castleberry* and to give owners certainty. *Castleberry v. Branscum*, 721 S.W.2d 270 (Tex. 1986); *see Willis v. Donnelly*, 199 S.W.3d 262 (Tex. 2006). That certainty would mean little if a plaintiff could avoid the statute by pleading that the owner personally committed the fraud. An owner who is not an agent usually touches a company's contracts only through statements and votes. A rule that lets those acts ground personal liability whenever a plaintiff calls them fraud would swallow the statute.

E. Sections 21.224 and 101.114 lead to the same result. Because § 21.223 limits Sloane's liability, § 21.224 makes that limit exclusive and preempts other liability "under common law or otherwise." Section 101.114 independently provides that a member is not liable for a "debt, obligation, or liability" of the company unless the company agreement "specifically provides otherwise." The Trust seeks the benefit of Meridian's bargain under the Purchase Agreement, which is Meridian's liability. Company Agreement § 7.2 is a general rule of construction. It imposes no company liability on any member.

In short, Sloane is an owner, the Trust's claim concerns Meridian's contract, and the theory is actual fraud. The statute bars that claim, and the Trust concedes it cannot meet the exception.

IV. The Conspiracy Claim Against Kieran Stroud

Civil conspiracy is not an independent tort. It is a derivative theory that makes one person liable for a tort another commits. *Agar Corp. v. Electro Circuits Int'l, LLC*, 580 S.W.3d 136 (Tex. 2019). Kieran made no representation to the Trust. He bears liability, if at all, only because Meridian, its officers, and his sister allegedly defrauded the Trust into the Purchase Agreement.

The phrase "other similar theory" follows alter ego, actual and constructive fraud, and sham to perpetrate a fraud. Each of those theories imposes on an owner a liability that begins elsewhere. Conspiracy does the same. It is a "similar theory," and the claim against Kieran relates to Meridian's contract as surely as the claim against Sloane does. Section 21.223 bars it.

V. Conclusion

We affirm the business court's judgment.

/s/ Elena Whitcomb
Elena Whitcomb
Justice

Panel consists of Justices Whitcomb, Delacroix, and Abernathy. (Abernathy, J., dissenting.)

FILED IN
15th COURT OF APPEALS
AUSTIN, TEXAS
10/30/2026 9:00:00 AM
OWEN R. CASTELLANOS
Clerk

Affirmed and Majority and Dissenting Opinions filed October 30, 2026.

In The

Fifteenth Court of Appeals

Austin, Texas

NO. 15-26-00118-CV

PEMBROKE FAMILY TRUST, Appellant

V.

SLOANE STROUD AND KIERAN STROUD, Appellees

On Appeal from the Business Court of Texas, Eleventh Division
Trial Court Cause No. 26-BC11B-0042-A

DISSENTING OPINION

The majority holds that owning part of a company buys a license to lie about the company's contracts, so long as the owner holds no title. Neither the statute nor *Keyes* supports that result. I respectfully dissent.

1. *Keyes* did not turn on agency. Texas recognizes two separate ways to hold an individual liable in connection with a corporation's affairs. One pierces the veil to impose the corporation's obligation on its owner. The other holds the individual liable for the individual's own tortious conduct. *Keyes v. Weller*, 692 S.W.3d 274 (Tex. 2024). Section 21.223 governs the first track and says nothing about the second. The agent-liability cases supplied the setting for that distinction, not its source. A nonagent who lies is on the second track for the same reason an agent who lies is. Each answers for the words spoken.

2. The text describes veil-piercing theories. Section 21.223(a)(2) limits liability "on the basis that" the owner "is or was the alter ego of the corporation or on the basis of actual or constructive fraud, a sham to perpetrate a fraud, or other similar theory." Every listed item is a ground for setting the corporation aside so that its obligation can be imposed on its owner. *Castleberry* used "actual fraud," "constructive fraud," and "sham" in that sense, and the 1989 Legislature set out to narrow that doctrine. The Trust does not ask anyone to disregard Meridian. It asks Sloane to answer for what she said on a porch in Fredericksburg.

3. Subsection (b) proves the point, not the opposite. The majority says subsection (b) would be pointless unless subsection (a) shielded an owner's own fraud. But subsection (b) asks whether the owner "caused the corporation to be used for the purpose of perpetrating" a fraud. It describes an owner using the corporation as an instrument. That is veil-piercing fraud. Sloane did not use Meridian to deceive anyone. She disclaimed speaking for it.

4. Status alone yields an anomaly. Under the majority's rule, a stranger who told the trustee the same lie would face liability, but a 9% owner who told it is immune. Even the holder of a single share of a public company could claim the shield. The Legislature passed § 21.223 to protect owners from what the company owes, not to make them safer than strangers when they defraud the company's counterparties.

5. The concurrences do not carry the majority. Justice Busby's observation about status explained why capacity was not the test. It did not answer the question the Court reserved. The four-justice concurrence spoke of owners acting under the rights of ownership, such as voting. The Trust does not sue Sloane for voting. It sues her for stating, falsely, that no sale was under discussion. That was a false statement of existing fact, not the exercise of any right she held.

6. Sections 21.224 and 101.114 do not reach the claim. Section 21.224 preempts other liability only "for that obligation," meaning the company obligation § 21.223 limits. Sloane's liability arises from her own breach of the duty everyone owes not to commit fraud. Section 101.114 protects members from liability for a debt, obligation, or liability "of a limited liability company." A judgment against Sloane for her own fraud is not Meridian's liability, even if the bargain she induced measures the damages. Meridian's own Company Agreement agrees.

Section 7.1 protects members only "solely by reason of being a Member," and § 7.2 preserves each member's liability for the member's own acts.

7. Conspiracy is not a status theory. To be sure, conspiracy is derivative in one sense: it requires an underlying tort. *Agar Corp. v. Electro Circuits Int'l, LLC*, 580 S.W.3d 136 (Tex. 2019). But it is not vicarious in the way alter ego is. A conspirator must share a meeting of the minds and a specific intent to accomplish the unlawful object. Liability rests on the conspirator's own agreement and overt acts, which is why conspirators have long answered jointly for the resulting harm. *See Carroll v. Timmers Chevrolet, Inc.*, 592 S.W.2d 922 (Tex. 1979). Alter ego ignores the entity. Conspiracy ignores nothing. Kieran's texts urging his sister to tell the trustee "whatever she needs to hear" are his own conduct. Under the ejusdem generis canon, "other similar theory" takes its meaning from the veil-piercing theories around it, and conspiracy is not one of them.

Ownership shields a member from the company's debts. It does not shield her from her own words. I would reverse the judgment and remand both claims for trial.

/s/ Theodore Abernathy
Theodore Abernathy
Justice

Panel consists of Justices Whitcomb, Delacroix, and Abernathy.

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JUDGMENT

The Fifteenth Court of Appeals

PEMBROKE FAMILY TRUST, Appellant NO. 15-26-00118-CV V. **SLOANE STROUD AND KIERAN STROUD, Appellees**	Appeal from the Business Court of Texas, Eleventh Division (Tr. Ct. No. 26-BC11B-0042-A). Opinion delivered by Justice Whitcomb. Justices Delacroix and Abernathy participating. Justice Abernathy dissenting.

The Trust appeals from the summary judgment signed April 28, 2026. The parties submitted the case with oral argument on September 15, 2026. Having considered the record, the briefs, and the arguments of counsel, the Court holds that the trial court's judgment contains no reversible error.

The Court AFFIRMS the judgment of the trial court.

The Court ORDERS Pembroke Family Trust to pay all costs of this appeal.

The Court ORDERS the Clerk to certify this decision to the trial court for observance.

Judgment entered October 30, 2026.

TEXAS BUSINESS ORGANIZATIONS CODE

(Selected Provisions)

§ 21.223. Limitation of Liability for Obligations.

(a) A holder of shares, an owner of any beneficial interest in shares, or a subscriber for shares whose subscription has been accepted, or any affiliate of such a holder, owner, or subscriber or of the corporation, may not be held liable to the corporation or its obligees with respect to:

(1) the shares, other than the obligation to pay to the corporation the full amount of consideration, fixed in compliance with Sections 21.157-21.162, for which the shares were or are to be issued;

(2) any contractual obligation of the corporation or any matter relating to or arising from the obligation on the basis that the holder, beneficial owner, subscriber, or affiliate is or was the alter ego of the corporation or on the basis of actual or constructive fraud, a sham to perpetrate a fraud, or other similar theory; or

(3) any obligation of the corporation on the basis of the failure of the corporation to observe any corporate formality, including the failure to: (A) comply with this code or the certificate of formation or bylaws of the corporation; or (B) observe any requirement prescribed by this code or the certificate of formation or bylaws of the corporation for acts to be taken by the corporation or its directors or shareholders.

(b) Subsection (a)(2) does not prevent or limit the liability of a holder, beneficial owner, subscriber, or affiliate if the obligee demonstrates that the holder, beneficial owner, subscriber, or affiliate caused the corporation to be used for the purpose of perpetrating and did perpetrate an actual fraud on the obligee primarily for the direct personal benefit of the holder, beneficial owner, subscriber, or affiliate.

§ 21.224. Preemption of Liability.

The liability of a holder, beneficial owner, subscriber, or affiliate for an obligation that is limited by Section 21.223 is exclusive and preempts any other liability imposed for that obligation under common law or otherwise.

§ 21.225. Exceptions to Limitations.

Section 21.223 does not limit the obligation of a holder, beneficial owner, subscriber, or affiliate to an obligee of the corporation if the holder, beneficial owner, subscriber, or affiliate: (1) expressly assumes, guarantees, or agrees to be personally liable to the obligee for the obligation; or (2) is otherwise liable to the obligee for the obligation under this code or other applicable statute.

§ 101.002. Applicability of Other Laws.

(a) Subject to Section 101.114, Sections 21.223, 21.224, 21.225, and 21.226 apply to a limited liability company and the company's members, owners, assignees, affiliates, and subscribers.

(b) [Omitted.]

§ 101.114. Liability for Obligations.

Except as and to the extent the company agreement specifically provides otherwise, a member or manager is not liable for a debt, obligation, or liability of a limited liability company, including a debt, obligation, or liability under a judgment, decree, or order of a court.