UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 8, 2020

Medley Capital Corporation

(Exact Name of Registrant as Specified in its Charter)

1-35040	**Delaware**	**27-4576073**
(Commission File Number)	(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

280 Park Avenue, 6th Floor East
New York, NY 10017
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: **(212) 759-0777**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	MCC	The New York Stock Exchange
6.500% Notes due 2021	MCX	The New York Stock Exchange
6.125% Notes due 2023	MCV	The New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events.

On January 25, 2019, two purported class action complaints were filed against Medley Capital Corporation (the "Company"), Brook Taube, Seth Taube, Jeffrey Tonkel, Arthur S. Ainsberg, Karin Hirtler-Garvey, John E. Mack, Mark Lerdal, Richard T. Allorto, Jr., Medley Management Inc. ("MDLY"), Sierra Income Corporation ("Sierra"), and Sierra Management, Inc. in the Supreme Court of the State of New York, County of New York (the "Court") . The complaints were captioned *Helene Lax v. Brook Taube, et al.*, Index No. 650503/2019, and *Richard Dicristino, et al. v. Brook Taube, et al.*, Index No. 650510/2019 (together with the Lax Action, the "New York Actions"). The complaints in each of the New York Actions alleged that the individuals named as defendants breached their fiduciary duties in connection with the proposed merger of the Company with and into Sierra, and that the other defendants aided and abetted those alleged breaches of fiduciary duties. Compensatory damages in unspecified amounts were sought.

On December 20, 2019, the Delaware Court of Chancery entered an Order and Final Judgment approving the settlement of another purported stockholder class action that was commenced in the Court of Chancery of the State of Delaware by FrontFour Capital Group LLC and FrontFour Master Fund, Ltd., captioned as *FrontFour Capital Group LLC, et al. v. Brook Taube et al.*, Case No. 2019-0100 (the "Delaware Action") against defendants Brook Taube, Seth Taube, Jeffrey Tonkel, Mark Lerdal, Karin Hirtler-Garvey, John E. Mack, Arthur S. Ainsberg, MDLY, Sierra, the Company, MCC Advisors, Medley Group LLC, and Medley LLC.

The plaintiffs in the New York Actions have acknowledged that the settlement of the Delaware Action rendered the New York Actions moot; however, the attorneys for the plaintiffs in the New York Actions have asserted that they have the right to seek an order awarding them fees and recovery of expenses on account of their purported contributions to the settlement of the Delaware Action.

Following a period of negotiations, the Company has reached an agreement with the respective plaintiffs to resolve the New York Actions. While the Company continues to believe that the allegations in the New York Actions are without merit, to avoid the nuisance, potential expense, burden and delay due to continued litigation, the Company has agreed to pay $50,000 in attorneys' fees and expenses to plaintiffs' counsel in connection with the mooted claims asserted. This amount will be covered by the Company's insurance carrier.

Settlement of the New York Actions is expressly not to be construed as an admission of wrongdoing, fault or liability by any defendant. The defendants have vigorously denied, and continue to vigorously deny, any wrongdoing or liability with respect to the facts and claims asserted, or which could have been asserted, in the New York Actions, including that they have committed any violations of law or breach of fiduciary duty, aided and abetted any violations of law or breaches of fiduciary duty, acted improperly in any way or have any liability or owe any damages of any kind to the plaintiff or to the purported class.

A copy of the Stipulation and [Proposed] Order dismissing the New York Actions is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit No.	Description
99.1	Stipulation and [Proposed] Order

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 8, 2020

MEDLEY CAPITAL CORPORATION

By: /s/ Richard T. Allorto, Jr.
Name: Richard T. Allorto, Jr.
Title: Chief Financial Officer

EXHIBIT 99.1

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

HELENE LAX, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. BROOK TAUBE, SETH TAUBE, JEFFREY TONKEL, ARTHUR S. AINSBERG, KARIN HIRTLER-GARVEY, JOHN E. MACK, MARK LERDAL, RICHARD T. ALLORTO, JR., MEDLEY CAPITAL CORPORATION, MEDLEY MANAGEMENT INC., SIERRA INCOME CORPORATION, and SIERRA MANAGEMENT, INC., Defendants.	Index No. 650503/2019 Hon. Peter O. Sherwood, JSC
RICHARD DICRISTINO and EVAN KHAN, On Behalf of Themselves and All Others Similarly Situated, Plaintiff, v. BROOK TAUBE, SETH TAUBE, JEFFREY TONKEL, ARTHUR S. AINSBERG, KARIN HIRTLER-GARVEY, JOHN E. MACK, MARK LERDAL, RICHARD T. ALLORTO, JR., MEDLEY CAPITAL CORPORATION, MEDLEY MANAGEMENT INC., SIERRA INCOME CORPORATION, and SIERRA MANAGEMENT, INC., Defendants.	Index No. 650510/2019

STIPULATION AND [PROPOSED] ORDER

WHEREAS, this stipulation dated May 7, 2020 is entered into by and among Plaintiffs Richard Dicristino, Evan Khan, and Helene Lax (together, "Plaintiffs"), and Defendants Medley Capital Corporation ("Medley Capital" or the "Company"), Brooke Taube, Seth Taube, Jeffrey Tonkel, Arthur S. Ainsberg, Karin Hirtler-Garvey, John E. Mack, Mark Lerdal, Richard T. Allorto, Jr., Medley Management Inc. ("MDLY"),

Sierra Income Corporation ("SIC"), and Sierra Management, Inc. (each a "Party," and the Plaintiffs and Defendants, collectively, the "Parties");

WHEREAS, on August 9, 2018, SIC, Medley Capital, and MDLY issued a joint press release concerning definitive agreements pursuant to which (i) Medley Capital would, on the terms and subject to the conditions set forth in the Agreement and Plan of Merger, dated as of August 9, 2018, by and between Medley Capital and SIC, merge with and into SIC, with SIC continuing as the surviving company in the merger (the "Medley Capital Merger"), and (ii) MDLY would, on the terms and subject to the conditions set forth in the Agreement and Plan of Merger, dated as of August 9, 2018, by and between MDLY, SIC, and Sierra Management, Inc., a wholly owned subsidiary of SIC ("Merger Sub"), merge with and into Merger Sub, with Merger Sub continuing as the surviving company in the merger (together with the Medley Capital Merger, the "Transactions");

WHEREAS, on January 25, 2019, Plaintiffs, stockholders of Medley Capital, filed their respective complaints in their Actions in the Supreme Court of the State of New York, County of New York (the "Court"), against the Defendants;

WHEREAS, the Complaints alleged breaches of fiduciary duties in connection with the Transactions;

WHEREAS, on February 5, 2019, Plaintiffs demanded Defendants take certain actions to remedy the alleged breaches of fiduciary duties prior to the consummation of the Transaction;

WHEREAS, on February 13, 2019, March 18, 2019, and March 22, 2019 Plaintiffs demanded Defendants take additional actions to remedy the alleged breaches of fiduciary duties prior to the consummation of the Transaction;

WHEREAS, on February 11, 2019, certain Medley Capital shareholders commenced litigation challenging the Transactions in the Delaware Court of Chancery captioned In re Medley Capital Corporation Stockholder Litigation, Cons. C.A. No. 2019-0100-KSJM (Del. Ch.) (the "Delaware Action");

WHEREAS, on March 6-7, 2019, the Delaware Court of Chancery held a trial in the Delaware Action;

WHEREAS, on July 29, 2019, certain parties to the Delaware Action reached a settlement (the "Delaware Settlement");

WHEREAS, on December 20, 2019, the Delaware Court of Chancery approved the Delaware Settlement;

WHEREAS, Plaintiffs have acknowledged that the Delaware Settlement, which applies to a specified class of Medley Capital stockholders, rendered the Actions moot and asserted that Plaintiffs have the right to seek and recover attorneys' fees and expenses for their contribution in connection with the benefit provided, by and through their demands on Defendants and their maintaining the Actions, to Medley Capital shareholders as a result of the Delaware Settlement (the "Mootness Fee Claim");

WHEREAS, Defendants deny any and all allegations of wrongdoing, fault, liability or damage to Plaintiffs or to the putative class Plaintiffs identified in the Actions; deny that they engaged in, committed or aided or abetted the commission of any breach of duty, wrongdoing or violation of law; deny that Plaintiffs or any of the putative class members suffered any damage whatsoever; deny that they acted improperly in any way; believe that they acted properly at all times; maintain that they complied with their fiduciary duties; maintain that they have complied with federal and state securities laws; and maintain that they have committed no disclosure violations or any other breach of duty or wrongdoing whatsoever in connection with the Transactions;

WHEREAS, Defendants deny that the Actions contributed to the Delaware Settlement;

WHEREAS, following the Delaware Settlement and Plaintiffs' acknowledgment that the Delaware Settlement rendered the Actions moot, the Parties entered into negotiations concerning the Mootness Fee Claim, and reached agreement to resolve the Mootness Fee Claim for $50,000.00 (FIFTY THOUSAND DOLLARS) for all Plaintiffs' Counsel in the Actions in full satisfaction of any of Plaintiffs' or Plaintiffs' Counsel's claims for fees or costs, which amount will be covered by the Company's insurance carrier;

WHEREAS, on May 1, 2020, Medley Capital received a notice of termination from SIC of its agreement to merge with Medley Capital pursuant to the Amended and Restated Agreement and Plan of

Merger, dated as of July 29, 2019, between Medley Capital and SIC, and, as a result, the Medley Capital Merger has been terminated;

WHEREAS, in light of the Delaware Settlement, Plaintiffs seek to discontinue the Actions, with prejudice as to the named Plaintiffs only;

WHEREAS, CPLR 908 provides that a class action shall not be dismissed without the approval of the court and that notice of such dismissal shall be given to all members of the class in such manner as the court directs;

WHEREAS, no class has been certified in either of the Actions;

WHEREAS, no party has filed a responsive pleading in either of the Actions; and

WHEREAS, discontinuance of the Actions will be without prejudice as to all putative class members other than the named Plaintiffs;

IT IS HEREBY STIPULATED AND AGREED TO BY THE UNDERSIGNED COUNSEL FOR THE PARTIES, subject to the Order of the Court, that this action shall be dismissed pursuant to CPLR 908 and 3217;

IT IS FURTHER STIPULATED AND AGREED, that Defendants shall provide notice of the dismissal of the Actions through the filing of a Form 8-K with the Securities Exchange Commission, which is annexed hereto as Exhibit A;

IT IS FURTHER STIPULATED AND AGREED, that all parties are to bear their own costs;

IT IS FURTHER STIPULATED AND AGREED, that this stipulation may be signed in counterparts and delivered by facsimile or email.

Dated: New York, New York
May 7, 2020

CADWALADER, WICKERSHAM & TAFT LLP

_____

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Nathan M. Bull
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_____

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Attorneys for Plaintiff Helene Lax

SO ORDERED: _____

Hon. Peter O. Sherwood, J.S.C.

DATED: