

## *Adam Grabski v. Marc Andreessen, et al.*

**COURT:** Delaware Court of Chancery  
**CASE NUMBER:** 2023-0464-KSJM  
**CASE LEADERS:** Edward G. Timlin  
**CASE TEAM:** Mae Oberste, Daniel Meyer

On April 26, 2023, BLB&G filed a stockholder complaint (the “Complaint”) in the Delaware Court of Chancery derivatively on behalf of Coinbase Global, Inc. (“Coinbase” or the “Company”) alleging breaches of fiduciary duty against some of Coinbase’s officers and directors. You can find the complaint [here](#) or under the **Case Documents** header on this page.

This derivative action challenges the officers’ and directors’ sales of Company stock, in violation of Delaware state law, during the direct listing where Coinbase became a publicly traded company. Plaintiff’s investigation revealed that the defendant officers and directors had material nonpublic information (“MNPI”), including undisclosed analyses and projections, showing that the stock of Coinbase was listing at inflated prices. These officers’ and directors’ sales into the direct listing totaled more than \$2.9 billion. The Complaint alleges that the officers and directors stopped selling Company stock when, based on the MNPI they had, the stock price fell below Coinbase’s internal valuations. By selling before the stock price fell, the officers and directors avoided over \$1 billion in losses.

In a direct listing, the company going public can employ restrictions that prevent the misuse of MNPI, such as lock-up agreements or 10b5-1 plans. Coinbase’s board of directors (the “Board”) was aware of these kinds of restrictions. In fact, three months before the direct listing, the Board prohibited Coinbase’s directors from participating in the Company’s pre-direct listing mini-auction precisely because the directors had MNPI. The purpose of that mini-auction was to provide information for the stock listing price, and it operated similarly to the direct listing. But for the much larger direct listing itself, the directors of Coinbase declined to restrict their sales, even though they allegedly had MNPI indicating the stock listing price was higher than the price indicated by Coinbase’s undisclosed internal valuations.

On June 30, 2023, the defendants moved to dismiss the Complaint. Chancellor McCormick of the Delaware Court of Chancery heard oral argument on the motion to dismiss. On February 1, 2024, the Court issued its Memorandum Opinion denying defendants’ motion to dismiss and sustaining Plaintiff’s claims. The Memorandum Opinion is available [here](#) or under the **Case Documents** header on this page.

### **Case Documents**

- February 1, 2024 - Memorandum Opinion Denying Motions to Dismiss
- December 13, 2023 - Second Revised Verified Stockholder Derivative Complaint