

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

**CAROLINE C. BRITTINGHAM
MAGISTRATE IN CHANCERY**

**COURT OF CHANCERY COURTHOUSE
34 THE CIRCLE
GEORGETOWN, DE 19947**

October 19, 2026

Max Glass
584 Castro Street #155
San Francisco, CA 94114

Evan O. Williford, Esquire
The Williford Firm LLC
1007 N. Orange Street, Suite 235
Wilmington, DE 19801

RE: *Max Glass v. RWA Company, LLC*
C.A. No. 2026-0754-CCB

Dear Mr. Glass and Counsel:

This final report addresses RWA Company, LLC's ("RWA," "Defendant," or the "Company") Motion to Dismiss Max Glass's ("Plaintiff") Verified Complaint to Compel Inspection of Books and Records Pursuant to 6 *Del. C.* § 18-305 (the "Complaint"). For the reasons explained below, I recommend that the Motion to Dismiss be granted and the Complaint be dismissed with prejudice.

I. BACKGROUND

The following facts are drawn from the Complaint, giving Plaintiff the benefit of all reasonable inferences. I take judicial notice of filings in a related proceeding before this Court captioned *Glass v DiPrisco et al.*, C.A. No. 2025-1192-KSJM (the “Plenary Action”).¹

The Company is a Delaware limited liability company with its principal place of business in West Palm Beach, Florida.² The Company was formed “to facilitate decentralized governance, perform administrative duties, and provide consulting services to institutional borrowers in their efforts to interact with Decentralized Finance.”³ Plaintiff was and is a member of the Company, holding vested Class B membership units.⁴

A. The Demands

On October 22, 2025, Plaintiff sent a formal written demand to the Company’s managers pursuant to 6 *Del. C.* § 18-305 to inspect books and records necessary to value his membership interest in the Company and to investigate potential mismanagement by the Company’s fiduciaries.⁵ The Demand sought (1) the current

¹ *Glass v. DiPrisco*, C.A. No. 2025-1192-KSJM (Del. Ch. Aug. 12, 2026) [hereinafter “Plenary Action”]. See *Baca v. Insight Enters., Inc.*, 2010 WL 2219715, at *1 (Del. Ch. June 3, 2010) (taking judicial notice of filings in a parallel proceeding).

² Plenary Action, D.I. 1 ¶ 7.

³ *Id.*

⁴ *Id.* at ¶ 6.

⁵ Pl.’s Verified Compl. to Compel Inspection of Books and Records [hereinafter “Compl.”] ¶ 7, D.I. 1.

Operating Agreement and all amendments; (2) any minutes of meetings or written consents of the Board of Directors from May 23, 2022 to the present; and (3) the Company's financial statements for fiscal years 2022, 2023, and 2024.⁶

Thereafter, the Company agreed to produce certain books and records following execution of a Confidentiality Agreement.⁷ Records were provided on November 5, 2025, including the current Operating Agreement and financial statements from 2022-2024, but, according to Plaintiff, the Company omitted any board minutes, resolutions, or written consents.⁸ Correspondence back and forth confirmed that no board minutes, resolutions, or written consents were created or exist for the period of May 23, 2022 through present.⁹ The Company then provided additional financials on November 6, 2025.¹⁰

On November 19, 2025, Plaintiff revised his Demand to request additional materials and stated his purpose, to value his membership and to investigate potential mismanagement, remained the same.¹¹ On November 19, 2025, the Company advised it would not comply with the Demand because "the documents you have requested ... are not reasonably related to your stated purpose, and amount to

⁶ Compl. ¶ 8; Pl.'s Ex., D.I. 1.6.

⁷ Compl. ¶ 9.

⁸ *Id.* ¶¶ 9-10.

⁹ *Id.* ¶ 11; Pl.'s Ex. at 6.

¹⁰ Compl. ¶ 11; Pl.'s Ex. at 6. When Plaintiff requested additional source material related to the financials, the Company advised, on November 7, 2025, that the financials previously provided were incorrect. Compl. ¶ 14.

¹¹ Compl. ¶ 16.

nothing more than an impermissible fishing expedition.”¹² On June 1, 2026, Plaintiff sent a supplemental demand letter to the Company, stating that the previously provided financial statements have “not enabled me to value my membership interest or complete my investigation of potential mismanagement.”¹³ The June 1, 2026 Supplemental Demand requested ten categories of documents.¹⁴ On June 2, 2026, Plaintiff sent a revised Supplemental Demand letter that requested fourteen categories of documents.¹⁵

On June 3, 2026, the Company, through counsel, sent Plaintiff a letter rejecting the Demand.¹⁶ The letter advises “[T]he Company will not be making any books and records available for inspection at this time” and contends the Demand is an end-run around discovery in the Plenary Action.¹⁷

B. The Plenary Action

On October 20, 2025, two days before the written demand to the Company, Plaintiff filed a Verified Complaint (the “Plenary Complaint”) against Gregory DiPrisco, Joseph Quintilian, Distributed Capital Partners, LLC and RWA Company (the “Plenary Defendants”) in the Plenary Action. The Plenary Complaint alleges

¹² Pl.’s Ex. at 13.

¹³ *Id.* at 20-21.

¹⁴ *Id.* at 20-25.

¹⁵ *Id.* at 26-35. The June 2, 2026 Supplemental Demand expressly supersedes the June 1, 2026 Supplemental Demand.

¹⁶ *Id.* at 36-37.

¹⁷ *Id.* at 36-37.

seven counts, including claims for fraudulent inducement, declaratory judgment, breach of the fiduciary duty of loyalty, usurpation of corporate opportunity, breach of contract, aiding and abetting breach of fiduciary duty, civil conspiracy, and unjust enrichment.¹⁸

The Plenary Action is assigned to Chancellor McCormick. On April 7, 2026, the Plenary Defendants filed a Motion to Dismiss.¹⁹ Before a briefing schedule was entered, Plaintiff served the Plenary Defendants with fourteen interrogatories, twelve requests for production and eight requests for admission on May 5, 2026.²⁰ The Plenary Defendants thereafter requested a stay of discovery pending the Motion to Dismiss.²¹ On May 28, 2026, Plaintiff refused to agree to a stay of discovery pending the Motion to Dismiss.²² On June 16, 2026, the Plenary Defendants filed a Motion to Stay Discovery Pending Resolution of their Motion to Dismiss.²³ On June 29, 2026, Counsel for Plaintiff filed a letter regarding their non-opposition to the Motion to Stay Discovery.²⁴ On August 12, 2026, Plaintiff filed an Amended Verified Complaint in the Plenary Action listing additional defendants and twenty-

¹⁸ Plenary Action, D.I. 1.

¹⁹ *Id.*, D.I. 8.

²⁰ *Id.*, D.I. 18.

²¹ *Id.*, D.I. 25 ¶¶ 9-13.

²² *Id.*, D.I. 25 ¶ 17.

²³ *Id.*, D.I. 25.

²⁴ *Id.*, D.I. 27. The Motion to Stay Discovery is pending and no stay has been entered.

one total counts.²⁵ The Plenary Action is ongoing, with briefing underway on Motions to Dismiss the Amended Verified Complaint.

C. The 18-305 Action

After initially refusing to agree to a stay of discovery in the Plenary Action, and then later agreeing to a stay of discovery, Plaintiff initiated this action on June 8, 2026, through the filing of the Verified Complaint to Compel Inspection of Books and Records, which seeks an order compelling RWA to produce the books and records identified in the Demands from October 22, 2025, November 19, 2025, November 20, 2025, and June 2, 2026.

On July 23, 2026, RWA moved to dismiss the Complaint (the “Motion to Dismiss”),²⁶ and on August 21, 2026, filed an Opening Brief in Support of its Motion to Dismiss Plaintiff’s Complaint.²⁷ On September 1, 2026, Plaintiff filed a Brief in Opposition to Defendant’s Motion to Dismiss.²⁸ RWA filed a Reply Brief in Support of its Motion to Dismiss Plaintiff’s Complaint on September 8, 2026.²⁹ Oral argument occurred on October 14, 2026, at which time the Court took the matter under advisement.³⁰

²⁵ *Id.*, D.I. 37.

²⁶ D.I. 14.

²⁷ D.I. 26.

²⁸ D.I. 28.

²⁹ D.I. 30.

³⁰ The October 14, 2026 oral argument transcript has not been finalized. Citations in the form of “Draft Tr. ___” refer to a draft transcript of the October 14, 2026 oral argument.

II. ANALYSIS³¹

RWA has moved to dismiss the Complaint under Court of Chancery Rule 12(b)(6) for failure to state a claim upon which relief may be granted. When reviewing a motion to dismiss under Rule 12(b)(6), Delaware courts “(1) accept all well pleaded factual allegations as true, (2) accept even vague allegations as ‘well pleaded’ if they give the opposing party notice of the claim, [and] (3) draw all reasonable inferences in favor of the non-moving party.”³² “[T]he governing pleading standard in Delaware to survive a motion to dismiss is reasonable ‘conceivability.’”³³

“To be entitled to inspect books and records,” a plaintiff “must state a proper purpose for inspection.”³⁴ “[A]n inspecting stockholder with a proper purpose bears the burden of proving that each category of books and records is essential to accomplishment of the stockholder’s articulated purpose for the inspection. Books

³¹ See *Durham v. Grapetree, LLC*, 2021 WL 274724, at *2 n.7 (Del. 2021) (“For purposes of legal analysis, a books and records demand served on an LLC under Section 18-305 functions in the same manner as a books and records demand served on a corporation under Section 220 of the Delaware General Corporation Law.”); *Sanders v. Ohmite Holdings, LLC*, 17 A.3d 1186, 1193 (Del. Ch. Feb. 21, 2011) (“Delaware courts have interpreted Section 18-305 by looking to ‘cases interpreting similar Delaware statutes concerning corporations and partnerships.’”).

³² *Cent. Mortg. Co. v. Morgan Stanley Mortg. Cap. Hldgs. LLC*, 27 A.3d 531, 535 (Del. 2011).

³³ *Id.* at 537.

³⁴ *CHC Invs., LLC v. FirstSun Cap. Bancorp.*, 2019 WL 328414, at *2 (Del. Ch. Jan. 24, 2019).

and records satisfy this standard if they address the crux of the shareholder’s purpose and if that information is unavailable from another source.”³⁵

In the event a court finds that any documents should be produced, it “must deploy rifled precision” in a “carefully tailored” order, granting access only to documents “that are necessary to satisfy [the plaintiff’s] proper purpose, but should stop at the quantum of information that the court deems sufficient.”³⁶

The Company contends that the Complaint must be dismissed because Plaintiff’s purposes—to value his membership interest and to investigate potential mismanagement—are improper.³⁷ The Company specifically argues that Plaintiff commenced the Plenary Action and sought the same documents through discovery requests in the Plenary Action and only then pursued this Complaint after the Plenary Defendants informed him that they intended to seek a stay of discovery in the Plenary Action.³⁸

“Delaware courts have recognized that a stockholder who files a plenary action asserting claims of mismanagement undercuts his alleged need to obtain

³⁵ *KT4 P’rs. LLC v. Palantir Tech., Inc.*, 203 A.3d 738, 751 (Del. 2019) (footnotes and internal quotation marks omitted).

³⁶ *Ferris v. Ferris Props., Inc.*, 2020 WL 6606062, at *3 (Del. Ch. Nov. 12, 2020) (alteration in original) (internal quotation marks omitted); see *KT4 P’rs.*, 203 A.3d at 751-52 (“Keeping in mind that § 220 inspections are not tantamount to comprehensive discovery, the Court of Chancery must tailor its order for inspection to cover only those books and records that are essential and sufficient to the stockholder’s stated purpose.”) (footnote and internal quotation marks omitted).

³⁷ Def.’s Opening Brief [hereinafter “DOB”] at 7, 14.

³⁸ DOB at 11.

documents under Section 220 to investigate the same alleged acts of mismanagement.”³⁹ When a stockholder files a plenary action challenging the same issues he seeks to investigate through his demand, he “effectively concede[s] that the books and records he seeks are not necessary or essential to his stated purpose of investigating mismanagement or wrongdoing.”⁴⁰

Plaintiff raises several arguments in opposition to the Motion to Dismiss. None are convincing.

First, Plaintiff argues that his stated purpose for the Demand was valuation and the Company agreed that his purpose was valuation and produced records in response.⁴¹ When Plaintiff served a Supplemental Demand, the Company then refused to provide anything arguing the purpose was “pretextual” and the records “unnecessary.”⁴² Second, the Plaintiff argues that the Company failed to prove that Plaintiff’s purpose was pretextual and any overlap in the scope of documents requested does not prove pretext.⁴³ Third, the Plaintiff argues that the case law relied upon by the Defendant relates to the investigation purpose, not the valuation

³⁹ *Schnatter v. Papa John’s Int’l, Inc.*, 2019 WL 194634, at *11 (Del. Ch. Jan. 15, 2019), *abrogated on other grounds by Tiger v. Boast Apparel, Inc.*, 214 A.3d 933 (Del. 2019).

⁴⁰ *Bizzari v. Suburban Waste Servs., Inc.*, 2016 WL 4540292, at *6 (Del. Ch. Aug. 30, 2016).

⁴¹ Pl.’s Answering Brief [hereinafter “PAB”] at 4-5, 10.

⁴² DOB at 14-15.

⁴³ PAB at 19-21.

purpose.⁴⁴ Because Plaintiff has a valuation purpose, he contends the Court could defer his investigation purpose, instead of dismissing the action.⁴⁵

The Company contends that both of Plaintiff's purported purposes are improper because the books and records Plaintiff seeks in this Complaint relate directly and expressly to allegations, claims, and relief sought in the Plenary Action.⁴⁶ Therefore, the Company asserts that the documents should be sought through discovery in the Plenary Action, not as books and records in this action.⁴⁷

The Company moves to dismiss this action because the duplicative and simultaneous filing of the Plenary Action refutes any claim of a proper purpose for Plaintiff's Demand.⁴⁸ Indeed, that argument finds ample support in this Court's jurisprudence.⁴⁹ However, this Court has acknowledged that, "[d]espite problems inherent in the 'sue first, ask questions later' sequence, in 'special circumstances,'

⁴⁴ *Id.* at 37-38.

⁴⁵ Draft Tr. 14:8-12.

⁴⁶ DOB at 7-11, 14-15.

⁴⁷ Draft Tr. 6:20-7:10.

⁴⁸ DOB at 15.

⁴⁹ See *Highland Select Equity Fund, L.P. v. Motient Corp.*, 906 A.2d 156, 165 (Del. Ch. 2006) ("Using Section 220 inspections to investigate pending plenary claims undermines well-established discovery law."), *aff'd sub nom. Highland Equity Fund, L.P. v. Motient Corp.*, 922 A.2d 415 (Del. 2007); *Baca v. Insight Enters., Inc.*, 2010 WL 2219715, at *4 (Del. Ch. June 3, 2010) ("[A] stockholder does not act with a proper purpose when the stockholder attempts to use Section 220 to investigate matters that the same stockholder already put at issue in a plenary derivative action."); *CHC Invs., LLC v. FirstSun Cap. Bancorp.*, 2019 WL 328414, at *5 (Del. Ch. Jan. 24, 2019) (recognizing that, absent "special circumstances, the problems inherent in parallel plenary and Section 220 actions defeat [a plaintiff's] purpose for inspection."); *Engels v. D2 Pharma Consulting LLC*, 2025 WL 3903893, at *4-5 (Del. Ch. Dec. 31, 2025) (declining to enforce Plaintiff's demand to inspect company's books and records under Section 18-305 given the pending plenary proceeding and Plaintiff's ability to obtain records in that venue).

Delaware courts have enforced a stockholder's Section 220 rights notwithstanding the stockholder's pending plenary complaint."⁵⁰ In those cases however, the Court found "special circumstances" in which it will allow this approach. Such circumstances are found in *King v. VeriFone*⁵¹ and *Khanna v. Covad Communications Group, Inc.*⁵²

In *King*, the Delaware Supreme Court enforced a stockholder's inspection demand to investigate previously filed plenary claims where a California federal court dismissed the plenary claims with leave to re-plead.⁵³ In dismissing the action, the California court expressly encouraged the plaintiff to serve a Section 220 demand in order to meet the pleading requirements for his derivative complaint.⁵⁴

Plaintiff interprets *King* broadly as to permit a plaintiff that has filed a plenary action to pursue a books and records inspection where the plaintiff was granted leave to amend.⁵⁵ Plaintiff states this scenario as his present posture.⁵⁶ However, Plaintiff

⁵⁰ *CHC Invs.*, 2019 WL 328414, at *3 (citing *Central Laborers Pension Fund v. News Corp.*, 2011 WL 6224538, at *1 (Del. Ch. Nov. 30, 2011)); see *Romero v. Career Educ. Corp.*, 2005 WL 3112001, at *2 (Del. Ch. Nov. 4, 2005) ("The filing of a derivative suit during the pendency of a § 220 action does not necessarily extinguish all proper purposes.").

⁵¹ 12 A.3d 1140 (Del. 2011).

⁵² 2004 WL 187274 (Del. Ch. Jan. 23, 2004).

⁵³ 12 A.3d at 1150.

⁵⁴ *Id.* at 1143.

⁵⁵ Compl. ¶ 31 ("Plaintiff's posture therefore fits squarely within the *King v. VeriFone* exception to the parallel-action bar: the Delaware Supreme Court there held that where the plenary court has not foreclosed amendment, the books-and-records demand is properly maintained.").

⁵⁶ Compl. ¶ 31.

misinterprets the substance of the Supreme Court’s holding.⁵⁷ Even if I were to accept Plaintiff’s broad interpretation of the Court’s holding in *King*, the exception still does not apply to him because his plenary claims have not been dismissed. Plaintiff has already filed his Amended Plenary Complaint.⁵⁸ The *King* exception, therefore, does not apply.

Khanna is likewise inapposite. In *Khanna*, a stockholder plaintiff filed suit to enforce his inspections rights under Section 220, then proceeded to bring a derivative action one month later out of concern that his substantive claims would become time barred.⁵⁹ The Court concluded that the plaintiff had not waived his right to pursue his demand, finding that “the overlap of the Section 220 action and the Derivative Action [had been] attributable to [the defendant’s] failure to comply with its obligations under Section 220[.]”⁶⁰ The ruling in *Khanna* is “limited to

⁵⁷ *King*, 12 A.3d at 1150 (“The result we reach here reaffirms long-standing Delaware precedent which recognizes that it is a proper purpose under Section 220 to inspect books and records that would aid the plaintiff in pleading demand futility in a to-be-amended complaint in a plenary derivative action, where the earlier-filed plenary complaint was dismissed on demand futility-related grounds without prejudice and with leave to amend. That holding should not be read as an endorsement by this Court of proceeding in that way.”); see *Central Laborers Pension Fund v. News Corp.*, 2011 WL 6224538, at *2 (Del. Ch. Nov. 30, 2011) (finding plaintiff’s complaint did not fall within the harbors drawn by the Supreme Court, “[n]othing in *Verifone* would authorize it to use the tools of Section 220 while actively pursuing a simultaneously-filed plenary derivative action at its early stages.”).

⁵⁸ Plenary Action, D.I. 37.

⁵⁹ *Khanna v. Covad Commc’ns. Grp., Inc.*, 2004 WL 187274, at *3 (Del. Ch. Jan. 23, 2004).

⁶⁰ *Khanna*, 2004 WL 187274, at *4.

circumstances in which timing pressures are caused by the defendant, or, at least, not caused by the plaintiff.”⁶¹

Here, the circumstances at issue in *Khanna* are not present. Plaintiff attributes the “timing pressure” in this case to Defendant’s own admitted incomplete production in response to Plaintiffs past Demands.⁶² However, the sequence of events in this case differs from that in *Khanna*.⁶³ Nor does Plaintiff identify any specific timing pressures. While he points out that he would not have had to file this Demand if Defendant had produced the requested information, that does not equate to the timing pressures contemplated in *Khanna*.⁶⁴

Although there is no bright-line rule banning books and records actions parallel to pending plenary claims, Delaware courts have enforced those inspections in special circumstances only. Special circumstances do not exist in this case. Plaintiff cannot use the Demand to circumvent the discovery process in the Plenary Action. That, however, does not mean Plaintiff is without a remedy; he can pursue discovery in the Plenary Action, if and when appropriate, subject to the Court’s

⁶¹ *CHC Invs., LLC v. FirstSun Cap. Bancorp*, 2019 WL 328414, at *3 (Del. Ch. Jan. 24, 2019).

⁶² Compl. ¶ 32.

⁶³ In *Khanna*, the Plaintiff filed the Section 220 Demand first, and *then* filed the Derivative Action. The sequence of the filings is critical in the Court’s analysis in which it found that by failing to produce the timely requested documents, the Defendant “created the conditions about which it now complains[,]” forcing the Plaintiff to file the plenary action. 2004 WL 187274, at *4.

⁶⁴ See *Khanna* 2004 WL 187274, at *3-4 (analyzing Plaintiff’s statute of limitations concerns); see also *An v. Archblock, Inc.*, 2025 WL 1024661, at *5 (Del. Ch. Nov. 7, 2023) (finding the *Khanna* exception did not apply where the limitations period on claims arising from the dispute was not close to expiring).

ruling on the Motion to Dismiss filed by the Plenary Defendants in the Plenary Action.

III. CONCLUSION

For the reasons explained above, I recommend that the Motion to Dismiss be granted and the Complaint be dismissed with prejudice. This is a final report pursuant to Court of Chancery Rule 144(d)(2), and exceptions may be filed within three business days.⁶⁵

Sincerely,

/s/ Caroline C. Brittingham

Caroline C. Brittingham
Magistrate in Chancery

⁶⁵ See Ct. Ch. R. 144(d)(2) (“In actions that are summary in nature or in which the Court has ordered expedited proceedings, any party taking exception shall file a notice of exceptions within three days of the date of the report.”).