

# Selendy Gay Files Two Lawsuits on Behalf of The Genesis Litigation Oversight Committee

May 19, 2025

*Selendy Gay filed two complaints on behalf of The Genesis Litigation Oversight Committee, which issued the following press release on May 19, 2025.*

NEW YORK--The Genesis Litigation Oversight Committee (the "LOC") filed two complaints, a critical step toward holding responsible parties accountable:

- A complaint filed on May 13, 2025, in the Delaware Court of Chancery against Genesis's parent company, Digital Currency Group Inc. ("DCG"), its CEO Barry Silbert, former Genesis CEO Michael Moro, DCG advisor Ducera Partners LLC ("Ducera"), and its CEO Michael Kramer.
- A complaint filed on May 19, 2025, in the U.S. Bankruptcy Court for the Southern District of New York against DCG, Silbert, and affiliated insiders.

## **The Delaware Chancery Court Complaint ("Delaware Complaint")**

The partially redacted Delaware Complaint, which became public on Monday, May 19, 2025, alleges how Silbert and DCG operated an insolvent Genesis as DCG's treasury, with DCG helping itself to loans on below-market terms.

The Delaware Complaint asserts claims of breach of fiduciary duty, fraud, and unjust enrichment against Silbert and other DCG and Genesis executives for abuse of Genesis at the expense of Genesis and its creditors. It seeks recovery in-kind, including the over 1 million coins valued at approximately \$2.1 billion U.S. Dollars that Genesis creditors are owed as of February 9, 2025.

At the heart of the alleged wrongdoing was Silbert's disregard of any prudent lending controls at Genesis, fueling massive lending operations and risky trading activities that benefitted DCG and its lucrative BTC Trust, Grayscale Investments LLC ("Grayscale"), to the detriment of Genesis and its creditors. The Delaware Complaint lays out how this misconduct by DCG, Silbert, and others breached their fiduciary duties and rendered Genesis insolvent no later than December 31, 2021.

"The Delaware Complaint reveals how the Genesis lending business fueled profits for DCG's crown jewel, Grayscale, benefitting from Genesis's catastrophic failure to implement the most rudimentary lending controls. DCG and Genesis are alleged to have operated as a single enterprise within Silbert's crypto conglomerate, designed to generate profits for DCG, Silbert and insiders using cryptocurrency provided primarily by Genesis creditors," said the Genesis Litigation Oversight Committee.

The Delaware Complaint alleges that under Silbert's control, Genesis presented itself as a well-managed cryptocurrency bank, accepting creditor deposits of cryptocurrencies, promising to pay a fixed rate of interest in-kind on deposits, and lending to counterparties—notably the now-defunct Three Arrows Capital ("3AC") and FTX's Alameda Research ("Alameda"). In reality, Silbert and DCG exploited an insolvent Genesis for their benefit. When Genesis's loans to 3AC collapsed, and it faced a massive hole in its balance sheet, DCG gave Genesis a promissory note of \$1.1 billion supposedly to shore up its liquidity and offset the losses—in fact that loan would not be payable for a decade and did not give Genesis the immediate liquidity it needed. Genesis then falsely touted this note to its customers, claiming that DCG had buttressed its financial position when it had not.

The Delaware Complaint further alleges that Silbert and others concealed Genesis's insolvency, manipulated financial disclosures, and orchestrated a misleading marketing campaign—all to falsely reassure creditors regarding the strength of Genesis's financial condition. In the meantime, Silbert and

other insiders pulled their own assets out of Genesis in the run up to the bankruptcy filing. The LOC is represented by Selendy Gay PLLC.

“The Delaware Complaint alleges that Silbert and his group of insiders recklessly operated, exploited, and bankrupted Genesis,” said Philippe Selendy of Selendy Gay. “The comprehensive factual allegations show a pattern of self-dealing, fraud, and mismanagement that deprived hundreds of individual Genesis creditors and institutional lenders of billions of dollars of value in crypto and fiat assets.”

“The LOC is pursuing in-kind recovery of cryptocurrency for the benefit of Genesis creditors who entrusted their crypto assets to the company. Without this equitable remedy, Silbert and other wrongdoers—rather than the injured creditors—may benefit from the appreciation in value of those assets since 2022,” according to Jennifer Selendy of Selendy Gay. She added, “Importantly, the LOC is committed to correcting injustices on behalf of all Genesis creditors and ensuring that the full extent of this misconduct is brought to light and remedied through legal action. This litigation represents a critical step toward holding DCG, Silbert, and other insiders accountable.”

The LOC plans to challenge all redactions sought by the defendants in the Delaware Complaint.

### **The Bankruptcy Court Complaint (“Bankruptcy Complaint”)**

In addition, on May 19, 2025, the LOC, acting on behalf of post-reorganization cryptocurrency companies Genesis Global Capital, LLC and Genesis Asia Pacific Pte. Ltd., filed a separate complaint in the U.S. Bankruptcy Court for the Southern District of New York seeking to recover more than \$1.2 billion in cryptocurrency and U.S. Dollars for transfers made to DCG, Silbert, and other insiders in the year leading up to Genesis’s bankruptcy.

The Bankruptcy Complaint alleges that these transfers—often timed around market flashpoints including the collapses of Terra-Luna, 3AC, and FTX—were orchestrated while Genesis was insolvent, and insiders knew the business was on the brink of collapse. The Bankruptcy Complaint also alleges that DCG exploited Genesis by extracting over \$34 million from Genesis Capital purportedly on account of obligations under a “tax sharing agreement” that did not actually exist.

For more information, or to access the partially redacted Delaware Complaint, or the full Bankruptcy Complaint, visit [the Genesis LOC's official website](#).

### **Attorneys**

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