

Sullivan v. Cote, et al.,

Corporate Governance

Background

GPGI, Inc.'s ("GPGI" or the "Company") board of directors is being sued for potentially breaching its fiduciary duties in connection with the Company's creation and spin-off of the separate public company Resolute Holdings Management, Inc. ("Resolute Management") (NYSE: RHLI) on February 28, 2025 and the Company's acquisition of Husky Technologies Limited on January 12, 2026 (the "Husky Acquisition").

Court

Delaware Court of Chancery

Case Number

2026-0581-KSJM

Status

Pending

Why is GPGI being Sued?

In September 2024, through certain of their "Resolute"-branded investment vehicles and affiliates, David Cote, John Cote, and Thomas Knott (the "Resolute Controller Defendants") acquired a controlling stake in the Company (then known as CompoSecure, Inc.). The Resolute Controller Defendants also became directors of CompoSecure, Inc. and controlled a majority of seats on its board of directors.

On February 28, 2025, the Company completed a process by which it formed Resolute Management as a separate publicly traded entity (the "Spin-Off"). The Resolute Controller Defendants immediately gained control of Resolute Management's board, which almost entirely mirrored, and continues to almost entirely mirror, the Company's board. The Resolute Controller Defendants also immediately gained a controlling stake in Resolute Management, after the Company distributed shares in Resolute Management to then-current Company stockholders on a pro rata basis.

On the same date as the Spin-Off, the Company also entered into a “Management Agreement” with Resolute Management. Under the Management Agreement, Resolute Management purportedly manages the Company’s day-to-day operations in exchange for a fee equal to 10% of the Company’s annual adjusted EBITDA. Among other things, the Management Agreement gives Resolute Management the power to drive the Company’s mergers and acquisitions.

This arrangement incentivizes the Resolute Controller Defendants to cause the Company to complete acquisitions that will increase the Company’s EBITDA and thereby maximize the management fees owed to Resolute Management. Because Resolute Management has the authority to cause the Company to issue stock to complete acquisitions, the Resolute Controller Defendants have the power to dilute Company stockholders in furtherance of their self-interested goal of maximizing the stream of management fees owed to Resolute Management, regardless of whether a given acquisition is in the Company’s best interests.

These Husky Acquisition was the product of these bad incentives. From the date the Husky Acquisition was announced (November 3, 2025) to the date that BFA Law filed the lawsuit (May 8, 2026), Resolute Management’s stock had increased by approximately 80% while GPFI’s stock had declined by approximately 20%.

What Are My Rights?

The Spin-Off, the formation of the Management Agreement, and the Husky Acquisition were all controlling stockholder transactions under Delaware law. The Company’s board of directors did not employ an independent special committee to evaluate any of those transactions, even though the Resolute Controller Defendants harbored a conflicting self-interest in all of them. Nor did the Company condition any of those transactions on a favorable vote of the majority of disinterested stockholders.

BFA Law has filed a stockholder derivative and class action complaint alleging that the Resolute Controller Defendants, and other members of the Company’s board and management, breached their fiduciary duties in connection with these transactions.

If you own GPGI stock, you are encouraged to submit your information using the form on this page to speak with an attorney about your rights.

You can also contact:

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All representation is on a contingency fee basis. Shareholders are not responsible for any court costs or expenses of litigation. The firm will seek court approval for any potential fees and expenses.

Why Bleichmar Fonti & Auld LLP?

BFA is a leading international law firm representing plaintiffs in securities class actions and shareholder litigation. It has been named a top plaintiff law firm by *Chambers USA*, *The Legal 500*, and *ISS SCAS*, and its attorneys have been named “Elite Trial Lawyers” by the *National Law Journal*, among the top “500 Leading Plaintiff Financial Lawyers” by *Lawdragon*, “Titans of the Plaintiffs’ Bar” by *Law360* and “SuperLawyers” by Thomson Reuters. Among its recent notable successes, BFA recovered over \$900 million in value from Tesla, Inc.’s Board of Directors, as well as \$420 million from Teva Pharmaceutical Ind. Ltd.

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