

A ‘Novel Issue’: Investors Sue Crypto Firm Bakkt Over Alleged Stock Price Deception

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The case dates back to April 2023, when Bakkt Holdings Inc., a technology company that builds software related to the selling, buying and storage of cryptocurrency, acquired Apex Crypto LLC, a platform for integrated crypto trading, which it renamed Bakkt Crypto. The acquisition provided Bakkt with new clients and financial tech partners, including Webull Pay LLC.

And before the acquisition of Bakkt Crypto, revenue generated from Bakkt's crypto services had been immaterial, according to the complaint. However, that same year, revenue from crypto services accounted for over 93% of Bakkt's revenue. Separately, Bakkt operates a "loyalty solutions" segment, which enables point redemption and fulfillment.

Then, on March 17, 2025, after market close, Bakkt disclosed that Webull was terminating its commercial agreement with them, effective about a month later. Bakkt also revealed that in the prior nine months ending Sept. 30, 2024, and the full year ending Dec. 31, 2023, Webull made up 74% of Bakkt's crypto services revenue and 98% of Bakkt's revenue was derived from crypto services.

In addition, Bakkt disclosed that Bank of America intends to terminate its loyalty services contract with Bakkt on April 22, that the bank made up 17% of Bakkt's loyalty services revenue in the prior nine months ending Sept. 30 and customer cancellations will collectively result in a 73% loss in top-line revenue going forward.

As a result, Bakkt's share price fell over 27% to close at \$9.33 per share on March 18, on unusually heavy trading volume, according to the investor complaint. Now, the investors have filed a class action complaint—with the class period beginning on March 25, 2024—against Bakkt, its ex-CEO Gavin Michael, its CEO Andrew Main and its CFO Karen Alexander.

The investor lawsuit, brought by Robert V. Prongay and Rebecca Dawson of Glancy Prongay & Murray against the defendants, is based on three factors: first, that the defendants "misrepresented the stability and/or diversity" of its crypto services revenue; second, that they failed to

disclose Bakkt's crypto services revenue was substantially dependent on a single contract with Webull; and third, that they misrepresented its ability to maintain key client relationships.

Ishmael Green, a partner at Diaz Reus in Miami, whose specialty includes crypto securities litigation, said the case deals with a "novel issue" over what is an omission in connection with the technical issue of Schedule K-1 and related financial disclosures.

"There were portions in the complaint where the plaintiff attorney highlights the fact that Bakkt went out of its way to disclose it has a large concentration of revenue of its revenue in the specific customer base," Green said. "That alone may be enough to offset anything that was not disclosed that Webull was such a large part of the revenue."