

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MONTANA  
BUTTE DIVISION**

HOLBROOK HOLDINGS, INC.,

*Plaintiff,*

v.

MARC COHODES,

*Defendant.*

Civil Action No. CV-24-175-BU-JTJ

JURY TRIAL DEMANDED

**COMPLAINT**

Plaintiff Holbrook Holdings, Inc., for its complaint against Defendant Marc Cohodes, alleges as follows:

**NATURE OF THE ACTION**

1. Plaintiff Holbrook Holdings, Inc., an award-winning financial advisory firm with a well-earned reputation for conducting itself with honesty, transparency, and the highest ethical standards, brings this defamation action against short seller Marc Cohodes to hold Cohodes responsible for a relentless, unhinged, and vindictive smear campaign that he has waged against Holbrook over the past year.

2. As a short seller, Cohodes essentially bets against the stock prices of companies that he shorts, with the hope that he will earn profits if the company's stock price goes down. When he takes a short position, he commonly announces it publicly and then proceeds to levy attacks and criticism on his target company and its management, in the transparent hope that the negative publicity will cause the stock price to drop and benefit his position.

3. Cohodes, who has an apparent flair for self-promotion—especially on social media—has also curated a cult-like fanbase that views him as an all-knowing sleuth with an eye

for identifying companies that are engaging in fraudulent or illegal activity, or otherwise “cooking the books.” Thus, when he takes a short position and begins targeting a company, he commonly claims to have determined that the company is corrupt and run by criminals.

4. As Holbrook would learn the hard way, Cohodes also has a well-earned reputation for being abrasive, belligerent, and highly sensitive to any criticism—especially of his checkered investment track record.

5. In the fall of last year, Cohodes announced on X (formerly Twitter) that he had a short position in the stock of an investment bank called B. Riley, which is publicly traded on the NASDAQ. As is his consistent pattern, Cohodes then began publicly accusing B. Riley and its management of corruption and fraud.

6. One of Holbrook’s two mutual funds happens to hold some B. Riley corporate bonds among its hundreds of positions. Holbrook does not otherwise have any relationship with B. Riley.

7. In the midst of Cohodes’s attacks on B. Riley, one of Holbrook’s principals took umbrage at what looked to be a very transparent effort by Cohodes to gin up negative publicity about B. Riley, drive down its stock price, and monetize his short position. The Holbrook X account published a short, factual tweet that was mildly critical of Cohodes’s conduct and track record.

8. The Holbrook account actually deleted the tweet fairly quickly—not because it was unfair or inaccurate in any way, but because Cohodes’s online army of zealous supporters began inundating Holbrook with abuse for daring to question their leader Cohodes. Unfortunately for Holbrook, Cohodes also saw the tweet before it was deleted. And he was not happy about having his motives or track record questioned, to put it mildly.

9. The same day, Cohodes turned his social media wrath on Holbrook, tweeting about the company at least eighteen times that day, and leveling childish insults like calling Holbrook's CEO an "asshat" and calling Holbrook's mutual fund a "bag of shit."

10. If Cohodes had satiated his vindictive impulses with sophomoric insults alone, that likely would have been the end of the matter.

11. But Cohodes did not stop there. Instead, he began repeatedly tweeting accusations to his followers that Holbrook and its principals were engaged in securities fraud and an unlawful "kickback" scheme with B. Riley. Cohodes repeated similar allegations on social media over the course of nearly a year.

12. Although presented as facts, those accusations have absolutely no basis in reality, and Cohodes knew it at the time he published them. Cohodes simply fabricated outrageous and inherently damaging allegations out of whole cloth in order to punish Holbrook for having the temerity to question him.

13. And yet, the matter still would have likely ended there if Cohodes simply did the responsible thing and acknowledged that the defamatory claims he made about Holbrook were not true. Holbrook gave him that chance, and Cohodes instead responded defiantly, essentially bragging about how he had managed to convince his acolytes that Holbrook was guilty of "corruption" and "malfeasance."

14. Left with no other choice, Holbrook brings this defamation suit to hold Cohodes accountable for his actions and to hold him liable for the harm that he has caused to Holbrook's business and reputation through the intentional and malicious dissemination of defamatory falsehoods.

### **PARTIES**

15. Plaintiff Holbrook Holdings, Inc. is a financial advisory firm that is incorporated in Oregon and has its principal place of business in Atlanta, Georgia.

16. Defendant Marc Cohodes is a well-known short seller. He is a citizen of the State of Montana and resides in Bozeman, Montana.

### **JURISDICTION & VENUE**

17. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C §1332 because there is complete diversity of citizenship among the parties, and the amount in controversy exceeds \$75,000.00, excluding interest.

18. This Court has personal jurisdiction over Defendant Marc Cohodes because he is a citizen of the State of Montana and resides in Bozeman, Montana.

19. Venue is proper in this District because Defendant resides in this District, Defendant is subject to personal jurisdiction in this District, and because a substantial part of the events or omissions giving rise to Plaintiff's claims occurred in this District.

### **FACTUAL ALLEGATIONS**

#### **Holbrook Experiences Rapid Growth While Staying True to Its Founding Principles**

20. Holbrook is the brainchild of its Founder, Chief Executive Officer, and Portfolio Manager Scott Carmack. After graduating from Harvard University with honors in 2001, Carmack began his career in financial advisory and investment services at JP Morgan in New York City. Carmack founded Holbrook in December 2015, originally working out of the attic of his Portland, Oregon residence.

21. The company was founded with a goal of providing potential high risk-adjusted returns for clients utilizing an empirical approach that provides clients with proprietary research and in-depth market commentary, while maintaining impeccable transparency, open

communication, and the highest ethical standards.

22. Holbrook launched its first mutual fund, the Holbrook Income Fund, in July 2016. The Holbrook Income Fund was originally funded personally by Carmack and his partner, Holbrook Chief Operating Officer Mike Burns. In 2022, Holbrook launched a second fund, the Holbrook Structured Income Fund.

23. At its inception, Holbrook had only about \$30,000 in Assets Under Management (AUM), a measure of the market value of the investments managed on behalf of clients. By February 2023, Holbrook had eclipsed \$1 billion in AUM.

24. Both the Holbrook Income Fund and the Holbrook Structured Income Fund are today managed by Carmack, along with Holbrook Portfolio Manager Ethan Lai, who has had a long career in investment services, including stints as an investment analyst for SunTrust and Goldman Sachs.

25. The Holbrook Income Fund boasts a five-star rating from Morningstar, and just last year Refinitiv Lipper recognized it as the best flexible income fund in the U.S. for both its three-year and five-year performance.

26. In keeping with its mission statement, Holbrook has maintained an impeccable track record of ethical standards and transparency. Since its inception, neither Holbrook nor any of its “advisory affiliates”—a defined term that includes all officers, directors, and non-clerical employees—has ever been found to have violated any SEC, CFTC, or other federal agency regulations or statutes. Nor has Holbrook or any of its advisory affiliates ever been the subject of a disciplinary order by the SEC, the CFTC, or any state regulatory agency.

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.