

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

COINBASE DERIVATIVES, LLC,

Plaintiff,

v.

BSO NETWORK INC.,

Defendant.

Index No.: _____

Date Purchased: _____

SUMMONS

To the above-named Defendant:

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York), and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

Pursuant to CPLR 501, venue is properly laid in New York County because the Master Services Agreement at issue in this action fixes New York County as the place of trial.

Dated: New York, New York
August 1, 2025

**ROTTENSTREICH FARLEY BRONSTEIN
FISHER POTTER HODAS LLP**

By:  _____
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SUPREME COURT OF THE STATE OF NEW YORK
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COMPLAINT

Plaintiff Coinbase Derivatives, LLC (“Coinbase” or “Plaintiff”) by and through its undersigned counsel, for its Complaint against Defendant BSO Network Inc. (“BSO” or “Defendant”), alleges as follows:

NATURE OF THE ACTION

1. This lawsuit arises from Defendant BSO’s decision to abruptly expel its longtime customer, Coinbase, from a contracted-for data center without notice and without accountability, despite acknowledging its breach of their contract and causing operational disruption to Coinbase. BSO breached because it decided to serve its own interest at the direct expense of a customer who had reliably used the data center for years. This incident raises serious concerns about how BSO treats its partners and customers, and whether it can be relied on to honor its commitments when doing so is no longer convenient.

2. In November 2020, Coinbase and BSO entered into a contractual agreement whereby Coinbase sublet a cabinet from BSO in a Chicago area data center. In reliance on the contract, Coinbase made substantial investments at the facility to ensure reliable connectivity with its customers who trade derivatives on Coinbase’s cryptocurrency platform. But that was all for naught as BSO *concealed* from Coinbase that it was *prohibited* from subletting to Coinbase

under its preexisting contract with the facility operator. In January 2025, the operator discovered the sublease to Coinbase, prompting BSO to force Coinbase to exit the facility on two weeks' notice, breaching Coinbase's contractual rights and causing substantial harm, including wasting the contracts that Coinbase had entered into to support its operations at the facility.

3. Coinbase's forced exit from the facility impacted internal operations, and unsurprisingly, resulted in significant covering costs as Coinbase migrated its operations to a new facility, leaving behind the infrastructure and circuitry it had installed in reliance on its contract with BSO. And Coinbase's costs were that much higher because the forced migration occurred on an emergency basis. Because those costs were incurred entirely because of BSO's breach, Coinbase naturally looked to BSO for compensation, in the good faith belief that BSO would honor its obligations to its customer.

4. BSO did no such thing. Rather than owning up to its mistake and taking the costs of that mistake on itself, BSO refused outright to compensate Coinbase for *any* of the costs it incurred as result of BSO's breach. According to BSO, it owed Coinbase nothing because the facility operator's insistence on enforcing its contractual rights was akin to a *force majeure* event—i.e., something entirely out of BSO's control—rather than an entirely foreseeable consequence that could have been avoided if only BSO had been honest from the outset. In consequence of BSO's refusal, Coinbase now brings this lawsuit to recover for the harm caused by BSO's acts and omissions.

THE PARTIES

5. Plaintiff Coinbase Derivatives, LLC is a limited liability company organized and existing under the laws of Delaware, having its principal place of business at Suites 2400 and 2500, One Madison Avenue, New York, NY 10010. Prior to December 2023, Plaintiff was known as LMX Labs, LLC.

6. Defendant BSO Network Inc. is a corporation organized and existing under the laws of Delaware, having its principal place of business at 101 Hudson Street, 21st Floor, Jersey City, New Jersey 07302. BSO operates data centers around the United States and bills itself as an infrastructure and connectivity provider for financial institutions.

JURISDICTION AND VENUE

7. This Court has personal jurisdiction over Defendant pursuant to the November 2020 Master Service Agreement between the parties, under which the parties consented to the jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan, City of New York.

8. Venue is proper in this Court pursuant to CPLR § 501 because the parties agreed that all litigation arising out of or related to the Master Service Agreement shall be brought in the courts of the State of New York sitting in the Borough of Manhattan, City of New York.

FACTUAL BACKGROUND

A. The Master Service Agreement and Service Order SO003306.

9. BSO has leased a data center facility in Aurora, Illinois, a Chicago-area suburb, since at least November 2020. On information and belief, that lease is a result of an agreement between BSO and the facility operator who, like Coinbase, manages a financial marketplace.

10. On information and belief, BSO's contractual agreement with the Aurora facility operator prohibited BSO from subleasing any portion of the Aurora data center, or offering services out of the Aurora data center, to a competitor in the financial services industry such as Coinbase.

11. On November 2, 2020, Coinbase and BSO executed a Master Service Agreement ("MSA"), which created a contractual relationship between the parties, and its terms and

conditions were incorporated by reference into future Service Order agreements between the parties. MSA §§ 2.1, 2.4.1.

12. The next day, Coinbase and BSO executed the first of many service agreements, Service Order SO003306, whereby Coinbase subleased from BSO a specific cabinet, 05-150, at the Aurora data center, which was operated by a company that perceived Coinbase to be its competitor in the financial services industry.

13. BSO concealed from Coinbase the fact that the sublease was prohibited by the terms of BSO's preexisting agreement with the facility operator, and thus the prohibition was unknown to Coinbase. Had Coinbase known this information at the time, it would not have agreed to sublease the cabinet from BSO in the Aurora facility.

14. The MSA and Service Order SO003306 both provided for a twelve-month initial term, with automatic monthly renewals thereafter except on 90 days' notice by either party. MSA § 5.1.2.

15. In reliance on its automatically-renewing sublease with BSO—and its ignorance of any agreement between BSO and the facility operator that would prohibit the sublease—Coinbase thereafter entered into additional Service Order agreements with BSO to expand the connectivity available to clients and the capacity of Coinbase's derivatives exchange. Coinbase also contracted with third parties for additional connectivity circuits specific to the cabinet that it leased at the Aurora facility.

B. BSO Kicks Coinbase Out of the Data Center Without Proper Notice.

16. On information and belief, the Aurora facility operator learned in January 2025 that BSO had sublet the data center cabinet to Coinbase. The operator immediately sent a cease-and-desist letter to BSO, instructing it to terminate its sublease with Coinbase and expel Coinbase from the Aurora facility.

17. On January 27, 2025, Coinbase received an email from BSO titled “911 Emergency Issue,” which stated that the facility operator had “determined that Coinbase are a competitor operating within their infrastructure in Aurora,” and that the operator was “giving [BSO] a deadline of Wednesday,” i.e., two days hence, to rectify the situation. To confirm BSO’s representations, Coinbase repeatedly requested that BSO show it the relevant provision in the facility operator contract, but BSO would only disclose a small portion.

18. BSO subsequently told Coinbase that Coinbase would have to exit the Aurora facility by February 12, 2025, a little over two weeks later, which was far less notice than the 90 days required by the MSA.

19. Coinbase thereafter had to make emergency arrangements to depart the Aurora facility and migrate its operations to a new data center. The forced departure unsurprisingly resulted in significant covering costs to Coinbase—both one-time and recurring charges—which were only increased due to the exigent, no-notice basis of the migration.

20. In that vein, although BSO proposed an alternative Chicago data center as a relocation option, that data center would not have been available for several weeks, potentially impacting the customer experience in a way that Coinbase found unacceptable. Coinbase was therefore forced to select an alternative vendor to host its operations.

21. Despite having been forced to cease operations at the Aurora facility as of February 12, Coinbase still had some equipment at the facility through April 2025, and BSO continued to charge Coinbase for use of the facility, resulting in Coinbase paying duplicative subscription fees for two facilities for multiple months.

22. Separate and apart from its subscription fees to a new provider, Coinbase also incurred substantial switching costs. Of these switching costs, the most substantial were the charges for disaster recovery services.

23. In addition, Coinbase's departure from Aurora also resulted in significant deadweight losses due to Coinbase's inability to use the services it had already contracted for, such as the additional BSO Service Orders and third-party circuitry subscriptions. Mirroring Coinbase's agreement with BSO, the third-party contracts required 90 days' notice to avoid renewal, and Coinbase's attempt to be let out of them early was unsuccessful, resulting in multiple months of charges for circuitry services that Coinbase could not use.

24. Coinbase's switch to an alternative data center on two weeks' notice caused significant interruption to ordinary business operations. To facilitate stable and safe migration without interruption of service to Coinbase's own customers, multiple Coinbase employees had to devote attention to the transition, sacrificing time that could have been productively spent on customer projects.

C. BSO Refuses to Compensate Coinbase for Damages Suffered.

25. In June 2025, Coinbase made an express request to BSO for payment of a portion of the costs and losses it incurred due to its forced departure from the Aurora facility. BSO, however, refused to compensate Coinbase for any of them, and instead rejected Coinbase's claim in its entirety.

26. Although BSO admitted that it was "compelled to discontinue providing space to Coinbase at the [Aurora] facility," it claimed that this was a result of the facility operator's "enforcement of its *internal* policy prohibiting access to direct competitors." (Emphasis added.) According to BSO, "This restriction was entirely outside of BSO's control and did not result from any fault, negligence, or bad faith on BSO's part."

27. This was a false statement. In the very next breath, BSO admitted that Coinbase’s forced exit was *not* merely a matter of the operator’s “internal policy”—which would not be binding on BSO in any event—but rather that “BSO was both contractually and legally obligated to comply” with the operator’s directive. This meant that the facility operator’s prohibition on subletting to Coinbase was a matter of contractual right that BSO knew or should have known about. Thus, BSO’s decision to enter into a prohibited sublease with Coinbase, without telling Coinbase of the prohibition, was entirely BSO’s fault.

28. BSO further explained that “non-compliance” with the operator’s cease-and-desist order “would have triggered the immediate suspension . . . of some or all of BSO’s colocation services at the facility, the termination of its MCSA with [the facility operator] within 30 days, and potential legal claims for damages” by the operator. This meant, in effect, that in choosing to comply with the Aurora facility operator’s directive, BSO was prioritizing its own problems above those of its customer, Coinbase.

AS AND FOR THE FIRST CAUSE OF ACTION

(Breach of Contract)

29. Plaintiff repeats and re-alleges each allegation set forth in the preceding paragraphs as if fully set forth herein.

30. The MSA is a valid and enforceable contract.

31. Service Order SO003306 and all other Service Orders between Coinbase and BSO are valid and enforceable contracts that incorporate by reference the terms and conditions of the MSA. MSA § 2.4.1

32. Plaintiff has performed its obligations under the MSA and all Service Orders, including Service Order SO003306.

33. BSO breached the MSA by, among other things, forcing Coinbase out of the Aurora facility without proper notice. MSA § 5.1.2.

34. As a direct result of BSO's breach of the MSA, Plaintiff has sustained damages in an amount to be determined at trial, but which exceed \$500,000, plus interest due thereon, representing Plaintiff's costs incurred through its departure from the Aurora facility and any costs incurred by expeditiously moving to an alternative data center.

AS AND FOR THE SECOND CAUSE OF ACTION

(Fraudulent Concealment)

35. Plaintiff repeats and re-alleges each allegation set forth in the preceding paragraphs as if fully set forth herein.

36. On November 3, 2020, BSO and Plaintiff entered into a contractual agreement, Service Order SO003306, whereby Plaintiff sublet cabinet 05-150 at the Aurora data facility from BSO.

37. Afterwards, Coinbase and BSO entered into additional Service Order agreements to expand the connectivity available to Coinbase's clients and the capacity of its derivatives exchange.

38. At the time the parties executed Service Order SO003306 and the additional Service Order agreements, BSO was contractually prohibited from subletting cabinet 05-150 to Plaintiff.

39. BSO failed to disclose the prohibition to Plaintiff when the parties executed Service Order SO003306 and the additional Service Order agreements.

40. BSO's contractual prohibition was material information.

41. BSO had a duty to disclose material information about its inability to sublet cabinet 05-150 to Plaintiff because BSO alone had access to its contract with the facility

operator, and thus BSO alone knew of any contractual restrictions on its ability to sublet cabinets at the Aurora facility.

42. Plaintiff did not know of, and could not have discovered, any such restrictions, and thus BSO's failure to disclose complete and truthful information about such restrictions rendered the parties' transaction inherently unfair.

43. By failing to disclose the terms of its contract with the facility operator to Plaintiff, BSO intended to deceive Plaintiff into believing that BSO could lawfully sublet cabinet 05-150 at the Aurora facility to Plaintiff, to induce Plaintiff to enter into Service Order SO003306 and the additional Service Order agreements.

44. When it entered into Service Order SO003306 and the additional Service Order agreements, Plaintiff relied on BSO to provide all material information relating to BSO's ability to sublet cabinet 05-150 at the Aurora facility. Plaintiff's reliance on BSO was both reasonable and justifiable because Plaintiff had no knowledge of the restrictions in BSO's contract with the Aurora facility operator.

45. Had Plaintiff known the terms of BSO's contract with the facility operator, Plaintiff would not have entered into Service Order SO003306 or any additional Service Order agreements with BSO.

46. BSO's fraudulent concealment, inducing Plaintiff's reliance thereon, was the direct and proximate cause of Plaintiff's loss, which the Plaintiff would not have sustained but for BSO's concealment.

47. As a direct result of BSO's fraudulent concealment, Plaintiff cannot be made whole by money damages alone.

48. Plaintiff is ready, willing, and able to restore BSO to the status quo ante.

49. Plaintiff seeks rescission of Service Order SO003306 and all additional Service Order agreements. Plaintiff also seeks restitution of all sums paid in an amount to be determined at trial, but which is at least \$500,000 plus interest due thereon.

50. Plaintiff also seeks punitive damages. BSO, with actual knowledge of the falsity of its representations and with the intent to deceive and defraud Plaintiff, made material misrepresentations regarding its ability to lawfully sublet cabinet 05-150 at the Aurora facility to Plaintiff. BSO's conduct was not merely intentional but was so grossly fraudulent, malicious, and wanton as to evince a high degree of moral turpitude and a conscious disregard for the rights of Plaintiff, warranting the imposition of punitive damages to punish BSO and deter similar conduct in the future.

51. Plaintiff has no adequate remedy at law.

AS AND FOR THE THIRD CAUSE OF ACTION

(Negligent Omission of Fact)

52. Plaintiff repeats and re-alleges each allegation set forth in the preceding paragraphs as if fully set forth herein.

53. On November 3, 2020, BSO and Plaintiff entered into a contractual agreement, Service Order SO003306, whereby Plaintiff sublet cabinet 05-150 at the Aurora data facility from BSO.

54. Afterwards, Coinbase and BSO entered into additional Service Order agreements to expand the connectivity available to Coinbase's clients and the capacity of its derivatives exchange.

55. At the time the parties executed Service Order SO003306 and the additional Service Order agreements, BSO was contractually prohibited from subletting cabinet 05-150 to Plaintiff.

56. BSO failed to disclose the prohibition to Plaintiff when the parties executed Service Order SO003306 and the additional Service Order agreements.

57. BSO's contractual prohibition was material information.

58. BSO had a duty to disclose material information to Plaintiff because BSO and Plaintiff entered into a contractual relationship, and BSO alone had special knowledge of any prohibitions on its ability to sublet cabinets at the Aurora facility due to those terms being contained in BSO's agreement with the facility operator.

59. Plaintiff did not know of, and could not have discovered, any such restrictions, and thus BSO's failure to disclose complete and truthful information about such restrictions rendered the parties' transaction inherently unfair.

60. BSO knew or should have known Plaintiff would rely on BSO to provide all material information relating to BSO's ability to sublet cabinet 05-15 at the Aurora facility because Plaintiff had no way of knowing the terms of the agreement between BSO and the facility operator.

61. When it entered into Service Order SO003306 and the additional Service Order agreements, Plaintiff relied on BSO to provide all material information relating to BSO's ability to sublet cabinet 05-150 at the Aurora facility. Plaintiff's reliance on BSO was both reasonable and justifiable because Plaintiff had no knowledge of the restrictions in BSO's contract with the Aurora facility operator.

62. Had Plaintiff known the terms of BSO's contract with the facility operator, Plaintiff would not have entered into Service Order SO003306 or any additional Service Order agreements with BSO.

63. BSO's negligent omission of fact, inducing Plaintiff's reliance thereon, was the direct and proximate cause of Plaintiff's loss, which the Plaintiff would not have sustained but for BSO's omission of fact.

64. As a direct result of BSO's omission of fact, Plaintiff cannot be made whole by money damages alone.

65. Plaintiff is ready, willing, and able to restore BSO to the status quo ante.

66. Plaintiff seeks rescission of Service Order SO003306 and all additional Service Order agreements. Plaintiff also seeks restitution of all sums paid in an amount to be determined at trial, but which is at least \$500,000 plus interest due thereon.

67. Plaintiff has no adequate remedy and law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that the Court enter judgment for it and against Defendant as follows:

- a. awarding Plaintiff damages in the amount in excess of \$500,000 plus interest, for Defendant's breach of the MSA;
- b. rescinding Service Order SO003306 and all additional Service Order agreements, for Defendant's breach of the MSA;
- c. awarding punitive damages;
- d. awarding restitution of all sums paid by Plaintiff to BSO;
- e. awarding pre-judgment and post-judgment interest;
- f. awarding attorneys' fees, costs, and expenses; and
- g. granting all other and further relief as this Court deems necessary, just, and proper.

Dated: August 1, 2025

Respectfully submitted,

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