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# Clover Health Stockholder Sues In Del. For Company Docs

By **Leslie A. Pappas**

Law360 (April 29, 2022, 7:05 PM EDT) -- A stockholder of Clover Health Investments Corp. sued the Medicare Advantage provider in Delaware's Chancery Court, saying he needed access to documents to investigate the company's directors and officers and "materially false and misleading statements" that have triggered two class actions.

In a complaint filed late Thursday, stockholder Richard Armon alleged that company representatives including board chairman Chamath Palihapitiya made false and misleading statements about the company's business and regulatory standing, leading to a federal securities class action in Tennessee and a derivative suit in Delaware.

"This misconduct has harmed and will continue to harm the company and supplies a credible basis to inspect the circumstances surrounding the dissemination of the statements in question, as well as the board's controls and reporting systems concerning the public reporting and legal compliance," the complaint says.

Armon's complaint was filed under Section 220 of Delaware's corporate law, which allows a stockholder to inspect a company's books and records if there is a credible suspicion of wrongdoing.

Franklin, Tennessee-based Clover sells Medicare Advantage insurance plans and offers a software tool to help physicians aggregate patient data. Armon said that he asked the company for access to its books on April 19 but that the company did not respond.

The two previously filed lawsuits both allege that Clover knew the U.S. Department of Justice was investigating it for potential False Claims Act violations and other problems, but the company did not disclose the investigation until a month after it went public in January 2021 through a merger with a special purpose acquisition company.

Investor **Timothy Bond sued Clover** in Nashville federal court in February 2021 and stockholder **Roland Davies filed the derivative complaint** in Delaware's Chancery Court in December 2021.

In his complaint Thursday, Armon demanded a range of company documents to investigate the possible wrongdoing, including board minutes, marketing and press releases, information connected with the DOJ investigation, and all documents and materials that the company produced in response to the two earlier-filed lawsuits.

Clover Health declined to comment on the lawsuit. Counsel for Armon did not respond to a request for comment.

Richard Armon is represented by Joshua H. Grabar of Grabar Law Office, and Seth D. Rigrodsky, Gina M. Serra, and Herbert Mondros of Rigrodsky Law PA.

Counsel information for Clover Health was not immediately available.

The federal securities action is Bond v. Clover Health Investments Corp. et al., case number 3:21-cv-00096, in the U.S. District Court for the Middle District of Tennessee.

The derivative case in Delaware is Davies v. Garipalli, case number 2021-1016, in the Court of

Chancery for the State of Delaware.

The most recent case is Richard Armon v. Clover Health Investments Corp., case number 2022-0377, in the Court of Chancery of the State of Delaware.

--Additional reporting by Emilie Ruscoe. Editing by Rich Mills.

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