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Attorneys for Plaintiffs

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Ryan Cox, individually and on behalf of all other
similarly situated;

Plaintiffs,

v.

CoinMarketCap OpCo, LLC, Binance Capital
Management Co., Ltd. d/b/a Binance and
Binance.com, BAM Trading Services Inc.
d/b/a Binance.US, Changpeng Zhao, Catherine
Coley, Yi He, Ted Lin, and Does I-X;

Defendants.

Case No.

CLASS ACTION COMPLAINT

(Jury Trial Demanded)

INTRODUCTION

1. In recent years, various forms of digital assets have come into circulation. Though these assets take many forms, in the popular lexicon they are typically referred to as cryptocurrencies. For the sake of simplicity all digital assets, whether they meet the strict definition of cryptocurrencies, are referred to as such in this Complaint.
2. One such cryptocurrency is HEX.

1 3. Plaintiff alleges that Defendants have worked by various unlawful means to
2 artificially suppress the value of HEX and artificially inflate the value of other
3 cryptocurrencies.

4 4. This is a class action brought pursuant Rule 23 of the Federal Rules of Civil
5 Procedure to obtain redress for such conduct.

6 5. As set forth at greater length below:

7 a. Defendant CoinMarketCap OpCo, LLC (“CoinMarketCap.com”) is a coin
8 ranking site.

9 b. CoinMarketCap.com is owned by Defendant Binance Capital Mgmt. Co.,
10 Ltd. (“Binance”), a cryptocurrency exchange.

11 c. Defendant BAM Trading Services Inc. (“BAM” or “Binance.US”) is
12 Binance’s US affiliate.

13 d. Binance and Binance.US are also CoinMarketCap.com’s affiliated
14 exchanges.

15 6. Nic Carter, a partner at venture capital firm Castle Island Ventures, and co-
16 founder of CoinMetrics.io wrote an article detailing the relationship between
17 exchanges, coin ranking sites, and retail investors.¹ He explains:

18
19 *[Rankings sites] occupy a fêted position in the industry. Ostensibly, they perform*
20 *a useful service to investors and receive little in return aside from ad revenue.*
21 *But the under-reported reality is more sinister. Rankings sites are squarely at*
22 *the center of the extractive game that siphons money from retail investors and*
23 *deposits it into the pockets of altcoin creators and exchange operators.*

24
25 . . .

26
27 ¹ Nic Carter, *The Dark Underbelly of Cryptocurrency Markets*, NIC CARTER
28 (September 3, 2018) <https://medium.com/s/the-crypto-collection/a-glimpse-into-the-dark-underbelly-of-cryptocurrency-markets-d1690b761eaf> (last visited Sept. 13, 2021).

1 *The problem with the [altcoin casino / altcoin issuer / rankings site] troika is*
2 *how neatly intertwined all their incentives are, and how poorly-educated users*
3 *are about each. In many cases, “exchanges” is a misnomer. These things are*
4 *more akin to the bucket shops of the 20s, the boiler rooms of the 80s, or the*
5 *unregulated poker sites of the early 2000s, which ran fractional reserves or*
6 *granted insiders special access to the hole cards of unwitting players.*

7
8 *Quite simply, most of the crypto-to-crypto exchanges have nothing in common*
9 *with exchanges like the NYSE or the NASDAQ. While some investors are aware*
10 *of this, many mistakenly believe them to have integrity[.]*

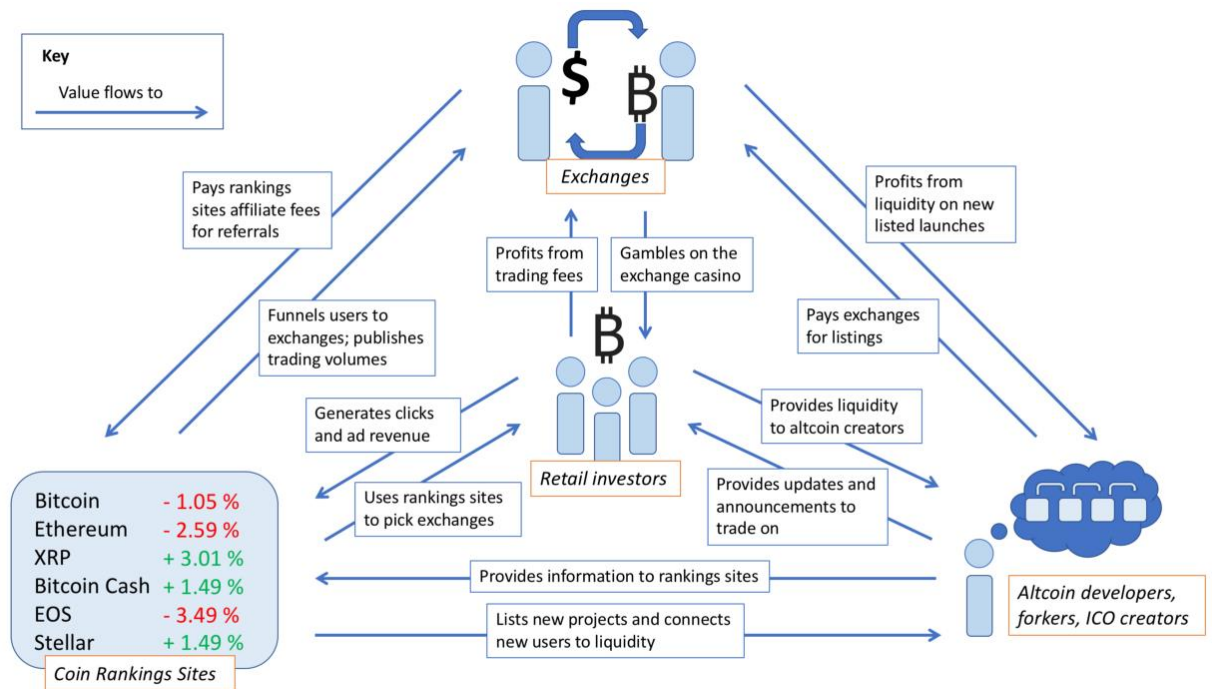
- 11 7. Mr. Carter explains that the “business model of the coin rankings sites” is to
12 generate revenue by linking consumers with affiliated exchanges where they
13 can buy and sell cryptocurrencies:

14 *Many if not most exchanges have affiliate schemes, and referral links*
15 *(“reflinks”) can be a lucrative source of revenue if you are the intermediary*
16 *between active traders and exchanges.*

17 ...

18 *Investors go to [coin rankings] sites to find links to exchanges where they can*
19 *trade their coins of choice, especially if they are smaller projects and do not*
20 *have many points of liquidity. Since the rankings sites are the ports of call for*
21 *investors, they have an almost captive audience and can easily monetize with an*
22 *affiliate link.*

8. Mr. Carter provides the following graphic to illustrate these relationships:



PARTIES, JURISDICTION, AND VENUE

9. Plaintiff Ryan Cox is, and was at all times relevant hereto, a resident of Yavapai County, Arizona.

10. Plaintiff acquired HEX prior to the Suppression Period (defined below).

11. Plaintiff sold some of his HEX during the Suppression Period.

12. But the acquisition and sale occurred while plaintiff was physically located in Arizona.

13. Defendant CoinMarketCap OpCo, LLC (“CoinMarketCap.com”) is a Delaware limited liability company. Upon information and belief its nominal headquarters location is in Delaware. It is widely used by Arizona investors.

14. According to CoinMarketCap.com:

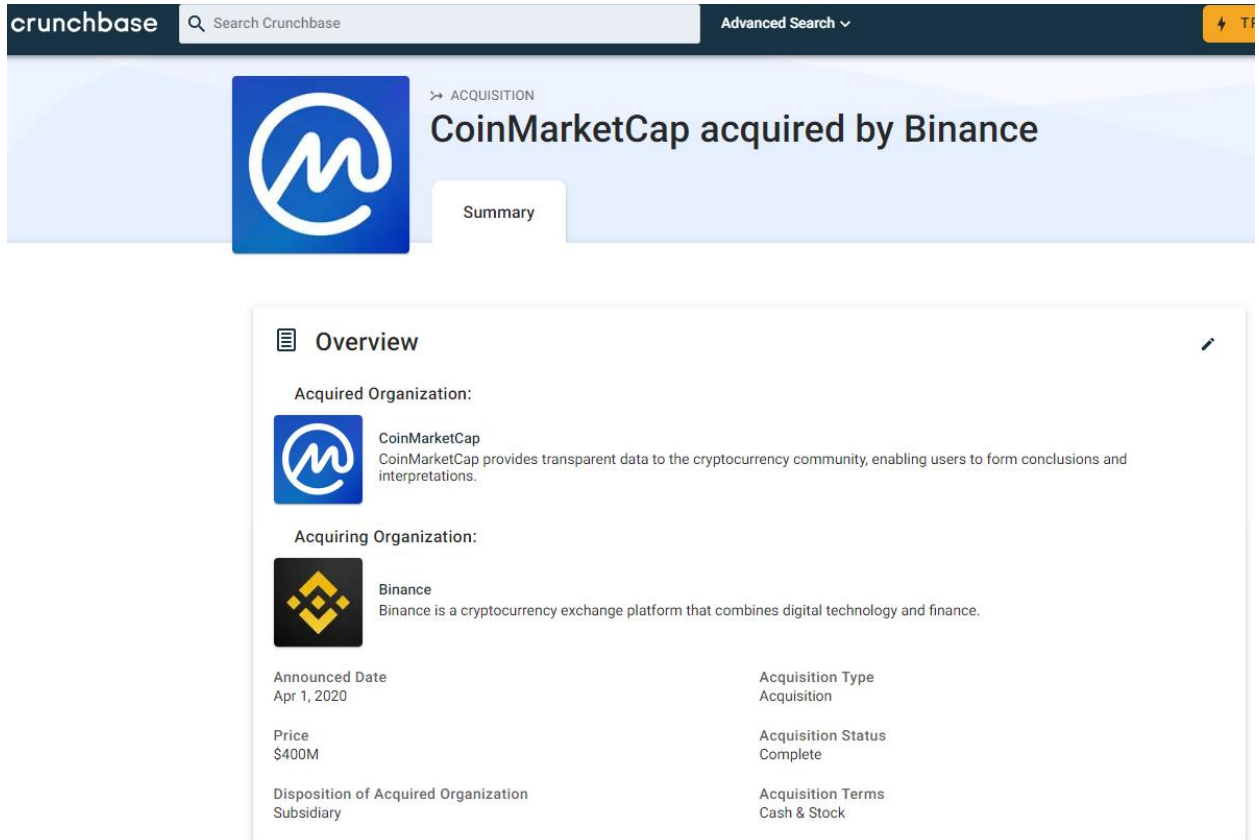
CoinMarketCap is the world's most-referenced price-tracking website for cryptoassets in the rapidly growing cryptocurrency space. Its mission is to make crypto discoverable and efficient globally by empowering retail users with unbiased, high quality and accurate information for drawing their own informed

conclusions.²

15. CoinMarketCap.com is sponsored by Blockchain.com.

16. CoinMarketCap.com was acquired by Binance Capital Mgmt. Co., Ltd. (“Binance”), a limited liability company, in early of 2020.

17. CoinMarketCap.com is now a subsidiary of Binance.



18. In lauding the acquisition Zhao stated: “CoinMarketCap has more users than any other product in the crypto space . . . Even though their money generation mechanism is not as strong as Binance, they do have the users – it’s a very valuable platform.”³

² *About CoinMarketCap*, COINMARKETCAP, <https://coinmarketcap.com/about/> (last visited Aug. 31, 2021).

³ William Foxley, ‘They Have the Users’: Binance CEO Explains Why He Bought CoinMarketCap, COINDESK (April 2, 2020), <https://www.coindesk.com/binances-coinmarketcap-acquisition-is-a-bet-that-crypto-really-is-for-the-masses> (last visited Aug. 31, 2021).

19. Coindesk reported that Andy Cheung, former chief operating officer at OKEx and founder of crypto derivative platform ACDX stated that the acquisition was “‘not very good for the industry’ given the conflict of interest between the parties’ missions” and that “[Cheung pointed]to Binance’s exchange token, BNB [AKA Binance Coin], as an example.”⁴

20. For its part, CoinMarketCap.com claims:

*In April 2020, CoinMarketCap was acquired by Binance Capital Mgmt. Binance is the global blockchain company behind the world's largest digital asset exchange by trading volume and users, which shares the common vision of making crypto accessible and systemically important to people all around the world. Through the acquisition, CoinMarketCap plans to tap into its parent company's extensive resources to acquire more in-depth data into projects, reduce information asymmetry in the crypto industry and bring higher-quality data to its hundreds of millions of users.*⁵

21. Coindesk has called CoinMarketCap.com the “dominant data source and go-to platform for asset pricing” in the cryptocurrency space as well as the “first landing page for retail investors[.]” Despite its status as “the first port of call for small retail buyers” Coindesk has also noted that “institutional investors [have] spurned the website, particularly after [a report of misconduct on the part of CoinMarketCap.com was made to the SEC].” Nonetheless, Coindesk notes that “exchanges have always used CoinMarketCap[.]”⁶

⁴ William Foxley, ‘They Have the Users’: Binance CEO Explains Why He Bought CoinMarketCap, COINDESK (Apr. 2, 2020), <https://www.coindesk.com/binances-coinmarketcap-acquisition-is-a-bet-that-crypto-really-is-for-the-masses> (last visited Aug. 31, 2021).

⁵ About CoinMarketCap, COINMARKETCAP, <https://coinmarketcap.com/about/> (last visited Aug. 31, 2021).

⁶ William Foxley, ‘They Have the Users’: Binance CEO Explains Why He Bought CoinMarketCap, COINDESK (Apr. 2, 2020), <https://www.coindesk.com/binances-coinmarketcap-acquisition-is-a-bet-that-crypto-really-is-for-the-masses> (last visited Aug. 31, 2021).

22. In a 2019, interview with Forbes Magazine, Adel de Meyer, the CEO of DAPS Coin, noted that “[a] ranking authority with the size and reputation of CoinMarketCap has the capacity to essentially ‘hide’ a [Cryptocurrency] at will.”⁷

23. Adel de Meyer also noted that CoinMarketCap.com’s dominance provided the “option for collusion, corruption, and coercion[.]” She further noted that CoinMarketCap.com seemed to reduce some market caps arbitrarily, leaving “investors and traders confused” and “damaging the reputation” of cryptocurrencies so impacted. She concluded that CoinMarketCap.com’s flawed rankings, were “dangerous” and posed a risk to retail investors.⁸

24. In addition to “hiding” a cryptocurrency, CoinMarketCap.com has the ability to artificially inflate the value of a Cryptocurrency. For example, Mr. Carter notes that by listing an artificially high market cap for advertiser and cryptocurrency BitConnect, “CoinMarketCap directly enabled” it to “siphon[] around \$100m from investors[.]”⁹ The SEC also made note of CoinMarketCap’s popularity and its advertising relationship with BitConnect in its suit against BitConnect’s promoters.¹⁰

25. According to CoinMarketCap.com:

Binance is the global blockchain company behind the world's largest digital asset exchange by trading volume and users, serving a greater mission to

⁷ Luke Fitzpatrick, *CoinMarketCap Algorithm Changed: Is the Ranking Flawed?*, FORBES (Aug. 20, 2019), <https://www.forbes.com/sites/lukefitzpatrick/2019/08/20/coinmarketcap-algorithm-changed-is-the-ranking-flawed/?sh=409f4f064897> (last visited Sept. 13, 2021).

⁸ *Id.*

⁹ Nic Carter, *The Dark Underbelly of Cryptocurrency Markets*, NIC CARTER (September 3, 2018) <https://medium.com/s/the-crypto-collection/a-glimpse-into-the-dark-underbelly-of-cryptocurrency-markets-d1690b761eaf> (last visited Sept. 13, 2021).

¹⁰ See e.g., Compl., ¶ 44, *Securities and Exchange Commission v. Trevon Brown, et al.*, No. 21 Civ. 4791 (S.D.N.Y.) (copy available at <https://www.sec.gov/litigation/complaints/2021/comp-pr2021-90.pdf>).

1 *accelerate cryptocurrency adoption with 25+ products, projects and initiatives.*
 2 *Binance.com is known for offering a wide range of cryptoasset trading options*
 3 *and fiat on-ramps for multiple currencies globally, as part of its mission to*
 4 *increase the freedom of money.*¹¹

5 26. Defendant Binance launched in July 2017. By January 2018, it had become, and
 6 remains, the largest cryptocurrency exchange in the world, with a market
 7 capitalization of \$1.3 billion and the highest trading volume of any such
 8 exchange. Binance facilitates trades in cryptocurrency by providing a
 9 marketplace and facilities for bringing together buyers and sellers of
 10 cryptocurrency in exchange for Binance taking a fee for every transaction it
 11 facilitates.

12 27. Binance's CEO, defendant Changpeng Zhao, founded Binance in China but
 13 shortly thereafter moved Binance's headquarters to Japan, in advance of the
 14 Chinese government's ban on cryptocurrency trading.

15 28. In March 2018, as a result of increasing regulatory scrutiny in Japan, Binance
 16 moved its nominal headquarters to Malta. However, Zhao has stated that:
 17 *Binance.com has always operated in a decentralized manner as we reach out to*
 18 *our users across more than 180 nations worldwide. As well as pushing the*
 19 *envelope in experimenting on how to become a true DAO (decentralized*
 20 *autonomous organization).*¹²

21 29. Malta for its part has announced that Binance is not under its jurisdiction. "Since
 22 then Binance has not said just where, exactly, it is now headquartered."¹³

23 ¹¹ *About CoinMarketCap*, COINMARKETCAP, <https://coinmarketcap.com/about/> (last
 24 visited Aug. 31, 2021).

25 ¹² *Binance CEO Dismisses Malta Controversy: "This is Old News"*, SUPERCRYPTONEWS
 (Feb. 24, 2020), <https://www.supercryptonews.com/binance-malta-controversy/> (last
 26 visited Aug. 31, 2021).

27 ¹³ Paddy Baker, *Binance Doesn't Have a Headquarters Because Bitcoin Doesn't*, Says
 CEO, COINDESK (May 8, 2020) (updated Aug. 24, 2021),
 28 <https://www.coindesk.com/binance-doesnt-have-a-headquarters-because-bitcoin-doesnt-says-ceo> (last visited Aug. 31, 2021).

30. Coindesk has reported on Zhao's 2020 response to one questioner who asked where Binance was headquartered:

Then it hit. Shin asked the one question Zhao really didn't want to have to answer, but many want to know: Where is Binance's headquarters? . . .

Little wonder that when asked Zhao reddened; he stammered. He looked off-camera, possibly to an aide. 'Well, I think what this is is the beauty of the blockchain, right, so you don't have to ... like where's the Bitcoin office, because Bitcoin doesn't have an office,' he said.

The line trailed off, then inspiration hit. 'What kind of horse is a car?' Zhao asked. Binance has loads of offices, he continued, with staff in 50 countries. It was a new type of organization that doesn't need registered bank accounts and postal addresses.¹⁴

31. Nic Carter, a partner at venture capital firm Castle Island Ventures, and co-founder of CoinMetrics.io has called Binance the "archetype" of the lightly regulated cryptocurrency "casino" that "hop[s] around from jurisdiction to jurisdiction to avoid the watchful eyes of regulators" and claiming that it has "a devil-may-care attitude toward compliance, KYC/AML, wash trading, and reporting."¹⁵

32. Upon information and belief Zhao himself resides in Taiwan.

33. Yi He is the Chief Marketing Officer ("CMO") of Binance and co-founded Binance along with Zhao and Wang. In her role as CMO, she oversees

¹⁴ Paddy Baker, *Binance Doesn't Have a Headquarters Because Bitcoin Doesn't, Says CEO*, COINDESK (May 8, 2020) (updated Aug. 24, 2021), <https://www.coindesk.com/binance-doesnt-have-a-headquarters-because-bitcoin-doesnt-says-ceo> (last visited Aug. 31, 2021).

¹⁵ Nic Carter, *The Dark Underbelly of Cryptocurrency Markets*, NIC CARTER (Sept. 3, 2018) <https://medium.com/s/the-crypto-collection/a-glimpse-into-the-dark-underbelly-of-cryptocurrency-markets-d1690b761eaf> (last visited September 13, 2021).

“all marketing efforts” and has touted that she increased “Binance’s global influence to become a top cryptocurrency exchange.”¹⁶ On information and belief, she resides in Malta.

34. Ted Lin has been the Chief Growth Officer of Binance since September 2018. According to his LinkedIn profile, his responsibilities include, among other things, “aligning strategic partners worldwide.”¹⁷ Upon information and belief he has not resided in Arizona at any times relevant hereto.

35. Although it is thus unclear where Binance is physically headquartered, since its founding Binance has regularly and intentionally engaged in numerous online cryptocurrency transactions inside the United States, with United States residents. In addition, Binance has promoted, inside the United States, the sale of digital assets on its exchange.

36. In 2019, Binance was banned in the United States on regulatory grounds and stopped accepting US users that year.

37. In response, Binance launched Binance.US in partnership with US company BAM Trading Services Inc. (“BAM” or “Binance.US”).¹⁸ According to Changpeng Zhao, the purpose of Binance.US was to “bring the security, speed, and liquidity of Binance.com to North America” and ensure that Binance served the US market was in “full regulatory compliance.”¹⁹

38. Catherine Coley was the CEO of Binance.US from its inception until early May, 2021. Upon information and belief she does not reside in Arizona.²⁰

¹⁶ *Binance*, BLOCKDATA, <https://www.blockdata.tech/profiles/binance> (last visited Aug. 31, 2021).

¹⁷ *Ted Lin*, LINKEDIN, <https://www.linkedin.com/in/ted-lin-545a4491/> (last visited Aug. 31, 2021).

¹⁸ Nikhilesh De, *Binance Says It’s Launching a US Exchange With FinCEN Registered Partner*, COINDESK (June 13, 2019) (updated Aug. 24, 2021), <https://www.coindesk.com/binance-says-its-launching-a-us-exchange-with-fincen-registered-partner> (last visited Aug. 31, 2021).

¹⁹ *Id.*

²⁰ Zack Seward & Nate DiCamillo, *Binance.US Hires Former Bank Regulator Brian*

39. Subsequently, she was replaced by Brian Brooks, a former banking regulator. However, Mr. Brooks resigned shortly after taking the position.²¹ If discovery reveals that Mr. Brooks is liable, in whole or in part, for the acts or omissions complained of herein, Plaintiff and the Class will seek leave to add him as a Defendant.

40. It is unclear who Binance.US's current CEO is. Discovery will be sought on this point as appropriate. If discovery reveals that Binance.US's current CEO is liable, in whole or in part, for the acts or omissions complained of herein, Plaintiff and the Class will seek leave to add him or her as a Defendant.

41. Binance.US is supposedly operated by BAM but uses Binance's wallet, matching engine, and other technologies.²²

42. Upon information and belief Binance and or Zhao own a significant portion of Binance.US.

43. Binance.US offers a very similar interface and feature set to its worldwide counterpart.

44. Binance.US has been banned in seven US states.

45. Arizona is not one of the states in which Binance.US has been banned.

46. Binance and/or Binance.US thus continues to operate in Arizona.

47. Binance.US sought and obtained licensure as a money transmitter from the Arizona Department of Financial Institutions.²³

Brooks as CEO, Former Head Coley to Depart, COINDESK (April 20, 2021) (updated Aug. 24, 2021), <https://www.coindesk.com/binance-us-hires-former-bank-regulator-brian-brooks-as-ceo> (last visited Aug. 31, 2021).

²¹ Nate DiCamillo, *Binance.US CEO Brian Brooks Quits, Cites 'Strategic Differences'*, COINDESK (Aug. 6, 2021) (updated Aug. 24, 2021), <https://www.coindesk.com/binance-us-ceo-brian-brooks-quits-cites-strategic-differences> (last visited Aug. 31, 2021).

²² Nikhilesh De, *Binance Says It's Launching a US Exchange With FinCEN Registered Partner*, COINDESK (June 13, 2019) (updated Aug. 24, 2021), <https://www.coindesk.com/binance-says-its-launching-a-us-exchange-with-fincen-registered-partner> (last visited Aug. 31, 2021).

²³ *Licenses*, BINANCE, <https://support.binance.us/hc/en-us/articles/360050532193-Licenses> (last visited Aug. 31 2021).

1 48. In May 2021, Bloomberg News reported that Binance was under investigation
2 by the United States Department of Justice and Internal Revenue Service for
3 money-laundering and tax evasion.²⁴

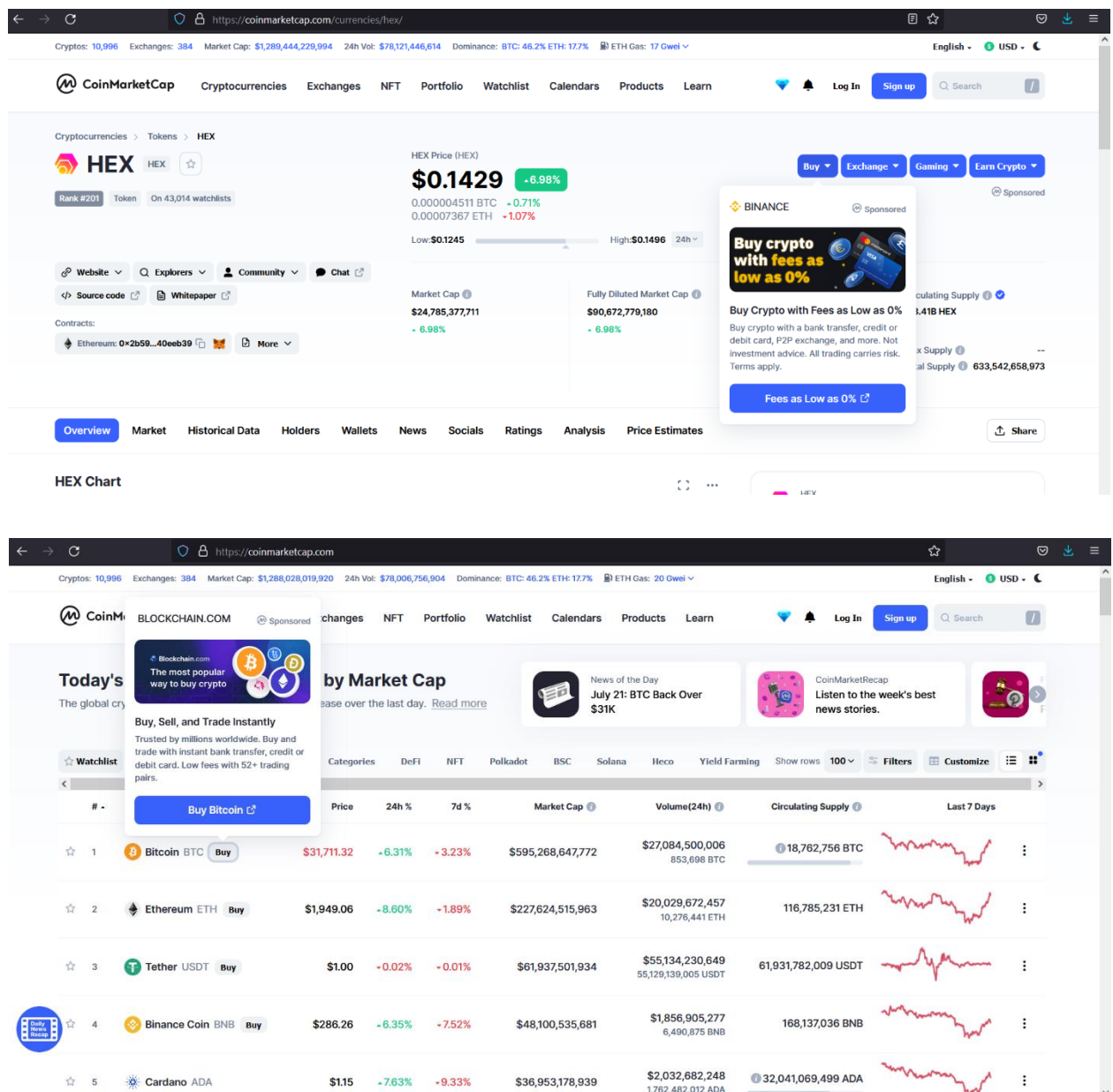
4 49. Collectively CoinMarketCap.com, Binance, and Binance.US are referred to as
5 the (“Corporate Defendants”).

6 50. Changpeng Zhao, Catherine Coley, Yi He, Ted Lin, and other individuals who
7 are or were control persons of the Corporate Defendants and whose identities
8 are as yet unknown are referred to as the (“Individual Defendants”).

9 51. The Individual Defendants are all persons who possess significant knowledge
10 about cryptocurrencies and are well equipped to know HEX’s true market cap.

11 52. Next to each cryptocurrency listed on CoinMarketCap.com’s is a “buy” button.

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26 ²⁴ Tom Schoenberg, *Binance Faces Probe by U.S. Money-Laundering and Tax Sleuths*,
27 BLOOMBERG (May 13, 2021), [https://www.bloomberg.com/news/articles/2021-05-](https://www.bloomberg.com/news/articles/2021-05-13/binance-probed-by-u-s-as-money-laundering-tax-sleuths-bore-in)
28 [13/binance-probed-by-u-s-as-money-laundering-tax-sleuths-bore-in](https://www.bloomberg.com/news/articles/2021-05-13/binance-probed-by-u-s-as-money-laundering-tax-sleuths-bore-in) (last visited Aug. 31,
2021).



53. Users who click on the “buy” button are directed to either Blockchain.com or Binance’s websites.
54. However, despite appearances to the contrary, HEX cannot be purchased via either Blockchain.com or Binance.
55. The link on CoinMarketCap.com that takes users to Binance.com does not inform users that they are being directed to a Binance subsidiary but instead invites users to purchase cryptocurrency through “Binance[.]” Similarly, the landing page at which users arrive after clicking the link states that the site belongs to “Binance” in the upper left-hand corner and directs users to Binance’s

1 website.

2 56. In contrast, the words Binance.US are prominently displayed in the upper left-
3 hand corner of Binance.US's website.²⁵

4 57. The "terms" section of the website to which CoinMarketCap.com users are
5 directed makes clear that "Binance refers to an ecosystem comprising Binance
6 websites (whose domain names include but are not limited to
7 www.binance.com), mobile applications, clients, applets and other applications
8 that are developed to offer Binance Services, and includes independently-
9 operated platforms, websites and clients within the ecosystem (e.g. Binance's
10 Open Platform, Binance Launchpad, Binance Labs, Binance Charity, Binance
11 DEX, Binance X, JEX, Trust Wallet, and fiat gateways)."²⁶

12 58. The "about Binance" paragraph of the "terms" portion of the website states that
13 "Binance mainly serves as a global online platform for Digital Assets trading[.]"

14 59. The "terms" section further notes that "Binance Operators" are bound by the
15 terms expressed therein. II(1)(a).

16 60. Binance Operators are defined as referring "to all parties that run Binance,
17 including but not limited to legal persons, unincorporated organizations and
18 teams that provide Binance Services and are responsible for such services."

19 61. Binance Services are defined as referring "to various services provided to you
20 by Binance that are based on Internet and/or blockchain technologies and offered
21 via Binance websites, mobile applications, clients and other forms (including
22 new ones enabled by future technological development). Binance Services
23 include but are not limited to such Binance ecosystem components as Digital
24 Asset Trading Platforms, the financing sector, Binance Labs, Binance Academy,
25 Binance Charity, Binance Info, Binance Launchpad, Binance Research, Binance

26 ²⁵ See e.g., BINANCE.US, <https://www.binance.us/en/buy-sell-crypto> (last visited Aug. 31,
27 2021).

28 ²⁶ *Binance Terms of Use*, BINANCE (Aug. 20, 2021), <https://www.binance.com/en/terms>
(last visited Aug. 31, 2021).

Chain, Binance X, Binance Fiat Gateway, existing services offered by Trust Wallet and novel services to be provided by Binance.”

62. For example, on Binance’s “about” page,²⁷ titled “About Binance[,]” users are treated to an infographic of Binance’s ecosystem. The only exchange listed as part of that ecosystem is “Binance Exchange . . . the largest crypto exchange by trade volume and one of the fastest in the world.” No mention is made of Binance.US being a separate part of the ecosystem.

63. The about page also informs users about a cryptocurrency developed by Binance as well as Binance’s vision to “increase the freedom of money globally.” It further states that “by spreading this freedom, we can significantly improve lives around the world[.]”

64. Conversely, the website that CoinMarketCap.com users are directed to lists Binance as part of the Ecosystem.

65. The website also lists “Binance Info” (i.e. CoinMarketCap.com) as part of its ecosystem and claims that it serves as an “open and objective information platform.” This despite the fact that prior to acquiring CoinMarketCap.com, Zhao had criticized the quality of its data²⁸ and that a 2019 report to the SEC had found that CoinMarketCap’s data was based in large part on artificial trade volume.²⁹

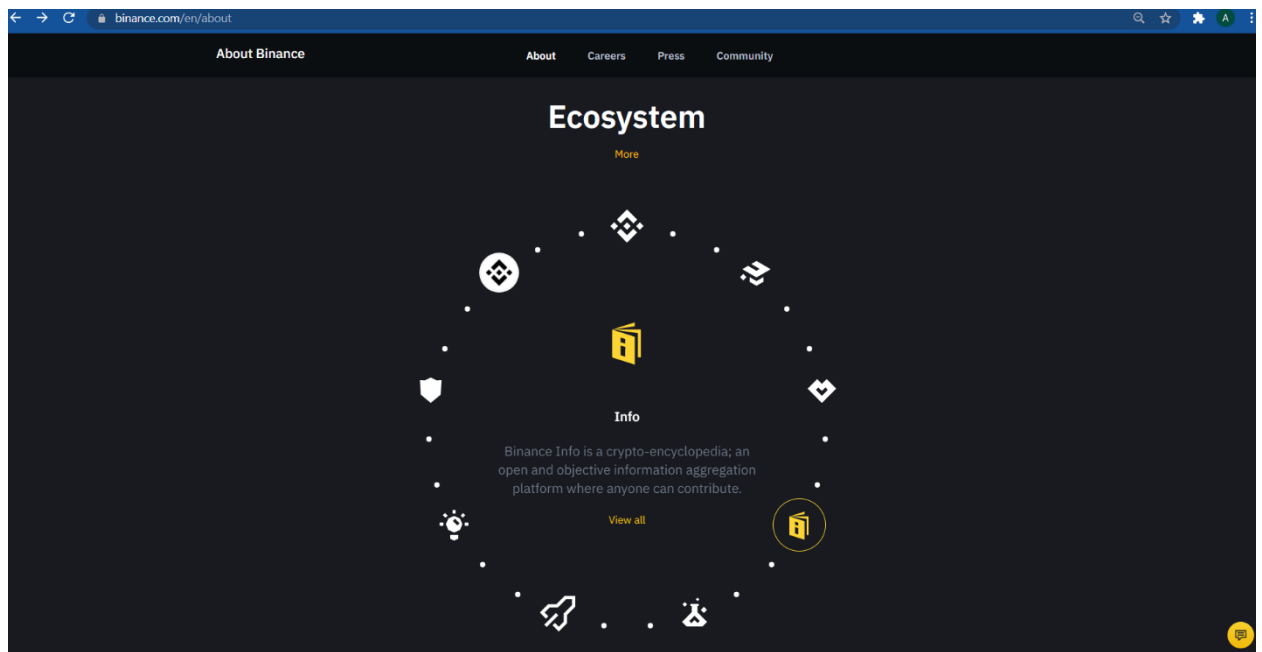
66. Clicking on the link for “Binance Info” takes users to CoinMarketCap.com’s website.³⁰

²⁷ *About Binance*, BINANCE, <https://www.binance.com/en/about> (last visited Aug. 31, 2021).

²⁸ William Foxley, *‘They Have the Users’: Binance CEO Explains Why He Bought CoinMarketCap*, COINDESK (April 2, 2020), <https://www.coindesk.com/binances-coinmarketcap-acquisition-is-a-bet-that-crypto-really-is-for-the-masses> (last visited Aug. 31, 2021).

²⁹ *Id.*

³⁰ *About Binance*, BINANCE, <https://www.binance.com/en/about> (last visited Aug. 31, 2021).



67. Thus, it is simply not clear where Binance ends and Binance.US begins or even whether there is any meaningful distinction between the two at all.

68. Although Binance bills CoinMarketCap.com as an open source platform to which any user can contribute, users cannot change HEX's ranking. Rather, the power to change that ranking is under the control of Defendants.

69. Upon information and belief, the Binance and Binance.US exchanges make money by charging a transaction fee to those who execute transactions of the cryptocurrencies traded on those exchanges.

70. HEX is not traded on Binance or Binance.US.

71. Does I-X are other natural or corporate persons which may be liable for the acts or omissions complained of herein, including by their virtue of their status as control persons. Plaintiff will seek leave to add their true names after discovery reveals their identities.

72. This Court has jurisdiction pursuant to Article III of the US Constitution, 7 U.S. Code § 25, Section 22 of the Securities Act, 28 U.S.C. § 1331-1332, 15 U.S.C. § 77v, Section 27 of the Exchange Act, 15 U.S.C. § 78aa(a), the Clayton Act, 28 U.S. Code § 1337, CAFA, common law doctrine, and other applicable law.

73. This Court additionally has jurisdiction over the claims arising, in whole or in part, under Arizona law pursuant to the authorities set forth above as well as pursuant to this Court's supplemental jurisdiction under 28 U.S.C. § 1367(a). This Court also has jurisdiction over the claims arising under Arizona law pursuant to other applicable law.

74. Venue is proper pursuant to, 15 U.S.C. § 77v(a), 15 U.S.C. § 78aa, common law doctrine, and other applicable law.

COINMARKETCAP.COM'S REPRESENTATIONS TO THE PUBLIC

75. Plaintiff incorporates by reference all preceding and subsequent allegations.

76. CoinMarketCap.com's website makes the following representations:

CoinMarketCap strictly follows and enforces its independent listing criteria guidelines, circulating supply calculation methods and liquidity score for how it ranks cryptoassets.³¹

Cryptoassets that wish to be listed on CoinMarketCap should follow the guidelines in our listing policy and will be fairly and independently evaluated on their merits.

CoinMarketCap's official ranking criteria is designed to eliminate any possibility of preferential treatment . . .³²

CoinMarketCap will continue to present the most accurate data on cryptocurrencies to the wider public independently.³³

Our mission at CoinMarketCap has always been to provide all our users with the

³¹ *About CoinMarketCap*, COINMARKETCAP, <https://coinmarketcap.com/about/> (last visited Aug. 31, 2021).

³² *Id.*

³³ *Id.*

1 *most accurate and relevant information to select exchanges and tokens to invest*
 2 *and trade in.*³⁵

3 77. Despite CoinMarketCap.com's promises of objectivity and fairness,
 4 CoinMarketCap.com has a history of manipulating its rankings to benefit
 5 Binance.

6 78. For example, CoinMarketCap.com, in addition to ranking cryptocurrencies,
 7 ranks cryptocurrency exchanges. A May 15, 2020 article in CoinTelegraph
 8 reported:

9 *Crypto markets data aggregator CoinMarketCap yesterday changed its*
 10 *methodology to rank exchanges on their web traffic by default — a metric that puts*
 11 *CoinMarketCap's new owners Binance in the top spot.*

12
 13 *But this stands in stark contrast to the words of CoinMarketCap's Chief Strategy*
 14 *Officer and acting CEO Carylyne Chan, who said in a podcast interview late last*
 15 *year that web traffic was "not a good indicator."*

16
 17 *Introduced just six weeks after Binance bought CoinMarketCap for hundreds of*
 18 *millions of dollars, the new ranking methodology prioritizes web traffic over CMC's*
 19 *painstakingly developed "liquidity metric," which was only introduced in*
 20 *November and was due to become the default ranking.*

21
 22 *When ranked by average liquidity, Binance lands in fourth place, following Bitfinex,*
 23 *Coinbase Pro, and Huobi Global respectively.*³⁶

24
 25 ³⁵ *Web Traffic Factor (Exchange)*, COINMARKETCAP,
 26 <https://support.coinmarketcap.com/hc/en-us/articles/360043837171-Web-Traffic-Factor-Exchange>- (last visited Aug. 31, 2021).

27 ³⁶ Jake Frankenfield, *Binance Coin (BNB)*, INVESTOPEDIA (Aug. 17, 2021),
 28 <https://cointelegraph.com/news/coinmarketcap-initially-rejected-the-metric-that-now-puts-binance-at-no1> (last visited Sept. 13, 2021).

79. A May 29, 2020 article in CoinTelegraph further reported:

New CMC metrics accused of favoring Binance

On May 14, CoinMarketCap launched its new “web traffic factor.” The criterion seeks to analyze the user activity on exchanges, including the number of page views, unique visitors, the time spent on site, search engine bounce rate, and search engine rankings.

*CMC’s new parent company, top-ranking crypto exchange Binance, received criticism for the web traffic metric’s introduction because Binance claimed the top spot as a result. A similar metric was previously considered and rejected by CoinMarketCap prior to its recent change in ownership.*³⁷

80. CoinMarketCap.com’s “glossary” defines “Rank” as “The relative position of a cryptocurrency by market capitalization.”³⁸ It acknowledges that this is the industry norm and that “most individuals track cryptocurrency ranks according to market cap[.]”³⁹

81. According to CoinMarketCap.com: “Market capitalization, or market cap, is calculated by multiplying the price of a cryptocurrency with its circulating supply at any given time.”⁴⁰

82. As of September 13, 2021 between noon and 1PM, CoinMarketCap.com stated that HEX’s price was \$.3492.

83. Similarly, as of that date and time, CoinMarketCap.com stated: “The CoinMarketCap team **has verified** [HEX’s] circulating supply to be”

³⁷ Samuel Haig, *CoinMarketCap Unveils Further Changes to Ranking System*, COINTELEGRAPH (May 29, 2020) <https://cointelegraph.com/news/coinmarketcap-unveils-further-changes-to-ranking-system> (last visited Sept. 13, 2021).

³⁸ *What is Rank?*, COINMARKETCAP, <https://coinmarketcap.com/alexandria/glossary/rank> (last visited Sept. 13, 2021).

³⁹ *Id.*

⁴⁰ *Id.*

173,411,074,413 HEX.

Circulating Supply

Verified Data

The CoinMarketCap team has verified the project's circulating supply to be as follows:

Circulating Supply	173,411,074,413 HEX
---------------------------	----------------------------

However, according to the project, its self-reported CS and self-reported MC are as follows:

Self Reported Supply	571,593,691,584 HEX
Self Reported Market Cap	\$206,638,271,446

84. Indeed, CoinMarketCap.com represented as of that date and time that “The CMC team **has verified** the [HEX] Market Cap to be \$62,295,479,825.” This sum is the product of multiplying the price reported by CoinMarketCap.com with the circulating supply verified by CoinMarketCap.com (with minor variation accounted for because the figures were accessed at slightly different times).

https://coinmarketcap.com/currencies/hex/

Cryptos: 11,861 Exchanges: 409 Market Cap: \$2,033,125,248,413 24h Vol: \$144,522,034,145 Dominance: BTC: 41.3% ETH: 18.6% ETH Gas: 42 Gwei

English • USD •

HEX HEX ☆

Rank #201 Token On 59,312 watchlists

HEX Price (HEX)

\$0.3592 +13.60%

0.000008046 BTC +11.31%
0.0001115 ETH +9.16%

Low: \$0.3586 High: \$0.4203 24h

Website Explorers Community Chat

Source code Whitepaper

Contracts: Ethereum: 0x2b59...40eeb39 More

Market Cap 📊

The total market value of a cryptocurrency's circulating supply. It is analogous to the free-float capitalization in the stock market.

Market Cap = Current Price x Circulating Supply.

[Read More](#)

The CMC team has verified the project's Market Cap to be \$62,295,479,827. However, according to the project, its self-reported CS is 571,593,691,584 HEX with a self-reported market cap of \$206,638,271,446.

Fully Diluted Market Cap 📊

\$229,033,598,280 -13.60%

Volume 24h 📊

\$72,333,263 -31.03%

Volume / Market Cap

0.001134

Circulating Supply 📊

173.41B HEX

Max Supply 📊

--

Total Supply 📊

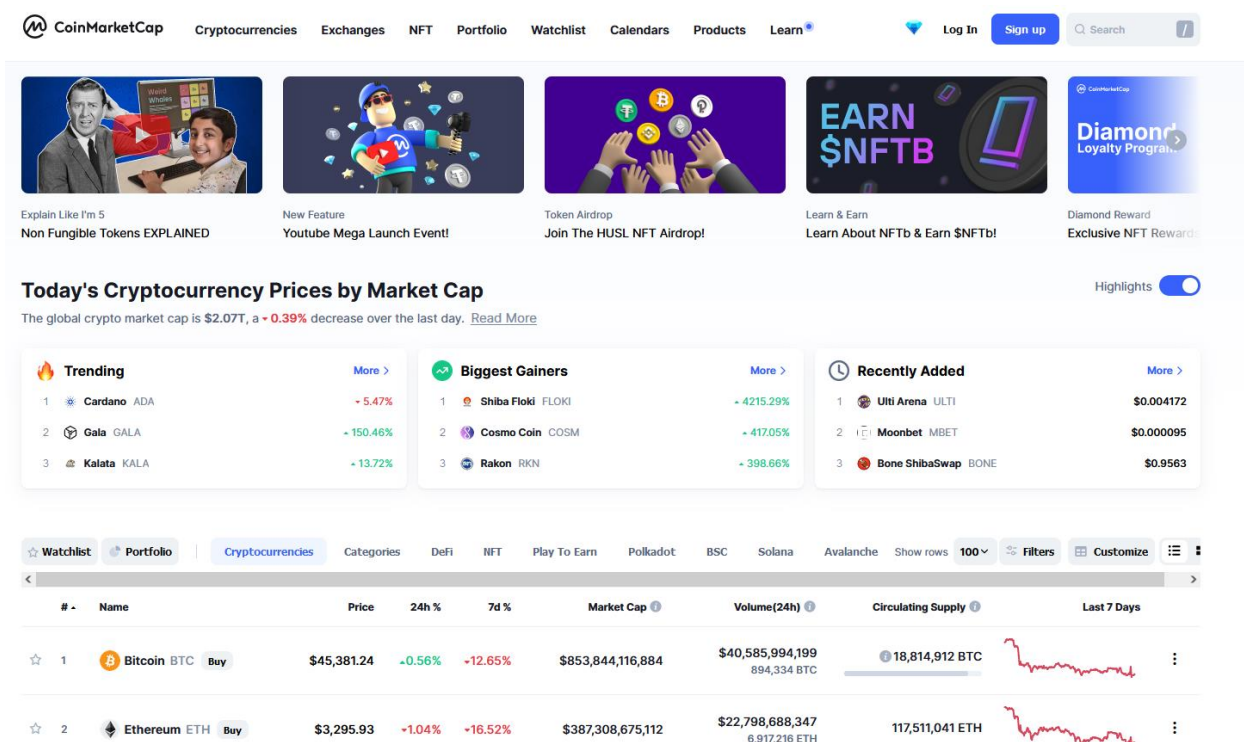
633,542,658,973

Overview Market Historical Data Holders W

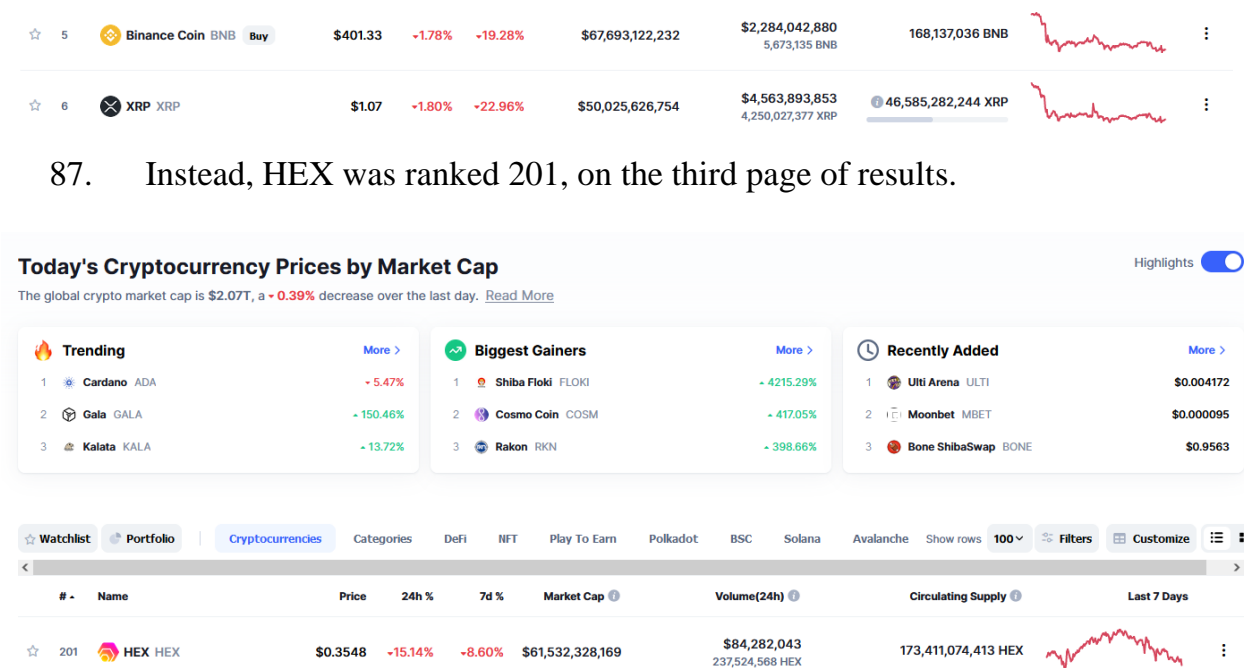
HEX to USD Chart

HEX to USD Converter

85. CoinMarketCap.com's homepage bills itself as displaying a list of "Today's Cryptocurrency Prices by Market Cap[.]".



86. HEX's "verified" market cap should see it ranked, sixth, near the top of the first page, as of September 13, 2021. This ranking would place it between Binance Coin and XRP.



87. Instead, HEX was ranked 201, on the third page of results.

GENERAL ALLEGATIONS

88. Plaintiff incorporates by reference all preceding and subsequent allegations.
89. CoinMarketCap.com provides an assessment of the market cap for various cryptocurrencies and ranks cryptocurrencies on the basis of their overall market cap in comparison to those of other cryptocurrencies.
90. Though HEX was the best performing cryptocurrency of 2020, CoinMarketCap.com locked HEX's ranking at #201⁴¹ sometime that year and has refused to adjust it on the basis of HEX's performance as related to other cryptocurrencies ever since (the "Suppression Period").
91. CoinMarketCap.com provides its historical rankings on its website.
92. These historical rankings reveal that HEX was ranked 20th as recently as September 20, 2020, in line with CoinMarketCap.com's estimation of HEX's market cap.⁴²
93. However, by September 27, 2020, the Suppression Period had begun.⁴³
94. HEX's ranking remains locked.⁴⁴
95. As CoinMarketCap.com's website provides only four "snapshots" a month of the historical rankings, Plaintiff is currently unaware of exactly when exactly the Suppression Period began but expects that discovery will reveal a precise answer to that question.
96. CoinMarketCap.com's locking of HEX's ranking has caused HEX to trade at lower prices than it would have had the ranking not been locked.
97. The higher a cryptocurrency is ranked, the higher up it appears on the homepage of CoinMarketCap.com's website for interested users to purchase.

⁴¹ With occasional and slight downward fluctuations.

⁴² *Historical Snapshot – 20 September 2020*, COINMARKETCAP, <https://coinmarketcap.com/historical/20200920/> (last visited Aug. 31, 2021).

⁴³ *Historical Snapshot – 27 September 2020*, COINMARKETCAP, <https://coinmarketcap.com/historical/20200927/> (last visited Aug. 31, 2021).

⁴⁴ *Today's Cryptocurrency Prices by Market Cap*, COINMARKETCAP, <https://coinmarketcap.com/?page=3> (last visited Aug. 31, 2021).

- 1 98. Users must scroll through additional pages to view lower-ranked
- 2 cryptocurrencies.
- 3 99. One of the cryptocurrencies listed on CoinMarketCap.com's website is Binance
- 4 Coin.
- 5 100. Upon information and belief, Binance Coin was issued by Binance.
- 6 101. As of July 21, 2021, CoinMarketCap ranked Binance Coin as the 4th largest
- 7 cryptocurrency.
- 8 102. Another of the cryptocurrencies listed on CoinMarketCap.com's website is
- 9 Binance USD.
- 10 103. Upon information and belief, Binance USD was issued by Binance.
- 11 104. Upon information and belief, Binance and its principals, including Zhao, have a
- 12 financial interest in ensuring the strongest possible demand for BinanceCoin and
- 13 BinanceUSD.
- 14 105. As of July 21, 2021, CoinMarketCap ranked Binance USD as the tenth largest
- 15 cryptocurrency.
- 16 106. According to Nomics HEX's true market cap was \$85.3 billion as of July 21,
- 17 2021.
- 18 107. At this market cap, HEX should have been ranked third in size as of July 21,
- 19 2021.
- 20 108. As of July 21, 2021, CoinMarketCap.com listed HEX's market cap as just over
- 21 \$25.6 billion.
- 22 109. Even at that market cap, HEX should be ranked sixth in size as of July 21, 2021.
- 23 110. As of July 21, 2021 CoinMarketCap.com instead ranked HEX 201 in size.
- 24 111. Accordingly, as of July 21, 2021, HEX appeared only on the third page of
- 25 CoinMarketCap.com's results.
- 26 112. Upon information and belief, some other websites that allow users to buy
- 27 cryptocurrencies also present them in the order they are found in
- 28 CoinMarketCap.com's market cap rankings.

1 113. At the same time, smaller ranking websites including Nomics.com,
2 CoinRanking.com, YahooCrypto, TradingviewCrypto, Coinpaprika.com,
3 Etherscan.io, and CryptoCurrencyCap.com all had HEX ranked between fourth
4 and tenth in size as of June 18, 2021.

5 114. CoinMarketCap.com's failure to properly rank HEX has artificially suppressed
6 HEX's value to the detriment of Plaintiff and those similarly situated.

7 115. For example, but for CoinMarketCap.com's failure to properly rank HEX, at
8 least some individuals who purchased higher ranked cryptocurrencies would
9 have purchased HEX instead, suppressing the price of HEX and inflating the
10 price of one or more other cryptocurrencies, including those issued by Binance.

11 116. Similarly, CoinMarketCap.com's failure to properly rank HEX has had the
12 effect of directing buyers away from HEX and towards cryptocurrencies that can
13 be purchased through Blockchain.com or Binance.

14 117. Upon information and belief this provides a financial advantage to
15 CoinMarketCap.com, Binance, Binance.US, Blockchain.com, and individuals
16 associated with those companies.

17 118. CoinMarketCap.com's failure to properly rank HEX has also artificially inflated
18 the value of some or all of the cryptocurrencies ranked above HEX including
19 those issued by Binance.

20 119. HEX is heavily traded. For the 24 hours ending July 21, 2021 at 7:35PM,
21 CoinMarketCap.com reports that HEX trading volume was \$79,338,170.
22 Trading volume during each of the prior seven days was higher. Between May
23 22, 2021 and July 21, 2021, the lowest daily trading volume was \$22,972,397.

24 120. HEX and other cryptocurrencies receive widespread coverage in the financial
25 press and by cryptocurrency analysts.

26 121. According to coindocex.com, as of July 22, 2021, there were thirteen exchanges
27 on which HEX could be traded.

28 122. There is a cause and effect relationship between unexpected material disclosures

1 and the price of HEX.

2 123. For example, the inventor of HEX created another cryptocurrency called
3 Pulsechain. It was recently made public that holders of HEX would have the
4 opportunity to acquire this new cryptocurrency at an earlier phase than others,
5 causing or contributing to an increase of the price of HEX.

6 124. Such a cause and effect relationship exists for many other cryptocurrencies listed
7 or offered for sale by Defendants as well.

8 125. The market for HEX and some or all of the cryptocurrencies ranked above HEX
9 by CoinMarketCap is efficient.

10 **ILL-WILL OF DEFENDANTS TOWARDS HEX AND ITS CREATORS**

11 126. Plaintiff incorporates by reference all preceding and subsequent allegations.

12 127. Bitcoin is the world's largest cryptocurrency by market cap.

13 128. Upon information and belief, Bitcoin is also the most commonly traded
14 cryptocurrency on Binance and Binance.US's exchanges and a key profit driver
15 for both exchanges.

16 129. Changpeng Zhao stated in a February 2021 interview that he keeps nearly
17 100% of his 1.9 billion USD net worth in cryptocurrencies. Upon information
18 and belief he has also stated that Bitcoin is one of his favorite cryptocurrencies
19 to hold.

20 130. Upon information and belief, all Individual Defendants have large holdings of
21 Bitcoin, Binance Coin, Binance USD, and other cryptocurrencies.

22 131. HEX was intended, at least in part, to serve as an alternative to Bitcoin's
23 model. If this alternative succeeds, the price of Bitcoin and other, similar,
24 cryptocurrencies, will be lower than it would be otherwise be, creating a
25 financial detriment to the Individual Defendants.

26 132. Upon information and belief, all Individual Defendants have substantial
27 cryptocurrency holdings.

28 133. Upon information and belief, no Defendant owns any units of HEX.

134. For example, for holders of Bitcoin to earn interest, they must give their “private key” to a third party, increasing the risk of theft. HEX is designed to allow users to earn interest without this risk.

135. None of the Corporate Defendants can make money off of HEX the way they do off other Cryptocurrencies because HEX is not traded on the Binance or Binance.US exchanges.

136. Further, HEX is designed to generate interest when “staked”, which discourages active trading. If the HEX model succeeds, it will further undermine the businesses of exchanges like Binance and Binance.US and coin rankings sites like CoinMarketCap.com insofar as exchanges make money only when an investor trades and coin ranking sites make money by sending such investors to exchanges to trade.

137. Recognizing the threat that HEX posed, just prior to the beginning of the Suppression Period, Binance launched Binance Smart Chain. According to Binance’s press release announcing the launch, Binance Smart Chain “introduce[d] an all-new staking mechanism for BNB [AKA Binance Coin], one of the world’s top cryptocurrencies.”⁴⁵ Thus Binance Coin became a direct competitor to HEX.

138. Conveniently, Binance Coin “was created as a utility token for discounted trading fees” on Binance’s exchanges and such fees can also be paid in Binance Coin.⁴⁶

139. Binance Smart Chain also allows other cryptocurrencies built on the Binance Smart Chain to be “staked.”.

⁴⁵ *Binance Smart Chain Launches Today*, BINANCE (Aug. 31, 2020), <https://www.binance.com/en/blog/421499824684900933/binance-smart-chain-launches-today> (last visited Sept. 13, 2021).

⁴⁶ Jake Frankenfield, *Binance Coin (BNB)*, INVESTOPEDIA (Aug. 17, 2021), <https://cointelegraph.com/news/coinmarketcap-initially-rejected-the-metric-that-now-puts-binance-at-no1> (last visited Sept. 13, 2021).

140. HEX is not built on the Binance smart chain.

141. Defendants financially benefit from the adoption of both of Binance Coin and the Binance Smart Chain by investors.

142. Defendants' actions have limited the adoption of HEX and thus made it more difficult for HEX's model to succeed.

143. HEX's creator, Richard Heart, is a vocal critic of Binance and CoinMarketCap.com.

144. Persons with a close connection to CoinMarketCap.com have also expressed a personal dislike of HEX's creator.

CLASS ACTION ALLEGATIONS

145. Plaintiff incorporates by reference all preceding and subsequent allegations.

146. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure **on behalf of all persons who sold HEX during the Suppression Period which they had acquired prior to the Suppression Period** (the "Class").

147. Excluded from the Class are Defendants and their families, their officers and directors at all relevant times, members of their immediate families, Defendants' heirs, successors or assigns and any entity in which defendants have or had a controlling interest. Also excluded from the class is counsel for any party.

148. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of July 21st, 2021, there were approximately 173.4 billion units of HEX outstanding.

149. As of July 23rd, 2021 HEX was held in over 300,000 unique wallets.⁴⁷

⁴⁷ *Hex.vision*, ELASTIC, [- 27 -](https://hex.vision/app/dashboards#/view/feeb2b40-242b-11ea-b36a-afff3b35cff3?_g=(filters:!(.refreshInterval:(pause:!t,value:0),time:(from:now-30d,to:now))&_a=(description:'Home%20page%20displaying%20statistics%20from%20many%20different%20aspects%20of%20HEX',filters:!(.fullScreenMode:!f,options:(hid</p>
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150. Upon information and belief HEX has hundreds of thousands of individual holders.

151. The class has far more than 100 or more members, there is at least minimal diversity between the parties, and the amount in controversy far exceeds \$5,000,000.

152. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- a. Whether Defendants violated the Commodity Exchange Act, the Arizona Consumer Fraud Act, the 1934 Act, Arizona securities law, and federal and state antitrust law, and;
- b. Whether Defendants omitted and/or misrepresented material facts;
- c. Whether Defendants' statements were at the time and in the light of the circumstances under which made, false or misleading;
- d. Whether Defendants knew or deliberately disregarded that their statements were false and misleading;
- e. Whether the price of HEX has been artificially suppressed; and
- f. The extent of damage sustained by Class members and the appropriate measure of damages.

153. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct.

154. Plaintiff will adequately protect the interests of the Class and has retained as counsel a firm with attorneys who are experienced in class action, commercial, commodities and securities litigation. Plaintiff has no interests which conflict with those of the Class.

[ePanelTitles:!f,useMargins:!t\).query:\(language:kuery.query:""\),tags:!\(,timeRestore:!t,title:Overview,viewMode:view\)](#) (last visited Aug. 31, 2021).

155. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

156. Plaintiff and the class set forth their causes of action below. Discovery may reveal that one or more Defendants have engaged in other violations of law giving rise to private rights of action. Plaintiffs will seek leave to amend this complaint at the appropriate time if such violations are revealed.

FIRST CAUSE OF ACTION

**(PRIVATE CAUSE OF ACTION UNDER THE COMMODITY EXCHANGE ACT
FOR MANIPULATION OF COMMODITY PRICES AND PROVISION OF
FALSE, MISLEADING, OR KNOWINGLY INACCURATE REPORTS
TENDING TO AFFECT THE PRICE OF COMMODITIES)
(ALL DEFENDANTS)**

157. Plaintiff incorporates by reference all preceding and subsequent allegations.

158. 7 U.S. Code § 25 (“Private Rights of Action”) provides a private right of action against any person who violates USC Title 7, Ch. 1 as well as against any person “who willfully aids, abets, counsels, induces, or procures the commission of a violation[.]”.

159. 7 U.S. Code § 13(a)(2). provides that it is unlawful for:

Any person to manipulate or attempt to manipulate the price of any commodity in interstate commerce . . . or knowingly to deliver or cause to be delivered for transmission through the mails or interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce[.]

7 U.S. Code § 13(a)(2).

160. 7 U.S. Code § 9(1, 3) provides that it is:

[U]nlawful for any person, directly or indirectly, to manipulate or attempt

1 to manipulate the price of any swap, or of any commodity in interstate
2 commerce[.]

3 161. Other portions of Title 7, Ch. 1 contain similar provisions, as does other
4 applicable law.

5 162. Cryptocurrencies are commodities. According to the US Commodity Futures
6 Trading Commission: “[V]irtual currencies, such as Bitcoin, have been
7 determined to be commodities under the Commodity Exchange Act (CEA).”⁴⁸

8 163. Defendant CoinMarketCap.com has made untrue statements concerning
9 HEX’s ranking. Its ranking of Hex, among other things:

- 10 a. Is not accurate in light of HEX’s true market cap or even
11 CoinMarketCap.com own data on the size of HEX’s market cap.
- 12 b. Contradicts the rankings of other, smaller, ranking websites, which provide
13 much more accurate rankings for HEX.
- 14 c. Results from a misapplication, or selective application, of
15 CoinMarketCap.com’s own rankings guidelines.

16 164. Similarly, because Binance and/or its subsidiary Binance.US direct users to
17 CoinMarketCap.com’s website for “objective” information about the various
18 cryptocurrencies Binance and/or Binance.US offers for sale, both Binance and
19 Binance.US have participated in the making of statements that are false.

20 165. These statements are false even on the face of CoinMarketCap.com’s own data
21 and in light of its own procedures. The statements also contradict those made
22 by other rankings websites, all of which all Defendants have access to.

23 166. Further, upon information and belief, numerous holders of HEX have advised
24 CoinMarketCap.com that its ranking of Hex is inaccurate.

25 167. CoinMarketCap.com has more users than any other product in the
26

27 ⁴⁸ *Bitcoin Basics*, U.S. COMMODITY FUTURES TRADING COMM’N,
28 https://www.cftc.gov/sites/default/files/2019-12/oceo_bitcoinbasics0218.pdf (last visited
 Sept. 13, 2021).

cryptocurrency industry.

168. CoinMarketCap.com is the dominant data source in the cryptocurrency asset pricing space.

169. CoinMarketCap.com is the dominant data source relied upon by retail cryptocurrency investors and is also extensively relied upon by exchanges.

170. There is a direct relationship between the value of a cryptocurrency and its market capitalization ranking. All other things being equal, Cryptocurrencies to with CoinMarketCap.com assigns higher rankings are considered to be more solid investments and hence more valuable. They will also be seen by more investors, increasing demand and therefore their prices.

171. CoinMarketCap.com possesses the ability to essentially hide cryptocurrencies from a large portion of retail investors by manipulating the ranking of a cryptocurrency and thus suppress the market for such cryptocurrencies as well as their price.

172. When a cryptocurrency is ranked artificially low by CoinMarketCap.com such investors and traders as are still aware of it are confused and the reputation of the cryptocurrency is damaged.

173. In addition, CoinMarketCap.com has the ability to artificially inflate the price of cryptocurrencies through the market cap and other data it presents.

174. CoinMarketCap.com's dominance is bolstered by the fact that Binance, the world's largest cryptocurrency exchange, and its US subsidiary Bianche.US, encourage investors to rely on CoinMarketCap.com's information when making investment decisions.

175. Even if CoinMarketCap.com was not so completely dominant, it would have the ability to influence market prices.

176. Defendants possessed, and continue to possess, an ability to influence market prices.

177. Because of CoinMarketCap.com's ability to influence market prices through

1 the market cap rankings it assigns to various cryptocurrencies, and the fact that
2 it has assigned an artificially low ranking to Hex, Hex's value has been lower
3 than it otherwise would have been throughout the Suppression Period.

4 178. CoinMarketCap has misrepresented both HEX's ranking and that of every
5 other cryptocurrency ranked between #201 and HEX's true ranking.

6 179. By misrepresenting HEX's ranking CoinMarketCap.com has directly or
7 indirectly participated in the artificial manipulation of the prices of one or
8 more commodities.

9 180. Even if it were the case that CoinMarketCap.com's users were solely
10 responsible for the rankings, which it is not, their failure to correct such a
11 clearly erroneous ranking would constitute indirect manipulation.

12 181. By encouraging those contemplating buying or selling cryptocurrencies to rely
13 on CoinMarketCap.com's rankings, Binance, Binance.US, and the individual
14 defendants, have directly or indirectly participated in the artificial
15 manipulation of the price of one or more commodities.

16 182. In addition, Binance is responsible for helping CoinMarketCap provide the
17 public with "higher quality data[.]".⁴⁹

18 183. Further, Binance, Binance.US, and the Individual Defendants, though highly
19 experienced in the field of cryptocurrency, authorized CoinMarketCap.com to
20 continue to proceed on their behalf as an affiliate and marketing channel in
21 dereliction of regulation requirements.

22 184. Defendants specifically intended to cause the artificial price.

23 185. Defendant Zhao is the ultimate authority over CoinMarketCap.com, Binance,
24 and Binance.US. He was aware at the time Binance purchased
25 CoinMarketCap.com that there were issues with its rankings. Binance was also
26 aware of this.

27 ⁴⁹ *About CoinMarketCap*, COINMARKETCAP, <https://coinmarketcap.com/about/> (last
28 visited Aug. 31, 2021).

1 186. Ted Lin is responsible for overseeing Binance strategic partners like
2 CoinMarketCap.com and Binance.US. Upon information and belief, Lin was
3 aware at the time Binance purchased CoinMarketCap.com that there were
4 issues with its rankings.

5 187. Yi He is responsible for overseeing Biancè's global marketing efforts, of
6 which CoinMarketCap.com forms an important component. Upon information
7 and belief, He was aware at the time Binance purchased CoinMarketCap.com
8 that there were issues with its rankings.

9 188. While CEO, Catherine Coley was responsible for ensuring that Biancè served
10 the US market in a compliant fashion. Upon information and belief, she was
11 aware at the time she became CEO of Binance.US that there were issues with
12 CoinMarketCap.com's rankings. Upon information and belief Binance.US was
13 also aware of this.

14 189. Defendants had the motive to perform the acts and omissions complained of in
15 order to limit the threat HEX posed to their business models, Binance Coin,
16 Binance Smart Chain, the value of their cryptocurrency holdings and, upon
17 information and belief, in the case of CoinMarketCap.com, because of
18 personal animus against Hex's creator as well on the part of its principals as
19 well.

20 190. Alternatively, there is strong circumstantial evidence of conscious misbehavior
21 or recklessness on the part of Defendants.

22 191. Defendants either willfully participated in the manipulation or failed to review
23 or check information that they had a duty to monitor, or ignored obvious signs
24 of market manipulation.

25 192. For these and the other reasons set forth herein, Defendants have violated the
26 Commodity Exchange Act.

27 193. For these and the other reasons set forth herein, because of Defendants' actions
28 Plaintiffs and the class have been directly damaged. For example, upon the sale

of their HEX, they have either lost money or failed to make the profit they would otherwise would have made upon the sale of their Hex but for the manipulation.

SECOND CAUSE OF ACTION
(STRICT LIABILITY FOR VIOLATIONS OF THE COMMODITY EXCHANGE
ACT)
(BINANCE AND BINANCE.US)

194. Plaintiff incorporates by reference all preceding and subsequent allegations.

195. An expansive variant of respondeat superior liability applies to violations of the Commodity Exchange Act. *In re Amaranth Nat. Gas Commodities Litig.*, 587 F. Supp. 2d 513, 531-32 (S.D.N.Y. 2008) (*affirmed by In re Amaranth Natural Gas Commodities Litig.*, 2013 U.S. App. LEXIS 19444 (2d Cir. N.Y., Sept. 23, 2013).

196. Private causes of action for respondeat superior liability for violations of the Commodity Exchange Act comport with Congress's view that private lawsuits are critical to protecting the public. They cannot be contracted away in agreements between principals and subsidiaries. *Cange v. Stotler & Co.*, 826 F.2d 581, 594-95 (7th Cir. 1987)

197. As pointed out by the Seventh Circuit, agency under the CEA is premised on respondeat superior liability, and it is not necessary that the principal direct the act or have knowledge of the agent's actions. *Dohmen-Ramirez v. Commodity Futures Trading Com.*, 837 F.2d 847, 858 (9th Cir. 1988) (citing, among other sources, *Cange*, 826 F.2d at 589).

198. Defendant Changpeng Zhao is the CEO of Binance.

199. Binance directly owns CoinMarketCap.Com.

200. Binance.US runs Binance as the term "Binance" is defined on <https://www.binance.com/en/terms> (the "Binance Terms") for reasons including:

a. That the website Binance.com takes US users Binance.US's website (assuming that there is a distinction at all).

b. That Binance.US provides Binance Services, as that phrase is defined in the Binance Terms, in that it utilizes internet or blockchain technologies developed by Binance and one or more Binance ecosystem components such as "digital asset trading platforms"

201. In an April, 2020 Forbes Magazine interview, the CEO of Binance.US, Catherine Coley, stated that she reported to BAM's board of directors and that the other two people on the board were Defendant Zhao and Wei Zho, then Binance's CFO.⁵⁰

202. Upon information and belief, Binance.US currently lacks a CEO and the only individuals remaining on its board are Binance executives.

203. As a Binance Operator, Binance.US is bound by the Binance Terms as well as by the terms of its supposed "brand partnership" with Binance and any technology licenses with Binance.

204. Binance.US is also responsible for ensuring that Binance's US operations, including those of its Operator and strategic partner CoinMarketCap.com, comply with American law.

205. In addition, Binance is responsible for helping CoinMarketCap.com provide the public with "higher quality data[.]"⁵¹

206. CoinMarketCap.com is a Binance Operator because, for among other reasons, it runs the Binance Service "Info."

207. As a Binance Operator, CoinMarketCap.com is bound by the Binance Terms

⁵⁰ Jason Brett, *How Catherine Coley of Binance.US Sees Digital Dollars As A 'Binary' Choice For America*, FORBES (April 6, 2020), <https://www.forbes.com/sites/jasonbrett/2020/04/01/how-catherine-coley-of-binanceus-sees-digital-dollars-as-a-binary-choice-for-america/?sh=2918d09b4710> (last visited Aug. 31, 2021).

⁵¹ *About CoinMarketCap*, COINMARKETCAP, <https://coinmarketcap.com/about/> (last visited Aug. 31, 2021).

as well as by the terms of its other contracts with Binance and Binance.US.

208. Because Yi He oversees all marketing efforts for Binance, Defendant CoinMarketCap.com's promotion of Binance and Binance.US's services would have been within her purview.

209. Ted Lin oversees all Binance strategic partners worldwide.

210. Binance.US and/or CoinMarketCap.com are Binance strategic partners.

211. Binance held CoinMarketCap.com and Biannce.US out to consumers as part of its "ecosystem" as encouraged them to rely on it as an accurate source of information for making cryptocurrency investment decisions, including on Binance and Binance.US's platforms. CoinMarketCap.com knew it was being held out this way by Binance.

212. Binance and Binance.US certified to consumers that CoinMarketCap.com's information was reliable.

213. CoinMarketCap.com was to benefit Binance by attracting investors to visit the site as a source of information and then funneling those investors to Binance and Binance.US.

214. CoinMarketCap.com was also to benefit Binance and Binance.US by suppressing Hex's ranking so that it would not be as visible as the directly competitive Binance Coin and so that it would pose less of a competitive threat to Binance Smart Chain.

215. For these and the other reasons set forth herein, Binance and Binance.US are jointly and severally liable for the torts of CoinMarketCap.com under the common law and statutory version⁵² of respondeat superior applicable to

⁵² "The Ninth Circuit has yet to determine the relationship between the common law doctrine of respondeat superior liability and liability under section 2(a)(1). However, the Seventh Circuit has held that section 2(a)(1)) imposes strict liability, under a respondeat superior theory, on principals for the actions of their agents. *Rosenthal & Co. v. CFTC*, 802 F.2d 963, 966 (7th Cir. 1986). This liability is imposed even if the agents are not employees, if the principal authorizes or ratifies the acts or even just creates the appearance that the acts are authorized. *Id.*

commodities.

216. Alternatively, for these and the other reasons set forth herein, the corporate veil should be pierced between Binance, Binance.US, and CoinMarketCap.com.

THIRD CAUSE OF ACTION
(VIOLATION OF THE ARIZONA CONSUMER FRAUD ACT)
(CORPORATE DEFENDANTS)

217. Plaintiff incorporates by reference all preceding and subsequent allegations.

218. Arizona's Consumer Fraud Act makes unlawful the "use or employment by any person of any deception, deceptive or unfair act or practice, fraud, false pretense, false promise, misrepresentation, or concealment, suppression or omission of any material fact with intent that others rely on such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise whether or not any person has in fact been misled, deceived or damaged thereby[.]" A.R.S. § 44-1522(A).

219. Arizona law provides that "merchandise" includes securities as well as other "intangibles."

220. Cryptocurrencies, including HEX, are "intangibles."

221. There is private right of action in Arizona for violations of the Arizona Consumer Fraud Act.

222. Where there is no conflict with Arizona law, "courts may use as a guide interpretations given by the federal trade commission and the federal courts to 15 United States Code sections 45, 52 and 55(a)(1)." A.R.S. 44-1522(C).

223. 15 U.S. Code § 45 provides: "[U]nfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful."

224. Defendant CoinMarketCap.com advertised merchandise on behalf of

We agree with the reasoning of the Seventh Circuit that because the language of section 2(a)(1) expressly imputes the agent's wrongdoing to the principal, it imposes strict liability." *Dohmen-Ramirez v. Commodity Futures Trading Com.*, 837 F.2d 847, 857-58 (9th Cir. 1988).

Blockchain.com, Binance, Binance.US and others.

225. Defendants CoinMarketCap.com, Binance, and Binance.US used deception, used a deceptive act or practice, used fraud, used false pretense, made a false promise, made a misrepresentation, or conceal, suppressed or omitted material facts concerning the true ranking of various cryptocurrencies in connection with the sale or advertisement of said merchandise.

226. For example, Binance directed users to CoinMarketCap.com for “objective” information regarding the true ranking of virtual currencies offered for sale by its subsidiary Bianc.US.

227. CoinMarketCap.com, meanwhile, advertised Binance.US’s services as a place to buy and sell cryptocurrency and liked users who were interested in purchasing such cryptocurrency to that website.

228. CoinMarketCap.com also prominently displayed cryptocurrencies like Binance Coin as being available for purchase, supposedly by virtue of their market cap, but without showing a competitor entitled to be ranked nearby by virtue of its market cap. Defendants did all this while holding CoinMarketCap.com out as independent and objective.

229. The Corporate Defendants intended that others rely upon the such unlawful practices in evaluating which cryptocurrencies to buy, sell, or hold and at what price such cryptocurrencies should be bought, sold, or held.

230. For these and the other reasons set forth herein, the Corporate Defendants have violated the Arizona Consumer Fraud Act.

231. Plaintiff and the Class suffered damages as a result of Defendants’ unlawful practices.

232. Plaintiff and the Class have suffered damages due to Defendants’ fraud on the market in that they received artificially suppressed prices in exchange for their units of HEX.

233. Alternatively, Plaintiff and the Class have suffered damages due to

Defendants' failure to disclose the true ranking of HEX and the cryptocurrencies ranked above it by CoinMarketCap.com

234. Alternatively, Plaintiff and the Class have suffered damages in that they would not have sold HEX at the prices they did, if at all, if they had been aware that the market price had been artificially and falsely suppressed by Defendants' misleading statements.

235. Alternatively, Plaintiff Class relied on CoinMarketCap.com to apprise them of HEX's true ranking and would not have sold HEX at the prices they did, if at all, had CoinMarketCap.com apprised them of HEX's true ranking.

FOURTH CAUSE OF ACTION

(CONTROL PERSON LIABILITY FOR VIOLATIONS OF THE ARIZONA CONSUMER FRAUD ACT)

(ALL DEFENDANTS OTHER THAN COINMARKETCAP.COM)

236. Plaintiff incorporates by reference all preceding and subsequent allegations.

237. Both federal and Arizona securities law makes Defendant CoinMarketCap.com's controlling persons jointly and severally liable for the violations of the Arizona Consumer Fraud Act complained herein. *See e.g.* Section 20(a) of the 1934 act; ARS §§ 44-1999, 44-2003(A). This standard serves to inform violations of the Arizona Consumer Fraud Act.

238. Each of the Defendants other than CoinMarketCap.com, by virtue of their offices, stock ownership, agency, agreements or understandings, specific acts, or other means had the ability to exercise direct or indirect control over the management and activities of CoinMarketCap.com and its employees complained of herein.

239. Defendant Changpeng Zhao is the CEO of Binance.

240. Binance directly owns CoinMarketCap.Com.

241. Binance.US runs Binance as the term "Binance" is defined on

<https://www.binance.com/en/terms> (the "Binance Terms") for reasons

including:

- a. That the website Binance.com takes US users Binance.US's website (assuming that there is a distinction at all).
- b. That Binance.US provides Binance Services, as that phrase is defined in the Binance Terms, in that it utilizes internet or blockchain technologies developed by Binance and one or more Binance ecosystem components such as "digital asset trading platforms"

242. In an April, 2020 Forbes Magazine interview, the CEO of Binance.US, Catherine Coley, stated that she reported to BAM's board of directors and that the other two people on the board were Defendant Zhao and Wei Zho, then Binance's CFO.⁵³

243. Upon information and belief, Binance.US currently lacks a CEO and the only individuals remaining on its board are Binance executives.

244. As a Binance Operator, Binance.US is bound by the Binance Terms as well as by the terms of its supposed "brand partnership" with Binance and any technology licenses with Binance.

245. In addition, Binance is responsible for helping CoinMarketCap provide the public with "higher quality data[.]"⁵⁴

246. CoinMarketCap.com is a Binance Operator because, for among other reasons, it runs the Binance Service "Info."

247. As a Binance Operator, CoinMarketCap.com is bound by the Binance Terms as well as by the terms of its other contracts with Binance and Binance.US.

248. Because Yi He oversees all marketing efforts for Binance, Defendant

⁵³ Jason Brett, *How Catherine Coley of Binance.US Sees Digital Dollars As A 'Binary' Choice For America*, FORBES (April 6, 2020), <https://www.forbes.com/sites/jasonbrett/2020/04/01/how-catherine-coley-of-binanceus-sees-digital-dollars-as-a-binary-choice-for-america/?sh=2918d09b4710> (last visited Aug. 31, 2021).

⁵⁴ *About CoinMarketCap*, COINMARKETCAP, <https://coinmarketcap.com/about/> (last visited Aug. 31, 2021).

1 CoinMarketCap's promotion of Binance and Binance.US's services would
2 have been within her purview.

3 249. Ted Lin oversees all Binance strategic partners worldwide.

4 250. Binance.US and/or CoinMarketCap were Binance strategic partners.

5 251. Under both federal and Arizona law, such control persons are liable jointly and
6 severally with CoinMarketCap.com unless they acted in good faith and did not
7 directly or indirectly induce the act or acts constituting the violation or cause of
8 action.

9 252. Each of the Defendants other than CoinMarketCap.com knew or should have
10 known that CoinMarketCap.com was wrongfully fixing HEX's ranking.

11 253. Notwithstanding such defendants failed to take action to remedy the situation.

12 254. To the contrary, Binance and/or Binance.US held CoinMarketCap.com out as an
13 objective and reliable source of information that consumers should rely on in
14 making their cryptocurrency trading decisions. Binance.US continued to use
15 CoinMarketCap.com to drive traffic to its exchange and thereupon sold various
16 cryptocurrencies at prices and/or volumes that had been artificially inflated by
17 CoinMarketCap.com's market manipulation. These include, but are not limited
18 to, cryptocurrencies issued by Binance and cryptocurrencies owned by various
19 Defendants.

20 255. For these and the other reasons set forth herein, all Defendants are jointly and
21 severally liable with CoinMarketCap.com for the acts and omissions
22 complained of above.

23 256. The structure of CoinMarketCap itself is opaque and it is difficult for Plaintiff
24 to ascertain which of its corporate officers, directors, and shareholders are
25 control persons for the company. When their identities are discovered, this
26 Complaint will be amended as appropriate.

FIFTH CAUSE OF ACTION

(ANTITRUST)

(CORPORATE DEFENDANTS)

257. Plaintiff incorporates by reference all preceding and subsequent allegations.

258. Federal law and Arizona law both provide private causes of action for antitrust violations.

259. For the reasons set forth above, Plaintiff and the class have suffered actual injury fairly traceable to the alleged conduct, that can be redressed by a favorable decision.

260. The Corporate Defendants' conduct has also harmed competition for the reasons set forth in the section entitled "Ill-Will of Defendants Towards Hex and its Creators" and elsewhere above.

261. The injuries sustained by Plaintiffs and the class were inextricably intertwined with the Corporate Defendants' efforts to limit public adoption of Hex's alternative model, and bolster public adoption of Binance and Binance.US's competing products, by manipulating the ranking of Hex and therefore its price and public adoption.

262. Should discovery reveal that one or more of the Individual Defendants are liable for the antitrust violations complained of above, Plaintiff may seek leave to amend this Complaint to allege this cause of action against them.

PRAYER FOR RELIEF

263. On behalf of themselves and the Class, Plaintiffs request relief as follows:

- a. That the Court assert jurisdiction over this action;
- b. That the Court determines that this action may be maintained as a class action, that Plaintiffs be named as Class Representatives of the Class, that Davillier Law Group LLC be named as Lead Class Counsel of the Class, and directs that notice of this action be given to Class members;
- c. That the Court enter an order declaring that Defendants' actions, as set forth

- 1 in this Complaint, violate the federal and state laws set forth above;
- 2 d. That the Court award Plaintiffs and the Class damages in an amount to be
- 3 determined at trial including punitive damages owing to Defendants' wanton
- 4 or reckless conduct, spite or ill-will, or reckless indifference to the interests
- 5 of others and including treble damages under antitrust or other applicable
- 6 law.
- 7 e. That the Court enjoin Defendants' unlawful acts as set forth in this complaint
- 8 or provide any other equitable relief against Defendants to which Plaintiffs
- 9 and the Class are entitled;
- 10 f. That the Court award Plaintiffs and the Class pre- and post-judgment interest
- 11 (including pursuant to statutory rates of interest set under state law);
- 12 g. That the Court award Plaintiffs and the Class their reasonable attorneys' fees
- 13 and costs of suit;
- 14 h. That the Court order appropriate compensation to the Class Representative;
- 15 and
- 16 i. That the Court award any and all other such relief as the Court may deem
- 17 just and proper under the circumstances.

18 **DEMAND FOR JURY TRIAL**

19 264. Plaintiffs respectfully demand a trial by jury for all claims so triable pursuant

20 to Federal Rule of Civil Procedure 38(b) and any other applicable law.

21

22 Respectfully submitted, this 13th day of September, 2021.

23 By /s/Alexander Kolodin

24 Alexander Kolodin

25 Chris Viskovic

26 George Wentz, Jr.

27 (*Pro hac vice application forthcoming*)

28 **Davillier Law Group, LLC**

Attorneys for Plaintiffs

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