IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

STEPHEN H. SOKOLOWSKI and
CHRISTOPHER H. SOKOLOWSKI,
Plaintiffs,

v.

Case No. 4:25-CV-00001-WIA

DIGITAL CURRENCY GROUP, INC.,
BARRY E. SILBERT, and
SOICHIRO "MICHAEL" MORO,
Defendants.

COMPLAINT

Plaintiffs Stephen H. Sokolowski and Christopher H. Sokolowski

(collectively, "Plaintiffs"), by and through their own capacity as pro se litigants,

hereby file this Complaint against Defendants Digital Currency Group, Inc. ("DCG"), Barry E. Silbert ("Silbert"), and Soichiro "Michael" Moro ("Moro") (collectively, "Defendants"), and allege as follows:

NOTE

Plaintiffs acknowledge that this Complaint is lengthy. However, given the complexity of the alleged scheme, the number of parties involved, the need to plead fraud with particularity under Rule 9(b), and the importance of establishing a factual basis for piercing the corporate veil, Plaintiffs believe that a detailed recitation of the facts is necessary to state a plausible claim for relief and to provide Defendants with fair notice of the grounds upon which the claims rest. Plaintiffs have made every effort to present the facts concisely and to avoid unnecessary repetition.

NATURE OF THE ACTION

1. This action arises from Defendants' deceptive and fraudulent conduct that induced Plaintiffs, who sought a safe, consumer-oriented financial service, to entrust their personally owned cryptocurrency and US Dollars to Genesis Global

Capital, LLC ("Genesis"), a subsidiary of DCG. Through misleading financial statements—specifically, a fraudulent balance sheet (*Exhibit A*)—and assurances presented as stable interest-bearing loan arrangements, Defendants deceived Plaintiffs into maintaining and extending their loans to Genesis.

2. Plaintiffs believed they were engaging in a transaction akin to a Certificate of Deposit or interest-bearing financial service for their household assets. They did not purchase securities or equity; they simply lent their personally owned cryptocurrency and US Dollars to Genesis in exchange for interest, relying on Defendants' misrepresentations of Genesis's financial health and stability.

3. Defendants' conduct violated the Pennsylvania Unfair Trade Practices and Consumer Protection Law ("UTPCPL"), 73 P.S. §§ 201-1 - 201-9.2, causing Plaintiffs substantial monetary loss and denying them the safe, consumer-level financial service they reasonably believed they were receiving.

PARTIES

4. Plaintiff Stephen H. Sokolowski is an adult individual residing at 3178 Carnegie Drive, State College, PA 16803. He personally owned substantial amounts of cryptocurrency and US Dollars and treated these assets as personal

savings. He engaged with Genesis's platform believing it offered a stable, interest-bearing arrangement suitable for personal, household-level financial management.

5. Plaintiff Christopher H. Sokolowski is an adult individual residing at 3178 Carnegie Drive, State College, PA 16803. He also contributed personally owned cryptocurrency and US Dollars. Christopher relied on Defendants' representations and believed he was placing his assets into a reliable, consumer-friendly lending environment.

6. Genesis Global Capital, LLC ("Genesis") is the entity through which Plaintiffs engaged in lending activities. Genesis was a subsidiary of DCG. On January 19, 2023, Genesis filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Southern District of New York (*In re Genesis Global Capital, LLC, No. 23-10063-SHL (Bankr. S.D.N.Y.)* - hereinafter the "Genesis Bankruptcy Action"). Genesis is not named as a defendant in this action.

7. Defendant Digital Currency Group, Inc. ("DCG") is a Delaware corporation with its principal place of business in Stamford, Connecticut. DCG owned and controlled Genesis and oversaw the financial strategies and disclosures that misled Plaintiffs.

8. Cryptocurrency Management LLC ("CM LLC") is a nominal Pennsylvania limited liability company formed solely to meet certain Genesis deposit thresholds. Although CM LLC was a signatory to a "Master Loan

Agreement" with Genesis, none of the named Plaintiffs (in their personal capacities) nor any of the named Defendants (Digital Currency Group, Inc., Barry E. Silbert, or Soichiro "Michael" Moro) were parties to that agreement. As fully discussed below, CM LLC's minimal role was purely clerical: it held no assets other than those beneficially owned by Plaintiffs, had no employees, and maintained no independent business operations.

9. Defendant Barry E. Silbert ("Silbert") is the Chief Executive Officer of DCG and a resident of New York. As CEO of DCG, Silbert was intimately involved in setting policy for how loans to DCG were classified. Silbert knew or should have known that reporting a $1.1 billion long-term, unsecured promissory note as a "current asset" would materially misrepresent Genesis's solvency. Silbert directly signed this fraudulent promissory note.

a. As CEO of DCG, Silbert received substantial financial compensation, the continued receipt of which was directly dependent on DCG and its subsidiary Genesis remaining operational. His actions in signing the fraudulent promissory note and overseeing Genesis's misleading financial disclosures were motivated, in part, by the desire to prevent the imminent collapse of Genesis and subsequent veil-piercing liability for DCG, thereby ensuring the continuation of his lucrative compensation package.

10. Defendant Soichiro Michael Moro ("Moro") was the Chief Executive Officer of Genesis during the time the fraudulent promissory note was signed and served up until his resignation on August 24, 2022. Moro resided in New York. As CEO of Genesis during the relevant period, Moro supervised the preparation and circulation of Genesis's financial documents. Along with Silbert, Moro directly signed the fraudulent promissory note. Moro approved or knowingly permitted the dissemination of false and misleading balance sheets and failed to stop their dissemination before he resigned. At minimum, he acted with reckless disregard for the truth of the financial classifications that Genesis presented to consumers like Plaintiffs.

a. As CEO of Genesis until his resignation around August 24, 2022, Moro received significant financial compensation—the continuation of which was directly tied to Genesis's solvency. His actions in signing the fraudulent promissory note and approving or knowingly permitting the dissemination of false and misleading balance sheets were undertaken, in part, to prevent Genesis's collapse during his tenure, thus ensuring the continued payment of his lucrative compensation package.

11. Griffin Tiedy ("Tiedy") was a Genesis employee who communicated the fraudulent balance sheet to Plaintiffs and who resided in Connecticut at the time.

a. Although Plaintiffs currently do not name Tiedy as a defendant, they expressly reserve the right to seek leave of this Court to add him as a defendant if discovery reveals that he had actual knowledge of, or participated in, the fraudulent misclassification or other deceptive practices alleged herein.

b. If evidence demonstrates that Tiedy was aware of internal directives—such as a warning from Genesis's own CFO not to misrepresent Genesis as "well-capitalized"—yet continued to convey or endorse statements that misled Plaintiffs about Genesis's financial health, Plaintiffs will seek to hold him personally accountable for his role in the fraud.

12. Ahmed Derar Islim ("Islim") was the Chief Executive Officer of Genesis following Moro's resignation. He served as CEO during the time the fraudulent balance sheet was presented to Plaintiffs.

a. Although Plaintiffs currently do not name Islim as a defendant, they expressly reserve the right to seek leave of this Court to add him as a defendant if discovery reveals that he had actual knowledge of, or participated in, the fraudulent misclassification or other deceptive practices alleged herein.

13. Although Plaintiffs do not presently name as defendants other Genesis employees or agents who may have had knowledge of or participated in the

misclassification of the $1.1 billion promissory note and other deceptive acts alleged herein, Plaintiffs expressly reserve the right to seek leave of this Court to add such individuals as defendants if and when discovery reveals their direct knowledge of, substantial assistance in, or personal participation in the fraudulent misrepresentations or other unlawful conduct described in this Complaint.

JURISDICTION AND VENUE

14. This Court has subject matter jurisdiction under 28 U.S.C. § 1332(a) because the amount in controversy exceeds $75,000 and there is diversity of citizenship between Plaintiffs (Pennsylvania citizens) and Defendants (New York citizens).

15. Personal jurisdiction is proper because Defendants directed their deceptive acts into Pennsylvania where Plaintiffs reside and suffered harm. Defendants regularly conducted lending operations and communicated their misrepresentations to Plaintiffs in Pennsylvania.

a. The application of Pennsylvania law to the UTPCPL claim is proper because Plaintiffs are Pennsylvania residents who received and relied upon Defendants' misrepresentations while physically present in Pennsylvania and suffered harm in Pennsylvania.

b. Defendants knew Plaintiffs resided in Pennsylvania because Plaintiffs provided their home addresses and identity documents when they registered with Genesis to comply with Know Your Customer requirements and Anti-Money-Laundering checks. Defendants communicated the fraudulent balance sheet directly to Plaintiffs in Pennsylvania and intended to induce Plaintiffs' reliance in Pennsylvania. Defendants' purposeful direction of misrepresentations into Pennsylvania justifies the exercise of personal jurisdiction.

c. The exercise of personal jurisdiction over Defendants Silbert and Moro is proper because they directly benefited financially from the deceptive acts directed into Pennsylvania. Their actions in furtherance of maintaining their lucrative employment—including the signing of the fraudulent promissory note and the dissemination of misleading financial information—were integral to the scheme that harmed Plaintiffs in Pennsylvania. This direct personal benefit derived from activities affecting Pennsylvania establishes sufficient minimum contacts for personal jurisdiction.

d. Defendants intentionally signed the fraudulent promissory note fully aware it would enable and perpetuate a misrepresentation of Genesis's financial condition to its customers, including Pennsylvania residents. In

doing so, Defendants "expressly aimed" their fraudulent conduct at this forum, thereby subjecting themselves to personal jurisdiction under the standard recognized in *Calder v. Jones, 465 U.S. 783, 789–90 (1984)*.

16. Venue is proper in this District under 28 U.S.C. § 1391(b)(2) because a substantial part of the events and omissions giving rise to these claims occurred here. Plaintiffs relied on Defendants' deceptive statements while located in Pennsylvania.

17. Key evidence, such as the computers upon which the communications with the Defendants were conducted, are located in Pennsylvania within this District. Conversely, much of the pertinent evidence related to Genesis's business operations has already been published to the public on court dockets and is already referenced in this Complaint.

18. Plaintiffs intend to call multiple witnesses who reside in Pennsylvania and can provide firsthand testimony regarding Plaintiffs' reliance on Defendants' misrepresentations and their decision-making process. These witnesses include an individual who personally viewed the fraudulent balance sheet, as well as others who were present for discussions and communications relevant to Plaintiffs' lending decisions.

a. Much of the documentary evidence relevant to Plaintiffs' claims, including Genesis's financial statements, internal communications

related to the $1.1 billion promissory note, and other documents pertinent to the fraudulent misrepresentations, has already been made public through the bankruptcy docket of the *Genesis Bankruptcy Action*.

b. Therefore, it is neither necessary nor convenient for this Court to transfer this case to the Southern District of New York for discovery or to secure evidence, as this evidence is already readily available to all parties regardless of the location of this case.

c. Further evidence of Defendants' fraudulent activity is available on the docket of *The People of the State of New York v. Digital Currency Group, Inc., Barry E. Silbert, and Genesis Global Capital, LLC, Index No. 452784/2023 (Sup. Ct. N.Y. Cnty.),* a case pending in the Supreme Court of the State of New York, County of New York. The public documents and information in this case include significant evidence relating to the defendants' deceptive practices, including the misclassification of the $1.1 billion promissory note that has harmed Plaintiffs. This New York State case also demonstrates that these defendants are already subject to discovery in the state of New York and that no additional benefit would accrue to the defendants by requiring the current case to take place in that same state.

19. The UTPCPL is intended to protect Pennsylvania consumers from deceptive practices directed into the state, and the Commonwealth has a strong

interest in ensuring that its residents have convenient access to redress for fraudulent conduct. This Court is well-versed in applying Pennsylvania law, promoting judicial economy.

20. Transfer to the Southern District of New York would not only impose undue hardship on Plaintiffs but effectively deny them access to any meaningful judicial forum.

a. While Defendants maintain their substantial resources, Plaintiffs' limited assets, which Defendants' fraudulent conduct depleted, render litigation in New York impossible. This runs counter to the principles of equity and would reward Defendants for the very misconduct that has hampered Plaintiffs' financial means.

b. Although Genesis is involved in bankruptcy proceedings in the Southern District of New York, that action is distinct and independent. Plaintiffs assert claims under Pennsylvania's UTPCPL for fraudulent and deceptive conduct that directly caused them harm. These claims are not part of the bankruptcy estate, nor do they seek to recover assets subject to the bankruptcy court's jurisdiction. Plaintiffs' UTPCPL claim is personal to them and seeks damages beyond any distribution they might receive as creditors in the bankruptcy. Moreover, the legal and factual issues in this case differ substantially from those in the bankruptcy proceedings.

21. Plaintiffs acknowledge that an arbitration and forum-selection provision exists in the "Master Loan Agreement" executed only between CM LLC and Genesis Global Capital, LLC. However:

a. Plaintiffs in their individual capacities never signed nor agreed to any arbitration or forum-selection clause with Defendants;

b. Defendants Barry E. Silbert, Soichiro "Michael" Moro, and Digital Currency Group, Inc. likewise are not signatories or third-party beneficiaries to that Master Loan Agreement; and

c. The instant claims under the Pennsylvania Unfair Trade Practices and Consumer Protection Law ("UTPCPL") do not arise from the performance or breach of that Master Loan Agreement but rather from fraudulent misrepresentations and omissions directed at Plaintiffs personally. Consequently, the arbitration and forum-selection clauses in that separate Master Loan Agreement do not bind or affect the parties to this litigation and cannot bar Plaintiffs' statutory consumer-protection claims in this Court.

FACTUAL ALLEGATIONS

Plaintiffs' Ownership and Intent

22. Plaintiffs were individuals seeking a safe, stable rate of return for their assets. They believed Defendants were offering a hands-off, interest-based lending service suitable for personal and household asset management, not a high-risk, unregistered security or complex investment scheme involving a web of intercompany loans. They had used and had evaluated competing lending firms in the cryptocurrency industry to earn interest on their assets.

23. Plaintiffs were not professional traders, possessed no financial licenses, and did not trade crypto assets as speculative instruments. Instead, they treated their cryptocurrency holdings as a form of digital savings—akin to keeping money in a high-yield savings account. Plaintiff Stephen Sokolowski had regularly stated and believed that Bitcoin would eventually become a "world currency" and had intended never to sell any of his Bitcoins.

24. Plaintiff Stephen Sokolowski had held his Bitcoin and Ethereum holdings continuously for nearly a decade prior to the Defendants' misrepresentations. For seven of those years, he never even transferred his 2013-purchased Bitcoins out of their original "Bitcoin Core" wallet. During this period, he weathered multiple market downturns and never engaged in trading or profit-taking from his Bitcoin investments.

25. Plaintiffs also saved significant value in US Dollars earned from their employment. During this saving period, Plaintiffs lived a modest lifestyle typical of an average consumer, driving 2005 and 2006 model cars, and residing in an ordinary house in the suburbs of a small city sitting on less than ¼ acre of land. Stephen held a typical "9 to 5" software development job, during which he sometimes worked overtime, and from which he saved over 60% of his income and invested it for early retirement.

26. Plaintiffs managed their cryptocurrency and US Dollar savings from their Pennsylvania home, made lending decisions there, and relied on the fraudulent balance sheet while physically located in Pennsylvania. Plaintiffs conducted all research relating to the renewal of their loans and participated in all calls with Genesis representatives while in Pennsylvania.

27. The assets loaned to Genesis were Plaintiffs' personal savings, inherited from a deceased family member, put aside from two decades of work, and saved through years of frugality.

a. The Plaintiffs requested periodic withdrawals from Genesis to pay for personal expenditures, including trivial purchases like a set of wall decorations.

b. Before the fraud, the Plaintiffs were in a position to achieve early retirement and specifically avoided spending their assets, which were loaned to Genesis, to have money available for retirement.

c. Plaintiffs actively discussed with Genesis and others the need to leave a small amount of "open term" loans so that immediate expenses could be paid—similar to how money could be withdrawn from a bank account.

d. Records specifically show that the Plaintiffs requested periodic withdrawals from Genesis to pay personal income taxes.

28. Plaintiffs actively avoided, and Plaintiff Stephen Sokolowski publicly recommended the avoidance of, complex and risky financial products like "flash loans," "distributed exchanges," "NFTs," "ICOs," and "ERC-20 tokens." They retained nearly all their life savings in large, well-established assets like Bitcoin, Ethereum, US Dollars, and large-cap US stocks, and used Genesis because Genesis represented itself as a simple, safe alternative for ordinary consumers to earn interest on cryptocurrency and US Dollar assets.

29. At times, Plaintiffs entrusted over ninety percent (90%) of their total net worth to Genesis under the reasonable belief that they were placing their personal, household-level savings into a stable, interest-bearing financial service. This extreme concentration of their assets in what they believed to be a safe, consumer-oriented lending environment further underscores both their reliance on

Defendants' assurances and the magnitude of the harm inflicted when those assurances proved to be deceptive.

a. The large dollar value of Plaintiffs' cryptocurrency holdings resulted from long-term appreciation rather than from speculative trading, high-risk investments, or sophisticated financial maneuvers. Plaintiffs maintained two distinct accounts for their household finances: a traditional stock account for standard retirement planning and a separate cryptocurrency holding. At the time of the fraudulent balance sheet's presentation, Plaintiffs relied on a financial advisor and delegated management of their stock portfolios to that advisor.

b. Over time, the cryptocurrency—originally acquired as a personal savings measure—significantly appreciated in value, not due to any complex investment strategy, but simply because Plaintiffs held these assets passively for many years.

c. The sheer magnitude of the loss does not alter the fundamental consumer nature of the transaction. Plaintiffs were not professional traders or hedge fund managers; they were everyday consumers who passively held cryptocurrency as a form of savings and who relied, to their detriment, on Defendants' misrepresentations that this lending arrangement was stable and trustworthy. In this way, the household character of the Plaintiffs and their

intentions remained fundamentally the same even as the nominal value of their assets increased over time

The Nominal LLC Structure

30. Plaintiffs each personally owned their cryptocurrency assets and their US Dollars at all times. They did not transfer title to any LLC or other entity; instead, they used a nominal LLC, CM LLC–a bare bones entity with no independent business purpose—at Defendants' suggestion to meet Genesis's minimum deposit thresholds. CM LLC thus was created only weeks before its use with Genesis. Plaintiffs' intention was to safely lend their personally owned assets and earn modest interest—akin to placing money in a high-yield savings account.

31. Plaintiffs' assets–both cryptocurrency and US Dollars—were nominally funneled through CM LLC—solely for the purpose of meeting Genesis's minimum deposit requirement—and then immediately loaned to Genesis. At all times, Plaintiffs remained the true beneficial owners of these assets.

32. At the time of Defendants' fraud, CM LLC had no business activities or assets other than lending to Genesis. CM LLC had no office, and its registered address was the same as that of both Plaintiffs'. CM LLC had no employees, no website, no E-Mail addresses, and no marketing, and its bland name ("Cryptocurrency Management") was selected specifically to describe its sole

purpose. CM LLC sold no products or services and produced no revenue. Currently, CM LLC holds no assets or liabilities.

33. CM LLC never adopted formal governance documents beyond the bare minimum required by state law to register; no formal resolutions, meetings, or minutes exist. CM LLC held no insurance, no permits, and no licenses typical of a functioning business entity.

34. CM LLC never engaged in negotiations, business planning, or due diligence activities separate from the Plaintiffs' personal efforts. Loans passed through CM LLC were often discussed directly between CM LLC's lenders and Genesis. All decisions were personal decisions made by Plaintiffs and simply executed via the nominal LLC structure.

35. Plaintiffs never intended to convey ownership or title of these assets to CM LLC, nor did CM LLC ever obtain beneficial ownership.

36. In nearly all cases, Plaintiffs sent their own cryptocurrencies and withdrew cryptocurrencies directly to their personal wallets without CM LLC even taking possession of the coins.

37. CM LLC's operating agreement contained a clause stating that its owner would never make any profit from CM LLC. CM LLC's tax filings–as an IRS "disregarded entity"–show that CM LLC never earned any profit throughout its lifetime.

38. No reasonable third party interacting with Plaintiffs would have recognized CM LLC as a genuine, standalone business given its complete lack of separate existence, resources, and operational identity.

39. Genesis was aware of and facilitated the use of this LLC structure specifically to allow Plaintiffs to circumvent Genesis's minimum deposit requirement. Genesis understood that, despite the LLC form, it was dealing with individual consumers making personal financial decisions.

Misrepresentation of Consumer Lending Products

41. Genesis's marketing and communications with Plaintiffs emphasized safety, stability, and reliability—qualities a reasonable consumer would associate with a conservative financial service, not a complex investment product. Genesis's marketing made no mention of their actual business practices, which involved a complex web of unsecured intercompany loans between Genesis, DCG, and DCG's subsidiaries.

42. Genesis provided a simplified Web dashboard to customers, which displayed current balances and interest rates. The dashboard provided access to account statements detailing accrued and paid interest.

43. In marketing materials and communications directed at individual depositors—and specifically to Plaintiffs located in Pennsylvania—Genesis and

DCG repeatedly compared their lending services to stable and secure saving mechanisms. This assertion was not "puffery," as Defendants never warned Plaintiffs or similarly situated consumers that their funds would be locked into long-term, unsecured promissory notes to its parent company mischaracterized as current assets.

44. Defendants and Genesis provided no meaningful risk disclosures, disclaimers, or warnings that would alert an ordinary consumer to the hidden, long-term, unsecured nature of the critical $1.1 billion promissory note, thereby ensuring that Plaintiffs remained under the misimpression that Genesis was financially sound. Defendants had a duty to warn the Plaintiffs of the insolvent nature of Genesis's finances and failed to do so.

45. Even if Defendants had provided boilerplate disclaimers warning of general risks or potential volatility, no reasonable disclaimer could excuse or legitimize the deliberate and egregious misrepresentation described herein. The gross misclassification of a $1.1 billion long-term, unsecured promissory note as a "current asset" transcends ordinary risk or volatility and instead constitutes outright fraud. Such an intentional and material deception cannot be disclaimed away by any purported notice of risk, nor would any reasonable consumer reading such a disclaimer understand it to include a massive, carefully orchestrated financial distortion of this nature.

46. Genesis entered into loans with Plaintiffs using simple one-page term sheets. The term sheets stated the loan amount, the interest rate, and the maturity date. Interest was to be paid at specific times, and the asset loaned was to be returned in full on the maturity date. Plaintiffs expected to receive the originally loaned asset back with interest and to retain that asset after maturity.

a. These loans were not subject to risks involving volatile cryptocurrency exchange rates. They involved loaning a single asset and receiving back that same asset at maturity.

b. Genesis consistently offered relatively modest interest rates—often as low as 1% APY and never exceeding 6% APY—levels comparable to traditional, low-risk savings or deposit products rather than speculative, high-yield investments. This reasonable rate structure reinforced Plaintiffs' belief that they were participating in a stable, consumer-level financial service rather than a high-risk venture.

c. All Genesis interest rates were fixed at the time of loan origination and not dependent on Genesis's financial performance.

47. Plaintiffs believed that Genesis was engaged in simple, bank-type lending, as Plaintiff Stephen Sokolowski stated during a contemporaneous public video interview with journalist Laura Shin for her "Unchained" podcast conducted

in January 2023—the same month that Genesis declared bankruptcy (Transcript in *Exhibit E*)–hereinafter the "Shin Interview":

> But you also, should--shouldn't be misleading customers about… just kind of like making loans and then, you know charging a higher interest rate and… pocketing the difference. I mean, that was my understanding of what these companies were doing, and it's pretty clear that that was not their entire or even their primary business model to just borrow money and then lend it out at a higher interest rate.

48. Genesis's claim that it catered solely to sophisticated, institutional clientele is belied by its longstanding, lucrative relationship with Gemini, a well-known cryptocurrency exchange and lending platform. Gemini actively marketed its lending services—which merely passed customer cryptocurrency deposits through to Genesis—to retail customers in Pennsylvania and elsewhere. Both at the time of the presentation of the fraudulent balance sheet and also at the time of Genesis's bankruptcy, Gemini had in fact become Genesis's largest creditor.

49. Many of these Gemini depositors held relatively small amounts of cryptocurrency—often less than $100—reflecting typical consumer-level transactions rather than institutional-scale investments. Genesis, aware that Gemini was aggregating these retail deposits from unsophisticated investors who sought safe returns, accepted them without objection, further demonstrating its knowledge

that it was effectively receiving funds sourced from ordinary Pennsylvania consumers.

50. Far from catering to large corporations, DCG and Genesis were so dependent upon Gemini's consumer deposits that the companies actively discussed a merger for, among other reason, streamlining operations. (See *The People of the State of New York by Letitia James, Attorney General of the State of New York v. Gemini Trust Company, LLC, Genesis Global Capital, LLC, Genesis Asia Pacific Pte. Ltd., Genesis Global Holdco, LLC, Digital Currency Group, Inc., Soichiro Moro (a.k.a. Michael Moro), and Barry E. Silbert, Index No. 452784/2023 (Sup. Ct. N.Y. Cnty.)* – hereinafter the "NYAG Action."

a. In one E-Mail (*NYAG Action, Doc. 45*), Defendant Silbert states: "Gemini is Genesis' largest and most important partner."

51. Far from Genesis catering exclusively to sophisticated institutional investors, a June 21, 2022 chat message from Defendant Silbert explicitly references retail depositors.

a. In this message (*NYAG Action, Doc. 44*), Silbert stated "the Genesis access to low priced capital via the institutional investor and retail channel like Gemini is going to give us a major competitive advantage."

b. This direct acknowledgment of the "retail channel like Gemini" as a source of capital directly contradicts the notion that Genesis operated solely as an institutional lender.

c. Defendants Moro and Silbert knew, or should have known, that both Genesis and Gemini served Pennsylvania retail customers.

52. In fact, Plaintiffs had also previously lent their assets to Gemini. Seeking a moderately higher interest rate and believing that direct lending to Genesis would provide the same stable, consumer-oriented arrangement, Plaintiffs moved their cryptocurrency loans from Gemini to a direct relationship with Genesis.

Defendants' Public Representations After the Three Arrows Capital Bankruptcy

53. Genesis had not been financially sound at least since the company took a massive loss on a loan to Three Arrows Capital, a company which declared Chapter 15 bankruptcy in June 2022.

54. After the Three Arrows Capital loss, internal communications in the *NYAG Action* show that Genesis and Defendant Moro urgently needed to restore solvency but were aware of the need to present Genesis's services as akin to stable, consumer-level financial products.

a. In a June 13, 2022 chat message, Defendant Moro stated in regards to raising interest rates to encourage more deposits: "Not too much though as we don't want to seem desperate, but we are willing to pay above where we have been." (*NYAG Action, Doc. 40*).

b. This comment suggests a deliberate strategy to avoid appearing like a high-risk venture, consistent with the Plaintiffs' claim that Genesis sought to attract customers by offering rates that would be perceived as reasonable within a consumer lending context.

55. On June 17, 2022, at 11:40am EDT, Defendant Moro publicly posted on X (then Twitter):

> We will actively pursue recovery on any potential residual loss through all means available, however our potential loss is finite and can be netted against our own balance sheet as an organization. We have shed the risk and moved on.... We continue to operate 24/7 and have met every client request. We are extremely confident in our ability to service lenders, borrowers and traders within our service level agreements.

a. In Moro's misleading statement, the term "finite" actually meant that Genesis was insolvent, but that Genesis had by then taken steps to ensure it would not lose *any more money* due to the Three Arrows Capital disaster.

b. During the *Shin Interview*, Plaintiff Stephen Sokolowski stated:

> And that's by the way what I understood their June 17th statement to—to read, that… they took 1.1 billion dollars, you know, and—and in exchange… they took the debt and they paid Genesis 1.1 billion dollars. Maybe I should have read between the lines or something like that in June, you know, but… that's a little dishonest to me that they didn't state exactly what happened at the time, and, you know, use these terms like they 'netted against their balance sheet' or whatever the exact quote is.

c. Plaintiffs read Defendant Moro's statement while at their home in Pennsylvania.

56. On or around June 30, 2022, two weeks after posting the misleading tweets, Defendant Moro, along with Defendant Silbert, signed the fraudulent $1.1 billion promissory note. (*Exhibits B and C*.)

a. This $1.1 billion so-called "promissory note" was not a typical lending transaction at all and involved no actual transfer of money. The arrangement was highly unusual and did not create any real, immediately accessible capital for Genesis.

b. Because no funds changed hands, Defendants had essentially papered over the massive hole in Genesis's finances created by the Three Arrows Capital bankruptcy. The interest rate charged–1.0% per annum–was unreasonable for a typical unsecured loan between distinct commercial entities.

c. The text of the note, among other things, included: "Assignor has substantial doubts that it will be able to recover any additional amounts from TAC [Three Arrows Capital] in respect of the TAC Loans." As signatories to this contract, Defendants Silbert and Moro were thus well-aware that Genesis was deeply insolvent at the time the contract was signed.

d. During the *Shin Interview*, Plaintiff Stephen Sokolowski also referred to the note's unusual structure:

> Well, I also would dispute, I mean, maybe legally you could call it a loan but I would dispute that in common language that we would call what happened there a loan. I mean… when does a loan ever involve not actually giving somebody any money, right? When I take out a loan to buy a house, they give me money and then I use it to buy the house. I don't get some promise that they'll pay for the house in 10 years.

Reliance on the Fraudulent Balance Sheet

57. On September 21, 2022, at 1:49pm EDT, while seated in front of his home computer in Pennsylvania, Plaintiff Stephen Sokolowski received an E-Mail from Tiedy. Attached to the message was a balance sheet purporting to show Genesis's financial condition as stable.

a. Stephen discussed this balance sheet with Tiedy on the same day (September 21, 2022) during a Telegram audio call. The audio call was

conducted in the same room, in Pennsylvania, while viewing the fraudulent balance sheet.

b. This document (*Exhibit A*) included $1.726 billion in the "other assets" row, listed under the "current assets" column. As the fraudulent $1.1 billion promissory note represented the vast majority of these "current" "other assets," the balance sheet grossly misrepresented Genesis's liquidity and solvency.

58. Plaintiff Stephen Sokolowski talked with Tiedy in multiple other instances throughout 2022. During all calls, Stephen was located in Pennsylvania, and all discussions about the content of those calls with Plaintiff Christopher Sokolowski took place in Pennsylvania.

a. At all relevant times, Tiedy failed to disclose the true nature of the promissory note and its inclusion in "other assets" under the "current assets" header in this balance sheet.

59. On September 21, 2022, at 2:07pm EDT, Plaintiff Stephen Sokolowski forwarded this balance sheet by E-mail to Plaintiff Christopher Sokolowski, who personally reviewed it later that afternoon, while also located in the same house in Pennsylvania.

60. Plaintiffs, relying on the deceptive balance sheet provided to them and the overall impression that Genesis's service was safe and well-capitalized, continued to lend their assets to Genesis rather than withdrawing them.

61. Plaintiffs have obtained a substantially similar fraudulent balance sheet that Genesis presented to another creditor under analogous circumstances (*Exhibit D.*) The second balance sheet lists "Other Assets" of $1.691 billion under "Current Assets" and is watermarked with the name of a different Genesis customer. This second balance sheet, which similarly classified a long-term, illiquid promissory note as a "current asset" to create the illusion of solvency, further demonstrates that Genesis's deception was not confined to Plaintiffs alone.

62. Both balance sheets (*Exhibits A and D*) include a "Weighted Avg" table, which materially understated the average loan duration of Genesis's loan book. The balance sheet presented to Plaintiffs (*Exhibit A*) stated that the "Total" average term of the loans outstanding due to Genesis was just 35.5 days. This figure was impossible to reconcile with a 10-year promissory note representing roughly one third of Genesis's reported assets, since including even one such note would necessarily push the weighted average duration well beyond 35.5 days. Accordingly, the Weighted Avg table was willfully or recklessly misleading and furthered Defendants' overall scheme to conceal the long-term, unsecured nature of the $1.1 billion promissory note.

a. The consistency of the "Weighted Avg" table with the misclassified "current assets" further suggests that the inclusion of the fraudulent promissory note as a "current asset" was not a clerical error.

63. Under Generally Accepted Accounting Principles (GAAP), a "current asset" is defined as an asset that is expected to be converted into cash, sold, or consumed within one year or the operating cycle of the business, whichever is longer. This definition is widely understood in the financial and investment communities and informs how investors and creditors interpret a company's balance sheet and assess its liquidity. The classification of an asset as "current" signifies that it is readily available to meet short-term obligations.

64. The classification of the $1.1 billion unsecured, 10-year promissory note from DCG as a "current asset" was particularly critical to Plaintiffs' decision-making. Plaintiffs understood the term "current asset" to mean that such an asset could be readily liquidated or converted to cash within one year. Because the decision at hand was whether to call expiring short term loans or renew them with a term of one year, the presence of a substantial "current asset" on Genesis's balance sheet assured them that the funds necessary to repay their principal at maturity would be available. In other words, the misclassification reinforced Plaintiffs' belief that Genesis would remain solvent and liquid at the time Plaintiffs'

loans came due, significantly influencing Plaintiffs' decision to renew and maintain their lending relationship with Genesis.

a. During the *Shin Interview*, Plaintiff Stephen Sokolowski stated:

> So my interpretation of that was I was offering Genesis a one-year loan or considering offering them a one-year loan, and since that's a current asset, that means that all of the assets that are listed in that column should be able to be called before my one-year loan is due. And, apparently now it turns out that one of their assets is this 10-year promissory note to Digital Currency Group, and, if that was listed in the one in the current assets then obviously they do not borrow--I've never heard of them ever borrowing from a customer for 10 years.

65. Plaintiffs also evaluated competing lending platforms and had the opportunity to transfer all assets to competing lending firms at higher rates but chose to sign long-term loans at Genesis for the majority of the assets due to Genesis's perceived safety and stability.

a. During the *Shin Interview*, Plaintiff Stephen Sokolowski stated the following, referring to his research on Ledn, a Genesis competitor:

> And, [Ledn] told me that they were doing low-risk trades and uh, they uh,--they wanted to offer a lower rate, but they wouldn't present their balance sheet to me. So, that was the reason we didn't go with Ledn. I kept asking them for that balance sheet, and they wouldn't present it to me.

66. Classifying this long-term, unsecured promissory note as a current asset was a materially false and deceptive misrepresentation. Defendants Silbert and Moro, as high-level executives intimately familiar with Genesis's financial structure, knew or should have known that this misclassification misled anyone viewing the statement into believing Genesis was financially sound.

67. The misclassification of the promissory note on the balance sheet was so material that its absence would have made it immediately clear to a reasonable person that Genesis faced significant financial instability. Had this critical misrepresentation not existed, it is highly likely that a reasonable person would have declined to lend their assets to Genesis regardless of any other factors evaluated. The importance of this single factor alone would have played a decisive role in that assessment.

68. On September 26, 2022 and September 30, 2022, Plaintiffs renewed their large cryptocurrency term loans with Genesis as a direct result of viewing the fraudulent balance sheet. Plaintiffs also elected to continue existing "open term" US Dollar and USDC loans as a direct result of viewing the balance sheet. But for the presentation of the fraudulent balance sheet, Plaintiffs would not have renewed their loans and would have withdrawn all assets from Genesis.

69. On January 19, 2023, Genesis Global Capital, LLC and two affiliated entities filed for Chapter 11 Bankruptcy protection in the United States Bankruptcy Court for the Southern District of New York (*Genesis Bankruptcy Action.*)

Defendants' Knowledge and Control

70. From communications disclosed in the *NYAG Action*, it is clear that Defendants willfully and recklessly shaped their external messaging to retain lender confidence despite dire internal realities. One docket entry references a Microsoft Teams chat, in which both Silbert and Moro were present and chatting (*NYAG Action, Doc. 69.*)

a. One Genesis employee warned, "we need to still be very cautious about what we say and how we say it, we don't know they're not recording." (Matthew Ballensweig, 6/15/2022, 12:55 AM), demonstrating conscious efforts to conceal the truth.

b. In response, Defendant Moro (6/15/2022, 12:55AM) stated "I agree with the caution. Happy to join."

c. These communications also reference a "Genesis Source of Strength Talking Points" document being used that day, indicating a coordinated effort to present a misleading narrative of stability. As members of the Teams chat, Moro and Silbert had access to this document.

71. Internal communications show that on June 21, 2022, Defendant Silbert privately acknowledged a substantial "hole" in Genesis's equity due to the collapse of Three Arrows Capital. Silbert described the situation as "super confidential/sensitive stuff." In these communications, Silbert urged select DCG and Genesis personnel not to share this information "with anybody" outside a "circle of trust." (*NYAG Action, Doc. 44.*)

a. This directive underscores Silbert's and DCG's direct, personal knowledge of Genesis's precarious financial state and their deliberate efforts to keep it hidden from lenders like Plaintiffs, further evidencing that their misrepresentations were not the result of oversight or negligence, but part of a calculated scheme to deceive.

72. Internal communications dated June 28, 2022, revealed in the *NYAG Action*, show that DCG and Genesis executives, including Silbert and Moro, explicitly acknowledged a significant "equity hole" in Genesis's balance sheet. In these internal emails, Silbert directed both DCG *and Genesis* personnel to work "24/7" to fill this shortfall by the June 30 reporting deadline (*NYAG Action, Doc. 91.*)

a. This contemporaneous recognition of a massive deficit, coupled with urgent efforts to mask it, stands in direct contrast to Defendants' public portrayal of Genesis as financially stable, further supporting Plaintiffs'

allegations that Defendants knowingly misled lenders such as Plaintiffs regarding Genesis's true financial condition.

73. On August 24, 2022, Defendant Moro posted on X (then Twitter) that he had resigned from his position as CEO of Genesis.

a. At the time of his resignation, Moro failed to notify the public of the fraudulent promissory note that he had signed, and the actions he took at Genesis before resigning were inadequate to prevent fraudulent balance sheets from continuing to be presented to Genesis customers, including the Plaintiffs.

b. Moro, when he failed disclose the existence of the fraudulent scheme, knew or should have known that the fraudulent note would continue to be used to deceive consumers after his resignation.

74. DCG, through Silbert and Moro, orchestrated and approved the presentation of Genesis's financial condition. Defendants knew these representations were false or acted with reckless disregard for their truth. As sophisticated corporate actors, Silbert, Moro, and DCG understood the nature of this promissory note and its impact on Genesis's balance sheet because they had personally signed it.

a. Defendants were well-aware that Plaintiffs and other consumers would rely on these statements when deciding whether to lend their personal assets.

75. Defendants carefully avoided calling these arrangements "investments," presumably due to securities law concerns. By doing so, and by actively accepting assets from Genesis customers, they reinforced the consumer perception that these were ordinary, low-risk lending services, not speculative financial instruments.

76. Plaintiffs relied on Defendants' misrepresentations in Pennsylvania, where they managed their household financial affairs. Defendants' actions directly impacted Plaintiffs' personal financial decisions and caused them to forgo safer options.

DCG's Involvement in Genesis Operations

77. Defendant Silbert, as CEO of DCG, exerted substantial control over the entire DCG enterprise, including Genesis. His pervasive influence was further underscored by his significant personal financial stake in DCG. As reported by The Wall Street Journal on November 1, 2021, Silbert owned approximately 40% of DCG's stock, making him the largest single shareholder. (See *https://www.wsj.com/articles/digital-currency-group-wants-to-be-cryptos-*

standard-oil-11635764400?st=7a338mejs53urq0, last accessed Dec. 25, 2024). This substantial ownership interest not only solidified his control but also directly aligned his personal financial fortunes with the performance of DCG and its subsidiaries.

78. Multiple records of internal communications in evidence discovered during the NYAG action demonstrate that Defendant Silbert was frequently present and actively involved in Genesis's internal affairs, acting on behalf of Defendant DCG.

a. In a June 13, 2022 chat message (*NYAG Action, Doc. 40*), Silbert stated directly:

> were scheduling a DCG board update and strategy call for tomorrow late morning, pencilling in 11 am. I'd like for moro, derar, matt and arianna to join. okay?

This direct instruction from DCG's CEO to Genesis's top personnel to attend a DCG board strategy session underscores the integrated nature of the two entities and DCG's direct command over Genesis's leadership.

79. Before this June 14, 2022 board meeting, Silbert E-Mailed DCG and Genesis executives, as well as outside investors (*NYAG Action, Doc. 42*). He discussed several options to address the crisis at Genesis.

a. The E-Mail outlines three options DCG was considering for Genesis: "Support Genesis," "Jettison the Genesis Capital business," and a "Shock & Awe" plan. (*Id.*). Notably, Silbert states that the Genesis team was unaware of the "Jettison" and "Shock & Awe" options *(Id.)*:

> **IMPORTANT:** we have not discussed either the Jettison or Shock & Awe plans with the Genesis team. As far as they know, we're on path #1 [support Genesis] right now, so please do not bring up the alternative paths on the call today with the team.
>
> (emphasis in original).

This statement further demonstrates that DCG was directing Genesis's future without even the knowledge or input of Genesis's own management, not only actively planning to attend Genesis management's calls but also intending to hide critical information during those calls *(Id.)*.

b. The "Shock & Awe" plan, in particular, provides compelling evidence of DCG's disregard for corporate separateness and its intent to use Genesis as a tool to benefit DCG and its shareholders. The plan involved Silbert becoming CEO of Genesis, DCG contributing the assets and investing team of another subsidiary (DCGI) to Genesis, and pursuing a public offering of Genesis in 2023 (*Id.*). This plan constituted a blatant

commingling of assets and personnel between DCG and its subsidiaries, treating them as interchangeable parts of a single enterprise.

c. Silbert's email explicitly acknowledges the potential risks of the "Shock & Awe" plan to DCGI's assets, stating that "as 100% owner of Genesis, DCG shareholders are no worse off, other than DCGI's assets being put under Genesis creditors." (*Id.*). This demonstrates that DCG was willing to potentially sacrifice the assets of one subsidiary to prop up another, prioritizing the interests of DCG shareholders over the potential harm to Genesis's creditors. Furthermore, the plan's stated goal of providing "a clear path to liquidity for DCG shareholders via Genesis IPO" reveals that DCG was motivated, at least in part, by a desire to create a liquidity event for its own shareholders even while Genesis was facing a severe financial crisis. (*Id.*). The fact that this plan was being considered without the knowledge of Genesis' management further underscores DCG's utter disregard for Genesis' separate corporate existence.

d. The "Support Genesis" plan contemplated DCG "look[ing] to secure our own additional liquidity to keep in reserve should we decide later to contribute capital to stabilize the Genesis balance sheet" while Genesis "makes every effort to bolster its own balance sheet." (*Id.*) This underscores that DCG would use its own resources—potentially commingling or

redirecting funds to shore up Genesis's finances if necessary—even as DCG simultaneously coordinated "with counsel to ensure best defenses against veil piercing." (*Id.*) The notion that DCG might inject its own liquidity to keep Genesis afloat, yet remain free from liability to Genesis's creditors, confirms DCG's recognition that its direct operational involvement blurred corporate boundaries and exposed DCG to potential veil-piercing claims.

80. Internal communications disclosed in the *NYAG Action Doc. 91* show that Defendant Moro also later discussed "Option 3," which in the *Doc. 91* communication involved "some combination of assets from DCG parent and DCGI placed into GGC, again for equity purposes only."

81. In another internal communication (*NYAG Action, Doc. 44*), Silbert indicated that Foundry—another DCG subsidiary—would be brought in to address Genesis's lending issues. By stating that a new hire would "help Foundry assess their loan book and address any issues," Silbert effectively enlisted yet another affiliated DCG entity in the effort to stabilize Genesis. This further demonstrates Defendants' practice of treating DCG subsidiaries as interchangeable resources rather than maintaining their supposed independence and corporate boundaries.

a. This June 21, 2022 chat message also highlights the importance DCG placed on maintaining "trust and confidence in Genesis" to prevent "money leaving Genesis and depleting our liquidity." (Id.). Silbert stated that

DCG and Genesis had around $2 billion in liquidity but were in "bunker mode" to "withstand whatever negative event comes next." (Id.). This shows that DCG was acutely aware of the risk of a liquidity crisis at Genesis and was actively working to prevent it, not for the benefit of Genesis's creditors, but, as referenced by the use of the word "our," to protect DCG's own liquidity.

b. Silbert's chat message also reveals DCG's intention to intervene directly in Genesis's affairs to address the "hole" in its equity. He stated that (Id.):

> DCGI [another DCG subsidiary] will play a role here in addressing the hole, hopefully temporarily, through the pledge of assets or if need be, the downstream of certain/all assets until prices recover.

82. DCG's active involvement in managing the perception of Genesis's stability is further evidenced in a June 15, 2022 chat involving Silbert and other DCG and Genesis personnel. (*NYAG Action, Doc. 43*). Amidst reports of increasing withdrawal requests from lenders," Silbert inquired, "is there anything we/DCG can do to further install confidence in genesis?" (Id.).

a. A Genesis employee reported speaking with representatives from other DCG portfolio companies, stating, "so if they triangulate with you, you can just reaffirm our position etc." (Id.) This indicates that DCG

was actively managing communications across its network of subsidiaries to present a unified front of strength and stability, even as concerns about Genesis's financial health were mounting. Silbert himself stated in the same email chain, "we need to continue to perpetuate that of course," referring to Genesis' reputation as the "blue chip" in the market. (Id.).

83. All of the previously mentioned E-Mails and chats in the *NYAG Action* discussing the Genesis situation were sent to or from multiple high-ranking DCG employees in addition to Defendant Silbert, demonstrating that the involvement of DCG in Genesis's operations went well beyond the CEO's involvement (*NYAG Action, Doc. 42, 43, 44).*

84. On October 20, 2022, Defendant Silbert sent an E-Mail to DCG and Genesis employees discussing a potential merger involving DCG, Genesis, and Gemini (*NYAG Action, Doc. 45*). In this message, Silbert stated:

> Good lunch with Cameron [Winklevoss, CEO of Gemini]. Tldr: he is intrigued about the idea of a closer partnership between Genesis/Gemini/DCG, including a potential merger of the companies. I put him on clear notice that the path we're on right now could lead to a Genesis bankruptcy, which would put Gemini's deposits (and therefore, Gemini's business) at significant risk. He took that part surprisingly well and appreciates we need to work together to mitigate that risk.

a. This E-Mail not only indicates that DCG and Genesis were acting as a unified economic entity rather than separate corporate forms but

also shows DCG's active consideration of a merger with Gemini—a company that had taken on consumer deposits from Pennsylvania residents. This further evidences Defendants' willingness to restructure assets and relationships to conceal financial instability and minimize accountability all at the expense of consumers like Plaintiffs.

b. Further demonstrating the intertwined nature of DCG and Genesis, and DCG's direct financial interest in concealing Genesis's true condition, Silbert admitted in this E-Mail that "I can't raise money at DCG if there is a Genesis bankruptcy risk" (*Id.*). This statement reveals that DCG's ability to attract investors and secure funding was inextricably linked to Genesis's financial stability or at least the appearance of stability. This underscores that Genesis's continued operation, even while insolvent, was not merely a matter of independent business judgment but was crucial to DCG's own financial viability.

85. Later in the same email (*NYAG Action, Doc. 45*), Silbert mentioned informing Cameron Winklevoss, CEO of Gemini, that DCG could further entangle the companies' operations by moving DCG subsidiary Grayscale's cryptocurrency assets over to Gemini's custody. Such a move, he noted, would make Gemini "the largest custody provider in the world," again demonstrating the Defendants'

willingness to restructure and merge operations across multiple supposedly independent entities.

86. Far from being a "hands-off" holding company, Defendant DCG directly controlled and actively participated in Genesis's financial affairs throughout Genesis's existence. Genesis and DCG engaged in complex lending and investment strategies, particularly those involving the Grayscale Bitcoin Investment Trust ("GBTC"), managed by DCG subsidiary Grayscale.

87. On November 10, 2022, as further detailed in the *NYAG Action, Doc. 52*, DCG, Genesis, and Gemini entered into an agreement whereby 30,905,782 shares of GBTC (valued at $296 million at the time) were pledged as collateral to secure Gemini's consumer loans to Genesis. This maneuver further demonstrates the Defendants' willingness to disregard corporate distinctions and commingle assets across affiliated entities.

a. Public filings with the United States Securities and Exchange Commission reveal the significant scale of this collateralization. Grayscale Investments, LLC's Form 10-Q for the quarter ending September 30, 2022, indicates that DCG, Genesis, Grayscale, and CoinDesk, Inc. (another DCG subsidiary at the time) collectively held 66,972,889 shares of GBTC. Therefore, the shares pledged as collateral in the November 10, 2022

agreement constituted nearly half of the entire DCG conglomerate's reported GBTC holdings.

88. At the time Genesis collapsed, the debt that DCG had incurred with Genesis, in addition to the fraudulent $1.1 billion promissory note, demonstrates that DCG and Genesis were operating together as a single financial entity. Based on media reports from November 2022, the debt owed by DCG to Genesis represented up to 50% of Genesis's total assets.

89. After Genesis halted withdrawals in November 2022, DCG and Silbert actively sought investors to provide money to save Genesis from collapse, demonstrating their full awareness and direct control of Genesis's financial condition and their attempts to directly fix the financial situation at the company they were intimately involved with. Their failure to adequately manage Genesis's assets, combined with their fraudulent activity, demonstrates that DCG and Silbert operated with reckless disregard for the safety of lenders, including the Plaintiffs.

a. On November 21, 2022, *Bloomberg* reported:

> For the investors who were approached for the $1 billion lifeline being sought, some began to balk at the interconnectedness between the entities, according to people familiar with the discussions. Another simply said it was a matter of how these types of firms do business.

(*Available at https://www.bloomberg.com/news/articles/2022-11-21/crypto-firm-genesis-warns-of-possible-bankruptcy-without-funding, last visited Dec. 25, 2024.*)

b. Significantly, the size of the "lifeline" DCG and Silbert desperately sought–$1 billion–was strikingly similar to the $1.1 billion value of the fraudulent promissory note, strongly suggesting that these efforts were a direct attempt months later to remedy the same financial shortfall concealed by the misclassification of that note.

c. Furthermore, the fact that DCG and Silbert actively sought but ultimately failed to obtain a $1 billion lifeline for Genesis from independent investors is highly telling. This inability to attract external funding suggests that the risk associated with lending to Genesis was deemed too high by those outside the DCG ecosystem. Consequently, DCG's own extension of credit via the promissory note appears less like a sound financial decision and more like a necessary action driven by the recognition that their own fortunes were inseparable from those of Genesis.

90. Upon information and belief, in or around November 2022, Defendant Silbert or another DCG representative circulated a letter to DCG shareholders discussing a "liability" to Genesis of $575 million—in addition to the $1.1 billion promissory note. According to a publicly reported copy of that letter, DCG had

borrowed this money from Genesis "to fund investment opportunities and to repurchase DCG stock from non-employee shareholders." (*X post by @Tier10K, Nov. 21, 2022, available at https://x.com/tier10k/status/1595140018871631873, last visited Dec. 25, 2024.*) Plaintiffs do not presently possess a copy of this shareholder letter but intend to obtain it in discovery. This new information—if confirmed—further evidences that DCG was using Genesis as a source of capital for its own benefit, consistent with Plaintiffs' allegation that DCG and Genesis functioned as a single commingled entity rather than independent corporate entities.

a. The existence of multiple additional loans from Genesis to DCG and DCG subsidiaries totaling to this $575 million debt is corroborated by loan term sheets contained in the *Genesis Bankruptcy Action, Doc. 680, Exhibits 1-7 and Doc. 681, Exhibits 1-5*.

91. The sheer volume of intercompany transactions, including DCG's multi-billion-dollar loans to Genesis, coupled with DCG's hands-on orchestration of Genesis's strategic decisions, demonstrates that DCG, Genesis, and other DCG subsidiaries operated as a single financial enterprise rather than as truly distinct entities. Internal communications reveal that DCG executives—often without Genesis's own management's knowledge—unilaterally considered drastic measures such as "jettisoning" Genesis, merging its assets with other DCG

affiliates, or orchestrating a so-called "Shock & Awe" plan to restructure Genesis and pursue an eventual IPO. DCG's own recognition of the need to "ensure best defenses against veil piercing" underscores that it was aware its direct oversight, asset-shuffling, and disregard for corporate formalities could subject DCG to liability for Genesis's debts. By exercising near-complete control over Genesis's finances, planning massive inter-subsidiary transfers, and misclassifying a $1.1 billion promissory note as a current asset, DCG effectively intermingled funds and personnel across multiple business lines. This lack of corporate separateness deliberately exposed Plaintiffs—who believed they were dealing with a solvent, standalone lender—to undisclosed risks, thereby causing them injury under the UTPCPL when Genesis ultimately collapsed.

Damages to Plaintiffs and Mitigation Efforts

92. When Genesis declared bankruptcy, the Plaintiffs' personally owned cryptocurrency assets and US Dollars —which would have been withdrawn or placed elsewhere but for Defendants' deception—were lost or severely diminished.

93. On January 27, 2023, in the Genesis Global Capital, LLC Chapter 11 bankruptcy proceeding pending in the United States Bankruptcy Court for the Southern District of New York, CM LLC sold its bankruptcy claim against Genesis

to Jefferies Leveraged Credit Products LLC (See *Genesis Bankruptcy Action, Doc. 50.*)

94. This quickly agreed fire sale was directed by Plaintiffs to save their own personal finances after Genesis declared bankruptcy. Plaintiffs, at the time, owed around $300,000 to Wells Fargo Bank, N.A, collateralized against their long-term stock portfolio, as a result of a June 2, 2022 home purchase. Plaintiffs had expected to be able to withdraw US Dollars from Genesis to repay that loan. Without the ability to withdrawal US Dollars from Genesis, the Plaintiffs were exposed to potential liquidation of their long-term stock holdings at a low valuation. When the bankruptcy sale payment was received from Jefferies, Plaintiffs immediately paid off the Wells Fargo loan.

95. While the sale partially mitigated the losses associated with the Genesis bankruptcy distribution, it did not compensate Plaintiffs for the full measure of their harm as the sale price was substantially lower than the value of their assets—and even on the low end of the market value of the bankruptcy claims at the time.

96. The sale of CM LLC's bankruptcy claim did not and could not release or waive Plaintiffs' individual claims under UTPCPL or their right to recover damages directly from Defendants for the alleged deceptive practices that induced Plaintiffs to maintain their loans with Genesis.

97. Plaintiffs never intended to engage in a high-stakes investment gamble. They trusted Defendants' false assurances of solvency and stable returns, a trust based on the fraudulent balance sheet and consumer-oriented marketing approach. This trust and reliance caused Plaintiffs substantial financial harm.

COUNT I

VIOLATION OF PENNSYLVNIA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION LAW (UTPCPL)

73 P.S. §§ 201-1 - 201-9.2 (Against DCG and All Defendants as Participants)

98. Plaintiffs incorporate by reference all preceding paragraphs.

99. Defendants engaged in unfair or deceptive acts by misrepresenting Genesis's financial health. Through the fraudulent balance sheet and related communications, Defendants created the impression that Genesis offered a stable, safe environment for personal asset lending, akin to a consumer savings product.

100. Plaintiffs justifiably relied on these misrepresentations. Even a prudent, good-faith consumer would understand a "current asset" as something readily convertible to cash within one year. Defendants never provided any contrary definition or disclaimer. Absent such disclosure, Plaintiffs reasonably believed that the listed assets would be available to satisfy their loans at maturity. This is especially true given that Defendants marketed their services as stable and

reliable, not as speculative or high-risk ventures demanding sophisticated financial acumen.

a. *In Pirozzi v. Penske Olds-Cadillac-GMC, Inc., 605 A.2d 373 (Pa. Super. 1992)*, the Court wrote regarding a car that was presented as "new": "It is unrealistic to expect the average consumer to specifically ask if the car was damaged in transit." It would also be unrealistic for the Plaintiffs to specifically ask whether a 10-year fraudulent promissory note existed and was listed under "Current Assets."

101. Defendants' conduct constitutes unfair and deceptive acts and practices as defined under the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-2(4), including but not limited to: (v) representing that their financial services had characteristics or benefits that they did not have; (vii) representing that their financial services were of a particular standard, quality, or grade when they were not; and (xxi) engaging in other fraudulent or deceptive conduct which created a likelihood of confusion or misunderstanding.

a. Defendants violated § 201-2(4)(v) by representing that their lending platform was stable, well-capitalized, and secure, when in fact they knowingly included a non-current, long-term, unsecured promissory note as a "current asset," thus falsely inflating Genesis's solvency and misleading consumers about the platform's true liquidity.

b. Defendants violated § 201-2(4)(vii) by holding out their financial services as akin to a reliable, safe, interest-bearing consumer-level savings product when the underlying structure was neither conservative nor low-risk.

c. Defendants violated § 201-2(4)(xxi) by engaging in overall deceptive and misleading practices—specifically, the fraudulent misclassification of the $1.1 billion unsecured promissory note and the omission of material facts about Genesis's true financial condition—thereby causing Plaintiffs to misunderstand the nature and security of the financial relationship and services offered.

102. Pursuant to the UTPCPL, 73 P.S. § 201-2(3), "trade" and "commerce" mean:

> [The] advertising, offering for sale, sale or distribution of any services and any property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value wherever situate, and includes any trade or commerce directly or indirectly affecting the people of this Commonwealth.

This broad definition encompasses the conduct of Defendants in marketing and offering their financial services to Plaintiffs and other Pennsylvania consumers.

a. The United States Internal Revenue Service's *IRS Notice 2014-21, 4(A-1)*, states "For federal tax purposes, virtual currency is treated as property."

b. As the UTPCPL defines trade as involving "any property," the UTPCPL protects Plaintiffs against misrepresentations involving both cryptocurrency and US Dollars.

103. Pennsylvania courts recognize the remedial nature of the UTPCPL. As the Pennsylvania Supreme Court has observed: "Since the Consumer Protection Law was in relevant part designed to thwart fraud in the statutory sense, it is to be construed liberally to effect its object of preventing unfair or deceptive practices." (*Commonwealth by Creamer v. Monumental Props., Inc., 459 Pa. 450, 459, 329 A.2d 812, 816 (1974)*). In this case, the Court further noted: "Although the Consumer Protection Law did articulate the evils desired to be remedied, the statute's underlying foundation is fraud prevention." Given this guidance, the UTPCPL must be read broadly to protect Plaintiffs and similarly situated Pennsylvania consumers from the Defendants' fraudulent and deceptive conduct.

104. In *Commonwealth ex rel. Zimmerman v. Nickel, 26 Pa. D. & C.3d 115 (Pa. Ct. Comm. Pl. Dauphin Cnty. 1983)*, the court emphasized that what triggers liability under the UTPCPL is the capacity of the defendants' conduct or statements to mislead consumers, rather than any particular classification or regulatory status

of the actual product the defendants were making misleading statements about. Thus, attempts to characterize the underlying transaction under a different regulatory scheme do not remove it from the UTPCPL's protective scope. The statute's central purpose is to protect Pennsylvania consumers from deceptive practices, regardless of how those practices might be labeled in another legal context.

105. Plaintiffs relied on these deceptive acts and practices while in Pennsylvania, making personal and household financial decisions. Had Plaintiffs known the truth—that Genesis was not stable, that a critical "current asset" was in fact a long-term, unsecured promissory note—they would have withdrawn their assets and avoided loss.

106. Plaintiffs are "persons" within the meaning of the UTPCPL, 73 P.S. § 201-2(2), and the lending services offered by Genesis and directed by DCG and its executives were presented as consumer-oriented financial services, not sophisticated investments.

107. Defendants' deceptive conduct caused Plaintiffs an ascertainable loss of money and property. The UTPCPL aims to protect consumers like Plaintiffs from such fraudulent schemes.

108. The UTPCPL contains no provision limiting the level of intelligence or sophistication of deceived consumers covered by the statute. The UTPCPL

protects all Pennsylvania consumers, regardless of level of knowledge or educational achievement. Reading such an exception into the statute would contradict public policy by discouraging consumers from conducting due diligence before entering into financial arrangements.

109. As demonstrated by *Commonwealth v. TAP Pharmaceutical Products, Inc., 36 A.3d 1112 (Pa. Cmwlth. 2011),* where the Commonwealth recovered $27,715,904 under the UTPCPL, the statute's applicability is not foreclosed by the magnitude of the consumer losses. This precedent underscores that large financial amounts do not disqualify a claim from consumer-oriented protection under the UTPCPL. Although this judgment was ultimately vacated on appeal, the Court did so based on the conclusion that the Commonwealth's evidence did not meet the legal standard to establish deceptive conduct or fraud under the relevant statutes—not because of the magnitude of the judgment.

110. The assets defrauded in these loans —Bitcoin, Ether, USDC (a stablecoin consistently valued at one U.S. dollar), and U.S. Dollars—are not securities. Bitcoin and Ether, as indicated by United States Securities and Exchange Commission statements, function similarly to commodities, while USDC and U.S. Dollars are treated as currency or cash equivalents. At no time did Plaintiffs intend to purchase investment contracts or other instruments that could be deemed securities under prevailing legal standards.

111. In the ongoing *SEC v. Binance Holdings Ltd., No. 23-1599, slip op. at 52 (D.D.C. June 28, 2024)*, the court dismissed the SEC's claim specifically regarding Binance's "Simple Earn" crypto lending program, stating: "The holders of crypto assets simply agreed to loan them to the company for a specified period of time at a specified rate of interest, and the complaint lacks any allegation that they were led to believe that Binance's efforts would generate the return or make the assets more valuable at the end of the day."

a. By contrast, the Binance court also distinguished a different offering called "BNB Vault," allowing that portion of the SEC's complaint to survive. The court found that BNB Vault, which paid varying rewards depending on Binance's performance, potentially involved a "common enterprise" and profit-sharing from multiple yield sources, so the investors' profits depended on Binance's "managerial or entrepreneurial efforts."

b. Here, Plaintiffs merely agreed to lend their assets at a fixed interest rate without any expectation that Defendants' managerial efforts would enhance their intrinsic value–similar to the arrangement of Simple Earn.

c. Even if Defendants attempt to frame Plaintiffs' transaction as involving securities, nothing in the UTPCPL's text or purpose categorically excludes transactions involving securities from its protection. Therefore,

regardless of how Defendants characterize the underlying assets, the UTPCPL applies to the deceptive practices alleged herein.

DAMAGES

112. Plaintiffs incorporate by reference all preceding paragraphs of this Complaint as if fully set forth herein.

113. Under the Pennsylvania Unfair Trade Practices and Consumer Protection Law ("UTPCPL"), 73 P.S. §§ 201-1 - 201-9.2, Plaintiffs are entitled to recover their actual damages caused by Defendants' deceptive and fraudulent conduct, and the Court may, in its discretion, award up to three times those damages, plus reasonable attorneys' fees and costs. 73 P.S. § 201-9.2(a).

a. When fraud pervades the entire transaction, courts have ordered full restitution of the consumer's property. See *Neal v. Bavarian Motors, Inc., 882 A.2d 1022 (Pa. Super. 2005)* (affirming award of full purchase price due to pervasive misrepresentation).

114. Plaintiffs entrusted specific amounts of cryptocurrency to Genesis, believing—based on Defendants' misrepresentations—that Genesis was fully solvent and financially sound, and that those same assets would be returned to them at the end of the loan's term. Because these misclassifications of a $1.1

billion promissory note went to the core of Genesis's purported liquidity, the entire lending relationship was tainted from the outset.

a. Under a rescission-like theory, Plaintiffs are entitled to be restored to their position prior to Defendants' misrepresentations *(Neal, 882 A.2d at 1033*).

b. The only true way to "undo" Defendants' fraud is to return the same number of coins that Plaintiffs originally lent, given that the asset remains in active commerce and that Plaintiffs never intended to relinquish these coins in a high-risk, deceptive scenario.

115. Moreover, any damages calculation based solely on cryptocurrency prices around the time of Genesis's bankruptcy would be inherently unjust. By then, Genesis's and Gemini's desperate attempts to cover their insolvency—such as collateral liquidations and forced asset sales—had contributed to an artificial depression of the assets' market prices. In other words, Defendants' own misconduct triggered a chain reaction that drove down Bitcoin's value beyond ordinary market fluctuations, thereby heightening Plaintiffs' losses.

a. In fact, the price of Bitcoin sharply rose immediately after Genesis declared bankruptcy, climbing roughly 11% within the next week alone, underscoring that the earlier low was not a simple function of market volatility but rather an outgrowth of Defendants' concealed insolvency.

b. Awarding damages based on that suppressed price would fail to place Plaintiffs in the position they would have occupied had Defendants' wrongdoing never occurred.

c. Selecting a valuation at some arbitrary date would be unacceptably speculative, as it assumes that Plaintiffs would have disposed of those assets on whatever chosen date. In truth, Plaintiffs' well-documented practice was to hold these coins for the long term, and they would not have sold them but for Defendants' fraud.

d. Awarding damages based on the artificially low price of Bitcoin at the time of Defendants' bankruptcy would create an unwarranted windfall for Defendants. By fraudulently inducing Plaintiffs to maintain their assets at Genesis, Defendants suppressed Plaintiffs' ability to benefit from the subsequent price appreciation. If the Court were to measure damages at that artificially depressed snapshot, Defendants—who caused and concealed the financial collapse—would effectively reap the benefit of the later market rebound at Plaintiffs' expense. Such an outcome would neither make Plaintiffs whole nor comport with the principles underlying Pennsylvania's consumer-protection laws.

116. Plaintiffs acknowledge they received some monetary proceeds from the sale of their bankruptcy claim—an amount that is only a fraction of the fair

value of the coins taken. To the extent that this partial dollar payment might otherwise constitute a double recovery, Plaintiffs seek to offset that amount from the total coin-based award so as to avoid any windfall.

a. For example, if Plaintiffs lent 1 BTC now worth $100,000 each (total $100,000) but already received $1,000 through bankruptcy distributions, Plaintiffs would remain owed the equivalent of $99,000 worth of BTC. In a scenario where the Court orders in-kind restitution (i.e., coins), an offset of the partial dollar repayment would simply reduce the number of coins or the total monetary equivalent so that Defendants are credited for that prior payment.

b. This approach ensures that Plaintiffs recover only what is necessary to restore them to their pre-fraud position without duplicating what little they have already received.

117. Plaintiffs request the return of the following cryptocurrency amounts (and US dollars, for loans denominated in that currency), subject to appropriate offsets for the partial dollar payments already received:

Plaintiff	**Asset**	**Quantity**	**Approx. Current Value**
Stephen Sokolowski	BTC	50	$5,055,850

Stephen Sokolowski	ETH	848.9679943	$3,245,604
Stephen Sokolowski	USDC	86360.757695	$86,360
Stephen Sokolowski	USD	$45,282.45	$45,282
Christopher Sokolowski	ETH	220.09263209	$841,414
Christopher Sokolowski	USDC	155064.735245	$155,064
Christopher Sokolowski	USD	$2,621.22	$2,621

Plaintiff	**Claim Sale Offset Amount**
Stephen Sokolowski	-$618,627.50
Christopher Sokolowski	-$123,515.23

118. If Defendants are unable to return the exact coins, Plaintiffs seek a monetary award of the remaining fair market value of those coins—again accounting for the partial bankruptcy proceeds as an offset—calculated at the time of payment or at final judgment, whichever the Court deems equitable.

a. Granting only the historic loan-date value would fail to make Plaintiffs whole under the UTPCPL and would effectively reward Defendants' deception.

b. Courts routinely award the full current value of property when a consumer has been fraudulently deprived of it, in line with Neal's affirmation of granting the entire purchase price where the transaction is fatally misrepresented. *882 A.2d at 1033*.

119. Plaintiffs further request that this Court exercise its discretion to treble the damages *73 P.S. § 201-9.2(a)*. The systematic, knowing misrepresentation of solvency—particularly through the misclassification of a massive, long-term promissory note as a "current asset"—demonstrates willful or reckless disregard for the truth.

a. In *Schwartz v. Rockey, 593 Pa. 536 (Pa. 2007),* the Supreme Court stated that "Centrally, courts of original jurisdiction should focus on the presence of intentional or reckless, wrongful conduct, as to which an award of treble damages would be consistent with, and in furtherance of, the remedial purposes of the UTPCPL" *(at 557)* and that "many individual claims asserted under the UTPCPL will be small, as the statute covers a wide range of consumer transactions. Thus, it seems reasonably likely that the Legislature wished to enhance the impact of monetary awards under the

statute to deter wrongful trade practices affecting the public at large" *(at 556-557)*. Furthermore, the Supreme Court stated that "the courts' discretion to treble damages under the UTPCPL should not be closely constrained by the common-law requirements associated with the award of punitive damages" *(at 557)*.

b. Defendants' intentionally deceptive actions here similarly warrant an enhanced award to deter future fraudulent practices and to ensure Plaintiffs are fully compensated.

120. Pursuant to 73 P.S. § 201-9.2(a), Plaintiffs seek their attorneys' fees and costs. Although they currently appear pro se, they reserve the right to recover all documented legal expenditures if they retain counsel or incur additional litigation costs.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and against all Defendants and grant the following relief:

121. An order directing Defendants to deliver to Plaintiffs the identical number and type(s) of cryptocurrency coins that Plaintiffs originally entrusted to

Genesis, subject to an appropriate offset for the partial bankruptcy claim sale proceeds Plaintiffs have received, so as to avoid any double recovery.

122. In the event Defendants cannot return the same cryptocurrency coins, an award to Plaintiffs of the full and fair market value of those coins, measured at the time of payment or at final judgment (whichever the Court deems just), similarly offset by any prior partial recovery, together with prejudgment interest on all sums awarded for Plaintiffs' loaned US Dollar losses from the date of the wrongful conduct to the date of entry of judgment, and postjudgment interest thereafter, at the highest lawful rate.

a. For clarity, Plaintiffs do not seek interest on the BTC and ETH portion of their losses, as Plaintiffs request the return of the actual coins or the equivalent value of the coins at the time of payment.

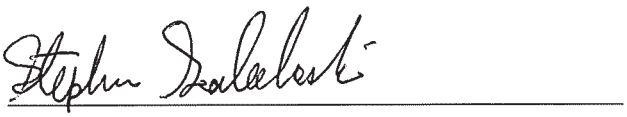
123. An award of treble damages pursuant to 73 P.S. § 201-9.2(a), in light of Defendants' willful misrepresentations and reckless disregard for the truth of their financial condition.

124. An award of Plaintiffs' reasonable attorneys' fees and costs pursuant to 73 P.S. § 201-9.2(a). While Plaintiffs currently appear pro se, they expressly reserve the right to recover any documented legal expenditures should they retain counsel or incur other recoverable costs.

125. Such other and further relief as this Court deems just and proper to effectuate the remedial purposes of the UTPCPL, ensure that Plaintiffs are fully compensated for Defendants' deceptive conduct, and deter similar unfair or deceptive practices in the future.

Dated: January 2, 2025

Respectfully submitted,



Stephen H. Sokolowski, Pro Se Plaintiff
3178 Carnegie Drive
State College, PA 16803
(814) 600-9800
steve@shoemakervillage.org

Christopher H. Sokolowski, Pro Se Plaintiff
3178 Carnegie Drive
State College, PA 16803
(814) 600-9804
chris@shoemakervillage.org

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

STEPHEN H. SOKOLOWSKI and
CHRISTOPHER H. SOKOLOWSKI,
Plaintiffs,

v.

Case No. 4:25-CV-00001-WIA

DIGITAL CURRENCY GROUP, INC.,
BARRY E. SILBERT, and
SOICHIRO "MICHAEL" MORO,
Defendants.

EXHBITS LIST

Exhibit A - Balance sheet presented to Plaintiffs by Genesis

Exhibit B - $1.1 billion promissory note between Genesis and DCG

Exhibit C - $1.1 billion promissory note between Genesis and DCG

Exhibit D - Balance sheet presented to another Genesis lender by Genesis

Exhibit E - Transcript of interview of Stephen Sokolowski by Laura Shin

Exhibit A

Genesis Lending Snapshot as of 9/21/2022

	Receivable		Liabilities			Loans (-)			Sub "B" CP
	Active Loans	Collateral Receivable	Active Deposits	Collateral Payable	Secured	Collat Payable	Unsec Loans		Secured
All	$2,821	$1,207	$5,313	$1,917	0.68x	$904	$735		1.09x
External	**$1,355**	**$725**	**$4,972**	**$1,531**	**1.13x**	**($177)**	**$186**		**1.09x**

External Loan CP #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Loan % Concentration	**21%**	**15%**	**14%**	**11%**	**7%**	**5%**	**4%**	**3%**	**3%**	**3%**
USD / Stable % of Loans	*70%*	*0%*	*9%*	*0%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*
USDT % of Loans	*0%*	*0%*	*0%*	*0%*	*0%*	*100%*	*0%*	*53%*	*0%*	*0%*
Crypto % of Loans	*30%*	*100%*	*91%*	*100%*	*0%*	*0%*	*100%*	*47%*	*100%*	*100%*
Collat % of Total Collateral	**24%**	**20%**	**13%**	**14%**	**0%**	**5%**	**4%**	**3%**	**0%**	**2%**
USD / Stables % of Collat	*0%*	*0%*	*0%*	*100%*	*NA*	*100%*	*100%*	*100%*	*NA*	*0%*
USDT % of Collat	*0%*	*74%*	*0%*	*0%*	*NA*	*0%*	*0%*	*0%*	*NA*	*0%*
Crypto % of Collat	*100%*	*26%*	*100%*	*0%*	*NA*	*0%*	*0%*	*0%*	*NA*	*100%*

Liquidity	
USD / Stables	$910
BTC	$367
ETH	$349
Liquidity from Majors	**$1,626**

	Weighed Avg	
	Duration	**Rating**
Total	**35.5**	4.9
USD / Stable	68.6	4.7
USDT	*20.6*	*7.5*

	Weighed Avg	
	Duration	**Rating**
BTC	10.6	4.0
ETH	23.0	7.4
All	11.9	5.4

	Current	Receivable		Liabilities	
	Assets	**Loans**	**Collat Rec**	**Borrows**	**Collat Pay**
Total	**$3,352**	**$2,821**	**$1,207**	**$5,313**	**$1,917**
USD / Stables	693	954	151	2,025	856
USDT	216	171	0	685	238
BTC	367	992	247	1,425	215
ETH	349	364	271	776	213
Other Assets	1,726	339	538	402	396

Assets	**$7,380**	**Liabilities**	**$7,230**	**Equity**	**$150**

* approximate calculation across all lending entities

Exhibit B

PAYMENT OF THIS NOTE AND OF THE OBLIGATIONS HEREUNDER ARE SUBORDINATED TO THE EXTENT AND IN THE MANNER PROVIDED FOR IN THAT CERTAIN INTERCOMPANY SUBORDINATION AGREEMENT (THE "**SUBORDINATION AGREEMENT**") BY AND AMONG THE OBLIGOR (AS HEREINAFTER DEFINED), THE SUBSIDIARIES OF THE OBLIGOR PARTY THERETO FROM TIME TO TIME, AND SB CORPORATE FUNDING LLC, AS ADMINISTRATIVE AGENT. THE SUBORDINATION AGREEMENT IS INCORPORATED HEREIN BY REFERENCE AND MADE A PART HEREOF AS IF SET FORTH HEREIN IN ITS ENTIRETY.

PROMISSORY NOTE

$1,100,000,000.00 June 30, 2022

THIS PROMISSORY NOTE (this "**Note**") is made as of the date first written above by the undersigned, DIGITAL CURRENCY GROUP, INC., a Delaware corporation (the "**Obligor**"), to GENESIS GLOBAL CAPITAL, LLC, a Delaware limited liability company (together with any successors or assigns or any subsequent holder of this Note, the "**Holder**"), and, solely for purposes of the agreements set forth in Section 1.6 of this Note, GENESIS ASIA PACIFIC PTE. LTD., a corporation organized and existing under the laws of Singapore ("**GAP**").

WITNESSETH

WHEREAS, GAP heretofore has made or assumed loans and other financial accommodations (collectively, the "**TAC Loans**") provided from time to time to Three Arrows Capital Ltd., a corporation organized and existing under the laws of the British Virgin Islands ("**TAC**");

WHEREAS, the TAC Loans were funded with working capital provided from time to time by the Holder, evidenced by book-entry intercompany transfers from the Holder to GAP and resulting in non-interest-bearing accounts payable from GAP to the Holder (the "**Intercompany Payables**");

WHEREAS, as of June 30, 2022, the parties agree that the aggregate principal amount of the Intercompany Payables, after giving effect to all repayments and recoveries in respect of the TAC Loans (and taking into account the value of any potential realization on any TAC Collateral (as hereinafter defined)) as of such date, is $1,100,000,000.00 (the "**Assumed Liability**");

WHEREAS, TAC has defaulted on the TAC Loans and, except for expected recoveries from the realization by GAP of collateral provided by TAC to secure certain of the TAC Loans (the "**TAC Collateral**"), GAP has substantial doubts that it will be able to recover any additional amounts from TAC in respect of the TAC Loans;

WHEREAS, notwithstanding the foregoing, the Assumed Liability shall be reduced in accordance with the terms of Section 1.6 of this Note to reflect any repayment or other recoveries (including any further realization on the TAC Collateral) in respect of the TAC Loans after the date hereof;

WHEREAS, contemporaneously with the issuance of this Note, GAP assigned to the Obligor, and the Obligor assumed from GAP, the Assumed Liability pursuant to that certain Assignment and Assumption Agreement, dated as of even date herewith, between GAP and the Obligor (the "**Assignment**"); and

WHEREAS, the Obligor is issuing this Note to the Holder to evidence the Obligor's obligations in respect of the Assumed Liability and to memorialize the terms of the repayment thereof.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated into the operative provisions of this Note by this reference, and for other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties hereto agree as follows:

FOR VALUE RECEIVED, the Obligor promises to pay to the Holder on the Maturity Date (as hereinafter defined), the principal sum of ONE BILLION ONE HUNDRED MILLION AND 00/100 DOLLARS ($1,100,000,000.00), or such lesser amount as shall equal the outstanding principal balance hereunder (as such amount may increase from time to time, if applicable, due solely to the payment of PIK Interest (as hereinafter defined) pursuant to the terms hereof, the "**Principal Amount**"), in lawful money of the United States of America in immediately available funds, and to pay interest from the date of issuance of this Note on the Principal Amount from time to time outstanding at a rate per annum and payable on such dates as determined pursuant to the terms of this Note.

SECTION 1. TERMS OF PAYMENT

1.1 Maturity Date. The unpaid Principal Amount of this Note, together with all accrued and unpaid interest as set forth in this Note, shall be paid in full on or before June 30, 2032 (the "**Maturity Date**"). If any day on which a payment is due pursuant to the terms of this Note is not a day on which banks in the State of New York are generally open (a "**Business Day**"), such payment shall be due on the next Business Day following.

1.2 Interest.

1.2.1 The Principal Amount outstanding from time to time shall bear interest at a rate equal to one percent (1.00%) per annum.

1.2.2 Interest with respect to this Note shall be paid quarterly in arrears on the last Business Day of each March, June, September and December of each calendar year, commencing September 30, 2022 (each, an "**Interest Payment Date**"), either (a) in cash or (b) at the option of the Obligor, or at any time cash payments are not permitted by the terms of the Subordination Agreement, in kind by adding an amount equal to the accrued interest for such quarterly interest period to the then-outstanding Principal Amount (interest so paid under this clause (b), "**PIK Interest**"). Once paid, any PIK Interest shall constitute principal of this Note and shall accrue interest as such.

1.2.3 Under no circumstances shall the rate of interest chargeable under this Note be in excess of the maximum amount permitted by applicable law. If for any reason any such

excess interest is charged and paid, then the excess amount shall be promptly refunded by the Holder.

1.2.4 Interest on this Note shall be computed on the basis of the actual number of days elapsed over a year of 365 days (366 days in a leap year). In computing such interest, the date this Note is issued shall be included and the date of payment of any Principal Amount shall be excluded.

1.3 Optional Prepayments. The Principal Amount, together with any accrued and unpaid interest thereon, may be prepaid, at Obligor's option, at any time prior to the Maturity Date, in whole or in part, without premium or penalty. All payments received by Holder hereunder will be applied first to interest and the balance to the Principal Amount. No amount repaid or prepaid hereunder may be reborrowed.

1.4 Recordation of Payments. The Holder is hereby authorized to record all repayments or prepayments under this Note on the schedule attached hereto, or otherwise in its books and records, such schedule and/or books and records constituting *prima facie* evidence (absent manifest error) of the principal amount of this Note; provided, however, that the failure of the Holder to make such a notation or any error in such notation shall not affect the obligations of the Obligor to the Holder under this Note.

1.5 Form of Payment. Any and all payments hereunder shall be made in lawful money of the United States of America by wire transfer of immediately available federal funds in accordance with such wire transfer or other payment instructions as the Holder may designate from time to time, or if no such designation is made.

1.6 TAC Loans.

1.6.1 Each of the Obligor and GAP hereby agrees to promptly pay or transfer over, and shall cause each of their respective affiliates to pay or transfer over, to the Holder any payment, repayment, distribution, proceeds or other amount received in respect of the TAC Loans or the TAC Collateral after the date hereof, whether in cash, securities or other property (each, a "**TAC Recovery**"), for application to the Principal Amount then remaining unpaid, until paid in full.

1.6.2 The parties hereto agree that the Principal Amount hereof shall be reduced immediately and automatically (on a dollar-for-dollar basis) upon the receipt by the Holder of any TAC Recovery, whether from GAP, the Obligor, TAC or any other person or entity, by set-off or otherwise.

1.6.3 Each of GAP and the Holder agrees that it shall use commercially reasonable efforts, in a manner determined in its reasonable business judgment with the advice of counsel and advisors, to maximize the TAC Recovery.

1.6.4 Each of GAP and the Holder agrees that the Obligor's obligations to repay the Principal Amount, together with interest thereon, in accordance with the terms hereof are subject to performance by GAP and the Holder with its obligations under this Section 1.6.

SECTION 2. MISCELLANEOUS

2.1 Amendments and Waivers; Transfers; Successor and Assigns. No amendment, modification, termination, waiver or consent to departure of any provision of this Note shall in any event be effective without the prior written consent of the Holder and the Obligor. This Note may not be assigned or transferred by the Holder to any person or entity without the consent of the Obligor, and any such assignment or transfer without the Obligor's prior written consent shall be null and void in all respects. The Obligor shall not be permitted to assign or transfer any of its rights, liabilities or obligations hereunder without the prior written consent of the Holder, and any such assignment or transfer without the Holder's prior written consent shall be null and void in all respects. This Note shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

2.2 Applicable Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, without regard to principles of conflicts of law. The Holder and the Obligor hereby submit to the exclusive jurisdiction of the State and Federal courts located in the State of New York. THE UNDERSIGNED ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OTHER DOCUMENT, INSTRUMENT OR AGREEMENT BETWEEN THE UNDERSIGNED PARTIES.

2.3 Entirety; No Strict Construction; No Third Party Beneficiaries. This Note embodies the entire agreement among the parties and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. The language used in this Note shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any person or entity. The use of the word "including" and "includes" in this Note shall be by way of example rather than by limitation. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity, other than the Holder and the Obligor and their respective permitted successors and assigns, any rights or remedies under or by reason of this Note.

2.4 Further Assurances. Each of the parties hereto agrees from time to time, as and when requested by any party hereto, to execute and deliver or cause to be executed and delivered, all such documents, instruments and agreements and to take or cause to be taken such further or other action as such party may reasonably deem necessary or desirable in order to carry out the intent and purposes of this Note and any other documents or agreements executed or otherwise delivered in connection herewith.

2.5 Waivers. The Obligor hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

2.6 Severability. If any provision of this Note is held by a court of competent jurisdiction to be void or unenforceable in whole or in part, the remaining provisions of this Note shall continue in full force and effect.

[*SIGNATURES FOLLOW*]

IN WITNESS WHEREOF, the Obligor has executed and delivered this Note as of the date first above written.

OBLIGOR

DIGITAL CURRENCY GROUP, INC.

By: DocuSigned by: BARRY SILBERT 7160392D4AC14BA...
Name: Barry E. Silbert
Title: Chief Executive Officer

Acknowledged and Agreed:

HOLDER

GENESIS GLOBAL CAPITAL, LLC

By: Genesis Global Holdco, LLC, its sole member

By: _____
Name:
Title:

[*SIGNATURES CONTINUE ON NEXT PAGE*]

IN WITNESS WHEREOF, the Obligor has executed and delivered this Note as of the date first above written.

OBLIGOR

DIGITAL CURRENCY GROUP, INC.

By: _____
Name:
Title:

Acknowledged and Agreed:

HOLDER

GENESIS GLOBAL CAPITAL, LLC

By: Genesis Global Holdco, LLC, its sole member

By: _____
Name: S. Michael Moro
Title: CEO

[*SIGNATURES CONTINUE ON NEXT PAGE*]

Solely for purposes of Section 1.6 of the Note:

GENESIS ASIA PACIFIC PTE. LTD.

By: _____
Name: S. Michael Moro
Title: Director

SCHEDULE OF REPAYMENTS
TO NOTE OF DIGITAL CURRENCY GROUP, INC.

Date	Principal Amount of Note Before Payment	Repayments of Principal	Unpaid Principal Amount After Payment

Exhibit C

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "**Agreement**"), effective as of June 30, 2022 (the "**Effective Date**"), is entered into by and between GENESIS ASIA PACIFIC PTE. LTD., a company organized and existing under the laws of Singapore ("**Assignor**"), and DIGITAL CURRENCY GROUP, INC., a Delaware corporation ("**Assignee**").

W I T N E S S E T H:

WHEREAS, Assignor is an affiliate of Genesis Global Capital LLC, a Delaware limited liability company ("**GGC**");

WHEREAS, before the date of this Agreement, Assignor has made or assumed loans and other financial accommodations (collectively, the "**TAC Loans**") from time to time to Three Arrows Capital Ltd., a company organized and existing under the laws of the British Virgin Islands ("**TAC**");

WHEREAS, the TAC Loans were funded with working capital provided from time to time by GGC, evidenced by book-entry intercompany transfers from GGC to Assignor and resulting in non-interest bearing accounts payable from Assignor to GGC (the "**Intercompany Payables**");

WHEREAS, as of June 30, 2022, the parties agree that the aggregate principal amount of the Intercompany Payables, after giving effect to all repayments and recoveries in respect of the TAC Loans (and taking into account the value of any potential realization on any TAC Collateral (defined below)) as of such date, is $1,100,000,000.00 (the "**Assumed Liability**");

WHEREAS, TAC has defaulted on the TAC Loans and, except for expected recoveries from the realization by Assignor of collateral provided by TAC to secure certain of the TAC Loans (the "**TAC Collateral**"), Assignor has substantial doubts that it will be able to recover any additional amounts from TAC in respect of the TAC Loans;

WHEREAS, notwithstanding the foregoing, the Assumed Liability shall be reduced in accordance with the terms of the Note (defined below) to reflect any repayment or other recoveries (including any further realization on the TAC Collateral) in respect of the TAC Loans after the date of this Agreement; and

WHEREAS, contemporaneously with the entry into of this Agreement, Assignee is issuing a promissory note to GGC to evidence Assignee's obligations in respect of the Assumed Liability and to memorialize the terms of the repayment thereof (the "**Note**").

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements set forth herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement (each, a "**Party**" and together, the "**Parties**") hereby agree as follows:

1. Effective as of the Effective Date, Assignor hereby assigns to Assignee all of Assignor's rights and obligations in relation to the Assumed Liability (the "**Assignment**"). GGC hereby consents to the Assignment.

2. Effective as of the Effective Date, Assignee accepts the Assignment and assumes the performance of all of the obligations imposed on Assignee under the Assumed Liability and agrees to comply with, abide by and perform all of the terms of the Assumed Liability (the "**Assumption**").

3. The Assignment and the Assumption contained herein shall bind and inure to the benefit of the Parties and their respective successors and assigns.

4. This Agreement may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by an authorized representative of the Parties or their respective successors or assigns.

5. No amendment or waiver of any provision of this Agreement and no consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by the Parties. Any such amendment, waiver, or consent shall be effective only in the specific instance and for the specific purpose for which given.

6. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

7. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF NEW YORK.

8. This Agreement may be executed in any number of counterparts, and by different parties in separate counterparts, each of which when so executed and delivered shall be deemed an original but all of which when taken together shall constitute but one and the same instrument. Any signature delivered by a Party by electronic mail or pdf format shall be deemed to be an original signature hereto.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the Effective Date.

GENESIS ASIA PACIFIC PTE. LTD.,
as Assignor

By: _____
Print: S. Michael Moro
Title: Director

DIGITAL CURRENCY GROUP, INC.,
as Assignee

By: _____
Print:
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the Effective Date.

GENESIS ASIA PACIFIC PTE. LTD.,
as Assignor

By: _____
Print:
Title:

DIGITAL CURRENCY GROUP, INC.,
as Assignee

By: DocuSigned by: BARRY SILBERT
Print: Barry E. Silbert
Title: Chief Executive Officer

Solely for purposes of consenting to the Assignment pursuant to Section 1 of this Agreement:

GENESIS GLOBAL CAPITAL, LLC

By: Genesis Global Holdco, LLC, its sole member

By: _____
Name: C. Michael Moro
Title: CEO

Exhibit D

External Loan CP #	1	2	3	4	5	6	7	8	9	10
Loan % Concentration	**26%**	**23%**	**19%**	**5%**	**5%**	**4%**	**3%**	**2%**	**2%**	**1%**
USD / Stable % of Loans	*0%*	*9%*	*67%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*35%*
USDT % of Loans	*0%*	*0%*	*0%*	*45%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Crypto % of Loans	*100%*	*91%*	*33%*	*55%*	*100%*	*100%*	*100%*	*100%*	*100%*	*65%*
Collat % of Total Collateral	**34%**	**22%**	**18%**	**4%**	**0%**	**4%**	**3%**	**2%**	**0%**	**0%**
USD / Stables % of Collat	*0%*	*0%*	*0%*	*100%*	*NA*	*0%*	*0%*	*100%*	*NA*	*100%*
USDT % of Collat	*74%*	*0%*	*0%*	*0%*	*NA*	*0%*	*0%*	*0%*	*NA*	*0%*
Crypto % of Collat	*26%*	*100%*	*100%*	*0%*	*NA*	*100%*	*100%*	*0%*	*NA*	*0%*

Liquidity	
USD / Stables	$293
BTC	$630
ETH	$635
Liquidity from Majors	**$1,557**

	Weighed Avg Duration	Weighed Avg Rating
Total	**32.0**	**4.0**
USD / Stable	76.1	3.3
USDT	*13.0*	*3.7*

	Weighed Avg Duration	Weighed Avg Rating
BTC	8.7	3.9
ETH	11.9	5.3
Alt	12.9	5.6

	Current Assets	Receivable Loans	Receivable Collat Rec	Liabilities Borrows	Liabilities Collat Pay
Total	**$3,249**	**$2,308**	**$1,022**	**$4,985**	**$1,419**
USD / Stables	279	701	157	1,799	538
USDT	14	66	0	361	238
BTC	630	980	214	1,583	192
ETH	635	393	229	858	267
Other Assets	1,691	168	422	385	184

Assets	**$6,579**	**Liabilities**	**$6,404**	**Equity**	**$175**

Approximate consolidated balance sheet across primary lending entities (GGC, GAP, GGCI)

Exhibit E

TRANSCRIPT OF INTERVIEW

OF STEPHEN SOKOLOWSKI BY LAURA SHIN

JANUARY 2023

Laura Shin: Hi everyone. I'm here with Steve Sokolowski, chief technology officer at Prohashing. And I actually know Steve from years ago *um* but I haven't talked to him in a long time and I've seen him be pretty active in the discussions around Genesis's bankruptcy. So I figured I'd reach out - and it turns out he also has, *um*, certain grievances with what has happened with the BlockFi bankruptcy, *um*, which we can go over. So, Steve, *um*, I leave it up to you kind of how you want to tell the story. Would you want to start with BlockFi first?

Stephen Sokolowski: *Uh* yeah, I - I could talk about BlockFi first or I could talk about Genesis too. Thank you for interviewing me, Laura. I think that the key thing to understand about this whole lending industry is that it's pretty much all built upon lies and misrepresentations - sometimes outright fraud all the way from the top down at - at pretty much all of the companies. And many of the journalists who are reporting on this are making it sound like this is an isolated incident, like that *you know* it was only Genesis that had this one point one billion dollar promissory note or maybe only some other company. But, in reality, the whole industry it turns out was probably misrepresenting most of what they were offering to their customers.

Laura Shin: All right, so, yeah, why don't we - so I think chronologically at least for you the story, *um*, starts with BlockFi. Am I right about that or…?

Stephen Sokolowski: *Uh* actually it starts with Genesis. *Uh*, I was lending to Genesis for, *uh*, a long time – *uh,* since early 21, and I started talking to BlockFi around September of 22, when our term loans were expiring and I was doing a lot of research around that time to compare all of the companies.

Laura Shin: Oh okay, so then let's start the story with Genesis. Tell us, *yeah*, how you started working with them and what your relationship was and what you discovered.

Stephen Sokolowski: So, I, *uh*, work with a - a fund, which consists of me, and my brother, and Prohashing's reserve, like the money that the company uses to pay bills and things like that - some of that, and two other people *uh* who are involved in it. And, we began lending money to Genesis early in - in 21, continued with that through, *uh* 22 we lent them - at one point the total amount had gotten up to about 20 million and at the time in September of 22, when all of the - the misrepresentations and - and lies were being made, it was around seven or eight million dollars or so at that point. And, I did quite a bit of research at that time, basically spent the entire month of September of 22, researching these companies because *you know* it was a lot of money and we wanted to be sure when to diversify our investments across - across as many companies as possible. *Uh* you know, and we - I did the research, I searched for documents, I talked to people,

talked to Zach Prince, I'll talk about in a little while, and came up with a whole bunch of documentation about both companies.

Laura Shin: All right, so, yeah, tell us a little bit about, *you know* kind of, what your due diligence was on Genesis and how you started working with them and, *you know*, what kind of relationship you entered into.

Stephen Sokolowski: So, with Genesis, I asked them to see their company balance sheet. I asked BlockFi for this as well. And, I received a balance sheet that listed their - their top 10 lenders, and my understanding is that this balance sheet was presented to a number of other customers, perhaps to Gemini although I don't know whether it was that or some other sheet that was similar to it. And, it showed not the names of the customers, but what the percentages of loans were out, how much was collateralized. It also listed their assets. They listed "current assets" - that exact phrase - "current assets" in one column, and then liabilities, and in another column, and then they added them up and then it showed that they had positive equity which indicated that they were a solvent company.

Laura Shin: Okay and this was when again?

Stephen Sokolowski: *Uh* and this was in - I was presented that sheet on September 21st of 2022.

Laura Shin: Wait I'm sorry. That was Genesis or BlockFi? I thought you said that you…

Stephen Sokolowski: That was Genesis. So, BlockFi also saw sheets for in that same week. *Uh* but if you're asking about Genesis that was the Genesis sheet that I was presented in September of 22 so, *uh*, there – of - on that sheet there was a row that said other assets on that sheet. In - in a significant amount, which was like one point, *uh, you know*, six or seven billion or something like that. And it was listed under current assets. So my interpretation of that was I was offering Genesis a one-year loan or considering offering them a one-year loan, and since that's a current asset, that means that all of the assets that are listed in that column should be able to be called before my one-year loan is due. And, apparently now it turns out that one of their assets is this 10-year promissory note to Digital Currency Group, and, if that was listed in the one in the current assets then obviously they do not borrow - I've never heard of them ever borrowing from a customer for 10 years. So how can they say that they are solvent when they borrow from customers for one year, and then their loan - their books are backed by a 10-year loan that is at, apparently, and no I can't say this for certain, but apparently it's - it's rumored that it was at a very low interest rate like 1.1 percent or something like that.

Laura Shin: Right. And then, *um*, did you ever confirm that that 1.7 billion dollars in current assets was the one, *you know* - was comprised of that promissory note and then the additional, *um* - I guess it was a - a loan that was due in May of this year?

Stephen Sokolowski: They - they will not confirm that, but they will be publishing the - they do have by law to publish their assets and liabilities in the bankruptcy docket. *Uh*, I'm told that that'll be in March. Ram Ahluwalia, who you've interviewed, had a Twitter space yesterday and so he believes that'll be published in March. So we will know for certain whether that, *uh* - that note was published in the - is part of those assets. And if it is, then, *you know*, obviously that document was not a true representation of what Genesis actually had on their books. They were not solvent in that one-year time frame and I would never have invested with a company that was saying that they were - *you know* - that they were going to be able to make money over 10 years in the cryptocurrency industry. Who would - who would trust Digital Currency Group to be good on its loans in 10 years in this industry? You know, companies go belly-up constantly.

Laura Shin: Right. And just to *um*, *like*, fill in part of it. You said that you had actually started your conversations with Genesis in 2021, but - but then when I asked you about the relationship, you only mentioned what happened in September 2022. So, what happened in between those times?

Stephen Sokolowski: So, in between those times I was just talking with them and I did not see that sheet. So, when the Three Arrows collapse happened, I talked to them during that week, and I – I asked them - this was after their tweets on, I believe it was June 17th, when Michael Moro said that they had - the Digital Currency Group had assumed the liabilities and that essentially everything was fine. So I asked them how - how things were - *you know* - what was going on at the company, and *uh*, they said *you know* everything is fine during - during that time.

Uh, if you feel that the risk is too high at - at this time *you know* for the rates you're getting, then we can offer you a significantly higher rate if you lock the loans in for a brief period like a locked term not a year-long loan. In this case, it was three months.

So, *you know*, I talked with them and decided, *uh*, we think that it's okay for three months and then I want to see, *you know*, then I - I wanted to see all of this documentation when we were renewing. So that's why, when the end of August came around I started doing a ton of research into BlockFi and Genesis, and, *you know* started asking for this documentation. And, *you know* unfortunately it turns out that - that both types of the documentation appears to have not been telling the whole truth.

Laura Shin: And so, *um,* - just so I understand. So you started doing research into crypto lenders in 2021, but you didn't actually invest any money until after the Three Arrows collapse?

Stephen Sokolowski: No, we invested money then, and the entire time, *you know*, I was being told that everything was fine, that, *you know*, nobody ever said anything about this GBTC trade for example, right? So, if any - if anybody had said something about that, I probably also would have not - not gone with Genesis either. So, I should have in the beginning, maybe specifically asked them, are you doing, *you know*, GBTC trades or something like that. But, in my opinion, *you know*, I - I think that there's also some sort of *uh, you know*, obligation that you should maybe, *uh,* be a little bit more honest about your business practices. I mean, obviously everybody tries to make a sales pitch, right? But you also, should -

shouldn't be misleading customers about, *you know*, how ev - about how we're - we're, *you know,* just kind of like making loans and then, *you know* charging a higher interest rate and, *uh,* - and, *you know*, spread - pocketing the difference. I mean, that was my understanding of what these companies were doing, and it's pretty clear that that was not their entire or even their primary business model to just borrow money and then lend it out at a higher interest rate.

Laura Shin: Okay, *um*, so one thing that I need to understand is, so you - you had successfully lent money to Genesis, *um*, and then after Three Arrows, *um*, did you perceive that any money that you had lent them was at risk in any way or - or no?

Stephen Sokolowski: Well, I asked them about that. *You know*, I thought that, *you know*, well, I got to investigate this. But see, *you know*, Genesis was "the" prime lender at the time, right? I mean nobody would have thought that Genesis of all places was the one that would fail. *You know*, I thought, well, *you know*, Nexo seems kind of strange because I researched them and they have company tokens. *Uh, you know*, Crypto.com has company tokens and they have these ridiculous interest rates at, *uh* - with their, *uh* - with their credit cards, I believe. And you know I - I wrote posts about this all my research that I did in 21. I hadn't seen the balance sheets at that time, but I ruled out a lot of other lenders because of all these crazy schemes. But Genesis didn't have any company tokens, they were backed by Digital Currency Group, which - which had a Bit License and everything like that. They operated in New York. Genesis is in Park Avenue. *Uh, you know*, there - there was no - there's - there's nothing that really indicated to them that they were

violating any rules or regulations. Or perhaps what we're finding out is that even if all these companies did adhere to every rule or regulation, it simply would not have prevented this - the rules were insufficient. I don't know. But whatever the case is, Genesis was the prime lender in the industry. And, *you know*, it was unthinkable to all the people who I talked to at the time that Genesis would be involved in this sort of thing.

Laura Shin: Yeah, and a disclosure for the audience, my - one of my former sponsors is Nexo and a current sponsor is Crypto.com. So, one thing then, you know, that I - so now we we've kind of covered that period of what happened, *um*, before I think things started to really go south for you and you have this extensive blog post about conversations you had with BlockFi in September and you also now have talked a little bit about your conversations with Genesis in September. So, tell us, *um, you know*, I guess what you haven't yet told us about BlockFi and then, *um,* - and then we can go to the point when, *yeah*, afterward you realized that maybe, *um*, certain things were not represented accurately.

Stephen Sokolowski: So, with BlockFi, the way I actually found out about this whole industry was by lending some money to BlockFi early in - in 21 but I withdrew it and then hadn't really had anything to do with BlockFi for the next year and a half. *Uh*, in August though, I - I was doing the research and was contacted by one of BlockFi's salespeople and they had - were talking about, *you know*, different *uh*, - different loan terms they had and everything like that. And their rates were more attractive than Genesis so I wanted to understand exactly why it is that they could offer more attractive rates than Genesis. My conclusion at

the time was that after doing the research I thought was the reason their rates were more attractive is because they had more uncollateralized loans than Genesis did and so that extra rate was - was paying essentially for the risk because there were more secured loans at Genesis.

Uh, but *uh*, - so they contacted me. I - I talked with them pretty much throughout like the first two weeks of September, because our loans were about to become due towards the end of September, *uh*, when they expired on September 20th. So, before this I started an email thread, which I posted, with a few things like the – the person's phone number redacted and the conversation goes on for a while with some mundane stuff asking for their rates and so on. Then, *uh*, at - then I became concerned a little bit after reading more into their deal with FTX, because I thought that they seemed to be a little bit too intertwined or too dependent upon FTX. So, what I asked them in the email was I wanted to see, did BlockFi actually borrow any money from FTX because they had a credit line, and it was for 400 million dollars, and it's a lot different if they had borrowed the money already and had a - *you know*, had drawn that debt a lot and *uh* were dependent on them or whether they were independent but that that credit line was just there in case they, *you know* - some of their loans defaulted. And, I was told on September 21st, "we have drawn on this but paid it back since it's a revolving credit facility", and that was in the emails.

Then, after - after that, I continued to do some more research. I looked at BlockFi's balance sheets. *Uh*, they made no mention of FTX, they looked good. *Uh*, then a little bit later, I - a few days later, I basically though concluded that even though the balance sheets didn't mention FTX, there was still kind of a little too much uncertainty over that so I said, *uh*, in the emails that your balance sheets look good, but because the FTX deal closes during the fixed loan term, we believe that

the uncertainty introduced by that deal is more risk than, *uh* - than the spread between your and Genesis's rates. So, I basically told them that, *you know*, because of FTX, we're not really going to be, *uh* - we're not going to be lending to you. So I sent a message to Genesis after having seen their balance sheet, and said okay let's get a loan to you instead of to BlockFi. And, *uh*, then I was told in the next email, would you be interested in having a call with Zach Prince to further talk through the FTX deal and any other questions you may have? And so, I went to that meeting with Prince.

Laura Shin: And what did he say?

Stephen Sokolowski: *Uh*, the meeting was - was pretty long, so I don't want to bore you and - and all of your listeners. *Uh, you know*, he talked about - I was concerned about how many employees BlockFi had and, *you know*, whether that was going to increase their cash burn. I - they - he talked about the SEC a little bit, *uh* he talked about minor loans, *you know*, a whole bunch of other things that really aren't pertinent to this but then we also talked about FTX. And, so we - there were six people there, and three of us asked Zach Prince about what is the relationship between BlockFi and FTX. And, *uh*, he stated that Blockfi and FTX were independent entities. And, you can see that there's actually public tweets where his co-founder, Flori, stated the same - actually, the day after FTX, I believe, had, *uh*, - had started to encounter problems, or maybe it was a few days after that I'm not sure.

So I - I kept getting this reassurance that they were independent entities, and I also was led to understand that the FTX line of credit was not being used. And,

we know that - so this meeting took place on September 23rd, and we know in both the BlockFi and the FTX bankruptcy filings that they actually had drawn 250 million dollars from the credit line on September 30th. So, it's - it's probably likely that they had already drawn upon it. Or certainly if they had not, then they had to have known that they were going to draw upon it within the next few days. *Uh*, I - I just don't understand how - how the CEO of a company that is going to wi - to borrow 250 million dollars would not know about the, *you know* - that there were plans to do that in a call that was just a few days before that. So, I suspect that as the bankruptcies come out we'll probably find out that that loan was drawn before the 23rd, but even if it wasn't, then that was certainly a very misleading statement to say that they had not drawn upon that line or that they had drawn - sorry, to be specific, they had drawn upon that line and had fully paid it back.

Laura Shin: And, *um, so*, because of that call, did you then move money over from Genesis to BlockFi? Is that what happened?

Stephen Sokolowski: Yes. *Uh*, and I - I have that evidence there too. *Uh*, there's a person at Genesis who, *uh, you know* - I have the - the conversation with him. I mean, that was the reason because I talked with Prince, *uh* then all of the members of this fund, we - we got into a meeting after that and we all said Prince is trustworthy. *Uh*, *you know* - he - it seems like what he said was true. *Uh*, let's go and - and move the money so we moved money to BlockFi and – *uh* and it was solely based upon this call and those representations that *uh, you know* - that were made in the emails. And *you know*, again, I don't know whether the, *uh* - whether the people who were writing the emails were aware of the loan or not. *Uh*, so I - I

have no evidence to either implicate or exonerate the employees who wrote the emails, just to be clear about that.

Uh, but I - I guess it gets down to the logic here was that if FTX and BlockFi were independent companies, then - then both of them would have had to fail for separate and independent reasons if - if I was going to lose money. So, if - if Blockfi had trouble with their loans or something then FTX had 400 million dollars of junior credit ready to step in. And, if FTX were to fail, well then BlockFi hadn't actually borrowed anything from FTX just yet, and they didn't have any money in FTX custody, so therefore there wouldn't be any - any issues there I mean then one or the other company could fail and we would still be okay. And that was the main reason that we went with BlockFi because we had two companies that would have had to fail independently, and we just assumed that the odds of both companies independently failing were extremely low. And, of course, they - they would have been. Blockfi would not have - if they were independent, FTX would have failed and BlockFi would not, and I wouldn't have lost any money.

Laura Shin: Okay. So, *um*, presumably you didn't move everything from Genesis over to BlockFi, which is why, *um, yeah*, so as - as of the time of this recording, um you have not yet published, *um*, your allegations against Genesis, but why don't we go over those right now? So, tell us what your relationship was with Genesis after you moved at least some of the money to BlockFi.

Stephen Sokolowski: Yeah, so we moved about 3 million dollars to BlockFi and there was about 4 million dollars remaining at Genesis. And, *uh*, we - we had a few options, *you know,* - when we were doing this research. We were considering

either, *you know,* - we could have gone to more lenders, *uh*, we could have, *uh* - we could have moved money to BlockFi, we could have kept money at Genesis, or - or we could have, *uh*, one of the options was take like half the money out and keep half the money at Genesis or just go all out all together. So, we had all the options on the table. And, *uh, you know,* we came to this conclusion because we didn't think that the other companies were trustworthy. Like Ledn, for example, I did have a meeting with Mauricio de, *uh,* - de Bartolomeo, I'm sorry if I got that name wrong, Mauricio, if you're watching.

Laura Shin: Bartolomeo, yeah.

Stephen Sokolowski: And, *uh* - and John Glover, who's their risk management *uh* head. And, they told me that they were doing low-risk trades and *uh*, they *uh*, - they wanted to offer a lower rate, but they wouldn't present their balance sheet to me. So, that was the reason we didn't go with Ledn. I kept asking them for that balance sheet, and they wouldn't present it to me. So, really, the end result is that we were presented misleading balance sheets and that's why we went with these two companies because, *you know,* we were get - we thought that because these companies presented balance sheets that, *you know*, - that they were safer. As to Genesis, *you know*, the - the allegation is pretty simple. They present - I asked them for a balance sheet, they presented a balance sheet. It listed like 1.6 or however many billion dollars under current assets. And, if we find out in March that that loan - that promissory note, which is 10 years was represented as a current asset, then that balance sheet was false. That - that is not how accounting is done.

Laura Shin: Okay, yeah, yeah. *Uh*, those, *uh* comments and that analysis has been making the rounds on Twitter. *Um*, you know none of it has been confirmed, but obviously, *you know*, because of what the definition of a current asset is versus the terms of that 1.1 billion dollar promissory note it does seem likely that, *um*, DCG or Barry Silbert were, *um*, using kind of a different definition of current, *uh*, meaning, *you know*, we're current on paying this loan, *uh*, which is - which is funny because, - yeah it's just, *uh,* you know.

Stephen Sokolowski: Well, I also would dispute, I mean, maybe legally you could call it a loan but I would dispute that in common language that we would call what happened there a loan.

Laura Shin: Right, right.

Stephen Sokolowski: I mean, when do - when does a loan ever involve not actually giving somebody any money, right? When I take out a loan to buy a house, they give me money and then I use it to buy the house. I don't get some promise that they'll pay for the house in 10 years.

Laura Shin: Right, exactly. Yeah.

Stephen Sokolowski: And that's by the way what I understood their June 17th statement to - to read, that, *you know*, they - they took 1.1 billion dollars, *you*

know, and - and in exchange, they gave - they took the debt and they paid Genesis 1.1 billion dollars. Maybe I should have read between the lines or something like that in June, *you know*, but *uh*, I - I - that's a little dishonest to me that they didn't state exactly what happened at the time, and, *you know*, use these terms like they "netted against their balance sheet" or whatever the exact quote is.

Laura Shin: Okay, and is that the - kind of the main thrust of your, *um*, allegations against Genesis - the misrepresentations?

Stephen Sokolowski: Well, I mean it - it - I think the - the most obvious the – the most obvious fault is simply that if that promissory note is true and we're going to find that out, then this balance sheet that they presented to me is not true. I - I think that that's what it goes down to, *uh*, pretty easy. And, I don't know how many others were presented this balance sheet, but I would expect that there were many people who - who were presented this. I mean, the - the people inside Genesis told me that this was something that they present to people so I would assume that many people relied on this. And, I would assume that if they did present this to many people then that means that there is *you know* a lot more liability for, *uh*, for Genesis and Digital Currency Group than is - is being reported right now. And, *uh*, that was why I decided to sell my claim because I don't want to stick around in this bankruptcy and find out what is going to happen if - if Digital Currency Group goes to bankruptcy and, *you know*, all the chain reaction down the line there.

Laura Shin: Got it. Okay, what have I not asked you that you would want my listeners to know?

Stephen Sokolowski: Hmm.. Well, I, *uh* - I don't know. I think that the - as I said in the beginning I - I think that all of these companies are built upon kind of a - a flawed premise. And, *you know*, I - I think that there's - there's probably something wrong with - with today's blockchains. Maybe - maybe like they work fine for what they're designed for, *uh* you know they - they do fast, irreversible transactions. And, *you know*, that's fine for certain things. I'm - but the legacy system excels at getting rid of fraud because transactions are slow so there's time to get rid of, *you know* - time to reverse them and because they're reversible. So I - I don't know if today's blockchains have the sufficient technology to be able to prevent this sort of stuff from happening in lending.

You know, there - there needs - if you're going to have fast and irreversible transactions, then some other technology, which we probably can't conceive of right now, you know, *uh*, and - and it'll be developed someday I'm sure, needs to be developed to automatically detect this fraud or prevent it in some way, *uh*, because, I don't see this lending industry having any future. *Uh*, you can't just decide that you're going to put existing rules or regulations on it when anybody could take a cold wallet like a Ledger device out like this - you know, get the device, open it up, start typing in things on it, and now 250 million dollars is gone at some other company and you can't reverse that transaction. So, I - that's why I'm just not bullish on this idea that crypto lending will ever - will ever really grow into a legitimate industry.

Laura Shin: Yeah, well clearly after this past year there is a lot of questions about how to make this work , *um*, in a better way. So, *um*, yeah, I think a lot of

people would agree with you on that. *Um*, although obviously in DeFi there was a lot more, *um*, a lot more *[unintelligible]*…

Stephen Sokolowski: I'm not bullish about DeFi either.

Laura Shin: Ah, really?

Stephen Sokolowski: Cross-chain bridges, how many times have you heard that word? Anybody who's, uh - who's listening.

Laura Shin: Along with the word hack.

Stephen Sokolowski: Yes.

Laura Shin: Right, right. But you know, that - that's an even more nascent technology so, *um*, we'll have to see how that plays out. But, all right, Steve, well, it was a pleasure reconnecting with you. Thank you so much for sharing your experience.

Stephen Sokolowski: Thank you.

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

STEPHEN H. SOKOLOWSKI and
CHRISTOPHER H. SOKOLOWSKI,
Plaintiffs,

v.

Case No. _____

DIGITAL CURRENCY GROUP, INC.,
BARRY E. SILBERT, and
SOICHIRO "MICHAEL" MORO,
Defendants.

DECLARATION OF CHRISTOPHER SOKOLOWSKI AUTHENTICATING TRANSCRIPT EXHIBIT

I, Christopher H. Sokolowski, declare as follows:

1. I am over the age of eighteen and am competent to make this Declaration.

2. I am a Plaintiff in the above-captioned action, proceeding pro se.

3. A true and correct copy of the transcript of Stephen Sokolowski's interview with Laura Shin (the "Transcript") is attached to the Complaint in this matter as Exhibit E.

4. I prepared (or supervised the preparation of) the Transcript from the original audio/video recording of the interview to the best of my ability.

5. To the best of my knowledge and belief, the Transcript accurately reflects the conversation that occurred during the interview.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Date: January 2, 2025

Christopher H Sokolowski

Christopher H. Sokolowski, Pro Se Plaintiff
3178 Carnegie Drive
State College, PA 16803
(814) 600-9804
chris@shoemakervillage.org

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS
Stephen H. Sokolowski and
Christopher H. Sokolowski

(b) County of Residence of First Listed Plaintiff Centre
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*
Pro Se

DEFENDANTS
Digital Currency Group, Inc.,
Barry E. Silbert, and
Soichiro "Michael" Moro

County of Residence of First Listed Defendant
(IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ☐ 1 U.S. Government Plaintiff
- ☐ 3 Federal Question *(U.S. Government Not a Party)*
- ☐ 2 U.S. Government Defendant
- ☒ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*
(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☒ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☒ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☒ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*
Click here for: Nature of Suit Code Descriptions.

CONTRACT
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ☐ 153 Recovery of Overpayment of Veteran's Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

REAL PROPERTY
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury
- ☐ 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- ☐ 365 Personal Injury - Product Liability
- ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ☒ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

CIVIL RIGHTS
- ☐ 440 Other Civil Rights
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 445 Amer. w/Disabilities - Employment
- ☐ 446 Amer. w/Disabilities - Other
- ☐ 448 Education

PRISONER PETITIONS

Habeas Corpus:
- ☐ 463 Alien Detainee
- ☐ 510 Motions to Vacate Sentence
- ☐ 530 General
- ☐ 535 Death Penalty

Other:
- ☐ 540 Mandamus & Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition
- ☐ 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 690 Other

LABOR
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Management Relations
- ☐ 740 Railway Labor Act
- ☐ 751 Family and Medical Leave Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Retirement Income Security Act

IMMIGRATION
- ☐ 462 Naturalization Application
- ☐ 465 Other Immigration Actions

BANKRUPTCY
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

INTELLECTUAL PROPERTY RIGHTS
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☐ 835 Patent - Abbreviated New Drug Application
- ☐ 840 Trademark
- ☐ 880 Defend Trade Secrets Act of 2016

SOCIAL SECURITY
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ☐ 375 False Claims Act
- ☐ 376 Qui Tam (31 USC 3729(a))
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced and Corrupt Organizations
- ☐ 480 Consumer Credit (15 USC 1681 or 1692)
- ☐ 485 Telephone Consumer Protection Act
- ☐ 490 Cable/Sat TV
- ☐ 850 Securities/Commodities/ Exchange
- ☐ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 893 Environmental Matters
- ☐ 895 Freedom of Information Act
- ☐ 896 Arbitration
- ☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ☐ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

☑ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from Another District *(specify)* ☐ 6 Multidistrict Litigation - Transfer ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing *(Do not cite jurisdictional statutes unless diversity)*:
28 U.S.C. § 1332 (Diversity Jurisdiction) and Pennsylvania Unfair Trade Practices and Consumer Protection Law (UTPCPL), 73 P.S. § 201-1 et sec

Brief description of cause:
Plaintiffs allege financial fraud and misrepresentation, leading to significant monetary losses.

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

DEMAND $ Greater than $75,000

CHECK YES only if demanded in complaint:
JURY DEMAND: ☐ Yes ☒ No

VIII. RELATED CASE(S) IF ANY *(See instructions)*:

JUDGE _____ DOCKET NUMBER _____

DATE
January 2, 2025

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____