

Selendy & Gay and Roche Cyrilnik File 11 Class Actions Against Major Crypto-Asset Exchanges and Digital Token Issuers

04/06/20

Selendy & Gay PLLC and Roche Cyrilnik Freedman LLP filed 11 class actions in the Southern District of New York against four of the world's major crypto-asset exchanges and seven digital token issuers who allegedly offered and sold billions of dollars of unregistered digital tokens and other financial instruments to investors in violation of federal and state securities laws.

The lawsuits name as defendants crypto-asset exchanges Binance, Bibox, BitMEX and KuCoin, as well as seven issuers of digital tokens: Block.one (EOS), Tron (TRX), Bancor (BNT), Civic (CVC), Kybercoin (KNC), Quantstamp (QSP), and Status (SNT), in addition to numerous company executives.

"Cryptocurrencies and other blockchain based technologies have immense potential. Bitcoin's remarkable 11-year history demonstrates the real utility of a decentralized and programmable currency. Growing enthusiasm for Bitcoin spilled over into the market for initial coin offerings ('ICOs'), which investors flocked to in the hope of finding the next Bitcoin. The cases allege that exchanges and issuers failed to comply with federal and state securities laws intended to protect investors from unscrupulous behavior in the rush to capitalize on this enthusiasm," said Kyle Roche, a lead partner on the cases.

The exchanges profited handsomely from listing these digital tokens on their platforms. In addition to receiving fees for each transaction performed on its exchange, Binance, for example, allegedly received large cash payments from issuers seeking to list tokens. These fees often exceeded \$1 million per listing.

"The crypto-asset market has exploded in the last few years with ICOs that make great promises but deny investors critical information on the securities sold. Not unlike the mortgage crisis that led to the Great Recession, the alleged pattern of misconduct by exchanges and issuers yielded billions in profits for wrongdoers through a basic betrayal of public trust. The lawsuits we filed seek to restore integrity and transparency to these new financial markets," said Philippe Selendy, a lead partner on the cases.

The suits also target allegedly manipulative conduct by crypto-asset exchange BitMEX.

"Crypto-asset investors should not have to worry that the exchange on which they choose to trade will be secretly trading against them and manipulating prices to force investors to liquidate their portfolios. But that is precisely what BitMEX allegedly did," said Jordan Goldstein, a lead partner on the cases.

The cases are *Lee, et al. v. Binance, et al.*, No. 20-cv-02803; *Clifford, et al. v. Tron Foundation, et al.*, No. 20-cv-02804; *Zhang, et al. v. HDR Global Trading Limited, et al.*, No. 20-cv-02805; *Williams v. KuCoin, et al.*, No. 20-cv-02806; *Clifford v. Bibox Group Holdings Limited, et al.*, No. 20-cv-02807; *Williams, et al. v. Block.One, et al.*, No. 20-cv-02809; *Zhang v. BProtocol Foundation, et al.*, No. 20-cv-02810; *Zhang v. Civic Technologies, et al.*, No. 20-cv-02811; *Clifford v. KayDex Pte. Ltd., et al.*, No. 20-cv-02812; *Williams v. Quantstamp, Inc., et al.*, No. 20-cv-02813; *Clifford v. Status Research & Development GmbH, et al.*, No. 20-cv-02815.

Representing the plaintiff investors from Selendy & Gay are Philippe Selendy, Jordan Goldstein, Joshua Margolin, Oscar Shine, Spencer Gottlieb, David Coon, Michelle Foxman, and Mitchell Nobel. The Roche Cyrilnik team includes Kyle Roche, Ted Normand, Velvel Freedman, Joseph Delich, Alex Potter, Jordana Haviv, and Richard Cipolla.

Selendy & Gay and Roche Cyrilnik currently represent a separate class of cryptocurrency investors in another [suit before the Southern District of New York alleging cryptocurrency exchange Bitfinex engaged in a market-manipulation scheme that cost investors hundreds of billions of dollars](#).

That case is *Leibowitz et al. v. iFinex Inc. et al.*

Attorneys

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Practices

- Class Actions
- Securities and Structured Finance