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12 **UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA**

13 **JAMES T. FAASSE**, an Individual,
14 **JEFFREY HANSEN**, an Individual,
15 Individually and on Behalf of All Others
Similarly Situated,

16 Plaintiffs,

17 v.

18 **COINBASE, INC.**, a Delaware
19 Corporation,

20 Defendant.

Case No: 3:18-cv-01382-JD

**SECOND AMENDED CLASS
ACTION COMPLAINT FOR:**

- (1) **RESULTING TRUST;**
- (2) **CONSTRUCTIVE TRUST;**
- (3) **CONVERSION;**
- (4) **NEGLIGENCE;**
- (5) **UNLAWFUL AND UNFAIR
BUSINESS PRACTICES, CAL.
BUS. PROF. CODE §§ 17200;**
- (6) **DECLARATORY RELIEF
PURSUANT TO THE
DECLARATORY JUDGMENT
ACT, 28 U.S.C. § 2201**

JURY TRIAL DEMANDED

1 Plaintiffs James Faasse (“Faasse”) and Jeffrey Hansen (“Hansen”) individually
2 and on behalf of all others similarly situated, allege the following based upon personal
3 knowledge as to themselves and their own acts, and on information and belief as to all
4 other allegations, based on investigation of counsel. Plaintiffs believe that substantial
5 evidentiary support will exist for the allegations set forth herein after a reasonable
6 opportunity for discovery.

7 **I. INTRODUCTION**

8 1. Users of defendant Coinbase, Inc.’s (“Coinbase” or “Defendant”) online
9 service can send Bitcoin, Ethereum, Litecoin and Bitcoin Cash (collectively
10 “Cryptocurrencies”) to an email address. Plaintiffs and the Class¹ were granted
11 Cryptocurrencies from Coinbase users through this service, and were sent an email from
12 Coinbase as evidence thereof. That email contained and described a mechanism by
13 which Plaintiffs and Class members could take custody of their Cryptocurrency. But
14 until 2017, most people had never heard of a “bitcoin” or cryptocurrency and did not
15 understand the value thereof. As a result, many of these emails were initially
16 disregarded, and Plaintiffs and the Class never took custody of their Cryptocurrency.

17 2. Plaintiffs and Class members may now be better informed with respect to
18 Cryptocurrencies, but Coinbase has not maintained the mechanism for Plaintiffs and
19 Class members to take possession of them. Defendant has thus denied Plaintiffs and
20 Class members the means to take custody the Cryptocurrencies that rightfully belong to
21 them. Nor has Coinbase returned these Cryptocurrencies to the users who initiated the
22 transfers. Instead, Coinbase has kept for itself the Cryptocurrencies granted to Plaintiffs
23 and the Class.

24 3. Accordingly, this class action seeks to recover these Cryptocurrencies and
25 transfer possession to their rightful owners, Plaintiffs and the Class, as well as all
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27 ¹ As described in Paragraph 22 herein, the Class pled herein is “All persons and entities who
28 were sent Cryptocurrencies such as Bitcoin, Ethereum and Litecoin through Coinbase.com to
their email address, and who never received such Cryptocurrency.”)

1 “forks” thereof (*e.g.* Bitcoin Cash fork of Bitcoin), and “airdrops” related thereto (*e.g.*,
2 ERC20 airdrops of Ethereum related tokens).

3 4. For members of the Class who cannot take custody of their
4 Cryptocurrencies, Plaintiffs seek injunctive relief ordering such Cryptocurrencies to be
5 turned over to the State of California in accordance with California’s Unclaimed
6 Property Law (the “UPL”, CAL. CIV. PROC. CODE § 1500 *et seq.*), to the prevent unjust
7 enrichment of Defendant.

8 5. Plaintiffs bring these class claims seeking imposition of a “resulting trust”
9 and/or “constructive trust,” for conversion, for negligence, and as “unlawful” and
10 “unfair” business practices in violation of California’s Unfair Competition Law (the
11 “UCL,” CAL. BUS. & PROF. CODE §§ 17200 *et seq.*). Plaintiffs also seek declaratory
12 relief pursuant to the Declaratory Judgment Act, 28 U.S.C. § 2201, for a declaration that
13 Plaintiff and the Class are the lawful owners of the Cryptocurrencies that are the subject
14 of this Complaint, and/or that such Cryptocurrencies are held by Defendant in trust for
15 the benefit of Plaintiff and the Class.

16 **II. JURISDICTION AND VENUE**

17 6. This Court has jurisdiction over this action pursuant to the Class Action
18 Fairness Act, 28 U.S.C. § 1332(d) because, on information and belief:

19 (a) The Class pled herein is comprised of greater than 100 persons. Coinbase was
20 founded in June 2012 and, in 2012, Coinbase introduced the service at issue in
21 this case enabling users to send Cryptocurrencies *via* email. In January 2013,
22 Coinbase had 30,000 users and was processing 40,000 digital currency
23 transactions per month (not limited to email transfers). By December 2013,
24 Coinbase had over 500,000 users and was processing hundreds of thousands of
25 transactions per month. A year later, in December 2014, it had 1.85 million users
26 and, by December 2015, 2.90 million. Today, it has in excess of 20 million users.

1 (b) At least one member of the Class pled herein is a citizen of a state different
2 from defendant Coinbase. For example, Plaintiff Faasse is a citizen of the state
3 of Michigan, and Defendant Coinbase is a citizen of the State of California.

4 (c) The aggregate amount in controversy for members of the Class exceeds
5 \$5,000,000, or approximately 443 Bitcoin, given Coinbase’s userbase. Bitcoin
6 “closed” at \$11,286.39 when this Action commenced on March 3, 2018,
7 according to Coinbase price charts.

8 7. Venue is proper in this District pursuant to 28 U.S.C. §1391(a) because
9 Defendant resides within this District. Venue is also proper pursuant to 28 U.S.C.
10 §1391(b) because many of the acts and transactions giving rise to the violations of law
11 complained of herein occurred in this District.

12 8. Intradistrict Assignment: Defendant is headquartered in San Francisco
13 County, and the acts and transactions complained of herein occurred in San Francisco
14 County.

15 **III. PARTIES**

16 9. Plaintiff Faasse is a citizen of the United States and citizen of the State of
17 Michigan, and a resident of Kent County. On or about October 20, 2013, Faasse was
18 transferred 0.10 Bitcoin through Coinbase.com to his email address. Faasse received a
19 single email from Coinbase, substantially similar to the email described in Paragraph
20 19 below. Faasse received no other notifications from Defendant. In February 2018,
21 Faasse was reminded of the grant by the sender of his Bitcoin. Faasse then opened the
22 email in an attempt to take custody of his Bitcoin, but the email link had gone stale. It
23 was thus in February 2018 that Faasse discovered that Coinbase had never transferred
24 custody of such Bitcoin to Faasse or returned to its sender, and that Coinbase was
25 wrongfully in retention of Bitcoin that belonged to him. Faasse intends to use
26 Coinbase.com if his Bitcoin is restored.

1 10. Plaintiff Hansen is a citizen of the United States and the State of California,
2 and a resident of the County of San Diego. On or about September 14, 2013, Hansen
3 was transferred 0.01 Bitcoin through Coinbase.com to his email address. Hansen
4 received a single email from Coinbase, substantially similar to the email described in
5 Paragraph 19 below. Hansen received no other notifications from Defendant. In
6 February 2018, Hansen was reminded of the grant by the sender of his Bitcoin. Hansen
7 then opened the email in an attempt to take custody of his Bitcoin, but the email link
8 had gone stale. It was thus in February 2018 that Hansen discovered that Coinbase had
9 never transferred custody of such Bitcoin to Hansen or returned to its sender, and that
10 Coinbase was wrongfully in retention of Bitcoin that belonged to him. Hansen intends
11 to use Coinbase.com if his Bitcoin is restored.

12 11. Defendant Coinbase, Inc. is a Delaware corporation with its principal place
13 of business in San Francisco, California. Coinbase describes itself as “the world’s most
14 popular way to buy and sell bitcoin, ethereum, and litecoin.” According to published
15 reports, Defendant has over 13 million users across the globe, surpassing the user base
16 of some of the largest stock brokers such as Charles Schwab.

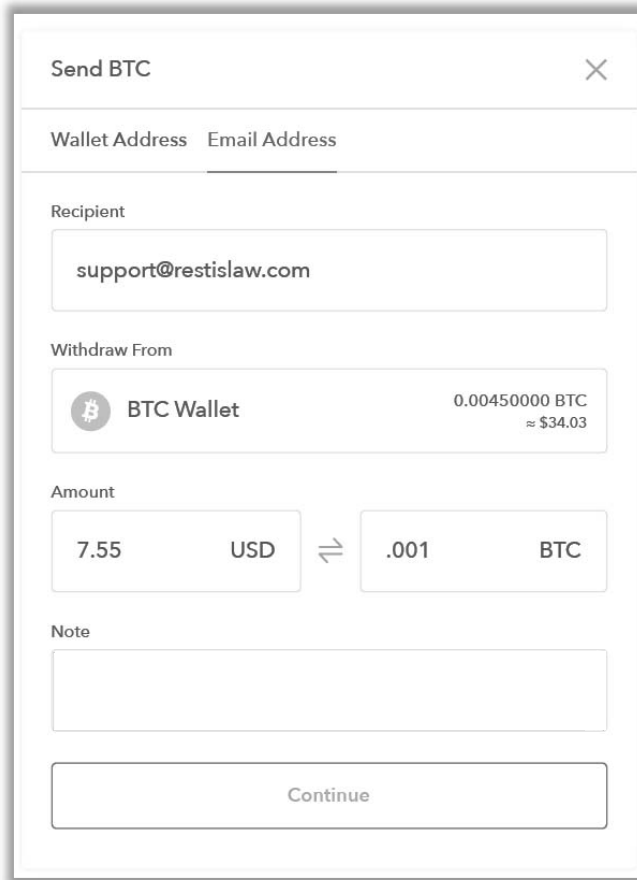
17 **IV. SUBSTANTIVE ALLEGATIONS**

18 12. Coinbase provides its users an easy way to transfer ownership of
19 Cryptocurrencies without needing technical knowledge of how they work. One feature
20 Coinbase provides is to send Cryptocurrencies from a Coinbase account to an email
21 address, that for purposes of this case, belong to Plaintiffs and the Class.

22 13. Coinbase users go through a two-step process at the Coinbase.com website
23 as described below that has been substantially similar throughout the Class Period.

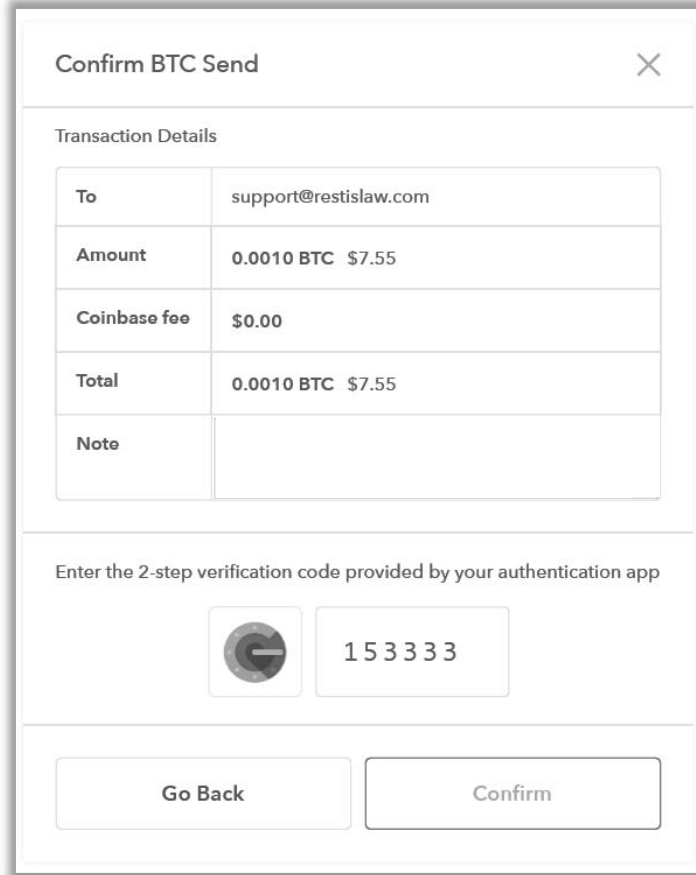
24 14. First, Coinbase users go to a page at www.coinbase.com titled “Your
25 Accounts,” and click on a button that says “Send.” A pop-up window appears that
26 allows the Coinbase user to “Send BTC [or other Cryptocurrency].” The Coinbase user
27 can select between sending to a Cryptocurrency “Wallet Address” or an “Email
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1 Address.” Upon clicking “Email Address,” the user is directed to enter a recipient email
2 address, their Coinbase Cryptocurrency wallet to “withdraw from,” and the amount
3 denominated in fiat and Cryptocurrency to transfer to Plaintiffs and the Class. The
4 Coinbase user can enter a “Note” to the recipient, and must click a button that says
5 “Continue.” There are no terms, conditions, or other disclosures that Coinbase presents
6 to, or requires assent from, Coinbase users on this screen that at all relevant times
7 appeared substantially as follows:

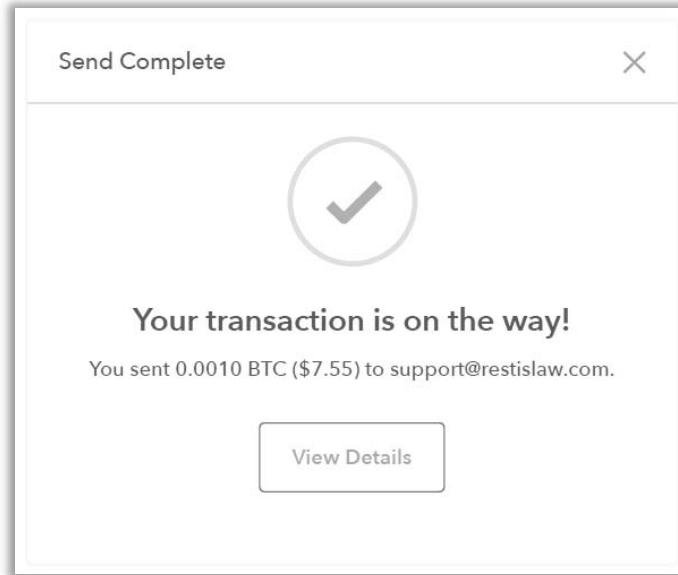


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24 15. Second, upon clicking “Continue,” another pop-up window appears that
25 says “Confirm BTC [Or other Cryptocurrency] Send.” The pop-up provides
26 “Transaction Details” such as the email address to send to, the “Amount,” the “Coinbase
27 Fee,” the “Total” amount of Cryptocurrency to transfer, and any “Note” included by the
28 Coinbase user. If the Coinbase user has added an additional security feature to their

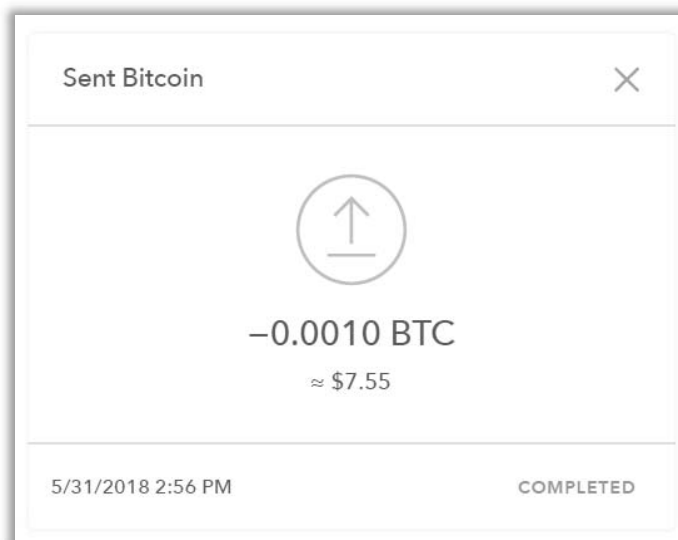
1 account called “2-step verification,” they can enter a special “verification code” and
 2 click a button that says “Confirm”. There are no terms, conditions, or other disclosures
 3 that Coinbase presents to, or requires assent from, Coinbase users on this screen that at
 4 all relevant times appeared substantially as follows:



16. Upon clicking “Confirm”, a third pop-up appears that says “Send Complete” with a large green check mark above the phrase “**Your transaction is on the way!** You sent [amount] [Cryptocurrency] (\$[amount]) to [email address].” The Coinbase user can also click a button that says “View Details”. There are no terms, conditions, or other disclosures that Coinbase presents to, or requires assent from, Coinbase users on this screen that at all relevant times appeared substantially as follows:



11 17. If the Coinbase user clicks the “View Details” button, another pop-up
12 appears disclosing the amount of Cryptocurrency transferred, and the corresponding
13 value in fiat currency, with a date and time and a notation that says “Completed”. There
14 are no terms, conditions, or other disclosures that Coinbase presents to, or requires
15 assent from, Coinbase users on this screen that at all relevant times appeared
16 substantially as follows:



1 18. For Coinbase users sending Cryptocurrency to another Coinbase user's
2 cryptocurrency wallet or email address, the Cryptocurrency is automatically deposited
3 into the recipient's Coinbase account. As such, these persons are not members of the
4 Class. But when Coinbase users transfer Cryptocurrency *via* email to someone without
5 a Coinbase account (*i.e.*, Plaintiffs and the Class), the recipient gets an email as evidence
6 of the transfer.

7 19. The emails sent to Plaintiffs and the Class stated, in substantial part, that
8 "**You just received** [amount] BTC (\$[value]) [Person] just sent you [amount] BTC.
9 **Your transferred currency is available immediately,** and you can view transaction
10 details in your Coinbase account. ... Sign in to claim this amount." (Emphasis in
11 original). But unless Plaintiffs and the Class opened a Coinbase account immediately,
12 Coinbase never transferred custody of the Cryptocurrencies to Plaintiffs and the Class.

13 20. Plaintiffs and each member of the Class did not immediately open
14 Coinbase accounts and have been unable to take possession of their Cryptocurrencies.
15 The links provided in the email to Plaintiffs and the Class to take custody of their
16 Cryptocurrencies are now stale and no longer work. Although Defendant had a
17 continuing duty to transfer custody of the Cryptocurrencies to Plaintiffs and the Class,
18 Coinbase failed to maintain a mechanism for Plaintiffs and the Class to do so.

19 21. Defendant kept, and continues to keep, Cryptocurrencies transferred to
20 Plaintiffs and the Class *via* email through Coinbase.com.

21 **V. CLASS ALLEGATIONS**

22 22. Plaintiffs bring this action as a class action pursuant to Federal Rule of
23 Civil Procedure 23(a), 23(b)(2) and 23(b)(3) for the following Class of persons:

24 "All persons and entities who were sent Cryptocurrencies such as Bitcoin,
25 Ethereum and Litecoin through Coinbase.com to their email address, and
who never received such Cryptocurrency."

26 Excluded from the Class are persons and entities who were Coinbase customers when
27 the Cryptocurrency was transferred. Also excluded are Defendant herein and any
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1 person, firm, trust, corporation, or other entity related to or affiliated with any
2 defendant, as well as any judge, justice or judicial officer presiding over this matter and
3 members of their immediate families and judicial staff. Also excluded from the Class
4 are any members whose unclaimed Cryptocurrency is the subject of an individual action
5 against Defendant.

6 23. Plaintiffs reserve the right to amend the Class definition if further
7 investigation and/or discovery indicate that the Class definition should be narrowed,
8 expanded, or otherwise modified.

9 24. While the exact number of Class members is unknown to Plaintiffs at this
10 time, and will be ascertained through appropriate discovery, Plaintiffs are informed and
11 believe that there are thousands of members in the proposed Class. The number of
12 individuals and entities who comprise the Class are so numerous that joinder of all such
13 persons is impracticable and the disposition of their claims in a class action, rather than
14 in individual actions, will benefit both the parties and the courts. Class members may
15 be identified from records maintained by Defendants, and may be notified of the
16 pendency of this action by electronic mail using the form of notice similar to that
17 customarily used in class litigation.

18 25. Plaintiffs' claims are typical of the claims of the other members of the
19 Class. All members of the Class have been and/or continue to be similarly affected by
20 Defendants' wrongful conduct as complained of herein, in violation of law. Plaintiffs
21 are unaware of any interests that conflict with or are antagonistic to the interests of the
22 Class.

23 26. Plaintiffs will fairly and adequately protect the Class members' interests
24 and have retained counsel competent and experienced in class actions and complex
25 litigation. Plaintiffs and their counsel will adequately and vigorously litigate this class
26 action, and Plaintiffs are aware of their duties and responsibilities to the Class.

1 27. Defendant has acted and continues to act with respect to the Class in a
2 manner generally applicable to each Class member. Common questions of law and fact
3 exist as to all Class members and predominate over any questions wholly affecting
4 individual Class members. There is a well-defined community of interest in the
5 questions of law and fact involved in the action, which affect all Class members. Among
6 the questions of law and fact common to the Class are, *inter alia*:

- 7 a) Whether California law applies to Class claims;
8 b) Whether third parties objectively intended to convey title to Plaintiff and
9 the Class to the Cryptocurrencies that are the subject of this Complaint;
10 c) Whether a resultant and/or constructive trust should be created against
11 Defendant for the benefit of Plaintiff and the Class over the
12 Cryptocurrencies that are the subject of this Complaint;
13 d) Whether Coinbase has converted Plaintiffs and the Class'
14 Cryptocurrencies;
15 e) Whether Coinbase was negligent in failing to deliver the Cryptocurrencies
16 that are the subject of this Complaint to Plaintiff and the Class; and
17 f) Whether Coinbase's actions and omissions constitute "unlawful" or
18 "unfair" business practices in violation of the UCL;
19 g) Whether Coinbase is required to notify Plaintiffs and the Class and/or the
20 State of California that it is holding assets on behalf of Plaintiffs and the
21 Class, and whether Coinbase provided such notice;
22 h) Whether Coinbase is required to surrender some or all of Plaintiffs and the
23 Class' unclaimed Cryptocurrencies to the State of California, and whether
24 Coinbase complied with that requirement;
25 i) Whether Plaintiffs and the Class have been damaged.

26 28. A class action is superior to all other available methods for the fair and
27 efficient adjudication of this controversy since joinder of all Class members is
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1 impracticable. Furthermore, as the injury and/or damages suffered by individual Class
2 members may be relatively small, the expense and burden of individual litigation makes
3 it impossible as a practical matter for Class members to individually redress the wrongs
4 done to them. There will be no difficulty in managing this action as a class action.

5 29. Defendant has acted on grounds generally applicable to the entire Class
6 with respect to the matters complained of herein, thereby making appropriate the relief
7 sought herein with respect to the Class as a whole.

8 **FIRST COUNT**

9 **Resulting Trust**

10 30. Plaintiffs hereby incorporate by reference the allegations contained in
11 paragraphs 1 through 29 of this Complaint, as though fully alleged herein.

12 31. California law governs the dispute between defendant Coinbase and
13 Plaintiffs and the Class.

14 32. The Cryptocurrencies that are the subject of this Complaint are a specie of
15 personal property in the form of digital bearer assets similar to cash.

16 33. Each Coinbase user sending Cryptocurrency to Plaintiffs and the Class
17 expressed unconditional objective intent to grant a specific amount of Cryptocurrencies
18 to Plaintiffs and the Class.

19 34. Each Coinbase user sending Cryptocurrency to Plaintiffs and the Class
20 expressed unconditional objective intent to transfer title to a specific amount of
21 Cryptocurrencies to Plaintiff and the Class.

22 35. Upon sending Cryptocurrencies to Plaintiffs and the Class, each Coinbase
23 user immediately lost use, control, dominion and title to such Cryptocurrencies.

24 36. Each grant of Cryptocurrency to Plaintiffs and the Class was duly executed
25 at the time it was made, and was constructively delivered to each of Plaintiffs and the
26 Class immediately when each Coinbase user initiated the transfer of Cryptocurrency to
27 each of Plaintiffs and the Class.

1 37. Each of Plaintiffs and the Class took constructive delivery of the
2 Cryptocurrencies, and accepted same, immediately when each Coinbase user
3 transferred such Cryptocurrencies to Plaintiffs and the Class because the
4 Cryptocurrencies that are the subject of this Complaint are valuable bearer assets that
5 are beneficial to Plaintiffs and the Class.

6 38. When Coinbase users sent Cryptocurrencies, Coinbase immediately took
7 possession and temporary custody thereof for the benefit of Plaintiffs and the Class.
8 Coinbase was required to accomplish the instructions provided by third party grantors,
9 *i.e.*, to unconditionally “Send BTC [or other Cryptocurrency]” to Plaintiffs and the
10 Class.

11 39. Defendant has no claim of right or title to the Cryptocurrencies that are the
12 subject of this Complaint but merely acquired custody of such Cryptocurrencies that
13 belong to Plaintiffs and the Class.

14 40. As a mere resultant trustee, Defendant Coinbase had no ability to impose
15 any conditions or qualifications upon the transfer of Cryptocurrencies to Plaintiffs and
16 the Class.

17 41. The resultant trust for the benefit of Plaintiffs and the Class extends to all
18 “forks” of the Cryptocurrencies held in trust by Defendant Coinbase (*e.g.* Bitcoin Cash
19 fork of Bitcoin), and “airdrops” related thereto (*e.g.*, ERC20 airdrops of Ethereum
20 related tokens), in an amount to be proven at trial.

21 **SECOND COUNT**

22 **Constructive Trust**

23 42. Plaintiffs hereby incorporate by reference the allegations contained in
24 paragraphs 1 through 29 of this Complaint, as though fully alleged herein.

25 43. California law governs the dispute between defendant Coinbase and
26 Plaintiffs and the Class.

1 44. The Cryptocurrencies that are the subject of this Complaint are a specie of
2 personal property in the form of digital bearer assets similar to cash.

3 45. Each Coinbase user sending Cryptocurrency to Plaintiffs and the Class
4 expressed unconditional objective intent to grant a specific amount of Cryptocurrencies
5 to Plaintiffs and the Class.

6 46. Each Coinbase user sending Cryptocurrency to Plaintiffs and the Class
7 expressed unconditional objective intent to transfer title to a specific amount of
8 Cryptocurrencies to Plaintiff and the Class.

9 47. Upon sending Cryptocurrencies to Plaintiffs and the Class, each Coinbase
10 user immediately lost use, control, dominion and title to such Cryptocurrencies.

11 48. Each grant of Cryptocurrency to Plaintiffs and the Class was duly executed
12 at the time it was made, and was constructively delivered to each of Plaintiffs and the
13 Class immediately when each Coinbase user initiated the transfer of Cryptocurrency to
14 each of Plaintiffs and the Class.

15 49. Each of Plaintiffs and the Class took constructive delivery of the
16 Cryptocurrencies, and accepted same, immediately when each Coinbase user
17 transferred such Cryptocurrencies to Plaintiffs and the Class because the
18 Cryptocurrencies that are the subject of this Complaint are valuable bearer assets that
19 are beneficial to Plaintiffs and the Class.

20 50. When Coinbase users sent Cryptocurrencies, Coinbase immediately took
21 possession and temporary custody thereof for the benefit of Plaintiffs and the Class.
22 Coinbase was required to accomplish the instructions provided by third party grantors,
23 *i.e.*, to unconditionally "Send BTC [or other Cryptocurrency]" to Plaintiffs and the
24 Class.

25 51. Defendant has no claim of right or title to the Cryptocurrencies that are the
26 subject of this Complaint but merely acquired custody of such Cryptocurrencies that
27 belong to Plaintiffs and the Class.

1 52. As a mere constructive trustee, Defendant Coinbase had no ability to
2 impose any conditions or qualifications upon the transfer of Cryptocurrencies to
3 Plaintiffs and the Class.

4 53. Defendant Coinbase has wrongfully detained the Cryptocurrencies that are
5 the subject of this Complaint, and has thus become an involuntary (constructive) trustee
6 for the benefit of Plaintiff and the Class.

7 54. The constructive trust for the benefit of Plaintiffs and the Class extends to
8 all “forks” of the Cryptocurrencies held in trust by Defendant Coinbase (*e.g.* Bitcoin
9 Cash fork of Bitcoin), and “airdrops” related thereto (*e.g.*, ERC20 airdrops of Ethereum
10 related tokens), in an amount to be proven at trial.

11 **THIRD COUNT**

12 **Conversion**

13 55. Plaintiffs hereby incorporate by reference the allegations contained in
14 paragraphs 1 through 54 of this Complaint, as though fully alleged herein.

15 56. California law governs the dispute between defendant Coinbase and
16 Plaintiffs and the Class.

17 57. Plaintiffs and each member of the Class have a property right in their
18 Cryptocurrencies, and a right to ownership and possession of same.

19 58. By failing to transfer custody of Cryptocurrencies to Plaintiffs and the
20 Class as described herein, Coinbase has wrongfully dispossessed Plaintiffs and the
21 Class of their Cryptocurrencies.

22 59. Coinbase intentionally and substantially interfered with Plaintiffs and
23 Class members’ right and ability to receive their Cryptocurrencies in violation of law.
24 Defendant has and continues to exercise dominion and control over such
25 Cryptocurrencies.

26 60. Plaintiffs and the Class’ interests in Cryptocurrencies are reflected in the
27 books and records of Coinbase, which are accounts showing amounts owed to Plaintiffs
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1 and the Class. Defendant’s books and records reflect transfers of Cryptocurrencies to
2 Plaintiffs and the Class, the date of the transaction, the amount of the transaction, and
3 other items necessary to determine the liquidated amount of Cryptocurrencies owed to
4 Plaintiffs and the Class.

5 61. Plaintiffs and the Class were unaware of Defendant’s conversion of their
6 Cryptocurrencies as described herein, and did not consent to it.

7 62. As a direct and proximate result of Defendants’ wrongful actions,
8 Plaintiffs and the Class have been deprived of their Cryptocurrencies, as well as all
9 “forks” thereof (*e.g.* Bitcoin Cash fork of Bitcoin), and “airdrops” related thereto (*e.g.*,
10 ERC20 airdrops of Ethereum related tokens), in an amount to be proven at trial.

11 **FOURTH COUNT**

12 **“Unlawful” and “Unfair” Business Practices in Violation of** 13 **Cal. Bus. & Prof. Code §§ 17200 *et seq.***

14 63. Plaintiffs hereby incorporate by reference the allegations contained in
15 paragraphs 1 through 62 of this Complaint, as though fully alleged herein.

16 64. California law governs the dispute between defendant Coinbase and
17 Plaintiffs and the Class.

18 65. California Business and Professions Code § 17200 *et seq.* prohibits acts of
19 unfair competition, which includes “unlawful” and “unfair” business acts or practices.

20 66. California’s Unclaimed Property Law, CAL. CIV. PROC. CODE § 1500, *et*
21 *seq.* (the “UPL”) requires Defendant to give notice to Plaintiffs and the Class not less
22 than two years nor more than two and one-half years after Plaintiffs and the Class were
23 transferred Cryptocurrencies through Coinbase.com, that their Cryptocurrencies, as
24 well as any interest and dividends thereon were subject to the UPL, and would be
25 transferred to the State of California if unclaimed. Defendant failed to notify Plaintiffs
26 and the Class in the manner required by the UPL, or at all.

27 67. The legislative intent of the UPL is “that property owners be reunited with
28 their property.”

1 68. Defendant Coinbase is a “banking organization”, “business association”,
2 and/or “financial organization” subject to the requirements of the UPL. CAL. CIV.
3 PROC. CODE § 1501.

4 69. Plaintiffs and each member of the Class are “owners” of Cryptocurrencies
5 transferred to them *via* email through Coinbase.com. *Id.*

6 70. Defendant is a “holder” of Plaintiffs and the Class’ Cryptocurrencies. *Id.*

7 71. The Cryptocurrencies sent to Plaintiffs and the Class *via* email through
8 Coinbase.com are “property” subject to the UPL.

9 72. Defendant was and is required to make annual reports to the California
10 State Controller that include the contact information (*i.e.*, email addresses) of Plaintiffs
11 and the Class and the Cryptocurrencies being held by Coinbase on their behalf. This
12 allows the State of California to attempt to contact Plaintiffs and the Class to reunite
13 them with their Cryptocurrencies. Defendant failed to make such annual reports to the
14 Controller as required by the UPL, or at all.

15 73. Under the UPL, the State of California takes possession of unclaimed
16 property to prevent businesses holding it from selling it and using the proceeds for their
17 own purposes. Coinbase frustrated the purpose of the UPL by failing to make required
18 notices to Plaintiffs and the Class, the California State Controller, and/or by retaining
19 the Cryptocurrencies sent to Plaintiffs and the Class for Defendant’s own use and
20 benefit.

21 74. Defendant’s failure to notify Plaintiffs and the Class, and the State of
22 California as appropriate, that Coinbase is holding Cryptocurrencies that belong to
23 Plaintiffs and the Class, and failure to deliver such Cryptocurrencies to Plaintiffs and
24 the Class, and the State of California as appropriate, constitute “unlawful” business
25 practices in violation of the UCL.

26 75. Defendant’s conversion of Plaintiffs and the Class’ Cryptocurrencies as
27 alleged herein constitutes “unlawful” business practices in violation of the UCL.
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1 76. Defendant’s failure to notify Plaintiffs and the Class, and the State of
2 California as appropriate, that Coinbase is holding Cryptocurrencies that belong to
3 Plaintiffs and the Class, and failure to deliver such Cryptocurrencies to Plaintiffs and
4 the Class, and the State of California as appropriate, constitute “unfair” business
5 practices because:

6 (i) the injury to Plaintiffs and the Class outweighs any countervailing benefits
7 to consumers or to competition, and because such injury could not be reasonably
8 avoided by Plaintiffs and the Class; and/or

9 (ii) it violates established public policy as embodied in California’s Unclaimed
10 Property Law, and the California public policies against forfeitures;

11 (iii) it is immoral, unethical, oppressive, unscrupulous or substantially
12 injurious to consumers;

13 (iv) the gravity of the harm to Plaintiffs and the Class outweighs any
14 countervailing benefits to Defendant or to competition.

15 77. As a direct and proximate result of Defendant’s “unlawful” and “unfair”
16 business practices as alleged herein, Plaintiffs and each Class member have been
17 wrongfully deprived of money and/or property. Plaintiffs suffered injury-in-fact as a
18 result of Defendant’s unlawful and unfair business practices.

19 78. Accordingly, Defendant received and is in possession of excessive and
20 unjust revenues and profits, and/or has caused Plaintiffs and the Class to lose money or
21 property directly as a result of Coinbase’s wrongful acts and practices.

22 79. As a result of the above unlawful acts and practices, Plaintiffs seek
23 injunctive relief prohibiting Coinbase from continuing these wrongful acts and
24 omissions, and such other equitable relief, including notifying the Class, and the State
25 of California as appropriate, that Coinbase is holding Cryptocurrencies that belong to
26 them, and delivering such Cryptocurrencies as well as all “forks” thereof (*e.g.* Bitcoin
27 Cash fork of Bitcoin), and “airdrops” related thereto (*e.g.*, ERC20 airdrops of Ethereum
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1 related tokens), to Plaintiffs and the Class, and the State of California as appropriate,
2 and such equitable relief, including disgorgement of all improperly retained
3 Cryptocurrencies to the fullest extent permitted by law.

4 **FIFTH COUNT**

5 **Negligence**

6 80. Plaintiffs hereby incorporate by reference the allegations contained in
7 paragraphs 1 through 79 of this Complaint, as though fully alleged herein.

8 81. California law governs the dispute between defendant Coinbase and
9 Plaintiffs and the Class.

10 82. Defendant solicited and encouraged Coinbase users to use Defendant's
11 service to send Cryptocurrencies *via* email to third parties. Defendant's users did in fact
12 use the Coinbase service to send Cryptocurrencies *via* email to Plaintiffs and Class
13 members, who together and individually represent a specific, foreseeable, and well-
14 defined group. By soliciting and encouraging its users to send Cryptocurrencies *via*
15 email to third parties, and by taking possession of Cryptocurrencies Coinbase users
16 granted and intended to transfer to Plaintiffs and the Class, Defendant assumed a duty
17 to exercise reasonable care to accomplish such grant and transfer.

18 83. Coinbase breached its duty of care to Plaintiffs and the Class by failing to
19 accomplish the grant and transfer of Cryptocurrencies to them, and by failing to
20 maintain a mechanism by which Plaintiffs and Class members could take possession of
21 the Cryptocurrencies that rightfully belong to them.

22 84. As a direct and proximate result of Defendant's failure to exercise
23 reasonable care, Plaintiffs and each Class member have been wrongfully deprived of
24 money and/or property in an amount to be proved at the trial of this matter.

SIXTH COUNT

**Declaratory Relief Pursuant to the
Declaratory Judgment Act, 28 U.S.C. § 2201**

85. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 84 of this Complaint, as though fully alleged herein.

86. Pursuant to 28 U.S.C. § 2201, Plaintiffs and the Class are entitled to have this Court establish by declaration their rights and legal relations to the Cryptocurrencies that are the subject of this Complaint.

87. Accordingly, Plaintiffs pray for a declaration that Plaintiffs and each member of the Class pled herein are the lawful owners of the Cryptocurrencies that are the subject of this Complaint, and/or that such Cryptocurrencies are held by Defendant in trust for the benefit of Plaintiffs and the Class.

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs and the Class pray for relief and judgment as follows:

A. For an order declaring that this action is properly maintained as a class action pursuant to Federal Rule of Civil Procedure 23, and certifying Plaintiffs as the Class representatives;

B. For an order notifying Class members that Coinbase has possession of their Cryptocurrency;

C. For an order imposing a constructive and/or resultant trust upon Coinbase over the Cryptocurrencies that are the subject of this Complaint, and ordering Coinbase to surrender custody thereof to Plaintiffs and the Class;

D. For an order awarding Plaintiffs and the Class their Bitcoin, Ethereum, Litecoin and Bitcoin Cash, including all “forks” thereof, and “airdrops” related thereto, and/or Coinbase’s disgorgement of same, and/or awarding compensatory damages in favor of Plaintiff and the Class against Defendant, for all legally cognizable damages sustained as a result of Defendant’s wrongdoing, in an amount to be proven at trial, including interest thereon;

1 E. Awarding Plaintiffs and the Class their reasonable costs and expenses
2 incurred in this action, including attorneys fees, expert fees, witness fees and electronic
3 discovery fees as permitted by law;

4 F. A declaration that Plaintiffs and each member of the Class pled herein are
5 the lawful owners of the Cryptocurrencies that are the subject of this Complaint, and/or
6 that such Cryptocurrencies are held by Defendant in trust for the benefit of Plaintiffs
7 and the Class.

8 G. Granting such other and further relief as this Court may deem just and
9 proper.

10 **VII. JURY TRIAL DEMAND**

11 Plaintiffs demand a trial by jury for all claims asserted in this Complaint so
12 triable.

13 Dated September 28, 2018

Respectfully submitted,

14 THE RESTIS LAW FIRM, P.C.

15 /s/ William R. Restis

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ATTORNEYS FOR PLAINTIFFS AND THE PUTATIVE
CLASS

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