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18 AUG 13 AM 10:28

KING COUNTY
SUPERIOR COURT CLERK
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CASE NUMBER: 18-2-20306-6 SEA

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IN THE SUPERIOR COURT OF WASHINGTON FOR KING COUNTY

JOHN HASTINGS, individually and on behalf
of all others similarly situated,

Plaintiff,

v.

UNIKRN, INC., a Delaware corporation;
UNIKRN BERMUDA, LTD, a Bermuda
corporation; RAHUL SOOD, an individual,
KARL FLORES, an individual, and DOES 1-
10,

Defendants.

NO.

CLASS ACTION

COMPLAINT

DEMAND FOR JURY TRIAL

Plaintiff JOHN HASTINGS, individually and on behalf of all others similarly situated (“Plaintiff”) complains against defendants UNIKRN, INC. (“Unikrn”), UNIKRN BERMUDA LTD. (“Unikrn Bermuda”), RAHUL SOOD, KARL FLORES, and Does 1-10 (collectively, “Defendants”) as follows:

I. INTRODUCTION

1. This is a securities class action on behalf of all investors who purchased UnikoinGold Tokens (“UKG Tokens”) from Defendants during the UnikoinGold initial coin

1 offering conducted between approximately September 22, 2017 through October 22, 2017
2 (hereinafter the “Official ICO” or “Token Sale”), or anytime thereafter.

3 2. An ICO is similar to an initial public offering (“IPO”) of stock, and is a
4 fundraising mechanism by which the founders of a “blockchain” project sell “tokens” or “coins”
5 in exchange for cryptocurrencies or fiat currencies (such as U.S. Dollars). Over one month,
6 beginning on September 22, 2017, and ending on October 22, 2017, Defendants conducted the
7 Official ICO for UKG Tokens in an effort to raise 327,174 ETH, then valued at approximately
8 \$86,400,000. Although Defendants did not raise all 327,174 ETH, they did raise approximately
9 112,000 ETH, worth approximately \$29,436,000 at the time, through the sale of UKG.

10 3. However, the end of the Official ICO did not mark the end of the UnikoinGold
11 ICO or Defendants’ sales of UKG Tokens to the general public. In fact, the UnikoinGold ICO
12 never actually ended as Defendants continued to offer and sell UKG Tokens to the general public
13 through cryptocurrency exchanges.

14 4. Federal securities laws require any security that is offered or sold to be registered
15 with the Securities and Exchange Commission (“SEC”). These laws are designed to protect the
16 public by requiring various disclosures so that investors can better understand the security that is
17 being offered or sold. Under section 2(a)(1) of the Securities Act of 1933 (“Securities Act”), a
18 “security” is defined to include an “investment contract.”

19 5. The SEC has made it clear that digital tokens, such as UKG Tokens, often
20 constitute securities. *See Investor Bulletin: Initial Coin Offerings*, U.S. SECURITIES AND
21 EXCHANGE COMMISSION (July 25, 2017) (“in certain cases, the tokens or coins will be
22 securities and may not be lawfully sold without registration with the SEC or pursuant to an
23 exemption from registration”). According to the SEC, “issuers of distributed ledger or
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1 blockchain technology-based securities must register offers and sales of such securities unless a
2 valid exemption applies.”¹

3 6. In a number of recent speeches, the SEC’s leadership has reinforced this view.
4 For example, in a speech entitled *Governance and Transparency at the Commission and in Our*
5 *Markets* delivered on November 8, 2017 at the Institute on Securities Regulation in New York,
6 the Chairman of the SEC, Jay Clayton, stated: “I have yet to see an ICO that doesn’t have a
7 sufficient number of hallmarks of a security.” On January 22, 2018, in his opening remarks
8 delivered at the Securities Regulation Institute in Washington, D.C., Chairman Clayton issued a
9 further, stern warning to the legal and other professionals involved in ICOs, reminding them of
10 the dangers in skirting the securities laws and the protections afforded to investors: “My first
11 message is simple and a bit stern. Market professionals, especially gatekeepers, need to act
12 responsibly and hold themselves to high standards. To be blunt, from what I have seen recently,
13 particularly in the initial coin offering (‘ICO’) space, they can do better.” Chairman Clayton
14 proceeded to state: “First, and most disturbing to me, there are ICOs where the lawyers involved
15 appear to be, on the one hand, assisting promoters in structuring offerings of products that have
16 many of the key features of a securities offering, but call it an ‘ICO,’ which sounds pretty close
17 to an ‘IPO.’ On the other hand, those lawyers claim the products are not securities, and the
18 promoters proceed without compliance with the securities laws, which deprives investors of the
19 substantive and procedural investor protection requirements of our securities law.”

20 7. In this case, Defendants attempted to avoid the reach of the U.S. securities laws
21 by characterizing the UKG sold during its ICO as a “utility token,” rather than a security.
22 However, when assessing whether something is a security under the Securities Act, courts,

23 ¹ SEC, *Press Release: SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset,*
24 *Were Securities* (July 25, 2017), <https://www.sec.gov/news/press-release/2017-131>.

1 including those in the Ninth Circuit, have repeatedly stated that they will ignore the form of the
2 transaction, and instead focus on the substance and economic reality of the transaction. Here, the
3 UnikoinGold ICO, and the promise of tokens offered and sold thereby, had all the hallmarks of a
4 securities offering under the Securities Act and was therefore required to be registered with the
5 SEC. No exemption to the registration requirement was available for Defendants' offer and sale.

6 8. The UnikoinGold ICO constituted in substance an offering and sale of UKG
7 Tokens to investors in the UnikoinGold ICO, who provided consideration in exchange for a
8 promise of UKG Tokens to be delivered at a later date. These participants advanced their
9 consideration as an investment in a common enterprise: the development of the UnikoinGold
10 blockchain project. Defendants in turn used the consideration received as a source of capital to
11 finance the development of the UnikoinGold platform. Participants in the UnikoinGold ICO
12 reasonably expected to derive profits from their ownership of UKG Tokens, with Defendants
13 themselves highlighting this profit motive. Finally, the development of the UnikoinGold
14 platform, and the profits that investors expected to derive therefrom, were based entirely on the
15 technical, managerial, and entrepreneurial efforts of Defendants and other third parties to be
16 employed by Defendants.

17 9. Despite characterizing UKG Tokens as "utility tokens" in later iterations of the
18 White Paper, those tokens did not have any functionality at the time of the ICO, and Defendants
19 knew they constituted securities, filing an SEC Form D Notice of Exempt Offering of Securities
20 with the SEC ("Form D Notice") for the sale of unregistered securities to accredited investors
21 residing in the United States noting that the first sale took place on September 19, 2017,² just
22 days before the "official" ICO began on September 22, 2017. A copy of this Form D Notice is

23 ² Unikoin Bermuda Ltd, *Form D Notice of Exempt Offering of Securities* ("Form D Notice"), 0001718925,
24 https://www.sec.gov/Archives/edgar/data/1718925/000171892517000003/xslFormDX01/primary_doc.xml.

1 attached hereto as **Exhibit A**. Although the exemption under which Defendants filed is limited
2 to sales to accredited investors, UKG Tokens were offered to the general public in the ICO.

3 10. The Official UnikoinGold ICO was a financial boon for Defendants. Defendants
4 placed “no restrictions on how the Company may use the proceeds of the Token Sale.”³ In
5 addition to the Ethereum Defendants received from the sale of UKG in the Official ICO,
6 Defendants also retained control of 800,000,000 UKG which they have since sold to members of
7 the general public through various cryptocurrency exchanges. Defendants stated that they
8 intended to use these tokens to generate user growth and development of the UnikoinGold
9 platform.

10 11. It is situations exactly like this that the federal securities laws were enacted to
11 prevent.

12 12. Here, in violation of Sections 5, 12(a)(1) and 15 of the Securities Act, Defendants
13 offered and sold UKG Tokens to the general public without filing a registration statement with
14 the SEC. Under Section 12(a)(1), Lead Plaintiff and the Class are entitled to rescission of their
15 transactions, receiving back their Ethereum, with any corresponding appreciation in value of
16 invested assets, or the equivalent in monetary damages as restitution.

17 **II. PARTIES AND JURISDICTION**

18 13. Plaintiff John Hastings was a resident of Las Vegas, Nevada at all relevant times
19 mentioned herein and invested 10 Ethereum in the UnikoinGold ICO on September 23, 2017.
20 Plaintiff does not recall seeing, reviewing, or agreeing to UnikoinGold’s purported Terms of
21 Token Sale. No copy of these purported Terms was ever sent to Plaintiff.

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24 ³ ICO Terms, *supra* note 2, at 15.

1 14. Plaintiff is informed and believes and based thereon alleges that Defendant
2 Unikrn, Inc. is a Delaware corporation with its principal place of business in Seattle,
3 Washington. Unikrn is owned and controlled by Defendants Rahul Sood and Karl Flores.

4 15. Plaintiff is informed and believes and based thereon alleges that Defendant
5 Unikrn Bermuda Ltd is a Bermuda corporation with its principal place of business in Seattle,
6 Washington. Unikrn Bermuda is a wholly-owned subsidiary of Unikrn and was created in 2017
7 solely to conduct the UnikoinGold ICO. At all relevant times, Defendant Sood has been Unikrn
8 Bermuda's Chief Executive Officer, and Defendant Flores has been its Chief Marketing Officer.

9 16. David Antivilo, Kingsley Edwards, Christopher Garrod, and Jacqueline King are
10 the registered directors of Unikrn Bermuda Ltd.⁴ Antivilo and Kingsley reside in Las Vegas,
11 Nevada.

12 17. The Court has specific personal jurisdiction over Unikrn Bermuda based on its
13 numerous contacts with the state of Washington and the United States. In October 2017, Unikrn
14 Bermuda filed an SEC Form D Notice of Exempt Offering of Securities in the United States
15 ("Form D Notice") for the sale of unregistered securities to investors residing in the United
16 States.⁵ Unikrn Bermuda claims the first sale of unregistered securities took place on September
17 19, 2017, just days before Defendants, including Unikrn Bermuda conducted the Official
18 UnikoinGold ICO that is the subject of this action. During that ICO Defendants sold UKG
19 Tokens to members of the general public throughout the United States and the world.
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23 ⁴ GOV'T OF BERMUDA, *Unikrn Bermuda Ltd*, Registration No. 52840, <https://www.gov.bm/52840/unikrn-bermuda-ltd-david-antivilo-52840> (last visited May 7, 2018).

24 ⁵ Unikrn Bermuda Ltd, *Form D Notice of Exempt Offering of Securities* ("Form D Notice"), 0001718925, https://www.sec.gov/Archives/edgar/data/1718925/000171892517000003/xslFormDX01/primary_doc.xml.

1 18. Defendant Rahul Sood is the Co-Founder and Chief Executive Officer (CEO) of
2 Unikrn. Upon information and belief, at all times relevant to this Complaint, Rahul Sood lived in
3 Seattle, Washington.

4 19. Defendant Karl Flores is the Co-Founder and Chief Marketing Officer (CMO),
5 and is instrumental to product development and innovation of Unikrn. Upon information and
6 belief, at all times relevant to the Complaint, Karl Flores lived in Seattle, Washington.

7 **III. SUBSTANTIVE ALLEGATIONS**

8 **A. Background on Blockchain Technology and ICOS**

9 **1. Blockchains**

10 20. A blockchain is an electronic distributed ledger or list of entries – much like a
11 stock ledger – that is maintained by various participants in a network of computers. Blockchains
12 use cryptography to process and verify transactions on the ledger, providing comfort to users and
13 potential users of the blockchain that entries are secure.” Well-known examples of blockchain
14 technology are the blockchains underlying the Bitcoin (“BTC”) and Ethereum (“ETH”) virtual
15 currencies.

16 21. The general idea is that each “block” contains information, such as details on
17 transactions that are made. After a “block” is created the information inside of it cannot be
18 changed. The “block” then becomes part of the “blockchain” and an encrypted version of the
19 information contained therein becomes publicly available along with all the previous “blocks” in
20 the chain. After this process is complete, another block is created with additional information
21 and so on.

22 22. To date, most “blockchains” are used to record transactions involving virtual
23 currencies, such as Bitcoin and Ethereum. However, a "blockchain" could be used to record all

1 types of information. For example, a blockchain could be used for deed recordation/transfers or
2 even transfers of stock certificates.

3 23. Blockchain technologies and distributed ledgers may be used to create and
4 disseminate virtual “tokens” or “coins.” A token or coin may entitle its holders to certain rights
5 related to an underlying venture, such as rights to profits, shares of assets, rights to use certain
6 services provided by the issuer, and/or voting rights. The tokens or coins may also be traded on
7 digital currency exchanges, in exchange for virtual or fiat currencies. As the SEC has stated,
8 based on these rights, “in certain cases, the tokens or coins will be securities and may not be
9 lawfully sold without registration with the SEC or pursuant to an exemption from registration.”

10 2. ICOs

11 24. An ICO is a capital raising event in which an entity offers investors a unique
12 “coin” or “token” in exchange for consideration—most commonly in the form of established
13 virtual currencies (typically BTC and ETH) or fiat currency. These tokens are issued on a
14 blockchain and are oftentimes listed on online platforms, called virtual currency exchanges,
15 where they are tradable for virtual or fiat currencies.

16 25. To participate in an ICO, investors are typically required to transfer virtual
17 currencies to the issuer’s address, online wallet, or other account. During an ICO, or after its
18 completion, the issuer will typically distribute its unique “tokens” to the participants’ unique
19 address on the blockchain. Similar to stockholders in an initial public offering (“IPO”), holders
20 of these tokens are then entitled to certain rights related to a venture underlying the ICO, such as
21 profits, shares of assets, use of certain services provided by the issuer, and/or voting rights.

1 **B. THE OFFICIAL UNIKOINGOLD ICO**

2 26. Defendants Rahul Sood and Karl Flores co-founded the Unikrn esports
3 bookmaker in or about November 2014. Unikrn boasts that it is “the most technologically-
4 advanced wagering platform for esports, including skill-based and spectator betting products.” In
5 2016, Unikrn created the “Unikoin” token to allow users to bet on esports and win prizes in
6 markets where Unikrn is not yet licensed to conduct real-money wagering. After turning over a
7 quarter of a billion Unikoins, Unikrn decided to move its Unikoin tokens onto a blockchain by
8 creating the UKG Token.

9 27. Defendants Sood and Flores conceived the UnikoinGold project as a platform to
10 run on top of Ethereum’s blockchain network, with Defendant Sood describing UnikoinGold as,
11 “like the moon landing for esports and cryptocurrency.”⁶

12 28. On June 17, 2017, Unikrn released the initial version of its whitepaper
13 (“Whitepaper”) describing the concept for the UnikoinGold project.⁷ The Whitepaper explains
14 the purpose, technology, and functionality behind the UnikoinGold project, and sets forth the
15 developers’ vision to launch a platform that allows users to participate on the Unikrn esports
16 betting platform with the advantages of blockchain’s decentralized token and smart contract
17 ecosystem. The UnikoinGold whitepaper describes how the creation of the UKG Token is a
18 response to user requests to *add value* to the basic UKG Token.

19 29. The Whitepaper also describes applications for the UKG Token and sets forth a
20 “Roadmap” for the development of UnikoinGold. According to this Roadmap, Defendants
21 would develop a platform that would allow holders of UKG Tokens to, among other things, bet

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23 ⁶ Rahul Sood, *On the Bleeding Edge*, MEDIUM (Sept. 21, 2017), <https://medium.com/@rahulsood/on-the-bleeding-edge-6e2cbc5e2c38>.

24 ⁷ *UnikoinGold: A Decentralized Esports Gaming Token* (“UnikoinGold Whitepaper”), UNIKRN (Sept. 25, 2017), https://static.unikrn.com/4242/unikrn_bm/doc/whitepaper_en.pdf.

1 on themselves in competitive matches, “enter high-value jackpot[s],” and access “premium
2 content.”

3 30. The UnikoinGold Whitepaper does not provide a link to the purported
4 UnikoinGold ICO Terms.

5 31. In the months leading up to the public ICO, Defendants conducted a private pre-
6 sale of the yet-to-be-issued UKG Tokens to at least seven investment firms and high net worth
7 individuals (including Blockchain Capital, CoinCircle, Mark Cuban, Draper Dragon Fund,
8 Pantera Capital, Binary Financial, and Alphabit Fund). Defendants advertised the participation
9 of these “expert” and celebrity investors to paint the ICO as a good investment opportunity for
10 retail investors.

11 32. In a blog post, Defendant Sood bragged that Defendants had sold over
12 \$15,000,000 of UKG Tokens to these early investors,⁸ and early versions of the White Paper
13 contained quotes from these early investors. Following the Official ICO, Defendants removed
14 these quotes from the White Paper.

15 33. In June 2017, Mark Cuban, famous “Shark Tank” VC, hyped the UnikoinGold
16 project, stating “Growth in gambling is going to accelerate... Unikrn is better positioned than
17 any other company to leverage that growth not only with their core business, but with
18 blockchain...*The ICO opportunity is a perfect fit.*”⁹ (emphasis added). That article proclaimed
19 that Cuban would “participate in the offering,” but failed to note that he participated in the earlier
20 private-sale, where he received a favorable rate, rather than the general ICO. The article also did
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22 ⁸ Rahul Sood, *On the Bleeding Edge*, MEDIUM (Sept. 21, 2017), [https://medium.com/@rahulsood/on-the-bleeding-
23 edge-6e2cbc5e2c38](https://medium.com/@rahulsood/on-the-bleeding-edge-6e2cbc5e2c38).

24 ⁹ Michael Del Castillo, *Celebrity Investor Mark Cuban is About to Participate in His First ICO*, COINDESK (June 29,
2017), <https://www.coindesk.com/celebrity-investor-mark-cuban-participate-first-ico/>.

1 not disclose that Cuban had acquired equity in Unikrn through an earlier traditional venture
2 investment.

3 34. Defendants often emphasized their business acumen and the ability of ICO
4 investors to profit based on their success. For example, In an Ask Me Anything (“AMA”) video
5 on YouTube (the “YouTube interview”), Sood says, “*I think what makes us different from*
6 *other ICOs is, we’re not just a Whitepaper and a team of people. We’re a real business with real*
7 *licenses.*”¹⁰ (emphasis added).

8 35. Although UKG Tokens were purportedly sold to ICO investors by Unikrn
9 Bermuda, its parent company, Unikrn owns and operates the Unikrn esportsbook platform
10 located at <https://unikrn.com/>. Unikrn advertised that UKG Tokens could be used on the Unikrn
11 esportsbook platform to place bets, play in skill-based video game matches, host tournaments, be
12 rewarded for hosting servers using Unikrn’s API, and participate in jackpots. Demand for, and
13 the value of, UKG Tokens was thus dependent on Unikrn developing this platform, which was
14 not operational at the time of the Official ICO.

15 36. Unikrn also extensively promoted the Official ICO, publishing a document
16 describing the UKG Token, stating, “[o]ur investors are excited about UnikoinGold and they’re
17 putting their weight behind it” and “Unikrn is committed to making UnikoinGold the be-all and
18 end-all token for the esports gaming communities.

19 37. Unikrn’s YouTube channel also published videos promoting the UnikoinGold
20 ICO. On August 29, 2017, Unikrn published a video titled, “Rahul Sood AMA: UnikoinGOLD,
21 Cryptocurrency and Esports” and described, “We are having an AMA with our CEO and
22 Founder Rahul Sood about the upcoming UnikoinGOLD token sale.” Unikrn published another

23 ¹⁰ Unikrn, *Rahul Sood AMA: UnikoinGOLD, Cryptocurrency and Esports* (“YouTube interview”), YOUTUBE (Aug.
24 29, 2017), https://www.youtube.com/watch?v=QE8wbkp_ct4.

1 video on September 24, 2017 titled, “UnikoinGold – Token Sale Talk – AMA” and in the
2 description it states, “[a]fter launching the Public Crowd Sale yesterday, we talk about our
3 cryptocurrency UnikoinGold and answer your questions. Feel free to ask or just visit
4 <https://unikoingold.com>.”

5 38. Unikrn is also referenced in the Official ICO’s purported Terms as an affiliate of
6 Unikrn Bermuda Ltd that is anticipated to “provide certain administrative, technical and
7 development services to Company in connection with ongoing development related to
8 UnikoinGold, Token Utility and the Platform.”

9 **C. DEFENDANTS RAISED AT LEAST 112,000 ETHEREUM IN THE**
10 **OFFICIAL ICO**

11 39. Thousands of investors purchased UKG Tokens from Defendants during the
12 Official ICO. Collectively these investors acquired approximately 127,000,000 UKG Tokens in
13 exchange for over 112,000 Ethereum, worth approximately \$298,436,000 at the time. The
14 general public thus acquired approximately 12.7 percent of the 1,000,000,000 UKG Tokens
15 Defendants created.

16 40. The remaining 873,000,000 UKG were either retained by Defendants or sold by
17 Defendants on the open market or to private investors.

18 41. The UnikoinGold Whitepaper claims that 35 percent of the UKG supply would be
19 used for growth and development of the UnikoinGold Platform, 20 percent would allocated to
20 Company cold storage to be released at Defendants’ discretion, 15 percent would be allocated as
21 a betting reserve, and 10 percent would be given to Unikrn’s founders and employees.

22 42. Plaintiff is informed and believes and based thereon alleges that Defendants have
23 continuously sold UKG to the general public through cryptocurrency exchanges following the
24 end of the Official ICO in October 2017.

1 43. The price of the UKG Token has fallen from thirty cents (\$0.30) at the Official
2 ICO to about five and a half cents (\$0.055) as of the filing of this Complaint, losing over eighty
3 percent of its value.

4 **D. THE UKG TOKENS ARE SECURITIES**

5 1. The ICO Presented an Investment Offer

6 44. This Action alleges claims under Sections 12(a)(1) and 15(a) of the Securities Act
7 [15 U.S.C. §§ 77l(a)(1) and 77o(a)], and is based solely on allegations of strict liability.

8 45. It is undisputable that Defendants offered and sold UKG Tokens. Defendants
9 repeatedly acknowledged that they were selling UKG in exchange for ETH, and that UKG
10 Tokens were meant to hold value on their platform.

11 46. Defendants have crafted a flimsy façade that UKG Tokens are not securities by
12 claiming they are “utility tokens.” The artifice of this terminology had its clear genesis in a
13 report the SEC published on July 25, 2017 regarding the DAO Initial Coin Offering, which
14 involved DAO Tokens being offered in exchange for ETH investments. In this report, the SEC
15 concluded that the DAO Tokens were securities. More specifically, the apparent genesis was in
16 an article on inc.com that discussed the SEC’s report on DAO, and stated that “if a token is not a
17 security, but instead has an actual utility, then the ICO (Initial Coin Offering) may not have to
18 register with the SEC since that would not necessarily be considered an ‘investment’ or a
19 security.” Apparently, Defendants read this article and concluded that if they simply called the
20 UKG Tokens “utility tokens” then they would magically not be securities.

21 47. In reality, the UnikoinGold ICO was an offer and sale of securities. Indeed, it is
22 evident that investors were purchasing UKG Tokens with the expectation that those tokens
23 would increase in value and become worth more than the virtual currencies invested. For

1 example, investors in the Official UnikoinGold ICO purchased UKG Tokens with the
2 expectation that the 866 UKG Tokens received would subsequently be worth more than one (1)
3 ETH, or the equivalent of virtual currency invested.

4 48. Additionally, early investments in the Official ICO also carried a “minimum
5 contribution purchase” of 0.1 ETH, which closely resembles a minimum investment amount in a
6 standard securities offering.

7 49. Defendants themselves recognized that these UKG Tokens were securities and
8 filed a SEC Form D Notice with the SEC for the sale of unregistered securities to investors
9 residing in the United States.¹¹ The Form D Notice describes the securities offered as “Simple
10 Agreement for Future Tokens” (also known as a “SAFT”). It states that the offering amount is
11 \$20,000,000 and that the first sale of unregistered securities took place on September 19, 2017,
12 just days before Defendants, including Unikrn Bermuda conducted the Official ICO that is the
13 subject of this action. Plaintiff is informed and believes and based thereon alleges that the tokens
14 that were the subject of these SAFTs were UKG Tokens.

15 2. The Economic Realities of Purchasing UKG Tokens

16 50. When determining whether a security has been offered and sold, the focus must
17 be on the economic realities underlying the transaction. Here, the economic realities are that
18 Plaintiff and the Class invested ETH in order to receive UKG Tokens, which they were
19 conditioned to expect would be worth more than their initial virtual currency investments.
20 Indeed, Defendants often touted the potential profit to be made from investing in the UKG ICO.

21 51. For example, in a blog post on *Medium*, Rahul Sood refers to the UKG Token as
22 ***an asset*** that is “poised to become *the* decentralized token for esports and gaming,” and promises

23 ¹¹ Unikrn Bermuda Ltd, *Form D Notice of Exempt Offering of Securities* (“Form D Notice”), 0001718925,
24 https://www.sec.gov/Archives/edgar/data/1718925/000171892517000003/xslFormDX01/primary_doc.xml.

1 that “[u]sers will get tons of use in esports, gaming, software, hardware, tournaments, teams,
2 brands, betting and video games writ large.” He writes, “We simply need to have a *crypto asset*
3 to keep up with our product’s growth.” In an image within the blog, he acknowledges that the
4 UKG Token will be convertible to Ethereum at selected cryptocurrency exchanges. He also
5 writes that token buyers can use in-game skins to buy UKG Tokens.

6 52. Defendants also note that they “have been working closely with [cryptocurrency]
7 exchanges and will be referring our users to the ones they can trust,” and list a number of
8 exchanges where UKG Tokens can be bought and sold.

9 53. On August 29, 2017, in Defendant Sood’s AMA interview he confirmed that the
10 UKG Tokens are meant to hold value and allow people to cash out and make money. Sood
11 emphasizes that “buying a token, *you’re buying a product that we’re selling* that can be used on
12 the Unikoin platform.” Sood reasons that tokens are not securities because “you are not getting
13 equity in the company, you’re not getting voting rights,” but Sood comments that it is important
14 “to keep the token stable” so they can “justify the value over time, and constantly add new
15 features to the platform,” and that people betting with the UKG Token “want to know that when
16 they bet and they win, *that they can cash out and they’re going to be able to make money...*”
17 He continues, “they want to feel comfortable that when they’re holding and betting with the
18 token, that there’s stable *value* there. So for us, it’s important to maintain stability.” (emphasis
19 added).

20 54. Sood emphasizes that “*Our priority is to sell to users more than anything else,*”
21 and “we want our users to feel comfortable that *when they buy our token*, they can use the token
22 on the platform and they can use it across other platforms in e-sports, and we want UnikoinGold
23 to become a standard across e-sports.” (emphasis added).

1 55. Sood says, “For us, our users care about this: they care about being able to
2 *purchase the token, use the token* for betting, be able to come back two, three weeks later, and
3 *be able to sell that token,*” and “*have something of value* when they walk away.” (emphasis
4 added).

5 56. Defendants also made it clear that the purpose of the ICO was to raise capital to
6 finance the development of the UnikoinGold project. Defendants sold over \$15 million of UKG
7 Tokens to private investors during a private “pre-sale.” These investors included: Blockchain
8 Capital, Coincircle, Mark Cuban, Draper Dragon, Pantera Capital, Binary Financial, and
9 Alphabit Fund, among other strategic purchasers. UnikoinGold acknowledged that these
10 tokens were securities, filing a Form D notice for sale of unregistered securities to accredited
11 investors for private pre-sale of UKG Tokens.¹² The pre-sale UnikoinGold tokens were
12 purportedly sold as SAFTs to 75 investors.

13 57. Defendant Sood discusses this pre-sale in his YouTube interview. He mentions
14 two different types of potential pre-sale purchases; either through a SAFE, or a SAFT. With a
15 SAFE, Sood mentions, “*Investors can come in for equity or tokens* if you want to have a round
16 where you *sell them a particular amount of tokens*, for example. So you say, if you put an ‘X’
17 amount of money into our company, we’ll either convert that to equity, or we’ll give you some
18 tokens. You can decide.” He explains SAFT, “*we’re going to give you a fixed price, pre-*
19 *allocation of tokens*, and we’re going to price it at a specific amount, but there’s no equity
20 component allowed with that. He continues, “*These are typically big blockchain investors*, or
21 blockchain participants, or that sort of thing, or they’re people in the community.”¹³ (emphasis
22 added).

23 _____
24 ¹³ Form D Notice, *supra* note 10.
YouTube interview, *supra* note 21.

1 58. As with other investments, investors in the UnikoinGold ICO incurred a risk of
2 loss on their investment. In fact, the vast majority of ICO investors have sustained substantial
3 losses with the value of UKG Tokens declining substantially since the ICO.

4 3. Investors Saw UKG Tokens as Investments

5 59. Investors in the UnikoinGold ICO, including Lead Plaintiff and the Class, made
6 their investment with a reasonable expectation of profits, as described below.

7 60. *First*, Defendants themselves recognized, both implicitly and explicitly, that
8 investors in the UnikoinGold ICO have a reasonable expectation of profit. For example, the
9 UnikoinGold White Paper acknowledges “one of the bigger requests we’ve had from our users is
10 ***adding more value to the Unikoin...***” (emphasis added). The UnikoinGold whitepaper also
11 acknowledges that “upgrading this virtual currency to an Ethereum-based utility token ***will***
12 ***dramatically increase usage and utility.***” (emphasis added).

13 61. The UnikoinGold whitepaper indicates that the UKG Token will serve to create a
14 “community-driven virtual economy.” Virtual economies are markets that incentivize buying and
15 selling of virtual goods for profit. UKG Tokens create a reasonable expectation of profit when
16 used within a community-driven virtual economy. Trading virtual goods is a lucrative multi-
17 billion-dollar industry that creates profits for both platform operators and traders.

18 62. The UnikoinGold whitepaper also indicates that the UKG Token’s value “may be
19 affected by market conditions and other factors,” and recognizes, “[t]he ***value of the***
20 ***UnikoinGold will be affected by the demand for the token relative to its supply***” and that UKG
21 Tokens “[m]ay be purchased and sold through third-party exchanges. (emphasis added).
22 Defendants’ plan to place the UKG Token in the cryptocurrency market, and onto exchanges,
23 invited investors, traders, and speculators who are interested in using the UKG Token and the

1 Unikrn Company’s development and involvement in the UnkoinGold platform to profit from the
2 value of the UKG Token.

3 63. In Defendant Sood’s AMA interview on YouTube, he told the community, “we’re
4 going to continue *to build a long-term stable value in our token and our business*. That is our
5 priority, and that is why we exist.” (emphasis added).

6 64. When the AMA host asked Sood “Why put this on exchanges if this is not meant
7 to be an investment?” Sood concedes:

8 People in the community want to go trade that token, *they can go trade that*
9 *token. They’ll put it out on an exchange. It’s no different than skins*. If Valve
10 has created an open market place for skins, and people can go to skin trading sites
11 and trade those skins, and if they want to trade those skins at certain values for
12 skins that are rarer than other skins, then by all means they can do that. For us,
13 *our priority is to build value in Unikrn, and to build stability within our token*,
14 and it is an ERC-20 token, so people, *our customers can go out and trade their*
15 *tokens if they want to* when they’re done betting.” (emphasis added).

16 65. Sood wrote in one of his *Medium* blog posts, “Through our risk management we
17 can create stability in the token and *grow features and more utility over time*.” (emphasis
18 added).

19 66. Although Defendant Sood often mentioned stabilizing the value of UKG Tokens,
20 the token has been anything but stable. The UKG Token initially lost nearly one third of its ICO
21 value in terms of USD, dropping from approximately thirty cents (\$0.30) to eleven cents (\$0.11)
22 on November 22, 2017.¹⁴ The Token then appreciated rapidly, reaching \$2.08 on or about
23

24 ¹⁴ *Unikoin Gold Charts*, COINMARKETCAP, <https://coinmarketcap.com/currencies/unikoin-gold/>.

1 January 07, 2018, before subsequently plummeting to five and a half cents (\$0.005) at the time
2 of filing this Complaint. The extreme volatility of the UKG Token price is a direct result of
3 Defendants' approach to management of the ICO and ongoing Token sales, which invited
4 investors, speculators, and traders to use the UKG Tokens as a means to make profit from their
5 investment.

6 67. On December 12, 2017, Reddit user "coinspotting" made a Reddit post titled "A
7 Request For Rahul Sood" in the /r/UnikoinGold subreddit where he asks for Defendants to return
8 his Ethereum because of the volatility of the UKG Token that caused large losses to the value of
9 the UKG Token.¹⁵ UrbaneUKG, an official UnikoinGold subreddit moderator replied:

10 80% Loss? I don't think so. You do know that *the value fluctuates and*
11 *even though things have not gone as we would have liked doesn't mean*
12 *your perceived loss will exist forever.* If you don't have the patience to
13 wait for what *we have promised in the Roadmap that will increase*
14 *demand, or for us to list on more exchanges which will change your*
15 *value outlook*, then I don't know what to tell you. (emphasis added).

16 68. *Second*, as alleged in Section D(4) the contributions received from investors were
17 being pooled and managed by Defendants to fund projects that would increase the adoption of
18 the UnikoinGold platform, thereby increasing the value of the UnikoinGold protocol and UKG
19 Tokens.

20 69. *Third*, Defendants capitalized on Unikrn's previous success, celebrity
21 endorsements, and large-scale investment backers to increase demand and create a reasonable
22 expectation of profit in the UKG Token. Additionally, Defendants' statements blurred the lines

23 ¹⁵ *A Request For Rahul Sood*, REDDIT (Dec. 12, 2017),
24 https://www.reddit.com/r/unikoingold/comments/7jh71s/a_request_for_rahul_sood/.

1 between equity investors in the in the Unikrn company and investors in the UKG Token to
2 deceive purchasers and artificially inflate the perceived value of the UKG Token.

3 70. A document published by Unikrn announcing the UnikoinGold cryptocurrency
4 emphasizes that, “[o]ur investors are excited about UnikoinGold and they’re putting their
5 *weight behind it* – however, we are saving room for our users and the crypto community.”
6 (emphasis added). The document features a quote from Mark Cuban (celebrity billionaire, Shark
7 Tank host, and owner of the Dallas Mavericks). Cuban said, “Hundreds of companies every year
8 try to get me to invest, whether on Shark Tank or off camera. However, I only put my money and
9 my name on the companies that I feel will be successful, truly advance an industry and have a
10 leadership team that I respect. Unikrn fits all these requirements.”

11 71. On August 17, 2017, Defendant Sood once again emphasized this celebrity
12 backing, tweeting, “Mark Cuban-backed Esports betting platform Unikrn looks to sell \$100M in
13 cryptocurrency...”¹⁶ and linked to a “GeekWire” article that said, “Unikrn today announced that
14 it will look to sell \$100 million in cryptocurrency ‘tokens’ as part of an initial coin offering, or
15 ICO.”¹⁷ The article continues, “Those tokens can be exchanged for other major cryptocurrencies,
16 such as Ethereum and bitcoin, which can then be exchanged for U.S. dollars.” The article also
17 mentions how Unikrn is “partnering with CoinCircle for the ICO and will use the proceeds to
18 help fund the growth of its business” and mentions that “Cuban said that he plans to participate
19 in the ICO,” describing his investment strategy as “high risk, high reward.”

20 72. In his YouTube AMA interview, Defendant Sood once again highlights
21 Defendants’ celebrity investors, stating, “We’ve been running for nearly three years now. We

22 ¹⁶ Rahul Sood (@rahulsood), TWITTER (Aug. 17, 2017, 10:23 AM),
<https://twitter.com/rahulsood/status/898233848600838144>.

23 ¹⁷ Taylor Soper, *Mark Cuban-backed Esports betting platform Unikrn looks to sell \$100M in cryptocurrency*,
24 GEEKWIRE (Aug. 17, 2017), <https://www.geekwire.com/2017/mark-cuban-backed-esports-betting-platform-unikrn-looks-sell-100m-cryptocurrency/>.

1 raised ten million dollars... almost three years ago...*We have investors like Mark Cuban,*
2 *Ashton Kutcher, Shari Redstone, Elisabeth Murdoch, Binary, Tabcorp...* We have these
3 amazing investors who got behind us, who got behind this vision that this little company Unikrn
4 was going to be the best bookmaker on the planet for e-sports, and they believed in us, and they
5 believed in our vision, and we've been kind of operating ever since. We're now generating
6 revenue *and if we continue to go the way we're going, we would have plenty of runway to last*
7 *the next three years.*" (emphasis added).

8 73. In an October 15, 2017 *Medium* blog post by Sood, he asks rhetorically, "**First,**
9 **who makes this token, and who backs it?"** And answers his question:

10 We started Unikrn a few years ago with a \$10 million investment
11 from some incredible investors after identifying a significant gap
12 in the market. *Think of Unikrn as Las Vegas meeting the world's*
13 *largest video game competitions. Ashton Kutcher, Elisabeth*
14 *Murdoch, Guy O'Seary, Mark Cuban, Shari Redstone, and many*
15 *others believed in our vision.* (emphasis added).

16 74. Defendants' repeated references to wealthy individual backers as believers in
17 Unikrn's vision was intended to, and did in fact, portray the UnikoinGold ICO as a good
18 investment opportunity to retail investors. Sood admits as much, saying:

19 The investors in our company *have a track record of picking*
20 *winner*s, and the token sale itself is backed by Mark Cuban, Binary
21 Financial, Blockchain Capital, Coincircle, Draper Dragon,
22 Fenbushi, Pantera Capital, and many others... Our board of
23 advisors includes Ethereum co-founder Anthony Dilorio, and our

1 team has already established and built a majorly successful
2 operation in our space. (emphasis added).

3 75. There is no evidence to support the notion that the investment groups and
4 individual backers of the UKG Token would be using the UKG Token to use on the
5 UnikoinGold platform. Rather, Sood's statement lead UnikoinGold ICO purchasers to expect
6 that the investment groups and individual backers were investing to profit from the appreciation
7 of the UKG Token, and as such, that UnikoinGold ICO purchasers may also reasonably expect to
8 derive profits by purchasing the UKG Token.

9 76. *Finally*, investors openly acknowledged their profit motive and focused on the
10 potential profits from investing in UnikoinGold tokens, and Unikrn openly acknowledges the
11 ability for UKG Token purchasers to trade the UKG Tokens for value on exchanges.

12 77. Ian Balina, a well-known cryptocurrency investor who claims to have made
13 millions of dollars from ICO investments, reviewed UnikoinGold's ICO on his YouTube channel
14 where he currently has over 117,000 subscribers.¹⁸ In his video, he described UnikoinGold as a
15 token that is "being hyped by Mark Cuban, because he is an investor." He said, "I give them an
16 86%. I think they're an okay investment. In my opinion... I think it's a buy. Alright, so I will be
17 investing in them and their pre-sale." In the video, Balina's "ICO Investing Spreadsheet"
18 displays UnikoinGold as one of Balina's "Favorite Upcoming ICOs." His spreadsheet also
19 displays, "*How much would I invest based on score?*" Underneath, Unikrn is listed at a
20 minimum amount of \$4,500.00.

21 78. CrushCrypto, another ICO reviewer performed an "Analysis of UnikoinGold." In
22 her analysis, *she rated UKG Tokens as "Neutral" for flipping*, because "the project is very

23 ¹⁸ Ian Balina, *Unikoin Gold ICO Review – Sports Book for Esports*, YOUTUBE (Sept. 4, 2017),
24 <https://www.youtube.com/watch?v=FFj3SIqRV3U>.

1 hyped up – this is the first ICO that Mark Cuban is involved in. However, hard cap of \$100
2 million is very high.”¹⁹ She also mentions that “[t]he amount of contribution depends heavily on
3 the market environment...” *She rates UnikoinGold tokens as “Good” for long-term holding,*
4 because “Unikrn has a large presence in the eSports scene... We believe the introduction of
5 UKG tokens would attract crypto investors to try out the platform as they fit the target
6 demography of Unikrn (mostly young male).” She also analyzes the token is good for long-term
7 holding because, “If Unikrn becomes successful, it has the potential to become the go-to place
8 for eSports betting and spectating, which is a huge industry in the long-term.”

9 79. Team Epic, a cryptocurrency-focused YouTuber also posted a “Unikoin Gold
10 ICO Review.”²⁰ In his video, he comments, “Pretty much, if it hits a dollar, you’re gonna triple
11 your money, so I’m lovin’ that. I’m gonna get involved with this...” He continues later in the
12 video, “from what I see, you can definitely make some money with this one...”

13 80. As mentioned above in Section D2, Defendants planned to list the UKG Token on
14 cryptocurrency exchanges to allow UKG Token purchasers to buy and sell the UKG Token for
15 value. At the time this complaint was filed, UKG Tokens are listed on seven exchanges where
16 purchasers, investors, and speculators can buy and sell UKG Tokens for the sole purpose of
17 making profits. Buyers and sellers of the UKG Tokens can trade those tokens on these exchanges
18 for fiat or digital currency without ever using the UKG Token on the UnikoinGold platform.

19 4. The UnikoinGold Project Was Dependent on the Efforts of Defendants

20 81. Plaintiff and the Class have entirely passive roles vis-à-vis the success of the
21 UnikoinGold project and the UKG Token. The success of the UnikoinGold project, and the

22 _____
23 ¹⁹ Victoria Wong, *ANALYSIS OF UNIKOINGOLD – DECENTRALIZED ESPORTS BETTING TOKEN*,
CRUSHCRYPTO (Sept. 18, 2017), <https://crushcrypto.com/analysis-of-unikoingold/>.

24 ²⁰ Team Epic, *Unikoin Gold ICO Review*, YOUTUBE (Oct. 16, 2017),
<https://www.youtube.com/watch?v=qGaEJQzzITQ>.

1 profits reasonably expected by the Class to be derived from the project, are dependent solely on
2 the technical, entrepreneurial and managerial efforts of Defendants and their agents and
3 employees.

4 82. From the outset, the Defendants were responsible for developing the UnikoinGold
5 platform, establishing the UnikoinGold project, and choosing directors, managers, and all
6 persons critical to UnikoinGold's success. Lead Plaintiff and the Class reasonably expected
7 Defendants to provide significant managerial efforts, to develop and complete the UnikoinGold
8 platform, to develop and sustain a dApps and a supportive network after its launch, and to secure
9 exchanges through which the tokens could be traded or liquidated. Through their conduct and
10 marketing materials, Defendants repeatedly represented that they would be relied upon to
11 provide the significant managerial efforts required to achieve these objectives and make
12 UnikoinGold a success.

13 83. Although Defendants characterized UKG Tokens as "utility tokens" in later
14 iterations of the White Paper, those tokens did not have any functionality at the time of the ICO.

15 84. Investors relied on Unikrn to take "primary responsibility for administering
16 certain aspects of ongoing development related to UnikoinGold, Token Utility and the Platform."
17 Unikrn also stated that it would "provide certain administrative, technical and development
18 services to [Unikrn Bermuda Ltd] in connection with ongoing development related to
19 UnikoinGold, Token Utility, and the Platform." The White Paper states that Unikrn "intends to
20 make a variety of products and services available on the Platform," and "*will start to release*
21 *some of these new features between 90-180 days after the token sale.*" (emphasis added).
22
23
24

1 85. Defendants also concede that, “The proceeds of the Token Sale are intended to be
2 used for the ongoing development of the Platform and associated open-source software tools for
3 users and developers to leverage the Platform, as outlined in the Company’s Whitepaper...”

4 86. Defendants also concede that, “The dissolution of Company may still adversely
5 impact the Platform and the utility of UnikoinGold, given Company’s role in developing the
6 Platform and its anticipated role in contributing to the ongoing development of the Platform.”

7 87. Defendant Sood similarly stated that Defendants were, “*going to take that money*
8 [raised in the ICO] and *really pour it into development* and just create the best crypto platform
9 we can. A series of decentralized applications. We’re going to have an amazing live betting
10 experience where people can come on, they can take their UnikoinGold, they can deposit it on
11 our platform, and then place micro bets on a game, watching for example, a League of Legends
12 match, and being able to bet live in real time... and at the end of it they’ll be able to cash in their
13 winnings.” (emphasis added).

14 88. In this manner, Lead Plaintiff and the Class relied, and continue to rely, entirely
15 on the technical, managerial and entrepreneurial expertise and efforts of Defendants and
16 employees hired by them.

17 **E. EVENTS SUBSEQUENT TO THE OFFICIAL ICO**

18 89. After the completion of the Official ICO in October 2017, Defendants used the
19 funds raised from the Official ICO to continue development of its platform. On November 5,
20 2017 Rahul Sood announced the UnikoinGold Skin-O-Matic and Unikrn Wallet applications,
21 and told the community to expect more applications on or around November 13.

22 90. On November 13, 2017, Unikrn announced, “during the UnikoinGold crowdsale,
23 we promised that we’d begin rolling out applications fast. Today we’re kicking it into
24

1 overdrive.” The new applications allowed UnikoinGold users to earn UKG Tokens while
2 playing popular online video games, participating in new and improved jackpots, participating in
3 sponsored ladders, tournaments, and raffles, and trading skins for UKG Tokens. The
4 announcement promised more applications in the near future. After this announcement on
5 November 13, 2017, UKG Tokens were trading between \$0.17 and \$0.20, having lost more than
6 a third of their value in terms of USD since the Official ICO.

7 91. On December 11, 2017 Rahul Sood announced two new exchange listings for
8 UKG Tokens.

9 92. On December 18, 2017, Unikrn announced a partnership with MGM Resorts
10 International to host esports tournaments at MGM Grand Las Vegas. Following this
11 announcement, the price of UKG Tokens shot up from about nineteen cents (\$0.19) on
12 December 17 to about fifty cents (\$0.50) by December 21, 2017.

13 93. On December 29, 2017, Unikrn announced that UKG Tokens were available for
14 trading on Bittrex, one of the world’s highest volume cryptocurrency exchanges. Later that same
15 day, following the announcement, UKG Token prices reached as high as seventy-four cents
16 (\$0.74). On January 3, 2018, Unikrn announced listing the UKG Token on Okex, another top
17 exchange. The UKG Token price subsequently climbed as high as \$1.08 that same day. On
18 January 5, 2018, Unikrn announced listing the UKG Token on Upbit, a third top exchange. On
19 January 6, the price of UKG Tokens climbed once again to over \$2, and by January 8, 2018,
20 UKG Tokens reached their all-time high price of \$2.35.

21 94. However, despite numerous promises by Defendants to maintain price stability of
22 UKG Tokens, on January 9, 2018, the UKG Token price began crashing. By March 30, 2018, the
23 UKG Token price was about fifteen cents (\$0.15), just above half of its ICO price in terms of
24

1 USD, and down 1,547% from its all-time high price in January 2018. Since then, the price has
2 fallen even farther. As of the time of this filing, UKG Tokens were trading at approximately five
3 and a half cents each (\$0.055).

4 95. In response to the crashing UKG Token price, Defendant Sood posted a blog post
5 titled, “Why did Ethereum Drop so hard? Bitcoin is Correcting, and Cryptocurrency Markets
6 Follow.” Sood conceded that placing the UKG Tokens into the cryptocurrency market did
7 indeed invite speculation. He stated, “There’s a limit to rise from speculation for any market
8 because there’s a limited amount of wealth that can be pumped into the market... Crypto is also
9 seeing a correction because the current crypto market is largely about confidence, not
10 function...” He continues, “For UnikoinGold, this correction is fine. Unikrn is focused on
11 creating long-term stability for users and maximum long-term token strength. We wouldn’t reach
12 that point in a world where the market didn’t correct itself; stability (including stable growth)
13 would be impossible.”

14 96. Despite Sood’s claim that Unikrn is focused on long-term stability and long-term
15 token strength, the UKG Token value has fluctuated wildly over the course of its existence on
16 the market. At the time of the filing of this complaint, the UKG Token is trading well below the
17 thirty cents (\$.0.30) per UKG Token Official ICO price.

18 97. In a February 2, 2018 interview with venturebeat.com, Sood conceded that
19 Defendants sold UKG Tokens to accredited investors for the pre-sale. The sale of UKG Tokens
20 to accredited investors for profit, and not platform utility, defies numerous statements that Sood
21 previously made that the UKG Token was strictly for utility, was not an investment, and was not
22 for speculative purposes.

1 **F. CLASS ALLEGATIONS**

2 98. Lead Plaintiff brings this action as a class action pursuant to Superior Court Civil
3 Rule 23 on behalf of a class consisting of all persons and entities who purchased UKG Tokens
4 from approximately September 22, 2017 through the present (the “Class”). The Class is
5 comprised of three subclasses: (1) all persons and entities who purchased UKG Tokens directly
6 from Defendants during the Official ICO from approximately September 22, 2017 though
7 October 23, 2017; (2) all persons and entities who purchased UKG Tokens directly from
8 Defendants during the remainder of the Unikoin ICO from approximately October 23, 2017
9 through the present; and (3) all persons and entities who purchased UKG Tokens on the open
10 market as a result of Defendants’ successfully soliciting their purchases of UKG Tokens.
11 Excluded from the Class are Defendants herein and any person, firm, trust, corporation, or other
12 entity related to or affiliated with any Defendant.

13 99. Lead Plaintiff reserves the right to amend the Class definition if further
14 investigation and/or discovery indicate that the Class definition should be narrowed, expanded,
15 or otherwise modified.

16 100. Upon information and belief, there were thousands of investors in the
17 UnikoinGold ICO who contributed Ethereum and/or fiat currencies. The number of individuals
18 and entities who comprise the Class are so numerous that joinder of all such persons is
19 impracticable and the disposition of their claims in a class action, rather than in individual
20 actions, will benefit both the parties and the courts. Class members may be identified from
21 records maintained from Defendants, and may be notified of the pendency of this action by mail
22 or electronic mail using the form of notice similar to that customarily used in securities class
23 actions.

1 101. Lead Plaintiff’s claims are typical of the claims of the other members of the Class.
2 All members of the Class have been and/or continue to be similarly affected by Defendants’
3 wrongful conduct as complained of herein, in violation of federal law. Lead Plaintiff is unaware
4 of any interests that conflict with or are antagonistic to the interests of the Class.

5 102. Lead Plaintiff will fairly and adequately protect the Class members’ interests and
6 has retained counsel competent and experienced in securities class actions and complex
7 litigation. Lead Plaintiff and his counsel will adequately and vigorously litigate this class action,
8 and Lead Plaintiff is aware of his duties and responsibilities to the Class.

9 103. Defendants have acted with respect to the Class in a manner generally applicable
10 to each Class member. Common questions of law and fact exist as to all Class members and
11 predominate over any questions affecting individual Class members. The questions of law and
12 fact common to the Class include, inter alia:

- 13 a. Whether the offer and sale of the UKG Tokens through the UnikoinGold ICO
14 constituted the sale or offer of “securities”;
- 15 b. Whether Defendants were required to file a registration statement for the
16 UnikoinGold ICO;
- 17 c. Whether Defendants are “issuers,” “underwriters” and/or “necessary participants”
18 in the UnikoinGold securities offering;
- 19 d. Whether Defendants Unikrn, Inc., Rahul Sood, and Karl Flores are “control
20 persons” under the Securities Act;
- 21 e. Whether the federal securities laws were violated by Defendants’ acts and
22 omissions as alleged herein; and

1 f. Whether Lead Plaintiff and the Class are entitled to rescission, damages, or
2 restitution and the proper calculation and amount of those damages.

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

9 105. Defendants have acted on grounds generally applicable to the entire Class with
10 respect to the matters complained of herein, thereby making appropriate the relief sought herein
11 with respect to the Class as a whole.

12 **IV. CAUSES OF ACTION**

13 **FIRST COUNT**

14 **VIOLATION OF SECTIONS 5 AND 12(a)(1) OF THE SECURITIES ACT**

15 **(Against All Defendants)**

16 106. Plaintiff repeats and re-alleges the preceding allegations as if fully set forth
17 herein.

18 107. This Count is brought pursuant to §12(a)(1) of the Securities Act, 15 U.S.C.
19 §771(a)(1), on behalf of the Class, against all defendants.

20 108. This Count does not sound in fraud. Plaintiff does not allege that Defendants had
21 scienter or fraudulent intent, which are not elements of a §12(a)(1) claim.

1 109. Section 12(a)(1) grants Plaintiff a private right of action against any person who
2 offers or sells a security in violation of §5, which prohibits the sale of unregistered securities
3 absent an exemption, and states that such person,

4 Shall be liable . . . to the person purchasing such security from him, who
5 may sue either at law or in equity in any court of competent jurisdiction, to
6 recover the consideration for such security with interest thereon, less the
7 amount of any income received thereon, upon the tender of such security,
8 or for damages if he no longer owns the security.

9 110. In connection with the sale of UKG Tokens, defendants unlawfully made use of
10 means or instruments of transportation or communication in interstate commerce or of the mails
11 for the purposes of offering, selling, and delivering unregistered securities in direct violation of
12 §5 of the Securities Act.

13 111. The sale of UKG Tokens involved the sale of unregistered securities under
14 controlling federal law. UKG Tokens exhibit the following particular hallmarks of a security
15 under the Howey test: (a) in order to receive any UKG Tokens an investment of money, in the
16 form of fiat or cryptocurrency assets, was required; (b) the investment of money was made into
17 the common enterprise that is the UnikoinGold platform and the potential to further the
18 UnikoinGold ecosystem; and (c) the success of the investment and any potential profits from it
19 was reliant on defendants' ability to successfully promote and develop UnikoinGold and the
20 UKG Token ecosystem. See generally *SEC v. W. J. Howey Co.*, 328 U.S. 293 (1946).

21 112. As such, defendants have participated in an unregistered sale of securities in
22 violation of the Securities Act, and are liable to plaintiff and the Class for rescission and/or
23 compensatory damages.

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1 **SECOND COUNT**

2 **VIOLATION OF SECTION 15 OF THE SECURITIES ACT**

3 **(Against Unikrn, Inc., Rahul Sood, and Karl Flores)**

4 113. Plaintiff repeats and re-alleges the preceding allegations as if fully set forth
5 herein.

6 114. This Count is brought pursuant to §15 of the Securities Act against Unikrn, Rahul
7 Sood, and Karl Flores.

8 115. Due to their ownership interest in and control over Unikrn and Unikrn Bermuda,
9 Sood and Flores acted as controlling persons of Unikrn and Unikrn Bermuda within the meaning
10 of §15 of the Securities Act as alleged herein. By virtue of their positions as CEO and CMO,
11 and their participation in and/or awareness of Unikrn and Unikrn Bermuda's operations, Sood
12 and Flores had the power to influence and control, and did influence and control, directly or
13 indirectly, the decision making relating to the sale of UKG Tokens and the failure to register
14 these sales.

15 116. Unikrn controlled Unikrn Bermuda as the parent of Unikrn Bermuda. In addition,
16 Unikrn controlled Sood, Flores, and all of its employees.

17 117. By virtue of the foregoing, these defendants are liable to plaintiff and the Class as
18 control persons under Section 15 of the Securities Act.

19 118. As such, Unikrn, Sood, and Flores have participated in an unregistered sale of
20 securities in violation of the Securities Act, and are liable to plaintiff and the Class for rescission
21 and/or compensatory damages.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, plaintiff prays for relief and judgment, as follows:

1 A. Determining that this action is a proper class action and certifying plaintiff as a
2 class representative and plaintiff's counsel as Lead Counsel;

3 B. Declaring that UKG Tokens are a security and that defendants' unregistered sales
4 of UKG Tokens violated applicable law;

5 C. Awarding compensatory damages in favor of plaintiff and the other Class
6 members against all defendants, jointly and severally, for all damages sustained as a result of
7 defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

8 D. Awarding plaintiff and the Class their reasonable costs and expenses incurred in
9 this action, including counsel fees and expert fees;

10 E. Awarding rescission or a rescissionary measure of damages; and

11 F. Awarding such equitable/injunctive or other relief as the Court may deem just and
12 proper.

13 **JURY DEMAND**

14 Plaintiff respectfully requests a trial by jury on all issues so triable.

15 DATED this 13th day of August, 2018.

16 STRITMATTER KESSLER WHELAN
17 KOEHLER MOORE

18 s/ Brad J. Moore
19 _____
20 BRAD J. MOORE, WSBA #21802
21 Counsel for Plaintiff
22
23
24

Exhibit A

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
 The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549
FORM D

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

Notice of Exempt Offering of Securities

1. Issuer's Identity

CIK (Filer ID Number) 0001718925	Previous Names <input type="checkbox"/> None Unikrn Bermuda Ltd.	Entity Type <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> General Partnership <input type="checkbox"/> Business Trust <input type="checkbox"/> Other (Specify)
Name of Issuer Unikrn Bermuda Ltd		
Jurisdiction of Incorporation/Organization BERMUDA		
Year of Incorporation/Organization <input type="checkbox"/> Over Five Years Ago <input checked="" type="checkbox"/> Within Last Five Years (Specify Year) 2017 <input type="checkbox"/> Yet to Be Formed		

2. Principal Place of Business and Contact Information

Name of Issuer Unikrn Bermuda Ltd			
Street Address 1 CLARENDON HOUSE		Street Address 2 2 CHURCH STREET	
City HAMILTON	State/Province/Country BERMUDA	ZIP/PostalCode HM 11	Phone Number of Issuer (801) 989-2230

3. Related Persons

Last Name Edwards	First Name Kingsley	Middle Name
Street Address 1 Clarendon House, 2 Church Street	Street Address 2	
City Hamilton	State/Province/Country BERMUDA	ZIP/PostalCode HM 11
Relationship: <input type="checkbox"/> Executive Officer <input checked="" type="checkbox"/> Director <input type="checkbox"/> Promoter		

Clarification of Response (if Necessary):

Last Name Antivilo	First Name David	Middle Name
Street Address 1	Street Address 2	

Clarendon House, 2 Church Street

City	State/Province/Country	ZIP/PostalCode
Hamilton	BERMUDA	HM 11

Relationship: Executive Officer Director Promoter

Clarification of Response (if Necessary):

Last Name	First Name	Middle Name
Garrod	Chris	
Street Address 1	Street Address 2	
Clarendon House, 2 Church Street		
City	State/Province/Country	ZIP/PostalCode
Hamilton	BERMUDA	HM 11

Relationship: Executive Officer Director Promoter

Clarification of Response (if Necessary):

4. Industry Group

- | | | |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Agriculture | Health Care | <input type="checkbox"/> Retailing |
| Banking & Financial Services | <input type="checkbox"/> Biotechnology | <input type="checkbox"/> Restaurants |
| <input type="checkbox"/> Commercial Banking | <input type="checkbox"/> Health Insurance | Technology |
| <input type="checkbox"/> Insurance | <input type="checkbox"/> Hospitals & Physicians | <input type="checkbox"/> Computers |
| <input type="checkbox"/> Investing | <input type="checkbox"/> Pharmaceuticals | <input type="checkbox"/> Telecommunications |
| <input type="checkbox"/> Investment Banking | <input type="checkbox"/> Other Health Care | <input checked="" type="checkbox"/> Other Technology |
| <input type="checkbox"/> Pooled Investment Fund | <input type="checkbox"/> Manufacturing | Travel |
| Is the issuer registered as
an investment company under
the Investment Company
Act of 1940? | Real Estate | <input type="checkbox"/> Airlines & Airports |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Commercial | <input type="checkbox"/> Lodging & Conventions |
| <input type="checkbox"/> Other Banking & Financial Services | <input type="checkbox"/> Construction | <input type="checkbox"/> Tourism & Travel Services |
| <input type="checkbox"/> Business Services | <input type="checkbox"/> REITS & Finance | <input type="checkbox"/> Other Travel |
| Energy | <input type="checkbox"/> Residential | <input type="checkbox"/> Other |
| <input type="checkbox"/> Coal Mining | <input type="checkbox"/> Other Real Estate | |
| <input type="checkbox"/> Electric Utilities | | |
| <input type="checkbox"/> Energy Conservation | | |
| <input type="checkbox"/> Environmental Services | | |
| <input type="checkbox"/> Oil & Gas | | |
| <input type="checkbox"/> Other Energy | | |

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
<input type="checkbox"/> No Revenues		<input type="checkbox"/> No Aggregate Net Asset Value

<input type="checkbox"/> \$1 - \$1,000,000	<input type="checkbox"/> \$1 - \$5,000,000
<input type="checkbox"/> \$1,000,001 - \$5,000,000	<input type="checkbox"/> \$5,000,001 - \$25,000,000
<input type="checkbox"/> \$5,000,001 - \$25,000,000	<input type="checkbox"/> \$25,000,001 - \$50,000,000
<input type="checkbox"/> \$25,000,001 - \$100,000,000	<input type="checkbox"/> \$50,000,001 - \$100,000,000
<input type="checkbox"/> Over \$100,000,000	<input type="checkbox"/> Over \$100,000,000
<input checked="" type="checkbox"/> Decline to Disclose	<input type="checkbox"/> Decline to Disclose
<input type="checkbox"/> Not Applicable	<input type="checkbox"/> Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

<input type="checkbox"/> Rule 504(b)(1) (not (i), (ii) or (iii))	<input type="checkbox"/> Investment Company Act Section 3(c)	
<input type="checkbox"/> Rule 504 (b)(1)(i)	<input type="checkbox"/> Section 3(c)(1)	<input type="checkbox"/> Section 3(c)(9)
<input type="checkbox"/> Rule 504 (b)(1)(ii)	<input type="checkbox"/> Section 3(c)(2)	<input type="checkbox"/> Section 3(c)(10)
<input type="checkbox"/> Rule 504 (b)(1)(iii)	<input type="checkbox"/> Section 3(c)(3)	<input type="checkbox"/> Section 3(c)(11)
<input type="checkbox"/> Rule 506(b)	<input type="checkbox"/> Section 3(c)(4)	<input type="checkbox"/> Section 3(c)(12)
<input checked="" type="checkbox"/> Rule 506(c)	<input type="checkbox"/> Section 3(c)(5)	<input type="checkbox"/> Section 3(c)(13)
<input type="checkbox"/> Securities Act Section 4(a)(5)	<input type="checkbox"/> Section 3(c)(6)	<input type="checkbox"/> Section 3(c)(14)
	<input type="checkbox"/> Section 3(c)(7)	

7. Type of Filing

New Notice Date of First Sale [2017-09-19](#) First Sale Yet to Occur

Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? Yes No

9. Type(s) of Securities Offered (select all that apply)

<input type="checkbox"/> Equity	<input type="checkbox"/> Pooled Investment Fund Interests
<input type="checkbox"/> Debt	<input type="checkbox"/> Tenant-in-Common Securities
<input type="checkbox"/> Option, Warrant or Other Right to Acquire Another Security	<input type="checkbox"/> Mineral Property Securities
<input type="checkbox"/> Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security	<input checked="" type="checkbox"/> Other (describe)
	Simple Agreement for Future Tokens

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? Yes No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor \$0 USD

12. Sales Compensation

Recipient	Recipient CRD Number <input checked="" type="checkbox"/> None	
(Associated) Broker or Dealer <input checked="" type="checkbox"/> None	(Associated) Broker or Dealer CRD Number <input checked="" type="checkbox"/> None	
Street Address 1	Street Address 2	ZIP/Postal Code
City	State/Province/Country	
State(s) of Solicitation (select all that apply) Check "All States" or check individual States	<input type="checkbox"/> All States <input type="checkbox"/> Foreign/non-US	

13. Offering and Sales Amounts

Total Offering Amount \$20,000,000 USD or Indefinite
 Total Amount Sold \$16,020,920 USD
 Total Remaining to be Sold \$3,979,080 USD or Indefinite

Clarification of Response (if Necessary):

14. Investors

Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 75

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions \$0 USD Estimate
 Finders' Fees \$0 USD Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

\$0 USD Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Rule 504 or Rule 506 for one of the reasons stated in Rule 504(b)(3) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Unikrn Bermuda Ltd	/s/ David Antivilo	David Antivilo	Chief Compliance Officer	2017-10-06

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.