

PRESENT: Hon. Richard G. Latin
JSC.

At an IAS Part of the Supreme Court
of the State of New York, held in
and for the County of New York at
the Courthouse, New York, New
York, on the day of
October 8, 2024.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR, on behalf of herself
and all others similarly situated,

Plaintiff,

-v-

YUNHAI QUAN, JOHN DOE NOS. 1-25,

Defendants.

Index No. 654820/2023

Assigned to the Hon.
Richard G. Latin

ORDER TO SHOW CAUSE

DEFAULT JUDGMENT

MS #5

Upon the annexed affirmation of Donald Conklin, counsel for Class Plaintiff Rachel Pouyafar, sworn to on October 7, 2024 and the exhibits thereto, the accompanying memorandum of law, and all the prior proceedings had herein, and sufficient cause appearing therefore, it is hereby

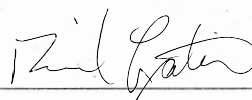
^{Let}
~~ORDERED that~~ Defendants show cause before this Court at Part 46 thereof, in Room 210, 71 Thomas Street, New York, on the 19th day of Nov., 2024, at 2:30PM ~~9:30 a.m.~~ or as soon thereafter as counsel may be heard, why, upon the application of Class Plaintiff Rachel Pouyafar, an Order should not be made and entered granting her Motion for Default Judgment pursuant to CPLR § 3215, and for such other and further relief that this Court may deem just and proper.

IT IS FURTHER ORDERED, that service of this order, and the papers upon which it was granted, upon Defendants via an Input Data Message ("IDM") process by which a message with a link to these documents was sent using the Input Data field on a transaction on the Ethereum

blockchain with the tx transfer hashes listed in Appendix A to this Order on or before the 21st day of October, 2024 shall be deemed timely and sufficient service hereof.

IT IS FURTHER ORDERED, that responsive papers, if any, shall be served by Federal Express or similar overnight delivery service upon counsel for Class Plaintiff Pouyafar, on or before the 8th day of November, 2024.

ENTER:

A handwritten signature in cursive script, appearing to read "Richard G. Latin", is written over a horizontal line.

Hon. Richard G. Latin, J.S.C.

APPENDIX A

	WALLET ADDRESS	TX HASH FOR INPUT DATA MESAGE
1	0xcc21d63f7f1201c201c574af1d4d8be4a7a85c45	0x9299962b9e606c5aa7fc3f8a4a0d6ab394d08e168aa41e3b8c9d9f3dcd1e3df8
2	0x0847a80fcf205bc9850825210cbcb0f1da0cc083	0xcc9f3bd76a2225d2a2061fd2ffd26026b8c01b68c6233d628e077f8d3c8bf130
3	0x0e740ce9a4707d38dc7c2ebaccc35df2b42c43e8	0x3088189def0447ba6e0a9b7e972ba25e49331cb287a347f7624ea3894865e0e
4	0x47a885fc9d952b46eb961c9f9346fdb5a3ccce31	0x115f86f63d9f1b8e5b3d1e8dba579f51ed947c20033b725538ef556c63bbfbcc
5	0xa861175e2a696d5afe06e84336ccb94568087b73	0x2c2b0cdd62fcf7af2a9dfc120833faaa14d1a96930cff8f5e6837e3bc401fc00
6	0x0f6a3a689426c592370de20d6b1ec093ea17d219	0x7acebef48628156f3ec1073ba1700b7f84f27b9e19a5081235fbaab15f9fa990
7	0x94307efb4be20e2cfd257842cf1b7224768aecd9	0x15be47adf27d252bf946d54042b141b59482970bb5236b59b7606e2638ed2d07
8	0xd11573c7065ad6fb967b596d3c020ab93f7f0685	0xaaee55c16b6a9d1240a96f16a8be414e415ea5470509220eff58e538c5c46f32
9	0x5213ebc0746b9e441680a4e7417f48e6f6aa344d	0xee24e10e8dcc4a5ccf2ca5c10ff852c920ff84c235ede9257f243704e6f6331f
10	0x8774b7134c3ea3405a1ff9fcd90d7c1b50e1d85	0x77070ff4d995063a6629e215771bc964b7ecdc603ca83d514c7d0f0f6b530a5e
11	0xbd1d2f3e03ca9e82813446052be35473843a6b59	0xbb6a122c0d112e75b6f79508603e2c9784866661dff28a835a7920f0f96768b5

12	0x038a2cf462dafb509696405f7a02e9fa2e498d5c	0xd7813a62eebe85f9db25473511072a4fe712cc0b46c5588d61a499eb17c59dbd
13	0x27a93d839cdbdce1e648ec8e3febf79387c52cc2	0xd790dec0f06688d3c3c88a42bdafb79cf9b1cfcaf9b0222667a66008b48e46aa
14	0x84d174ae1478db35beaa0b878e681b8053f71460	0xbbedf51a1eb1534814025528597439958361e1f0b6067102d456fe46646deb58d
15	0x753ebfaba611a0820af0c455a7d29a7d73267fee	0xdc1a154c1af2acd2703d4766f4f08ae5d6b1beafd47993bfa8150acdfe06043a
16	0x134583c611aaf9f126eb63fbdd9e4359b95db1dd	0xcee07aa3b4348af9a6e763c6ef8d4a1f03c111a679a78ac593160ce1a2a5466b
17	0xead0c6d566bf874b8f27e164772ea7afd28fbd2f	0xaa120fb465bb691b076bc2c4a86422c72feeb8cf061f1d1f95af830c611e6fa3
18	0x99895845183ce5283ca87563e883a4ecd546a477	0xa1db0bf3671da6099165bdf1a0a8d942c21e2a7a7977caf921b294a455886b36
19	0x504434da8c50bfcae5dfcfdb3c7daf5112ba6d5c	0xf9ca8e9973c08fed2d99802b6ef55109c0e19e26d2a0e3b382bf3ff403933f73
20	0x247f0db29097501184e19c285c2a3e0eae1d874f	0x82e275d10ab34f4e9decf6ac8f384fbe41943bf2371bde709b6cc4372e388398
21	0x8b8a28566f56893d3d3a7599fe4c7809687d8cd0	0xb29f1d96d7686636f478d60e0df807004d730c3d29e5a8443e7cd889aa3f3c2e
22	0x7DBa1df8fC3953d20637178D50797B1b57B3191C	0x4c4c6b5377475d689745b17d320c078a2712f2a0bb0c4a0a2c6ad7be2d42c40b
23	0x22c00e46deaa2bf271c2578b45e66ad6f9df1b80	0xe0774584dba2fefe5c070bfa2450d9acc20c46c442989615ef5fe0a0413f4b22
24	0x61876383236191b546ca706a55eb9832f26b82b1	0xfb2500e97bf43041233aea887301fe7e2c32a0c27f81e26c4e3438e0b3c31846
25	0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a	0xad393a8f0700e5ad79914ed59a05b7fc843b50c61b506999d0c7a8716ca5f3a2

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR, on behalf of herself)
and all others similarly situated,)
)
Plaintiff,)
)
-against-)
)
YUNHAI QUAN and JOHN DOE NOS. 1-25,)
)
Defendants.)
)

Index No. 654820/2023

AFFIRMATION
OF DONALD CONKLIN

I, Donald Conklin, an attorney admitted to practice before the courts of the State of New York, and not a party to this action, hereby affirm the following to be true under the penalties of perjury:

1. I am an attorney with the law firm Mandel Bhandari LLP, attorneys for Class Plaintiff Rachel Pouyafar (“Class Plaintiff”), on behalf of herself and all others similarly situated (the “Proposed Class Members”), in the above-caption action. I am familiar with the subjects of this Affirmation.

2. Attached as Exhibit A is a true and correct copy of the Summons and Complaint in this action dated September 29, 2023, filed as [NYSCEF Doc. No. 1](#).

3. Attached as Exhibit B is a true and correct copy of the Affirmation of Service of the Summons and Complaint in this action dated October 6, 2024, filed as [NYSCEF Doc. No. 11](#).

4. Attached as Exhibit C is a true and correct copy of the First Amended Complaint in this action dated December 8, 2023, filed on the docket of this case as [NYSCEF Doc. No. 21](#),

and attached here in unredacted form as it was non-publicly filed on the docket of this case as NYSCEF Doc. No. 23.

5. Attached as Exhibit D is a true and correct copy of the affirmation of service of the First Amended Complaint in this action dated December 21, 2023, filed as [NYSCEF Doc. No. 39](#).

6. Attached as Exhibit E is a true and correct copy of the Court's Decision + Order granting Plaintiff's request for a preliminary injunction dated February 15, 2024, filed as [NYSCEF Doc. No. 47](#).)

7. Attached as Exhibit F is a true and correct copy of the Court's Decision + Order granting Plaintiff's request for class certification dated September 30, 2024, filed as [NYSCEF Doc. No. 55](#).

8. Attached as Exhibit G is the Affidavit of Class Plaintiff Rachel Pouyafar dated October 4, 2024.

Dated: New York, New York
October 7, 2024

By: /s/ Donald Conklin
Donald Conklin, Esq.

Certification Pursuant to 22 NYCRR § 202.8-b

I, Rishi Bhandari, at attorney duly admitted to practice law before the courts of the State of New York, hereby certifies that this Affirmation contains 430 words, excluding the parts exempted by § 202.8-b(b), and therefore complies with the word count limit set forth in 22 NYCRR § 202.8-b(a).

Dated: New York, New York
October 7, 2023

By: /s/ Donald Conklin
Donald Conklin, Esq.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR,

Plaintiff,

-against-

JOHN DOE NOS. 1-25,

Defendants.

Index No. _____

SUMMONS

TO: John Doe Nos. 1-25

YOU ARE HEREBY SUMMONED to answer the Complaint in this action and to serve a copy of your Answer on Plaintiff's attorneys, Mandel Bhandari LLP, within 30 days after the service of this Summons, exclusive of the day of service; and, in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Complaint. Plaintiff designates New York County as the place of trial. Venue is proper in New York County pursuant to CPLR § 503(a) because of residence of plaintiff. This action is not based on a consumer credit transaction.

Dated: New York, New York
September 29, 2023

By: _____

Rishi Bhandari, Esq.

Rishi Bhandari, Esq.
Mandel Bhandari LLP
80 Pine Street, 33rd Floor
New York, NY 10005
Phone: (212) 269-5600 ext. 100
Email: rb@mandelbhandari.com

Attorney for Plaintiff

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR,

Plaintiff,

-against-

JOHN DOE NOS. 1-25,

Defendants.

Index No. _____

COMPLAINT

Plaintiff Rachel Pouyafar (“Plaintiff”), by and through her undersigned counsel Mandel Bhandari LLP, brings this complaint for claims of conversion and money had and received against Defendants, and alleges as follows:

INTRODUCTION

1. This is an action responding to the theft of more than \$200,000 of Plaintiff’s property through a cryptocurrency scheme. Plaintiff is a resident of New York and a licensed New York real estate agent. She held this property at Coinbase, which operates a cryptocurrency platform and has offices in New York. Coinbase reported in August 2023, while this scheme was in motion, that approximately 19% of New York residents own cryptocurrencies.

2. The perpetrators of the theft (“Defendants”) are unknown persons, John Doe Nos. 1-25. Based on an investigation by Plaintiff’s counsel, as described below, Defendants used a fake persona, Yunhai Quan (“Quan”), with fake social media details, photos, and identification, to lure Plaintiff into believing she was dealing with a wealthy former Goldman Sachs employee who was running his own investment firm. Quan initially approached Plaintiff to purchase real estate in

New York, and then illegally converted Plaintiff's property through a cryptocurrency scheme known as "pig butchering."

3. The "pig butchering" label is unfortunately accurate: it describes the practice of using fake cryptocurrency accounts to "fatten" victims before slaughter. The perpetrators target people, frequently in New York, by promising—and then pretending to deliver—large, but fake, returns. These fake returns lure victims to deposit substantial amounts of their savings. Once victims have been "fattened" enough with reports of false profits, and have transferred large amounts of money, the perpetrators steal their property, and disappear.

4. The scheme here began on July 20, 2023, when Quan approached Plaintiff through WhatsApp in her capacity as a licensed New York real estate agent. Quan expressed an interest in buying residential property in New York, with a budget of \$5.7 million. Quan offered to give Plaintiff investing advice if she would help find him a house in New York.

5. Quan persuaded Plaintiff to deposit funds—initially just \$500 on July 31, 2023—in what appeared to be an account at QuedEx, a cryptocurrency exchange based in Gibraltar. Quan then reported, falsely, that Plaintiff had made \$90 of profit from cryptocurrency assets.

6. Quan immediately urged Plaintiff to deposit \$50,000 more, which she did. Quan then reported, again falsely, that Plaintiff had made profits from cryptocurrency assets. This time, Quan transferred the amount of those "profits," \$8,563.57, to Plaintiff. Plaintiff subsequently deposited more money during August 2023, and received additional false reports of "profits." On August 22, 2023, Coinbase flagged Plaintiff's transaction history as potentially involving illegal activity and then froze her account.

7. In fact, there were no QuedEx accounts, no investments, and no profits. Instead, Defendants' reports were fictitious, falsely indicating that Plaintiff's investments had made money when in truth her funds were not invested at all.

8. During recent days, Defendants have engaged in numerous rapid-fire digital transactions to convert Plaintiff's property and hide the locations of Plaintiff's cryptocurrency assets. Plaintiff quickly investigated Defendants' actions and uncovered the current location of her stolen cryptocurrency assets. Of Plaintiff's "investments," a total of \$202,650 remains, as of now, in an account Plaintiff has located at Binance. The account is identifiable by the "hot wallet" address of: 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a (the "Binance Hot Wallet"). A "hot wallet" refers to a cryptocurrency account that is always connected to the internet.

9. In addition, Plaintiff's assets are commingled in this account with other funds that likely represent property that Defendants similarly have stolen and converted from other "pig butchering" victims. In all, the above commingled Binance Hot Wallet account has approximately \$2.1 million of assets, including funds deposited during September 18-24, 2023.

10. Plaintiff's counsel continues to track Defendants' actions in real time. Plaintiff seeks an immediate temporary restraining order, before Defendants transfer her assets elsewhere. Time is of the essence, given that Defendants could transfer funds from the Binance Hot Wallet at any time, without notice.

PARTIES, JURISDICTION, AND VENUE

11. Plaintiff lives at 301 E. 66th St, Unit 3M, New York, NY 10065. Plaintiff is a real-estate agent with Compass, Inc., a real estate brokerage headquartered in New York.

12. Defendants are persons of unknown citizenship who perpetrated the wrongdoing alleged herein. Plaintiff will attempt to identify Defendants through discovery served on third parties with whom Defendants interacted.

13. Jurisdiction is proper in New York County because Defendants improperly received Plaintiff's funds from her account at Coinbase, which maintains a presence in New York. Coinbase has employees in New York and maintains a mailing address for its consumer assistance division at 82 Nassau St. #61234, New York, NY 10038.¹ As part of their scheme, Defendants sought to purchase real property in New York using a real estate agent licensed in New York.

14. Venue is proper in New York County pursuant to CPLR § 503(a).

STATEMENT OF FACTS

15. In summary, as described below, Defendants' actions here followed the "pig butchering" roadmap.² First, they created a fake identity. Quan posed as a former investment banker living a lavish lifestyle in California while running an investment firm. Quan initiated contact with Plaintiff via WhatsApp and won her trust by convincing her that he wanted to buy real estate through her, and was willing to help her invest in return for her help finding a New York residence. Then Quan persuaded Plaintiff to "invest" using a fake investment account she believed was associated with the QuedEx exchange. Quan convinced her to deposit a small amount of funds, sent her false evidence of investment "profits," and manipulated her to deposit increasing amounts.

¹ <https://www.coinbase.com/legal/licenses>.

² ProPublica recently published an in-depth investigation of pig butchering, describing how criminal syndicates operate, often by forcing human trafficking victims to perpetrate the schemes against their will, including the following process: "1) Create a fake identity. 2) Initiate contact. 3) Win the trust of the target. 4) Sign them up. 5) Get them to put real money into the fake account. 6) "Prove" that it's legitimate. 7) Manipulate them into investing more. 8) Cut them off. 9) Use their desperation to your advantage. 10) Taunt and depart." See Cezary Podkul, *What's a Pig Butchering Scam? Here's How to Avoid Falling Victim to One*, PROPUBLICA, Sept. 19, 2022, <https://www.propublica.org/article/whats-a-pig-butchering-scam-heres-how-to-avoid-falling-victim-to-one>. As described below, Defendants likewise followed these steps.

Finally, Defendants transferred Plaintiff's funds in ways that made them difficult to track and locate. These actions created a desperate situation for Plaintiff, leading her to investigate, and to file this action.

Defendants Lure Plaintiff with Lies


16. Defendants first contacted Plaintiff via WhatsApp on July 20, 2023. Quan stated that he was interested in New York real estate properties, which Plaintiff was showing to potential purchasers. Quan represented that he was a wealthy former investment banking executive living in California, where he had moved to start his own trading firm. Quan told Plaintiff: "I want to buy a modern style house with 4 to 5 bedrooms, 4 to 5 bathrooms, about 4,000 square feet, and my budget is \$5.7 million."

[7/20/23, 5:01:24 PM] Yunhai Quan: Messages and calls are end-to-end encrypted. No one outside of this chat, not even WhatsApp, can read or listen to them.
 [7/20/23, 5:01:24 PM] Yunhai Quan: <attached: 00000002-PHOTO-2023-07-20-17-01-24.jpg>
 [7/20/23, 5:01:36 PM] Yunhai Quan: Hi, is this Rachel?
 [7/20/23, 5:01:39 PM] Yunhai Quan: I am Yunhai.
 [7/20/23, 5:04:19 PM] Rachel Pouyafar: Hi
 Yes this is Rachel
 [7/20/23, 5:07:42 PM] Yunhai Quan: I am looking to purchase a property in Manhattan for my own residence and would like your help if you are still in the market.
 [7/20/23, 5:10:57 PM] Rachel Pouyafar: Of course
 Its my pleasure to help you
 [7/20/23, 5:11:16 PM] Rachel Pouyafar: Where do you currently reside
 [7/20/23, 5:12:26 PM] Yunhai Quan: I currently live in CA.
 [7/20/23, 5:13:00 PM] Rachel Pouyafar: I'm jealous
 I used to live in LA 🤔
 [7/20/23, 5:13:34 PM] Rachel Pouyafar: Let's connect and chat
 When is a good time for you?
 [7/20/23, 5:14:38 PM] Yunhai Quan: I want to buy a modern style house with 4 to 5 bedrooms, 4 to 5 bathrooms, about 4,000 square feet, and my budget is \$5.7 million.
 [7/20/23, 5:14:58 PM] Yunhai Quan: I live in Irvine. 😊
 [7/20/23, 5:15:37 PM] Rachel Pouyafar: Thats great
 Let's chat so I can taylor it to your needs

17. Although Quan targeted New York properties for purchase, and communicated about the details of these properties online, he expressed that he was unable to visit New York at the time to view the properties in person, due to his affluent lifestyle and travel, including weekend yacht getaways and international travel. Plaintiff communicated with Quan via WhatsApp from her residence in New York beginning during July 2023.

18. Plaintiff faced significant financial difficulties and pressure. She had lost her job during the COVID-19 pandemic, and had begun attempting to restart her career by working in real estate. Plaintiff is the primary financial supporter of both her daughter and her ailing mother, who

recently lost her vision. Plaintiff had taken out a \$120,000 government loan to provide for her family while she established herself as a New York real estate agent. She was eager to pursue a conversation with Quan, given his apparent affluent lifestyle and the prospect of selling him a property in New York.

Loan Type	Borrower	Status	Outstanding Balance	
Disaster COVID-19 Economic Injury	Rachel Pouyafar	Disbursed Current	\$131,600.00	Actions 

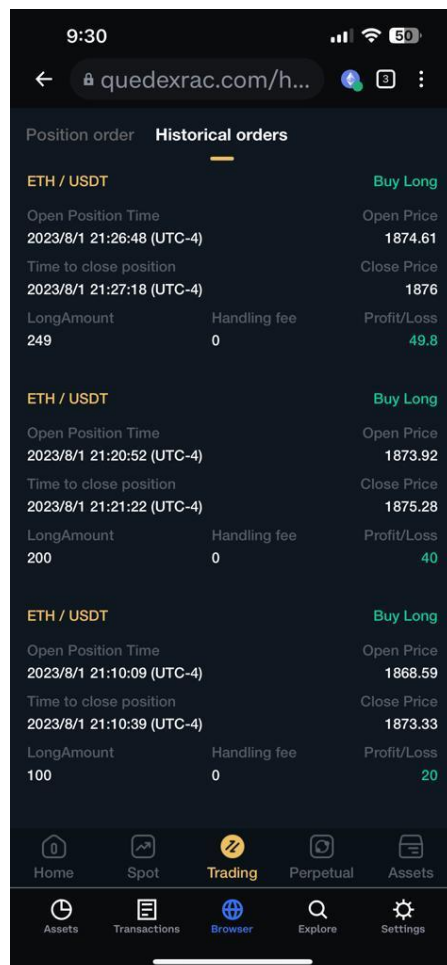
19. As part of their conversation regarding New York real estate, Quan asked if Plaintiff knew about investing in cryptocurrency and presented an investment opportunity through his purported trading firm. Quan represented that Plaintiff would receive returns on her investment if she invested with Quan. He further represented that he would give her investing advice if she would help him find a house in New York. Plaintiff believed that this investment opportunity was a religious blessing for the hardship she had endured through losing her employment during the pandemic. She intended to use the profits from the investment opportunity to support her mother and daughter.

[7/28/23, 5:08:07 PM] Yuhai Quan: how much do you know about cryptocurrency?
[7/28/23, 5:02:56 PM] Rachel Pouyafar: enough to get by. I'm not a professional at cryptocurrency I try to keep myself up to date
[7/28/23, 5:03:53 PM] Rachel Pouyafar: As you can tell, I'm very upfront and honest
[7/28/23, 5:05:56 PM] Yuhai Quan: I can give you some help and advice in the cryptocurrency field if you can help me find a suitable house. I also have over 16 years of experience and knowledge in cryptocurrency investment. I am very confident in myself and my team as you would be in real estate. *****
[7/28/23, 5:06:45 PM] Yuhai Quan: You can learn more about this in general, and it may broaden your sources of clients and groups in real estate in the future. This will be good for you.
[7/28/23, 5:07:18 PM] Rachel Pouyafar: Thank you that is a great idea

20. Defendants enticed Plaintiff to invest through a fake website, which she believed was the cryptocurrency exchange QuedEx. Plaintiff was provided a link to her supposed investment account at QuedEx,³ in which she was instructed to make and complete trade orders. Defendants manipulated the false link to show Plaintiff fake “returns” on her investment. In actuality, the funds Plaintiff sent to wallet address

³ quedextrac.com/h5#/home

0xf611bd67bb3ac6fc501a8fc990a950eea36bf903 were never associated with an investment account. Instead, Defendants presented Plaintiff with fraudulent data she believed to be her trading activity.



21. Based on an investigation by Plaintiff's counsel, the transactions and transfers associated with the scheme involved the following cryptocurrencies: "USDC" refers to a cryptocurrency known as "USD Coin," "ETH" refers to a cryptocurrency known as "Ethereum," "USDT" refers to a cryptocurrency known as "Tether," and "DAI" refers to a cryptocurrency maintained by a "decentralized autonomous organization" ("DAO") on the Ethereum blockchain.

22. Between August 1, 2023 and August 21, 2023, Plaintiff sent five transactions totaling 50,468.519489 USDC and 82.0994033 ETH from her Coinbase account to Ethereum

address 0xf611bd67bb3ac6fc501a8fc990a950eea36bf903, which she believed was associated with QuedEx. In total, Plaintiff deposited a total of approximately \$240,500 in the above wallet address as follows:


July 31, 2023: \$500.00
 August 2, 2023: \$50,000
 August 7, 2023: \$50,000
 August 11, 2023: \$50,000
 August 21, 2023: \$50,000
 August 22, 2023: \$40,000

23. The conversions of these U.S. dollar deposits into cryptocurrencies (in these instances, USDC and ETH) are set forth in the chart below.

AUG 21, 2023 06:58:23 PM	ETH	29.37759565	0x2d8329deef12175f1696ef9700283e9af25ca2c45aff1c1ad562a79d009c1ab	0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0	
AUG 21, 2023 09:42:11 PM	ETH	29.37803080	0x585cd25e92e40fc8837f15342d4083fcd09d04f517d48a7b31bb00b6270c2c	0xa9d1e08c7793af67e9d92fe308d5697fb81d3e43	Coinbase EXCHANGE
AUG 12, 2023 01:17:23 AM	USDC	49,988.51948900	0x925d1dd735b9d76b9a4fafeef794f37207f59aff67fec6799f9cb6d8ad86302	0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0	
AUG 12, 2023 01:17:23 AM	ETH	0.00000000	0x925d1dd735b9d76b9a4fafeef794f37207f59aff67fec6799f9cb6d8ad86302	0xa3b8e991c6218b36c1d19d4a2e9eb0ce3605eb48	USD Coin SERVICES
AUG 12, 2023 01:06:47 AM	ETH	0.00160830	0x2b4f3255148fd76bb299e960521021ad49465887bd4aa4cb678555d1d119901	0x9d8dd477b15fa345bda8111896b28136b5401bc	
AUG 12, 2023 12:55:11 AM	USDC	49,988.51948900	0xaf4e1eacd7d3ddf919ae185be7eb4fb5da8362ae920139d290e519c0b9bc	0xa9d1e08c7793af67e9d92fe308d5697fb81d3e43	Coinbase EXCHANGE
AUG 9, 2023 03:31:23 AM	ETH	26.24529619	0x2541b7eefa7692b2eb9ec9c7d538bc0acd964fc76ceb2807d3b8151dd4d6c4	0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0	
AUG 9, 2023 03:18:11 AM	ETH	26.24552684	0x62124939b97bbf0bd9585e5a3f975a911e68207c35d4bd7064f372f119e681b5	0xa9d1e08c7793af67e9d92fe308d5697fb81d3e43	Coinbase EXCHANGE
AUG 2, 2023 09:52:23 PM	ETH	26.47719610	0x978ca936613c19e1dac17d8706c2a0874d8f048093f53698ea9eb92699823cb4	0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0	
AUG 2, 2023 09:42:11 PM	ETH	26.47584575	0xe4576fd0e693aa95a103cd7bd712518653e83ee11a61e4cace48d74183d76319	0xa9d1e08c7793af67e9d92fe308d5697fb81d3e43	Coinbase EXCHANGE
AUG 1, 2023 04:53:59 AM	USDC	480.00000000	0x9a273ae51b6782c71af109978e96a883f2c5bf428c262a6d401d799046dbae518	0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0	
AUG 1, 2023 04:53:59 AM	ETH	0.00000000	0x9a273ae51b6782c71af109978e96a883f2c5bf428c262a6d401d799046dbae518	0xa3b8e991c6218b36c1d19d4a2e9eb0ce3605eb48	USD Coin SERVICES
AUG 1, 2023 04:43:25 AM	ETH	0.00368063	0xdb5889fedbac76470ab96be7d303326ed92a582c3f11490bc719e8a9c72f5771	0x524e9d03a56bfcc6f581bc5c51338b875e344f	
AUG 1, 2023 04:09:11 AM	USDC	480.00000000	0x74c4fd0aac6d5db35ff0b3b42a6feae5ab196fbdd756b92311185d8ab539c2ef	0xa9d1e08c7793af67e9d92fe308d5697fb81d3e43	Coinbase EXCHANGE

24. On August 22, 2023, Coinbase, the centralized cryptocurrency exchange that Plaintiff was using to convert her deposits to cryptocurrency, notified her that it had noticed suspicious transactions occurring on her account and froze \$37,850 in her Coinbase account.

25. Defendants coached Plaintiff to convert that cryptocurrency into US dollars and transfer it to her Chase bank account. Defendants also attempted to persuade Plaintiff to open a new account at Crypto.com or Uphold, two centralized cryptocurrency exchanges. Meanwhile, during this time, as the investigation by Plaintiff and her counsel uncovered, Defendants were engaging in a complex scheme to convert her funds.

[8/23/23, 1:16:45 PM] Yunhai Quan: Inside the mobile app store
 [8/23/23, 1:16:56 PM] Yunhai Quan: Find and download, create an account
 [8/23/23, 1:17:32 PM] Yunhai Quan: Try [Crypto.com](#) to see if it works!
 [8/23/23, 1:18:12 PM] Rachel Pouyafar: I'm very confused
 I also don't know why I need to go to [crypto.com](#) to see what works ?
 [8/23/23, 1:18:46 PM] Yunhai Quan: You'll need to wire 48K here and send it to your Coinbase wallet and they'll and
 [8/23/23, 1:18:52 PM] Yunhai Quan: 
 [8/23/23, 1:19:02 PM] Rachel Pouyafar: Why can't you get on the phone with me so I can understand it better
 [8/23/23, 1:19:39 PM] Yunhai Quan: Uphold
 [8/23/23, 1:20:21 PM] Rachel Pouyafar: So what's [crypto.com](#)
 [8/23/23, 1:22:02 PM] Rachel Pouyafar: I need to understand
 What is the difference
[Crypto.com](#)
 Uphold
 And coin base wallet

I know that I have trusted you and done would you ask but this is getting overwhelming for me and I don't want to do things that I don't understand. I'm not in the finance world and this information doesn't come easy for me.
 [8/23/23, 1:20:55 PM] Yunhai Quan: Also download an Uphold from your mobile phone APP Sryore?
 [8/23/23, 1:29:52 PM] Rachel Pouyafar: Sryore?
 [8/23/23, 1:30:31 PM] Yunhai Quan: App Store
 [8/23/23, 1:31:17 PM] Yunhai Quan: [Crypto.com](#) is not supported in New York
 [8/23/23, 1:34:25 PM] Yunhai Quan: Uphold it's supported for use in New York and can be linked to your Coinbase wallet

Defendants Steal Plaintiff's Property

26. Plaintiff and her counsel are aware of the following transactions as part of the scheme based on their investigation.

27. On August 11, 2023, Defendants sent 49,988.519489 USDC from the initial wallet address 0xf611bd67bb3ac6fc501a8fc990a950eea36bf903, to wallet address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0 in transaction 0x925dfdd735b9d76b9a4fafeef794f37207f59aff667fec6769f9cb6d8ad86302.

28. Defendants then utilized decentralized exchange Tokenlon smart contract 0x4a14347083b80e5216ca31350a2d21702ac3650d to swap the victim's 49,988.519489 USDC to 49,960.43400276 DAI in transaction 0x2e94ce936779cb6fb8fd8ba50e579465006edff5c46340b1438dd24851c53a71. This amount of DAI was then combined with other amounts of DAI already held in wallet 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0 to total 76,974.0281 DAI which was then sent to wallet address 0xd1070a15381de901d90a8034f88fc30346dcda0e in transaction 0xc468cca6307631e888cd34d5467b85fd8a0b4151b381e6d977a27144be4662e0 on August 11, 2023.

29. Once in wallet address 0xd1070a15381de901d90a8034f88fc30346dcda0e, the DAI was then further combined with other funds to make an amount totaling 500,000.00 DAI which was then sent to wallet address 0x2829ada0f48dddc7352c12e2d686e172819b2dba in transaction

0xec028684ec560066060edcea8089948e10b5e4fa3fbf44034d0a108128feca52 on August 12, 2023.

30. On August 13, 2023, that 500,000 DAI was sent to wallet address 0x4c7822051e2395fafb9a2862863e3acbdb96171 in transaction 0x3b93621b78db98cd6c111ad59cb5c42681de15c6af05a6a97583721d24d941d7.

31. That 500,000 DAI was then combined with other amounts of DAI already held in wallet 0x4c7822051e2395fafb9a2862863e3acbdb96171 to total 1,000,000 DAI, which was then sent to wallet address 0x7f3c82e892616d4d5a325fa13e4f4d04a8d312ce in transaction 0x802292f8753af9b9aa44b7c682d29a98bdfa075f989bbdb1c49f7177083e1cc8 on August 21, 2023.

32. Once in wallet address 0x7f3c82e892616d4d5a325fa13e4f4d04a8d312ce, the 1,000,000 DAI was divided into three pieces of 500,000 DAI, 325,000 DAI, and 175,000 DAI. The 500,000 DAI was then swapped for 500,066.661335 USDT using Uniswap smart contract 0x48da0965ab2d2cbf1c17c09cfb5cbe67ad5b1406 in transaction 0xdf46c3ae75f128651bf294f595f622afd3ad8ccfc5ef744351787264d36a3945. This 500,000 USDT was then sent to wallet address 0xe85a08a79fc70e8d1aaa84a54404a22665aaac22 in transaction 0x73ba3fb0327efd367c217ed9a68fae711165cc005ccd41c2d23d344245e308a1 on August 21, 2023.

33. Once in wallet address 0xe85a08a79fc70e8d1aaa84a54404a22665aaac22, the 500,000 USDT was combined with other amounts of USDT already held in the wallet to total 989,017.00 USDT. On August 21, 2023, this 989,017.00 USDT was then swapped to 589.49992143 ETH utilizing Tokenlon smart contract 0x4a14347083b80e5216ca31350a2d21702ac3650d in transaction

0x5cfdce27f6236b6f772cb1b9f14d457dbd70e27c31cb2474fdd76af4027cd31. 588 of that ETH was then sent to wallet address 0x81aa37777aa5a00c02792bc08a5f1507e85ef8ad in transaction 0xdc20fd9db7ec45dfd0aaa7ba42bdc972675d8f87e0b21b3fe1114966458bb1b.

34. On August 21, 2023, 480 of the 588 ETH was then swapped to 799,490.013651 USDT utilizing Tokenlon smart contract 0x4a14347083b80e5216ca31350a2d21702ac3650d in transaction 0xb022e8eff0d6264863d3c83afc02c89804957d850b8ec3d8a60233e2418c9d00. 620,600.00 USDT of that amount was then sent to wallet address 0x45d0093e066f8e942b78224554feb2ded73717a8 in transaction 0x6b2b037b5ab50571a976abee7e9ba39105bfd0e2efa18c96fe82361c5e1a7987. Those funds currently remain in wallet address 0x45d0093e066f8e942b78224554feb2ded73717a8.

35. On August 21, 2023, 150,000 USDT of the remaining amount in wallet address 0x81aa37777aa5a00c02792bc08a5f1507e85ef8ad was sent to wallet address 0xff1338533489d20ddcb191563ff0a102a03adb92 in transaction 0x2ad8780f71db4444896f70de8dbd844c3adb0c014985cdcfadd6009520725d63. The 150,000 USDT in wallet address 0xff1338533489d20ddcb191563ff0a102a03adb92 was then combined with an existed 350,000 USDT already in the wallet to total 500,000 USDT, which was then sent back to wallet address 0x81aa37777aa5a00c02792bc08a5f1507e85ef8ad in transaction 0xaa6644413492daf8bafcc91dc5cebbfa60b5cf804bd3de53a40e6209f7c2d87f on September 20, 2023.

36. Once back in wallet address 0x81aa37777aa5a00c02792bc08a5f1507e85ef8ad, the 500,000 USDT was split into two amounts of 150,000 USDT and 400,000 USDT, and sent to Binance hot wallet address 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a on September 20, 2023, in transactions

0x092186f0dc5274bad9a55f031b735407d7dd74ba27d7ec44dac4980d138a48cd and
0x37d1272b48f24e43a02fccbbc047bf52691ec2d5b9631bf7b2c5b987188d853f, respectively.

37. The remaining 108 ETH of the 588 ETH which entered wallet address 0x81aa37777aa5a00c02792bc08a5f1507e85ef8ad was then part of transaction 0xeb8de862018d268965814a99418ecb34e271a7554c8fb8682b9b76a95f431bed, in which 198 ETH was swapped for 314,733.517521 USDT utilizing Tokenlon smart contract 0x8d90113a1e286a5ab3e496fbd1853f265e5913c6. This USDT was then combined with other USDT in the wallet to total 323,506.00 USDT, which was sent to Binance hot wallet address 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a on September 21, 2023, in transaction 0x329bcb15b8604be3ff17f67b3199c6e34e74c1c4fd674c56611d000193cf26c3.

38. In total, three transactions worth 873,506 USDT connected to the cryptocurrency/tokens scammed from Plaintiff were deposited to Binance hot wallet 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a between September 20, 2023 and September 22, 2023.

39. Plaintiff's counsel has access to proprietary technology that has allowed it to locate \$202,650 of Plaintiff's funds in the Binance Hot Wallet: 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a. Defendants could move Plaintiff's funds from this account anytime, without notice. If this wallet is frozen before Defendants withdraw Plaintiff's funds, Plaintiff might be able to recover some or all of these funds. If not, she likely will lose her property forever.



40. New York courts have previously considered similar threats of cryptocurrency theft, and have responded immediately by granting a temporary restraining order. For example, in *LCX AG v. John Doe Nos. 1-25*, the Court properly issued a Temporary Restraining Order to freeze the stolen assets and allow the Plaintiff the opportunity to recover. See Order to Show Cause and Temporary Restraining Order, *LCX AG v. John Doe Nos. 1-25*, Index No. 154644/2022 (N.Y. Sup. Ct. Jun. 2, 2022) (Masley, J.), <https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=8s0QJtgcFH/oFAJOghtK1g==&system=prod>.

FIRST CAUSE OF ACTION
CONVERSION

41. Plaintiff incorporates paragraphs 1 through 39 as if set forth fully herein.
42. Plaintiff's stolen funds are identifiable intangible articles of property, traceable using identified techniques and associated with specific virtual asset addresses.
43. Plaintiff had an immediate possessory right to her stolen funds.
44. Defendants intended to and did exercise absolute dominion over Plaintiff's stolen funds when Defendants transferred Plaintiff's stolen funds to addresses over which Plaintiff has no control, and moved those assets through multiple digital transactions in an attempt to hide the illicit transactions and current location of Plaintiff's stolen assets.
45. Defendants' dominion over Plaintiff's stolen assets was in derogation of Plaintiff's right to her assets, completely depriving Plaintiff of the use of her stolen assets.
46. Defendants' dominion over Plaintiff's stolen assets damaged Plaintiff.

SECOND CAUSE OF ACTION
MONEY HAD AND RECEIVED

47. Plaintiff incorporates paragraphs 1 through 39 as if set forth fully herein.

48. Defendants received Plaintiff's stolen assets from Plaintiff by way of the "pig butchering" scheme described above.

49. Defendants benefited from receiving Plaintiff's stolen assets by transferring them to a digital wallet under Defendants' sole control.

50. In principles of equity and good conscience, Defendants should not be allowed to retain Plaintiff's stolen assets because Defendants had no authority to receive and transact Plaintiff's stolen assets.

DEMAND FOR RELIEF

Wherefore, Plaintiff respectfully requests that this Court enter a temporary restraining order prohibiting Defendants from disposing of, processing, routing, facilitating, selling, transferring, encumbering, removing, paying over, conveying or otherwise interfering with Plaintiff's property, debts, accounts, receivables, rights of payment, or tangible or intangible assets of any kind, whether such property is located inside or outside of the United States, including, but not limited to, cryptocurrency or other digital assets held in the Binance Hot Wallet: 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a.

Plaintiffs further requests that this Court enter an order awarding: (1) damages in the amount of at least \$202,650, that being the value of Plaintiff's stolen assets at the time of the theft from Plaintiff; (2) pre-judgment interest; (3) an injunction ordering the return of any remaining Plaintiff's stolen assets or the proceeds derived from the same; (4) attorneys' fees and costs incurred in prosecuting this action; and (5) any other relief that the Court finds just and proper.

Dated: September 29, 2023

By: RL Bhandari
Rishi Bhandari, Esq.

Rishi Bhandari, Esq.
Mandel Bhandari LLP
80 Pine Street, 33rd Floor
New York, NY 10005
Phone: (212) 269-5600 ext. 100
Email: rb@mandelbhandari.com

Attorney for Plaintiff

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR,

Plaintiffs,

-v-

JOHN DOE NOS. 1-25,

Defendants.

Index No.: 654820/2023

**ATTORNEY AFFIRMATION OF
SERVICE**

I, Brice Jastrow, an attorney at Mandel Bhandari LLP who is duly admitted to practice law before the courts of the State of New York and counsel for Plaintiff Rachel Pouyafar in this action, affirms under penalty of perjury that on Monday October 2, 2023, I arranged for the service on the person or persons controlling the Binance hot wallet address 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a (the “Binance Hot Wallet”) of the Order to Show Cause and Temporary Restraining Order dated September 29, 2023 (NYSCEF Doc. No. 8), together with all papers upon which it is based (NYSCEF Doc. Nos. 1-7) via a special-purpose Ethereum-based token (the “Service Token”) delivered or airdropped into the Binance Hot Wallet, which is viewable at <https://etherscan.io/tx/0xbfbaff6da1977dc1ee4c3b54056d7c461f91050a89b56c6edc0e0c8c2823598b>. On Wednesday October 4, 2023, I arranged for the service on the same person or persons of the Order to Show Cause and Temporary Restraining Order dated

October 4, 2023 (NYSCEF Doc. No. 9), together with all papers upon which it is based
(NYSCEF Doc. Nos. 1-7) in the same manner.

Dated: New York, New York
October 6, 2023



Brice Jastrow

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR, on behalf of herself)
and all others similarly situated,)
)
Plaintiff,)
)
-against-)
)
YUNHAI QUAN and JOHN DOE NOS. 1-25,)
)
Defendants.)
)

Index No. 654820/2023

FIRST
AMENDED COMPLAINT

Class Plaintiff Rachel Pouyafar (“Plaintiff”), by and through her undersigned counsel Mandel Bhandari LLP, alleges on behalf of herself and all others similarly situated as follows:

INTRODUCTION

1. This case is about the theft of millions of dollars of assets in a cryptocurrency scheme known as “pig butchering.”

2. Class Plaintiff Rachel Pouyafar (“Plaintiff”) is a resident of New York and a licensed New York real estate agent. Like other similarly situated holders of cryptocurrency (“Class Members”), Plaintiff was tricked by one or more individuals, including a person identifying himself as Yunhai Quan (“Quan”) and other unknown persons, John Doe Nos. 1-25, as part of a common scheme to persuade Class Members to transfer funds to crypto wallets controlled by Defendants.

3. Defendants subsequently transferred these funds to other crypto wallets they also controlled. This class action is brought to freeze crypto wallets containing Class Member funds that Defendants converted and return these funds to the Class Member victims.

4. Each Class Member’s funds were routed through the same common “pivot address” for the network, 0x7f3c82e892616d4d5a325fa13e4f4d04a8d312ce (the “Pivot Address”). This

Pivot Address played a crucial role in Defendants' scheme and was a common fulcrum for Defendants' conversion of Class Member assets.

5. The scheme with Plaintiff began on July 20, 2023, when Quan approached Plaintiff through WhatsApp. Quan expressed an interest in buying residential property in New York, with a budget of \$5.7 million, and sought assistance from Plaintiff in her capacity as a licensed New York real estate agent. Quan offered to give Plaintiff investing advice if she would help find him a house in New York.

6. Quan persuaded Plaintiff to deposit funds—initially just \$500 on July 31, 2023—in what looked like an account at QuedEx, a cryptocurrency exchange based in Gibraltar. Quan then reported, falsely, that Plaintiff had made \$90 of profit from cryptocurrency assets.

7. Quan immediately urged Plaintiff to deposit \$50,000 more, which she did. Quan then reported, again falsely, that Plaintiff had made profits from cryptocurrency assets. This time, Quan transferred the amount of those “profits,” \$8,563.57, to Plaintiff. Plaintiff subsequently deposited more money during August 2023, and received additional false reports of “profits.” On August 22, 2023, Coinbase flagged Plaintiff's transaction history as potentially involving illegal activity and then froze her account.

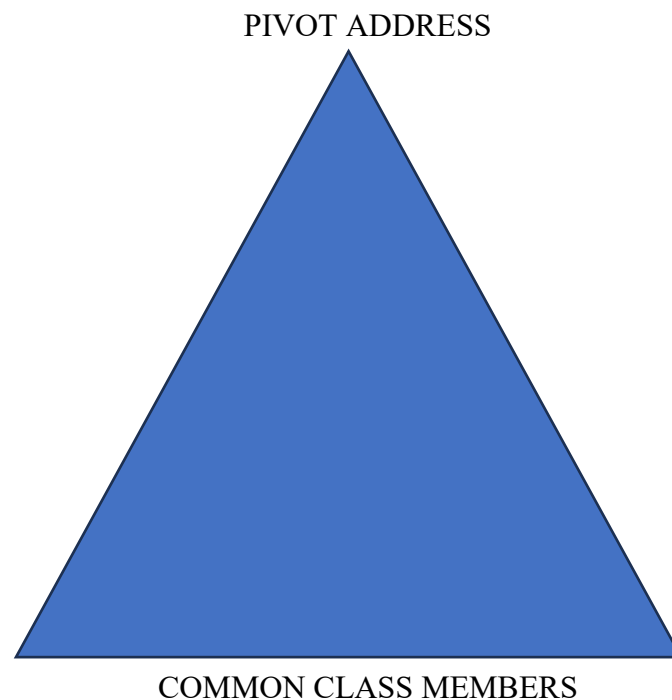
8. In fact, there were no QuedEx accounts, no investments, and no profits. Instead, Defendants' reports were fictitious, and falsely indicated that Plaintiff's investments had made money when in truth her funds were not invested at all.

9. Defendants engaged in numerous rapid-fire digital transactions to convert Plaintiff's property and hide the locations of Plaintiff's cryptocurrency assets. Plaintiff quickly investigated Defendants' actions and uncovered the current location of her stolen cryptocurrency assets. Of Plaintiff's “investments,” a total of \$202,650 remains, as of now, in a crypto wallet

Plaintiff has located at Binance. The account is identifiable by the “hot wallet” address of: 0x01d19c7dab1da4d2c9a7a8c54a9c1e9b7b5a7b9a (the “Pouyafar Hot Wallet”). A “hot wallet” refers to a cryptocurrency account that is always connected to the internet.

10. Plaintiff’s investigation into Defendants revealed that Defendants similarly scammed additional victims between May 21 and August 24, 2023. These other victims were similarly enticed to deposit small initial amounts followed by bigger sums, which were then routed through a maze of cryptocurrency transactions before ending up in the same Pivot Address.

11. This Pivot Address is like the top block of a pyramid of addresses, with multiple layers below. At the bottom of this pyramid are the addresses of Plaintiff and other Class Members.



12. The Class Members are all victims of a common scheme involving one pyramid of cryptocurrency addresses and one Pivot Address. Defendants used transactions through the middle layers of addresses in the pyramid to make their scheme more difficult to identify. Once the pig

butchering victims' deposits reached the Pivot Address, they were converted to stablecoins and sent to accounts on exchanges such as Binance.

13. Based on Plaintiff's investigation into Defendants' wrongdoing, cryptocurrency stolen by Defendants from Class Members and routed through the Pivot Address is contained in the Pouyafar Hot Wallet and the 25 other crypto wallets on the Binance exchange listed in Appendix A to this Complaint (collectively, the "Binance Hot Wallets").

PARTIES, JURISDICTION, AND VENUE

14. Plaintiff lives at 301 E. 66th St, Unit 3M, New York, NY 10065. Plaintiff is a real-estate agent with Compass, Inc., a real estate brokerage headquartered in New York.

15. Defendant Yunhai Quan is an individual who claimed to be located in California. Although Quan represented that his name was "Yunhai Quan," Plaintiff does not know whether that was Defendant's actual name or if this person was actually in California.

16. Defendants John Doe 1-25 are persons of unknown citizenship who perpetrated the wrongdoing alleged herein. Plaintiff will attempt to identify Defendants John Doe 1-25 through discovery served on third parties with whom Defendants interacted.

17. Jurisdiction is proper in New York County because Defendants improperly received Plaintiff's funds from her account at Coinbase, which maintains a presence in New York. Coinbase has employees in New York and maintains a mailing address for its consumer assistance division at 82 Nassau St. #61234, New York, NY 10038.¹ As part of their scheme, Defendants sought to buy real property in New York using a real estate agent licensed in New York.

18. This Court also has the right to hear a class action pursuant to CPLR § 901 because (1) the class is so numerous that joinder of all members, whether otherwise required or permitted,

¹ See <https://www.coinbase.com/legal/licenses> (last accessed Dec. 8, 2023).

is impracticable; (2) there are questions of law or fact common to the class which predominate over any questions affecting only individual members; (3) the claims or defenses of the representative parties are typical of the claims or defenses of the class; (4) the representative parties will fairly and adequately protect the interests of the class; and (5) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

19. Venue is proper in New York County under CPLR § 503(a).

STATEMENT OF FACTS

20. As detailed below, Defendants followed the “pig butchering” roadmap for cryptocurrency theft.

A. Pig Butchering Background

21. An in-depth investigation by journalism nonprofit ProPublica described how criminal syndicates operate the pig butchering scheme. Cezary Podkul, *What’s a Pig Butchering Scam? Here’s How to Avoid Falling Victim to One*. PROPUBLICA, Sept. 19, 2022.² Pig butchering was also the subject of a September 8, 2023 industry alert by FinCEN, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network, which detailed the specific, standardized playbook used by pig butcherers.³ Victims in the United States lost \$2.57 billion to schemes involving cryptocurrency such as pig butchering in 2022. *Id.*

22. In pig butchering schemes, scammers promise victims returns on investment that are too good to be true, then fabricate evidence purporting to show those returns to entice the victim to “invest” more and more money with them. When the victim has been sufficiently

² Available at <https://www.propublica.org/article/whats-a-pig-butchering-scam-heres-how-to-avoid-falling-victim-to-one> (last accessed Dec. 8, 2023).

³ Available at https://www.fincen.gov/sites/default/files/shared/FinCEN_Alert_Pig_Butchering_FINAL_508c.pdf (last accessed Dec. 8, 2023).

“fattened” with reports of false profits, scammers take the victims’ cryptocurrency, covering their tracks by moving the stolen property through a convoluted maze of subsequent transactions.

23. Pig butchering is time-intensive and requires substantial up-front investment of time and resources. Thus, the scam has become refined and standardized. Syndicates have even developed manuals for executing the scam, which are followed closely with individual victims, or “customers.”

B. Defendants’ QuedEx Scam

24. Defendants used a systematized method to exploit Plaintiff and other Class Members, steal their cryptocurrency, and route their funds through the Pivot Address for eventual deposit in the Binance Hot Wallets.

25. The steps in the systematic pig butchering scheme here included (i) creating a fake identity, augmented by phony postings on social media sites to backstop the apparent legitimacy of the characters involved; (ii) contacting victims through social media and messaging apps; (iii) winning victims’ trust by steering conversations to personal details that could be used to keep manipulating them; (iv) getting victims to sign up for a cryptocurrency investment platform by making claims of purported investing success that include screenshots of alleged investment accounts showing significant profits; (v) convincing victims to put real cryptocurrency into a fake account, starting with a small initial investment; (vi) allowing victims to withdraw some of the purported “profits” from the fake account, to “prove” the investment opportunity was legitimate; (vii) manipulating victims into “investing” more money in the scam, and pressuring them to invest as much money as possible; (viii) cutting victims off from the accounts, and showing fabricated images purporting to show that victims’ investment had been wiped out; (ix) using victims’

desperation against them by demanding additional investments and “fees” to release funds; (x) cutting off all contact with victims once the scam was complete.

C. Plaintiff’s Communications With ‘Quan’

26. Plaintiff’s dealings with Yunhai Quan followed the above steps of the common “pig butchering” scheme perpetrated against Class Members.

27. Defendants first created a fake identity. Quan posed as a former investment banker living a lavish lifestyle in California while running an investment firm. Quan contacted Plaintiff via WhatsApp and won her trust by convincing her that he wanted to buy real estate through her, and would help her invest in return for her help finding a New York residence. Then Quan persuaded Plaintiff to “invest” using a fake investment account she believed was linked to the QuedEx exchange. Quan persuaded her to deposit a small amount of funds, sent her false evidence of investment “profits,” and manipulated her to deposit increasing amounts. Finally, Defendants transferred Plaintiff’s funds in ways that made them difficult to track and locate. These actions created a desperate situation for Plaintiff, leading her to investigate and to file this action.

28. Defendants first contacted Plaintiff via WhatsApp on July 20, 2023. Quan stated that he was interested in New York real estate properties, which Plaintiff was showing to potential purchasers. Quan represented that he was a wealthy former investment banking executive living in California, where he had moved to start his own trading firm. Quan told Plaintiff: “I want to buy a modern style house with 4 to 5 bedrooms, 4 to 5 bathrooms, about 4,000 square feet, and my budget is \$5.7 million.”

[7/20/23, 5:01:24 PM] Yunhai Quan: Messages and calls are end-to-end encrypted. No one outside of this chat, not even WhatsApp, can read or listen to them.
 [7/20/23, 5:01:24 PM] Yunhai Quan: <attached: 00000002-PHOTO-2023-07-20-17-01-24.jpg>
 [7/20/23, 5:01:36 PM] Yunhai Quan: Hi, is this Rachel?
 [7/20/23, 5:01:39 PM] Yunhai Quan: I am Yunhai.
 [7/20/23, 5:04:19 PM] Rachel Pouyafar: Hi
 Yes this is Rachel
 [7/20/23, 5:07:42 PM] Yunhai Quan: I am looking to purchase a property in Manhattan for my own residence and would like your help if you are still in the market.
 [7/20/23, 5:10:57 PM] Rachel Pouyafar: Of course
 Its my pleasure to help you
 [7/20/23, 5:11:16 PM] Rachel Pouyafar: Where do you currently reside
 [7/20/23, 5:12:26 PM] Yunhai Quan: I currently live in CA.
 [7/20/23, 5:13:00 PM] Rachel Pouyafar: I'm jealous
 I used to live in LA 🥰
 [7/20/23, 5:13:34 PM] Rachel Pouyafar: Let's connect and chat
 When is a good time for you?
 [7/20/23, 5:14:38 PM] Yunhai Quan: I want to buy a modern style house with 4 to 5 bedrooms, 4 to 5 bathrooms, about 4,000 square feet, and my budget is \$5.7 million.
 [7/20/23, 5:14:58 PM] Yunhai Quan: I live in Irvine. 🥰
 [7/20/23, 5:15:37 PM] Rachel Pouyafar: Thats great
 Let's chat so I can tailor it to your needs

29. Although Quan targeted New York properties for purchase and communicated about the details of these properties online, he claimed he was unable to visit New York at the time to view the properties in person due to his affluent lifestyle and travel, which supposedly included weekend yacht getaways and international travel. Plaintiff communicated with Quan via WhatsApp from her residence in New York starting in July 2023.

30. Defendants enticed Plaintiff to invest through a fake website, which she believed was the cryptocurrency exchange QuedEx. Plaintiff was provided a link to her supposed investment account at QuedEx,⁴ in which she was instructed to make and complete trade orders. Defendants manipulated the false link to show Plaintiff fake “returns” on her investment. In reality, the funds Plaintiff sent to wallet address 0xf611bd67bb3ac6fc501a8fc990a950eea36bf903 were never associated with any kind of investment account. Instead, Defendants presented Plaintiff with fraudulent data she believed to be her trading activity.

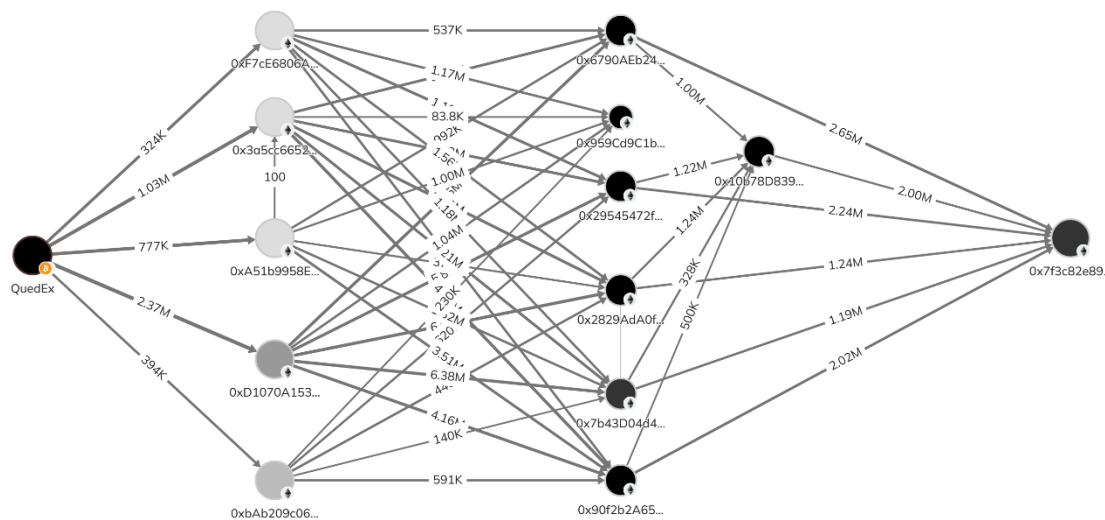
31. Between August 1, 2023 and August 21, 2023, Plaintiff sent five transactions totaling 50,468.519489 USDC and 82.0994033 ETH from her Coinbase account to Ethereum address 0xf611bd67bb3ac6fc501a8fc990a950eea36bf903, which she believed was associated with QuedEx. In total, Plaintiff deposited a total of approximately \$200,500 in the above wallet address as follows:

⁴ See quedextrac.com/h5#/home (last accessed Dec. 8, 2023).

July 31, 2023: \$500.00
August 2, 2023: \$50,000
August 7, 2023: \$50,000
August 11, 2023: \$50,000
August 21, 2023: \$50,000

D. Defendants Use Layers of Crypto Addresses to Hide Their Tracks

32. Plaintiff's investigation uncovered how Defendants used the middle layers of the pyramid to hide their tracks. Defendants sent Plaintiff's funds to address 0xe8044FA8f33CD2B12e52d6746f489A58fb4AfCd0 and then through a maze of transactions to multiple wallet addresses. The diagram below shows how Defendants moved Plaintiff's funds from the account supposedly at Quedex to the Pivot Address:



33. As the diagram shows, Defendants moved funds from their source (at the far left of the above diagram) to the common Pivot Address (at the right). Defendants similarly used layers of crypto addresses to move funds from Class Members' wallets to the common Pivot Address. Defendants similarly hid their tracks from each Class Member, in each case ultimately routing funds through the Pivot Address.

34. For Plaintiff, once her stolen funds were deposited in address 0xf611bd67bb3ac6fc501a8fc990a950eea36bf903, the funds were routed through the address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0, the next layer in the scheme.

35. From address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0, Plaintiff's funds went into Defendants' network of cryptocurrency addresses. Defendants' web used multiple decentralized cryptocurrency platforms like Tokenlon and UniSwap to perform swaps from one cryptocurrency to another, as another way to try to hide the movement of victims' funds.

36. Plaintiff's analysis of the 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0 wallet from May 21 to August 24, 2023 revealed that more than 100 additional wallet addresses were used to scam other victims with the same scheme.

37. Based on the transactions in those additional wallet addresses, it appears that there are more than 150 other additional victims associated with the same scheme used to rob Plaintiff.

38. The additional victims, the Class Members, held/hold accounts at a variety of exchanges, including Coinbase, Crypto.com, Gemini, Kraken, BinanceUS, and Uphold, in which they held crypto assets before their assets were stolen by Defendants and entered the ecosystem described above.

39. Plaintiff's analysis of Defendants' network of cryptocurrency addresses showed that wallet address 0x7f3c82e892616d4d5a325fa13e4f4d04a8d312ce was the Pivot Address for the network. The Pivot Address is the capstone in Defendants' pyramid of interrelated cryptocurrency addresses. For Defendants, the Pivot Address was the final swap point in which incoming cryptocurrency was exchanged to stablecoins that were then sent on to centralized exchange accounts.

40. Plaintiff's investigation into Defendants' wrongdoing revealed that cryptocurrency stolen by Defendants from Class Members was sent to address 0xe8044fa8f33cd2b12e52d6746f489a58fb4afcd0 and routed through the Pivot Address before being converted to stablecoins kept in the Binance Hot Wallets.

41. The Class Members are the only victims whose funds are currently held in Binance wallets within the above-described ecosystem.

CLASS ALLEGATIONS

The Class

42. This action may be properly maintained as a class action under Article 9 of the CPLR.

43. The proposed Class is initially defined as follows: all persons whose funds were unlawfully taken by Defendants beginning on May 21, 2023, and whose stolen cryptocurrency is contained in the Binance Hot Wallets.

44. Excluded from the Class are Defendants and their families, the officers, directors and affiliates, if any, at all relevant times, and their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.

45. Plaintiff reserves the right to amend or modify the Class in connection with a motion for class certification or as the result of discovery.

46. Plaintiff does not currently know the exact size of the proposed Class, but Plaintiff is aware that the Class is so numerous that joinder of all members is impracticable, if not impossible, because of the number of Class Members and that they are potentially scattered throughout the world. Upon information and belief, the Class includes at least 150 people.

47. The number and identities of Class Members are currently unknown to Plaintiff, but can be ascertained through appropriate notice to the original owners of assets contained in the Binance Hot Wallets, as well as through discovery, including into account records at relevant institutions.

48. Nearly all factual and legal issues raised in this Complaint are common to each of the members of the Class and will apply uniformly to every member of the Class.

49. The claims of the representative Plaintiff are typical of the claims of each member of the Class, and by pursuing her own interests Plaintiff will advance the interest of the absent class members.

50. Plaintiff, like all other members of the Class, sustained damages arising from Defendants' pig butchering scheme and subsequent digital transactions to convert stolen property and hide the locations of victims' cryptocurrency assets.

51. The representative Plaintiff and the members of the Class were, and are, similarly or identically harmed by the same unlawful, deceptive, unfair, systematic, and pervasive pattern of misconduct.

52. The claims of the representative Plaintiff are typical of the claims of each member of the Class.

53. Plaintiff, like all other members of the Class, is entitled to the same declaratory, injunctive and other relief as the members of the Class.

54. Plaintiff will fairly and adequately represent and protect the interests of the Class. There are no material conflicts between the claims of the representative Plaintiff and the other members of the Class, including absent members of the Class, that would make class certification inappropriate.

55. Counsel selected to represent the Class will fairly and adequately protect the interest of the Class and have experience in complex and class litigation and are competent counsel for class action litigation.

56. Counsel for the Class will vigorously assert the claims of all members of the Class.

57. This action is properly maintained as a class action in that common questions of law and fact exist as to the members of the Class and predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy, including consideration of:

- a. the interests of the members of the Class in individually controlling the prosecution or defense of separate actions and/or proceedings;
- b. the impracticability or inefficiency of prosecuting or defending separate actions and/or proceedings;
- c. the extent and nature of any litigation concerning the controversy already commenced by members of the Class;
- d. the desirability or undesirability of concentrating the litigation of the claims in the particular forum; and
- e. the difficulties likely to be encountered in the management of a class action.

58. Among the numerous questions of law and fact common to the Class are:

- a. whether Defendants have acted or refused to act on grounds generally applicable to the Plaintiff and the Class;
- b. whether Defendants have a pattern, practice and scheme of “pig butchering” and subsequent digital transactions to convert stolen property and hide the locations of victims’ cryptocurrency assets;
- c. to what extent Plaintiff and members of the Class are entitled to damages; and
- d. to what extent Plaintiff and members of the Class are entitled to declaratory and injunctive relief.

59. Defendants have consistently acted and refused to act in ways generally applicable to the Class. Thus, final declaratory and injunctive relief with respect to the entire Class is appropriate.

60. Plaintiff and the members of the Class have suffered or at imminent, severe and unacceptably high risk of suffering irreparable harm because of Defendants' ability to move funds from the Binance Hot Wallets at any time, without notice. If Defendants withdraw the funds in the Binance Hot Wallets, Plaintiff and the members of the Class will not be able to recover their funds, and would lose their property forever.

FIRST CAUSE OF ACTION
CONVERSION

61. Plaintiff incorporates paragraphs 1 through 39 as if set forth fully herein.

62. Plaintiff's and members of the Class's stolen funds are identifiable intangible articles of property, traceable using identified techniques and associated with specific virtual asset addresses.

63. Plaintiff and other Class members had an immediate possessory right to the stolen funds.

64. Defendants intended to and did exercise absolute dominion over Plaintiff's and members of the Class's stolen funds when Defendants transferred the stolen funds to addresses over which Plaintiff and the Class have no control and moved those assets through multiple digital transactions in an attempt to hide the illicit transactions and current location of the stolen assets.

65. Defendants' dominion over Plaintiff's and the Class's stolen assets was in derogation of their rights to the assets, completely depriving Plaintiff and the Class of the use of the stolen assets.

66. Defendants' dominion over Plaintiff's and the Class's stolen assets damaged Plaintiff and the Class.

SECOND CAUSE OF ACTION
MONEY HAD AND RECEIVED

67. Plaintiff incorporates paragraphs 1 through 39 as if set forth fully herein.

68. Defendants received Plaintiff's and the Class's stolen assets from them by way of the "pig butchering" scheme described above.

69. Defendants benefited from receiving Plaintiff's and the Class's stolen assets by transferring them to digital wallets under Defendants' sole control.

70. In principles of equity and good conscience, Defendants should not be allowed to retain Plaintiff's and the Class's stolen assets because Defendants had no authority to receive and transact Plaintiff's and the Class's stolen assets.

THIRD CAUSE OF ACTION
DECLARATORY JUDGMENT

71. Plaintiff incorporates paragraphs 1 through 80 as if set forth fully herein.

72. Plaintiff and members of the Class seek a declaratory judgment to resolve questions concerning the respective rights, obligations and duties of the parties to the funds being held in the Binance Hot Wallets.

73. An actual case or judicable controversy exists between Plaintiff and the Class and Defendants concerning the right to the funds being held in the Binance Hot Wallets.

74. The issuance of declaratory relief by this Court will terminate some or all of the existing controversy between the parties, and will provide certainty to the parties with respect to their rights and obligations concerning the Binance Hot Wallets.

75. By reason of the foregoing, Plaintiff and members of the Class are entitled to a declaratory judgment establishing the rights and obligations of the parties and determining the extent of Plaintiff's and the Class's entitlement to the funds in the Binance Hot Wallets.

76. Plaintiff therefore requests a declaration by this Court that she and members of the Class are entitled to the return of the funds in the Binance Hot Wallets.

DEMAND FOR RELIEF

Wherefore, Plaintiff respectfully requests that this Court:

77. Enter a temporary restraining order and preliminary and permanent injunctive relief prohibiting Defendants from disposing of, processing, routing, facilitating, selling, transferring, encumbering, removing, paying over, conveying or otherwise interfering with debts, accounts, receivables, rights of payment, or tangible or intangible assets of any kind, whether such property is located inside or outside of the United States, including, but not limited to, cryptocurrency or other digital assets held in the Binance Hot Wallets, including Plaintiff's and the Class's property;

78. Award Plaintiff damages in the amount of at least \$202,650, that being the value of Plaintiff's stolen assets at the time of the theft from Plaintiff;


79. Declare this action to be a class action properly maintained pursuant to CPLR § 901, appoint Plaintiff as representative of the Class, and designate Plaintiff's counsel as Class Counsel;

80. Award compensatory damages, restitution, disgorgement, and any other relief permitted by law or equity;

81. Award Plaintiff reasonable attorneys' fees and costs pursuant to CPLR § 909, and any other applicable provision of law;

82. Award Plaintiff and the Class such other relief as the Court may deem just and proper under the circumstances.

Dated: December 8, 2023

By: 
Rishi Bhandari, Esq.
Mandel Bhandari LLP
80 Pine Street, 33rd Floor
New York, NY 10005
Phone: (212) 269-5600 ext. 100
Email: rb@mandelbhandari.com
Attorneys for Plaintiffs

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR, on behalf of herself
and all others similarly situated,

Plaintiff,

-v-

YUNHAI QUAN and JOHN DOE NOS. 1-25,
Defendants.

Index No.: 654820/2023

**ATTORNEY AFFIRMATION OF
SERVICE**

I, Brice Jastrow, an attorney at Mandel Bhandari LLP who is duly admitted to practice law before the courts of the State of New York and counsel for Plaintiff Rachel Pouyafar in this action, affirms under penalty of perjury that on December 19, 2023, I arranged for the service, which was completed on December 21, 2023, on the person or persons controlling the crypto wallets on the Binance exchange with addresses listed in Appendix A to this Affirmation, of the Order to Show Cause and Temporary Restraining Order dated December 18, 2023 (NYSCEF Doc. No. [37](#)), together with all papers upon which it is based, unredacted versions of which have been filed as NYSCEF Doc. Nos. [27](#), 30-31, redacted versions of which have been filed as NYSCEF Doc. Nos. [26](#), and [28](#), and the Order to Show Cause for Sealing Order dated December 18, 2023, together with all papers upon which it is based (NYSCEF Doc. Nos. [33](#), [34](#), [35](#), [36](#)), and the Amended Complaint, along with Appendix A thereto, unredacted versions of which have been filed as NYSCEF Doc. Nos. 23-24, redacted versions of which have been filed as NYSCEF Doc. Nos. [21](#) and [22](#), via a special-purpose Ethereum-based token (the “Service Token”)

delivered or airdropped into the wallets, with the tx transfer hashes of the Service Tokens
listed in Appendix A to this Affirmation.

Dated: New York, New York
December 21, 2023

A handwritten signature in black ink, appearing to read 'Brice Jastrow', written over a horizontal line.

Brice Jastrow

APPENDIX A

	WALLET ADDRESS	TX HASH FOR TRANSFER OF SERVICE TOKEN
1	0xcc21d63f7f1201c201c574af1d4d8be4a7a85c45	0x489e79dc4756c69490ae63a1f7c1d8400d387fb1a5d79bfc0dd27cbbadf92734
2	0x0847a80fcf205bc9850825210cbcb0f1da0cc083	0xc9f483c7ee40a67b72dd50f1ff504738f852513fdc3fde67271fe3438a5af2cf
3	0x0e740ce9a4707d38dc7c2ebaccc35df2b42c43e8	0x519933b4fa04c9d617b7354f2ab1b0e27cd962dacdabb55cb021aa70957993ab
4	0x47a885fc9d952b46eb961c9f9346fdb5a3ccce31	0x1fc941d666e187d180573e2f54ee3043182679eef9efe19938e4a3c298a9186b
5	0xa861175e2a696d5afe06e84336ccb94568087b73	0x389d1d2b36a5f4d83191e0b4afedaf59ca57af2a51a01641139cac8e4c7c327
6	0x0f6a3a689426c592370de20d6b1ec093ea17d219	0x8a8b64e3ad4c1a345e9e14ec4dc3aa4b0a405ccae8c26da33259971c7b36bbf9
7	0x94307efb4be20e2cfd257842cf1b7224768aeed9	0x3e788bd3fe4b277890cfd296ebb54ba7da6c8b5936f77178a35832dff92b8c17
8	0xd11573c7065ad6fb967b596d3c020ab93f7f0685	0x1fe78f7ff3fcfc4f938f215dda73958f10c4140204ccc9c83968456d576911e3
9	0x5213ebc0746b9e441680a4e7417f48e6f6aa344d	0x816536f411a2b77c0b1fd1925eea4f5b6999cc0b6c78db00dc949001b88d9b04
10	0x8774b7134c3ea3405a1ff9fcd90d7c1b50e1d85	0xb9db61e41db376f34e756245bb8231230da7159e972b334b1928ddf26078c74b
11	0xbd1d2f3e03ca9e82813446052be35473843a6b59	0x3ba279f0c41b5fc3700e591d18d5c779d535f99f1266de951b03dcae47cb5e61

12	0x038a2cf462dafb509696405f7a02e9fa2e498d5c	0xe2d6b59514d0c420918a12d2c13a8dd17f5640951da2460302753d70da4053db
13	0x27a93d839cdbdce1e648ec8e3febf79387c52cc2	0x6e756475f175f13dd67efbdd4d41027a2798545bb53a51f562f59fd082b0a07b
14	0x84d174ae1478db35beaa0b878e681b8053f71460	0x504fa7690cd2bdd03382afb3726f4f84505dbe027958e5e5b7d8034547611c8e
15	0x753ebfaba611a0820af0c455a7d29a7d73267fee	0x231cfe60a057f5561b57e158ecceff56308a8054b97de1ed031ff42be8a5620f
16	0x134583c611aaf9f126eb63fbdd9e4359b95db1dd	0xf2d0a3a25a8d5bc5acbf44b3cd83f69f718bc8feb4c423f0195d78228ce158c2
17	0xead0c6d566bf874b8f27e164772ea7afd28fbd2f	0xcc795e08d73e08ad22e7d6100013feb60b8219df9f1010285ee79b2810a52596
18	0x47a885fc9d952b46eb961c9f9346fdb5a3ccce31	0x5002f913b65d471232ce4a85ac858bed56fe9a28c317b16eab9fefb13590f963
19	0x99895845183ce5283ca87563e883a4ecd546a477	0xc55101b63c1f502183f3a7679c3cb8b52e4eae7213a907066d06ae47c997a4ad
20	0x504434da8c50bfcae5dfcfdb3c7daf5112ba6d5c	0x72feeb5b424891d267c639351a1c4c8e51eb95e16b6ceb66414f32179f944f69
21	0x247f0db29097501184e19c285c2a3e0eae1d874f	0x159e63ca7b7d92bc90f86e1025c527262ceb2859919b4ba5d70e6ca0c582470f
22	0x8b8a28566f56893d3d3a7599fe4c7809687d8cd0	0x3fe8b95d41673dd7e13bd03dfe5592bbd1d2bf22779d89d77a0af03fef43c68b
23	0x7DBa1df8fC3953d20637178D50797B1b57B3191C	0x615543ea3a9520133c665828846ba47e5285b3db77448577e71255aa4d9b1a85
24	0x22c00e46deaa2bf271c2578b45e66ad6f9df1b80	0xe56aaeb33b46ee5c8e49a6aba0bf62a11c2b954e7876a38f61e7a739de14b2df
25	0x61876383236191b546ca706a55eb9832f26b82b1	0x3214723933ec31ae1f6211324f8143e53bbe738dee0e7d57be60dc80af7c89b0

SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTYPRESENT: HON. RICHARD LATIN

PART

46M

Justice

-----X

RACHEL POUYAFAR,

Plaintiff,

- v -

YUNHAI QUAN, JOHN DOES 1 TO 25

Defendant.

-----X

INDEX NO. 654820/2023MOTION DATE N/AMOTION SEQ. NO. 002DECISION + ORDER ON
MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 002) 25, 26, 27, 28, 29, 30, 31, 37, 41, 43, 45

were read on this motion to/for PREL INJUNCTION/TEMP REST ORDR.

Upon the foregoing documents, it is ordered that plaintiffs' unopposed application by order to show cause for a preliminary injunction is granted; and it is further

ORDERED that defendants are enjoined from disposing of, processing, routing, facilitating, selling, transferring, encumbering, removing, paying over, conveying or otherwise interfering with plaintiffs' property, debts, accounts, receivables, rights of payment, or tangible or intangible assets of any kind, whether such property is located inside or outside of the United States, including, but not limited to, the cryptocurrency held in the wallet addresses listed in Appendix A to this order to show cause and to the first amended complaint; and it is further

ORDERED that during the pendency of this action, the wallet addresses listed in Appendix A shall remain frozen; and it is further

ORDERED that plaintiffs shall serve a copy of this order with notice of entry upon defendants and Binance Holdings Ltd. in the same manner as directed in the December 18, 2023 order to show cause.

This constitutes the decision and order of the Court.

2/15/2024

DATE

CHECK ONE:

☐

CASE DISPOSED

☒

GRANTED

☐

DENIED

☒

NON-FINAL DISPOSITION

☐

GRANTED IN PART

☐

OTHER

APPLICATION:

☐

SETTLE ORDER

☐

SUBMIT ORDER

CHECK IF APPROPRIATE:

☐

INCLUDES TRANSFER/REASSIGN

☐

FIDUCIARY APPOINTMENT

☐

REFERENCE

RICHARD LATIN, J.S.C.

SUPREME COURT OF THE STATE OF NEW YORK NEW YORK COUNTY

PRESENT: HON. RICHARD G. LATIN

PART

46M

Justice

-----X

RACHEL POUYAFAR,

Plaintiff,

- v -

YUNHAI QUAN, JOHN DOES 1 TO 25

Defendant.

-----X

INDEX NO. 654820/2023MOTION DATE 04/29/2024MOTION SEQ. NO. 004

DECISION + ORDER ON MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 004) 51, 52, 53, 54 were read on this motion to/for ORDER MAINTAIN CLASS ACTION.

Upon the foregoing documents and inasmuch as the prerequisites of CPLR §§ 901 and 902 have been satisfied, plaintiff's unopposed motion is granted; and it is further

ORDERED that the class consisting of all persons and entities whose funds were unlawfully taken by defendants beginning on May 21, 2021, and whose stolen cryptocurrency is contained in the wallets on the Binance Exchange listed in the First Amended Complaint (NYSCEF doc. #23) and Appendix A in this action (NYSCEF doc. #24), or in other cryptocurrency accounts at Binance controlled by defendants¹ is hereby certified; and it is further

ORDERED that Rachel Poutagar is appointed as the class representative; and it is further

ORDERED that Mandel Bhandari LLP shall serve as class counsel.

9/30/2024

DATE

CHECK ONE:

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CASE DISPOSED

☒

GRANTED

☐

DENIED

APPLICATION:

☐

SETTLE ORDER

CHECK IF APPROPRIATE:

☐

INCLUDES TRANSFER/REASSIGN

☒

NON-FINAL DISPOSITION

☐

GRANTED IN PART

☐

OTHER

☐

SUBMIT ORDER

☐

FIDUCIARY APPOINTMENT

☐

REFERENCE


 RICHARD G. LATIN, J.S.C.

¹ Defendants, officers, directors, and affiliates of defendants at all relevant times, members of their immediate families, their legal representatives, heirs, successors, assigns, and any entity in which defendants have or had a controlling interest are excluded from the class.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORKRACHEL POUYAFAR, on behalf of herself
and all others similarly situated,

Plaintiff,

-against-

YUNHAI QUAN and JOHN DOE NOS. 1-25,

Defendants.

Index No. 654820/2023

**AFFIDAVIT
OF PLAINTIFF
RACHEL POUYAFAR**

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

RACHEL POUYAFAR, being duly sworn, hereby affirms the following to be true and correct under penalty of perjury:

1. I am the Plaintiff in the above-captioned matter. I have read the First Amended Complaint dated December 8, 2023, filed on the docket of this action as NYSCEF Doc. No. 21, in unredacted form.

2. The allegations in the First Amended Complaint are true to my knowledge, except matters alleged on information and belief, and as to those matters, I believe them to be true.


Rachel Pouyafar

Sworn to before me this

04th day of October, 2024.
Notary Public

Michelle Hernandez
Notary Public, State of New York
Reg. No. 01HE0018803
Qualified in Queens County
Commission Expires December 15, 2027

The UPS Store #0647
1159 2nd Ave.
New York, NY 10065

Certification Pursuant to 22 NYCRR § 202.8-b

I, Rishi Bhandari, at attorney duly admitted to practice law before the courts of the State of New York, hereby certifies that this Affidavit contains 236 words, excluding the parts exempted by § 202.8-b(b), and therefore complies with the word count limit set forth in 22 NYCRR § 202.8-b(a).

Dated: New York, New York
October 4, 2023

By: /s/ Rishi Bhandari
Rishi Bhandari, Esq.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

RACHEL POUYAFAR, on behalf of herself
and all others similarly situated,

Plaintiff,

-v-

YUNHAI QUAN, JOHN DOE NOS. 1-25,

Defendants.

Index No. 654820/2023

**MEMORANDUM OF LAW IN SUPPORT OF
CLASS PLAINTIFF'S MOTION FOR DEFAULT JUDGMENT**

MANDEL BHANDARI LLP
Rishi Bhandari
Brice Jastrow
Donald Conklin
80 Pine Street, 33rd Floor
New York, NY 10005
rb@mandelbhandari.com
bj@mandelbhandari.com
Tel: (212) 269-5600
Fax: (646) 964-6667

*Attorneys for Plaintiff Rachel
Pouyafar, on behalf of herself and
all others similarly situated*

Plaintiff Rachel Pouyafar, individually (“Plaintiff”), and on behalf of all others similarly situated (the “Class”), through her undersigned counsel Mandel Bhandari LLP, respectfully submits this memorandum of law in support of her Motion for Default Judgment under CPLR § 3215.

PRELIMINARY STATEMENT

The Plaintiff and the Class here are victims of Defendants’ “pig butchering” scheme and subsequent maze of digital transactions to convert the stolen property and hide the locations of stolen cryptocurrency assets.

On September 23, 2023, Plaintiff Rachel Pouyafar filed a summons and complaint against 25 unknown John Doe Defendants that alleged they had stolen her cryptocurrency as part of a pig butchering scheme, and sought damages and preliminary relief. Conklin Aff. Ex. A ([NYSCEF Doc. No. 1.](#)) On or about October 2, 2023, the unknown Defendants were duly served by delivering a special-purpose Ethereum-based token to the relevant cryptocurrency wallet that investigation revealed contained Plaintiff’s stolen funds. Conklin Ex. B. ([NYSCEF Doc. No. 11.](#)) On December 2, 2023, the Complaint was amended to add Yunhai Quan as a Defendant and to add class action allegations, with Pouyafar as Class Plaintiff. Conklin Ex. C ([NYSCEF Doc. No. 21.](#)) On or about December 21, 2023, Defendants were duly served with the First Amended Complaint in this action by special-purpose Ethereum-based token delivered to cryptocurrency wallets controlled by Defendants that contain the proceeds of their broader fraudulent scheme. Conklin Ex. D ([NYSCEF Doc. No. 39.](#))

The Court issued an injunction freezing the cryptocurrency wallets involved in the pig butchering scheme during the pendency of this action on February 15, 2024. Conklin Ex. E ([NYSCEF Doc. No. 47.](#)) In April 2024, Class Plaintiff Pouyafar moved for class certification.

On October 1, 2024, the Court granted Pouyafar's motion, certified the proposed class, appointed her as Class Plaintiff, and Mandel Bhandari LLP as class counsel. Conklin Ex. F ([NYSCEF Doc. No. 55](#).)

Pursuant to CPLR § 3012(c), Defendants' time to answer or otherwise move against the First Amended Complaint expired in January 2024. As of the date of this motion, Defendants have not filed an answer or otherwise moved in response to the First Amended Complaint. Accordingly, Plaintiffs now respectfully move this Court to enter a default judgment against Defendants under CPLR § 3215 and for such other and further relief as this Court may deem just and proper.

ARGUMENT

"When a defendant has failed to appear, plead or proceed to trial of an action reached and called for trial, or when the court orders a dismissal for any other neglect to proceed, the plaintiff may seek a default judgment against him." § 3215(a). In order to succeed on a motion for default judgment for failure to answer the complaint, a plaintiff must demonstrate entitlement to a default judgment against a defendant by submitting: (1) proof of service of the summons and complaint; (2) proof of the facts constituting its claim; and (3) proof of the defendant's default in answering or appearing. CPLR § 3215(f). See Gantt v. N. Shore-LIJ Health Sys., 140 A.D.3d 418 (1st Dept. 2016); see also Bigio v. Gooding, 213 A.D.3d 480, 481 (1st Dept. 2023); Woodson v. Mendon Leasing Corp., 100 N.Y.2d 62, 70 (2003).

I. SERVICE ON DEFENDANTS AND DEFENDANTS' DEFAULT

On September 23, 2023, Class Plaintiff Rachel Pouyafar filed a summons and complaint against 25 unknown John Doe Defendants, alleging that they had stolen her cryptocurrency as part of a pig butchering scheme, seeking damages and preliminary relief. Conklin Aff. Ex. A ([NYSCEF Doc. No. 1](#).) On or about October 2, 2023, the unknown Defendants were duly served

by delivering a special-purpose Ethereum-based token to the relevant cryptocurrency wallet. Conklin Ex. B. ([NYSCEF Doc. No. 11.](#)) On December 2, 2023, the Complaint was amended to add Yunhai Quan as a Defendant and to add class action allegations, with Pouyafar as Class Plaintiff. Conklin Ex. C ([NYSCEF Doc. No. 21.](#)) On or about December 21, 2023, Defendants were duly served with the First Amended Complaint in this action by special-purpose Ethereum-based token delivered to certain cryptocurrency wallets controlled by Defendants that contain the proceeds of their fraudulent scheme. Conklin Ex. D ([NYSCEF Doc. No. 39.](#))

These affidavits of service are prima facie evidence of proper service. Ocwen Loan Servicing, LLC v Ali, 180 A.D.3d 591, 591 (1st Dept. 2020). Accordingly, service of Plaintiffs' Summons, Complaint and First Amended Complaint were properly made and completed upon Defendants. Defendants had until January 21, 2024, to file an answer or respond to Plaintiffs' pleadings but they have failed to do so; indeed they have failed to appear in this action at all.

Accordingly, the first and third elements required for granting a default judgment set forth in CPLR § 3125(f) – proof of service of the summons and complaint and proof of the defendant's default in answering or appearing – have been met.

II. PROOF OF FACTS ABOUT PLAINTIFFS' CLAIMS

To demonstrate the facts constituting the claim on motion for default judgment under CPLR § 3215, the movant need only submit sufficient proof to enable a court to determine if the claim is viable. Glob. Liberty Ins. Co. v. Gorum, 143 A.D.3d 768 (2d Dept. 2016); Woodson v Mendon Leasing Corp., 100 N.Y.2d 62, 71 (2003).

Defendants, by defaulting, are deemed to have admitted all traversable allegations in the complaint, including the basic allegations of liability. Bigio, 213 A.D.3d at 480; Al Fayed v. Barak, 39 A.D.3d 371, 372 (1st Dept. 2007); Rokina Opt. Co., Inc. v. Camera King, Inc., 63 N.Y.2d 728, 730 (1984). Here, since Defendants have failed to respond to Plaintiffs' Complaint,

all the allegations in the Complaint are deemed admitted. The allegations made by Plaintiffs are enough to enable the court to determine that Plaintiffs have viable claims for conversion, money had and received and declaratory judgment.

A. Plaintiffs Have a Viable Conversion Claim

Conversion is established where “one who owns and has the right to possession of personal property proves that the property is in the unauthorized possession of another who has acted to exclude the rights of the owner.” Dragons 516 Ltd. v. GDC 38 E 50 LLC, 201 A.D.3d 463, 464 (1st Dept. 2022).

Plaintiffs own and have the right to the funds in the Binance Wallets, and Defendants have dominion over that property, which they obtained through lies and deception. Plaintiffs have shown both: “(1) plaintiff’s possessory right or interest in the property and (2) defendant’s dominion over the property or interference with it, in derogation of plaintiffs rights.” Colavito v. NY. Organ Donor Network, Inc., 8 N.Y.3d 43, 50 (2006); see also Pappas v. Tzolis, 20 N.Y.3d 228, 234 (2012).

B. Plaintiffs Have a Viable Claim For Money Had and Received

An “action for money[]had and received is quasi-contractual in nature and is not founded upon any contract, either express or implied.” Bd. of Educ. of the Cold Spring Harbor Centr. Sch. Dist. v. Rettaliata, 164 A.D.2d 900, 900-01 (2d Dept. 1990). The cause of action for money had and received “is an obligation which the law creates in the absence of an agreement when one party possesses money that in equity and good conscience should not be retained and which belongs to another.” Id. The maintenance of the claim “rests upon the broad consideration of right, justice and morality.” Id. at 901. There is no requirement that a plaintiff prove the existence of privity between the parties, other than which “results from the circumstances.”

Salisbury v. Salisbury, 175 A.D.2d 462, 463 (3d Dept. 1991). For more than a century, the cause of action for “money had and received” has entitled a plaintiff who is the equitable owner of assets to recover from a defendant who possesses those assets. See Roberts v. Ely, 113 N.Y. 128, 131-32 (1889).

Defendants orchestrated a scheme to steal Plaintiffs’ money. They lied to Plaintiffs, created false identities, falsified transaction reports, and used a complex maze of cryptocurrency transactions to try to hide their theft. Defendants should not be permitted to keep Plaintiffs’ property as money had and received.

CONCLUSION

For the reasons set forth above, Plaintiffs request entry of default judgment against Defendants pursuant to CPLR § 3215 and any other relief the Court finds just and proper.

Dated: New York, NY
October 7, 2024

Respectfully submitted,
MANDEL BHANDARI LLP
80 Pine Street, 33rd Floor
New York, New York 10005
(212) 269-5600

By: _____




Rishi Bhandari
Brice Jastrow
Donald Conklin
80 Pine Street, 33rd Floor
New York, NY 10005

Attorneys for Plaintiffs

Certification Pursuant to 22 NYCRR § 202.8-b

I, Rishi Bhandari, at attorney duly admitted to practice law before the courts of the State of New York, hereby certify that this Memorandum of Law contains 1,561 words, excluding the parts exempted by § 202.8-b(b), and therefore complies with the word count limit set forth in 22 NYCRR § 202.8-b(a).

Dated: New York, New York
October 7, 2024

By: 
Rishi Bhandari, Esq.