

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

RACHEL POUYAFAR, on behalf of herself)	
and all others similarly situated,)	
)	Index No. 654820/2023
Plaintiff,)	
)	FIRST
-against-)	<u>AMENDED COMPLAINT</u>
)	
YUNHAI QUAN and JOHN DOE NOS. 1-25,)	
)	
Defendants.)	
)	

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.

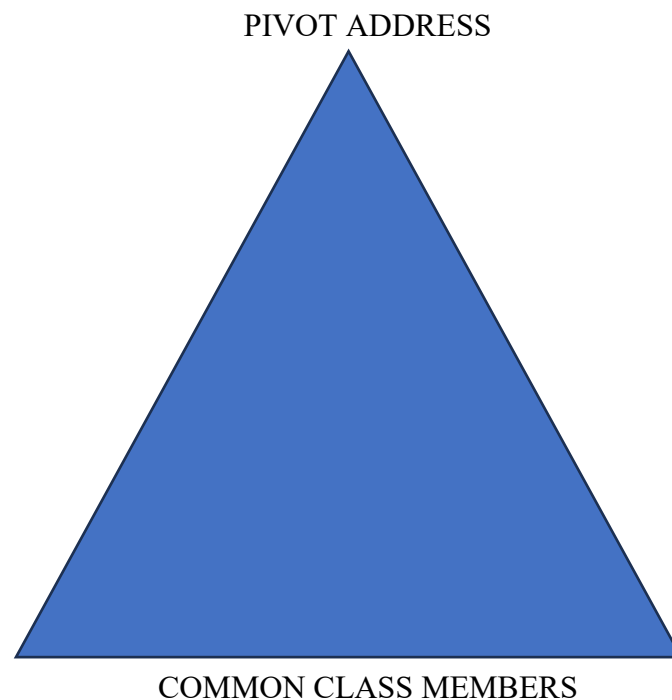
8. In fact, there were no QuedEx accounts, no investments, and no profits. Instead, Defendants' reports were fictitious, and falsely indicated that Plaintiff's investments had made money when in truth her funds were not invested at all.

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.

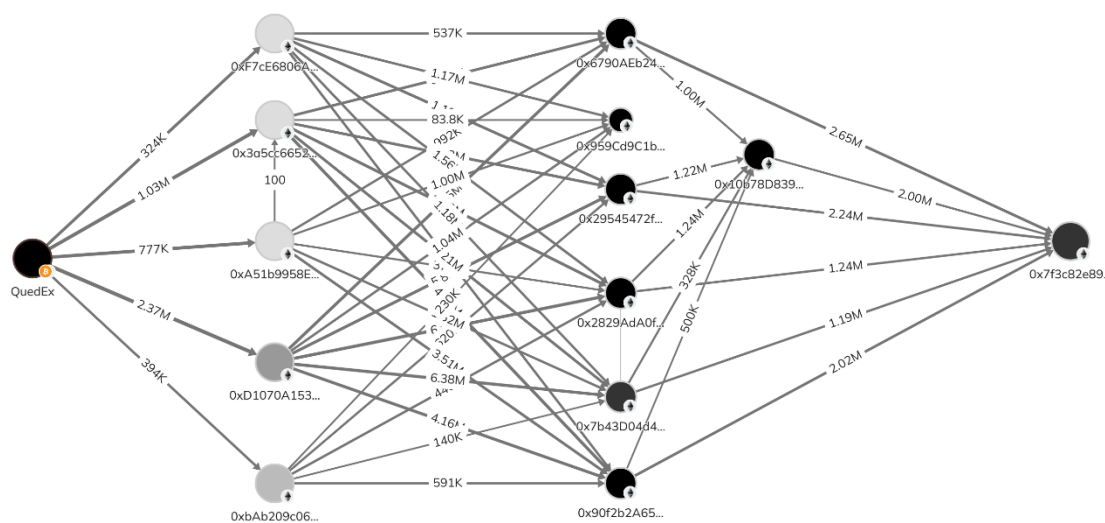
31. Between August 1, 2023 and August 21, 2023, Plaintiff sent five transactions totaling 50,468.519489 USDC and 82.0994033 ETH from her Coinbase account to Ethereum address 0xf611bd67bb3ac6fc501a8fc990a950eea36bf903, which she believed was associated with QuedEx. In total, Plaintiff deposited a total 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