

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

SHAMEELA KARMALI-RAWJI, on behalf of
herself and all others similarly situated,

Plaintiff,

v.

TRUSTWAVE.TRADE, AVIV NAFTALI,
JANE DOE 1 and JOHN DOE NOS. 1-10,

Defendants.

Index No. 150162/2025

**CLASS PLAINTIFF'S MEMORANDUM OF LAW
IN SUPPORT OF ORDER TO SHOW CAUSE FOR A SEALING ORDER**

WALDEN MACHT HARAN & WILLIAMS LLP

By: */s/ John Curran*

John Curran

Deanna M. Paul

Walden Macht Haran & Williams LLP

250 Vesey Street, 27th Floor

New York, New York 10281

(212) 335-2030

jcurran@wmhwlaw.com

dpaul@wmhlaw.com

BISHOP PARTNOY LLP

By: */s/ Frank Partnoy*

Frank Partnoy

Robert Bishop

1717 K Street, NW Suite 900

Washington, DC 20006

(202) 787-5769

frank@bishoppartnoy.com

bobby@bishoppartnoy.com

Attorneys for Class Plaintiff

PRELIMINARY STATEMENT

Class Plaintiff Shameela Karmali-Rawji (“Class Plaintiff”) and other similarly situated holders of cryptocurrency (“Prospective Class Members”), are victims of Defendants’ “pig butchering” scheme, in which Defendants misappropriated Class Plaintiff’s and Prospective Class Members’ cryptocurrency. Class Plaintiff was able to trace funds stolen from Class Plaintiff by Defendants and has applied *ex parte* to this Court for a temporary restraining order (“TRO”) and preliminary injunction freezing those assets before Defendants could move them beyond reach, forever depriving Class Plaintiff of her crypto assets.

Class Plaintiff has used the same technology and methodology used to trace assets Defendants stole from Class Plaintiff to trace assets stolen by Defendants from other victims of the same pig butchering scheme. In an effort to prevent Defendants from absconding with their ill-gotten gains, Class Plaintiff has applied to the Court for a TRO and preliminary injunction freezing the crypto wallets containing the assets stolen from her and Prospective Class Members and restraining Defendants from transferring those assets.

Class Plaintiff applies for an order allowing her to temporarily file under seal unredacted copies of:

- (a) The Complaint dated January 6, 2025;
- (b) Class Plaintiff’s Affirmation in support of her proposed Order to Show Cause for a preliminary injunction and a temporary restraining order, dated January 5, 2025;
- (c) The Affirmation of Adam Zarazinski in support of the proposed Order to Show Cause for a preliminary injunction and a temporary restraining order, dated January 5, 2025,
- (d) The Affirmation of John Curran in support of the proposed Order to Show Cause for a preliminary injunction and a temporary restraining order, dated January 5, 2025,
- (e) The Memorandum of Law in Support of Class Plaintiff’s proposed Order to Show Cause for a preliminary injunction

and a temporary restraining order (together with the other documents, the “Requested Sealed Documents”),

and publicly file redacted versions of those documents to the extent practicable, until the Court rules on Class Plaintiff’s application for a temporary restraining order freezing certain cryptocurrency held at the wallet addresses listed in Appendix A to the Complaint in this action (the “Deposit Wallets”) and any order of the Court freezing such wallets is implemented.

As set forth in the accompanying Affirmation of Adam Zarazinski in support of this motion to seal, filing these documents publicly before entry of a TRO would allow Defendants the time necessary to move the stolen assets beyond the reach of Class Plaintiff and the Proposed Class Members, thereby defeating any subsequent Court order freezing the assets.

BACKGROUND

“Pig butchering” is a scheme in which scammers promise victims returns on crypto investments and then fabricate evidence of positive performance of those investments on fake websites made to look like functioning cryptocurrency trading venues or investment companies. The “butcherers” do so to entice victims to “invest” more money. When the victims have been sufficiently “fattened” with false profits, scammers steal the victims’ cryptocurrency and cover their tracks by moving the stolen property through a maze of subsequent transactions. “Pig butchering” victims in the United States have lost billions of dollars and these schemes have been the subject of state and federal government investigation and prosecution.

Plaintiff Shameela Karmali-Rawji (“Class Plaintiff”) is a Canadian resident who was the victim of Defendants’ pig butchering scheme. Between September 2024 and November 2024, Defendants guided Class Plaintiff to engage in purportedly profitable cryptocurrency trades, which were in fact fictitious. Believing that Defendants were engaging in legitimate, profitable transactions, Class Plaintiff transferred over \$1.5 million in cryptocurrency to wallets controlled

by Defendants. Defendants deployed various tactics to entice Class Plaintiff and other similarly situated Class Members to make additional deposits and to conceal their theft. When Class Plaintiff attempted to withdraw funds, Defendants imposed fabricated account compliance holds, demanded additional fees to effectuate the return of funds, and ultimately returned counterfeit cryptocurrency assets called “Classic USDC” that were designed to resemble legitimate cryptocurrency coins. In reality, these Classic USDC coins were valueless. Such tactics were designed to delay victims’ realization that they had been defrauded and hinder recovery efforts.

Additional details about these schemes and Class Plaintiff’s investigation are set forth in the Requested Sealed Documents, but in short, Defendants used fictitious personas to gain Class Plaintiff’s trust and perpetrate the interrelated schemes. While these schemes used different fake identities and separate phony websites, Class Plaintiff and experts have been able to determine that the ill-gotten gains from these schemes were funneled through the same interconnected maze of cryptocurrency “wallets.” In other words, the same person or persons were behind all of the fictitious identities that Defendants used and are all part of the same overarching criminal enterprise.

After Class Plaintiff was unable to recover her funds, she contacted Inca Digital (“Inca”), a blockchain tracing firm with extensive expertise in identifying stolen digital assets. Inca conducted a detailed analysis of blockchain transactions involving Class Plaintiff’s transfers, revealing that Defendants orchestrated a systematic scheme to divert Class Plaintiff’s genuine USDC and replace it with counterfeit Classic USDC tokens. Inca’s investigation revealed that Defendants orchestrated a common scheme to steal money from Class Plaintiff and similarly situated Class Members. The investigation further determined that Trustwave was not a legitimate platform and that Class Plaintiff’s genuine USDC was never traded but instead diverted

through a series of intermediary wallets controlled by Defendants before being deposited into endpoint cryptocurrency wallets under Defendants' control at the crypto exchange Binance, which are listed in Appendix A of the Complaint.

Inca's "forward tracing" analysis began tracking the flow of funds by examining transfers from Class Plaintiff to the addresses she was given by Defendants, and then tracking subsequent transfers. This process involved three steps: (1) identifying the addresses of wallets that initially received Class Plaintiff's assets; (2) tracking the subsequent transfer of those assets to intermediary addresses; and (3) determining that Class Plaintiff's assets were ultimately deposited into the wallets listed in Appendix A.

As set forth in the Requested Sealing Documents, after analysis of the movement of funds stolen from Class Plaintiff, Inca's team uncovered a substantial number of additional crypto wallets holding funds that Defendants have stolen from Prospective Class Members. Class Plaintiff discovered the current location of these assets stolen from the Prospective Class Members. As set forth in the accompanying Affirmation of Adam Zarazinski, Defendants can move these assets at any time, without notice to Class Plaintiff or the Prospective Class Members, so it is essential that these wallets are frozen before Defendants can move the funds.

ARGUMENT

A. The Court Should Grant Plaintiff's Request to Seal

While the public "is entitled to access [] judicial proceedings and court records," *Mosallem v. Berenson*, 76 A.D.3d 345, 348 (1st Dept. 2010), a court may seal court records on a finding of "good cause." 22 NYCRR 216.1(a). Here, good cause exists because if the information in the Requested Sealing Documents were made publicly available before the Court heard Class Plaintiffs' application for a temporary restraining order and preliminary injunction, the Defendants could instantaneously move Class Plaintiffs' stolen assets and make the assets

unrecoverable. There is minimal, if any, public interest in the immediate release of information in the Requested Sealing Documents during the time before this Court's TRO ruling.

i. Good Cause Exists to Seal The Documents

Courts in New York regularly find risk of loss of an asset good cause for sealing. *See Crain Commc'ns., Inc. v. Hughes*, 135 A.D.2d 351, 352 (1st Dept. 1987), *aff'd*, 74 N.Y.2d 626 (1989) (good cause for sealing where public filing risked disclosure of trade secret); *see also D'Amour v. Ohrenstein & Brown, LLP*, 17 Misc. 3d 1130(A), 851 N.Y.S.2d 68 (Sup. Ct. N.Y. Cnty. 2007) ("Sealing a court file may be appropriate to preserve the confidentiality of materials which involve the internal finances of a party and are of minimal public interest.")

A finding of "good cause" is warranted where the release of documents would cause harm to the party's business. *Mosallem*, 76 A.D.3d at 350-51. Here, as set forth in the accompanying Affirmation of Adam Zarazinski, the public release of the information in the Requested Sealing Documents would enable Defendants to immediately and irrevocably abscond with Class Plaintiffs' assets. This Court has permitted the temporary sealing of a Complaint and TRO motion under similar circumstances. *See Chait v. Lee*, Index No. 159881/2024, NYSCEF Doc. No. [16](#) (issuing order to show cause, temporary restraining order, and temporary sealing order in pig butchering cryptocurrency case).

In sum, there is good cause for sealing the Requested Sealing Documents and temporarily sealing the Requested Sealing Documents for the period between the time they are filed and the time the Court has the opportunity to rule on the motion for a TRO is thus warranted.

ii. There Is Limited, if Any, Public Concern at Issue

New York courts show much less deference to the presumption of public access when the records do not implicate any "legitimate public concern." *See Macedon v. Hsarman*, 844 N.Y.S.2d

825, 833 (Sup. Ct. Wayne Cnty. 2007) (granting motion to seal considering “the sensitive nature of this proprietary business information and the minimal interest of the public with respect to having access to the information”); *see also Crain Commcn’s., Inc. v. Hughes*, 135 A.D.2d at 352 (where there is “no showing of any legitimate public concern, as opposed to mere curiosity, to counterbalance . . . the resultant prejudice to the [] parties,” the disclosure of commercially sensitive information is unwarranted). This is a case of theft that is “of minimal public interest,” unlike, for example, cases that involve product liability issues that affect a broader group of consumers. *Feffer v. Goodkind, Wechsler, Labaton & Rudolf*, 152 Misc. 2d 812, 815-16 (Sup. Ct. N.Y. Cnty. 1991), *aff’d*, 183 A.D.2d 678 (1st Dept. 1992).

Further, Class Plaintiff asks that the documents be sealed for a brief period of time—until the Court has time to decide whether to grant Class Plaintiff’s TRO. The immediate public disclosure of the documents would not further any “countervailing public interest.” *JetBlue Airways Corp. v. Stephenson*, No. 650691/2010, 2010 WL 6781684, at *6 (Sup. Ct. N.Y. Cnty. Nov. 22, 2010) (ordering business records sealed).

B. Plaintiff Should Be Permitted to Serve Defendants Using Appropriate Electronic Means

Plaintiff and investigators have identified the details of Defendants’ transactions, and the current location of Plaintiff’s and putative class members’ property, and traced Plaintiff’s stolen funds to the Deposit Wallets. However, Jane Doe 1 and John Doe Nos. 1–10 remain unidentified and therefore cannot be served by traditional means. As such, the Proposed Order to Show Cause and Temporary Restraining Order proposes providing notice via the Input Data Message process, whereby a message with a link to a website containing documents is sent using the Input Data field on a transaction on the Ethereum blockchain. (ZA ¶ 13). This method, which has been approved by other courts in this jurisdiction, is reasonably calculated to and would likely result in actual

notice of those documents to the individuals or entities that control those wallets, and the existence and contents of those service tokens would be readily apparent to the owners. Id.

In similar cases dealing with stolen cryptocurrency, New York courts have approved of service via the crypto wallets holding plaintiffs' stolen cryptocurrency. See e.g., Chait v. Lee, Index No. 159881/2024, [NYSCEF Doc. No. 16](#) (N.Y. Sup. Ct. Oct. 25, 2024) (Kingo, J.) (permitting service by electronic means via Ethereum blockchain); Pouyafar v. John Doe Nos. 1-25, Index No. 654820/2023, [NYSCEF Doc. No. 8](#) (N.Y. Sup. Ct. Sept. 29, 2023) (Silvera, J.) (service of temporary restraining order freezing stolen crypto assets); id. at [NYSCEF Doc. No. 17](#) (N.Y. Sup. Ct. Oct. 19, 2023) (Latin, J.) (service of preliminary injunction order freezing crypto wallet); id. at [NYSCEF Doc. No. 47](#) (N.Y. Sup. Ct. Feb. 15, 2024) (Latin, J.) (service of preliminary injunction order freezing an additional 24 crypto wallets); LCX AG v. John Doe Nos. 1-25, Index No. 154644/2022, [NYSCEF Doc. No. 15](#) (N.Y. Sup. Ct. June 2, 2022) (Masley, J.) (service of temporary restraining order freezing stolen crypto assets); id. at [NYSCEF Doc. No. 112](#) (service via special-purpose Ethereum-based token delivered into crypto wallets satisfies CPLR 308(5)).

This form of service has also been approved in cases involving disputes with unknown defendants regarding cryptocurrency in other jurisdictions. E.g., Fitzgerald v. Defendant 1, No. 24-21925-CIV, 2024 WL 3538245, at *3 (S.D. Fla. June 28, 2024); Stil Well v. Defendant "1," No. 23-21920-CIV, 2023 WL 5670722, at *3 (S.D. Fla. Sept. 1, 2023); Bowen v. Li, No. 23-CV-20399, 2023 WL 2346292, at *3 (S.D. Fla. Mar. 3, 2023); Bandyopadhyay v. Defendant 1, No. 22-CV-22907, 2022 WL 17176849, at *3 (S.D. Fla. Nov. 23, 2022); Chow v. Defendant 1, No. 24-CV-480, 2024 WL 3225917, at *1 (E.D. La. Apr. 19, 2024); Blum v. Defendant 1, 2023 WL 8880351, at *2-3 (approving service via non-fungible token).

Plaintiff asks that the Court allow notice by similar electronic means here.

CONCLUSION

For the reasons set forth above, Class Plaintiff respectfully requests that the Court grant Class Plaintiff's motion to seal and temporarily seal the Requested Sealing Documents.

Dated: New York, New York
January 5, 2025

WALDEN MACHT HARAN & WILLIAMS LLP

By: _____
John Curran
Deanna M. Paul
Walden Macht Haran & Williams LLP
250 Vesey Street, 27th Floor
New York, New York 10281
(212) 335-2030
jcurran@wmhwlaw.com
dpaul@wmhlaw.com

BISHOP PARTNOY LLP

By: _____
Frank Partnoy
Robert Bishop
1717 K Street, NW Suite 900
Washington, DC 20006
(202) 787-5769
frank@bishoppartnoy.com
bobby@bishoppartnoy.com

Attorneys for Plaintiff

CERTIFICATION PURSUANT TO 22 N.Y.C.R.R. 202.8-b

I, John Curran, an attorney duly admitted to practice law before the courts of the State of New York, hereby certify that this Memorandum of Law contains 2,178 words and therefore complies with the word count limit set forth in 22 N.Y.C.R.R. 202.8-b because it contains fewer than 7,000 words, excluding the parts of the memorandum exempted by 202.8-b. In preparing this certification, I have relied on the word count of the word processing system used to prepare this memorandum of law.

Dated: New York, NY
January 5, 2025

/s/ John Curran
John Curran