

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 9:16-CV-81992-KAM

BRANDON LEIDEL, individually, and on
behalf of All Others Similarly Situated; and
JAMES D. SALLAH, ESQ., as
Receiver/Corporate Monitor of Project
Investors, Inc. d/b/a Cryptsy,

Plaintiffs

v.

COINBASE, INC., a Delaware corporation
d/b/a Global Digital Asset Exchange (GDAX),

Defendants.

**DEFENDANT’S ANSWER AND AFFIRMATIVE DEFENSES
TO PLAINTIFF’S COMPLAINT**

Defendant COINBASE, INC. (“Coinbase” or “Defendant”) answers the Complaint filed by BRANDON LEIDEL (“Leidel or “Plaintiff”) et al., as follows:

Except as expressly admitted herein, Defendant denies all allegations in the Complaint.

ANSWER

Defendant answers the allegations in each of the like-numbered paragraphs of the Complaint as follows:

1. The allegations in Paragraph 1 are introductory and conclusory in nature, and therefore require no response. Defendant admits that Plaintiff purports to bring claims on behalf of a putative class. Defendant denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 1.

2. The allegations in Paragraph 2 are introductory and conclusory in nature, and therefore require no response. Defendant admits that the United States District Court for the Southern District of Florida appointed James D. Sallah, Esq. to serve as a Receiver/Corporate Monitor (the “Receiver”). Defendant specifically denies that the Receiver is a party to this action. Responding further, Defendant denies all allegations in Paragraph 2 and the accompanying footnote.

3. Defendant admits that it operates a business for consumers to exchange, invest, and trade in digital currencies, including Bitcoin, and that Plaintiff purports to seek damages. To the extent that any allegations in Paragraph 3 relate to alleged “material times,” Defendant is without knowledge or information sufficient to form a belief as to the truth of those allegations because material times is an undefined term and, on this basis, denies each and every one of those allegations. Defendant denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 3.

4. The allegations in Paragraph 4 are introductory and conclusory in nature and therefore require no response. To the extent a response is required, Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 4 and, on this basis, denies each and every allegation set forth therein.

5. The allegations in Paragraph 5 are introductory and conclusory in nature and therefore require no response. To the extent a response is required, Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 5 and, on this basis, denies each and every allegation set forth therein.

6. The allegations in Paragraph 6 are introductory and conclusory in nature and therefore require no response. To the extent a response is required, Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 6 and, on this basis, denies each and every allegation set forth therein.

7. Defendant admits that Plaintiff purports to seek damages, and injunctive relief. Defendant denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 7. Defendant specifically denies that the Receiver is a party to this action.

GENERAL ALLEGATIONS

THE PARTIES

PLAINTIFFS

8. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 8 and, on this basis, denies each and every allegation set forth therein.

9. Defendant admits that the District Court appointed Mr. Sallah as a Receiver/Corporate Monitor. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 9 and, on this basis, denies each and every other allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

DEFENDANT

10. Defendant admits the allegations of Paragraph 10.

11. Defendant admits that it is, and holds itself out as, a regulated entity registered

with the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") as a Money Services Business, as that term is defined by FinCEN. Defendant denies all remaining allegations of Paragraph 11.

12. Defendant admits that it launched its exchange product in 2015 and in 2016 rebranded the exchange product as "Global Digital Asset Exchange" or "GDAX." Responding further, Coinbase states that neither Cryptsy nor Vernon used the exchange product, states that the exchange product falls within the scope of Coinbase's registration with FinCEN, and denies the remaining allegations of Paragraph 12.

13. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 13 regarding unidentified "published reports" and, on this basis, denies each and every allegation set forth therein.

JURISDICTION AND VENUE

SUBJECT MATTER JURISDICTION

14. The allegations of Paragraph 14 contain statements of law and therefore no response is required. To the extent a response is required, Defendant admits the allegations of the first sentence of Paragraph 14. Responding further, Defendant denies the allegations of the second sentence of Paragraph 14, and denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 14 .

PERSONAL JURISDICTION

15. The allegations of Paragraph 15 contain statements of law and therefore no response is required. To the extent a response is required, Defendant admits that the Court has personal jurisdiction over Defendant. Responding further, Defendant denies that it is operating,

present, or resides within this district and denies that it committed any breaches of duty or tortious activity within this District or anywhere else.

16. Defendant admits the allegations of Paragraph 16.

17. Defendant admits that it entered into a contract with Project Investors, Inc. d/b/a Cryptsy (“Cryptsy”) and Paul Vernon (“Vernon”), and that they represented to Defendant that they resided in Florida. Defendant denies all remaining allegations of the first sentence of Paragraph 17. Responding further, Defendant admits that it entered into a contract with Cryptsy and Vernon, and that they represented to Defendant that they resided in Florida and did business within this district. Defendant denies all remaining allegations of the second sentence of Paragraph 17.

18. The allegations of Paragraph 18 contain statements of law and therefore no response is required. To the extent a response is required, Defendant admits that the Court has personal jurisdiction over Defendant.

VENUE

19. Defendant denies the allegations of Paragraph 19.

20. The allegations of Paragraph 20 contain statements of law and therefore no response is required. To the extent a response is required, Defendant admits that it knowingly transacts business with residents of this District and denies the remaining allegations of Paragraph 20.

21. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations relating to Cryptsy in Paragraph 21 and, on this basis, denies each and every allegation set forth therein. Defendant denies the remaining allegations in Paragraph 21.

22. The allegations of Paragraph 22 contain statements of law and therefore no

response is required. Responding further, Defendant denies the allegations of Paragraph 22.

FACTUAL ALLEGATIONS APPLICABLE TO ALL COUNTS

PAUL VERNON AND CRYPTSY

23. Defendant admits the allegations of Paragraph 23.

24. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 24 and, on this basis, denies each and every allegation set forth therein.

25. Defendant admits that Vernon represented that he resided in this District. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 25 and, on this basis, denies each and every allegation set forth therein.

26. Defendant admits that it is registered with FinCEN as a Money Services Business. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 26 and, on this basis, denies each and every allegation set forth therein.

27. The allegations of Paragraph 27 contain statements of law and therefore no response is required. Responding further, Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 27 and, on this basis, denies each and every allegation set forth therein.

28. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 28 and, on this basis, denies each and every allegation set forth therein.

29. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 29 and, on this basis, denies each and every allegation set forth therein.

30. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 30 and, on this basis, denies each and every allegation set forth therein.

COINBASE IS LICENSED AS A MONEY TRANSMITTER

31. Defendant admits the allegations of Paragraph 31.

32. Defendant admits the allegations of Paragraph 32.

33. The allegations of Paragraph 33 contain statements of law and therefore no response is required. To the extent a response is required, Defendant states that the applicable rules and requirements referenced in Paragraph 33 speak for themselves and are the best evidence of their contents. Defendant denies all allegations inconsistent with their terms. Defendant denies all remaining allegations of Paragraph 33.

34. The allegations of Paragraph 34 contain statements of law and therefore no response is required. To the extent a response is required, Defendant states that the applicable rules and requirements referenced in Paragraph 34 speak for themselves and are the best evidence of their contents. Defendant denies all allegations inconsistent with their terms. Defendant denies all remaining allegations of Paragraph 34.

35. The allegations of Paragraph 35 contain statements of law and therefore no response is required. To the extent a response is required, Defendant states that the applicable rules and requirements referenced in Paragraph 35 speak for themselves and are the best

evidence of their contents. Defendant denies all allegations inconsistent with their terms. Defendant denies all remaining allegations of Paragraph 35.

36. The allegations of Paragraph 36 contain statements of law and therefore no response is required. To the extent a response is required, Defendant states that 31 C.F.R. § 1010.100 speaks for itself and is the best evidence of its contents. Defendant denies all allegations inconsistent with its terms. Defendant denies all remaining allegations of Paragraph 35.

COINBASE PURPORTS TO BE A CHAMPION OF CONSUMER PROTECTIONS

37. Defendant admits that it is aware of certain reports regarding Mt. Gox and that it was reported that Mt. Gox halted operations in 2014. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 37 and, on this basis, denies each and every allegation set forth therein.

38. Defendant states that the public statement referenced in Paragraph 38 speaks for itself and is the best evidence of its contents. Defendant denies all allegations inconsistent with its terms. Defendant denies all remaining allegations of Paragraph 38.

39. The allegations of Paragraph 39 contain statements of law and are vague, conclusory, ambiguous, and incomplete, and therefore no response is required. To the extent a response is required, Defendants denies all remaining allegations of Paragraph 39.

CRYPTSY'S RISE TO PROMINENCE

40. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 40 and, on this basis, denies each and every allegation set forth therein.

41. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 41 and, on this basis, denies each and every allegation set forth therein.

42. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 42 and, on this basis, denies each and every allegation set forth therein.

43. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 43 and, on this basis, denies each and every allegation set forth therein.

44. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 44 and, on this basis, denies each and every allegation set forth therein.

CRYPTSY AND VERNON'S ACCOUNTS AT COINBASE WERE VEHICLES OF THEFT

45. Defendant admits the allegations of Paragraph 45.

46. Defendant admits that Vernon represented in July 2014 that Cryptsy would continue to maintain crypto-to-crypto exchanges where fees would be collected in Bitcoin. Defendant denies the remaining allegations of Paragraph 46.

47. Defendant admits that at certain times Cryptsy and Vernon used their Coinbase accounts to exchange more than USD \$8 million in Bitcoin. Responding further, Defendant states that the phrase "to rank among COINBASE's top liquidators of Bitcoin" is vague and ambiguous and therefore no response is possible or required. Defendant denies that it provided any services to Cryptsy or Vernon after October 2015 (other than to hold the Bitcoin in their

accounts and to transfer the US dollar equivalent of the Bitcoin to the Receiver upon his specific request) and denies the remaining allegations of Paragraph 47.

48. Defendant denies the allegations of Paragraph 48.

49. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 49 and, on this basis, denies each and every allegation set forth therein.

50. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 50 and, on this basis, denies each and every allegation set forth therein.

51. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 51 and, on this basis, denies each and every allegation set forth therein.

52. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 52 and, on this basis, denies each and every allegation set forth therein.

53. Defendant admits the allegations of Paragraph 53.

54. Defendant admits the allegations of Paragraph 54 relating to Vernon. As to any remaining allegations in Paragraph 54, Defendant denies each and every other allegation set forth therein.

55. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Responding further, Coinbase denies that Cryptsy disclosed to Coinbase that Cryptsy assessed customers with a 0.3% transaction fee, though Defendant admits that it conducted its own diligence on Cryptsy. Coinbase denies the remaining allegations of Paragraph 55. Responding further, Defendant states that there were additional communications and diligence.

56. Defendant admits the allegations of Paragraph 56. Responding further, Defendant states that there were additional communications and diligence.

57. Defendant denies the allegations of Paragraph 57.

58. Defendant denies the allegations of Paragraph 58.

**COINBASE FAILED TO ADEQUATELY INVESTIGATE CRYPTSY AND VERNON'S
COINBASE ACCOUNTS AND WILLFULLY BLINDED ITSELF TO OBVIOUS RED
FLAGS**

59. Defendant admits that it conducted additional due diligence on the Cryptsy account in June 2014 and denies the remaining allegations of Paragraph 59.

60. Defendant denies the allegations of Paragraph 60.

61. Defendant admits that Vernon made certain representations to Defendant and denies the remaining allegations of Paragraph 61.

62. Defendant denies the allegations of Paragraph 62.

63. Defendant admits that at certain times it requested certain information from Vernon, admits that it conducted additional due diligence on Vernon's account, denies that it had any duty to request any other information, and denies the remaining allegations of Paragraph 63.

64. Defendant admits that certain information can be ascertained from a blockchain history, denies that it had an obligation to conduct further diligence, and denies the remaining allegations of Paragraph 64.

65. Defendant denies the allegations of Paragraph 65.

66. Defendant denies the allegations of Paragraph 66.

67. Defendant denies the allegations of Paragraph 67.

68. Defendant admits that it closed the accounts of Cryptsy and Vernon in 2015 based, in part, on information it received. Responding further, Defendant states that the remaining allegations in Paragraph 68 are vague, conclusory, ambiguous, and incomplete, but, to the extent a response is required, Defendant denies them.

69. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 69 and, on this basis, denies each and every allegation set forth therein.

70. Defendant denies the allegations of Paragraph 70.

COINBASE AIDED AND ABETTED CRYPTSY AND VERNON'S THEFT

71. Defendant denies the allegations of Paragraph 71.

72. Defendant denies the allegations of Paragraph 72.

73. Defendant denies the allegations of Paragraph 73.

74. Defendant denies the allegations of Paragraph 74.

75. Defendant denies the allegations of Paragraph 75.

76. Defendant denies the allegations of Paragraph 76.

77. Defendant denies the allegations of Paragraph 77.

78. Defendant denies the allegations of Paragraph 78.

79. The allegations of Paragraph 79 contain statements of law and therefore no response is required. To the extent a response is required, Defendant states that 31 U.S.C. § 5311 and 12 C.F.R. § 208.63 speak for themselves and are the best evidence of their contents. Defendant denies all allegations inconsistent with their terms. Defendant denies all remaining allegations of Paragraph 79.

80. The allegations of Paragraph 80 contain statements of law and therefore no response is required. To the extent a response is required, Defendant states that 12 C.F.R. § 208.62 speaks for itself and is the best evidence of its contents. Defendant denies all allegations inconsistent with its terms. Defendant denies all remaining allegations of Paragraph 80.

81. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 81 and, on this basis, denies each and every allegation set forth therein.

82. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 82 and, on this basis, denies each and every allegation set forth therein.

83. Defendant denies the allegations of Paragraph 83.

84. Defendant denies the allegations of Paragraph 84.

85. Defendant denies the allegations of Paragraph 85.

86. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 86 and, on this basis, denies each and every allegation set forth therein.

87. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 87 and, on this basis, denies each and every allegation set forth therein.

88. Defendant denies the allegations of Paragraph 88.

89. Defendant denies the allegations of Paragraph 89.

90. Defendant denies the allegations of Paragraph 90.

91. Defendant admits the allegations of Paragraph 91.

92. Defendant admits the allegations of Paragraph 92. Responding further, Defendant states that there were additional communications and diligence.

93. Defendant states that the Bank Secrecy Act speaks for itself and is the best evidence of its contents. Defendant denies all allegations inconsistent with its terms. Defendant denies all remaining allegations of Paragraph 93.

94. Defendant admits that Cryptsy and Vernon used their Coinbase accounts to exchange Bitcoin for U.S. dollars. Defendant denies all remaining allegations of Paragraph 94.

95. Defendant admits the allegations of Paragraph 95.

96. Defendant admits that there were hundreds of transactions in Vernon's Coinbase account. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 96 regarding who initiated each of the transactions and, on this basis, denies such allegations. Defendant denies that the number of transactions alleged in Paragraph 96 is accurate and denies the remaining allegations of Paragraph 96.

97. Defendant admits that on June 14, 2014, Vernon's account had a balance of 0.04 Bitcoin and denies the remaining allegations of Paragraph 97.

98. Defendant admits that there were certain transactions in Vernon's Coinbase account and denies the remaining allegations of Paragraph 98. Responding further, Defendant states that there were additional communications and diligence.

99. Defendant admits that there were certain transactions in Vernon's Coinbase account and denies the remaining allegations of Paragraph 99.

100. Defendant admits the allegations of Paragraph 100.

101. Defendant denies that it had any obligation to conduct further diligence and denies the allegations of Paragraph 101.

102. Defendant denies that it had any obligation to conduct further diligence and denies the allegations of Paragraph 102 and each of its subparts.

103. Defendant denies that it had any obligation to conduct further diligence and denies the allegations of Paragraph 103.

104. Defendant admits that Vernon represented to Defendant that he derived the Bitcoin in his personal account from mining activities. Defendant denies the remaining allegations of Paragraph 104.

105. To the extent Plaintiff included a screenshot in Paragraph 105, Defendant is without knowledge or information sufficient to form a belief as to its truth and, on this basis, denies each and every allegation associated with the screenshot. As to any remaining allegations in Paragraph 105 or its footnote, Defendant denies each and every other allegation set forth therein.

106. Defendant admits that at certain times it requested certain information from Vernon, denies that it had any duty to request any other information, and denies the remaining allegations of Paragraph 106.

107. Defendant denies the allegations of Paragraph 107.

COINBASE QUIETLY TERMINATED CRYPTSY AND VERNON'S ACCOUNTS

108. Defendant states that the media report referenced in Paragraph 108 speaks for itself and is the best evidence of its contents. Defendant denies all allegations inconsistent with its terms. Defendant denies all remaining allegations of Paragraph 108.

109. Defendant admits that it learned in October 2015 of reports that certain government agencies were investigating Cryptsy, that it disabled Cryptsy's and Vernon's accounts, that it engaged in certain communications with Vernon, and that Vernon stated that the reported information was false. Defendant denies all remaining allegations of Paragraph 109.

110. Defendant admits that it learned in October 2015 of reports that certain government agencies were investigating Cryptsy, that it disabled Cryptsy's and Vernon's accounts, that it engaged in certain communications with Vernon, and that Vernon stated that the reported information was false. Defendant denies all remaining allegations of Paragraph 110.

111. The allegations of Paragraph 111 are vague, conclusory, ambiguous, and incomplete, and therefore no response is required. To the extent a response is required, Defendants denies all remaining allegations of Paragraph 111.

112. Defendant admits the allegations of Paragraph 112 and further states that it is not its practice to make public statements regarding the activity of its accountholders.

113. Defendant admits the allegations of Paragraph 113 and further states that it is not its practice to make public statements regarding the activity of its accountholders.

114. Defendant denies the allegations of Paragraph 114.

FACTS SPECIFIC TO INVESTOR PLAINTIFFS

115. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 115 and, on this basis, denies each and every allegation set forth therein.

CLASS ALLEGATIONS

116. The allegations in Paragraph 116 are introductory and conclusory in nature, and therefore require no response. Defendant admits that Plaintiff purports to bring claims on behalf of a putative class. Defendant denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 116.

117. Defendant admits that Plaintiff purports to bring claims on behalf of a putative class. Defendant denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 117.

118. The allegations of Paragraph 118 contain statements of law and therefore no response is required. The remaining allegations in Paragraph 118 are vague, conclusory, ambiguous, and incomplete. To the extent a response is required, Defendant denies them.

NUMEROSITY

119. Defendant denies that there is any basis to certify a class, denies that the purported class meets the numerosity requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 119.

120. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 120. Defendant denies that there is any basis to certify a class, denies that the purported class meets the numerosity requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 120.

121. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 121. Defendant denies that there is any basis to certify a class, denies that the purported class meets the numerosity requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 121.

122. Defendant denies the allegations of Paragraph 122.

123. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 123. Defendant denies that there is any basis to certify a class, denies that the purported class meets the numerosity requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 123.

COMMONALITY AND PREDOMINANCE

124. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 124. Defendant denies that there is any basis to certify a class, denies that the purported class meets the commonality or predominance requirements of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 124.

125. The allegations of Paragraph 125 contain statements of law and therefore no response is required. The remaining allegations in Paragraph 125 are vague, conclusory, ambiguous, and incomplete. To the extent a response is required, denies them.

126. The allegations of Paragraph 126, including those in subparts (a)–(h) contain statements of law and therefore no response is required. The remaining allegations in Paragraph 126 are vague, conclusory, ambiguous, and incomplete, so Defendant denies them.

127. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 127. Defendant denies that there is any basis to certify a class, denies that the purported class meets the commonality or predominance requirements of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 127.

TYPICALITY

128. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 128. Defendant denies that there is any basis to certify a class, denies that the purported class meets the typicality requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 128.

129. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 129. Defendant denies that there is any basis to certify a class, denies that the purported class meets the typicality requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 129.

ADEQUACY OF REPRESENTATION

130. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 130. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the adequacy of representation requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 130.

131. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 131. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the adequacy of representation requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 131.

132. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 132. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the adequacy of representation requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 132.

133. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 133. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the adequacy of representation requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 133.

134. Defendant denies the allegations of Paragraph 134.

SUPERIORITY

135. Defendant denies the allegations of Paragraph 135.

136. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 136. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 136.

137. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 137. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 137.

138. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 138. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 138.

139. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 139. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 139.

140. Paragraph 140 is an alleged reservation of rights to which no response is required. To the extent a response is required, Defendants denies all remaining allegations of Paragraph 140.

141. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 141. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 141.

142. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 142. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 142.

143. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 143. Defendant denies that there is any basis to certify a class, denies that the purported class plaintiff meets the superiority requirement of the Federal Rules of Civil Procedure, and denies each and every other allegation in Paragraph 143.

FACTS SPECIFIC TO THE RECEIVER

144. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 144 and, on this basis, denies each and every allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

145. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 145 and, on this basis, denies each and every allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

146. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 146 and, on this basis, denies each and every allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

147. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 147 and, on this basis, denies each and every allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

148. Defendant admits that the Receiver's claims were purportedly asserted on behalf of Cryptsy's account holders and others. Defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 148 and, on this basis, denies each and every other allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

149. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 149 and, on this basis, denies each and every allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

150. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 150 and, on this basis, denies each and every allegation set forth therein. Defendant specifically denies that the Receiver is a party to this action.

COUNT I – AIDING AND ABETTING BREACH OF FIDUCIARY DUTY [CLASS PLAINTIFFS AGAINST DEFENDANT]

Plaintiff incorporates by reference the prior paragraphs of the Complaint.

Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

151. Defendant denies the allegations of Paragraph 151.

152. Defendant denies the allegations of Paragraph 152.

153. Defendant denies the allegations of Paragraph 153.

154. Defendant denies the allegations of Paragraph 154.

155. Defendant denies the allegations of Paragraph 155.

156. Defendant denies the allegations of Paragraph 156.

157. Defendant denies the allegations of Paragraph 157.

COUNT II – AIDING AND ABETTING CONVERSION [CLASS PLAINTIFFS AGAINST DEFENDANT]

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

158. Defendant denies the allegations of Paragraph 158.

159. Defendant denies the allegations of Paragraph 159.

160. Defendant denies the allegations of Paragraph 160.

161. Defendant denies the allegations of Paragraph 161.

**COUNT III – NEGLIGENCE
[CLASS PLAINTIFFS AGAINST DEFENDANT]**

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

162. Defendant denies the allegations of Paragraph 162.

163. Defendant denies the allegations of Paragraph 163.

164. Defendant denies the allegations of Paragraph 164.

**COUNT IV – UNJUST ENRICHMENT
[CLASS PLAINTIFFS AGAINST DEFENDANT]**

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

165. Defendant denies the allegations of Paragraph 165.

166. Defendant denies the allegations of Paragraph 166.

167. Defendant denies the allegations of Paragraph 167.

168. Defendant denies the allegations of Paragraph 168.

169. Defendant admits that Plaintiff purports to request relief on behalf of himself and a putative class. Defendant denies that there is any basis to certify a class, denies that plaintiff or any member of the putative class has any basis to obtain any relief from Defendant, and denies each and every other allegation in Paragraph 169.

**COUNT V – AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
[RECEIVER AGAINST DEFENDANT]**

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

170. Defendant denies the allegations of Paragraph 170 and specifically denies that the Receiver is a party to this action.

171. Defendant denies the allegations of Paragraph 171 and specifically denies that the Receiver is a party to this action.

172. Defendant denies the allegations of Paragraph 172 and specifically denies that the Receiver is a party to this action.

173. Defendant denies the allegations of Paragraph 173 and specifically denies that the Receiver is a party to this action.

174. Defendant denies the allegations of Paragraph 174 and specifically denies that the Receiver is a party to this action.

175. Defendant denies the allegations of Paragraph 175 and specifically denies that the Receiver is a party to this action.

176. Defendant denies the allegations of Paragraph 176 and specifically denies that the Receiver is a party to this action.

**COUNT VI – AIDING AND ABETTING CONVERSION
[RECEIVER AGAINST DEFENDANT]**

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

177. Defendant denies the allegations of Paragraph 177 and specifically denies that the Receiver is a party to this action.

178. Defendant denies the allegations of Paragraph 178 and specifically denies that the Receiver is a party to this action.

179. Defendant denies the allegations of Paragraph 179 and specifically denies that the Receiver is a party to this action.

180. Defendant denies the allegations of Paragraph 180 and specifically denies that the Receiver is a party to this action.

**COUNT VII – NEGLIGENCE
[RECEIVER AGAINST DEFENDANT]**

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

181. Defendant denies the allegations of Paragraph 181 and specifically denies that the Receiver is a party to this action.

182. Defendant denies the allegations of Paragraph 182 and specifically denies that the Receiver is a party to this action.

183. Defendant denies the allegations of Paragraph 183 and specifically denies that the Receiver is a party to this action.

**COUNT VIII – UNJUST ENRICHMENT
[RECEIVER AGAINST DEFENDANT]**

Plaintiff incorporates by reference the prior paragraphs of the Complaint. Responding, Defendant incorporates by reference the prior paragraphs of this Answer.

184. Defendant denies the allegations of Paragraph 184 and specifically denies that the Receiver is a party to this action.

185. Defendant denies the allegations of Paragraph 185 and specifically denies that the Receiver is a party to this action.

186. Defendant denies the allegations of Paragraph 186 and specifically denies that the Receiver is a party to this action.

187. Defendant denies the allegations of Paragraph 187 and specifically denies that the Receiver is a party to this action.

188. Defendant denies the allegations of Paragraph 188 and specifically denies that the Receiver purports to request any relief in this action.

PRAYER FOR RELIEF

Defendant denies that Plaintiff is entitled to any relief, including but not limited to the relief sought in sub-parts (a)-(g) of the “Prayer for Relief.”

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

The Complaint, in whole or in part, fails to state a claim on which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiff’s Complaint, in whole or in part, is barred by and is subject to a mandatory arbitration provision.

THIRD AFFIRMATIVE DEFENSE

Plaintiff’s Complaint, in whole or in part, is barred because of a contractual venue provision.

FOURTH AFFIRMATIVE DEFENSE

Plaintiff lacks standing to assert the claims, in whole or in part.

FIFTH AFFIRMATIVE DEFENSE

Plaintiff's claims, in whole or in part, are barred by release, estoppel, laches, waiver and/or other equitable doctrines.

SIXTH AFFIRMATIVE DEFENSE

This action does not present a justiciable case or controversy between Plaintiff and Defendant.

SEVENTH AFFIRMATIVE DEFENSE

The source of Plaintiff's alleged injuries was committed, in whole or in part, by third parties or was the result of actions or omissions of third parties, for whom Defendant has no responsibility and over which Defendant had no control.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiff's claims, in whole or in part, are barred by the doctrine of unclean hands.

NINTH AFFIRMATIVE DEFENSE

Plaintiff's claims, in whole or in part, are barred because none of the statutes and regulations on which he basis his claims includes a private right of action.

TENTH AFFIRMATIVE DEFENSE

Plaintiff has failed to exercise reasonable care and diligence to mitigate his damages, if any, alleged in the Complaint, so that any recovery must be eliminated or reduced in direct proportion to such failure to mitigate.

ELEVENTH AFFIRMATIVE DEFENSE

Plaintiff's alleged injuries, if any, were not proximately caused by any alleged conduct, act, omission, or breach of duty of Defendant.

TWELFTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred, in whole or in part, because Defendant has acted in substantial compliance with each and every term of applicable law.

THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiff has failed to join necessary and/or indispensable parties, and so the Complaint should be dismissed.

FOURTEENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred, in whole or in part, because Defendant acted in good faith at all relevant times.

FIFTEENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred, in whole or in part, by the applicable statutes of limitations.

SIXTEENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred, in whole or in part, by the principles of res judicata, collateral estoppel, claim preclusion, judgment or similar concepts.

SEVENTEENTH AFFIRMATIVE DEFENSE

Some or all of Plaintiff's claims are barred, in whole or in part, by the doctrine of assumption of the risk, including the assumption of the risk by Plaintiff and third parties who have not yet been identified.

EIGHTEENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred by the absence of privity between Plaintiff and Defendant.

NINETEENTH AFFIRMATIVE DEFENSE

To the extent Plaintiff has suffered any legally cognizable injuries, damages, or harm, which Defendant denies, Plaintiff's claims are barred, in whole or in part, because at all relevant times Defendant has operated their business in compliance with applicable laws and regulations.

TWENTIETH AFFIRMATIVE DEFENSE

Some or all of the claims against Defendant are preempted or otherwise barred, in whole or in part, by federal law and any regulations promulgated thereunder.

TWENTY-FIRST AFFIRMATIVE DEFENSE

Plaintiff's recovery is barred or limited by release and by accord and satisfaction.

TWENTY-SECOND AFFIRMATIVE DEFENSE

Plaintiff cannot recover punitive damages to the extent such damages would violate provisions of the United States, California, and Florida Constitutions, including, but not limited to, the due process clauses contained therein.

TWENTY-THIRD AFFIRMATIVE DEFENSE

Plaintiff's claims are barred by the fact that Defendant owed no duty to Plaintiff.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

Defendant expressly reserves its right to amend this Answer, including, but not limited to, asserting additional defenses or making additional claims for further relief, as discovery in this action shall warrant, or in the event of any future change in the nature and scope of this lawsuit.

TWENTY-FIFTH AFFIRMATIVE DEFENSE

Defendant hereby gives notice that it intends to rely upon such other defenses as may become available or apparent during discovery and hereby reserves the right to assert any such additional defenses.

PRAYER FOR RELIEF

WHEREFORE, having fully answered the Complaint, Coinbase respectfully requests:

- A. That Plaintiff takes nothing by way of the Complaint;
- B. That the Complaint be dismissed in its entirety with prejudice, denying each and every request for relief made by Plaintiff;
- C. That Coinbase be awarded attorney fees, costs and disbursements incurred in defending this action; and,
- D. That the Court grant any such other and future relief that the Court deems proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Coinbase hereby demands a trial by jury for all issues so triable.

Respectfully submitted,

/s/ James R. Liebler, II
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29th day of June, 2017, I electronically caused the foregoing document to be filed with the Clerk of Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record in the manner specified via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ James R. Liebler, II
JAMES R. LIEBLER II