

At IAS Part 53 of the Supreme Court of the State of New York, held in and for the County of New York, and the County Courthouse at 60 Centre Street, City and State of New York, on the 9th of ~~August~~ September 2021.

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

THE PEOPLE OF THE STATE OF NEW YORK, by
LETITIA JAMES, Attorney General of the State of
New York,

Plaintiff,

- against -

COINSEED, INC., DELGERDALAI
DAVAASAMBUU, and SUKHBAT
LKHAGVADORJ,

Defendants.

Index No.: 450366/2021

Justice Andrew Borrok
Part 53

Motion Sequence No. 005

Decision and
~~PROPOSED~~ DEFAULT
JUDGMENT FOR PERMANENT
INJUNCTION AND
MONETARY JUDGMENT

Plaintiff, The People of the State of New York (the "OAG"), by its attorney, LETITIA JAMES, Attorney General of the State of New York, having duly moved for a default judgment pursuant to CPLR 3215 in the OAG's favor and against defendants Coinseed, Inc. and Delgerdalai Davaasambuu (collectively, the "Defendants") for the relief demanded in the Complaint, upon the grounds that Defendants failed to answer or move with respect to the Complaint and that Defendants' time to plead not having been extended beyond June 4, 2021 and granting an order for a Money Judgment in the total amount of \$3,061,511.00.

NOW, upon the Summons and Complaint dated February 17, 2021; the Notice of Motion for Default Judgment for Permanent Injunction and Monetary Judgment, dated August 10, 2021, the Affidavit in Support of Motion for Default Judgment for Permanent Injunction and Monetary

Judgment, dated August 10, 2021, by Brian M. Whitehurst, Assistant Attorney General of the State of New York; and exhibits thereto; and the Affirmation of Brian M. Whitehurst in in Support of the OAG's Order to Show Cause for a Temporary Restraining Order, Preliminary Injunction and Appointment of a Receiver, filed on May 6, 2021 (NYSCEF No. 34) and the accompanying exhibits (NYSCEF Nos. 35-46), and there being no opposition thereto, and the Defendants having failed to answer or respond to the Complaint in this matter, are now in default pursuant to CPLR § 3215, and upon application by the OAG, it is hereby

ORDERED, ADJUDGED AND DECREED, that the Defendants violated the Martin Act and Executive Law § 63(12), as alleged in the Complaint and are jointly and severally liable for these violations; and it is further

INJUNCTIVE RELIEF

ORDERED, ADJUDGED, AND DECREED, pursuant to the court's equitable powers, that judgment be entered fully in favor of the OAG and against Defendants, and that Defendants together with their employees, representatives, agents, and all others acting under their direction or authority, from, directly or indirectly are permanently enjoined from engaging in any and all of the fraudulent, deceptive and illegal acts and practices alleged in the Complaint and described herein in the Motion for Default Judgment, including but not limited to the following:

- a. Defendants are permanently enjoined from violating the Martin Act, Article 23-A of the General Business Law, and Executive Law § 63(12), and from engaging in the fraudulent, deceptive and illegal acts alleged in the Complaint and described in the Affidavit in Support of Motion for Default Judgment for Permanent Injunction and Monetary Judgment;

- b. Defendants are permanently enjoined from directly or indirectly engaging or attempting to engage in any manner in the creation, issuance, exchange, sale, offer to sell, purchase, offer to purchase, promotion, negotiation, advertisement, investment advice, investment management, or distribution of any stocks, bonds, notes, evidences of interest or indebtedness, foreign currency orders, calls or options, or any other securities or commodities, including any virtual currency or digital token, within or from the State of New York, including soliciting new customers to the Coinseed platform;
- c. Defendants are permanently enjoined from directly or indirectly engaging or attempting to engage in any manner in the securities or commodities business within or from the State of New York as a broker, dealer, issuer, investment adviser or investment manager, or as an officer, director, principal, controlling person, agent, affiliated person, consultant or salesperson of a broker, dealer, issuer, investment adviser or investment manager;
- d. Defendants are permanently enjoined from directly or indirectly engaging or attempting to engage in any manner in the writing, publishing, preparing, selling, or distribution of any letter or other literature advising, suggesting, or in any other manner communicating advice within or from the State of New York with respect to the purchase or sale of securities or commodities; and from forecasting, advising, or in any other manner suggesting either orally or in writing any method or methods to be used in connection with the purchase or sale of securities or commodities;

- e. Defendants are permanently enjoined from making distributions of any U.S. dollar or virtual currency assets derived or collected from the deposits or trading of Coinseed or Coinseed investors or the deposits from the CSD or FLJ token offerings;
- f. Defendants are permanently enjoined from withdrawing, converting, transferring, or otherwise disposing of virtual currencies held on behalf of Coinseed investors, wherever they may be situated, including to personal accounts or wallet addresses, or to fiat currency for removal to a personal or bank account;
- g. Defendants are permanently enjoined from withdrawing, converting, transferring, or otherwise disposing of any fiat currency funds derived or collected from Coinseed;
- h. Defendants are permanently enjoined from controlling, altering, editing, or manipulating the coinseed.co website or the Coinseed mobile application; and
- i. Defendants are permanently enjoined from destroying, altering, tampering with, or hiding the books and records of Coinseed, to be provided to the Receiver or any other evidence relating to this action or the fraudulent practices described therein or frauds related to this scheme but not yet known to the Court or the OAG, including but not limited to business records, ledgers, account statements or any other property of the Defendants; and it is further

MONETARY RELIEF

ORDERED, ADJUDGED AND DECREED, that for violations of the Martin Act, Article 23-A of the General Business Law, and Executive Law § 63(12), Defendants are liable, jointly

and severally, to the State of New York for restitution in the amount of \$3,053,511.00; and it is further

ORDERED, ADJUDGED AND DECREED that Defendants shall provide full accounting within ten days (10) of this Order. Such accounting shall provide the following:

- a. all books of accounts or records that relate in any way to the property derived by the Defendants by means of: (i) Defendants' offering of the CSD token (a token created by Defendants and sold to finance its operations) from December 2017 to March 2018, (ii) Defendants' trading of virtual currencies from October 2017 to the present, and (iii) Defendants' control of all bank or financial accounts that hold fiat currency allocated for Coinseed investors' deposits or trading whether such records are in analog or digital form, including but not limited to:
 - i. All investor trading ledgers;
 - ii. All digital or virtual currency wallet addresses, including all deposit addresses used by investors;
 - iii. All virtual currency trading platform account records;
 - iv. All banking records;
 - v. All information relating to any and all smart contracts created or used by Defendants; and
 - vi. Any and all other records including customer name, identifiers, telephone number(s), IP addresses, registration forms, payment and transactional records, email addresses, deposit records, customer correspondence, and any other data that relating to the identity of account holders or to account activity for Coinseed or its customers; and it is further

ORDERED, ADJUDGED and DECREED, that failure of Defendants to provide a full accounting within ten days (10) of the date of this Order shall, in addition to any other relief sought by the OAG, result in Defendants waiving any challenge to monetary judgment amounts provided to the Court by Plaintiff; and it is further

ADDITIONAL ALLOWANCES

ORDERED, ADJUDGED, AND DECREED that each of the Defendants pay the OAG an additional allowance of \$2,000 pursuant to CPLR 8303(a)(6), and an additional allowance of \$2,000 pursuant to General Business Law § 353(1), for a total of \$8,000; and it is further

ORDERED, ADJUDGED AND DECREED that all payments shall be made to the State of New York and notices pursuant to this Order shall be sent to Assistant Attorney General Brian M. Whitehurst, Investor Protection Bureau, 28 Liberty Street, New York, New York 10005; and it is further

MONEY JUDGMENT

ORDERED, ADJUDGED AND DECREED that this Order and Judgment be docketed as a money judgment in favor of Plaintiff, the People of the State of New York, by Letitia James, Attorney General of the State of New York, at the Investor Protection Bureau, 28 Liberty Street, New York, New York, 10005 in the total amount of \$3,061,511.00 against Defendants, pursuant to CPLR § 2222 and, upon docketing this money judgment the OAG shall have execution thereon; and it is further

ORDERED, ADJUDGED and DECREED, that the OAG hereby is permitted to make further applications to the Court for supplemental money judgment against Defendants, jointly and severally, based on findings of the Receiver as put forth to the Court pursuant to the Court's

Supplemental Order Regarding the Appointment of and Powers of the Receiver (NYSCEF No. 56); and it is further

PERMANENT POWERS OF THE RECEIVER

ORDERED, ADJUDGED AND DECREED the permanent appointment of the Receiver, Michelle Gitlitz, to Coinseed, to continue with the powers and control of Coinseed as set forth in the Supplemental Order (NYSCEF No. 49); and it is further

ORDERED, ADJUDGED AND DECREED the Receiver the power to liquidate for the benefit of defrauded investors, all money and property derived by the Defendants by means of any of the fraudulent acts and practices alleged herein, including also all moneys and property with which such moneys and property have been mingled, because such moneys and property cannot be identified in kind because of such commingling, together with any or all books of account and papers relating to such moneys and property; and it is further

CONTINUING JURISDICTION

ORDERED that this Court shall retain jurisdiction over the matter for all purposes after entry of the judgment; and it is further

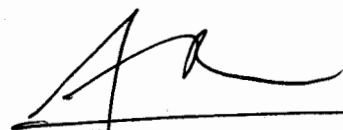
ORDERED, that the OAG be and hereby is permitted to make further applications for such other and further relief as it appears to the OAG is proper and necessary for the enforcement of the judgment;

GENERAL PROVISIONS

ORDERED that the OAG shall serve a copy of this Order and Judgment with notice of entry electronically on the New York State Unified Court System ("NYSCEF") website

So ordered. Enter:

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HON. ANDREW BORROK
J.S.C.

9/9/2021