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8 Attorney for Plaintiffs  
9 PGP LLC, Yehuda Avganim, and  
10 Abraham Chesed

11 **UNITED STATES DISTRICT COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 PGP LLC, a California limited liability company; Yehuda Avganim,  
14 an individual; and Abraham Chesed, an individual,  
15 )  
16 Plaintiffs, ) **CASE NO.: 2:19-cv-177**  
17 vs. ) **COMPLAINT FOR VIOLATIONS OF**  
18 ) **THE SECURITIES ACT OF 1933**  
19 OPSKINS GROUP INC., a Canadian Company dba WORLDWIDE ASSET )  
20 EXCHANGE; WILLIAM QUIGLEY, )  
21 an individual; JONATHAN YANTIS, ) **JURY TRIAL DEMANDED**  
22 JR., an individual, and DOES 1-10, )  
23 inclusive, )  
24 Defendants. )  
25 )  
26 )  
27 )  
28 )

1 **JURISDICTION**

2 1. This Court has subject matter jurisdiction over this action pursuant to  
3 28 U.S.C. § 1331 because Plaintiffs allege violations of the Securities Act.

4 2. This Court has personal jurisdiction over Defendants because  
5 Defendants either conduct business in this District or are present in this District for  
6 jurisdictional purposes. Defendants have sufficient minimum contacts with this  
7 District as to render the exercise of jurisdiction by this Court permissible under  
8 traditional notions of fair play and substantial justice. Defendants solicited investors  
9 in this District, including Plaintiff, to purchase WAX tokens and obtained money or  
10 valuable cryptocurrency from those investors.

11 3. Defendants have purposefully availed themselves of the benefits of  
12 operating in this jurisdiction, and this Court may exercise personal jurisdiction over  
13 Defendants.

14 **NATURE OF THE ACTION**

15 4. Plaintiffs bring this action against Defendants for their violation of  
16 Sections 5, 12, and 15 of the Securities Act of 1933 (the “Securities Act”).  
17 Specifically, in connection with the offer and sale of WAX tokens to Plaintiffs,  
18 Defendants raised \$2.5 million by offering and selling unregistered securities in  
19 direct violation of the Securities Act.

20 5. Among other indicia of a securities offering, Defendants touted that the  
21 WAX tokens received in exchange for investors’ investments would be worth more  
22 than the moneys they paid. Additionally, Defendants created a sense of urgency for  
23 investors including Plaintiffs to make their investments to capitalize on the profit  
24 potential of the investment.

25 6. The Securities Act’s registration requirements are designed to protect  
26 investors by ensuring that they are provided adequate information upon which to  
27 base their investment decisions.

28



1 Yantis knowingly and actively participated in the offer and sale of the WAX tokens  
2 to Plaintiffs.

3 12. Defendant John Brechisci, Jr. is an individual who, upon information  
4 and belief, resides and/or does business in California. He is the CTO and Founder  
5 of OPSkins. Brechisci, Jr. knowingly and actively participated in the offer and sale  
6 of the WAX tokens to Plaintiffs.

7 13. Plaintiffs are ignorant of the true names and capacities of the  
8 Defendants sued herein as Does 1 – 10 and therefore sue said Defendants by such  
9 fictitious names. Plaintiffs will amend this Complaint to allege the true names and  
10 capacities when the same has been ascertained. All of the Doe Defendants and each  
11 of them were the agents and principals of all of the other defendants and were acting  
12 in the course and scope of their authority and in concert with one another.

13 **VENUE**

14 14. Venue is proper in this District pursuant to 28 U.S.C. § 1391 and  
15 Section 22 of the Securities Act, 15 U.S.C. § 77v, because: (a) the conduct at issue  
16 took place and had an effect in this judicial District; (b) a substantial part of the  
17 events or omissions giving rise to Plaintiff’s claims occurred in this District; and (c)  
18 Defendants have received substantial compensation and other transfers of money by  
19 transacting business in this District and engaging in activities that have an effect in  
20 this District.

21 **FACTUAL ALLEGATIONS**

22 15. OPSkins claims to be the world’s largest platform for video game  
23 virtual goods traders.

24 16. In order to capitalize on the extensively publicized gains in widely  
25 accepted cryptocurrencies such as Bitcoin and Ether, OPSkins decided to invent its  
26 own new currency for use only within its own WAX platform that it intended to  
27 develop and operate.

28

1           17. According to Version 1.9 of a White Paper issued by WAX dated  
2 March 29, 2018 (the “White Paper”) (multiple versions of the white paper were  
3 issued in 2017 and 2018), OPSkins decided to build a blockchain protocol called  
4 Worldwide Asset eXchange (WAX), designed to enable an unlimited number of  
5 marketplaces operated by individuals or small businesses to buy, sell and trade  
6 virtual goods at scale with just a few clicks.

7           18. According to the White Paper, the role of the WAX Platform as a  
8 virtual goods marketplace is to decentralize exchanges while allowing users to  
9 purchase goods with a global token. According to the White Paper, each year,  
10 400M+ gamers purchase \$50B+ in virtual items worldwide. The White Paper  
11 claims that, with WAX, there will be massive liquidity where buyers and sellers will  
12 get the best prices and the quickest settlement, while the global gamer community as  
13 a whole will receive their own secure virtual asset exchanges on the blockchain.

14           19. According to the White Paper, WAX Token (market abbreviation  
15 WAX) is the native token of the WAX Platform and supports all activities and  
16 functionality on the WAX Platform, including allowing users to list items for sale,  
17 transact value between each other, settle the transfer of virtual goods, and create and  
18 service contracts.

19           20. According to the White Paper, the total supply of WAX Tokens that  
20 will ever be created is \$1,850,000,000.

21           21. According to the White Paper, WAX conducted a Token Sale in 2017  
22 pursuant to which 64,750,000 WAX Tokens were sold. In the White Paper, WAX  
23 advised that the proceeds of the Token Sale would be immediately leveraged to  
24 support WAX’s on-going development and operations. Other WAX Tokens were  
25 issued or sold for market development purposes, to early contributors and advisors,  
26 to the WAX Team and Founders, and through sales to the public facilitated by  
27 Defendants. Defendants heavily promoted WAX Tokens through various means  
28 before, during, and after the Token Sale.

1           22. On January 10 and 11, 2018, Defendants offered and/or sold, or were  
2 controlling persons of those who offered and/or sold, WAX Tokens to Plaintiffs for  
3 \$2.5 million.

4           23. The WAX Token sales were offers and sales of securities because  
5 Defendants touted, and Plaintiffs and other investors reasonably expected, that the  
6 value of WAX Tokens received in exchange for their investments would grow as the  
7 result of OPSkins' successful launch and cultivation of the WAX Platform.

8           24. Under the federal securities laws, the definition of a security includes  
9 an "investment contract." The United States Supreme Court has defined  
10 "investment contract" as a contract, transaction, or scheme whereby a person invests  
11 his or her money in a common enterprise and is led to expect profits solely from the  
12 efforts of the promoter or a third party. *S.E.C. v. Howey*, 328 U.S. 293, 299 (1946).

13           25. Plaintiffs and other investors invested their money in WAX Tokens.  
14 Investors paid either U.S. dollars or with cryptocurrency such as Bitcoin or Ether to  
15 purchase their WAX Tokens from Defendants. Such an investment is the type of  
16 contribution of value that creates an investment contract.

17           26. By purchasing WAX Tokens, Plaintiffs joined Defendants  
18 in the "common enterprise" of establishing the WAX Platform, where WAX Tokens  
19 would be the established and sole currency.

20           27. Through their words and actions, Defendants led investors including  
21 Plaintiffs to expect a profit from the purchase of WAX Tokens. Defendants  
22 introduced WAX Tokens as the exclusive form of payment on the WAX Platform  
23 and made clear to potential investors that the tokens would be issued in a  
24 limited supply. Potential investors logically concluded that the development and  
25 growth of the WAX Platform would create additional demand for WAX Tokens and  
26 increase their value.

27           28. Defendants have encouraged investors to focus on the profit potential  
28

1 of WAX Tokens by seeking to have and having WAX Tokens listed on  
2 cryptocurrency exchanges and making their efforts and successes known to potential  
3 investors.

4 29. When Plaintiffs invested in WAX Tokens, the WAX Platform had only  
5 limited functionality, and it had not been launched for public use. Plaintiffs had no  
6 power to bring about the full implementation of the platform, and they relied on  
7 Defendants' managerial and entrepreneurial efforts to make the platform fully  
8 available to the public, as OPSkins had promised. As of the time of the filing of this  
9 complaint, the platform is still not fully functional.

10 30. Defendants have sole control over the money they raised through sales  
11 of WAX Tokens and the management of those funds in connection with the WAX  
12 Platform.

13 31. WAX Token investors have to rely on Defendants to: (a) market the  
14 sale of WAX Tokens and generate publicity by posting on message boards, social  
15 media, and other outlets, and (b) raise the necessary funding to finance the build out  
16 of the WAX Platform. Investors have to rely on Defendants to: (a) manage the  
17 funds that have been raised from WAX Token investors, (b) develop and build the  
18 WAX Platform, and (c) market the WAX Platform concept to potential users and  
19 seek mass adoption of the WAX Platform.

20 32. Investors are forced to similarly rely on Defendants to maintain a  
21 WAX Token listing on cryptocurrency exchanges that allow for active trading.

22 33. If and when the WAX Platform is brought to full functionality  
23 and public availability, WAX Token investors will continue to rely on the  
24 managerial and entrepreneurial efforts of Defendants to maintain the platform.  
25 Defendants alone control the essential platform functions that determine the value of  
26 the investors' tokens.

27 34. Investors in the WAX Tokens have no power or control over their  
28 investments once they hand their payment over to Defendants. Defendants control

1 all pertinent information about the company, manage the development of the  
2 platform, and choose what types of information to provide to investors and when  
3 that information is disseminated.

4 **CLAIMS ALLEGED**

5 **COUNT 1**

6 **Violation of the Securities Act (Sections 5 and 12)**  
7 **(Against all Defendants)**

8 35. Plaintiffs repeat and re-allege each and every allegation above as if set  
9 forth herein.

10 36. Section 5(a) of the Securities Act prohibits the direct or indirect use of  
11 any means or instruments of transportation or communication in interstate  
12 commerce or of the mails to offer to sell or to actually sell securities, or to carry or  
13 cause such securities to be carried through the mails or interstate commerce for the  
14 purpose of sale or for delivery after sale, unless a registration statement is in effect  
15 as to that security. 15 U.S.C. § 77e(a).

16 37. Section 5(c) of the Securities Act makes it unlawful for any person to  
17 directly or indirectly make use of any means or instruments of transportation or  
18 communication in interstate commerce or of the mails to offer to sell or buy through  
19 the use or medium of any prospectus or otherwise any security, unless a registration  
20 has been filed as to such security or the security is exempt from registration. 15  
21 U.S.C. § 77e(c).

22 38. Section 12(a)(1) of the Securities Act grants Plaintiffs a private right of  
23 action against any person who offers or sells a security in violation of Section 5, and  
24 states that such person:

25 Shall be liable . . . to the person purchasing such security  
26 from him, who may sue either at law or in equity in any  
27 court of competent jurisdiction, to recover consideration  
28 for such security with interest thereon, less the amount of



1 any income received thereon, upon the tender of such  
2 security, or for damages if he no longer owns the  
3 security.

4 15 U.S.C. § 771(a)(2).

5 39. On January 10 and 11, 2018, Defendants unlawfully made use of means  
6 or instruments of transportation or communication in interstate commerce or of the  
7 mails for the purposes of offering, selling, or delivering unregistered securities in  
8 direct violation of the Securities Act.

9 40. Defendants are “sellers” within the meaning of 15 U.S.C. § 77e  
10 because Defendants solicited Plaintiffs’ investment in WAX Tokens, actively and  
11 knowingly participated in the offer and sale of WAX Tokens to Plaintiffs, facilitated  
12 the exchange of Bitcoin and Ether worth \$2.5 million by Plaintiffs for the WAX  
13 Tokens, and/or sold WAX Tokens they held or controlled to Plaintiffs.

14 41. The sale of WAX Tokens to Plaintiffs was a sale of unregistered  
15 securities under controlling federal law. WAX Tokens exhibit the following  
16 particular benchmarks of a security under the *Howey* test: (a) in order to receive any  
17 WAX Tokens, an investment of money in the form of U.S. dollars or a digital  
18 currency such as Bitcoin or Ether was required; (b) the investment of money was  
19 made into the common enterprise that is Defendants’ blockchain-based WAX  
20 Platform; (c) an investor’s return on a WAX Token investment is directly  
21 proportional to the amount of the investor’s financial stake and number of WAX  
22 Tokens owned; (d) investors including Plaintiffs were attracted to the investment by  
23 the prospect of a profit on the investment rather than a desire to use or consume the  
24 item purchased; (e) any such profits would be derived solely from the efforts of  
25 others; and (f) any potential returns on the investment are entirely reliant on  
26 Defendants’ ability to launch and grow the WAX Platform.

27 42. The sale of WAX Tokens to Plaintiffs was not a transaction exempt  
28 from the registration requirements of Section 5.

1 43. No registration statements have been filed with the United States  
2 Securities and Exchange Commission or have been in effect with respect to the  
3 the offerings or sales alleged herein. Further, there are no exemptions from  
4 registration available.

5 44. By reason of the foregoing, Defendants have violated Sections 5(a) and  
6 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and (c).

7 45. As a direct and proximate result of Defendants' unregistered sale of  
8 securities in violation of the Securities Act, Plaintiffs have suffered damages in  
9 connection with their purchases of WAX Token securities. As such, Defendants are  
10 liable to Plaintiffs for rescission and compensatory damages.

11 **COUNT 2**  
12 **Violation of the Securities Act (Section 15)**  
13 **(Against all Individual Defendants)**

14 46. Plaintiffs repeat and re-allege each and every allegation above as if set  
15 forth herein.

16 47. Section 15 of the Securities Act provides for joint and several liability  
17 for "controlling persons" who had sufficient power or influence over a person or  
18 entity that violated federal securities laws:

19 Every person who, by or through stock ownership,  
20 agency, or otherwise, or who, pursuant to or in  
21 connection with an agreement or understanding with one  
22 or more other persons by or through stock ownership,  
23 agency, or otherwise, controls any person liable under  
24 section 77k or 77l of this title, shall also be liable jointly  
25 and severally with and to the same as extent as such  
26 controlled person to any person to whom such controlled  
27 person is liable, unless the controlling person had no  
28 knowledge of or reasonable ground to believe in the

1 existence of the facts by reason of which the liability of  
2 the controlled person is alleged to exist.

3 15 U.S.C. § 77o(a).

4 48. Defendant William Quigley is subject to liability by virtue of his top-  
5 level executive positions with OPSkins and WAX and his significant influence and  
6 supervisory authority over them. Quigley is a Co-Founder of WAX and serves as its  
7 Chief Executive Officer, which provided him the power to control or influence the  
8 actions of WAX and persons affiliated with WAX. Quigley is also subject to  
9 liability because he knowingly and actively participated in the offer and sale of the  
10 unregistered WAX Token securities to Plaintiffs in direct violation of the Securities  
11 Act. Quigley is a “controlling person” within the meaning of Section 15(a) of the  
12 Securities Act, 15 U.S.C. § 77o.

13 49. Defendant Jonathan Yantis is subject to liability by virtue of his top-  
14 level executive positions with OPSkins and WAX and his significant influence and  
15 supervisory authority over them. Yantis is the COO of OPSkins and WAX, which  
16 provided him the power to control or influence the actions of WAX and persons  
17 affiliated with WAX. Yantis is also subject to liability because he knowingly and  
18 actively participated in the offer and sale of the WAX Token unregistered securities  
19 to Plaintiffs in direct violation of the Securities Act. Yantis is a “controlling person”  
20 within the meaning of Section 15(a) of the Securities Act, 15 U.S.C. § 77o.

21 50. Defendant Jonathan Brechisci, Jr. is subject to liability by virtue of his  
22 top-level executive position with OPSkins and his significant influence and  
23 supervisory authority over the company. Brechisci, Jr. is the CTO and Founder of  
24 OPSkins, which provided him the power to control or influence the actions of WAX  
25 and persons affiliated with WAX. Brechisci, Jr. is also subject to liability because  
26 he knowingly and actively participated in the offer and sale of the WAX Token  
27 unregistered securities to Plaintiffs in direct violation of the Securities Act.

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1 Brechisci, Jr. is a “controlling person” within the meaning of Section 15(a) of the  
2 Securities Act, 15 U.S.C. § 77o.

3 51. Plaintiffs have suffered damages as a result Defendants’ roles as  
4 “controlling persons” of entities or persons who violated Section 5 of the Securities  
5 Act.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiffs respectfully request that the Court enter  
8 judgment and relief as follows:

9 A. Declaring the sale of WAX Tokens a security under the federal  
10 securities laws;

11 B. Declaring that Defendants offered and sold unregistered securities in  
12 violation of federal securities laws;

13 C. Declaring that Defendants are liable to Plaintiffs under  
14 Sections 12(a)(1) and 15(a) of the Securities Act;

15 D. Ordering rescission of Plaintiffs’ investments in WAX Tokens;

16 E. Awarding Plaintiffs compensatory damages for the  
17 injuries alleged herein;

18 F. Awarding prejudgment and post-judgment interest;

19 G. Awarding Plaintiffs the costs of this action, including a reasonable  
20 allowance for attorneys’ fees and litigation costs and expenses; and

21 H. Ordering such other and further relief as may be just and proper.

22 DATED: January 9, 2019

Respectfully Submitted,

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By: /s/ Jeffrey N. Goldberg

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**DEMAND FOR JURY TRIAL**

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiffs demand a trial by jury of all claims in this Complaint so triable.

DATED: January 9, 2019

Respectfully Submitted,

By: /s/ Jeffrey N. Goldberg

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