

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

MORGAN C. HUNTLEY,

Plaintiff,

v.

VBIT TECHNOLOGIES CORP., VBIT
MINING LLC, ADVANCED MINING
GROUP, DANH CONG VO a/k/a DON VO,
KATIE VO, SEAN TU, JIN GAO, LILLIAN
ZHAO, JOHN DOE INDIVIDUALS 1-10,
and ABC COMPANIES 1-10,

Defendants.

Case No.:

CIVIL ACTION

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Morgan C. Huntley (“Plaintiff”), through his undersigned attorneys, brings this Complaint against defendants VBIT Technologies Corp. (“VBIT Tech”), VBIT Mining LLC (“VBIT Mining”), Advanced Mining Group (“Advanced Mining”), Danh Vo a/k/a Don Cong Vo (“Mr. Vo”), Katie Vo (“Ms. Vo”), Lillian Zhou (“Ms. Zhao”), Sean Tu (“Mr. Tu”), and Jin Gao (“Mr. Gao and, together with the foregoing defendants, the “Defendants”), for violations of federal securities laws and Delaware law. In support of this Complaint, Plaintiff alleges the following:

NATURE OF THE ACTION

1. In a “rug-pool” scheme that unfortunately has become common in the cryptocurrency industry, Defendants used the lure of profits from the mining of Bitcoin to defraud investors, including Plaintiff.

2. Though shrouded in technological savvy and industry jargon, Defendants’ scheme was simple: they appear to have offered and sold unregistered securities composed of products

and services that did not exist in the form they said it did and, when their scheme inevitably unraveled, they left Plaintiff high and dry.

3. As a result of Defendants' fraudulent scheme, Plaintiff has been damaged in the principal amount of \$189,790.83, plus interest, lost profits, and other damages.

4. Specifically, between March 19, 2021 and February 25, 2022, Plaintiff entered into four separate agreements with Defendants VBIT Tech, VBIT Mining, and Advanced Mining whereby Defendants would purportedly host physical Bitcoin mining equipment at facilities it owned, which in turn would allow Plaintiff to mine and procure units or subunits of the popular virtual currency known as Bitcoin. In exchange, Plaintiff paid Defendants more than \$200,000 dollars in purported hardware charges and hosting fees.

5. According to Defendants, their mining equipment would allow investors such as Plaintiff to utilize computing power to "mine" for Bitcoin.¹ By mining for Bitcoin using Defendants' equipment, Plaintiff was told, Plaintiff would be rewarded with new Bitcoin, a unit of which is worth tens of thousands of dollars but varies depending on market conditions.

6. In total, Plaintiff invested approximately \$207,810 in U.S. and Bitcoin currency with Defendants in exchange for Defendants' purported equipment and "hosting" services.

7. In or about June 2022, Plaintiff discovered that he was unable to make withdrawals of Bitcoin from his "virtual wallet," which was located in an online dashboard hosted by Defendants.

8. Though Defendants chalked it up to mere technical glitches described as "batching issues," upon information and belief, Plaintiff's so-called individualized "virtual wallet" appears

¹ "Mining" for virtual or cryptocurrency entails applying great amounts of computer power to solve complex algorithms or equations that verify "blocks" of transactions in the particular cryptocurrency — here, Bitcoin.

to be nothing but a smokescreen — upon information and belief, it was merely numbers contained in a virtual database and not individualized units of Bitcoin associated with individual customers.

9. Upon information and belief, Defendants were not offering and maintaining individualized, hardware-hosted mining services to Plaintiff and other investors, as they represented; rather, Defendants either were engaged in “cloud mining,” or a similar arrangement whereby customers’ computing power—dubbed a “hash rate”—is pooled together and wholly unrelated to the physical products and service they are purportedly being sold.

10. Thus, Plaintiff was promised individualized, specialized, cutting edge computer technology touted by Defendants as capable of producing hefty returns, upon information and belief, Plaintiff never received the individualized mining equipment and services that he paid for; rather, upon information and belief, Plaintiff’s \$207,810 investment was pooled with investments from other customers, and the Bitcoins appearing in Plaintiff’s “virtual wallet” were mere investment returns arbitrarily determined by Defendants.

11. Upon information and belief, Defendants’ fraudulent scheme unraveled when the market price of Bitcoin began to tumble in April 2022. It was only after the price of Bitcoin dropped precipitously did Plaintiff lose control over his “Advanced Mining”—hosted dashboard, which prevented and continues to prevent Plaintiff from making withdrawals from his so-called virtual wallet.

12. Defendants’ activities have all the markings of a Ponzi scheme cloaked in technological sophistication. Upon information and belief, Defendants sold far more computing power than they pooled, owned, or leased from third parties, they impermissibly used for their benefit Bitcoin that was supposed to be earmarked solely for Plaintiff, and they presently owe

Plaintiff and other investors returns far in excess of what they were making on their mining operations.

13. As discussed more fully below, all of the Defendants have engaged in securities fraud and common law fraud, in violation of Delaware law and the Securities Exchange Act of 1934 (the “Securities Act”). Further, Mr. Vo, Ms. Vo, Ms. Zhou, Mr. Tu, and Mr. Gao (the “Individual Defendants”) are all culpable participants in Defendants’ fraudulent scheme, committing acts of misfeasance such that the Individual Defendants should be held personally liable for the misconduct of VBIT Tech, VBIT Mining, and Advanced Mining (collectively, the “Entity Defendants”).

JURISDICTION AND VENUE

14. This Court has jurisdiction over the subject matter of this action under the Securities Act, 15 U.S.C.A §77o and 28 U.S.C.A. § 1331. Plaintiff’s claims arise under Sections 10(b) and 15 of the Securities Act, 15 U.S.C. §§ 78k(b) and 78t(a). This Court has supplemental jurisdiction, under 28 U.S.C. §1367, over all remaining state common law claims.

15. The contractual agreements referenced herein and the products and services sold thereunder, *i.e.*, Defendants’ “hosting services” and “mining equipment,” constitute investment contracts and securities, respectively, under Section 3(a)(10) of the Securities Act, 15 U.S.C.A. § 78c, because they are investments in common ventures premised on a reasonable expectation of profits to be derived primarily from the entrepreneurial or managerial efforts of others.

16. Separately, this Court independently has jurisdiction over the subject matter of this action under 28 U.S.C.A. § 1332(a)(1) because, upon information and belief, the parties are citizens of different States and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

17. Venue is proper in this District under 28 U.S.C.A. § 1391 because the underlying investment contracts entered into by the parties requires that venue shall be located in this District.

18. Defendants utilized interstate commerce to advance their fraudulent scheme.

THE PARTIES

19. Plaintiff Morgan C. Huntley is a competent adult individual with an address located at 1 Washington Street, Newport, Rhode Island 02840.

20. Defendant VBIT Tech is a Delaware corporation with a principal place of business located at 1625 Washington Avenue, Philadelphia, Pennsylvania 19146.

21. Defendant VBIT Mining is a Delaware limited liability company with a principal place of business located at 1625 Washington Avenue, Philadelphia, Pennsylvania 19146. Upon information and belief, none of VBIT Mining's members are domiciled in Rhode Island.

22. According to Defendants, VBIT Mining is a direct subsidiary of VBIT Tech.

23. According to Defendants, Defendant Advanced Mining is an "Asian-based," foreign entity whose activities either are located at 1625 Washington Avenue, Philadelphia, Pennsylvania 19146, and/or who operates as the alter ego or instrumentality of VBIT Tech, VBIT Mining, and/or the Individual Defendants.

24. Defendant Mr. Vo is a competent adult individual who, upon information and belief, resides at 1823 S. Dover Street, Philadelphia, Pennsylvania 19145. Mr. Vo was the Chief Executive Officer of VBIT Tech and VBIT Mining until in or about January 2022.

25. Defendant Ms. Vo is a competent adult individual who, upon information and belief, resides at 1823 S. Dover Street, Philadelphia, Pennsylvania 19145.

26. Defendant Mr. Tu is a competent adult individual who, upon information and belief, resides at 1390 Braun Court, Eagon, Minnesota 55123. Mr. Tu is the former Chief Technology

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.