UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

TYLER TOOMEY, on behalf of himself and all others similarly situated, Plaintiff, v. RIPPLE LABS, INC., XRP II, LLC, and BRADLEY GARLINGHOUSE, Defendants.	Civil Action No.

CLASS ACTION COMPLAINT, DEMAND FOR JURY TRIAL, INJUNCTIVE RELIEF SOUGHT

Plaintiff Tyler Toomey ("Plaintiff") brings this action on behalf of himself and all others similarly situated against Defendants Ripple Labs, Inc. ("Ripple"), XRP II, LLC, and Bradley Garlinghouse (collectively "Defendants"). Plaintiff makes the following allegations pursuant to the investigation of his counsel and based upon information and belief, except as to the allegations specifically pertaining to himself, which are based on personal knowledge.

NATURE OF THE ACTION

1. This is a class action lawsuit regarding Defendants' sale of XRP cryptocurrency tokens to Florida residents in violation of Florida securities laws. Specifically, Defendants sold millions of dollars (or more) of XRP tokens, which are securities under Florida law, to Florida investors without registering the same either with federal or Florida authorities.

2. Recently, the United States Securities and Exchange Commission ("SEC") filed a lawsuit against Defendants and certain other individuals, *Securities And Exchange Commission v. Ripple Labs, Inc., et al.*, Case No. 1:20-cv-10832 (S.D.N.Y.), alleging that "[f]rom at least 2013 through the present, Defendants sold over 14.6 billion units of a digital asset security called

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'XRP,' in return for cash or other consideration worth over $1.38 billion U.S. Dollars ("USD"), to fund Ripple's operations [. . .]. Defendant[] undertook this distribution without registering their offers and sales of XRP with the SEC as required by the federal securities laws, and no exemption from this requirement applied."[1] Defendants similarly failed to comply with Florida securities laws by failing to register with the Florida Office of Financial Regulation.

3. Under the Florida Securities and Investor Protection Act (the "Act"), "[i]t is unlawful [. . .] for any person to sell or offer to sell a security within this state unless the security is exempt [or] registered pursuant to this chapter." Fla. Stat. Ann. § 517.07(1). The Act further provides that "[n]o securities that are required to be registered under this chapter shall be sold or offered for sale within this state unless such securities have been registered pursuant to this chapter and unless prior to each sale the purchaser is furnished with a prospectus meeting the requirements of rules adopted by the commission." Fla. Stat. Ann. § 517.07(2).

4. Ripple's XRP tokens are securities because they qualify as "investment contracts" under Florida law. Fla. Stat. Ann. § 517.021(22)(q).

5. Defendants did not provide Florida investors with material information regarding the offering of XRP, as would have been required had Defendants complied with the law.

6. Defendants began their unregistered and unlawful sale of XRP in 2013, despite having knowledge as early as 2012 that XRP could be considered an "investment contract" under federal and, by extension, Florida law. Nevertheless, Defendants chose to disregard filing requirements and initiated a vast offering of XRP without registration. Further, Defendants made affirmative representations to the investing public that XRP is not a security, when in fact it is.

[1] The SEC's Complaint is attached hereto as Exhibit A.

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7. Defendants continued to sell unregistered XRP to consumers from 2013 through the present. However, after the filing of the SEC suit, several major cryptocurrency exchanges have elected to delist XRP, ostensibly to avoid liability for selling an unregistered security. This includes major exchanges Coinbase, Binance.US, OkCoin, and most recently Blockchain.com.[2]

8. Through this strategy, Ripple has raised well over a billion dollars through the sale of XRP, which has been used to fund the company's operations, as well as substantially enriching Ripple's executives, to the tune of $600 million.

9. Defendants still hold substantial XRP that they can continue to monetize, while creating substantial risk to investors. As such, injunctive relief is appropriate.

10. Based on the foregoing, and the allegations set forth below, Plaintiff brings this action for violation of the Florida Securities and Investor Protection Act, violation of Florida's Deceptive and Unfair Trade Practices Act, Fla. Stat. Ann. §§ 501.201, *et seq.* ("FDUTPA"), fraudulent misrepresentation, negligent misrepresentation, unjust enrichment, and money had and received.

11. As a result of Defendants' conduct, Plaintiff and Class members have suffered damages.

PARTIES

12. Plaintiff Tyler Toomey is a citizen of Florida who resides in Jacksonville, Florida. Plaintiff purchased 135 XRP on or around November 24, 2020 for $97.80. Plaintiff sold his XRP first in a transaction on or around December 7, 2020 wherein he sold 33.1 XRP for $20, and second in a transaction on or around December 28, 2020 wherein he sold 101.9 XRP for 0.0383 Ethereum ($28.56). Thus, Plaintiff sustained a loss of $48.56, or just over 50% of his

[2] https://cointelegraph.com/news/blockchain-com-follows-other-exchanges-in-delisting-xrp (last visited 1/7/21).

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