

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

AARON MURPHY, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

ARGO BLOCKCHAIN PLC, PETER WALL,
ALEX APPLETON, MATTHEW SHAW,
SARAH GOW, COLLEEN SULLIVAN, and
MARIA PERRELLA,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Aaron Murphy (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Argo Blockchain plc (“Argo” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired: (a) Argo American

Depository Shares (“ADSs”) pursuant and/or traceable to the Offering Documents (defined below) issued in connection with the Company’s initial public offering conducted on or about September 23, 2021 (the “IPO” or “Offering”); and/or (b) Argo securities between September 23, 2021 and October 10, 2022, both dates inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Argo, together with its subsidiaries, purports to engage in the cryptocurrency mining business worldwide, including the mining of Bitcoin or Bitcoin equivalents (together, “BTC”).

3. Argo maintains a fleet of thousands of BTC mining machines at facilities located in Canada and Dickens County, Texas. The Company’s Texas facility is referred to as its “Helios” facility.

4. On August 19, 2021, Argo filed a registration statement on Form F-1 with the SEC in connection with the IPO, which, after several amendments, was declared effective by the SEC on September 22, 2021 (the “Registration Statement”).

5. On September 23, 2021, Argo filed a prospectus on Form 424B4 with the SEC in connection with the IPO, which incorporated and formed part of the Registration Statement (the “Prospectus” and, together with the Registration Statement, the “Offering Documents”).

6. On or about September 23, 2021, pursuant to the Offering Documents, Argo conducted the IPO, issuing 7.5 million ADSs to the public at the Offering price of \$15 per ADS for approximate proceeds of \$105 million to the Company before expenses and after applicable underwriting discounts and commissions.

7. The Offering Documents were negligently prepared and, as a result, contained untrue statements of material fact or omitted to state other facts necessary to make the statements made not misleading and were not prepared in accordance with the rules and regulations governing their preparation. Additionally, throughout the Class Period, Defendants made materially false and misleading statements regarding the Company's business, operations, and prospects. Specifically, the Offering Documents and Defendants made false and/or misleading statements and/or failed to disclose that: (i) Argo was highly susceptible to and/or suffered from significant capital constraints, electricity and other costs, and network difficulties; (ii) the foregoing issues hampered, *inter alia*, Argo's ability to mine BTC, execute its business strategy, meet its obligations, and operate its Helios facility; (iii) as a result, Argo's business was less sustainable than Defendants had led investors to believe; (iv) accordingly, Argo's business and financial prospects were overstated; and (v) as a result, the Offering Documents and Defendants' public statements throughout the Class Period were materially false and/or misleading and failed to state information required to be stated therein.

8. On June 7, 2022, Argo issued a press release providing an operational update, in which it disclosed that it had mined approximately 25% fewer BTC in May 2022 compared to April 2022 because of, *inter alia*, increased network difficulty, higher electricity prices, and the curtailment of mining operations at its Helios facility.

9. On this news, Argo's ADS price fell \$0.28 per ADS, or 4.4%, to close at \$6.09 per ADS on June 7, 2022.

10. On October 7, 2022, Argo issued a press release "announc[ing] several strategic actions that are intended to bring in additional capital to the business and ensure that the Company has the working capital necessary to execute its current strategy and meet its obligations over the

next twelve months.” Argo stated that in addition to measures being undertaken to reduce costs and preserve capital, the Company had signed a non-binding letter of intent with an affiliate of New York Digital Investment Group (“NYDIG”) to amend an existing equipment financing agreement, plans to sell 3,400 mining machines for cash proceeds of £6 million, and intends to raise approximately £24 million via a proposed subscription with a strategic investor.

11. On this news, Argo’s ADS price fell \$0.97 per ADS, or 23.26%, to close at \$3.20 per ADS on October 7, 2022.

12. Then, on October 11, 2022, Argo issued a press release providing an operational update, in which it announced that “[d]uring the month of September, Argo mined 215 [BTC] compared to 235 BTC in August 2022” which was “primarily due to a 12% increase in average network difficulty during September.” Argo also stated that it “is continuing to curtail operations at its Helios facility in Dickens County, Texas during periods of high electricity prices” and was replacing the Company’s Chief Technology Officer (“CTO”).

13. On this news, Argo’s ADS price fell \$0.27 per ADS, or 10.98%, to close at \$2.19 per ADS on October 11, 2022.

14. As of the time this Complaint was filed, Argo’s ADSs continue to trade below the \$15 per ADS Offering price, damaging investors.

15. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

16. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o), and Sections 10(b) and 20(a) of the Exchange Act (15

U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

17. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v), and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

18. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and subsequent damages took place in this Judicial District. Pursuant to Argo's most recent annual report on Form 20-F, as of December 31, 2021, there were 468,082,335 of the Company's ordinary shares outstanding. Argo's ADSs, each representing ten of the Company's ordinary shares, trade on the Nasdaq Stock Market ("NASDAQ"). Accordingly, there are presumably hundreds, if not thousands, of investors in Argo's ADSs located in the U.S., some of whom undoubtedly reside in this Judicial District.

19. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

20. Plaintiff, as set forth in the attached Certification, purchased or otherwise acquired Argo ADSs pursuant and/or traceable to the Offering Documents issued in connection with the IPO, and/or Argo securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

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