

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ERIK CROWL, KEITH WADE, ERIC
O'REILLY, ALTON PARKER, STEVEN
HEY, NATHAN COHEN, SAMUEL
GLICK, FARSHID SEPASSI, ROBERT
NEELY, ANTHONY WATSON, TYLER
HANDLEY, QWNTM CAPITAL
LIMITED LIABILITY LIMITED
PARTNERSHIP, DAVID WARD, ANDRE
PAEZ, and SALEM ALOBAID

Plaintiffs,

vs.

STRONGBLOCK, *et al.*,

Defendants.

Dated: October 14, 2022

Case No. 1:22-cv-7313-VSB

MEMORANDUM OF LAW IN
SUPPORT OF DEFENDANTS'
MOTION TO DISMISS
AND COMPEL ARBITRATION

Respectfully submitted,

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PRELIMINARY STATEMENT

Defendant Jenison Holdings SEZC, improperly named in this action by its registered tradename “Strongblock,”¹ and individual Defendants David Moss, Brian Abramson, Corey Lederer, and Konstantin Shkut (collectively “Defendants”) respectfully ask the Court to dismiss this action, in its entirety, and compel arbitration. This Court does not have jurisdiction over this dispute because Plaintiffs’ claims are covered by a valid and binding arbitration agreement that they assented to when they signed up for StrongBlock’s services. Plaintiffs filed this action against Defendants on August 26, 2022, alleging violations of the Securities Act, and common law claims for breach of contract, conversion, misrepresentation, fraudulent inducement, negligence and unjust enrichment. The crux of Plaintiffs’ Complaint is that StrongBlock’s tokens and nodes are purportedly unregistered securities, and that Defendants improperly capped the rewards issued for StrongBlock’s nodes. For a variety of reasons, Plaintiffs’ claims lack any merit. But as an initial matter, Plaintiffs’ attempt to bring these claims before this Court directly violates the arbitration agreement they entered into when Plaintiffs accepted the StrongBlock Terms of Service.

Plaintiffs allege that they “purchas[ed] Strongblock . . . nodes from Defendants.” Complaint, ¶¶ 15-29. This allegation renders their claims improperly before this Court because at all relevant times the StrongBlock Terms of Service (“TOS”) included a broad arbitration

¹ Plaintiffs, without any factual support, make the conclusory statement that “Strongblock is an unincorporated general partnership operating within the United States of which the individual Defendants are partners.” Complaint, at ¶ 1. However, as disclosed on StrongBlock’s website and Terms of Service, StrongBlock is an official tradename, registered with the United States Patent and Trademark Office, of Jenison Holdings SEZC, a Special Economic Zone Company located in the Cayman Islands. *See* Declaration of David Moss, **Exhibit A**, at ¶ 4; *see also* Exhibit A-2 (Terms of Service).

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