UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____, Individually and On Behalf of All Others Similarly Situated,

Plaintiff,

v.

EQONEX LIMITED, BINANCE GROUP, BIFINITY UAB, JONATHAN FARNELL, DANIEL LING, ALMIRA CEMMELL, YU HELEN HAI, and ZHAO CHANGPENG,

Defendants.

Case No.

CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

Plaintiff ___ ("Plaintiff"), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief are based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Eqonex Limited ("Eqonex" or the "Company") with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Eqonex and Binance Group "(Binance"); and (c) review of other publicly available information concerning Eqonex and Binance.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Eqonex securities between March 7, 2022 and November 29, 2022, inclusive (the "Class Period") and/or unregistered EQO securities between April 8, 2021 and the present (the "Unregistered Securities Class Period") (collectively, the "Classes"), against Eqonex, Binance, Bifinity UAB ("Bifinity"), Jonathan Farnell ("Farnell"), Daniel Ling ("Ling"), Almira Cemmell ("Cemmell"), Yu Helen Hai ("Hai"), and Zhao Changpeng ("Changpeng") (collectively, the "Defendants"), seeking to recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and/or §§5 and 12(a)(1) of the Securities Act of 1933 (the "Securities Act").

2. Entering the Class Period, Eqonex (formerly Diginex Limited) was a Singapore-domiciled digital assets financial services company which operated four business lines: Custody, Asset Management, Brokerage, and the Eqonex Exchange (the "Exchange").

3. The Custody business was composed of Digivault, a stand-alone digital asset custodian based in the United Kingdom ("U.K.") which was the first one to be registered with U.K. Financial Conduct Authority ("FCA"). The Asset Management business was composed of Bletchley Park, a fund of hedge funds operating in Switzerland, and Eqonex Investment Products, which issues publicly placed exchange-traded products listed on globally recognized exchanges. The Brokerage business was made up of Eqonex OTC, an over-the-counter brokerage business operating from Hong Kong and Singapore; Eqonex Lending, a borrowing and lending business; and Eqonex Structured Products, which offers bespoke private placements against underlying crypto assets. The Exchange business offered the trading of Virtual Currencies and their respective derivatives, and facilitated the trading of products in BTC, ETH, BCH, USDC, USDT and EQONEX's alleged utility token known as EQO ("EQO Token" or "Token"), through a purportedly "compliant, secure, fair, and equitable platform."

4. The Class Period begins on March 7, 2022, when Eqonex announced that it had entered into a "strategic partnership" with Bifinity, a payments technology company affiliated with Binance and launched that same day. Eqonex further announced that Bifinity had been powering Binance's fiat-to-crypto on and off-ramps since 2021, processing millions in transactions globally. Bifinity is 100% controlled by Defendant Changpeng as its sole shareholder.

5. Under the partnership, Bifinity issued Eqonex a $36 million convertible loan facility (the "Loan") in exchange for a right to appoint, from within Bifinity, the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Legal Officer ("CLO") of Eqonex, as well as nominate two members for Eqonex's board.

6. The strategic partnership was initially focused on leveraging "Digivault as an FCA regulated custodian, strengthening the technology supporting the Eqonex Exchange, and

expanding Bifinity's geographical footprint through Eqonex's licensing framework." In addition, "[t]he companies said the two will continue to engage in non-binding discussions to explore potential merger opportunities, subject to regulatory approval[,]" and "explore opportunities to grow EQONEX's digital asset investment solutions business."

7. As the market absorbed this news, Eqonex's share price increased over 22%, from a close of $1.46 on March 4, 2022 to a close of $1.79 on March 9, 2022. The market was very optimistic about the strategic partnership, believing it was the first step towards a potential merger between Eqonex and Binance, one of the world's most successful exchanges.

8. Critically, as a result of the strategic partnership, Bifinity acquired specific contractual rights over Eqonex as the parent company of Digivault, which is overseen by the FCA under Britain's money-laundering regulations ("MLRs"). And individuals and entities that were part of Binance may have become beneficial owners of Digivault for the purposes of the MLRs

9. Less than two weeks later, the board of directors of Eqonex ("Board") appointed the nominees of Bifinity for CEO (Defendant Farnell), CFO (Defendant Ling) and Chief Corporate Affairs Officer (Defendant Cemmell), in lieu of a CLO. Pursuant to the terms of the loan agreement, Eqonex's Board also appointed Farnell and Ling as board members. At the same time, these individuals served key management roles at Bifinity and were compensated directly by Bifinity as part of the strategic partnership.

10. Unbeknownst to investors, however, Eqonex had no way of paying back the Loan in the requisite timeframe and Defendants had no intention of consummating a merger between Eqonex and Bifinity or Binance. Rather, Bifinity was developing a custody solution which was very similar to Digivault, but Binance was being prevented by the FCA from undertaking any regulated activity in the UK.

11. As the Class Period wore on, Eqonex investors knew only that the Company's business revenue continued to remain low and its cash position continued to worsen. Those facts demonstrated that very little progress was occurring after the initial hype of the strategic partnership with Bifinity.

12. Then, on August 15, 2022, Eqonex announced plans to exit the crypto exchange space, to close the Exchange, and to focus the Company's resources on its Asset Management and Custody businesses. Despite the Exchange accounting for 79.9% of the Company's revenues in the financial year ending March 31, 2022, Defendant Farnell assured investors that day that, "[w]e have conviction that proactively exiting the crowded exchange space is the right decision to deliver shareholder value" and that "[o]ur Asset Management and Custody business, Digivault, have already made solid progress with the additional resources that we have allocated to them recently, and we are bullish about their prospects as we become an organization focused on these high-potential business areas."

13. That same day, in connection with the closure of the Exchange and in accordance with the Loan agreement, Bifinity granted Eqonex a waiver for the cessation of a major business and Eqonex agreed to increase its share charge of Digivault under the loan agreement from **24.9%** to **100%**.

14. On this news, Eqonex's share price fell over 18% to close at $0.637 on August 17, 2022, on unusually heavy trading volume.

15. Even though Eqonex was closing its Exchange, Defendants' statements assured investors that doing so would "improve the Company's financial position" and was "the right decision to deliver shareholder value" in order for resources to be allocated to the "high-potential" Asset Management and Custody businesses.

16. But on November 21, 2022, Eqonex disclosed that it was "currently in breach of certain provisions of the Loan Agreement and consequently seeking a waiver from Bifinity on such breaches" and "[b]ased on the working capital forecast prepared by management of the [Company], the financial resources available to the [Company] as of March 31, 2022 and up to [November 21, 2022] may not be sufficient to satisfy the working capital requirements of the [Company] for a period of twelve months from th[at] date … which ***may cast significant doubt on the Group's ability to continue as a going concern***."

17. On this news, Eqonex's share price plummeted over 48% to close at $0.141 on November 22, 2022, on unusually heavy trading volume.

18. Then, before markets opened on November 29, 2022, the Company announced receipt of The Nasdaq Stock Market LLC ("NASDAQ")'s Listing Qualifications department's determination that the Company's securities will be delisted from NASDAQ and that trading in the Company's securities will be suspended at the opening of business on November 30, 2022.

19. On this news, Eqonex's share price fell over 34% to close at $0.093 on November 29, 2022, on unusually heavy trading volume.

20. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors that: (1) Defendants were not interested in leveraging the Exchange or deploying resources to strengthen that technology; (2) Eqonex had no way of paying Bifinity back pursuant to the Loan Agreement; (3) Defendants had no intention of consummating a merger between Eqonex and Bifinity or Binance; and (4) as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

21. In addition, the Tokens were highly speculative unregistered securities which Defendants used as a tool to incentivize activity on the Exchange while purportedly providing value to EQO investors.

22. 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

23. The claims asserted herein arise under and pursuant to §§ 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), and §§ 5 and 12(a)(1) of the Securities Act (15 U.S.C. §§77k, 77l(a)(2), and 77o).

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

25. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b), § 27 of the Exchange Act (15 U.S.C. § 78aa(c)), and §22 of the Securities Act (15 U.S.C. §77v).

26. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the U.S. mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

27. Plaintiff ____, as set forth in the accompanying certification, incorporated by reference herein, purchased or otherwise acquired Eqonex securities during the Class Period and EQO securities during the Unregistered Securities 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.

28. Defendant Eqonex, a Singapore-domiciled digital assets financial services company, has subsidiaries in the U.K., Singapore, Hong Kong, Vietnam, South Korea, Germany, Switzerland, Luxembourg, Seychelles, British Virgin Islands and Gibraltar. The subsidiaries in the U.K., Singapore, Hong Kong, Switzerland and Vietnam are the primary operating centers. On June 16, 2021, the legal name of the Company was changed from Diginex Limited to Eqonex Limited. Eqonex's common stock trades on the NASDAQ exchange under the ticker "EQOS."

29. Defendant Binance is the world's leading blockchain ecosystem and cryptocurrency infrastructure provider.

30. Defendant Bifinity is a payments technology company, incorporated in the Republic of Lithuania, that is part of Binance as its official fiat-to-crypto payments provider. Binance launched Bifinity on March 7, 2022 - the same day Eqonex announced the strategic partnership" with Bifinity.

31. Defendant Jonathan Farnell was appointed CEO and a director of the Company on March 17, 2022. As the head of Binance for the U.K. and the CEO of Bifinity, Farnell has a strong background in compliance and was involved in developing Bifinity's global regulatory license and registration roadmap, which was crucial for the official launch of Bifinity in March 2022. Prior to that role, Farnell was the Director of Compliance and a board member of eToro Money, a payments firm registered with the Financial Conduct Authority in the U.K. He also headed operations and was a member of the board of eToroX, the crypto exchange and custody platform.

32. Defendant Daniel Ling was appointed CFO and a director of the Company on April 28, 2022. At the same time, he was and is serving as Bifinity's Director of Strategy. Prior to that

role, Ling was the CFO of Pujiang International Group and in total, had over 27 years of experience in financial and risk management, having served in various roles at notable organizations such as Bridgewater Associates, PricewaterhouseCoopers, the Singapore Exchange and ShoreVest Capital. He graduated with a Bachelor of Arts from Dartmouth College, and received his Master of Business Administration degree from Booth School of Business at University of Chicago.

33. Defendant Almira Cemmell was appointed Chief Corporate Affairs Officer on March 31, 2022. Prior to that role, Almira served as Special Projects Lead for Bifinity where she was responsible for process improvements, project coordination, and the development of new strategic partnerships. Before joining Bifinity, Almira was a Partner and Practice Lead at FTI Consulting in the Global Risk and Investigations Practice in Europe and Africa. Almira is a Young Global Leader of the World Economic Forum and completed the YGL Global Leadership modules at the University of Oxford Sa'id Business School, Harvard Kennedy School, and Yale University.

34. Defendant Yu Helen Hai was appointed a director of the Company on March 17, 2022. She is the president of Bifinity as well as the head of the NFT and fan token platforms of Binance and the Binance Charity Foundation. She had executive education at both Harvard University and UC Berkeley.

35. Defendant Zhao Changpeng, the sole shareholder of Bifinity, is the co-founder and CEO of Binance.

36. Defendants Binance, Bifinity, Farnell, Ling, Cemmell, and Hai (collectively the "Individual Defendants"), because of their positions with and/or in relation to the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of

the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

I. Background

A. Eqonex

37. Eqonex was listed via a Special Purpose Acquisition Company ("SPAC") on NASDAQ on October 1, 2020, known as "The First Crypto And Digital Asset Exchange To Go Public In The U.S."[1]

38. Entering the Class Period, Eqonex was a digital assets financial company which operated four business lines: Custody, Asset Management, Brokerage, and the Exchange.

39. The Custody business was composed of Digivault, which was an institutionally focused, highly secure Digital Asset custodian. Digivault offered both cold and warm storage solutions for Digital Assets and targets, primarily institutional clients.

40. In May 2021, Digivault received approval from the UK FCA to register as a custodian wallet provider under the Money Laundering, Terrorist Financing and Transfer of Funds

[1] Lawrence Wintermeyer, *Diginex: The First Crypto And Digital Asset Exchange To Go Public In The U.S. – The Future Is Here*, FORBES (Oct. 9, 2020) https://www.forbes.com/sites/lawrencewintermeyer/2020/10/09/diginex-the-first-crypto-and-digital-asset-exchange-to-go-public-in-the-us--the-future-is-here/?sh=2e55cb314bbe (Last visited April 19, 2023)

(Information of the Payer) Regulations 2017 (MLR 2017), as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019.

41. The Asset Management business was composed of Bletchley Park, a fund of hedge funds operating in Switzerland, and Eqonex Investment Products, which issues publicly placed exchange-traded products listed on globally recognized exchanges.

42. The Brokerage business was made up of Eqonex OTC, an over-the-counter brokerage business operating from Hong Kong and Singapore; Eqonex Lending, a borrowing and lending business; and Eqonex Structured Products, a soon-to-be launched business that offers bespoke private placements against underlying crypto assets.

43. The Exchange business offered the trading of Virtual Currencies and their respective derivatives, and facilitated the trading of products in BTC, ETH, BCH, USDC, USDT and EQONEX's utility token, EQO. The Exchange operated under an exemption granted by the Monetary Authority of Singapore, under the Payment Services Act.

44. The EQO white paper[2] was published on March 15, 2021 and the Token was launched on the first day of the Unregistered Securities Class Period, April 8, 2021, when a number of them were airdropped to eligible recipients. EQO token trading was only available on the Eqonex exchange. Users holding Tokens were prohibited from withdrawing them from the Exchange. According to Eqonex's SEC filings, the holding of Tokens by clients created a liability for Eqonex as they could receive benefits such as reduced trading fees after April 8, 2021.

B. Binance

45. Binance, founded in 2017, is an online exchange where users can trade

[2] While the original whitepaper has been removed from Eqonex's website, a PDF of it may be found at: https://equos.cdn.prismic.io/equos/49a7a258-e990-42c3-85a8-b9bf792c96f7_EQO+whitepaper+-+English+version+v3.0.pdf.

cryptocurrencies. It operates the largest bitcoin exchange and altcoin crypto exchange in the world by volume.

46. Binance Custody, launched in December 2021, features sophisticated cold and hot storage security and liquidity solutions for institutions to manage digital assets easily and securely.

47. Bifinity engages in the provision of cryptocurrency-related services, including services for the conversion of fiat currencies into cryptocurrencies and vice versa, operation of digital wallets, and currency custody and storage services. Bifinity is part of Binance, acting as Binance's official fiat-to-crypto payments provider.

48. Oversight by the FCA, Britain's main regulator, is widely considered to be desirable for financial firms. But on June 26, 2021, the FCA issued a notice that Binance was not permitted to undertake any regulated activity in the UK. The reasons for the FCA's decision to ban Binance have not been publicized. However, it is assumed that concerns over potential money laundering and a lack of consumer protection lie at the heart of it.

49. Thus, in order to undertake regulated activity in the UK, Binance needed an alternative path forward.

II. Materially False and/or Misleading Class Period Statements

50. The Class Period begins on March 7, 2022. Before markets opened that day, the Company issued a press release announcing, in relevant part, that:

> ***[Eqonex] has entered into a strategic partnership with Bifinity*** UAB ("Bifinity"), a payments technology company that is part of the wider Binance Group and the official fiat-to-crypto payments provider for Binance, the world's leading blockchain ecosystem and cryptocurrency infrastructure provider.
>
> Bifinity was established in 2021 but officially launched to the market today and has been powering Binance's fiat-to-crypto on and off-ramps, processing millions in transactions globally for Binance.com users. Bifinity's leading payment infrastructure connects traditional finance to world-leading and emerging blockchains, transforming how businesses and people send and receive money around the world. Bifinity is registered with the Registry of Legal Entities of the Republic of Lithuania as a crypto wallet service

provider.

Built with a focus on regulation, security and compliance best-practice, EQONEX was the first digital asset firm with an exchange to be publicly listed in the U.S. EQONEX offers regulatory-focused trading services centered around the EQONEX crypto exchange, institutional-grade digital asset investment solutions including an asset manager together with the pending launch of exchange traded products and structured products, and Digivault, an FCA-regulated high security crypto and digital asset custody solution.

Under the terms of the strategic partnership, ***Bifinity will advance a US$36 million convertible loan to EQONEX and will work together to maximize business synergies created by this new strategic relationship and capitalize on opportunities to cooperate and further expand their businesses***. In addition, Bifinity will have the right to appoint, from within Bifinity, the Chief Executive Officer, Chief Financial Officer, and Chief Legal Officer of EQONEX as well as nominate two seats on EQONEX's Board of Directors. ***Both companies will continue to engage in non-binding discussions to explore potential merger opportunities, subject to regulatory approval.***

The strategic partnership will initially focus on leveraging Digivault as an FCA regulated custodian, strengthening the technology supporting the EQONEX Exchange, and expanding Bifinity's geographical footprint through EQONEX's licensing framework. Both parties will also explore opportunities to grow EQONEX's digital asset investment solutions business.

51. On this news, Eqonex's share price increased over 22%, from a close of $1.46 on March 4, 2022 to a close of $1.79 on March 9, 2022.

52. Then, on March 17, 2022, the Company issued a press release announcing that it and Bifinity "took the next step in ***solidifying their strategic partnership*** with the appointment of EQONEX's new CEO and two new members to the EQONEX Board of Directors (the "Board")." That press release continued, in relevant part:

> As CEO, Jonathan will play an instrumental role in ***fast-tracking the collaboration between both businesses***. The initial phase of this groundbreaking strategic partnership will put in place a framework for Bifinity to safeguard some of its client assets with EQONEX's FCA registered custodian, Digivault, in compliance with all applicable regulatory requirements. Moving forward, ***Bifinity will develop ways to leverage the EQONEX Exchange as an alternative trading platform, deploy resources to strengthen the technology***, and also explore opportunities to scale the asset management business.
>
> * * *
>
> Jonathan added, "***EQONEX and Bifinity share the same ethos and vision to help***

> ***create safe and compliant cryptocurrency ecosystems for consumers and institutions across the world***…"

53. On this news, Eqonex's share price increased over 32%, from an open of $1.62 on March 17, 2022 to a close of $2.15 on March 21, 2022.

54. The above statements identified in ¶50 and ¶52 were materially false and/or misleading when made, and failed to disclose then-known material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors that: (1) Defendants were not interested in leveraging the Exchange or deploying resources to strengthen the technology; (2) Eqonex had no way of paying Bifinity back pursuant to the terms of the Loan Agreement; (3) Defendants had no intention of consummating a merger between Eqonex and Bifinity or Binance; and (4) as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects, were materially misleading and/or lacked a reasonable basis.

III. The Truth Slowly Emerges

55. On August 15, 2022, the Company issued a press release announcing, in relevant part, that:

> [Eqonex] is taking decisive action to streamline its operations and focus resources primarily on the businesses that offer the most potential for revenue growth and long-term financial sustainability: Asset Management and Custody. The Company will proactively exit the crowded crypto exchange space by closing the Exchange.
>
> EQONEX Chairman Chi-Won Yoon recently outlined the Company's strategic priorities and intention to focus its resources on businesses where it has significant competitive strengths and can leverage its traditional finance expertise and experience. ***The decision by the EQONEX Board of Directors to accelerate its strategic plan and close the Exchange is in alignment with this strategic framework.***
>
> ***Closing the Exchange will improve the Company's financial position by materially reducing the high-cost structure associated with operating the Exchange, and free up resources to drive growth in the segments where it has significant competitive strengths***.

* * *

> EQONEX CEO Jonathan Farnell said, "We are focused on opportunities that will drive revenue growth and position us for long-term success. ***Closing the Exchange will significantly simplify our business, narrow our focus, free up resources, and allow us to operate as a more efficient organization with capacity to aggressively go after market segments that offer the most potential***. … We take a realistic view that our exchange will not move the needle for us financially over the near-to-medium term. We don't see value in continuing to bear the costs of operating an exchange during what may be a prolonged market downturn. ***We have conviction that proactively exiting the crowded exchange space is the right decision to deliver shareholder value***."
>
> "***Our Asset Management and Custody business, Digivault, have already made solid progress with the additional resources that we have allocated to them recently, and we are bullish about their prospects as we become an organization focused on these high-potential business areas***."

56. On this news, Eqonex's share price fell over 18% to close at $0.637 on August 17, 2022, on unusually heavy trading volume.

57. Even though Eqonex was closing its Exchange, which had accounted for 79.9% of its revenues in the financial year ending March 31, 2022, Defendants' statements assured investors that doing so would "improve the Company's financial position" and was "the right decision to deliver shareholder value" in order for resources to be allocated to the "high-potential" Asset Management and Custody businesses.

58. But during trading hours on November 21, 2022, the Company disclosed that:

> Subsequent to March 31, 2022, the end of the reporting period of the Singapore statutory financial statements, the Group is currently in breach of certain provisions of the Loan Agreement and consequently seeking a waiver from Bifinity on such breaches. … Based on the working capital forecast prepared by management of the Group, the financial resources available to the Group as of March 31, 2022 and up to the date of this Form-6-K may not be sufficient to satisfy the working capital requirements of the Group for a period of twelve months from the date of this 6-K, which may cast significant doubt on the Group's ability to continue as a going concern. ***The Group is pursuing financing options including, but not limited to, equity financing from the issuance of new shares, where negotiation with potential investors is ongoing as of the date of this Form 6-K***.

59. On this news, Eqonex's share price plummeted over 48% to close at $0.141 on

November 22, 2022, on unusually heavy trading volume.

60. Then, before markets opened on November 29, 2022, the Company announced receipt of NASDAQ's Listing Qualifications department's determination that the Company's securities will be delisted from NASDAQ and that trading in the Company's securities will be suspended at the opening of business on November 30, 2022.

61. On this news, Eqonex's share price plummeted over 34% to close at $0.093 on November 29, 2022, on unusually heavy trading volume.

IV. The EQO Tokens Are Securities

62. Under § 2(a)(1) of the Securities Act, a "security" is defined to include an "investment contract." 15 U.S.C. §77b(a)(1). An investment contract is "an investment of money in a common enterprise with profits to come solely from the efforts of others." *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 301 (1946). Specifically, a transaction qualifies as an investment contract and, thus, a security if it is: (1) an investment; (2) in a common enterprise; (3) with a reasonable expectation of profits; and (4) to be derived from the entrepreneurial or managerial efforts of others. *See United Housing Foundation, Inc. v. Forman*, 421 U.S. 837, 852-53 (1975). This definition embodies a "flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits," and thereby "permits the fulfillment of the statutory purpose of compelling full and fair disclosure relative to the issuance of 'the many types of instruments that in our commercial world fall within the ordinary concept of a security.'" *W.J. Howey Co.*, 328 U.S. at 299. Accordingly, in analyzing whether something is a security, "form should be disregarded for substance," and the emphasis should be "on the economic realities underlying a transaction, and not on the name appended thereto." *Forman*, 421 U.S. at 849.

63. Investors who bought EQO Tokens invested money or other valuable consideration in a common enterprise. Investors had a reasonable expectation of profit based upon the efforts of the Defendants, including, among other things, Defendants' continued maintenance of the Exchange.

64. Class members invested fiat, including U.S. dollars, and digital currencies, such as Bitcoin and Ethereum, to purchase EQO Tokens.

65. Defendants sold EQO Tokens to the general public through the Exchange.

66. Every purchase of an EQO Token by a member of the public is an investment contract.

67. Defendants also were responsible for supporting the Exchange.

68. Investors in the EQO Tokens made their investment with a reasonable expectation of profits.

69. Investors' profits in the EQO Tokens were to be derived from the managerial efforts of others – specifically any Eqonex personnel responsible for continuing to maintain the Exchange. EQO Token investors relied on the managerial and entrepreneurial efforts of Eqonex, the Defendants, and others to manage, oversee, and/or continue the Exchange.

CLASS ACTION ALLEGATIONS

70. Plaintiff brings this action, individually, and on behalf of nationwide Classes, pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2), and/or 23(b)(3), consisting of all persons and entities who purchased Eqonex securities during the Class Period ("Class") and/or EQO Tokens during the Unregistered Securities Class Period ("Token Class") and were subsequently damaged thereby. Excluded from the Classes are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their

legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

71. The Class members are so numerous that joinder of all members is impracticable. Throughout the Class Period, Eqonex's shares actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Eqonex shares were traded publicly during the Class Period on the NASDAQ. Record owners and other Class members may be identified from records maintained by Eqonex or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

72. Plaintiff's claims are typical of the claims of the Class members as they all were similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

73. Plaintiff will fairly and adequately protect the interests of the Class members and has retained counsel competent and experienced in class and securities litigation.

74. Common questions of law and fact exist as to all Class members and predominate over any questions solely affecting individual Class members. Among the questions of law and fact common to the Classes are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Eqonex;

(c) whether the EQO Tokens are securities under the Securities Act;

(d) whether the sale of EQO Tokens violates the registration requirements of the Securities Act;

(e) whether Defendants improperly and misleadingly marketed EQO Tokens; and/or

(f) to what extent the Class members have sustained damages and the proper measure of damages.

75. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for Class members to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

76. The market for Eqonex's securities was open, well-developed, and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Eqonex's securities traded at artificially inflated prices during the Class Period. Plaintiff and other Class members purchased or otherwise acquired Eqonex's securities relying upon the integrity of the market price of the Company's securities and market information relating to Eqonex, and have been damaged thereby.

77. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Eqonex's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the

truth about Eqonex's business, operations, and prospects as alleged herein.

78. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other Class members. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Eqonex's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other Class members purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

79. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

80. During the Class Period, Plaintiff and the Classes purchased Eqonex's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

81. As alleged herein, Defendants acted with scienter since they knew that the public documents and statements issued or disseminated in the name of the Company were materially

false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Eqonex, their control over, and/or receipt and/or modification of Eqonex's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Eqonex, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

82. The market for Eqonex's securities was open, well-developed, and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Eqonex's securities traded at artificially inflated prices during the Class Period. On March 24, 2022, the Company's share price closed at a Class Period high of $2.58 per share. Plaintiff and other Class members purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Eqonex's securities and market information relating to Eqonex, and have been damaged thereby.

83. During the Class Period, the artificial inflation of Eqonex's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other Class members. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Eqonex's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Eqonex and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially

inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other Class members purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

84. At all relevant times, the market for Eqonex's securities was an efficient market for the following reasons, among others:

85. Eqonex shares met the requirements for listing, and were listed and actively traded on the NASDAQ, a highly efficient and automated market;

86. As a regulated issuer, Eqonex filed periodic public reports with the SEC and/or the NASDAQ;

87. Eqonex regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or Eqonex was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

88. As a result of the foregoing, the market for Eqonex's securities promptly digested current information regarding Eqonex from all publicly available sources and reflected such information in Eqonex's share price. Under these circumstances, all purchasers of Eqonex's securities during the Class Period suffered similar injury through their purchase of Eqonex's securities at artificially inflated prices and a presumption of reliance applies.

89. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

90. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of

Eqonex who knew that the statement was false when made.

FIRST CLAIM

Violation of § 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder (Against Eqonex and the Individual Defendants)

91. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

92. This cause of action is asserted against the Individual Defendants.

93. During the Class Period, the Company and the Individual Defendants carried out a plan, scheme and course of conduct which was intended to, and throughout the Class Period, did: (1) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (2) cause Plaintiff and other Class members to purchase Eqonex securities at artificially inflated and distorted prices; and (3) cause Plaintiff and other Class members not to sell Eqonex securities until the Company and the Individual Defendants and other Company insiders could sell Eqonex securities at artificially inflated and distorted prices. In furtherance of this unlawful scheme, plan, and course of conduct, the Company and the Individual Defendants made the false statements alleged herein.

94. The Company and the Individual Defendants, directly and indirectly, by the use, means, or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to misrepresent the true financial condition of Eqonex and conceal adverse material information about the business, operations and future prospects of Eqonex as specified herein.

95. The Company and the Individual Defendants employed devices, schemes, and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of

Eqonex's revenue, income, value, and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Eqonex and its business operations and financial condition in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business that operated as a fraud and deceit upon the purchasers Eqonex securities during the Class Period.

96. The Company and the Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. The material misrepresentations and/or omissions by the Company and the Individual Defendants were made knowingly or recklessly and for the purpose and effect of concealing Eqonex's financial condition from the investing public and supporting the artificially inflated price of its securities. As demonstrated by the false and misleading statements during the Class Period of the Company and the Individual Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were highly reckless in failing to obtain such knowledge by failing to take steps necessary to discover whether those statements were false or misleading.

97. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price for Eqonex's securities was artificially inflated during the Class Period.

98. In ignorance of the fact that market prices of Eqonex's publicly-traded securities were artificially inflated or distorted, and relying directly or indirectly on the false and misleading

statements made by defendants, or upon the integrity of the market in which the Company's securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by the Company and the Individual Defendants but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other Class members acquired Eqonex's securities during the Class Period at artificially high prices and were damaged thereby.

99. At the time of said misrepresentations and omissions, Plaintiff and other Class members were ignorant of their falsity and believed them to be true. Had Plaintiff and the other Class members and the marketplace known the truth regarding Eqonex's financial results and condition, Plaintiff and other Class members would not have purchased or otherwise acquired Eqonex's securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices or distorted prices at which they did.

100. By virtue of the foregoing, the Individual Defendants have violated §10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

101. As a direct and proximate result of the wrongful conduct of the Individual Defendants, and Hai, Plaintiff, and other Class members suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

102. This action was filed within two years of discovery of the fraud and within five years of Plaintiff's purchases of securities giving rise to the cause of action.

SECOND CLAIM

Violation of § 20(a) of the Exchange Act (Against the Individual Defendants)

103. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

104. The Individual Defendants acted as controlling persons of Eqonex within the

meaning of § 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

105. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

106. As set forth above, Eqonex and the Individual Defendants each violated § 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to § 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other Class members suffered damages in connection with their purchases of the Company's securities during the Class Period.

THIRD CLAIM

Violation of § 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder (Against Defendants Binance, Bifinity, and Changpeng)

107. Plaintiff repeats and re-alleges each and every allegation contained above as if fully

set forth herein.

108. This cause of action is asserted against Defendants Binance, Bifinity, and Changpeng.

109. Defendants Farnell, Ling, Cemmell, and Hai directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security, and by reason of the foregoing, violated § 10(b) and Rule 10b-5(a) of the Exchange Act.

110. Defendants Binance, Bifinity, and Changpeng had knowledge of Defendants Farnell, Ling, Cemmell, and Hai's violations of § 10(b) and Rule 10b-5(a) of the Exchange Act.

111. Defendants Binance, Bifnity, and Changpeng knowingly or recklessly provided substantial assistance to Defendants Farnell, Ling, Cemmell, and Hai's violations of § 10(b) and Rule 10b-5(a) of the Exchange Act.

112. By reason of the foregoing, Defendants Binance, Bifnity, and Changpeng aided and abetted Defendants Farnell, Ling, Cemmell, and Hai in violation of § 10(b) and Rule 10b-5(a) of the Exchange Act.

FOURTH CLAIM

Unregistered Offering and Sale of Securities in Violation of §§ 5 and 12(a)(1) of the Securities Act (Against All Defendants)

113. Plaintiff restates and re-alleges all preceding allegations above as if fully set forth herein.

114. Defendants, and each of them, by engaging in the conduct described above, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried through the mails or in interstate commerce for the purpose of sale or for delivery

after sale.

115. EQO Tokens are securities within the meaning of § 2(a)(1) of the Securities Act, 15 U.S.C. §77b(a)(1).

116. Plaintiff and other Token Class members purchased EQO Token securities during the Unregistered Securities Class Period.

117. No registration statements have been filed with the SEC or have been in effect with respect to any of the offerings alleged herein. No exemption to the registration requirement applies.

118. SEC Rule 159A provides that, for purposes of § 12(a)(2), an "issuer" in "a primary offering of securities" shall be considered a statutory seller. 17 C.F.R. §230.159A(a). The Securities Act, in turn, defines "issuer" to include every person who issues or proposes to issue any security. 15 U.S.C. §77b(a)(4). Eqonex is an issuer of EQO Tokens.

119. The U.S. Supreme Court has held that statutory sellers under § 12(a)(1) also include "the buyer's immediate seller" and any person who actively solicited the sale of the securities to plaintiff and did so for financial gain. *See Pinter v. Dahl*, 486 U.S. 622, 644 n.21 & 647 (1988); *accord*, *e.g.*, *Steed Finance LDC v. Nomura Sec. Int'l*, *Inc*., No. 00 Civ. 8058, 2001 WL 1111508, at *7 (S.D.N.Y. Sept. 20, 2001). That is, §12(a)(1) liability extends to sellers who actively solicit the sale of securities with a motivation to serve their own financial interest or those of the securities owner. *Dahl*, 486 U.S. at 647; *Capri v. Murphy*, 856 F.2d 473, 478 (2d Cir. 1988). Eqonex and the Individual Defendants are all statutory sellers.

120. By reason of the foregoing, each of the Defendants have violated §§ 5(a), 5(c), and 12(a) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c), and 77l(a).

121. As a direct and proximate result of Defendants' unregistered sale of securities, Plaintiff and the Token Class have suffered damages in connection with their EQO Token

purchases.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Federal Rule of Civil Procedure 23;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Classes their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: Respectfully,

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