

1 **THE ROSEN LAW FIRM, P.A.**

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8 **SUPERIOR COURT OF CALIFORNIA**

9 **ALAMEDA COUNTY**

10 \_\_\_\_\_, individually and on behalf of )  
11 all others similarly situated, )

12 Plaintiff, )

13 vs. )

14 SAPIEN NETWORK, INC., a Delaware )  
15 Corporation; ANKIT BHATIA, ROBERT )  
16 GIOMETTI, AURÉLIEN NICOLAS, and )  
17 LYNN CONNOLLY, )

18 Defendants. )

No.

CLASS ACTION

COMPLAINT FOR VIOLATION  
OF THE CALIFORNIA AND  
FEDERAL SECURITIES LAWS  
AND BREACH OF CONTRACT

DEMAND FOR JURY TRIAL

19 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other persons  
20 similarly situated, through his undersigned attorney, alleges the following based upon  
21 personal knowledge as to himself and his own acts and beliefs and on information and  
22 belief as to all other matters:

23  
24 1. This is a class action brought on behalf of all persons and entities other  
25 than Defendants (defined below) who purchased or otherwise acquired SPN tokens  
26 pursuant and/or traceable to the Initial Coin Offering (“ICO”) (sometimes styled as  
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1 “Presale” or similar) of defendant Sapien Network, Inc. (“Sapien” or the “Company”) in  
2 January and February 2018.

3 2. Sapien sold Plaintiff and other Class Members cryptocurrency-based  
4 tokens. Defendants repeatedly told investors these tokens complied with all applicable  
5 laws. In fact, the tokens were securities which defendants, in violation of their  
6 representations, never registered with the SEC. Defendants violated California and  
7 federal law by selling unregistered securities and broke their contracts by failing to  
8 register them. Defendants (defined below) are liable to Plaintiff under the California and  
9 federal securities laws for offering and selling unqualified and unregistered securities as  
10 follows:

11 (a) Pursuant to §§ 25110 and 25503 of the California Corporations  
12 Code, Sapien is liable because the SPN tokens it offered and sold to Class  
13 members were not qualified for sale in California and were not subject to  
14 any exemptions under the California Corporations Code;

15 (b) Pursuant to §§ 25210 and 25501.5 of the California Corporations  
16 Code, Sapien is liable because it was not a licensed broker-dealer for the  
17 SPN tokens it offered and sold to Class Members in the State of California  
18 and were not subject to any exemptions under the California Corporations  
19 Code;

20 (c) Pursuant to §§ 25504 of the California Corporations Code, the  
21 Defendants are liable as controlling persons of Sapien, for Sapien’s  
22 violations of §§ 25110 and 25503 of the California Corporations Code;

23 (d) Pursuant to §§ 25310 of the California Corporations Code, Sapien  
24 is liable because it offered and sold securities in a nonissuer transaction to  
25 Class Members and were not subject to any exemptions under the  
26 California Corporations Code;

1 (e) Pursuant to Section 12(a)(1) of the Securities Act of 1933  
2 (“Securities Act”) Sapien is liable for offering and selling SPN tokens  
3 without an effective registration statement, or valid exemption; and

4 (f) Pursuant to Section 15 of the Securities Act the Individual  
5 Defendants are liable as controlling persons over Sapien who violated  
6 section 12(a)(1) of the Securities Act.

7 3. Defendants are also liable to Plaintiff for breach of contract.

8 **PARTIES**

9 4. Plaintiff \_\_\_\_\_ purchased SPN tokens from Sapien and has suffered  
10 damages.

11 5. Sapien is a privately held Delaware corporation with its principal  
12 executive offices located at 42840 Christy St, #206, Fremont, CA 94566.

13 6. Sapien purports to be a “Web3 social network” that will fix common  
14 problems of other social media sites. Sapien owns and operates “a customizable and  
15 privacy-focused, decentralized social new platform” on its website,  
16 <https://www.sapien.network/> (the “Website”).

17 7. Defendant Ankit Bhatia was at all relevant times, and is, Sapien’s Chief  
18 Executive Officer and co-founder.

19 8. Defendant Robert Giometti was at all relevant times, and is, Sapien’s CPO  
20 and co-founder.

21 9. Defendant Aurélien Nicolas was at all relevant times Sapien’s Chief  
22 Technology Officer.

23 10. Defendant Lynn Connolly was at all relevant times, and is, Sapien’s  
24 Compliance Advisor.

25 11. Plaintiff is unaware of the true names and capacities of the Defendants  
26 sued herein as Does 1-10 and therefore sue said Defendants by such fictitious names.  
27 Plaintiff will amend this Complaint to allege the true names and capacities when the same  
28 has been ascertained. All of the Doe Defendants and each of them were agents and

1 principals of all of the other defendants and were acting in the course and scope of their  
2 authority and in concert with one another.

3 **JURISDICTION AND VENUE**

4 12. Plaintiff \_\_\_\_\_ purchased SPN tokens, securities, from defendant  
5 Sapien through its website. All of the members of the proposed Class purchased SPN  
6 tokens from Sapien, through its Website, in the State of California.

7 13. Venue is proper in this county because the vast majority of the conduct  
8 and transactions giving rise to the violations of law complained of herein occurred in  
9 Alameda County, California. Sapien is headquartered in Alameda County, California,  
10 and its Website is maintained, in, or, from Alameda County, California. Thus, the  
11 transactions giving rise to Plaintiff's claims occurred in Alameda County, California.

12 14. This Court has jurisdiction over the California causes of action asserted in  
13 this Complaint pursuant to the California Constitution, Article VI, §10, because this case  
14 is a cause not given by statute to other trial courts.

15 15. The state securities law claims asserted herein arise under §§25110 and  
16 25210 of the Cal. Corp. Code, and result in liability under §§ 25503, 25501.5, and 25504,  
17 of the Cal. Corp. Code. The federal securities law claims herein arise under §§ 12(a)(1)  
18 and 15 of the Securities Act, 15 U.S.C. §771(a)(1) and 77(o).

19 16. This Court has concurrent jurisdiction over the federal cause of action  
20 asserted under §12(a)(1) of the Securities Act because federal courts do not have original  
21 or exclusive jurisdiction over claims under the Securities Act, but rather share concurrent  
22 jurisdiction with state courts, pursuant to §22(a) of the Securities Act.

23 17. In connection with the acts and course of conduct alleged in this  
24 Complaint, defendants, directly and indirectly, used the means and instrumentalities of  
25 interstate commerce, including the U.S. mails and interstate telephone communications.

26 18. This action cannot be removed to federal court under the Class Action  
27 Fairness Act ("CAFA") pursuant to the Ninth Circuit Court of Appeals' decision in  
28

1 *Luther v. Countrywide Home Loans Servicing LP*, 553 F.3d 1031 (9<sup>th</sup> Cir. 2008) which  
2 prohibits removal under CAFA of claims arising under the Securities Act of 1933.

3 19. This case is not removable to federal court under the Securities Litigation  
4 Uniform Standards Act (“SLUSA”) because SPN tokens are not publicly traded and are  
5 not a “Covered Security” for purposes of Section 18 of the Securities Act of 1933 and  
6 SEC Rule 146 promulgated thereunder.

### 7 **SUBSTANTIVE ALLEGATIONS**

8 20. An Initial Coin Offering is similar to an initial public offering of stock,  
9 and is a fundraising mechanism by which the founders of a blockchain project or  
10 company sell tokens in exchange for government-backed fiat currencies or  
11 cryptocurrencies. Based on the tremendous appreciation of bitcoin and Ethereum, two  
12 prominent cryptocurrencies, investors generally invest in ICOs with an expectation that  
13 the tokens will appreciate in value.

14 21. Sapien planned to fund its operations through an ICO.

15 22. Taking place in late January and early February 2018, the ICO raised at  
16 least the equivalent of approximately \$10,500,000 through U.S. dollars and Ethereum.

17 23. The ICO consisted of SPN tokens offered to the general public in  
18 exchange for Ethereum or cash.

19 24. The SPN tokens were offered to the general public and there were no  
20 special requirements to purchase SPN tokens.<sup>1</sup>

21 25. Defendants widely publicized the Sapien IPO on Twitter, YouTube,  
22 Facebook, Medium, Reddit, Meetup, Telegram, ICO Detector, ICO Bench, CryptoOracle,  
23 and TrackICO, among others venues.

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27 <sup>1</sup> Sapien stated that residents of certain countries, as well as of the State of New York,  
28 could not participate.

1           26. Defendant Giometti stated:<sup>2</sup> “I am sure that we will see tremendous  
2 growth in 2018 and that our token sale will pave the way for the creation of the social  
3 news platform that you all deserve.”

4           27. On January 27, 2018, Sapien announced - on Twitter, YouTube, and  
5 Medium - instructions to participate in the ICO.

6           28. Sapien encouraged early investment by rewarding early investors extra  
7 SPN tokens in a tiered manner.

8           29. SPN tokens are securities within the meaning of the California law and the  
9 Securities of 1933 (“Securities Act”).

10           30. Defendants noted that SPN tokens are securities in their Simple  
11 Agreement for Future Tokens (“SAFT”). The SAFT is the contract used to conduct the  
12 sale of SPN tokens.

13           31. Sapien required that each investor sign a Simple Agreement for Future  
14 Tokens (“SAFT”). The SAFT was defined as meaning:

15           “. . . an agreement containing a future right to units of Tokens purchased by  
16 Purchasers, similar in form and content to this agreement, which a significant  
17 portion of the amount raised under the SAFTs will be used to fund the Company’s  
18 social networking platform (the “SPN Marketplace”).”

19           32. The SAFT stated on its cover page:

20           **“NOTICE TO RESIDENTS OF THE UNITED STATES**

21           THE OFFER AND SALE OF THIS SECURITY INSTRUMENT HAS NOT  
22 BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS  
23 AMENDED (THE “SECURITIES ACT”) OR, UNDER THE SECURITIES  
24 LAWS OF CERTAIN STATES. THIS SECURITY MAY NOT BE OFFERED,  
25 SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED  
26 EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE

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28 <sup>2</sup> <https://blog.sapien.network/reflections-from-the-team-advisors-212891172135>.

1 SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION  
2 STATEMENT OR AN EXEMPTION THEREFROM.”

3 33. The SAFT continued to clarify that SPN tokens were securities by stating:  
4 “THIS CERTIFIES THAT in exchange for the payment by the undersigned  
5 purchaser (the “Purchaser”) of the Purchase Amount on or about January 15, 2018  
6 (the “Effective Time”), Sapien Network, Inc., a Delaware corporation (the  
7 “Company”), hereby issues to the Purchaser the right (the “Right”) to certain units  
8 of the Company (the “Token” or “SPN”), subject to the terms set forth below.”

9 34. The SAFT, under 4. Purchaser Representations (b) continues to clarify that  
10 SPN tokens are securities:

11 “The Purchaser has been advised that this instrument is a security and that the  
12 offers and sales of this instrument have not been registered under any country’s  
13 securities laws and, therefore, cannot be resold except in compliance with the  
14 applicable country’s laws. The Purchaser is purchasing this instrument for its own  
15 account for investment, not as nominee or agent, and not with a view to, or for  
16 resale in connection with, the distribution thereof, and the Purchaser has no  
17 present intention of selling, granting any participation in, or otherwise distributing  
18 the same. . .”

19 35. The SAFT, under 4. Purchaser Representations (c) continues to clarify that  
20 SPN tokens are securities:

21 “The Purchaser enters into this SAFT with the predominant expectation that (i)  
22 he, she or it, as the case may be, will profit upon the successful development and  
23 Marketplace Launch arising from the efforts of the Company and its employees to  
24 develop and market the SPN Marketplace, the Marketplace Launch and related  
25 sale of the Tokens . . .”

26 36. In the SAFT, Sapien stated under 3. Company Representations (d):  
27 “To the knowledge of the Company, no consents or approvals are required in  
28 connection with the performance of the instrument, other than: (i) the Company’s

1 corporate approvals; and (ii) **any qualifications or filings under applicable**  
2 **securities laws.**”

3 (Emphasis added.)

4 37. The SPN tokens were not registered with the State of California or the  
5 U.S. Securities and Exchange Commission at the time of the ICO.

6 38. But the SAFT, under 3. Company Representations (c), clarified that SPN  
7 tokens would be lawful:

8 “To the knowledge of the Company, the performance and consummation of the  
9 transactions contemplated by this instrument do not and **will not: (i) violate any**  
10 **material judgment, statute, rule or regulation applicable to the Company** as  
11 currently in effect . . .”

12 (Emphasis added.)

13 39. The SAFT specified that the Company would also be bound by this  
14 contract by stating under 3. Company Representations (b):

15 “. . . This instrument constitutes a legal, valid and binding obligation of the  
16 Company, enforceable against the Company in accordance with its terms, except  
17 as limited by bankruptcy, insolvency or other laws of general application relating  
18 to or affecting the enforcement of creditors’ rights generally and general  
19 principles of equity. . .”

20 40. Purchasers, such as Plaintiff and the Class, were and are also bound by the  
21 SAFT and were required to take several steps to stay in compliance with the agreement.

22 41. Under the SAFT 1. Events (a) Marketplace Launch, Purchasers were  
23 required to comply with standard ICO procedures:

24 “(i) The Purchaser will execute and deliver to the Company any and all other  
25 transaction documents related to this SAFT as are reasonably requested by the  
26 Company, including verification of accredited investor status or non-U.S. person  
27 status under the applicable securities laws; and



1 (ii) The Purchaser will provide to the Company a network address to which the  
2 Purchaser's Tokens will be sent after the Marketplace Launch."

3 42. A redacted copy of the SAFT signed by \_\_\_\_\_ is attached hereto as  
4 Exhibit A, and is incorporated herein as if fully set forth herein.

5 43. On January 31, 2018, Sapien announced on Twitter that it had raised over  
6 \$11m in the first two hours of its ICO.<sup>3</sup>

7 44. On February 1, 2018, in a blog post titled "Weekly Update #10," Sapien's  
8 former Product Marketing Manager and Head of Human Resources, Christopher Lee  
9 stated that over \$14M was raised in the first day of the ICO.<sup>4</sup>

10 45. According to statements before the ICO, 500 million SPN tokens would be  
11 created and distributed. 45% would be sold to investors, 30% would be saved as reserves,  
12 20% would go to insiders (largely the defendants), and 5% would be offered as bounties.

13 46. According to statements before the ICO, during 2018-2022, a portion of  
14 the funds raised through the token sale would be used for legal and compliance.<sup>5</sup>

15 47. On March 20, 2018, Defendant Bhatia released a blog post titled  
16 "Important Developments Regarding the Crowdsale"<sup>6</sup> which announced that Sapien had  
17 cancelled its crowdsale for March 28 due to "regulatory changes." The blog post stated in  
18 part:

19 "Due to the recent regulatory changes and updates, we have been legally advised  
20 not to proceed with the crowdsale scheduled for March 28th. The long term  
21 success of the Sapien platform is our number one priority, and every decision we  
22

23 \_\_\_\_\_  
24 <sup>3</sup> [https://twitter.com/sapien\\_network/status/958784574686945280](https://twitter.com/sapien_network/status/958784574686945280).

25 <sup>4</sup> <https://blog.sapien.network/weekly-update-10-e2126ce8c1c6>.

26 <sup>5</sup> <https://blog.sapien.network/announcing-the-sapien-token-sale-3ae3e9fd480d>.

27 <sup>6</sup> [https://blog.sapien.network/important-developments-regarding-the-crowdsale-](https://blog.sapien.network/important-developments-regarding-the-crowdsale-49626dacb450)  
28 [49626dacb450](https://blog.sapien.network/important-developments-regarding-the-crowdsale-49626dacb450).

1 take is to preserve it. With that in mind, we have decided to follow the advice of  
2 our legal counsel and cancel the public crowdsale.

3 During our successful pre-sale, we raised over **70% of our hard cap** and  
4 allocated the remaining SPN to our crowdsale (which is now cancelled).”

5 (Emphasis in the original.)

6 48. On April 22, 2018, Lee released a blog post titled “Important  
7 Announcements: Delaying The Unlocking Of The Tokens, Release of Sapien Mobile  
8 App, and The Sapien Rewards Program.”<sup>7</sup> The blog post stated in part:

9 “To meet our standards, abiding by regulations and staying **legally compliant** is  
10 our highest priority. In light of a recent outreach by a regulator regarding our  
11 token sale, we have made the difficult decision to delay the unlocking of the SPN  
12 tokens, expected to be released **June, 14, 2018.**”

13 (Emphasis in the original.)

14 49. Both in the SAFT and in other public statements, before and after the ICO,  
15 Sapien misleadingly told Plaintiff and the Class that SPN tokens complied and would  
16 continue to comply with the securities laws.

17 **THE SPN TOKENS ARE SECURITIES**

18 50. The SPN tokens meet the test set forth in *SEC v. W.J. Howey Co.*, 328  
19 U.S. 293, 301 (1946).

20 51. Under *Howey*, an investor buys securities where there is a “scheme [that]  
21 [1] involves an investment of money [2] in a common enterprise with [3] profits to come  
22 solely from the efforts of others.”

23 52. Plaintiff invested U.S. dollars and in Sapien in exchange for SPN tokens.

24 53. Plaintiff and the Class were enticed and told that the work and efforts of  
25 management would increase the price of SPN tokens. Plaintiff and the Class reasonably

26 \_\_\_\_\_  
27 <sup>7</sup> [https://blog.sapien.network/important-announcements-delaying-the-unlocking-of-the-  
28 tokens-release-of-sapien-mobile-app-and-c423a3f3d494.](https://blog.sapien.network/important-announcements-delaying-the-unlocking-of-the-tokens-release-of-sapien-mobile-app-and-c423a3f3d494)

1 relied on Sapien’s White Paper, media releases and statements, regarding the likelihood  
2 of successful investment. Sapien is a common enterprise that is managed by Defendants.  
3 Defendants represented that the value of SPN tokens would increase if Sapien was  
4 successful.

5 54. Plaintiff and Class relied on Sapien’s well-publicized team and advisors to  
6 create a working blockchain and social media site. Sapien’s efforts would be solely  
7 responsible for investors’ gains.

8 55. On September 30, 2019, the U.S. Securities and Exchange Commission  
9 (“SEC”) issued a press release regarding its action against Block.one. The circumstances  
10 and events surrounding Block.one are substantially similar. The SEC made the following  
11 findings with regards to Block.one.

12 (a) Block.one violated § 5(a) because Block.one sold the its tokens,  
13 through interstate commerce, without an effective registration  
14 statement; and

15 (b) Block.one violated § 5(c) of the Securities Act because  
16 Block.one sold and/or offered its tokens, through interstate  
17 commerce, through the use or medium of any prospectus or  
18 otherwise, without a valid registration statement;

19 56. The SEC Order also required that Block.One cease and desist from  
20 committing or causing any violations and any future violations of §§ 5(a) and (c) of the  
21 Securities Act.

22 57. A copy of the SEC Order is attached hereto as Exhibit B, and is  
23 incorporated herein as if fully set forth herein.

24 **CLASS ALLEGATIONS**

25 58. The Class is so numerous that joinder of all members is impracticable.  
26 SPN tokens are likely held by hundreds if not thousands of persons. Sapien has sold over  
27 \$10 million in SPN tokens.  
28

1           59.     There are questions of law and fact common to the Class and which  
2 predominate over any questions affecting only individual members of the Class. The  
3 common questions include:

4                   (c) Whether Sapien violated the Cal. Corp. Code by offering and  
5                   selling unqualified securities under the Code.

6                   (d) Whether Sapien violated the Cal. Corp. Code by acting as a  
7                   broker-dealer in the securities transactions.

8                   (e) Whether the Individual Defendants are liable as control persons  
9                   under the Cal. Corp. Code.

10                  (f) Whether Sapien violated the Securities Act by selling  
11                  unregistered securities.

12                  (g) Whether the Individual Defendants were controlling persons of  
13                  Sapien as defined by the Securities Act.

14                  (h) Whether Defendants breached the SAFT.

15                  (i) The nature and extent of the relief to which Plaintiff and the  
16                  Class are entitled under the Cal. Corp. Code and the Securities  
17                  Act.

18           60.     Plaintiff's claims are typical of the claims of the members of the Class  
19 since Plaintiff possesses and is asserting on behalf of all members of the Class the same  
20 claims, which are based upon the same facts and legal theories.

21           61.     Plaintiff will fairly and adequately represent the interests of the Class.  
22 Plaintiff has no conflicts or antagonistic interests with any Class Members and Plaintiff is  
23 represented by attorneys who are qualified and experienced in class action litigation and  
24 who will vigorously prosecute this action.

25           62.     A class action is superior to other available methods for the fair and  
26 efficient adjudication of this controversy. Members of the Class do not have an interest  
27 in individually controlling the prosecution of separate actions, and it would be  
28 uneconomical for them to do so. It is desirable to concentrate litigation of the claims in

1 this Court so that all claims can be disposed of at once in an efficient manner. Plaintiff  
2 anticipates no difficulties in the management of this case as a class action.

3 **FIRST CAUSE OF ACTION**

4 **Against All Defendants For Violations of Cal.**

5 **Corp. Code § 25110 and §25503**

6 63. Plaintiff repeats and realleges each and every allegation in the foregoing  
7 paragraphs as if fully set forth herein.

8 64. This Cause of Action is asserted against Sapien under §§ 25110 and 25503  
9 of the Cal. Corp. Code.

10 65. Sapien, acting through its executive officers, advisors, promoters, and  
11 employees, offered to sell and/or sold SPN tokens to Plaintiff and the Class in the State of  
12 California. SPN tokens were securities within the meaning the Cal. Corp. Code, and were  
13 required to be qualified under § 25110 of the Cal. Corp. Code.

14 66. SPN tokens were not subject to any exemption from qualification under  
15 the Cal. Corp. Code. Sapien offered and sold the shares to Plaintiff and Class Members in  
16 California and Plaintiff and the Class purchased SPN tokens in California.

17 67. Plaintiff and the Class suffered substantial damages as a result of  
18 Defendants' violations.

19 68. By reason of the foregoing Sapien violated §25110 of the Cal. Corp. Code,  
20 and is liable to Plaintiff and the Class under §25503 of the Cal. Corp. Code.

21 69. By reason of the foregoing, Defendants are jointly and severally required  
22 to restore all consideration paid for the SPN tokens, securities, plus interest at the legal  
23 rate, or damages.

24 70. Plaintiff and the Class did not know, or in the exercise of due diligence  
25 could not have known, or understood that the SPN tokens were required to qualified with  
26 the Department of Corporations. The SAFT agreement was clear that Sapien would  
27 comply with all laws, specifically regarding these securities.

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**SECOND CAUSE OF ACTION**

**Against the Individual Defendants (and Doe Defendants) For Violations of Cal.**

**Corp. Code § 25504**

71. Plaintiff repeats and realleges each and every allegation in the foregoing paragraphs as if fully set forth herein.

72. This Cause of Action is asserted against all Defendants under §25504 of the Cal. Corp. Code for Sapien’s violations of §25110 and §25503 of the Cal. Corp. Code.

73. Sapien, acting through its executive officers and employees, offered to sell and/or sold the SPN tokens to Plaintiff and the Class in the State of California. The SPN tokens were securities within the meaning the Cal. Corp. Code, and were required to be qualified under § 25110 of the Cal. Corp. Code.

74. The SPN tokens were not subject to any exemption from qualification under the Cal. Corp. Code. Sapien offered and sold the shares in California and Plaintiff and the Class purchased the SPN tokens in California.

75. The Individual Defendants are officers, directors, agents, affiliated persons, advisors, promoters, and employees of Sapien and/or aided and materially assisted Sapien in offering and selling SPN tokens to Plaintiff and the Class.

76. Plaintiff and the Class suffered substantial damages as a result of Defendants’ violations. By reason of the foregoing Sapien violated §25110 of the Cal. Corp. Code, and is liable to Plaintiff and the Class under §25503 of the Cal. Corp. Code.

77. The Individual Defendants are liable to Plaintiff and the Class under §25504 of the Cal. Corp. Code for Sapien’s primary violations under §25110 and §25503.

78. By reason of the foregoing, the Individual Defendants are jointly and severally required to restore all consideration paid for the SPN tokens, plus interest at the legal rate, or damages.



1 or that such was required. The SAFT agreement was clear that Sapien would comply with  
2 all laws, specifically regarding these securities.

3  
4 **FOURTH CAUSE OF ACTION**

5 **Against Defendant Sapien For**  
6 **Violation of §12(a)(1) of the Securities Act**

7 87. Plaintiff repeats and realleges each and every allegation in the foregoing  
8 paragraph as if fully set forth herein.

9 88. This Cause of Action is asserted against Sapien under §12(a)(1) of the  
10 Securities Act.

11 89. In connection with the sale of the SPN tokens, which are securities, to  
12 Plaintiff and the Class, Sapien made use of the means and instruments of transportation  
13 and communication in interstate commerce and of the mails to sell such SPN tokens.

14 90. Sapien sold and/or materially participated in the solicitation and sale of  
15 SPN tokens to Plaintiff and the Class in violation of §5 of the Securities Act of 1933 for  
16 financial gain. Sapien knew that the SPN tokens were Securities and were not registered  
17 in an effective registration statement. Sapien bore responsibility to ensure that the SPN  
18 tokens were registered to an effective registration statement or that an appropriate  
19 exemption existed prior to their sale to Plaintiff and the Class. Sapien knew or should  
20 have known that no exemption was applicable to the sale of the SPN tokens for the  
21 reasons set forth above.

22 91. By reason of the conduct alleged herein, Sapien violated §12(a)(1) of the  
23 Securities Act and Plaintiff and members of the Class have suffered damages as a result  
24 of such violations.

25 92. Plaintiff and the Class did not know, or in the exercise of due diligence  
26 could not have known, or understood that the SPN tokens were required to be, or were  
27 not, registered to an effective registration statement.







1 **PRAYER FOR RELIEF**

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3 **WHEREFORE**, Plaintiff and the Class pray for relief and judgment, as follows:

- 4 1. Declaring that this action may be maintained as a class action pursuant to  
5 §382 of the California Code of Civil Procedure on behalf of the Class defined  
6 herein, designating Plaintiff the representative of the Class, and designating  
7 Plaintiff's counsel as counsel for the Class;
- 8 2. Against each defendant in favor of the Plaintiff and the Class for damages, in  
9 an amount determined to have been sustained by Plaintiff.
- 10 3. Against each defendant in favor of Plaintiff and the Class for all general and  
11 special damages necessary to make the Plaintiff and the Class whole;
- 12 4. Against each defendant in favor of the Plaintiff and the Class for rescission.
- 13 5. Awarding Plaintiff and the members of the Class pre-judgment and post-  
14 judgment interest, as well as reasonable attorneys' and experts' fees, and  
15 costs; and
- 16 7. Awarding such other and further relief as the Court may deem just and proper.

17 **JURY DEMAND**

18 Plaintiff demands a trial by jury as to all issues so triable.

19 DATED: \_\_\_\_\_, 2019

**THE ROSEN LAW FIRM, P.A.**

20  
21 By: \_\_\_\_\_

22 Laurence Rosen  
Phillip Kim

23 **THE ROSEN LAW FIRM, P.A.**

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