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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 Commodity Futures Trading Commission,

10 Plaintiff,

11 v.

12 Debiex, et al.,

13 Defendants.
14

No. CV-24-00117-PHX-DLR

ORDER

15 The Court, having reviewed Plaintiff Commodity Future Trading Commission's
16 ("CFTC") *Ex Parte* Motion for Alternative Service of Process on Defendant Debiex (Doc.
17 11), and good cause appearing,

18 **HEREBY FINDS THAT:**

19 1. Fed. R. Civ. P. 4(f)(3) permits this Court to direct alternate service in a
20 manner that will provide Debiex with adequate notice and due process;

21 2. Under Rule 4(f)(3), courts in the Ninth Circuit have authorized alternate
22 methods of service, including by publication, to defendants who are difficult to locate. *See,*
23 *e.g., Rio Properties, Inc. v. Rio International Interlink*, 284 F.3d 1007, 1016 (9th Cir. 2022)
24 (noting that "trial courts have authorized a wide variety of alternative methods of service
25 including publication") (emphasis supplied); *Independent Film. Dev. Corp. v. Junior*
26 *Capital, Inc.*, No. CV 13-00259 BRO, 2015 WL 12778352 (C.D. Cal. July 9, 2015) (order
27 entering default judgment against defendant whose last known address was in Canada and
28 who was served by publication in a biweekly Canadian newspaper of general circulation

1 and by publication in a Canadian daily online classified advertisement publication); *SEC*
2 *v. China Sky One Medical, Inc.*, Case No. CV 12-07543-MWF, 2013 WL 12314508 (C.D.
3 Cal. Aug. 20, 2013) (order granting motion for service of process on Chinese defendants
4 by publication in the *International Herald Tribune*, noting that it is “not ideal, but meets
5 due process” where the SEC: 1) was not able to successfully serve defendants through the
6 Chinese Central Authority; and 2) researched the possibility of publishing notice in a local
7 Mandarin Chinese-language newspaper in the region where the defendants reside, but
8 argued it was not feasible because “Chinese newspapers, controlled by the Chinese
9 government, normally do not accept requests to publish notices...against Chinese
10 defendants.”).

11 3. The CFTC has reasonably calculated that because Debiex’s fraud was
12 conducted entirely online, service by publication online will provide Debiex with sufficient
13 and actual notice of the CFTC’s lawsuit;

14 4. The CFTC has demonstrated that Debiex’s location and the identities of its
15 owners and operators are unknown;

16 5. The CFTC has shown that, under these circumstances, service on Debiex by
17 online publication is the quickest and most accurate way to serve it;

18 6. Service by publication is not prohibited by International Agreement in this
19 case because:

20 a. The Hague Convention applies when the actual location of the person
21 to be served is known. *See* Hague Convention on the Service Abroad of Judicial and
22 Extrajudicial Documents in Civil or Commercial Matters, Art. 1;

23 b. The CFTC has diligently, but unsuccessfully, attempted to ascertain
24 and confirm the following factual information about Debiex:

- 25 • Its geographic location and/or exact address;
- 26 • The identity of its employees, owners, officers and/or managers;
- 27 • Its internet domain registrant;
- 28 • Its email address; and

- Its phone number; and

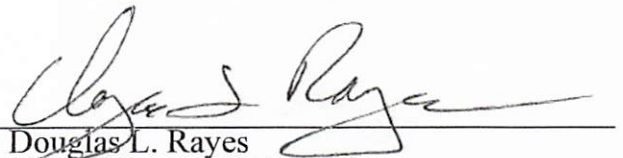
c. Service by online publication is the only method of service guaranteed to give Debiex timely notice of the CFTC's lawsuit and an opportunity to appear and defend itself.

Accordingly,

IT IS ORDERED the CFTC's *Ex Parte* Motion for Alternative Service of Process on Defendant Debiex by Publication (Doc. 11) is hereby **GRANTED**.

IT IS FURTHER ORDERED that the CFTC shall serve Defendant Debiex by retaining Global Legal Notices to publish online a summons, the Complaint (Doc. 1), this Court's Order dated January 19, 2024 (Doc. 5), and a copy of this Order on its website at <https://globallegalnotices.com> as soon as practicable, but no later than seven business days after Plaintiff receives this Order. The CFTC shall have up to and including **Monday, July 15, 2024** to complete service on Debiex in this manner.

Dated this 1st day of April, 2024.


Douglas L. Rayes
United States District Judge

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Commodity Futures Trading Commission,

Plaintiff,

v.

Debiex, et al.,

Defendants.

No. CV-24-00117-PHX-DLR

ORDER

This matter recently has come before the Court.

IT IS ORDERED as follows:

1. Motions to dismiss under Federal Rule of Civil Procedure 12(b)(1)-(3) & (6)-(7), motions for judgment on the pleadings under Rule 12(c), and motions to strike under Rule 12(f) are discouraged if the perceived defect(s) that would be the subject of the motion can be cured in any part by filing an amended pleading. The parties therefore must confer before the filing of any motion under Rules 12(b)(1)-(3) & (6)-(7), 12(c), or 12(f) to determine whether it can be avoided. If such a motion is filed, it must be accompanied by a notice certifying the parties conferred in good faith and were unable to agree the pleading is curable by a permissible amendment. Motions not accompanied by the required certification will be stricken.

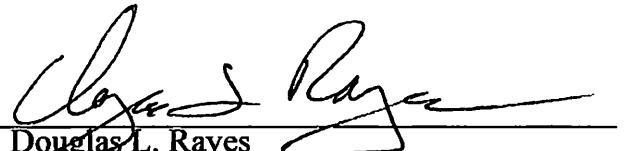
2. If the parties are unable to agree the pleading is curable in any part and a motion to dismiss or for judgment on the pleadings is filed, and if in response to that motion the non-moving party asks the Court for leave to amend, the non-moving party must at that

1 time submit a proposed amended pleading that complies with Local Rule of Civil
2 Procedure 15.1(a) and contains all further allegations the non-moving party could make. In
3 the event the motion to dismiss or for judgment on the pleadings is granted in any part, no
4 leave to amend the complaint will be granted beyond what is offered by the non-moving
5 party in the proposed amended complaint.

6 3. The parties shall endeavor not to oppose motions to amend filed prior to the
7 Scheduling Conference or within the time for amending pleadings and joining parties set
8 forth in the Rule 16 Scheduling Order.

9 4. Plaintiff shall serve a copy of this Order upon Defendant and file notice of service
10 with the Court.

11 Dated this 19th day of January, 2024.

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16 Douglas L. Rayes
17 United States District Judge
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UNITED STATES DISTRICT COURT

for the

District of Arizona



COMMODITY FUTURES TRADING COMMISSION

Plaintiff(s)

v.

Debiex

Defendant(s)

Civil Action No. No. CV-24-00117-PHX-DLR

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* Debiex

To be served at: <https://globallegalnotices.com>
as per Order dated 4.2.24 (Doc. 13)

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Jennifer J. Chapin
Commodity Futures Trading Commission
2600 Grand Blvd., Suite 210
Kansas City, MO 64108
Telephone: 816-456-0372
Facsimile: 816-960-7751
jchapin@cftc.gov

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: _____

Signature of Clerk



ISSUED ON 6:45 am, Apr 03, 2024

s/ Debra D. Lucas, Clerk

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. No. CV-24-00117-PHX-DLR

PROOF OF SERVICE*(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))*

This summons for *(name of individual and title, if any)* _____
 was received by me on *(date)* _____.

☐ I personally served the summons on the individual at *(place)* _____
 on *(date)* _____; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* _____
 _____, a person of suitable age and discretion who resides there,
 on *(date)* _____, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* _____, who is
 designated by law to accept service of process on behalf of *(name of organization)* _____
 on *(date)* _____; or

☐ I returned the summons unexecuted because _____; or

☐ Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ 0.00.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Print

Save As...

Reset

Jennifer J. Chapin (MO Bar #50554)
2600 Grand Blvd., Suite 210
Kansas City, MO 64112
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Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA
PHOENIX DIVISION

**Commodity Futures Trading
Commission,**

Plaintiff,

v.

Debiex,

Defendant

Zhāng Chéng Yáng,

Relief Defendant

No. CV-24-____-PHX-

**COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE RELIEF
AND CIVIL MONETARY
PENALTIES UNDER THE
COMMODITY EXCHANGE ACT**

JURY TRIAL DEMANDED

Plaintiff, Commodity Futures Trading Commission ("Commission" or "CFTC"), by and

1 through its undersigned attorneys, hereby alleges as follows:

2 I. SUMMARY

3 1. From approximately March 2022 to the present (“Relevant Period”), Defendant
4 Debiex (“Debiex”), by and through its unknown officers and/or managers, engaged in a
5 coordinated scheme to defraud at least five (5) U.S. customers (“Customers”) located in at least
6 five states across the country. The scheme involved the misappropriation of at least \$2.3 million
7 from such Customers in connection with the sale of digital asset commodities such as Bitcoin
8 and Ether, as well as digital asset commodities futures contracts.

10 2. The scheme involved the coordinated efforts of at least three employee and/or
11 agent groups: (1) “Solicitors,” who contacted Customers via at least one U.S.-based social
12 media platform and pretended to befriend or romance the Customers in order to solicit them to
13 open and fund trading accounts with Debiex; (2) “Customer Service,” which purported to set up
14 and service Debiex trading accounts on behalf of the Customers; and (3) “Money Mules,” such
15 as, but not limited to, Relief Defendant **Zhāng Chéng Yáng (“Zhang”)**, whose digital asset
16 wallets were used by Debiex to accept and/or misappropriate Customer funds. These three
17 groups were organized and supervised by Debiex’s unknown officers and/or managers.

19 3. It also appears that, during the Relevant Period, Debiex primarily targeted
20 Chinese Americans.

22 4. The fraudulent scheme followed a pattern. Solicitors contacted Customers via
23 U.S.-based social media platforms or messaging applications. By way of continuous and
24 repeated contacts with Customers, whereby the Solicitors cultivated friendly or romantic
25 relationships, Solicitors claimed to have knowledge or inside information that allowed them to
26 earn huge profits trading in digital asset commodities such as Bitcoin or Ether or digital currency
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1 commodity futures contracts. Once Customers decided to participate, the Solicitors introduced
2 them to Debiex's websites, where the Customers were instructed to set up or were assisted by
3 Customer Service with setting up their digital asset "trading accounts." Unbeknownst to the
4 Customers, the Debiex websites merely mimicked the features of a legitimate live trading
5 platform and the "trading accounts" depicted on the websites were a complete ruse. No actual
6 trading took place on their behalf. Instead, once Debiex received Customer funds, such funds
7 were misappropriated by Debiex.
8

9 5. Defendant Debiex, through the use of Money Mules such as Relief Defendant
10 **Zhang**, and perhaps others, accepted Customers' funds into digital asset wallets.

11 6. Debiex is operated and overseen by currently unknown officers and/or managers.
12 Based upon information and belief, Debiex's unknown officers and/or managers: (i) directed
13 and controlled the Solicitors, Customer Service personnel and Money Mules; (ii) created Debiex
14 websites that mimicked the features of a legitimate live trading platform; (iii) misappropriated at
15 least \$2.3 million in Customer funds; and (v) sent, or caused false trading records to be sent, to
16 Customers. These acts perpetuating Debiex's fraudulent scheme are so dramatically false that
17 some of Debiex's unknown officers and/or managers must have known of their falsity
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19 7. By this conduct, and the conduct further described herein, Debiex, through its
20 unknown officers and/or managers have engaged, are engaging, and/or are about to engage in
21 acts and practices in violation of Section 6(c)(1) of the Commodity Exchange Act ("Act" or
22 "CEA"), 7 U.S.C. § 9(1), and Commission Regulation ("Regulation") 180.1(a)(1) and (3),
23 17 C.F.R. § 180.1(a)(1), (3) (2022).
24

25 8. Debiex is liable for the conduct of these officers and/or managers pursuant to
26 Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) and Regulation 1.2, 17 C.F.R. § 1.2 (2022).
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10. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, the Commission brings this action to permanently enjoin Debiex's unlawful acts and practices, to compel its compliance with the Act and the Regulations, and to further enjoin it from engaging in any commodity-interest related activity, as set forth below. In addition, the Commission seeks civil monetary penalties for each violation of the Act and Regulations, and remedial ancillary relief, including, but not limited to, trading bans, restitution, disgorgement, an accounting, pre- and post-judgment interest, and such other relief as the Court deems necessary and appropriate.

11. This Court possesses jurisdiction over this action pursuant to 28 U.S.C. § 1331 (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (providing that U.S. district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). In addition, Section 6c of the Act, 7 U.S.C. § 13a-1(a), authorizes the Commission to seek injunctive relief against any person whenever it shall appear to the Commission that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

4

III. THE PARTIES

A. PLAINTIFF

13. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with the administration and enforcement of the Act and Regulations. The Commission maintains its principal office at Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

B. DEFENDANT

14. During the Relevant Period, **Debiex** operated publicly accessible internet domains located at <https://www.debiex.com> and/or <https://www.debiex.net>. The internet domains were both created on or about March 12, 2022 and are accessible to U.S. customers. On its websites, Debiex claims that:

- a. Its users “can perform two main actions on this platform: Futures Trading [and] Mining transactions;”
- b. It is a “Blockchain Network Decentralized perpetual contract trading platform,” for popular currency such as Bitcoin; and
- c. “We work very hard to ensure every aspect of the platform. We also conduct professional audits of all smart contracts. From the ground up, we designed the DEX to be as robust as possible: from price oracles, to liquidation mechanisms, to the underlying smart contracts.”

15. Debiex’s corporate status, if any, and exact location is unknown. Debiex has never been registered with the Commission.

16. Debiex is operated and overseen by currently unknown officers and/or managers.

C. RELIEF DEFENDANT

17. On information and belief, **Zhāng Chéng Yáng** is a Chinese national. Based upon evidence collected to date, Zhang owns or otherwise controls a digital asset wallet with a

1 global digital asset commodity spot and derivatives exchange (“**Exchange A**”). Zhang created
2 the digital asset wallet with Exchange A on or about November 28, 2022. Zhang’s digital asset
3 wallet at Exchange A received digital assets to which he had no legitimate claim and for which
4 he did not provide any services to Customers. Exchange A has voluntarily preserved the funds
5 contained in Zhang’s digital asset wallet pending the outcome of this litigation.
6

7 **IV. STATUTORY BACKGROUND AND LEGAL FRAMEWORK**

8 18. The purpose of the CEA is to “serve the public interests . . . through a system of
9 effective self-regulation of trading facilities, clearing systems, market participants and market
10 professionals under the oversight of the Commission,” as well as “to deter and prevent price
11 manipulation or any other disruptions to market integrity; to ensure the financial integrity of all
12 transactions subject to [the] Act and the avoidance of systemic risk; to protect all market
13 participants from fraudulent or other abusive sales practices and misuses of customer assets; and
14 to promote responsible innovation and fair competition among boards of trade, other markets and
15 market participants.” Section 3 of the Act, 7 U.S.C. § 5.
16

17 19. A digital asset is anything that can be stored and transmitted electronically and
18 has associated ownership or use rights. Digital asset commodities include virtual currencies,
19 such as Bitcoin (BTC), Ether (ETH) and stablecoins such as Tether (USDT), which are digital
20 representations of value that function as mediums of exchange, units of account and/or stores of
21 value. Additionally, digital asset commodities such as BTC, ETH, and USDT, as well as others,
22 are “commodities” as defined under Section 1a(9) of the Act, 7 U.S.C. § 1a(9).
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24 20. In recent years, as digital asset markets have evolved, the CFTC has approved the
25 offer of futures contracts on digital asset commodities, including BTC and ETH futures and
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21. For purposes of this Complaint, a digital asset wallet refers to a 26- to 35-digit alphanumeric public key that operates similarly to a bank account and can be used to send and receive digital assets. While anyone can send digital assets to a particular wallet address, transferring digital assets out of a wallet address requires a private key held by the owner of the wallet address. Unlike bank accounts, wallet addresses are public information and are recorded on the blockchain for viewing by members of the public.

A. The Fraudulent Scheme

22. Throughout the Relevant Period, Debiex targeted primarily Chinese Americans with a sophisticated fraudulent scheme. The scheme involved the coordinated efforts of three employee and/or agent groups: (1) "Solicitors," who contacted Customers via U.S.-based social media platforms and pretended to befriend or romance the Customers in order to solicit them to open and fund trading accounts at one of Debiex's two websites; (2) Debiex's "Customer Service," which purported to set up and service Debiex trading accounts on behalf of the Customers; and (3) "Money Mules," such as, but not limited to, Zhang, whose digital asset wallets were used by Debiex to accept and/or misappropriate Customer digital assets. These three groups were organized and supervised by Debiex's unknown officers and/or managers.

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1 24. Throughout the Relevant Period, Debiex accepted the deposit of at least
2 \$2,356,406.06 worth of digital asset commodities from at least five (5) Customers into various
3 digital asset wallets, one of which was owned and controlled by Zhang. Contrary to the false
4 representations made to the Customers by the Solicitors and/or Customer Service, Debiex did not
5 use the funds to enter into any digital asset commodity transactions on behalf of the Customers.
6

7 **i. Solicitors Formed Online Relationships with Customers and**
8 **Introduced them to Debiex**

9 25. Throughout the Relevant Period, the Solicitors cultivated friendly and/or romantic
10 online relationships with the Customers by way of continuous and repeated contacts. For
11 example, in September 2022, **Customer A** received a request to connect on a popular, U.S.-
12 based professional social media platform. Customer A's Solicitor sent him multiple photographs
13 that depicted a young, attractive Asian woman and stated that she was a divorced mother who
14 lived in Seattle, but was originally from the same province in China as Customer A. In October
15 2022, **Customer B's** Solicitor contacted him via the same professional social media platform as
16 Customer A, and, using Customer B's native language, convinced him to move their
17 conversation to another application, where she repeatedly chatted with him. In December 2022,
18 **Customer C's** Solicitor contacted him via a messaging application and claimed to be a woman
19 of Asian descent who lived in San Francisco. **Customer D's** Solicitor contacted him via a
20 different messaging application and claimed to be a Chinese woman living in Seattle and
21 convinced him to move their conversation to another application where she repeatedly chatted
22 with him. In April 2023, **Customer E's** Solicitor found him on the same U.S.-based social
23 media platform for professionals used to contact Customers A and B, then contacted him through
24 a chat application and, among other things, claimed to be a Chinese female who went to the same
25 college as he did.
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1 26. Solicitors established a rapport with the Customers by way of continuous and
2 repeated messaging and sharing purported pictures of themselves. Solicitors always claimed to
3 be highly successful digital asset commodities traders and/or sometimes attributed their success
4 to an “uncle” or an “insider” who provided them with inside knowledge.

5 27. Once the Solicitor gained the Customer’s trust, they encouraged the Customer to
6 open a digital asset commodity trading account with Debiex and offered to share their purported
7 inside knowledge with the Customer so that they too might earn extraordinary returns. For
8 example, Customer A’s Solicitor told him that she traded digital asset commodities per
9 instructions from her aunt, who had a “whole team behind her . . . to analyze the market, so [the]
10 chance of winning is very high.” Customer A’s Solicitor also told him that she had made
11 significant profits trading on Debiex, that her biggest loss was only 10%, and that she had only
12 suffered one trading loss. Customer E’s Solicitor told him that she had already made \$30 million
13 in profits from digital asset commodities trading and that she knew someone, a “big trader,”
14 whose trades they could copy. Customer C’s Solicitor encouraged him to invest in Debiex’s
15 “crypto futures trading platform.” Customer C was also told by his Solicitor that this type of
16 trading was risk free and she would cover any of his trading losses, if any, and that she could
17 “access and monitor the [Debiex] database for the trading platform.”
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21 28. The Customers understood that their funds were to be used to engage in digital
22 asset commodity transactions for speculation based upon the statements of the Solicitors and the
23 Debiex websites.

24 29. Once a Customer decided to participate, the Solicitor then introduced them to
25 Defendant Debiex. For example, both Customer C and Customer E were directed to use the
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1 browser in their U.S.-based digital asset exchange platform mobile applications to select the
2 Debiex.net website.

3 **ii. Customers Sent Funds to Digital Wallet Addresses They Were Led to**
4 **Believe Belonged to Debiex**

5 30. In order to fund their purported Debiex digital asset commodity trading accounts,
6 either the Solicitors or Customer Service provided Customers with digital wallet addresses. For
7 example, Customer A sent approximately \$9,000 to a U.S.-based digital asset exchange platform
8 suggested by his Solicitor, converted his fiat currency to ETH and USDT, and then sent the ETH
9 and USDT to a digital wallet address provided to him by his Solicitor, which he was led to
10 believe belonged to Debiex.
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12 31. In addition, both Customers A and B sent their ETH to the exact same digital
13 asset wallet. Customer A's transfers occurred in September 2022 and Customer B's transfers
14 occurred in September and October 2022. Some of Customer D's digital assets he intended for
15 digital asset commodity trading with Debiex were also eventually transferred by Debiex's
16 unknown officers and/or control persons into that same wallet.
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18 32. Over time, Customer A noticed that the digital asset wallets to which he was
19 instructed to send funds changed, but he continued to send funds because he trusted what his
20 Solicitor had told him about her trading experience with Debiex.

21 33. At the direction of his Solicitor, Customer E liquidated his individual retirement
22 account (worth approximately \$250,000), wired the funds to a digital asset platform suggested by
23 his Solicitor, converted his fiat currency to ETH, converted it once more to USDT, and then sent
24 it to a digital asset wallet that his Solicitor led him to believe was Debiex's.
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26 **iii. Debiex Provided False Trading Records to Customers**
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1 34. After sending their funds to the U.S.-based digital asset commodity exchange
2 platform and converting them to digital asset commodities, which they then sent to digital asset
3 wallets they had been led to believe belonged to Debiex, Customers all believed they had opened
4 actual trading accounts on Debiex's platforms.

5 35. In fact, based upon information and belief, Defendant Debiex's websites simply
6 allowed Customers to interface with Customer Service representatives, who controlled the
7 information provided to the Customers via the Debiex websites. Through the use of Debiex
8 websites, Customer Service provided Customers with fictitious information concerning, among
9 other things: profits and losses, account balances, digital asset commodity trading transactions,
10 and deposits and withdrawals of funds into and out of their trading accounts.

11 36. All of this information was most likely false. The evidence shows that the
12 Customers' digital assets were simply sent to numerous digital asset wallets in an attempt to
13 obfuscate their destination. In short, there is no evidence that the Customers' digital assets were
14 "traded" for another digital asset, as portrayed in the Customers' trading platform records.

15 37. The false statements by the Solicitors and Customer Service and the false
16 statements on the Debiex websites were so important and dramatically false that Debiex's
17 unknown officers and/or managers knew about the fraud, or at the very least, engaged in an
18 extreme departure from the standard of care a reasonable person would undertake in similar
19 circumstances.

20 **iv. At Least One Customer's Funds were Deposited into Zhang's Digital**
21 **Asset Wallet**

22 38. From December 2022 to January 2023, Customer D deposited approximately
23 \$445,000 worth of ETH into digital asset wallets he thought belonged to Debiex.
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1 39. However, an analysis of Customer D's digital assets revealed that they very
2 quickly moved via transfers through a succession of several digital asset wallets.

3 40. For example, soon after Customer D transferred his ETH to a wallet controlled by
4 Debiex, those digital asset commodities were transferred to a U.S.-based decentralized digital
5 asset exchange and converted to USDT.
6

7 41. Ultimately, \$168,820 worth of Customer D's digital asset commodities were
8 transferred to a wallet at Exchange A, a global digital asset spot and derivatives exchange. This
9 Exchange A wallet belongs to Relief Defendant Zhang, a Chinese national. Based on
10 information and belief, Zhang is acting as a Money Mule for Debiex.

11 42. Customer D does not know who Zhang is and never received any services from
12 Zhang.
13

14 43. Exchange A is voluntarily preserving these digital assets in Zhang's wallet
15 pending the outcome of this litigation.

16 **v. Debiex Used False Trading Successes to Solicit Additional Funds from**
17 **Customers**

18 44. Once their accounts were funded, the Solicitors provided Customers with
19 purported trading advice. The Solicitors instructed the Customers which digital asset commodity
20 the Customers should purportedly "trade" and when they should enter and exit each "trade."
21

22 45. Overall, the Customers were led to believe that they were earning incredible
23 returns from their trading. The Customers' Debiex accounts generally showed consistent trading
24 gains with very few, if any, losses.

25 46. For example, Customer B was told that his digital assets initially worth \$425,888
26 had grown to about \$15 million after he transferred them to Debiex for trading purposes.
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1 Customer E was told that his digital assets commodities initially worth \$252,500 had generated a
2 \$2 million profit after he transferred them to Debiex for trading.

3 47. The Solicitors used these purported successes to encourage Customers to deposit
4 additional funds with Debiex.

5 **vi. Debiex Used Fraudulent Tactics to Prevent Customers from**
6 **Withdrawing Funds and to Obtain More Funds**

7 48. Debiex's Customer Service, and, sometimes, the Solicitors, employed tactics to
8 further defraud Customers, such as falsely telling them that they would need to pay taxes before
9 their funds could be withdrawn. As a result, some of the Customers transferred additional funds
10 to their trading accounts to cover these "taxes." For example, Customer A was told that he had
11 to pay a 37% tax, as calculated by his account value, before he could withdraw his purported
12 trading profits. Customer E was told that he had to pay a \$888,000 tax payment to Debiex before
13 he could withdraw his purported trading profits. When Customer E protested, his Solicitor said
14 she would loan him some of the money necessary to make the tax payment, but that he would
15 still have to pay \$150,000 to Debiex. The tax payments were just a ruse and Customers were
16 unable to withdraw their funds even after submitting these "taxes."
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18 49. In another example, a Solicitor told Customer C that her account was frozen by
19 Debiex when she tried to transfer \$2 million in trading profits back to him. The Solicitor then
20 told Customer C to open an account at a U.S.-based digital asset trading platform so she could
21 provide him with specific instructions about which digital asset commodity to trade while her
22 Debiex account was locked. Customer A complied with his Solicitor's instructions and
23 ultimately transferred an additional \$252,000 to Debiex.
24

25 50. In yet another example, Customer Service told Customer B that he could not
26 make withdrawals and that he had to deposit more funds in order to "increase" his credit score.
27
28

1 Customer Service then threatened Customer B by telling him that if he did not deposit more
2 funds “It will affect your other investment and financial products, and also freeze your bank
3 account, stocks, funds, etc.” Fearing these consequences, Customer B provided additional funds
4 to Debiex.

5 51. Customer B was also told by Customer Service that he needed to become a “VIP”
6 so his withdrawals would go through the purported “VIP withdrawal channel” more quickly.
7 When he asked how to open a VIP withdrawal channel, he was told that he could pay \$188,888
8 for a month of unlimited withdrawals; \$388,888 for a quarter of unlimited withdrawals; or
9 \$888,888 for a full year of unlimited withdrawals.
10

11 52. With the exception of Customer D, who received a very small amount of his
12 funds back at the outset of the fraud, none of the Customers were able to withdraw their funds
13 from their purported Debiex trading accounts. For example, Customer A tried multiple times to
14 make withdrawals from his Debiex account, but received the following excuses from Customer
15 Service:
16

- 17 a. Hello, because you are operating too frequently, please try again in an hour!
18 b. Hello, please clear your cache, log out and log in again.
19 c. Hello! This is caused by your network, please refresh and try to withdraw funds
20 again!

21 53. When Customer B tried to withdraw funds from his Debiex account, he received
22 the following two nonsensical messages from Customer Service within 20 minutes of each other:
23

- 24 a. Hello, the system has detected that there is a third party in your accounts who is
25 making profits with data, which has seriously violated the platform rules. Please
26 standardize your operations and build a green platform.
27 b. Hello, for the safety of your funds, you need to re-authenticate your account, the
28 frozen state can be lifted and the normal withdrawal business can resume after
unfreezing! You need to provide the front and back photos of your ID card and take

1 photos to the customer service for identify verification and pay 60% of the risk fund
2 of your personal account balance to your personal account for account fund
3 verification. After the review is passed you can carry out the normal cash
4 withdrawal business again!

5 54. Once Customers stopped making deposits, Debiex's Customer Service and/or the
6 Solicitors either stopped communicating with them or continued to pressure them to make
7 purported tax payments so they could receive their purported trading profits.

8 55. During the Relevant Period, Customer A transferred a total of approximately
9 \$9,000 to Debiex.

10 56. During the Relevant Period, Customer B transferred a total of \$967,018 to
11 Debiex.

12 57. During the Relevant Period, Customer C transferred a total of \$677,888 to
13 Debiex.

14 58. During the Relevant Period, Customer D transferred a total of \$445,000 to
15 Debiex, of which he received back a very small amount.

16 59. During the Relevant Period, Customer E transferred a total of \$252,500 to
17 Debiex.

18
19 **B. Debiex's Unknown Officers and/or Managers Knew or Should Have Known**
20 **They Were Operating a Fraudulent Scheme and Not a Legitimate Digital**
21 **Asset Trading Platform**

22 60. The fraud committed under the auspices of the Debiex enterprise was coordinated
23 and consistent in its application. Such manifestations of organization could only result if
24 Debiex's unknown officers and/or managers intentionally or recklessly created the false websites
25 and directed the Solicitors and Customer Service representatives to engage in fraud.
26
27
28

1 61. Based upon information and belief and the known facts and circumstances,
2 Debiex's unknown officers and/or managers directed Solicitors to contact and establish phony
3 relationships with Customers wherein they touted their knowledge or inside information that
4 allowed them to earn huge profits trading in digital asset commodities and encouraged
5 Customers to open trading accounts.
6

7 62. Based upon information and belief and the known facts and circumstances,
8 Debiex's unknown officers and/or managers created Debiex websites that mimicked the features
9 of a legitimate live trading platform.
10

11 63. Based upon information and belief and the known facts and circumstances,
12 Debiex's unknown officers and/or managers directed Customer Service to make additional lies in
13 order to maintain the illusion of a legitimate trading platform.
14

15 64. Debiex's unknown officers and/or managers misappropriated at least \$2.3 million
16 in Customer digital assets by transferring at least \$168,820 of digital assets into Zhang's digital
17 asset wallet and the balance into other known and unknown digital asset wallets.
18

19 65. Based upon information and belief and the known facts and circumstances,
20 Debiex's unknown officers and/or managers sent, or caused false trading records to be sent to
21 Customers.
22

23 66. These acts perpetuating Debiex's scheme are so dramatically false that some of
24 Debiex's unknown officers and/or managers knew or should have known of their falsity.
25 Because these unknown officers and/or managers engaged in this conduct on behalf of Debiex,
26 Debiex is culpable for their conduct.
27
28

COUNT I

FRAUD BY DECEPTIVE DEVICE OR CONTRIVANCE

**Violations of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1), and Regulation 180.1(a)(1) and (3),
17 C.F.R. § 180.1(a)(1), (3) (2022)**

67. The allegations in paragraphs 1-66 are re-alleged and incorporated herein by reference.

68. 7 U.S.C. § 9(1) makes it “unlawful for any person, directly or indirectly, to use or employ, or attempt to use or employ, in connection with any swap, or a contract of sale of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity, any manipulative or deceptive device or contrivance, in contravention of such rules and regulations as the Commission shall promulgate”

69. 17 C.F.R. § 180.1(a)(1) and (3) makes it “unlawful for any person, directly or indirectly, in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity, to intentionally or recklessly:

1) use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; [or]

3) engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person”

70. Digital asset commodities such as BTC and ETH are encompassed in the definition of a “commodity” under Section 1a(9) of the Act, 7 U.S.C. § 1a(9), and contracts for their sale are subject to the prohibitions of 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a)(1) and (3).

71. During the Relevant Period, Debiex officers and/or managers violated 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a)(1) and (3), by, among other things, intentionally or recklessly: (1) directing Solicitors to make continuous and repeated contacts with Customers, whereby they established phony friendly or romantic relationships with Customers wherein they touted their

knowledge or inside information that allowed them to earn huge profits trading in digital asset commodities and encouraged Customers to open trading accounts; (2) creating Debiex websites that mimicked the features of a legitimate trading platform; (3) directing Customer Service to make additional lies in order to maintain the illusion of a legitimate trading platform; (4) misappropriating at least \$2.3 million in Customer digital assets by transferring at least \$168,820 of digital assets into Zhang's digital asset wallet and the balance into other known and unknown digital asset wallets; and (5) sending, or causing false trading records to be sent to Customers.

72. These acts perpetuating Debiex's scheme are so dramatically false that some of Debiex's unknown officers and/or managers knew or should have known of their falsity. Because these unknown officers and/or managers engaged in this conduct on behalf of Debiex, Debiex is culpable for their conduct

73. Debiex's unknown officers and/or managers engaged in the acts and practices described above using instrumentalities of interstate commerce, including but not limited to: interstate wires for transfer of funds, email, websites, and other electronic communication devices.

74. Each act of misappropriation and fraudulent provision of false trading records, including but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a)(1) and (3).

75. Debiex is liable for the conduct of these unknown officers and/or managers pursuant to Section 2(a)(1) of the Act, 7 U.S.C. § 2(a)(1)(B) and Regulation 1.2, 17 C.F.R. § 1.2 (2022).

76. Relief Defendant Zhang received ill-gotten gains from Debiex's fraudulent conduct, to which he had no legitimate claim and for which he did not provide any services to Customers. Therefore, he must disgorge Customer D's digital assets that were traced to his digital asset wallet regardless of whether he actually violated any of the anti-fraud provisions of the Act and the Regulations.

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court, as authorized by 7 U.S.C. § 13a-1, and pursuant to the Court's inherent equitable powers, enter:

A. An order finding Defendant liable for violating Section 6(c)(1) of the Act, 7 U.S.C. § 9(1), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2022);

B. An order of permanent injunction permanently restraining, enjoining, and prohibiting Defendant, and any other person or entity associated with it, from engaging in conduct described above, in violation of 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a)(1) and (3);

C. An order of permanent injunction prohibiting Defendant and any other person or entity associated with it from directly or indirectly:

(i) Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40));

(ii) Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2022) or “digital asset commodities” (as described herein), including Bitcoin and Ether, for their own personal account(s) or for any account(s) in which any Defendant has a direct or indirect interest;

(iii) Having any commodity interests or digital asset commodities, including Bitcoin and Ether, traded on Defendant's behalf;

- 1 (iv) Controlling or directing the trading for or on behalf of any other person or entity,
2 whether by power of attorney or otherwise, in any account involving commodity
3 interests or digital asset commodities, including Bitcoin and Ether;
- 4 (v) Soliciting, receiving or accepting any funds from any person for the purpose of
5 purchasing or selling any commodity interests or digital asset commodities,
6 including Bitcoin and Ether;
- 7 (vi) Applying for registration or claiming exemption from registration with the
8 Commission in any capacity, and engaging in any activity requiring registration or
9 exemption from registration with the Commission, except as provided for in
10 Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2022); and
- 11 (vii) Acting as a principal (as that term is defined in 17 C.F.R. § 3.1(a) (2022)), agent, or
12 any other officer or employee of any person registered, exempted from registration,
13 or required to be registered with the Commission, except as provided for in
14 17 C.F.R. § 4.14(a)(9) (2022);

15 D. An order directing Defendant and any successors thereof to withdraw or remove
16 any and all websites that offer to enter into, enter into, execute, or confirm the execution of any
17 transaction subject to the Commission's jurisdiction under Section 2(c)(2)(D) of the Act, or any
18 contract for the purchase or sale of a commodity for future delivery with U.S. customers;

19 E. An order directing the Defendant and any successors thereof to provide current
20 and future web hosts of Defendant's website a copy of any injunctive order finding liability for
21 and/or enjoining further violations of the Act;

22 F. An order directing Defendant and Relief Defendant, as well as any successors
23 thereof, holding companies, and alter egos, to disgorge, pursuant to such procedure as the Court
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1 may order, all benefits received from the acts or practices which constitute violations of the Act
2 and Regulations, as described herein, and pre- and post-judgment interest thereon from the date
3 of such violations;

4 G. An order directing Defendant and Relief Defendant, as well as any successors
5 thereof, holding companies, and alter egos, to make full restitution to every person who has
6 sustained losses proximately caused by the violations of the Act and Regulations described
7 herein, and pre- and post-judgment interest thereon from the date of such violations;

9 H. An order directing Defendant, as well as any successors thereof, to provide a full
10 accounting of all Customer funds they have received during the Relevant Period as a result of the
11 acts and practices that constituted violations of the Act and Regulations, as described herein;

12 I. An order directing Defendant to pay a civil monetary penalty, to be assessed by
13 the Court, in an amount not to exceed the penalty prescribed by 7 U.S.C. § 13a-1(d)(1), as
14 adjusted for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act
15 Improvements Act of 2015, Pub. L. 114-74, 129 Stat. 584 (2015), title VII, Section 701, *see*
16 Regulation 143.8, 17 C.F.R. § 143.8 (2022), for each violation of the Act and Regulations
17 described herein;

19 J. An order requiring Defendant to pay costs and fees as permitted by 28 U.S.C.
20 §§ 1920 and 2412(a)(2); and

21 K. Such other and further relief as the Court deems proper.
22
23
24
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1 Dated: January 17, 2024

2
3 Respectfully submitted,

4 *Jennifer J. Chapin*

5 Jennifer J. Chapin (MO Bar #50554)

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10
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13 Commodity Futures Trading Commission

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CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

U.S. Commodity Futures Trading Commission

(b) County of Residence of First Listed Plaintiff

(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Jennifer J. Chapin 2600 Grand Blvd. #210 KCMO 64108

Joan M. Manley 1155 2ast St. NW Wash DC 20581

DEFENDANTS

Debiex and Relief Defendant Zhang Chéng Yáng

County of Residence of First Listed Defendant

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☒ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question (U.S. Government Not a Party)
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | ☐ 1 | ☐ 1 | Incorporated or Principal Place of Business In This State | ☐ 4 | ☐ 4 |
| Citizen of Another State | ☐ 2 | ☐ 2 | Incorporated and Principal Place of Business In Another State | ☐ 5 | ☐ 5 |
| Citizen or Subject of a Foreign Country | ☐ 3 | ☐ 3 | Foreign Nation | ☐ 6 | ☐ 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
☐ 110 Insurance	PERSONAL INJURY	☐ 625 Drug Related Seizure of Property 21 USC 881	☐ 422 Appeal 28 USC 158	☐ 375 False Claims Act
☐ 120 Marine	☐ 310 Airplane	☐ 690 Other	☐ 423 Withdrawal 28 USC 157	☐ 376 Qui Tam (31 USC 3729(a))
☐ 130 Miller Act	☐ 315 Airplane Product Liability		INTELLECTUAL PROPERTY RIGHTS	☐ 400 State Reapportionment
☐ 140 Negotiable Instrument	☐ 320 Assault, Libel & Slander		☐ 820 Copyrights	☐ 410 Antitrust
☐ 150 Recovery of Overpayment & Enforcement of Judgment	☐ 330 Federal Employers' Liability		☐ 830 Patent	☐ 430 Banks and Banking
☐ 151 Medicare Act	☐ 340 Marine		☐ 835 Patent - Abbreviated New Drug Application	☐ 450 Commerce
☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans)	☐ 345 Marine Product Liability		☐ 840 Trademark	☐ 460 Deportation
☐ 153 Recovery of Overpayment of Veteran's Benefits	☐ 350 Motor Vehicle	LABOR	☐ 880 Defend Trade Secrets Act of 2016	☐ 470 Racketeer Influenced and Corrupt Organizations
☐ 160 Stockholders' Suits	☐ 355 Motor Vehicle Product Liability	☐ 710 Fair Labor Standards Act	SOCIAL SECURITY	☐ 480 Consumer Credit (15 USC 1681 or 1692)
☐ 190 Other Contract	☐ 360 Other Personal Injury	☐ 720 Labor/Management Relations	☐ 861 HIA (1395ff)	☐ 485 Telephone Consumer Protection Act
☐ 195 Contract Product Liability	☐ 362 Personal Injury - Medical Malpractice	☐ 740 Railway Labor Act	☐ 862 Black Lung (923)	☒ 490 Cable/Sat TV
☐ 196 Franchise		☐ 751 Family and Medical Leave Act	☐ 863 DIWC/DIWW (405(g))	☐ 850 Securities/Commodities/Exchange
REAL PROPERTY	CIVIL RIGHTS	☐ 790 Other Labor Litigation	☐ 864 SSID Title XVI	☐ 890 Other Statutory Actions
☐ 210 Land Condemnation	☐ 440 Other Civil Rights	☐ 791 Employee Retirement Income Security Act	☐ 865 RSI (405(g))	☐ 891 Agricultural Acts
☐ 220 Foreclosure	☐ 441 Voting	IMMIGRATION	FEDERAL TAX SUITS	☐ 893 Environmental Matters
☐ 230 Rent Lease & Ejectment	☐ 442 Employment	☐ 462 Naturalization Application	☐ 870 Taxes (U.S. Plaintiff or Defendant)	☐ 895 Freedom of Information Act
☐ 240 Torts to Land	☐ 443 Housing/Accommodations	☐ 465 Other Immigration Actions	☐ 871 IRS—Third Party 26 USC 7609	☐ 896 Arbitration
☐ 245 Tort Product Liability	☐ 445 Amer. w/Disabilities - Employment			☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
☐ 290 All Other Real Property	☐ 446 Amer. w/Disabilities - Other			☐ 950 Constitutionality of State Statutes
	☐ 448 Education			
	PRISONER PETITIONS			
	☐ 463 Alien Detainee			
	☐ 510 Motions to Vacate Sentence			
	☐ 530 General			
	☐ 535 Death Penalty			
	Other:			
	☐ 540 Mandamus & Other			
	☐ 550 Civil Rights			
	☐ 555 Prison Condition			
	☐ 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

7 U.S.C. § 9(1), 17 C.F.R. § 180.1 (1), (3)

Brief description of cause:

Fraud by deceptive device or contrivance

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

Jennifer J. Chapin

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**Authority For Civil Cover Sheet**

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
 - (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
 - (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
- United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here. United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
- Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
- Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
- Original Proceedings. (1) Cases which originate in the United States district courts.
- Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.
- Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
- Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
- Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
- Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
- Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.
- PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
- Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
- Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.