

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BITQYCK, INC., BRUCE E. BISE,
and SAMUEL J. MENDEZ,

Defendants.

C.A. No.: 3:19-cv-2059

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC”) files this Complaint against Defendants Bitqyck, Inc. (“Bitqyck”), Bruce E. Bise (“Bise”), and Samuel J. Mendez (“Mendez”) (collectively, “Defendants”) and alleges as follows:

SUMMARY OF THE ACTION

1. Between December 2016 and February 2019, Bitqyck, which is owned and operated by Bise and Mendez, mass marketed two digital tokens—Bitqy and BitqyM—to prospective investors in 45 U.S. states, two U.S. territories, and 20 countries through multiple, fraudulent unregistered digital asset securities offerings. Bitqyck raised more than \$13 million from more than 13,000 investors by selling the tokens at issue, in some cases as a purported reward alongside products, and in other cases on a standalone basis.

2. Defendants made material misrepresentations and omissions and engaged in deceptive conduct in connection with these unregistered offerings. Defendants represented that

every investor who purchased a Bitqy token would automatically receive one-tenth of one share of Bitqyck common stock through the operation of a “smart contract” associated with the token. This was false, because no smart contract associated with the token embedded common stock ownership, and Defendants never transferred any Bitqyck common stock to Bitqy investors.

3. Defendants also represented that Bitqyck’s “QyckDeals” daily-deals platform, which Defendants touted as a global marketplace that would attract millions of consumers and affiliates, would drive the value of the Bitqy tokens. In reality, while Bitqyck did sell some products to customers, there was no global marketplace, and Bitqyck did not have the ability to create the QyckDeals platform due to technological limitations.

4. Further, in connection with the BitqyM offering, Defendants claimed that Bitqyck owned a cryptocurrency mining facility in the State of Washington, and that BitqyM investors would have the right to profit from the mining facility. This was not true. Bitqyck did not own a cryptocurrency mining facility.

5. Bitqyck also created and maintained its own online trading platform called TradeBQ.com. The platform, which was open to the general public for use 24 hours a day, seven days a week, provided an interface for investors to post bids and offers in Bitqy in exchange for bitcoin. TradeBQ.com brought the orders of multiple buyers and sellers together in the Bitqy security using established, non-discretionary methods. As such, Bitqyck was required to register TradeBQ.com with the SEC as a national securities exchange and failed to do so in violation of the federal securities laws.

6. By reason of this misconduct, Defendants violated, and unless enjoined will continue to violate, the antifraud, securities registration, and securities exchange registration

provisions of the federal securities laws. In the interest of protecting the public from further violations of the federal securities laws, the SEC brings this action seeking permanent injunctive relief, disgorgement of ill-gotten gains plus prejudgment interest, civil penalties, and all other equitable and ancillary relief the Court deems necessary.

JURISDICTION AND VENUE

7. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e), and 27(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d), 78u(e), and 78aa(a)]. The investments offered, purchased, and sold as alleged herein were securities as defined under the Securities Act and the Exchange Act. Defendants directly or indirectly made use of the means or instrumentalities of interstate commerce or the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

8. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Certain of the transactions, acts, practices, and courses of business constituting violations of the federal securities laws occurred within this district. Defendants offered and sold securities at issue in this district. Further, Bise and Mendez reside in this district and Bitqyck’s principal place of business is located in this district.

DEFENDANTS

9. Defendant Bitqyck is a Texas corporation whose principal place of business is in Dallas County, Texas.

10. Defendant Bise is an individual who resides in Dallas County, Texas. Bise is a director, co-founder, and co-owner of Bitqyck.

11. Defendant Mendez is an individual who resides in Dallas County, Texas. Mendez is a director, co-founder, and co-owner of Bitqyck.

FACTUAL ALLEGATIONS

A. Background

12. On October 7, 2016, Bise and Mendez founded Bitqyck, which purported to market digital tokens, which here were digital asset securities.

13. As used herein, a “digital asset” refers to an asset that is issued and transferred using distributed ledger or blockchain technology, including so-called “coins” or “tokens.” Typically, the ownership of such an asset is reflected on a distributed ledger, or blockchain. A digital asset that is a security is referred to as a “digital asset security.”

B. The Bitqy Offering

14. In November 2016, Bise and Mendez began distributing a confidential memorandum (“CM”) to potential investors offering a new digital token called Bitqy. The CM described Bitqy as a token that would be used to pay rewards to consumers and merchants on every transaction in a global “digital-commerce marketplace” that Bitqyck claimed to have developed. Bise and Mendez represented that as the marketplace grew, the demand for Bitqy would increase, which would cause the price of Bitqy to rise.

15. Mendez drafted the CM, and Bise and Mendez reviewed, distributed, and discussed its contents with investors.

16. Defendants represented in the CM, among other things, that:

(a) Bitqyck was creating its own digital token, Bitqy, with an initial price per token of \$0.02;

(b) each Bitqy would “be imbedded with one-tenth of one common share of Bitqyck ...through the use of smart contracts”;

(c) “Bitqyck is a global marketplace [QyckDeals] connecting millions of consumers and affiliates with local and global merchants who will offer discounts, coupon [sic] or vouchers on activities, travel, goods, and services”;

(d) the minimum investment was \$5,000 in exchange for “250,000 Bitqy Coins representing 25,000 shares of Bitqyck common stock”; and

(e) investors would “participate equally” in any Bitqyck dividends and receive “a pro-rata” share of any distributions.

17. Defendants made similar representations to investors about Bitqy at in-person meetings that were then disseminated broadly to the investing public on the internet and social media sites. Defendants also hired employees and contractors to deliver similar representations to potential investors at live weekly in-person meetings that were broadcast by video.

18. As part of its offer and sale of Bitqy, Bitqyck posted a whitepaper on its website. In the whitepaper, Bitqyck claimed it “has authorized one billion shares of common stock” and “has authorized the minting of ten billion digital tokens known as ‘bitqy tokens...’” The whitepaper stated that “[a] strong component of the Bitqy ownership experience is the smart contract tying Bitqyck, Inc. stock to the Bitqy token.” The whitepaper again represented that “the holder of a Bitqy token is also the holder of 1/10 of a share of Bitqyck, Inc. common stock,” thereby giving Bitqy holders actual ownership of Bitqyck.

19. Defendants also touted QyckDeals, their purported global e-commerce

marketplace, as a profit-driver for Bitqyck and a system that would drive demand for Bitqy tokens. Defendants described QyckDeals as an online “daily-deals platform much like Groupon...” and represented to investors that QyckDeals would connect millions of consumers and affiliates with local and global merchants who offer discounts, coupons, or vouchers on goods and services. According to Defendants, every time a consumer purchased a discounted offer from a QyckDeals participating merchant, the consumer and merchant would receive a “reward” of Bitqy as a percentage of the transaction. The person who introduced the business to QyckDeals and the person who introduced the consumer to QyckDeals would also each receive a “reward” of Bitqy for each transaction.

20. Defendants also claimed that embedding stock ownership in the Bitqy tokens would motivate businesses to choose QyckDeals over its competitors. Bise claimed that Bitqyck has “embedded ownership and value in the marketplace. You’ve allowed [businesses] to become owners of the marketplace, simply by doing what they already do. Simply by following the same function they’ve already been following with Groupon, they are rewarded with a new American based currency on Ethereum, that shows that they own part of it for doing it with their business.” According to Defendants, businesses adopting QyckDeals would increase demand for Bitqy tokens, which in turn would generate additional profits for the investors.

21. While Defendants did sell some products and provide Bitqy rewards, Defendants’ statements about the Bitqy offering, however, were false and misleading. The Bitqy tokens did not guarantee common stock ownership through the operation of a smart contract as promised. Although the computer code associated with the Bitqy token included a “legal” section stating that a holder of a Bitqy token is also the holder of one-tenth of a share of Bitqy common stock, this section was merely a non-executable note field (consisting of plain text) and

not a smart contract (which is executable code). Thus, Bitqyck common stock ownership was not somehow governed and guaranteed by code; rather, the transfer of common stock was left to the discretion of Bise and Mendez.

22. In fact, Bise and Mendez decided that *none* of the Bitqy token holders would become Bitqyck shareholders of record, and Bitqyck never issued any shares (or partial shares) of common stock to investors. The only shares of common stock Bitqyck issued were to Bise and Mendez, who collectively own 100% of Bitqyck's common stock, a fact confirmed by Bitqyck's own filings with the Texas Secretary of State. Additionally, contrary to their representations in the CM, the Defendants never paid dividends or distributions to Bitqy investors. Further, Defendants never communicated this fact to investors.

23. In addition, there was no QyckDeals global marketplace, much less one having millions of consumers and affiliates. In fact, Bitqyck did not have the ability to create the QyckDeals platform because it could not bring in enough participating businesses and due to technological limitations. Defendants failed to disclose its failure to develop QyckDeals to the investors.

24. These misstatements and omissions were material. A reasonable investor would have considered information about whether they owned common stock in the company and information about the existence and status of the marketing platform that was supposed to drive the demand and value for their Bitqy tokens important in deciding whether to invest.

25. The Bitqy tokens that Defendants offered and sold to investors are investment contracts and thus securities. The investors paid money for the Bitqy tokens, and investors' fortunes were directly linked to Defendants' efforts in attracting new investors, operating the Bitqyck business, and getting the Bitqy token listed on trading platforms. The investors had a

reasonable expectation of profits to be derived, if at all, from the Defendants' managerial or entrepreneurial efforts. The investors' role was passive, and the investors purchased the tokens with the expectation that they would receive common stock of Bitqyck and a pro rata share of Bitqyck profits, and that the Bitqy tokens would appreciate in value as a result of Defendants' efforts. Defendants also represented to investors that purchasers of Bitqy tokens would receive Bitqyck common stock, and stock is included in the definition of security under federal securities laws. No registration statement has ever been filed or is in effect for the offering of the Bitqy tokens.

C. The BitqyM Offering

26. By July 2017, Defendants began marketing another digital token to investors called BitqyM. Defendants told investors that BitqyM was a cryptocurrency that functions the same as Bitqy, but that it was designed to support the company's cryptocurrency mining and data center operations.

27. Cryptocurrency mining typically refers to the process by which transactions are validated and written to a blockchain. For certain blockchains, computers essentially compete with each other to win the chance to confirm a transaction and, thus, earn a reward of newly-minted blockchain tokens. For this type of blockchain, miners with more computational power have a better chance of winning the competition. That computing power often requires a significant amount of electricity.

28. Defendants arbitrarily priced BitqyM at \$1 per token. Defendants represented to investors that each BitqyM token gave its owner an interest in a Bitqyck-owned Washington State facility used "to mine various cryptocurrencies" including bitcoin. Defendants promised investors that owners of BitqyM would share in the profits of Bitqyck's mining operations.

29. Defendants also told investors that Bitqyck was able to purchase the electricity powering the Washington State mining facility at below-market rates, giving Bitqyck a competitive advantage in the electricity-intensive process of mining digital assets.

30. Defendants' statements about the BitqyM offering were false and misleading. Bitqyck never owned or had any contractual right to any digital asset mining facility in Washington State or anywhere else. Additionally, Bitqyck had no contract to purchase electricity at below-market rates.

31. These misstatements and omissions were material, because a reasonable investor would have considered false information about Bitqyck's ownership of a mining facility, ability to profit from Bitqyck's mining operations, and ability to purchase electricity at below-market rates important in deciding whether to invest.

32. The BitqyM tokens that Defendants offered and sold to investors are investment contracts and thus securities. The investors paid money for the BitqyM tokens, and investors' fortunes were directly linked to Defendants' efforts to operate the business by securing the rights to the mining facility and to purchase electricity at below-market prices. The investors had a reasonable expectation of profits to be derived, if at all, from the Defendants' managerial or entrepreneurial efforts. The investors' role was passive, and the investors purchased BitqyM tokens with the expectation that the tokens would generate passive profits from the Bitqyck mining facilities in Washington State. No registration statement has ever been filed or is in effect for the offering of the BitqyM tokens.

D. Use of the Offering Proceeds

33. In connection with the securities offerings for Bitqy and BitqyM, and by means of the misrepresentations and omissions alleged above, Defendants, between December 2016 and

February 2019, raised more than \$13 million from more than 13,000 investors across 45 states, two U.S. territories, and 20 countries by selling the tokens at issue, in some cases as a purported reward alongside products, and in other cases on a standalone basis. Investors sent money to Bitqyck, including by check, wire transfer, and money order, and by using bitcoin.

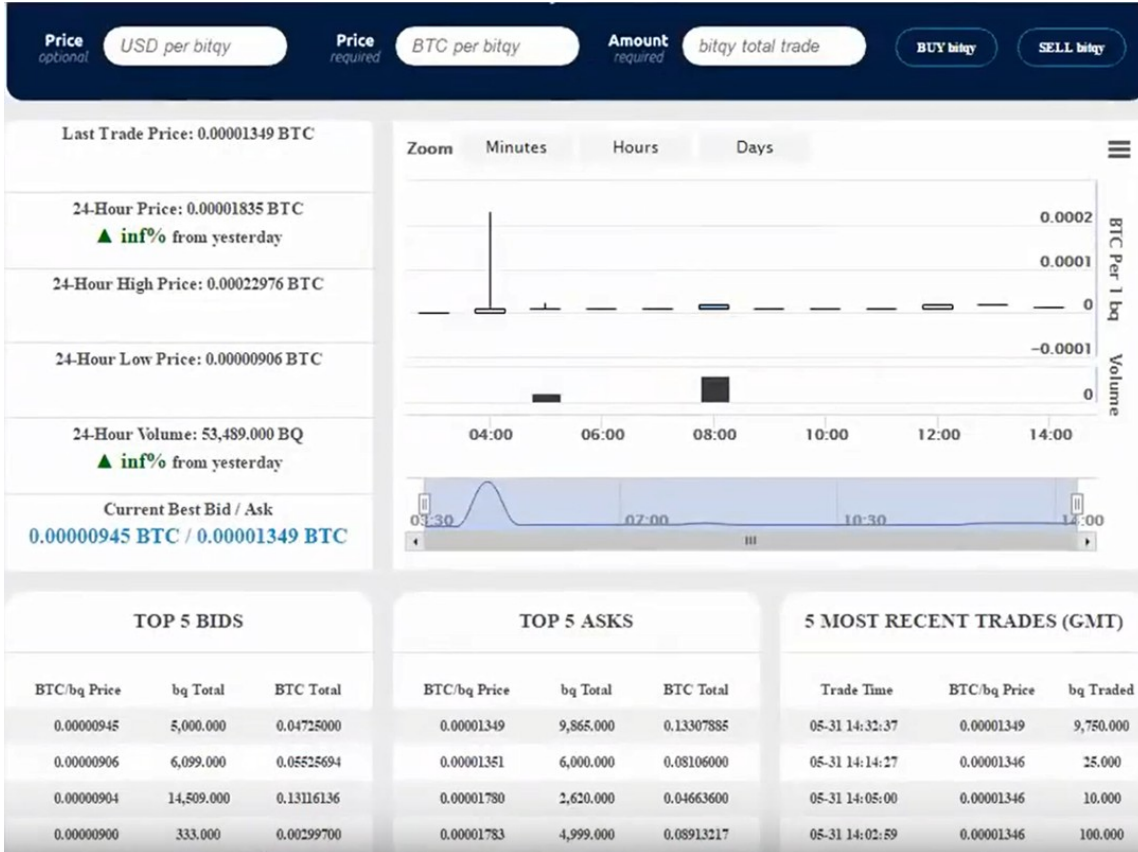
34. Bise and Mendez controlled Bitqyck's bank accounts and funds, paid themselves distributions from the Bitqyck bank accounts funded exclusively with investor funds, and used those accounts to pay for their own personal expenses. Between personal distributions and payments for personal expenses, Bise received at least approximately \$684,092 and Mendez received approximately \$644,821 in ill-gotten gains. Defendants paid \$4.5 million as sales commissions to investors who referred new investors to Bitqyck. Collectively, investors lost more than two-thirds of their investments.

E. The Unregistered Exchange for Bitqy

35. Defendants recognized that investors wanted to be able to sell their Bitqy tokens. Defendants attempted to get third-party, digital-asset trading platforms to permit trading of Bitqy tokens on their platforms, but the application process was time-consuming and expensive. Rather than wait, within a month of releasing the Bitqy token, Bitqyck created its own online trading platform.

36. Beginning in May 2017, Bitqyck directed investors to a website that Defendants created and managed named TradeBQ.com ("TradeBQ"), which was open to the general public for use 24 hours a day, seven days a week. As depicted in the screenshot below, TradeBQ provided an interface for investors to post bids and offers in Bitqy (the only security traded on TradeBQ) in exchange for bitcoin. Bise and Mendez exercised oversight of TradeBQ and hired and instructed a vendor to create the TradeBQ platform to allow multiple buyers and

sellers of Bitqy to interact and execute orders through TradeBQ.



37. To buy or sell a Bitqy token on the TradeBQ platform, users first had to create a TradeBQ account by creating a username and password. The accountholders funded their TradeBQ accounts by transmitting bitcoins or Bitqy to their TradeBQ account. The TradeBQ website provided unique bitcoin and Bitqy deposit addresses for each accountholder so every deposit to a specific address was automatically credited to the account of the corresponding

TradeBQ accountholder. The accountholder could withdraw their Bitqy or bitcoins at any time, subject to certain processing times.

38. Before placing an order, the TradeBQ accountholder had to log in to their account, and had to have sufficient Bitqy or bitcoins in their account to honor the trade. The accountholder then entered a buy or sell order for Bitqy into TradeBQ, which displayed the top five open bid and ask orders by price. Each bid and ask order included quantity. TradeBQ listed the five most recent transactions in Bitqy with date, time, quantity, and price as measured in bitcoin and provided the current spread between the best bid and ask offers in Bitqy.

39. Orders in Bitqy received through TradeBQ were entered on the TradeBQ order book, which rested on a server maintained by Defendants. Bitqyck operated TradeBQ based on computer code designed and implemented at the direction of Bise and Mendez. TradeBQ was programmed to continuously and automatically match orders of multiple buyers and sellers in Bitqy based first on price and then on time. TradeBQ only accepted limit orders, which rested around the clock. Only an accountholder could cancel an order, not TradeBQ. To place an order, a TradeBQ accountholder indicated whether they wanted to buy or sell, the quantity of Bitqy, and price. If a buy and sell order matched based on price, TradeBQ automatically filled the order without advance notice to either party to the trade.

40. If the matched orders did not execute in full, the unfilled quantity from an order would remain on the TradeBQ order book and could be filled by the next order with matching price. For example, if an order sought to buy more than the seller wanted to sell, the buy order would execute to the full quantity of the sell order. After an accountholder placed an order in TradeBQ, the accountholder's order could be filled at any time with no further notice unless the

accountholder first canceled the order. TradeBQ tracked all transactions and changes of ownership internally without updating or interacting with a blockchain or paying blockchain transaction fees, and TradeBQ did not charge accountholders any fees, including transaction fees.

41. None of the Defendants had discretion in prioritizing or approving trades on TradeBQ. Bise and Mendez did not trade their Bitqy holdings on TradeBQ, and Bitqyck was not a counterparty on any trades beyond possibly small test trades at the time of launch.

42. TradeBQ was open to the public for trading from May 27, 2017 through at least October 23, 2017. During an approximate five-month period, more than 600 unique accounts executed more than 4,600 trades using TradeBQ and exchanged more than 26 million Bitqy tokens. Approximately half of those transactions occurred after the SEC issued the “DAO Report,” on July 25, 2017, which reminded market participants that the securities laws apply equally to digital asset securities, including the registration requirements for any entity or person engaging in the activities of an exchange trading digital asset securities. *See* Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934, Release No. 82107 (July 25, 2017).

43. Bitqyck did not register TradeBQ as a national securities exchange, and Bitqyck did not operate TradeBQ pursuant to any available exemption to registration.

FIRST CLAIM FOR RELIEF

Violations of the Antifraud Provisions of the Exchange Act Section 10(b) of the Exchange Act and Rule 10b-5 thereunder (against all Defendants)

44. The SEC re-alleges and incorporates by reference each and every allegation contained in the paragraphs above.

45. By engaging in the conduct described herein, Defendants, directly or indirectly, singly or in concert, by the use of the means or instrumentalities of interstate commerce and/or by use of the mails, in connection with the purchase or sale of securities: (a) employed devices, schemes, and artifices to defraud; and/or (b) made untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices, and courses of business which operate or would operate as a fraud and deceit upon purchasers, prospective purchasers, and any other persons.

46. Defendants acted with scienter and engaged in the referenced acts knowingly and/or with severe recklessness.

47. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF

Violations of the Antifraud Provisions of the Securities Act Section 17(a) of the Securities Act (against all Defendants)

48. The SEC re-alleges and incorporates by reference each and every allegation contained in the paragraphs above.

49. By engaging in the conduct described herein, Defendants, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce and/or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; and/or (b) obtained money or property by means of untrue

statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in transactions, practices, and courses of business which operate or would operate as a fraud and deceit upon the purchasers.

50. With regard to Defendants' violations of Section 17(a)(1) of the Securities Act, Defendants acted with scienter and engaged in the referenced acts knowingly and/or with severe recklessness. With regard to Defendants' violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Defendants acted at least negligently.

51. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q].

THIRD CLAIM FOR RELIEF

Violations of the Securities Registration Provisions of the Securities Act Sections 5(a) and 5(c) of the Securities Act (against all Defendants)

52. The SEC re-alleges and incorporates by reference each and every allegation contained in the paragraphs above.

53. By engaging in the conduct described above, Defendants, directly or indirectly, singly and in concert with others, have (a) made use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell, through the use or medium of any prospectus or otherwise, securities as to which no registration statement was in effect; and/or (b) for the purpose of sale or delivery after sale, carried and caused to be carried through the mails and in interstate commerce, by the means and instruments of transportation, securities as to which no registration statement was in effect; and/or (c) made use of the means or instruments of transportation and communication in interstate commerce and of

the mails to offer to sell, through the use or medium of any prospectus or otherwise, securities as to which no registration statement has been filed.

54. By reason of the foregoing, Defendants violated, and unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and 77(e)(c)].

FOURTH CLAIM FOR RELIEF

**Violations of the Exchange Registration Provisions of the Exchange Act
Section 5 of the Exchange Act
(against Defendant Bitqyck)**

55. The SEC re-alleges and incorporates by reference each and every allegation contained in the paragraphs above.

56. By engaging in the conduct described above, Bitqyck, directly or indirectly, made use of the mails or any means or instrumentality of interstate commerce for the purpose of using a facility of an exchange within or subject to the jurisdiction of the United States to effect one or more transactions in a security, or to report any such transactions.

57. Such exchange is not registered as a national securities exchange or exempted from such registration.

58. By reason of the foregoing, Bitqyck violated, and unless enjoined, will continue to violate Section 5 of the Exchange Act [15 U.S.C. § 78e].

FIFTH CLAIM FOR RELIEF

**Aiding and Abetting
Violations of the Exchange Registration Provisions of the Exchange Act
Sections 5 of the Exchange Act
(against Defendants Bise and Mendez)**

59. The SEC re-alleges and incorporates by reference each and every allegation

contained in the paragraphs above.

60. By engaging in the conduct described herein, Bise and Mendez knowingly or recklessly provided substantial assistance to Bitqyck in its violations of Section 5 of the Exchange Act [15 U.S.C. § 78e].

61. By reason of the foregoing, Bise and Mendez aided and abetted Bitqyck's violations of Section 5 of the Exchange Act [15 U.S.C. § 78e], and unless enjoined, will continue to aid and abet violations thereof.

RELIEF REQUESTED

Therefore, the SEC respectfully requests that this Court:

- (a) Permanently enjoin Defendants from violating, directly or indirectly, Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
- (b) Permanently enjoin Defendant Bitqyck from violating, directly or indirectly, Section 5 of the Exchange Act [15 U.S.C. § 78e];
- (c) Permanently enjoin Defendants Bise and Mendez from aiding or abetting any violation of Section 5 of the Exchange Act [15 U.S.C. § 78e];
- (d) Permanently restrain and enjoin Defendants from directly or indirectly, including, but not limited to, through any entity owned or controlled by a Defendant, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent Defendants Bise and Mendez from purchasing or selling securities for their own personal accounts;

- (e) Order Defendants to disgorge all ill-gotten gains realized by them, plus prejudgment interest;
- (f) Order Defendants to each pay a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and/or Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and
- (g) Grant such further relief as this Court may deem just and proper.

Dated: August 29, 2019

Respectfully submitted,

/s/ Keefe M. Bernstein

Keefe M. Bernstein

Lead Attorney

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David Hirsch

California Bar No. 207846

Securities and Exchange Commission

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Counsel for Plaintiff

Securities and Exchange Commission

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

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

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

DEFENDANTS

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 Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation

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

Table with columns: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, TORTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes sub-sections like PERSONAL INJURY, PERSONAL PROPERTY, LABOR, SOCIAL SECURITY, FEDERAL TAX SUITS.

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, 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):

Brief description of cause:

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

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

Case 3:19-cv-02059-N Document 1-1 Filed 08/29/19 Page 2 of 2 PageID 20
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. When the petition for removal is granted, check this box.
 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 a related case exists, whether pending or closed, insert the docket numbers and the corresponding judge names for such cases. A case is related to this filing if the case: 1) involves some or all of the same parties and is based on the same or similar claim; 2) involves the same property, transaction, or event; 3) involves substantially similar issues of law and fact; and/or 4) involves the same estate in a bankruptcy appeal.

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