

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

DAVID SCHAFER,)	
JOSEPH LUTSCH,)	
JASON LUTSCH,)	
DAKOTA MURTAUGH,)	
)	
)	
Plaintiffs,)	
)	Case No. _____
v.)	
)	
)	
BYRON GRAF,)	
MICHAEL GRAF,)	
<i>also known as</i> MICHAEL GRAF JR.,)	
CRYPTOCOIN ASSOCIATES I LLC,)	
d/b/a CryptoCoin Associates LLC,)	
Defendants.)	
)	

COMPLAINT

1. This is an action for breach of contract, constructive fraud, conversion, and violation of two federal securities statutes, stemming from an investment scam perpetrated by Defendants involving a now-defunct “investment club” known as “CryptoCoin Associates I LLC.”

PARTIES

2. Plaintiff David Schaefer, age 41, is a resident of Downers Grove, Illinois. He owns and operates a Downers Grove-based restaurant.
3. Plaintiff Joseph Lutsch, age 34, is a resident of Algonquin, Illinois. He is a certified emergency first responder, firefighter, and paramedic, and a former enlisted Sergeant in the United States Marine Corp.

4. Plaintiff Jason Lutsch, age 33, is a resident of Algonquin, Illinois. He owns and operates a Schaumburg-based automobile glass installation company.

5. Plaintiff Dakota Murtaugh, age 22, is a resident of Downers Grove, Illinois. She is a cook at the Downers Grove-based restaurant owned by Plaintiff David Schaefer.

6. Defendant Byron Graf, age 22, of Downers Grove, IL, claimed to be the “principal and founder” of “CryptoCoin Associates LLC.”

7. Defendant Michael Graf, of Downers Grove, IL, claims to be a CPA with the firm of Halloran and Reilly LLC. He was the self-avowed “advisor” to Byron Graf for purposes of the investment scheme discussed herein. The Halloran and Reilly entity, which bills itself on its website as a “virtual CPA” firm, supplied a “secure website and portal” which contained information pertaining to the monies transferred by Plaintiffs to the Defendants in this case. According to a civil docket sheet for an action initiated by the Securities and Exchange Commission in 2010 against Graf which resulted in the elder Mr. Graf’s imprisonment, the elder Graf also goes by “Michael Graf Jr.”

8. Defendant CryptoCoin Associates I LLC (“CryptoCoin Associates”), d/b/a/ CryptoCoin Associates LLC, is an entity which was established on October 11, 2017 as an Illinois limited liability company, with a principal office of 1202N 75th St., #195, Downers Grove, IL 60516. The company is not in good standing with the Illinois Secretary of State as of November 28, 2018.

9. According to Florida Secretary of State records, 1202N 75th St., #195, Downers Grove, IL, 60516 is the address of record for Defendant Michael Graf as Manager of a company called “ITS INTEMPO USA, LLC.”

10. This Court has jurisdiction pursuant to 28 U.S.C. § 1331.

DEFENDANTS' FRAUDULENT SCHEME

11. Defendant Byron Graf claimed as of October 1, 2017 that an entity called CryptoCoin Associates LLC was “a new limited liability company in the process of forming to pursue the business and investment in crypto currencies.” Ex. A. Though Graf claimed the alleged CryptoCoin Associates LLC entity was incorporated separately—in an unspecified jurisdiction—from CryptoCoin Associates I LLC, upon information and belief, the concept of a “CryptoCoin Associates LLC” that existed separately from CryptoCoin Associates I LLC was simply a made-up artifice created by Defendant to lend a greater veneer of breadth and legitimacy to Defendants’ alleged investment operations.

12. In the summer of 2017, Plaintiff David Schaefer (“Schaefer”) began transferring money to Defendant Byron Graf for the purpose of making cryptocurrency-based investments. By the fall of 2017, Plaintiff Schaefer had invested approximately \$20,000 with Defendant Graf. These funds were subsequently rolled over into Plaintiff Schaefer’s investments with CryptoCoin Associates I LLC.

13. In October 2017, Defendant Byron Graf disseminated to Plaintiffs Schaefer and Joseph Lutsch an investment solicitation (“Investment Solicitation”) in which he claimed that he had been “pursuing his own interests in crypto currencies for the past few years.” Ex. B.

14. In that same investment solicitation, Defendant Byron Graf avowed that “Crypto I’s [CryptoCoin Associates I LLC’s] investment activity will be limited to those made in cryptocurrencies in the nature of a hedge fund. The company will buy, hold, and sell cryptocurrencies within no pre-defined time commitment but according to simple investment models to be developed.” Ex. B.

15. In October 2017, Defendants distributed an undated Operating Agreement (“the 2017 Operating Agreement”) for CryptoCoin Associates I LLC to Plaintiffs Schaefer and Joseph Lutsch. The 2017 Operating Agreement stated that one of CryptoCoin Associates I LLC’s Members was “CryptoCoin Associates LLC.” The second noted Member in the 2017 Operating Agreement was Byron Graf. The “Authorized Representative” of each such Member, according to the Operating Agreement, was Byron Graf. The 2017 Operating Agreement further stated at Sec. VI(6) that “[m]anagement of the Company and Investment of the Company’s capital and retained profit shall be governed by a Management & Investment Agreement with managing member CryptoCoin Associates I LLC.”

16. On October 12, 2017, Plaintiff David Schaefer signed the 2017 Operating Agreement and invested \$21,253.98 with CyptoCoin Associates I LLC via personal check made out to CryptoCoin Associates I LLC, hand delivered to Defendant Byron Graf. Plaintiff Schaefer invested additional lesser amounts with CryptoCoin Associates I LLC between October thru December 2017.

17. On October 20, 2017, Defendant Byron Graf returned Plaintiff Schaefer’s \$21,253.98 investment, citing “banking issues related to money and cryptocurrencies.” *See* ¶24.

18. On October 26, 2017, Plaintiff Joseph Lutsch signed the 2017 Operating Agreement and invested \$20,000 with CryptoCoin Associates I LLC via personal check made out to CryptoCoin Associates I LLC, hand delivered to Defendant Byron Graf.

19. On October 29, 2017, Plaintiff Dakota Murtaugh (“Murtaugh”) electronically sent \$396.55 in funds, denominated in virtual currency known as “Litecoin,” to Defendant Byron Graf for purpose of using those funds as an investment in CryptoCoin Associates I LLC.

20. On October 31, 2017, Plaintiff Murtaugh deposited \$3,603 with Defendant Byron Graf as an investment into CryptoCoin Associates I LLC.

21. In October 2017, Defendant Byron Graf promised to “personally cover” the first 20% of any losses that might be sustained on Plaintiffs’ investments, to the extent of any losses.

22. On November 2, 2017, Plaintiff Schaefer re-invested the \$21,253.98 that Defendant Byron Graf had previously returned to Plaintiff Schaefer on October 20, 2017. This investment was deposited via personal check made out to CryptoCoin Associates I LLC, and hand delivered to Defendant Byron Graf.

23. On November 5, 2017, Defendant Byron Graf returned Plaintiff Joseph Lutsch’s \$20,000 investment that was previously delivered from Plaintiff Lutsch to Defendant Graf on October 26, 2017.

24. On November 7, 2017, Defendant Byron Graf sent Plaintiffs Schaefer and Joseph Lutsch an “Investment Club Banking Memorandum.” Ex. C. With subject header, “Banking issues related to money and cryptocurrencies,” that memorandum stated, in part:

I have over the past 10 days received checks from members for deposit on member’s account intended for trading activities.

I successfully open (sic) a Citi bank account for our use and deposited those member checks for further use as intended. Unfortunately, without conducting a single stroke of business, the account was closed a few days later and the deposits returned. I had to make a trip to the bank to have them return checks for each member in the amount of the member deposit.

Further research indicated a persistent and big problem with banking when using a bank account directly to conduct cryptocurrency transactions around the world.

There are many reported instances of banks closing accounts when even the slightest hint of using that bank account for cryptocurrency transactions becomes known to the bank.

The answer to this problem is to deal in cryptocurrency in the first place or make the transition to cryptocurrency using, say, a bitcoin machine, and then transfer that cryptocurrency to a trading account. To facilitate this necessity, a change in member deposit methodology is required.

Ex. C. The “memorandum” went on to state that “[f]rom now on, every member will have to transfer cryptocurrency directly to the designated trading account for the membership.” The memorandum further stated that “in the alternative, if [you are] relying upon me to make the deposit/transfer on a member’s behalf, the member will have to ‘loan’ me their deposit, in my name, so that I can transfer funds...I will take the necessary steps to take a deposit check...made out in my name clearly having ‘Loan’ written in the Memo Field...and deposit it into an account with my name, further then transfer funds to my intermediary account(s) and finally to trading or cryptocurrency purchase account(s) for trading activities.” *Id.*

25. Upon information and belief, Defendant’s representation that the bank account in question was closed because Citibank became aware of the “slightest hint of us[e] [of] that bank account for cryptocurrency transactions” was false. The remainder of the memorandum described schemes and devices employed by Defendants to ensure they could more easily dispossess Plaintiffs of their funds, and defraud them.

26. On November 13, 2017, Plaintiff David Schaefer invested an additional \$1,000 with CryptoCoin Associates I LLC via personal check hand delivered to Defendant Byron Graf. On same date, Defendant Byron Graf assessed a \$200 charge against Plaintiff Schaefer’s account for an “application and membership fee.”

27. On November 14, 2017, Plaintiff Joseph Lutsch re-invested \$20,000 that Defendant Byron Graf had previously returned to Plaintiff Lutsch on November 5, 2017. On the same date, Defendant Byron Graf assessed a \$200 charge against Plaintiff Lutsch’s account for an “application and membership fee.”

28. On November 20, 2017, Plaintiff Murtaugh re-invested the \$3,603 with CryptoCoin Associates I LLC that had previously been returned to her by Defendant Byron Graf in mid-November 2017.

29. In an email message dated November 30, 2017, Defendant Michael Graf stated to Plaintiffs David Schaefer and Joseph Lutsch:

Subject: Byron & CryptoCoin

Dear Member,

I am the Father of Byron and assisting him in his efforts with CryptoCoin Associates.

I am working on some admin matters including setting up his ... and your ... file retention and sharing folders on our secure website and portal.

Please accept an invitation which you will receive from the portal to establish your private account. Follow a few directions and everything at your end will be done. I will then upload a few docs and further work on admin stuff.

The folder created will be yours alone, in a secure environment and other wise only accessible by Byron, me, and one other CPA of the firm.

Byron will be posting updates to your folder too as we progress.

any questions, feel free to ask.

Thanks!

Michael

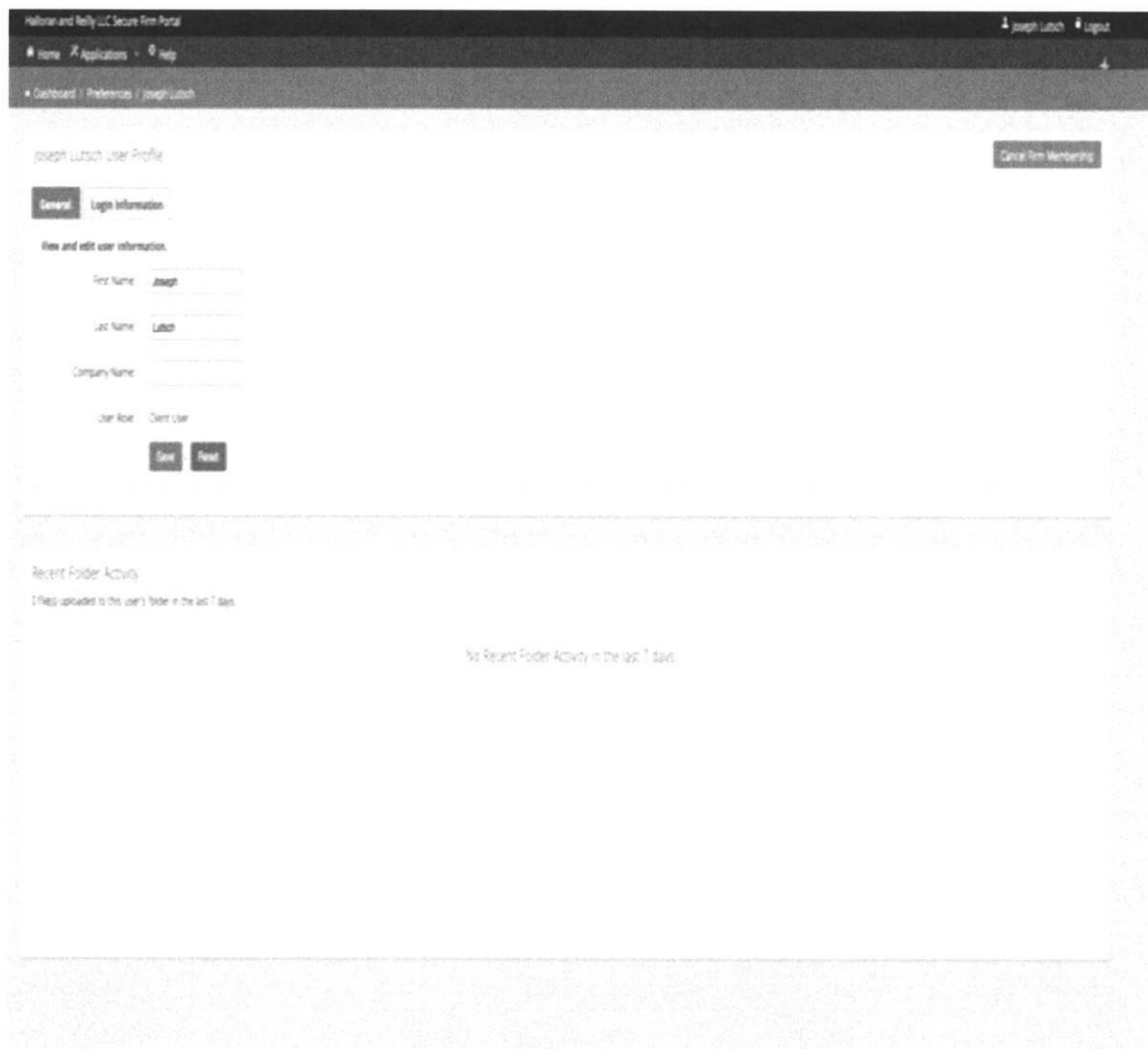
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(Emphasis added.)

30. Defendants provided Plaintiffs with access to an online website and portal (“the portal”), hosted and maintained by Defendant Michael Graf’s “virtual CPA” firm, Halloran and Reilly LLC, that served as a mere artifice to supply Plaintiffs with the illusion of actual investment activities by Defendants on Plaintiffs’ behalf.

31. The following are screenshot images of Plaintiff Joseph Lutsch’s log-in and home pages from the above-mentioned portal:



Halloran and Reilly LLC Secure Firm Portal Joseph Lutsch Logout

[Home](#) [Applications](#) [Help](#)

[Dashboard](#)

Applications

Select an application from the list.

- File Vault
- Exchange Documents
- Tax Organizer
- Secure Questionnaire
- Financial Calculators
- [See Full List](#)

FAQ's

Helpful information about common tasks.

[See full Help Section](#)

- ▶ [How do I upload a file?](#)
- ▶ [How do I download a file?](#)
- ▶ [How do I know when a file has been uploaded to me?](#)
- ▶ [How do I cancel my membership with this firm?](#)
- ▶ [What happens when I cancel my membership?](#)
- ▶ [How do I change my password?](#)

Recent Activity

Information about activities for your account or files.

[See detailed Activity Log](#)

Joseph Lutsch downloaded file Joseph 7_10_2018- Sheet1.pdf (v2)	11/27/2018 10:55:11 PM
from: /My Documents/CCA Activity	
Joseph Lutsch downloaded file CryptoCoin Associates I LLC - Operating Agreement.pdf	10/26/2018 10:55:03 AM
from: /My Documents/CCA Membership	
Joseph Lutsch downloaded file bookkeeping worksheet - JLWK.pdf (v2)	10/26/2018 10:54:33 AM
from: /My Documents/CCA Membership	
Joseph Lutsch downloaded file add 12-07-2017.pdf	10/26/2018 10:54:22 AM
from:	

[Security Statement](#) [Privacy Policy](#) [Terms Of Use](#) [About](#) [Take the 5 Minute Guided Tour](#)

32. On December 4, 2017, Plaintiff David Schaefer invested an additional \$2,000 with CryptoCoin Associates I LLC via cash deposit.

33. On December 7, 2017, Plaintiff Joseph Lutsch invested an additional \$10,000 with CryptoCoin Associates I LLC.

34. On December 23, 2017, Plaintiff Jason Lutsch signed the 2017 Operating Agreement and invested \$10,000 with CryptoCoin Associates I LLC.

35. As of December 23, 2017, the Plaintiffs had invested the following approximate amounts with Defendants: David Schaefer- \$45,000; Joseph Lutsch- \$30,000; Jason Lutsch- \$10,000; and Dakota Murtaugh- \$4,000.

36. Throughout all time periods pertinent to this case, Defendants took no input nor direction from Plaintiffs on any alleged individual “investment” “decision” implemented by Defendants (to the extent that any actual investments were implemented by Defendants). No alleged investment decision (to the extent of any actual such investments) was ever put to a vote by any of Plaintiffs.

37. Michael Graf and Byron Graf did agree with one another to defraud Plaintiffs. “Investments” by the Defendants using Plaintiffs’ transferred funds and currencies were non-existent. To the extent that any investment of Plaintiffs’ funds and currencies were undertaken, Defendants undertook them for their own exclusive benefit, with Defendants retaining exclusive control and dominion over the use and proceeds of Plaintiffs’ transferred funds and currencies.

38. On July 13, 2018, Plaintiff David Schaefer submitted a written request to Defendant Byron Graf, requesting that 50% of Plaintiff Schaefer’s capital investment with CryptoCoin Associates I LLC be returned to Plaintiff Schaefer. Ex. D. Plaintiff Schaefer also communicated

Plaintiff Murtaugh's request to Defendant Byron Graf that Defendant Graf return 100% of Plaintiff Murtaugh's capital investment with CryptoCoin Associates I LLC back to Plaintiff Murtaugh.

39. On August 15, 2018, Plaintiff Jason Lutsch submitted a written request to Defendant Byron Graf, requesting that 100% of Plaintiff Lutsch's capital investment with CryptoCoin Associates I LLC be returned to Plaintiff Lutsch. Ex. E.

40. On October 2, 2018, Plaintiff Joseph Lutsch sent a text message to Defendant Byron Graf requesting that 100% of Plaintiff Lutsch's capital investment with CryptoCoin Associates I LLC be returned to Plaintiff Lutsch. Ex. F.

41. Since August 2018, Defendants have not responded to any inquiries by Plaintiffs concerning the disposition and return of Plaintiffs' funds.

42. Since October 5, 2018, Defendants have not responded to any communications from Plaintiffs in any form.

43. From December 2017 until October 2018, Defendant Byron Graf became less and less communicative with Plaintiffs regarding Plaintiffs' investment accounts and purported investment activities. Defendant Byron Graf provided myriad excuses for not responding to Plaintiffs communications during this period. Examples include the following text messages sent between Plaintiff Joseph Lutsch and Defendant Byron Graf from August 15, 2018 thru October 5, 2018:

a. August 15, 2018

Joseph Lutsch ("JL"): "Hey Byron it's Joseph what's going on? I've tried to text you and haven't received anything back."

Byron Graf ("BG"): "I lost my phone"

b. August 16, 2018

BG: "Hey sorry I haven't called yet I can't get away from my family we're driving back tomorrow. The second I have a chance I'll call you."

c. August 21, 2018

BG: "Hey I just saw your call I also got your brothers withdraw request but he didn't fill out the form fully. He needs to fill out the top part so I know what he wants to withdraw [sic]. he just left it blank and signed it."

JL: "Call me Bc he's not sure what part he didn't fill out. He put the check under 100% of his capitol [sic]."

d. August 22, 2018

BG: "Sorry was on a plane to LA to meet a new client. The top box's he isn't marking or the email he is sending me they are blank. He has to mark a box. I will call you tonight"

e. August 23, 2018

JL: "You didn't call me again last night."

f. September 4, 2018

JL: "What's going on, have you had a chance to send out how our accounts are doing?"

BG: "Hey I will try to today got a bunch of things I have to take care of"

g. September 17, 2018

JL: "Hey what's going on can you please call me"

BG: "Can you text me his number"

h. September 25, 2018

JL: Good morning I just tried to call and it went straight to voicemail. I was wondering if you forgot about me I still haven't gotten an update on how I'm doing."

BG: "Yes I did I will get you them today I'll make sure I don't forget I'm sorry"

i. September 26, 2018

JL: "Hey Byron never got anything"

BG: "Hey I'm writing them up now I had to do everybody's I'll send it out soon as I'm done"

j. September 27, 2018

JL: "Honestly I'm really starting to thinking something is up?"

BG: "Nothing is up, I've been swamped with stuff I fell asleep last night I had to be somewhere this morning. Everybody is up about 5.8% I'm almost done it was a lot of work getting everything together. I assure you nothing is going on. I'll be home in a few hours and you'll have the report"

k. September 29, 2018

JL: "It's hard to think nothing is wrong when I still haven't received my sheet and I feel like I'm begging to see what my money is doings [sic]"

l. October 1, 2018

BG: "Everybody's numbers are going up today I've have a lot of issues with my family going on. Sorry for the delay but everybody's numbers will be up tonight."

m. October 2, 2018

JL: "So I woke up 6am for work today and I checked my emails and nothing. Even after you sent that text last night."

JL: "So I have now texted twice today and called twice and now response and of corse [sic] No updates again. I'm calling your dad tomorrow and sending an email so it's all recorded. After tomorrow if no response I will be getting to gather [sic] with Dave if he wants and my brother and talking about all of us getting a lawyer. This is beyond ridiculous and unprofessional. One can only be promised so many times before they realize what's going on."

JL: "I also would like what ever paperwork your require to liquidate my funds. Please email me them tonight so I can fill them out and get them back to you tomorrow and wait your required 30 days. I no longer want to have anything to do with your company."

n. October 3, 2018

JL: "So what are your thoughts Byron?"

JL: “Also as of yesterday 10-2-18 that starts the start of my 30 required waiting period to liquidate all my funds since you did not send me the paper work as I asked. I will also send an e-mail to your and your fathers email so it is recorded.”

BG: “I Ment [sic] to send this to you as well”

BG: “I’m sorry I haven’t been answering I’ve been threatened legally. Anything I say now could be used against me so I’ve went ahead and am having somebody look over everything I’ve done to get the exzactly [sic] number everybody has. When it’s done you all will have your statements. I’ve been advised to do so”

JL: “Ok”

o. October 5, 2018

JL: “If you have a chance can you please give me a call?”

**COUNT I: BREACH OF CONTRACT
(DEFENDANTS CRYPTOCOIN ASSOCIATES I LLC AND BYRON GRAF)**

44. The Operating Agreement provided, *inter alia*, that “capital accounts” were being created in each Member’s name (Sec. 13, Para. 3), that “net profits...shall be apportioned among the Members in proportion to their sharing ratios,” (Sec. 8, Para. 1), and additionally provided that the value of a member’s membership interest “shall include...the fair value of the Member’s membership interest.” (Sec. 11, Para. 3).

45. The Operating Agreement, taken together with the representations of the existence of accounts purportedly set up in the names of Plaintiffs, *inter alia*, in “bookkeeping worksheets” on the online website and portal (“the portal”) hosted and maintained by Defendant Michael Graf’s “virtual CPA” firm, Halloran and Reilly LLC, created a contract between CryptoCoin Associates I LLC and Plaintiffs.

46. Pursuant to this contract, CryptoCoin Associates I LLC agreed to return all funds and currencies transferred (“transferred funds”) by Plaintiffs to Plaintiffs, upon request, and on 30 days’ notice, as set forth, *inter alia*, at Sec. 13 (Para. 7(g)) of the Operating Agreement.

47. CryptoCoin Associates I LLC has breached the agreement by failing to respond to basic inquiries from Plaintiffs about the status of their funds, by failing to communicate with them at all for the past 10 weeks, and by failing to return Plaintiffs' transferred funds to them upon request.

48. CryptoCoin Associates I LLC has further breached its agreement with Plaintiffs by failing to remain in good standing with the Illinois Secretary of State.

49. Defendant Byron Graf's representation to "personally cover" the "first" 20% of losses sustained to the extent of any losses of Plaintiffs' transferred funds, additionally created an agreement between Defendant Byron Graf and Plaintiffs, and in the alternative and in addition gave rise to a term of the agreement between CryptoCoin Associates I LLC and Plaintiffs.

50. Defendant Graf-- Managing Member of the CryptoCoin Associates I entity-- and Defendant CryptoCoin Associates I, have breached the promise to "cover" the "first" 20% of losses sustained to the extent of any losses of Plaintiffs' transferred funds.

51. As a result of Defendants' breaches, Plaintiffs have suffered extensive damages, in an amount to be proven at trial.

**COUNT II: CONSTRUCTIVE FRAUD
(DEFENDANTS BYRON GRAF AND MICHAEL GRAF)**

52. Both Byron Graf and Michael Graf bore fiduciary duties to Plaintiffs. Byron Graf bore fiduciary duties to Plaintiffs as a money manager. Michael Graf also bore fiduciary duties to Plaintiff as the "advisor" to Byron Graf, per an October 1, 2017 investment solicitation by Byron Graf. Michael Graf also maintained the "secure website and portal" for the fraudulent venture, and may have been an officer of CryptoCoin Associates I LLC (in light of, *inter alia*, the fact that CryptoCoin Associates' office address was Mr. Michael Graf's home address).

53. Defendants' duties to Plaintiffs entailed a duty of good faith, due care, and to return those monies entrusted to them by Plaintiffs, upon request, with 30 days' notice.

54. The Defendants implemented a scheme calculated to deceive Plaintiffs, involving the aforementioned acts, omissions and concealments. This scheme gave rise to a breach of Defendants' duty to Plaintiffs, as well as a breach of confidence and trust.

55. Defendants' breach of their duties to Plaintiffs, and the trust and confidence of Plaintiffs, resulted in damage to Plaintiffs.

56. As a result of Defendants' breach of their duties to Plaintiffs, Plaintiffs have been deprived of possession of over \$88,000.00.

COUNT III: CONVERSION (DEFENDANTS BYRON GRAF AND MICHAEL GRAF)

57. Each of the foregoing allegations are incorporated by reference.

58. The funds and currencies transferred ("transferred funds") by Plaintiffs to Defendants for investment purposes comprise property. Until such time as the transferred funds were used for an actual purchase made on Plaintiffs' behalf with an investment purpose, Plaintiffs' funds remained the property of Plaintiffs. Even after the transferred funds were used for an actual purchase made with an investment purpose (to the extent of any such purchases), the funds remained Plaintiffs' property, subject to recall on 30 days' notice.

59. Defendant Byron Graf intentionally and substantially interfered with Plaintiffs' funds by taking the funds and misappropriating the funds for his own personal use and enjoyment.

60. Defendant Michael Graf intentionally and substantially interfered with Plaintiffs' funds by taking the funds and misappropriating the funds for his own personal use and enjoyment.

61. Plaintiffs did not consent in any manner to either Defendant taking the funds at issue for their own personal use.

62. Defendants Byron Graf and Michael Graf have not returned the transferred funds to Plaintiffs.

63. Plaintiffs have been damaged in an amount to be proven at trial as a result of Defendants' actions in converting and misappropriating the transferred funds.

COUNT IV: FRAUD AND MISREPRESENTATION IN THE OFFER AND SALE OF SECURITIES (15 U.S.C. § 77q) (DEFENDANTS BYRON GRAF, MICHAEL GRAF, AND CRYPTOCOIN ASSOCIATES I LLC)

64. Each of the foregoing allegations are incorporated by reference.

65. 1933 Act Section 17(a) prohibits fraud and misrepresentations in the offer or sale of securities. 15 U.S. Code § 77q provides: "It shall be unlawful for any person in the offer or sale of any securities (including security-based swaps) or any security-based swap agreement (as defined in section 78c(a)(78) [1] of this title) by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly— (1) to employ any device, scheme, or artifice to defraud[.]"

66. Defendants Byron Graf, Michael Graf, and CryptoCoin Associates I LLC did engage in a scheme to defraud Plaintiffs through their various acts and representations, in violation of 1933 Act Section 17(a). Plaintiffs suffered extensive harm thereby.

**COUNT V: 1934 ACT VIOLATIONS
(DEFENDANTS BYRON GRAF AND MICHAEL GRAF)**

67. Each of the foregoing allegations are incorporated by reference.

68. Pursuant to 15 U.S.C. § 78j(b), it is unlawful to "use or employ, in connection with the...sale of any security...any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors."

69. Federal and state securities laws require investment professionals and their firms to be licensed or registered.

70. Upon information and belief, Defendant Byron Graf has failed to register as an investment professional owing to his 2014 arrest for burglary, and Defendant Michael Graf's like apparent failure to so register owes (*inter alia*) to the latter's reported 2010 imprisonment during the course of the 2010 *SEC v. Graf*, 10-cv-01367 (N.D. Ill.) proceeding.

71. By engaging in the conduct described above, Defendants' offer and sale of the membership interests in the CryptoCoin Associates I LLC entity gave rise to an investment contract, and hence a sale of securities, under the definition of securities set forth by Section 2(a)(1) of the Exchange Act.

72. Defendants knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of means or instrumentalities of interstate commerce, or the mails, or other means of communication: (a) employed devices, schemes, or artifices to defraud; (b) as alleged above, made untrue statements of material facts or omitted to state material facts 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, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

73. By engaging in the foregoing conduct, 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 [17 C.F.R. § 240.10b-5], thereunder.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff does hereby request that the Court order Defendant to pay Plaintiff:

- full reimbursement of the amount of the monies and currencies transferred by Plaintiffs to Defendants;

- an award of pre-judgment interest;
- an award of attorneys' fees;
- an award of punitive damages;
- an award of litigation costs;

and award the following relief:

(a) A judgment against Defendants determining that the sale of ownership interests in the investment club to Plaintiffs by Defendants was procured by a material misrepresentation, contrary to the provision of the Exchange Act and Rule 10b-5, promulgated pursuant to the Act [17 C.F.R. § 240.10b-5].

(b) Any and all other relief that appears to the Court equitable under the circumstances.

JURY TRIAL DEMAND

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff demands trial by jury for all of the issues pled so triable.

Respectfully submitted,

/s/

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December 14, 2018