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9 UNITED STATES DISTRICT COURT
10 SOUTHERN DISTRICT OF CALIFORNIA

11 _____, Individually and on
12 behalf of all others similarly situated,

13 Plaintiff,

14 v.

15 RYVYL, INC. F/K/A GREENBOX
16 POS, BEN ERREZ, FREDI NISAN, J
17 DREW BYELICK, BENJAMIN
18 CHUNG, EF HUTTON F/K/A
19 KINGSWOOD CAPITAL MARKETS,
20 A DIVISION OF BENCHMARK
INVESTMENTS, INC., and R.F.
LAFFERTY & CO.,

21 Defendants.

No.

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

CLASS ACTION

JURY TRIAL DEMANDED

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons
2 similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against
3 Defendants (defined below), alleges the following based upon personal knowledge as to
4 Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based
5 upon, among other things, the investigation conducted by and through his attorneys, which
6 included, among other things, a review of the Defendants’ public documents, public
7 filings, announcements, United States Securities and Exchange Commission (“SEC”)
8 filings, wire and press releases published by and regarding Ryvyl, Inc. (“Ryvyl” or the
9 “Company”) f/k/a Greenbox POS (“Greenbox”), and information readily obtainable on
10 the Internet. Plaintiff believes that substantial evidentiary support will exist for the
11 allegations set forth herein after a reasonable opportunity for discovery.

12 **NATURE OF THE ACTION**

13 1. This is a class action on behalf of persons or entities who purchased or
14 otherwise acquired publicly traded Ryvyl securities: (1) pursuant and/or traceable to the
15 registration statement and prospectus (collectively, the “Registration Statement”) issued
16 in connection with the Company’s January 29, 2021 public offering (the “Offering”);
17 and/or (2) between January 29, 2021 and January 20, 2023, inclusive (the “Class Period”).
18 Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the
19 Securities Act of 1933 (the “Securities Act”) and violations of Section 10(b) and 20(a) of
20 the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5, promulgated
21 thereunder.

22 **JURISDICTION AND VENUE**

23 2. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2)
24 and 15 of the Securities Act (15 U.S.C. §§77k, 771(a)(2) and 77o) and Sections 10(b) and
25 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated
26 thereunder by the SEC (17 C.F.R. § 240.10b-5).

1 9. Defendant Fredi Nisan (“Nisan”) has served as the Company’s Chief
2 Executive Officer (“CEO”), and Co-Founder since 2017.

3 10. Defendant J Drew Byelick (“Byelick”) has served as the Company’s Chief
4 Financial Officer since August 2022.

5 11. Defendant Benjamin Chung (“Chung”) served as the Company’s Chief
6 Financial Officer from May 2021 until August 2022.

7 12. Defendants Errez, Nisan, Byelick, and Chung are collectively referred to
8 herein as the “Individual Defendants.”

9 13. Each of the Individual Defendants:

10 (a) directly participated in the management of the Company;

11 (b) was directly involved in the day-to-day operations of the Company at the
12 highest levels;

13 (c) was privy to confidential proprietary information concerning the Company
14 and its business and operations;

15 (d) was directly or indirectly involved in drafting, producing, reviewing and/or
16 disseminating the false and misleading statements and information alleged herein;

17 (e) was directly or indirectly involved in the oversight or implementation of the
18 Company’s internal controls;

19 (f) was aware of or recklessly disregarded the fact that the false and misleading
20 statements were being issued concerning the Company; and/or

21 (g) approved or ratified these statements in violation of the federal securities
22 laws.

23 14. The Company is liable for the acts of the Individual Defendants and its
24 employees under the doctrine of *respondeat superior* and common law principles of
25 agency because all of the wrongful acts complained of herein were carried out within the
26 scope of their employment.

1 15. The scienter of the Individual Defendants and other employees and agents of
2 the Company is similarly imputed to Ryvyl under *respondeat superior* and agency
3 principles.

4 16. Defendant EF Hutton f/k/a Kingswood Capital Markets, a division of
5 Benchmark Investments, Inc. (“EF Hutton”) is a stock brokerage firm that acted as an
6 underwriter of the Company’s Offering. EF Hutton’s address is 590 Madison Avenue, 39th
7 Floor, New York, NY, 10022.

8 17. Defendant R.F. Lafferty & Co. (“R.F. Lafferty”) is an investment brokerage
9 firm that acted as an underwriter of the Company’s Offering. R.F. Lafferty’s address is 40
10 Wall Street, 29th Floor, New York, NY, 10005.

11 18. Defendants named in ¶¶ 16-17 are referred to herein as the “Underwriter
12 Defendants.”

13 19. Pursuant to the Securities Act, the Underwriter Defendants are liable for the
14 false and misleading statements in the Registration Statement as follows:

15 (a) The Underwriter Defendants are investment banking houses that specialize
16 in, among other things, underwriting public offerings of securities. They served as the
17 underwriters of the Offering and shared substantial fees from the Offering collectively.
18 The Underwriter Defendants arranged a roadshow prior to the Offering during which they,
19 and representatives from the Company, met with potential investors and presented highly
20 favorable information about the Company, its operations and its financial prospects.

21 (b) The Underwriter Defendants also obtained an agreement from the Company
22 and the Individual Defendants that the Company would indemnify and hold the
23 Underwriter Defendants harmless from any liability under the federal securities laws.

24 (c) Representatives of the Underwriter Defendants also assisted the Company
25 and the Individual Defendants in planning the Offering, and purportedly conducted an
26 adequate and reasonable investigation into the business and operations of the Company,
27 an undertaking known as a “due diligence” investigation. The due diligence investigation
28

1 was required of the Underwriter Defendants in order to engage in the Offering. During the
2 course of their “due diligence,” the Underwriter Defendants had continual access to
3 internal, confidential, and current corporate information concerning the Company’s most
4 up-to-date operational and financial results and prospects.

5 20. The Underwriter Defendants caused the Registration Statement to be filed
6 with the SEC and declared effective in connection with the offers and sales of securities
7 registered thereby, including those to Plaintiff and the other members of the Class.

8 21. The Company, the Individual Defendants, and the Underwriter Defendants,
9 are referred to herein, collectively, as the “Defendants.”

10 **SUBSTANTIVE ALLEGATIONS**

11 **Materially False and Misleading Statements Issued During the Class Period**

12 22. On January 29, 2021 the Company filed with the SEC a Registration
13 Statement on Form S-1, which in combination with a February 10, 2021 amendment on
14 Form S-1/A, declared effective on February 12, 2021, and filed pursuant to Rule 424(b)(4)
15 are collectively referred to as the Registration Statement and issued in connection with the
16 Offering. Defendant Nisan and Errez signed or authorized the signing of the Company’s
17 Registration Statement.

18 23. On February 18, 2021, the Company filed with the SEC the final prospectus
19 for the Offering on Form 424B4, which forms part of the Registration Statement. In the
20 Offering, the Company sold 4,150,000 shares at \$10.50 per share.

21 24. The Registration Statement was negligently prepared and, as a result,
22 contained untrue statements of material facts or omitted to state other facts necessary to
23 make the statements made not misleading, and was not prepared in accordance with the
24 rules and regulations governing its preparation.

25 25. However, throughout the Registration Statement, the Company improperly
26 downplayed the seriousness of the Company’s internal control weaknesses, that rendered
27

1 the Registration Statement materially inaccurate. The Registration Statement states in
2 relevant part:

3 Ensuring that we have adequate internal financial and accounting controls and
4 procedures in place so that we can produce accurate financial statements on a
5 timely basis is a costly and time-consuming effort that will need to be
6 evaluated frequently. As of December 31, 2019, the Company’s Principal
7 Executive Officer and Principal Financial and Accounting Officer have
8 concluded that, as of the end of such period, the Company’s disclosure
9 controls and procedures were not effective to provide reasonable assurance
10 that information that it is required to disclose in reports that the Company files
11 with the SEC is recorded, processed, summarized, and reported within the
12 time periods specified by the Exchange Act rules and regulations.

13 26. The statement contained in ¶ 25 was materially false and/or misleading
14 because it misrepresented and failed to disclose the following adverse facts pertaining to
15 the Company’s business, operations and prospects, which were known to Defendants or
16 recklessly disregarded by them. Specifically, the Registration Statement was false and/or
17 misleading and/or failed to disclose that: (1) the Company would restate certain financials;
18 (2) the Company’s internal controls were inadequate; (3) the Company downplayed and
19 obfuscated its internal controls issues; and (4) as a result, Defendants’ public statements
20 were materially false and/or misleading at all relevant times.

21 27. The same statement was repeated in the Prospectus filed with the SEC on
22 February 18, 2021.

23 28. On March 31, 2022, the Company filed with the SEC its 2021 Annual Report
24 on Form 10-K for the year ended December 31, 2021 (the “2021 Annual
25 Report”). Attached to the 2021 Annual Report were SOX certifications signed by
26 Defendants Nisan and Chung attesting to the accuracy of financial reporting, the
27 disclosure of any material changes to the Company’s internal control over financial
28 reporting and the disclosure of all fraud.

1 29. The Company reported a net revenue of \$26,304,502 and net loss of
2 \$26,453,512 in the 2021 Annual Report. The Company also reported total assets of
3 \$115,690,180 and total stockholders' equity of \$45,505,423.

4 30. The 2021 Annual Report downplayed the serious issues with the Company's
5 internal controls. The 2021 Annual Report states in relevant part:

6 ***Controls and Procedures***

7 Our management has evaluated, under the supervision and with the
8 participation of our Chief Executive Officer and Chief Financial Officer, the
9 effectiveness of our disclosure controls and procedures (as defined in Rules
10 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the
11 end of the period covered by this report. ***Based upon that evaluation, our
12 Chief Executive Officer and Chief Financial Officer has concluded that, as
13 of December 31, 2021, our disclosure controls and procedures were effective
14 in ensuring that information required to be disclosed by us in the reports
15 that we file or submit under the Securities Exchange Act of 1934 is (i)
16 recorded, processed, summarized, and reported within the time periods
17 specified in the rules and forms of the SEC and (ii) accumulated and
18 communicated to our management, including our principal executive and
19 principal accounting officers, or persons performing similar functions, as
20 appropriate to allow timely decisions regarding required disclosure.***

17 ***Changes in Internal Control Over Financial Reporting***

18 There have been ***no changes in our internal controls over financial reporting
19 (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act or in
20 other factors that materially affected or are reasonably likely to materially
21 affect our internal controls and procedures over financial reporting during
22 the fourth quarter of the year ended December 31, 2021.***

23 (Emphasis added.)

24 31. On May 16, 2022, the Company filed with the SEC its first quarter report on
25 Form 10-Q for the period ended March 31, 2022 (the "1Q22 Report"). Attached to the
26 1Q22 Report were SOX certifications signed by Defendants Nisan and Chung attesting to
27 the accuracy of financial reporting, the disclosure of any material changes to the
28 Company's internal control over financial reporting and the disclosure of all fraud.

1 32. The Company reported a net revenue of \$4,895,526, and a net loss of
2 \$21,315,987 in the 1Q22 Report. The Company also reported total assets of \$84,350,603
3 and total stockholders' equity of \$23,361,142.

4 33. The 1Q22 Report downplayed the serious issues with the Company's internal
5 controls by stating the following, in pertinent part, regarding its internal controls:

6 **Controls and Procedures**

7 Our management has evaluated, under the supervision and with the
8 participation of our Chief Executive Officer and Chief Financial Officer, the
9 effectiveness of our disclosure controls and procedures (as defined in Rules
10 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the
11 end of the period covered by this Quarterly Report on Form 10-Q. *Based upon
12 that evaluation, our Chief Executive Officer and Chief Financial Officer
13 has concluded that, as of March 31, 2022, our disclosure controls and
14 procedures were effective in ensuring that information required to be
15 disclosed by us in the reports that we file or submit under the Securities
16 Exchange Act of 1934 is (i) recorded, processed, summarized, and reported
17 within the time periods specified in the rules and forms of the SEC and (ii)
18 accumulated and communicated to our management, including our
19 principal executive and principal accounting officers, or persons
20 performing similar functions, as appropriate to allow timely decisions
21 regarding required disclosure.*

22 There were *no changes in our internal control over financial reporting (as
23 such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange
24 Act) that occurred during the three months ended March 31, 2022, that have
25 materially affected, or are reasonably likely to materially affect, our internal
26 control over financial reporting.*

27 (Emphasis added.)

28 34. On August 15, 2022, the Company filed with the SEC its second quarter
report on Form 10-Q for the period ended June 30, 2022 (the "2Q22 Report"). Attached
to the 2Q22 Report were SOX certifications signed by Defendants Nisan and Chung
attesting to the accuracy of financial reporting, the disclosure of any material changes to
the Company's internal control over financial reporting and the disclosure of all fraud.

1 35. The Company reported a net revenue of \$6,965,578 three months ended June
2 30, 2022 and \$10,905,902 six months ended June 30, 2022, and a net loss of \$10,410,085
3 three months ended June 30, 2022 and \$10,905,902 six months ended June 30, 2022 in the
4 2Q22 Report. The Company also reported total assets of \$139,781,295 and total
5 stockholders' equity of \$39,949,337.

6 36. The 2Q22 Report downplayed the serious issues with the Company's internal
7 controls by stating the following, in pertinent part, regarding its internal controls:

8 **Controls and Procedures**

9 Our management has evaluated, under the supervision and with the
10 participation of our Chief Executive Officer and Chief Financial Officer, the
11 effectiveness of our disclosure controls and procedures (as defined in Rules
12 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the
13 end of the period covered by this Quarterly Report on Form 10-Q. *Based upon*
14 *that evaluation, our Chief Executive Officer and Chief Financial Officer*
15 *has concluded that, as of June 30, 2022, our disclosure controls and*
16 *procedures were effective in ensuring that information required to be*
17 *disclosed by us in the reports that we file or submit under the Securities*
18 *Exchange Act of 1934 is (i) recorded, processed, summarized, and reported*
19 *within the time periods specified in the rules and forms of the SEC and (ii)*
20 *accumulated and communicated to our management, including our*
21 *principal executive and principal accounting officers, or persons*
22 *performing similar functions, as appropriate to allow timely decisions*
23 *regarding required disclosure.*

24 There were *no changes in our internal control over financial reporting (as*
25 *such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange*
26 *Act) that occurred during the three and six months ended June 30, 2022,*
27 *that have materially affected, or are reasonably likely to materially affect,*
28 *our internal control over financial reporting.*

(Emphasis added.)

37. On November 21, 2022, the Company filed with the SEC its third quarter
report on Form 10-Q for the period ended September 30, 2022 (the "3Q22 Report").
Attached to the 3Q22 Report were SOX certifications signed by Defendants Nisan and

1 Byelick attesting to the accuracy of financial reporting, the disclosure of any material
2 changes to the Company's internal control over financial reporting and the disclosure of
3 all fraud.

4 38. The Company reported a net revenue of \$10,629,691 three months ended
5 September 30, 2022 and \$22,490,824 nine months ended September 30, 2022, and a net
6 loss of \$15,170,277 three months ended September 30, 2022 and \$26,076,181 nine months
7 ended September 30, 2022 in the 3Q22 Report. The Company also reported total assets of
8 \$122,401,080 and total stockholders' equity of \$34,705,946.

9 39. The 3Q22 Report downplayed the serious issues with the Company's internal
10 controls by stating the following, in pertinent part, regarding its internal controls:

11 **Controls and Procedures**

12
13 Our management has evaluated, under the supervision and with the
14 participation of our Chief Executive Officer and Chief Financial Officer, the
15 effectiveness of our disclosure controls and procedures (as defined in Rules
16 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the
17 end of the period covered by this Quarterly Report on Form 10-Q. ***Based upon***
18 ***that evaluation, our Chief Executive Officer and Chief Financial Officer***
19 ***has concluded that, as of September 30, 2022, our disclosure controls and***
20 ***procedures were effective in ensuring that information required to be***
21 ***disclosed by us in the reports that we file or submit under the Securities***
22 ***Exchange Act of 1934 is (i) recorded, processed, summarized, and reported***
23 ***within the time periods specified in the rules and forms of the SEC and (ii)***
24 ***accumulated and communicated to our management, including our***
25 ***principal executive and principal accounting officers, or persons***
26 ***performing similar functions, as appropriate to allow timely decisions***
27 ***regarding required disclosure***

28 There were ***no changes in our internal control over financial reporting (as***
such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange
Act) that occurred during the three and nine months ended September 30,
2022, that have materially affected, or are reasonably likely to materially
affect, our internal control over financial reporting.

(Emphasis added.)

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2 40. The statements contained in ¶¶ 28-39 were materially false and/or misleading
3 because they misrepresented and failed to disclose the following adverse facts pertaining
4 to the Company’s business, operations and prospects, which were known to Defendants
5 or recklessly disregarded by them. Specifically, Defendants made false and/or misleading
6 statements and/or failed to disclose that: (1) Ryvyl downplayed its serious issues with its
7 internal controls; (2) Ryvyl’s financial statements for December 31, 2021 through and
8 including interim periods ended September 30, June 30, and March 31, 2022 contained
9 errors resulting in overstatements of revenue, assets, and stockholders’ equity and
10 understatements of losses; (3) as a result, Ryvyl would need to restate its previously issued
11 financial statements for those periods; and (4) as a result, Defendants’ statements about its
12 business, operations, and prospects, were materially false and misleading and/or lacked a
13 reasonable basis at all relevant times.

14 **THE TRUTH BEGINS TO EMERGE**

15 41. On January 20, 2023 the Company filed an 8-K with the SEC announcing
16 that its previously issued financial statements as of December 31, 2021, for the year ended
17 December 31, 2021, as of and for the interim periods within the year ended December 31,
18 2021 and as of and for the interim periods ended September 30, June 30 and March 31,
19 2022 should no longer be relied upon and had to be restated. The 8-K also identified
20 additional internal control weaknesses and a remediation plan. The 8-K states in relevant
21 part:

22 Based on discussions between the audit committee (the “Audit Committee”)
23 of the board of directors of RYVYL Inc. (the “Company”) and the Company’s
24 new independent registered public accounting firm, Simon & Edward, LLP
25 (“Simon & Edward”), *the Company concluded on January 13, 2023 that the*
26 *Company’s previously issued financial statements as of December 31, 2021,*
27 *for the year ended December 31, 2021, as of and for the interim periods*
28 *within the year ended December 31, 2021 and as of and for the interim*
periods ended September 30, June 30 and March 31, 2022 (collectively the
“Previously Issued Financial Statements”), and the related audit report of
the Company’s previous independent registered public accounting firm, BF

1 *Borgers CPA, PC, can no longer be relied upon. It is expected that the*
2 *restatement of the financial statements for the annual and interim periods*
3 *referred to above will result in decreases to total revenue, increased net*
4 *losses, decreases to total assets, and decreased total stockholders' equity.*

5 *The Audit Committee of the Company and its management concluded that*
6 *the Company's Previously Issued Financial Statements should be restated*
7 *to correct the aforementioned financial statements and that, accordingly,*
8 *such Previously Issued Financial Statements should no longer be relied*
9 *upon to that extent. Related press releases, investor presentations or other*
10 *communications describing the Company's financial statements for these*
11 *periods should no longer be relied upon to that extent.*

12 The Company anticipates filing the restatements of the Previously Issued
13 Financial Statements as soon as practicable. The Company plans on filing the
14 restated financial statements in its Annual Report on Form 10-K for the year
15 ended December 31, 2022 and in any other filings that may be necessary or
16 appropriate.

17 *In connection with such restatements, the Company has reassessed its*
18 *conclusions regarding the effectiveness of the Company's internal control*
19 *over financial reporting as of December 31, 2021 and has determined that*
20 *one or more material weaknesses exist in the Company's internal control*
21 *including a material weakness related to accounting for certain complex*
22 *business transactions. The Company expects to report one or more material*
23 *weaknesses as of December 31, 2021, as well as its related remediation*
24 *efforts including having engaged, as of August 2022, third party technical*
25 *accounting experts to support proper accounting for complex accounting*
26 *transactions. As a result of the material weakness, the Company's*
27 *management concluded its disclosure controls and procedures were not*
28 *effective as of December 31, 2021, and September 30, June 30, and March*
31, 2022.

The Company's management and the Audit Committee have discussed the
matters described herein with Simon & Edward.

(Emphasis added.)

42. On this news, Ryvyl's share price fell 14.63% to close at \$0.77 per share on
January 23, 2023, damaging investors.

1 43. As a result of Defendants’ wrongful acts and omissions, and the precipitous
2 decline in the market value of the Company’s common shares, Plaintiff and other Class
3 members have suffered significant losses and damages.

4 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5 44. Plaintiff brings this action as a class action on behalf of persons or entities
6 who purchased or otherwise acquired publicly traded Ryvyl securities: (1) pursuant and/or
7 traceable to the registration statement and prospectus (collectively, the “Registration
8 Statement”) issued in connection with the Company’s January 29, 2021 public offering
9 (the “Offering”); and/or (2) between January 29, 2021 and January 20, 2023, inclusive
10 (the “Class Period”). Excluded from the Class are Defendants, the officers and directors
11 of the Company, members of the Individual Defendants’ immediate families and their
12 legal representatives, heirs, successors or assigns and any entity in which Defendants have
13 or had a controlling interest. The members of the Class are so numerous that joinder of all
14 members is impracticable. While the exact number of Class members is unknown to
15 Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff
16 believes that there are at least thousands of members in the proposed Class. Record owners
17 and other members of the Class may be identified from records maintained by the
18 Company or its transfer agent and may be notified of the pendency of this action by mail,
19 using the form of notice similar to that customarily used in securities class actions.

20 45. Plaintiff’s claims are typical of the claims of the members of the Class as all
21 members of the Class are similarly affected by Defendants’ wrongful conduct in violation
22 of federal law that is complained of herein.

23 46. Plaintiff will fairly and adequately protect the interests of the members of
24 the Class and has retained counsel competent and experienced in class and securities
25 litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.
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27
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1 47. Common questions of law and fact exist as to all members of the Class and
2 predominate over any questions solely affecting individual members of the Class. Among
3 the questions of law and fact common to the Class are:

4 (a) whether Defendants violated the federal securities laws;

5 (b) whether the Registration Statement contained false or misleading statements
6 of material fact and omitted material information required to be stated
7 therein; and to what extent the members of the Class have sustained damages
8 and the proper measure of damages;

9 (c) whether Defendants' statements to the investing public during the Class
10 Period misrepresented material facts about the financial condition, business,
11 operations, and management of the Company;

12 (d) whether Defendants' statements to the investing public during the Class
13 Period omitted material facts necessary to make the statements made, in light
14 of the circumstances under which they were made, not misleading;

15 (e) whether Defendants caused the Company to issue false and misleading SEC
16 filings and public statements during the Class Period;

17 (f) whether Defendants acted knowingly or recklessly in issuing false and
18 misleading SEC filings and public statements during the Class Period;

19 (g) whether the prices of the Company's securities during the Class Period were
20 artificially inflated because of the Defendants' conduct complained of herein;
21 and

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

24 48. A class action is superior to all other available methods for the fair and
25 efficient adjudication of this controversy since joinder of all members is impracticable.
26 Furthermore, as the damages suffered by individual Class members may be relatively
27 small, the expense and burden of individual litigation make it impossible for members of
28

1 the Class to individually redress the wrongs done to them. There will be no difficulty in
2 the management of this action as a class action:

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

9 50. Plaintiff will rely, in part, upon the presumption of reliance established by
10 the fraud-on-the-market doctrine in that:

- 11 a) the Company's shares met the requirements for listing, and were listed and
12 actively traded on NASDAQ, an efficient market;
- 13 b) as a public issuer, the Company filed periodic public reports;
- 14 c) the Company regularly communicated with public investors via established
15 market communication mechanisms, including through the regular dissemination of
16 press releases via major newswire services and through other wide-ranging public
17 disclosures, such as communications with the financial press and other similar
18 reporting services;
- 19 d) the Company's securities were liquid and traded with moderate to heavy
20 volume during the Class Period; and
- 21 e) the Company was followed by a number of securities analysts employed by
22 major brokerage firms who wrote reports that were widely distributed and publicly
23 available.

24 51. Based on the foregoing, the market for the Company's securities promptly
25 digested current information regarding the Company from all publicly available sources
26 and reflected such information in the prices of the shares, and Plaintiff and the members
27 of the Class are entitled to a presumption of reliance upon the integrity of the market.
28

1 conduct alleged herein and could not have reasonably discovered those facts prior to the
2 disclosures herein.

3 61. This claim is brought within one year after discovery of the untrue statements
4 and/or omissions in the Offering that should have been made and/or corrected through the
5 exercise of reasonable diligence, and within three years of the effective date of the
6 Offering. It is therefore timely.

7 **COUNT II**

8 **Violation of Section 12(a)(2) of the Securities Act**

9 **Against All Defendants**

10 62. Plaintiff incorporates ¶¶ 1-49 by reference.

11 63. By means of the defective Registration Statement, Defendants promoted,
12 solicited, and sold Ryvyl securities to Plaintiff and other members of the Class.

13 64. The Registration Statement for the Offering contained untrue statements of
14 material fact, and concealed and failed to disclose material facts, as detailed above.
15 Defendants owed Plaintiff and the other members of the Class who purchased the
16 Company's securities pursuant to the Registration Statement the duty to make a reasonable
17 and diligent investigation of the statements contained in the Registration Statement to
18 ensure that such statements were true and that there was no omission to state a material
19 fact required to be stated in order to make the statements contained therein not misleading.
20 Defendants, in the exercise of reasonable care, should have known of the misstatements
21 and omissions contained in the Registration Statement as set forth above.

22 65. Plaintiff did not know, nor in the exercise of reasonable diligence could
23 Plaintiff have known, of the untruths and omissions contained in the Registration
24 Statement at the time Plaintiff acquired Ryvyl securities.

25 66. By reason of the conduct alleged herein, Defendants violated §12(a)(2) of the
26 Securities Act, 15 U.S.C. §771(a)(2). As a direct and proximate result of such violations,
27 Plaintiff and the other members of the Class who purchased Ryvyl securities pursuant to
28

1 the Registration Statement sustained substantial damages in connection with their
2 purchases of the shares. Accordingly, Plaintiff and the other members of the Class who
3 hold the securities issued pursuant to the Registration Statement have the right to rescind
4 and recover the consideration paid for their shares, and hereby tender their securities to
5 Defendants sued herein. Class members who have sold their securities seek damages to
6 the extent permitted by law.

7 67. This claim is brought within one year after discovery of the untrue statements
8 and/or omissions in the Offering that should have been made and/or corrected through the
9 exercise of reasonable diligence, and within three years of the effective date of the
10 Offering. It is therefore timely.

11 **COUNT III**

12 **Violation of Section 15 of the Securities Act**

13 **Against the Individual Defendants**

14 68. Plaintiff incorporates ¶¶ 1-49 by reference.

15 69. This cause of action is brought pursuant to §15 of the Securities Act, 15
16 U.S.C. §77o against all Defendants except the Underwriter Defendants.

17 70. The Individual Defendants were controlling persons of Ryvyl by virtue of
18 their positions as directors and/or senior officers of the Company. The Individual
19 Defendants each had a series of direct and indirect business and personal relationships
20 with other directors and officers and major shareholders of the Company. The Company
21 controlled the Individual Defendants and all of Ryvyl employees.

22 71. The Company and the Individual Defendants were culpable participants in
23 the violations of §§11 and 12(a)(2) of the Securities Act as alleged above, based on their
24 having signed or authorized the signing of the Registration Statement and having
25 otherwise participated in the process which allowed the Offering to be successfully
26 completed.

27 72. This claim is brought within one year after discovery of the untrue statements
28 and/or omissions in the Offering that should have been made and/or corrected through the

1 exercise of reasonable diligence, and within three years of the effective date of the
2 Offering. It is therefore timely.

3 **COUNT IV**

4 **Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder**

5 **Against All Defendants**

6 73. Plaintiff repeats and realleges ¶¶ 1-53 contained above as if fully set forth
7 herein.

8 74. This Count is asserted against Defendants is based upon Section 10(b) of the
9 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

10 75. During the Class Period, Defendants, individually and in concert, directly or
11 indirectly, disseminated or approved the false statements specified above, which they
12 knew or deliberately disregarded were misleading in that they contained
13 misrepresentations and failed to disclose material facts necessary in order to make the
14 statements made, in light of the circumstances under which they were made, not
15 misleading.

16 76. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

17 (a) employed devices, schemes and artifices to defraud;

18 (b) made untrue statements of material facts or omitted to state material facts
19 necessary in order to make the statements made, in light of the circumstances
20 under which they were made, not misleading; or

21 (c) engaged in acts, practices and a course of business that operated as a fraud or
22 deceit upon plaintiff and others similarly situated in connection with their
23 purchases of the Company's securities during the Class Period.

24 77. Defendants acted with scienter in that they knew that the public documents
25 and statements issued or disseminated in the name of the Company were materially false
26 and misleading; knew that such statements or documents would be issued or disseminated
27 to the investing public; and knowingly and substantially participated, or acquiesced in the
28 issuance or dissemination of such statements or documents as primary violations of the

1 securities laws. These defendants by virtue of their receipt of information reflecting the
2 true facts of the Company, their control over, and/or receipt and/or modification of the
3 Company's allegedly materially misleading statements, and/or their associations with the
4 Company which made them privy to confidential proprietary information concerning the
5 Company, participated in the fraudulent scheme alleged herein.

6 78. Individual Defendants, who are the senior officers of the Company, had
7 actual knowledge of the material omissions and/or the falsity of the material statements
8 set forth above, and intended to deceive Plaintiff and the other members of the Class, or,
9 in the alternative, acted with reckless disregard for the truth when they failed to ascertain
10 and disclose the true facts in the statements made by them or any other of the Company's
11 personnel to members of the investing public, including Plaintiff and the Class.

12 79. As a result of the foregoing, the market price of the Company's securities
13 was artificially inflated during the Class Period. In ignorance of the falsity of Defendants'
14 statements, Plaintiff and the other members of the Class relied on the statements described
15 above and/or the integrity of the market price of the Company's securities during the Class
16 Period in purchasing the Company's securities at prices that were artificially inflated as a
17 result of Defendants' false and misleading statements.

18 80. Had Plaintiff and the other members of the Class been aware that the market
19 price of the Company's securities had been artificially and falsely inflated by Defendants'
20 misleading statements and by the material adverse information which Defendants did not
21 disclose, they would not have purchased the Company's securities at the artificially
22 inflated prices that they did, or at all.

23 81. As a result of the wrongful conduct alleged herein, Plaintiff and other
24 members of the Class have suffered damages in an amount to be established at trial.

25 82. By reason of the foregoing, Defendants have violated Section 10(b) of the
26 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the
27
28

1 other members of the Class for substantial damages which they suffered in connection
2 with their purchase of the Company's securities during the Class Period.

3 **COUNT V**

4 **Violations of Section 20(a) of the Exchange Act**

5 **Against the Individual Defendants**

6 83. Plaintiff repeats and realleges ¶¶ 1-53 contained above as if fully set forth
7 herein.

8 84. During the Class Period, the Individual Defendants participated in the
9 operation and management of the Company, and conducted and participated, directly and
10 indirectly, in the conduct of the Company's business affairs. Because of their senior
11 positions, they knew the adverse non-public information about the Company's false
12 financial statements.

13 85. As officers of a publicly owned company, the Individual Defendants had a
14 duty to disseminate accurate and truthful information with respect to the Company's
15 financial condition and results of operations, and to correct promptly any public statements
16 issued by the Company which had become materially false or misleading.

17 86. Because of their positions of control and authority as senior officers, the
18 Individual Defendants were able to, and did, control the contents of the various reports,
19 press releases and public filings which the Company disseminated in the marketplace
20 during the Class Period concerning the Company's results of operations. Throughout the
21 Class Period, the Individual Defendants exercised their power and authority to cause the
22 Company to engage in the wrongful acts complained of herein. The Individual Defendants
23 therefore, were "controlling persons" of the Company within the meaning of Section 20(a)
24 of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged
25 which artificially inflated the market price of the Company's securities.

26 87. By reason of the above conduct, the Individual Defendants are liable pursuant
27 to Section 20(a) of the Exchange Act for the violations committed by the Company.

28 **PRAYER FOR RELIEF**

1 **WHEREFORE**, Plaintiff, on behalf of himself and the Class, prays for judgment
2 and relief as follows:

3 (a) declaring this action to be a proper class action, designating Plaintiff as Lead
4 Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules
5 of Civil Procedure and designating Plaintiff's counsel as Lead Counsel;

6 (b) awarding damages in favor of Plaintiff and the other Class members against
7 all Defendants, jointly and severally, together with interest thereon;

8 (c) awarding Plaintiff and the Class reasonable costs and expenses incurred in
9 this action, including counsel fees and expert fees; and

10 (d) awarding Plaintiff and other members of the Class such other and further relief
11 as the Court may deem just and proper.

12 **JURY TRIAL DEMANDED**

13 Plaintiff hereby demands a trial by jury.

14
15 Dated:

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