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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

LAUTARO CLINE, individually, and on
 behalf of other members of the general public
 similarly situated,

Plaintiff,

v.

COINTERRA, INC.,

Defendant.

Case No.:

CLASS ACTION COMPLAINT FOR

- (1) Breach of Contract
- (2) Violations of Unfair Business Practices Act
- (3) Violation of False Advertising Law

JURY TRIAL DEMANDED

Plaintiff LAUTARO CLINE (“Plaintiff”), individually and on behalf of all other members
 of the public similarly situated, alleges as follows:

1. This is a consumer class action concerning Defendant CoinTerra Inc.’s
 (“CoinTerra” or “Defendant”) failure to deliver Bitcoin mining computer hardware and software,
 called the “TerraMiner,” in conformity with the advertised specifications and by the stated
 delivery dates, which were critical terms of the purchase.

2. In October 2013, Plaintiff Lautaro Cline purchased a Bitcoin mining machine from
 Defendant CoinTerra, which promised delivery of a “TerraMiner IV” by early January 2014. In
 addition, CoinTerra’s product specifications indicated that the TerraMiner IV operated at a speed
 of 2 terrahashes per second while consuming only 1,200 watts of power.

3. CoinTerra instead delivered a machine to Plaintiff in late February 2014 that operated well below the speed advertised and consumed significantly more power than CoinTerra represented, causing Plaintiff to suffer significant lost profits and opportunities.

4. In September 2013, other CoinTerra customers similarly purchased a smaller version of the TerraMiner—the “TerraMiner II”—which CoinTerra also promised to deliver by January 2014. CoinTerra’s product specifications further warranted that the TerraMiner II operated at a speed of 1 terrahash per second.

5. After encountering design or manufacture problems with the TerraMiner II, CoinTerra altogether abandoned the product it already had sold and promised to deliver to customers and never manufactured a single TerraMiner II. CoinTerra instead offered to deliver to TerraMiner II purchasers a later version of the TerraMiner IV.

6. Yet, CoinTerra failed to deliver the replacement TerraMiner IV machines to TerraMiner II purchasers until April 2013—well beyond the early January 2014 date promised—causing TerraMiner II customers also to lose significant profits and opportunities, as explained more fully below.

A. PARTIES, JURISDICTION AND VENUE

7. Plaintiff Lautaro Cline is a citizen of the State of California and a resident of Alameda County, California. On October 20, 2013, Plaintiff purchased a TerraMiner IV, a bitcoin mining device manufactured by CoinTerra. Plaintiff paid \$6,289.20 (\$5,999 for the TerraMiner IV, plus a \$290.20 shipping fee).

8. Upon information and belief, Defendant CoinTerra is a Delaware Corporation, with its principal place of business in Austin, Texas. Defendant is not a citizen of California. CoinTerra sells its Bitcoin mining equipment throughout the United States, including in this District.

9. This Court has subject matter jurisdiction of this action pursuant to 28 U.S.C. §§ 1332(d)(2) and (6) of the Class Action Fairness Act of 2005 because: (i) there are 100 or more class members, (ii) there is an aggregate amount in controversy exceeding \$5,000,000, exclusive of interest and costs, and (iii) there is minimal diversity because at least one plaintiff and one

defendant are citizens of different states.

10. Venue is proper in this judicial district pursuant to 28 U.S.C. §1391 because CoinTerra transacts business in this District, advertised in this District, and has received substantial revenue and profits from its sales of its Bitcoin mining equipment in this District. Also, a substantial part of the events and/or omissions giving rise to Plaintiff's claims occurred in this District and/or CoinTerra is subject to personal jurisdiction in this District.

B. FACTUAL BACKGROUND

Overview of the Bitcoin Market and Mining

11. Bitcoins are a form of electronic currency that were introduced to the public market in early 2009. Unlike traditional money, Bitcoins are not issued from a government or regulated by any central authority.

12. Bitcoins are computer files, stored on a personal computer or entrusted to an online service that can be spent on real or virtual goods and services.¹

13. Unlike government-backed currencies, Bitcoins are not "issued" by a centralized authority, but rather Bitcoins come into existence when they are "mined" by users.²

14. Bitcoin mining is performed by specialized computer hardware and software, such as the TerraMiner II and TerraMiner IV machines at issue in this case.

15. Bitcoin software creates increasingly difficult mathematical problems.³ A user who wishes to "mine" Bitcoins volunteers their computer's processing power to solve a complicated computer algorithm. In exchange, the user earns Bitcoins.

16. Bitcoin miners create new Bitcoins for themselves by discovering "blocks," which

¹ Nicholas A. Plassaras, *Regulating Digital Currencies: Bringing Bitcoin Within the Reach of the IMF*, 14 Chi. J. Int'l L. 377, 384 (2013).

² Omri Marian, *Are Cryptocurrencies Super Tax Havens?*, 112 Mich. L. Rev. First Impressions 38, 41 (2013).

³ See Bitcoin Difficulty Graph at <http://www.coinwarz.com/difficulty-charts/bitcoin-difficulty-chart> (last visited Apr. 24, 2014).

involves mapping an input data set to a desired out data set (the “hash value”).⁴ Blocks are files containing data regarding Bitcoin transactions that have yet to be recorded in the public ledger.

17. The number of Bitcoins is finite and capped at 21 million. The total Bitcoin supply grows at a pre-set, limited rate, and the fixed reward for solving new blocks decreases with the passage of time.⁵

18. Mining requires a large amount of computer processing power. As more Bitcoins are “mined,” the difficulty continues to increase, requiring more and more computing power.⁶

19. Approximately every ten minutes, Bitcoins are awarded to whichever miner is able to compute a number below a certain threshold. However, as time passes, and the mathematical problems that must be solved in order to earn Bitcoins become increasingly difficult, the computing time necessary to mine Bitcoins grows longer unless there is also a corresponding increase in the processing power of the computers used by Bitcoin miners. Thus, for each Bitcoin mining machine, such as the TerraMiner II and TerraMiner IV machines at issue in this case, time is of the essence for miners to maximize their Bitcoin mining machines mining potential and the return on their investment in the machines. Mined Bitcoins are put into circulation and can be exchanged for goods, services, or even government-backed currencies in online exchanges.

⁴ More specifically, “Bitcoin miners engage in a set of prescribed complex mathematical calculations in order to add ‘blocks’ to the ‘block chain,’ which is a transactional database shared by all nodes participating in the bitcoin system. The full block chain contains every transaction ever executed in bitcoin, starting with the very first one which is called the ‘genesis block.’ This allows determination of the value belonging to each address at any point in time. Miners who succeed in adding a block to the block chain automatically receive a fixed number of bitcoins as a reward for their effort.” Denis T. Rice, *The Past And Future of Bitcoins In Worldwide Commerce*, Business Law Today, 2013-NOV Bus. L. Today 1, 1 (2013). See also Wikipedia, Mining (“Mining is the process of adding transaction records to Bitcoin’s public ledger of past transactions. This ledger of past transactions is called the block chain as it is a chain of blocks. The block chain serves to confirm transactions to the rest of the network as having taken place. Bitcoin nodes use the block chain to distinguish legitimate Bitcoin transactions from attempts to re-spend coins that have already been spent elsewhere.”) <https://en.bitcoin.it/wiki/Mining> (last visited Apr. 24 2014).

⁵ *Id.* (“Because the method for creating new bitcoins is mathematically controlled, the total bitcoin supply grows at a pre-set, limited rate. The fixed reward for solving a new block is currently 25 bitcoins per block, but will decrease to 12.5 bitcoins per block around the year 2017. The number of bitcoins in existence will never exceed 21 million, and bitcoins cannot be devalued through excessive production unless the Bitcoin Network’s source code and the underlying protocol for bitcoin issuance are changed.”)

⁶ *Id.*

20. As of the date of filing this Complaint, the current U.S. Dollar value is approximately \$496 per Bitcoin.⁷

CoinTerra's Promises to TerraMiner II and IV Customers

21. Defendant CoinTerra holds itself out to the public as a manufacturer of specialized computer equipment designed specifically for the task of mining Bitcoins. According to CoinTerra's website, it is a "world-class semiconductor engineering company"⁸ that "designs and produces best-in-class Bitcoin mining ASIC [application-specific integrated circuit] processors and systems."⁹

22. The TerraMiner II-1TH/s ("TerraMiner II"), the first generation Bitcoin device from CoinTerra, is a Bitcoin Networked ASIC, which CoinTerra designed, manufactured, marketed, advertised, and sold for the price of US \$3,499.00.

23. At least as early as September 2013, in the product specifications published by CoinTerra on its website, CoinTerra represented to the public that the TerraMiner II was capable at operating at a speed of one terrahash per second ("1TH/s"). See **Exhibit A**.¹⁰ A terrahash is one thousand gigahashes, which is one billion hash per second.

24. The TerraMiner IV-2TH/s ("TerraMiner IV") also is a Bitcoin ASIC, designed, manufactured, marketed, advertised, and sold by CoinTerra. The TerraMiner IV at issue in this case was sold for U.S. \$5,999.¹¹

25. In the product specifications published its website, CoinTerra represented to the public that the TerraMiner IV was capable at operating at a speed of two terrahashes per second ("2TH/s").

⁷ *Id.*; see also <http://bitcoinexchangerate.org/c/USD> (last visited Apr. 24, 2014).

⁸ See CoinTerra website, <http://cointerra.com/about/> (last visited Apr. 24, 2014).

⁹ See CoinTerra website <http://cointerra.com/> (last visited Apr. 24, 2014).

¹⁰ CoinTerra press release of September 12, 2013, "CoinTerra Introduces Two Low-Cost Bitcoin ASIC Mining Solutions," <https://cointerra.com/cointerra-introduces-two-low-cost-bitcoin-asic-mining-solutions/> (last visited Apr. 24, 2014).

¹¹ See **Exhibit B**, Plaintiff's order receipt for "TerraMiner IV – 2TH/s, Networked ASIC Miner (Early January Batch)."

26. As early as August 27, 2013, CoinTerra originally represented that the TerraMiner IV would consume between 1,000 and 1,200 nominal watts of power¹² but subsequently raised that assessment to 1,650 nominal watts of power.¹³

27. The operating speed of a mining machine is important because the faster its processing speed, the better its ability to solve new blocks.¹⁴ Power consumption also is important because mining machines consume substantial amounts of energy, and more power consumption means the operator must pay higher electricity costs, which results in a lower profit for the operator.

28. CoinTerra initially represented to the public that it would deliver its first batch of TerraMiner machines to its very first group of purchasers by December 2013.¹⁵ CoinTerra later represented that both the TerraMiner II and TerraMiner IV would be delivered to purchasers by early January 2014.¹⁶

29. The mining machines at issue here, like other Bitcoin mining equipment, lose

¹² See CoinTerra press release of August 27, 2013, “Bright Side of the News on CoinTerra’s Bitcoin ASIC Machines,” <http://cointerra.com/bright-side-news-cointerras-bitcoin-asic-machines/> (“Under peak power consumption, one of these TerraMiner boxes should consume between 1 and 1.2 KiloWatts”) (last visited Apr. 24, 2014) (**Exhibit C**); see also CoinTerra news article published on August 27, 2013, “Anandtech: The Rush to Bitcoin ASICs: Ravi Iyengar launches Cointerra,” <http://cointerra.com/anandtech-the-rush-to-bitcoin-ascics-ravi-iyengar-launches-cointerra/> (**Exhibit D**) (last seen Apr. 24, 2014) (“CoinTerra’s first high-end product for launch is listed as a 2000 Gigahashes per second Bitcoin minor (or 2 TH/s). . . These would be housed in a 2U air-cooled container, and draw up to 1200W (estimated) for 0.6 W/GH/s”).

¹³ See **Exhibit E**, CoinTerra press release, “UPDATE: Engineering and Production Status” from <http://cointerra.com/update-engineering-production-status/> (last visited Apr. 24, 2014).

¹⁴ Rice, *supra* note 4, at 2.

¹⁵ See **Exhibit C**, *supra*, “Bright Side of the News on CoinTerra’s Bitcoin ASIC Machines,” <http://cointerra.com/bright-side-news-cointerras-bitcoin-asic-machines/>.

¹⁶ See **Exhibit A**, *supra*, “CoinTerra Introduces Two Low-Cost Bitcoin ASIC Mining Solutions,” <http://cointerra.com/cointerra-introduces-two-low-cost-bitcoin-asic-mining-solutions/> (last visited Apr. 24, 2014) (“Scheduled for delivery in early January 2014 . . . the new 1TH/s TerraMiner II will retain for \$3499”; and “CoinTerra has announced a major price reduction for the Terra Miner IV to an astonishing \$5999 for January delivery to customers”); See **Exhibit F**, CoinTerra press release of January 20, 2014, “UPDATE: Prototype Testing Completed, Certification and Production this week,” <http://cointerra.com/update-prototype-testing-completed-certification-production-week> (last seen Apr. 24, 2014) (“We expect to begin shipping the initial run of units at the end of this week”).

1 value daily, due to the ever-increasing computing power necessary to mine the same amount of
2 Bitcoin and due to the finite number of Bitcoins that will be put into circulation.

3 30. Consequently, the date of delivery of the mining machines, the energy
4 consumption rates, and the speed of computing were one of the most, if not the most, critical
5 terms of the purchase.

6 **Facts Relating to Plaintiff/Class Representative Lautaro Cline**
7 **and CoinTerra's Purchase of the TerraMiner IV**

8 31. On October 20, 2013, Plaintiff Cline ordered the TerraMiner IV from CoinTerra's
9 website. **Exhibit B.** Plaintiff's order confirmation describes the purchased product as the
10 "TerraMiner IV – 2TH/s, Networked ASIC Miner (**Early January Batch**).” *Id.* (emphasis
11 added). Thus, CoinTerra agreed to deliver to Plaintiff by early January 2014 a TerraMiner IV,
12 with an operating speed of 2TH/s and an average power consumption of 1,200 watts.

13 32. Plaintiff paid \$6,289.20 to CoinTerra through a direct transfer of bank funds. *Id.*;
14 *see also* **Exhibit J.** This amount consisted of \$5,999 for the TerraMiner IV, plus a \$290.20
15 shipping fee for UPS Next Day Air delivery. **Exhibit B.**

16 33. At the time that Plaintiff completed his online purchase on October 20, 2013,
17 CoinTerra's website did not include any terms and conditions in the order process. Thus, Plaintiff
18 and the Class members did not click on any box or otherwise agree that he had reviewed any
19 terms and conditions before completing his order.

20 34. Upon information and belief, CoinTerra later added terms and conditions to the
21 online order process at some date after Plaintiff completed his purchase.

22 35. Based on CoinTerra's representations and pursuant to the parties' agreement,
23 Plaintiff reasonably expected delivery in early January 2014, and expected that the device would
24 perform at a minimum of two terrahashes per second.

25 36. Plaintiff, however, did not receive any delivery in early January 2014.

26 37. Instead, Plaintiff discovered in mid to late January 2014 that the machine that he
27 had already paid for, and that had still not arrived, operated approximately 20% slower, and
28 consumed 20% more power than advertised.

38. On or about January 25, 2014, CoinTerra posted an article on its website, stating

that instead of 2.0TH/s, the TerraMiner IV machines operated “at between 1.63TH/s and 1.72TH/s with power draw at the wall between 1900W and 2100W – typically 20% higher than our anticipated target of 1650W.” **Exhibit E.**¹⁷

39. A few days later, on or about January 28, 2014, CoinTerra posted another press release on its website, stating that in consideration of the “power efficiency issues” CoinTerra was offering its January and February batch retail customers (who had placed orders at the cointerra.com website) two options. **Exhibit G.**¹⁸ The first option was a 15% discount coupon redeemable against their next retail hardware order placed at the CoinTerra website store through December 31, 2014. *Id.* The second option was a full refund and 5% discount coupon redeemable against their next retail hardware order placed at the CoinTerra website store. *Id.*

40. Neither the 15% future purchase coupon, nor a refund with a 5% coupon, which were offered to Plaintiff and Class members well after the promised delivery date of their machines, offered adequate damages compensation to Plaintiff and Class members. Specifically, by January 28, 2014, Plaintiff and Class members had already suffered a significant loss in Bitcoin earnings and profits due to the delay in delivery of their machines because of the ever-increasing difficulty of the mathematical algorithms, increased mining competition, and decreased number of Bitcoins available for mining as time goes on.

41. On January 29, 2014, Plaintiff submitted a written inquiry to CoinTerra’s customer service department asking for the estimated time of arrival for the TerraMiner IV and also expressing that he was dissatisfied with the compensation options offered. **Exhibit H.** Plaintiff wrote that CoinTerra falsely advertised the hashing power and electricity consumption of the TerraMiner IV, and that “[a] 15% discount coupon for -20% hashing power and +20 electricity consumption is *not *fair compensation.” *Id.* Plaintiff stated that he preferred an alternative

¹⁷ CoinTerra press release of January 25, 2014, “UPDATE: Engineering and Production Status” from <http://cointerra.com/update-engineering-production-status/> (last visited Apr. 24, 2014).

¹⁸ CoinTerra press release of January 28, 2014, “UPDATE: Production News and Jan/Feb Batch Customer Offer,” from <http://cointerra.com/update-production-news-janfeb-batch-customer-offer/> (last visited Apr. 24, 2014).

form of compensation, and proposed that that CoinTerra provide him with either (1) a hardware replacement from a later produced batch or (2) exchange when CoinTerra had a PCB (printed circuit board) that actually delivered 2TH/s. *Id.* CoinTerra failed to respond.

42. January 2014 came and went with no delivery of the TerraMiner IV.

43. On February 7, 2014, Plaintiff again contacted CoinTerra's customer service and asked for the estimated shipping time. **Exhibit I.** A CoinTerra representative responded that "Right now, I do not have an exact shipment date for you. We are in the middle of shipping our first batch of boxes now, and once we get finished with that, we should be able to give you a better estimate of when the January units will ship." *Id.* She also sent Plaintiff the link to the January 28, 2014 article in which CoinTerra offered either a 15% discount off a future purchase, or refund and 5% coupon for purchasers of the TerraMiner IV. *Id.*; **Exhibit G.**

44. Plaintiff wrote back to the customer service representative that, as he had expressed in his January communication, CoinTerra's compensation offer was unfair. **Exhibit I.** Plaintiff stated in his message that he had purchased a "2TH/s miner not a 1.5 or 1.7 TH/s" and that the 15% discount off of future purchases had nothing to do with his current order. *Id.*

45. The customer service representative wrote back on February 10th stating that he could ask for a refund. *Id.* Plaintiff responded that a refund was unsatisfactory and that he would like to swap the machine "when you have the bugs iron[ed] out." *Id.* The representative replied that "[w]e do not do machine swaps, sorry," and stated that she would make a note that Plaintiff was unsatisfied with CoinTerra's current offer. *Id.*

Late Delivery of the TerraMiner IV

46. On February 24, 2014 – nearly two months after the advertised early January 2014 delivery date, and despite that CoinTerra had promised and Plaintiff had paid for UPS next day delivery – CoinTerra finally shipped Plaintiff's TerraMiner IV. **Exhibit J.**

47. Plaintiff received the shipment on or about February 25, 2014. No printed terms and conditions were delivered with the shipment.

48. The timing of the delivery of the TerraMiner IV by the promised delivery time of early January was of the essence. With each passing day, the Bitcoin algorithms grow more and

more complex due to more individuals attempting to mine Bitcoin, requiring more and more computing power, and the number of Bitcoins remaining to be mined decreases each day. Thus, the delay in delivery caused Plaintiff and the Class members a significant amount of lost profit and opportunities.

The TerraMiner IV Operated at a Significantly Lower Speed than CoinTerra had Represented

49. In addition to arriving late, the TerraMiner IV only operated at a speed of 1.6TH/s, rather than 2.0TH/s as advertised and represented by CoinTerra in the product specifications.

50. Further, instead of consuming 1,200 (or even 1650) watts of power to operate, the TerraMiner IV actually required 2,100 watts, as reflected on Plaintiff Lautaro's computer while using the device and software and now reflected on CoinTerra's website.¹⁹

51. Had Plaintiff, or other Class Members, known that the TerraMiner IV would not be delivered by the promised date, they would have paid less than the price they actually paid by purchasing another Bitcoin miner from a different vendor.

Facts Relating to Putative Class Members Who Purchased the TerraMiner II

52. In or around 2013, CoinTerra offered to sell to consumers the TerraMiner II, advertising that it operated at a speed of 1TH/s according to the product specifications.

53. Upon the sale of the TerraMiner II, CoinTerra promised a specified delivery date of early January 2014.

54. CoinTerra encountered defects in the TerraMiner II, including failure to live up to the operation speed of 1TH/s as represented by CoinTerra in the product specifications. CoinTerra nonetheless continued to advertise the TerraMiner II for sale and in fact made several sales to unknowing customers, but failed to deliver the faulty equipment.

55. In or around January 2014, CoinTerra acknowledged the defects in the TerraMiner II and offered to either (1) refund the purchase price of the TerraMiner II; (2) replace the problematic TerraMiner II with a TerraMiner IV for payment of an additional \$1,500 with

¹⁹ <http://cointerra.com/product/terraminer-iv-2ths-networked-asic-miner-may-batch/> (last visited Apr. 24, 2014).

immediate shipment; or (3) ship a TerraMiner IV at no additional cost with a shipment date of late March 2014. These two offers were communicated to individuals who purchased a TerraMiner II by telephone.

56. Many TerraMiner II customers opted to accept CoinTerra's offer to replace the TerraMiner II with a new TerraMiner IV, which CoinTerra failed to deliver until early April 2014.

57. Such purchasers later learned that CoinTerra's TerraMiner II was defective because it operated at a speed of .8TH/s rather than 1TH/s as advertised and represented by CoinTerra and that CoinTerra had ceased production of the TerraMiner II, in any event.

58. Had TerraMiner II purchasers known that the TerraMiner II would never have been delivered, because they never were actually manufactured, they would likely have purchased a comparable Bitcoin machine from a different vendor.

59. The failure of CoinTerra to deliver the TerraMiner II altogether, as well as its failure to promptly replace the TerraMiner II with the TerraMiner IV in accordance with its own offer, caused TerraMiner II purchasers to suffer significant lost Bitcoin mining profits and opportunities.

C. CLASS ACTION ALLEGATIONS

60. Plaintiff seeks certification of the following "Class" as defined below:

Class: All residents of the Continental United States who purchased a TerraMiner from CoinTerra, which was advertised to operate at a specified speed, advertised for delivery in "early January 2014," and which was not delivered by January 2014.

Excluded from the Class are:

- (1) CoinTerra, its related entities, parent companies, subsidiaries and affiliates, and their respective officers, directors, and employees,
- (2) Judge(s) and/or attorneys to whom the Litigation is or will be assigned.
- (3) Purchasers of a TerraMiner IV or a TerraMiner II who previously have released their claims against CoinTerra with respect to the issues raised in the Litigation,
- (4) Purchasers of a TerraMiner IV or a TerraMiner II who, at the time purchase,

expressly agreed to terms and conditions that require mandatory binding arbitration of a dispute with CoinTerra,

(5) Persons who execute and file a timely request for exclusion,

(6) the legal representatives, successors, or assigns of any such excluded person.

61. Plaintiff Cline is a member of the Class in that he purchased and failed to receive a TerraMiner IV by the promised delivery date of early January 2014.

62. This action is proper for class treatment under Rules 23(b)(1)(B) and 23(b)(3) of the Federal Rules of Civil Procedure. The proposed Class is so numerous that individual joinder of all members is impracticable. While the exact number and identities of the Class Members are unknown to Plaintiff at this time, Plaintiff is informed and believes that the class numbers in the hundreds, if not thousands. Members of the Class can be identified through Defendant's records and ascertained by reference to objective criteria.

63. CoinTerra subjected Plaintiff and the respective Class Members to the same unfair, unlawful, and deceptive practices and harmed them in the same manner. The conduct described above is CoinTerra's standard and undisputed business practice.

64. Common questions of law and fact arise from CoinTerra's conduct described herein. Such questions predominate over any questions affecting only individual Class Members. The myriad questions of law and fact common to the Class include:

- a. whether CoinTerra breached its contract to deliver to Class Members the TerraMiner machines they paid for in accordance with their agreement to do so;
- b. whether CoinTerra engaged in a marketing practice intended to deceive consumers regarding the delivery date, processing speed, and energy consumption of the TerraMiner IV;
- c. whether CoinTerra's marketing practices violate deceptive and unfair trade practices laws;
- d. whether CoinTerra's conduct described herein constitutes consumer fraud;
- e. whether CoinTerra's conduct constitutes fraudulent inducement;

- f. whether CoinTerra must disgorge any and all funds it received as a result of its misconduct;
- g. whether an accounting is appropriate and necessary; and
- h. whether CoinTerra should be enjoined from marketing the other mining machines in a deceptive and uniform manner.

65. Plaintiff will fairly and adequately represent and pursue the interests of Class Members. Plaintiff's counsel are experienced in consumer class action cases. Plaintiff understands the nature of his claims herein, has no disqualifying conditions, and will vigorously represent the interests of the Class.

66. A class action is superior to individual actions because individual claims by Class Members are impractical because the costs to pursue individual claims may exceed the value of what any one Class Member has at stake. Further, prosecuting separate actions by or against individual Class Members would create a risk of inconsistent or varying adjudications with respect to individual Class Members that would establish incompatible standards of conduct for the defendant. The interests of justice will be well served by resolving the common disputes of potential Class Members in one forum.

67. Defendants have acted or failed to act in a manner generally applicable to the Class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Class as a whole.

FIRST CAUSE OF ACTION

Breach of Contract

68. Plaintiff hereby incorporates by reference the allegations contained in the preceding paragraphs of this Complaint.

69. Plaintiff brings this cause of action on behalf of himself and the members of the Class.

70. Plaintiff and the Class Members entered into valid and enforceable agreements with CoinTerra pursuant to which CoinTerra was required to deliver the TerraMiner to customers by the specified dates, which operated at the advertised speed and energy consumption rate.

71. Plaintiff and the Class Members performed all of its obligations under their agreements with CoinTerra.

72. CoinTerra was aware of the time-sensitive nature of the delivery date and importance of the processing speed and energy consumption.

73. CoinTerra's failure to deliver the TerraMiner in conformance with by its advertised processing speed, energy consumption rate, and delivery date, is a material breach of the agreement.

74. CoinTerra's failure to meet its advertised specifications and delayed delivery is not due to any fault of Plaintiff or the Class Members.

SECOND CAUSE OF ACTION
Violation of Unfair Business Practices Act
(California Business & Professions Code §§ 17200 *et seq.*)

75. Plaintiff hereby incorporates by reference the allegations contained in paragraphs 1 through 67 of this Complaint.

76. Plaintiff brings this cause of action on behalf of himself and the members of the Class.

77. California Business and Professions Code section 17200 prohibits "unfair competition," which means and includes any "unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising."

78. For the reasons described above, CoinTerra has engaged in unlawful, unfair, and/or fraudulent business acts or practices in violation of California Business and Professions Code section 17200.

79. CoinTerra's misrepresentations, as set forth herein, constitute an "unlawful" practice because they violate, *inter alia*, California Civil Code sections 1572 (Kinds of fraud), 1573 (Actual fraud), 1709 (Deceit; damages), 1710 (Deceit defined), 1711 (Deceit to defraud public or particular class), 1770 (List of proscribed practices), California Business and Professions Code sections 17200 *et seq.*, and the common law.

1 80. CoinTerra’s misrepresentations, as set forth herein, constitute “unfair” business
2 practices and acts within the meaning of California Business and Professions Code sections
3 17200 *et seq.*, in that CoinTerra’s conduct was injurious to consumers, offended public policy,
4 and was unethical and unscrupulous. CoinTerra’s violation of consumer protection and unfair
5 competition laws in California and other states resulted in harm to consumers.

6 81. There were reasonable alternatives available to CoinTerra to further CoinTerra’s
7 legitimate business interests, other than the conduct described herein.

8 82. California Business and Professions Code section 17200 also prohibits any
9 “fraudulent business act or practice.”

10 83. CoinTerra’s misrepresentations, as set forth above, were false, misleading, and
11 likely to deceive the public within the meaning of California Business and Professions Code
12 section 17200.

13 84. CoinTerra’s misrepresentations were made with knowledge of their effect, and to
14 induce Plaintiff and members of the Class to purchase the TerraMiner IV. Plaintiff and members
15 of the Class justifiably relied on upon CoinTerra’s knowing misrepresentations when they
16 purchased the TerraMiner IV.

17 85. CoinTerra’s conduct caused and continues to cause injury to Plaintiff and members
18 of the Class.

19 86. The product that Plaintiff and members of the Class paid for has lost value daily,
20 due to the ever-increasing computing power necessary to mine the same amount of Bitcoin and
21 decreasing number of Bitcoins available.

22 87. Plaintiff and members of the Class have suffered injury in fact and have lost
23 money as a result of CoinTerra’s conduct.

24 88. Accordingly, Plaintiff and members of the Class would not have purchased, or
25 would have paid less, for their TerraMiner IVs had it not been for CoinTerra’s
26 misrepresentations.

89. CoinTerra has thus engaged in unlawful, unfair, and fraudulent business acts entitling Plaintiff and members of the Class to judgment and equitable relief against CoinTerra, as set forth in the Prayer for Relief.

90. Additionally, under Business and Professions Code section 17203, Plaintiff and members of the Class seek an order requiring CoinTerra to immediately cease such acts of unlawful, unfair, and fraudulent business practices and require CoinTerra to correct its actions.

THIRD CAUSE OF ACTION
Violation of California's False Advertising Law
(Cal. Bus. & Prof. Code § 17500, *et seq.*)

91. Plaintiff incorporates paragraph numbers 1 through 67 as set forth above as if fully set forth herein and further alleges as follows.

92. CoinTerra made misrepresentations to the public, as set forth above, including misrepresentations relating to the delivery date, the processing power, and the energy consumption level of its TerraMiner IV Bitcoin mining machine and the delivery date and processing power of its TerraMiner II Bitcoin mining machine.

93. Defendants engaged in the advertising and marketing alleged herein with the intent to directly or indirectly induce the purchase of TerraMiner II and TerraMiner IV bitcoin mining machines, including those machines purchased by Plaintiff and putative Class members.

94. Plaintiff and Class members have suffered injury in fact and lost money or property as result of Defendants' false advertising, including but not limited to receiving equipment of lesser value than they paid and bargained for and receiving equipment on substantially delayed delivery dates rendering the equipment less valuable than the amount they paid and bargained for.

PRAYER FOR RELIEF

Plaintiff, and on behalf of himself and all others similarly situated, requests the Court enter judgment against CoinTerra, as follows:

- i. Certifying the Class as requested herein;
- ii. Ordering that CoinTerra is financially responsible for notifying all members of the

1 Class of the alleged misrepresentations of material facts discussed herein;

2 iii. Awarding Plaintiff and the members of the Class compensatory damages in an
3 amount according to proof at trial;

4 iv. Awarding restitution and disgorgement of CoinTerra's revenues to Plaintiff and
5 members of the Class;

6 v. Awarding declaratory and injunctive relief as permitted by law or equity, including
7 enjoining CoinTerra from continuing the unlawful practices as set forth herein, and directing
8 CoinTerra to identify, with Court supervision, victims of its conduct and pay them restitution and
9 disgorgement of all monies acquired by CoinTerra by means of any act or practice declared by
10 this Court to be wrongful;

11 vi. Awarding to Plaintiff and the Class punitive damages;

12 vii. Awarding interest on the monies wrongfully obtained from the date of collection
13 through the date of entry of judgment in this action;

14 viii. Awarding attorneys' fees, expenses, and recoverable costs reasonably incurred in
15 connection with the commencement and prosecution of this action; and

16 ix. For such other and further relief as the Court deems just and proper.

17 Dated: April 30, 2014

18 /s/ Jeffrey F. Keller

19 Jeffrey F. Keller, Esq.

20 **KELLER GROVER LLP**

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24 Fax: (415) 543-7861

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** Pro Hac Vice Forthcoming
Attorneys for Plaintiff*

DEMAND FOR JURY TRIAL

95. Plaintiff, individually and on behalf of all others similarly situated, hereby demands a jury trial on all claims so triable.

Dated: April 30, 2014

/s/ Jeffrey F. Keller

Jeffrey F. Keller, Esq.

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EXHIBIT A



CoinTerra Introduces Two Low-Cost Bitcoin ASIC Mining Solutions

September 12, 2013, Webmaster in Press Releases  2 Comments

New TerraMiner II for \$3499 and Reduced Price of \$5999 for TerraMiner IV in January 2014 Breaks the \$3 per Gigahash Barrier

September 12, 2013 – Austin, TX – CoinTerra™ www.cointerra.com – the performance and new value leader in Bitcoin ASIC Mining solutions – today announced aggressive pricing on its second batch of specialized ASIC mining equipment.

Scheduled for delivery in early January 2014 and powered by CoinTerra's proprietary high-performance GoldStrike™ I ASIC, the new 1TH/s TerraMiner™ II will retail for \$3499 as an entry-level Bitcoin mining solution designed for the best price/performance ratio in the industry.

Previously announced as the first 2TH/s professional Bitcoin miner, CoinTerra has announced a major price reduction for the TerraMiner IV to an astonishing \$5999 for January delivery to customers. This makes CoinTerra the first Bitcoin hardware company to break the \$3 per Gigahash barrier.

Both the TerraMiner II and TerraMiner IV are fully-integrated, low-power Bitcoin mining solutions for customers seeking the most high-performance products in their respective class of entry-level and professional mining.

“We are incredibly excited by the enthusiasm and support of the Bitcoin community as we move forward towards our first shipments of the industry’s highest-performance, lowest-power ASIC devices,” said Ravi Iyengar, CEO and founder of CoinTerra. “With the new TerraMiner II and the incredibly aggressive pricing on the TerraMiner IV, we are going to redefine the market for profitable Bitcoin mining and put our customers first and foremost as we grow as a company through the introduction of new products.”

CoinTerra’s 500GH/s GoldStrike I ASIC is already the fastest chip announced for the Bitcoin mining market. The Physical Design results for GoldStrike I show that a certain percentage of these ASICs can perform as high as 700GH/s. CoinTerra is evaluating an option allowing customers at the time of delivery to upgrade to these premium chips for a small fee, further lowering the cost per gigahash.

CoinTerra and Team

CoinTerra was founded by a team of world-renowned chip designers, mathematicians and Bitcoin community pioneers and recently closed a \$1.5M seed round of funding from a range of private Angel investors who recognized the potential of the company’s unique team and technology.

The company’s founding members include CEO Ravi Iyengar, who was previously the Lead CPU Architect at Samsung® Corporation as well as holding senior design positions at Qualcomm®, NVIDIA®, and Intel®.

Other team members include:

- Dr. Timo Hanke, one of the world’s leading experts on cryptography and

mathematical algorithms;

- Dr. Naveed Sherwani is the lead company advisor for CoinTerra and brings decades of semiconductor industry leadership and perspective to the company. Dr. Sherwani co-architected the Intel microprocessor design methodology and environment used in several microprocessors

Having worked on several generations of low-power mobile devices, the CoinTerra team brings unmatched experience in power-efficient circuitry, design methodology and implementation to Bitcoin mining.

Unlike most Bitcoin hardware companies, CoinTerra wants people to know the capabilities of its full design and advisory team as well as their personal involvement in the Bitcoin community. As such, there is a video detailing the CoinTerra products, technology and team on YouTube® with a direct link found on the CoinTerra website. Detailed pricing on both chips and rigs are also at www.cointerra.com.

About CoinTerra

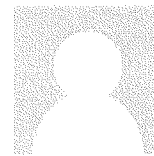
CoinTerra™ designs and produces best-in-class Bitcoin mining ASIC processors and systems. The company's state-of-the-art design methodologies and advanced architectures enable the delivery of Bitcoin mining solutions with the highest performance ASICs for the lowest power and die area. CoinTerra boasts a highly experienced engineering team of semiconductor architects and designers who have previously designed some of the world's highest performance CPUs, GPUs and chipsets for NVIDIA®, Intel®, Samsung®, Qualcomm® and Nortel®.

All trademarks and registered trademarks previously cited are hereby recognized and are the property of their respective owners.

For further information related to the media, please contact pr@cointerra.com 

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1. CoinTerra Introduces Two Low-Cost Bitcoin ASIC ... - September 12, 2013
[...] New TerraMiner II for \$3499 and Reduced Price of \$5999 for TerraMiner IV in January 2014 Breaks the \$3 per Gigahash Barrier September 12, 2013 – Austin, TX – CoinTerra™ [...]
2. CoinTerra Introduces Two Low-Cost Bitcoin ASIC Mining Solutions | CoinTerra - Coinboard - September 14, 2013
[...] See on cointerra.com [...]

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4/24/2014

Case3:14-cv-02000 Document 1-1 Filed 04/30/14 Page 6 of 6

CoinTerra Introduces Two Low-Cost Bitcoin ASIC Mining Solutions | CoinTerra



EXHIBIT B

Regan N. Kruse

From: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 6:11 PM
To: Edward Mullins; Regan N. Kruse
Subject: Fw: Fwd: Your CoinTerra order receipt from October 20, 2013

----- Forwarded Message -----

From: Lautaro Cline <lautaro.cline@gmail.com>
To: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 9:06 PM
Subject: Fwd: Your CoinTerra order receipt from October 20, 2013

----- Forwarded message -----

From: CoinTerra <sales+woocommerce@cointerra.com>
Date: Thu, Oct 24, 2013 at 1:43 PM
Subject: Your CoinTerra order receipt from October 20, 2013
To: lautaro.cline@gmail.com



Thank you for your order

Company Address

11130 Jollyville Rd
Austin, TX 78759
USA
+15122706050

Bank Address



Order: FV1424

Product	Quantity	Price
TerraMiner IV – 2TH/s, Networked ASIC Miner (Early January Batch) (#GS1200-02)	1	\$5,999

Cart Subtotal:	\$5,999
Shipping:	\$290.20 via Next Day Air (UPS)
Order Total:	\$6,289.20

Any Questions?

Our Knowledgebase is the first place to look for help with our products. If you have any questions, please submit a ticket to our Help Desk.

Customer details

Email: lautaro.cline@gmail.com

Tel: [REDACTED]

If there are any concerns, please contact us at sales@cointerra.com immediately.

Thank you for working with us,

CoinTerra Support

Billing address

Lautaro Cline
[REDACTED]

Shipping address

Lautaro Cline
[REDACTED]

EXHIBIT C



Bright Side of the News on CoinTerra's Bitcoin ASIC Machines

August 27, 2013, CoinTerra in News  Leave a comment

Cointerra™ itself is a fairly new company, however, many of the members of this new company are industry veterans that have worked at many CPU and GPU companies including Qualcomm, Nvidia, Intel and Samsung just to name a few. These guys are planning to come with a custom designed ASIC specifically designed to be optimized for Bitcoin mining. They've put together an incredibly informative video below to help you understand what they're trying to do.

Now, this custom ASIC that they are building will go into special mining boxes that they will sell to consumers. The ASIC itself is called the GoldStrike™ I and will be a 28nm chip, which means that it will be using one of the latest manufacturing processes in the industry. The 28nm chip will be fabbed at Globalfoundries, and when asked about why they chose that fab above all others, Cointerra had countless praises about doing business with Globalfoundries. He stated that they were a little more flexible, and easier to work with as well as more customer friendly and capable of meeting their commitments. However, when we asked their CEO Ravi Iyengar about the ASIC taping out, he had said that they haven't actually taped-out yet and their are currently shooting for a September tape-out. I also asked exactly which 28nm process at Globalfoundries they were planning to use and he said that


they would be using GloFo's 28nm HPP (High Performance Process) which means that this ASIC will likely have a high clock speed and high performance

Each GoldStrike I ASIC is capable of 500 GigaHashes per second and four of these GoldStrike I ASICs will populate a single one of their TerraMiner™ IV systems, which is currently being sold as a \$13,999 system capable of 2 TeraHashes/s . The devices will be simple and have network connectivity as well as the ability to connect to a PC, but are fully capable of running on their own. Under peak power consumption, one of these TerraMiner boxes should consume between 1 and 1.2 KiloWatts. They are also offering volume discounts of the TerraMiner boxes with a discount for certain quantities sold and they are also selling the GoldStrike ASICs separately for those that wish to build their own systems. However, 20 GoldStrike ASICs will run you \$57,400 which comes out to \$2,870 per ASIC compared to buying Cointerra's system which includes 4 ASICs at \$3,500 per ASIC.

Considering that the current price of an individual Bitcoin is hovering around \$120, it would definitely take some time to actually get the box to pay for itself and that would be especially difficult to do if the price were to fluctuate and drop as much as it has in the past. Additionally, regulatory hurdles may eventually make Bitcoin mining a taxable process, which could further reduce the value of owning an expensive mining machine.

However, the guys at Cointerra seem confident in their ability to build this new ASIC for this new digital currency and they are poised to deliver a finished product by December this year. While we have seen other custom ASIC solutions promised in the past for Bitcoin mining, few have actually delivered. Because of this fact, Cointerra has built in some guarantees to buyers so that they are not scared away by previous companies' failures.

- On-Time Delivery Commitment – If CoinTerra fails to deliver chips or rigs within 30 days of its promised December delivery window, the company will credit your account 20% of the hash power of your order;
- Price Protection – For any undelivered orders, if the company changes the price of TerraMiner systems or GoldStrike I ASICs before delivery, CoinTerra will re-price all orders and offer either a cash refund or a larger and more valuable hash power credit;

- Customer Exchange – If a customer has a confirmed order and their circumstances change to prevent them from completing the sale, CoinTerra will help them find another party amongst their existing customers to take their place in the product queue. While CoinTerra cannot guarantee there is a buyer for an order or a place in the queue, the company will do its best in good faith to help 

That pretty much wraps up everything there is about this new company and their new custom ASIC. We can't wait to test this new chip against some of the latest GPUs to see how much more efficient it is or is not.

8/27/2013 by: Anshel Sag - Get more from this author

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4/24/2014

Cointerra Launches New Bitcoin Mining Custom ASIC and Machines


Case3:14-cv-02000 Document1-3 Filed04/30/14 Page5 of 5

(9AM TO 6PM CST)

EXHIBIT D



Anandtech: “The Rush to Bitcoin ASICs: Ravi Iyengar launches CoinTerra”

August 27, 2013, Webmaster in News  Leave a comment

(Read the full article by [Ian Cutress](#) on Anandtech [here](#))

Coming into the ASIC market is CoinTerra™, headed up by Ravi Iyengar, former CPU Lead Architect at Samsung’s Austin Research Center (SARC). Ravi’s focus at SARC was on the CPU Mid-Core, including integer execution and special purpose registers (good for Bitcoin). His history also includes helping design chips for the SGS4, as well as stints at Intel, Qualcomm and NVIDIA. At CoinTerra he is joined by Jim O’Connor, VP of Engineering with a history of SOC

design and Dr. Naveed Sherwani, CEO of Open Silicon. CoinTerra has raised \$1.5 million from investors to fund development costs and an initial production run.

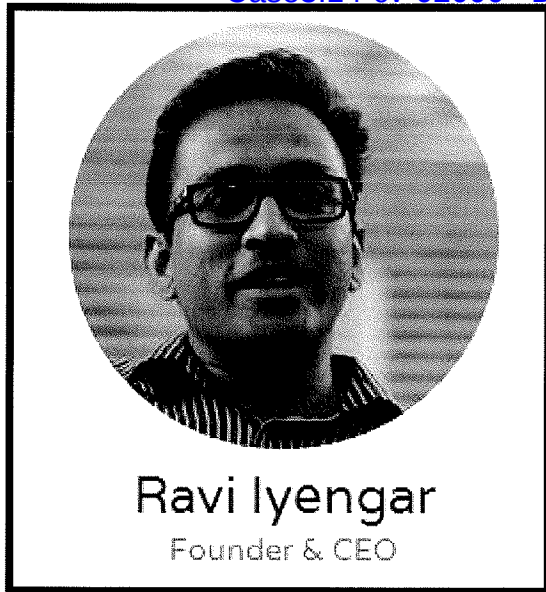
CoinTerra's first high-end product for launch is listed as a 2000 Gigahashes per second Bitcoin miner (or 2 TH/s), powered by four 28nm ASICs running at 500 GH/s each. These would be housed in a 2U air-cooled container, and draw up to 1200W (estimated) for 0.6 W/GH/s.

To put this into perspective, an Avalon Batch #2 miner runs at 83 GH/s for 700 W (8.4 W/GH/s), with ASICs build on an 110nm process node, and a Butterfly Labs 'Jalapeno' runs at 5.5 GH/s for 30W (5.5 W/GH/s) on a 65nm process node. A 7970 GPU, which anyone can go out and buy today, can get 0.65 GH/s for 250W, or 384W/GH/s. However Butterfly Labs have recently announced a 28nm product, a 600 GH/s device in the shape of a PCIe card for 350W, putting it around the 0.6W/GH/s value of CoinTerra.

Thus projecting a 0.6 W/GH/s number from CoinTerra is almost out of this world, offering almost a factor 10 better efficiency than any other ASIC shipper today. Part of that comes from the process node (28nm vs. 65nm/110nm), but one would assume that an element of design it also prevalent.

CoinTerra's product has an initial 3 month lead time, and has a high starting threshold: \$14000. Despite this, at current rates, a user would earn \$54000 worth of Bitcoin in a month, although there is no prediction as to what the Bitcoin difficulty (or market rate) will be in three months. CoinTerra plan to drop 2000 TH/s of power in December, despite the global hashrate of only 500 TH/s now.

Clearly my first response to such claims involved several double-take moments, but CoinTerra's CEO, Ravi Iyengar, was happy to speak to us and answer a few questions.



Q: Can you give us a little background in CoinTerra?

A: We started the company in April – I was approached by a couple of people to start and lead the engineering for a Bitcoin mining company, and at the time I had no real idea what Bitcoin was. I studied the ecosystem and looked at the competition – Bitcoin ASICs seemed a relatively ‘new’ industry, and it seemed that now was the right time to be one of the best. Having spoken to the big names in chip manufacturing like LSI/Intel, it was clear that right now the total Bitcoin market value is small, but they are watching. The purpose of CoinTerra is to be a well-established entity by the time the big players decide they want a slice of the action.

Q: At what stage of the process are you in terms of product design/manufacturing? Can you explain a little behind the iterative manufacturing process that CoinTerra is taking?

A: We are currently in the Physical Design stage now, and we are targeting tapeout around October – the silicon is expected to arrive for system building in December and ship the same month. Our initial ASIC design is fully complete, we have AESAustin on board to building the boards and systems, a company called Conformal is doing the software, and Open Silicon has advisors at CoinTerra.

Q: What level of pre-orders are estimated before CoinTerra is able to ramp up production? It has been listed in the media that a number of pre-orders are needed before final manufacturing can take place.

A: When we started looking for investment, it took two months to raise \$1.5m from both Bitcoin users and the tech industry – at this point in time there is no need to ask for more investment. In terms of pre-orders, within 24hrs of our website going live we had 150 pre-orders. Our production is not hampered by sales in any way.

Q: Butterfly Labs have announced a similar 28nm product shipping around the same time frame in a PCIe card type-form factor. Are they reselling your product?

A: There is sometimes a difference compared to PR and what happens – I was under the impression that BFL would be shipping around February. But I would be surprised if there are any new mining startups from this point on without a significant background in the area. Our funding came through as a result of the background of the team, despite this being my first company, and the contacts I have helped move our product to start at 28nm, rather than the ~110nm node that the initial companies in this area started with. For example, Dr. Timo Hanke is lead cryptographer but also early investor. For us, 28nm was not really bleeding edge, and a good place to start.

Q: By my calculations, a 2TH/s machine at \$14k would earn back its share in Bitcoin in little over a week at current rates. Why have you chosen to sell your ASICs rather than do something similar to ASICMiner and design the infrastructure to sell shares in your systems?

A: The concept the selling of shares is blurring a legal line, especially in the US. We are not sure if that model is possible within our boundaries. There is also the issue regarding dealing with Bitcoin and converting to cash, thus becoming a money service. We do not want to be in any grey area, and we want to be clear with our business model. The goal of CoinTerra is to be a hardware product company first, rather than a base for Bitcoin distribution.

Q: What made you jump into the Bitcoin ASIC arena and start CoinTerra?

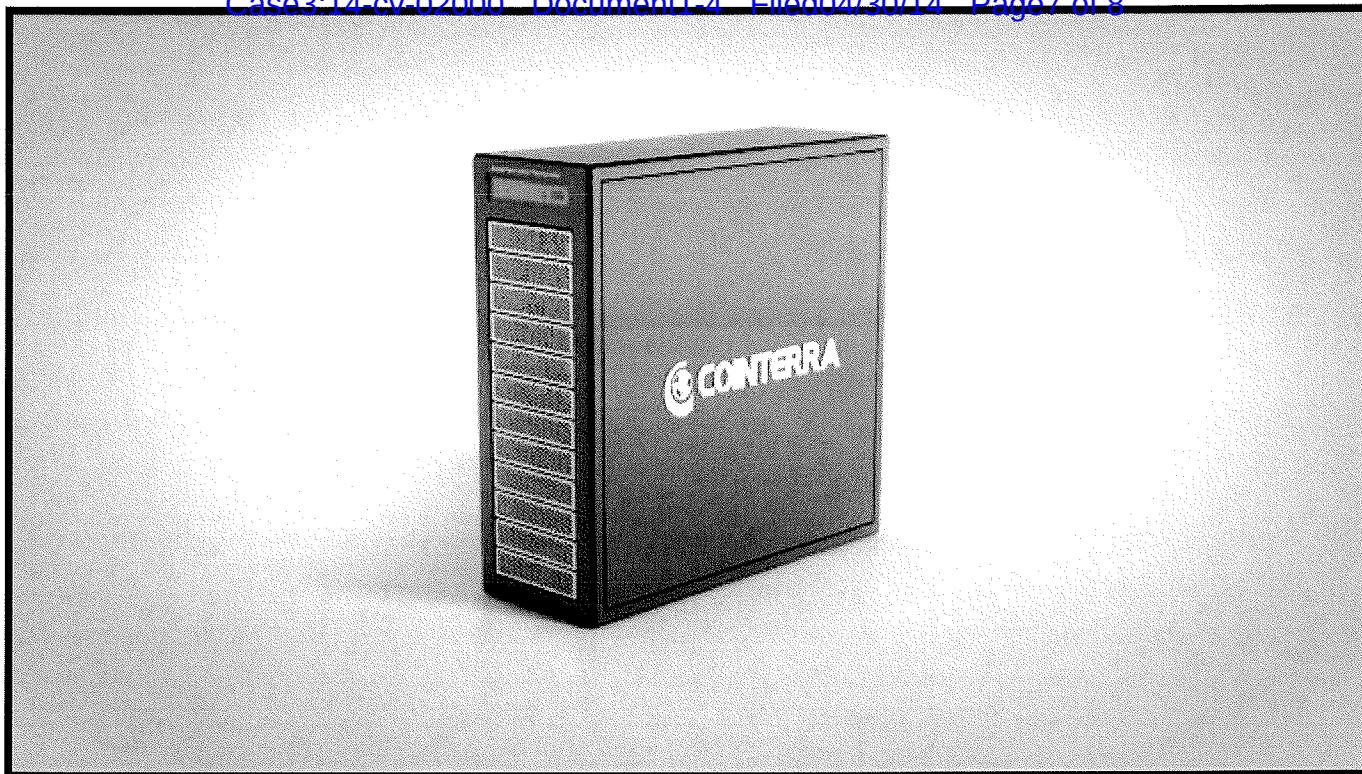
A: I have been in the corporate world for 15 years, first at Intel, then NVIDIA, Qualcomm and Samsung. My career was stable, good money etc., but I always had that entrepreneurial spirit, and wanted to do something big that changes the landscape of an industry. Starting CoinTerra was the opportunity. There is huge potential in terms of CoinTerra's impact, especially in the financial terms of Bitcoin. I realized there is huge potential to be among the top – Bitcoin is a very intense industry to be in, but very exciting. I have been involved in chip 'arms races' before, to get products out quickly, but the intensity of Bitcoin is a much faster pace.

Q: Should 28nm products hit the market in the intended timeframe, what is the future course for CoinTerra?


A: Due to the level of engagement with our partners, we are confident that December is the due date. No-one can claim a 100% release date (even Intel/Apple), but we are on track. Long term, we would like to churn out more of our 28nm products for several quarters, and longer term we want to be seen as a cryptography based company rather than just a Bitcoin company.

Q: Could you explain more about your 2TH/s miner – the design (motherboard with GPU devices), the interface (OS, mining software preferred) and the shipping methods/regions. If you have any CAD mockups of the hardware, this would be great. Is 500 GH/s per ASIC realistic?

A: Our chips are suitably high performance – 500+ GH/s per chip is a conservative estimate. Our design will have four chips per system, in two boards connected via an SPI interface. From a single main board, we use a USB to SPI hub to control the high performance ASICs. We have a CGMiner driver there as part of the package, and the system is connected via Ethernet. Our chips are so high performance that we need to make sure they are fed with enough work.



Q: A breakdown of the GoldStrike1 ASIC in terms of total transistors for computation vs. control would be some awesome statistics to have.

A: Control logic is less than 2% of the die – we are simply using efficient SHA pipe replication. The main issue is the thermal density – our chips will consume 250W for 300 mm², compared to CPUs that use 130W for 220mm². We have a company designing the cooling solution (AESAustin), and they have many years of experience in this area, dealing with ASICs that consume more than 350W+. 

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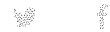
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EXHIBIT E



UPDATE: Engineering and Production Status

January 25, 2014, Webmaster in Updates  2 Comments

D ATELINE 1/24/2014

Today we wanted to communicate our plans as we move from pre-production into production. As soon as the FCC/CE/UL certification process is completed we will be able to commence shipping the very first production TerraMiners and incrementally ramp up to volume capacity over the coming days.

On the hardware front, we have implemented circuit board modifications which have improved the efficiency of the power conversion circuitry from the time of our initial board bringup and we have revised the firmware on the BeagleBone Black controller card to take advantage of this.

Having achieved a good level of stability and based on feedback from our customers, we have decided to push the button to release our first production TerraMiners IV's.


Our production lines are assembling units and we have submitted for certification simultaneously. The production units that we have assembled and tested so far are running at between 1.63TH/s and 1.72TH/s with power draw at the wall between 1900W and 2100W – typically 20% higher than our anticipated target of 1650W but still sufficient to operate in a typical US home (110V) plugged into two outlets on separate 15A circuits, or in a typical European home (230V) on a single circuit.

The first-batch of TerraMiner IV units shipping to customers

- Is easily the most powerful high-performance Bitcoin miner available today. It smashes the 1TH/s barrier by a huge margin
- Is the lowest cost per gigahash of any Bitcoin mining rig on the market
- Achieves the highest density of Bitcoin hashing power in its compact 4U enclosure

We will continue tweaking the firmware and any updates will be posted to the CoinTerra website.

Additionally, we have begun a board redesign which will enter production when fully tested and approved. It is anticipated that the board revision will offer further hardware optimizations and power efficiencies and based on the initial simulations it will permit us to hit our initial performance target of 2TH/s.

We expect to post the next update as soon as we've received certification early next week and begin delivery. 

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1. Cointerra tape out vs Monarch - Page 2 - January 27, 2014

[...] User I just read the Cointerra update (UPDATE: Engineering and Production Status |) and while I am not an electrician, I'd like to know how someone will power this box. In the USA, [...]

2. UPDATE: Production News and Jan/Feb Batch Customer Offer | - January 28, 2014

[...] the power efficiency issues detailed in our previous status update, the production TerraMiner IV delivers unprecedented performance and [...]

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EXHIBIT F



UPDATE: Prototype Testing Completed, Certification and Production this week

January 20, 2014, Webmaster in Updates  Leave a comment

DATELINE: 1/20/14 Austin, TX

Our last update on January 14th included a short video of a working TerraMiner IV, and further information regarding the testing and characterization status.

Over the past week our engineering team has been busy conducting some board tweaks needed before we can push the button to commence production of our first batch of TerraMiners.

At the same time we have been preparing the hardware for mandatory FCC and CE product testing and certification, and UL safety testing and certification which we have been informed will take approximately 2-3 days to complete.

We expect to begin shipping the initial run of units at the end of this week, incrementally ramping up production for volume shipping commencing next week. In parallel the production lines at both of our Central Texas manufacturing facilities are presently

assembling the chassis (including the rear fans and power supplies), front panels (with fans, grills and LEDs), and the other non-board components in preparation for the fully-populated boards to be dropped in for final assembly and a short but essential burn-in quality control testing period.



TerraMiner front panels (populated with fans and grills) racked and ready to be bolted onto the chassis



TerraMiner chassis being built-up on one of the production lines.

We have signed off on the first release version of the software which controls the TerraMiner, having made some final tweaks to the web-based Control Panel, and flashed to each BeagleBone Black controller board. The user guide, with step-by-step instructions for setting up, configuring and operating the TerraMiner will be posted to the CoinTerra website prior to shipping our first production units.

We expect to be able to post another status report later this week with updates on the certification processes and shipment of our very first production miners. 🖊

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EXHIBIT G



UPDATE: Production News and Jan/Feb Batch Customer Offer

January 28, 2014, Webmaster in Updates  [Leave a comment](#)

DATELINE 1/28/2014

When we founded CoinTerra in the summer of 2013 we set out to revolutionize the Bitcoin mining hardware industry by designing an innovative Bitcoin mining ASIC that delivers truly exceptional performance. The anticipation has been intense, and less than six months later we're excited to say that this week we have started to ship the first production units to our early customers. We have realized the goal of building the highest performance standalone Bitcoin miner which delivers the lowest price per gigahash on the market.

Despite the power efficiency issues detailed in our previous [status update](#), the production TerraMiner IV delivers unprecedented performance and value:

- 1.63-1.72TH/s performance for the TerraMiner IV
- Lowest price per GH available on the market
- The fastest self-contained Bitcoin miner in the world

We believe that it is in our customers' best interest to receive hardware as soon as possible, so we will begin shipping our initial production TerraMiners immediately. The first units should start arriving at customers later this week as we ramp up towards volume production.

In consideration of the above, we are offering our January and February batch retail customers (orders placed at the cointerra.com website store) a coupon redeemable against their next order for the performance discrepancy of our first run of TerraMiners. January and February batch retail customers may choose one of the following two options:


1. For January or February batch retail customers who wish to receive their TerraMiner order in the currently-shipping specification we will offer a 15% discount coupon* redeemable against their next retail hardware order placed at the CoinTerra website store. If a January or February batch retail customer chooses to accept their order as-is they will automatically receive this coupon.
2. We understand that some January or February batch customers may wish to request a refund, in which case we will offer a full refund of US dollars received for their order. Customers wishing to request a refund should contact support@cointerra.com with their unique order ID. For those customers who choose the refund option we would like to extend the offer of a 5% discount coupon* redeemable against their next retail hardware order placed at the CoinTerra website store.

For our March and later batch customers we will of course assess the situation before shipping and in the meantime we shall continue to work on resolving the remaining power efficiency issues. We also have some exciting announcements lined up for the near future which we hope to share with you soon!

Sincerely,

Team CoinTerra

* Coupons are valid for orders placed at the CoinTerra website store through December 31, 2014. One discount coupon will be issued per unit in an existing paid order, redeemable towards the cost of one unit per coupon in the next order placed. Coupons are non-

transferrable and are associated with the customer's cointerra.com account on file for their original order. 

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COINTERRA, INC.
11130 JOLLYVILLE RD.
SUITE 303
AUSTIN, TX 78759
+1 (512) 270-6050
(9AM TO 6PM CST)

EXHIBIT H

Regan N. Kruse

From: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 6:12 PM
To: Edward Mullins; Regan N. Kruse
Subject: Fw: Fwd: Request received: Order and resolution FV1424

----- Forwarded Message -----

From: Lautaro Cline <lautaro.cline@gmail.com>
To: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 9:08 PM
Subject: Fwd: Request received: Order and resolution FV1424

----- Forwarded message -----

From: **CoinTerra** <sales@cointerra.com>
Date: Wed, Jan 29, 2014 at 11:31 AM
Subject: Request received: Order and resolution FV1424
To: Lautaro Cline <lautaro.cline@gmail.com>

##- Please type your reply above this line -##

Thank you for contacting CoinTerra.

Your request (11034) has been received and is being reviewed by our support staff.

To add additional comments, reply to this email.

Lautaro Cline

Jan 29 13:31

Hi Sales, I'm please to see the news on shipping your first TerraMiner IV,
however can you tell me an ETA on my order FV1424

<<https://cointerra.com/my-account/view-order/?order=1780>>. However I also
need voiceout a few concerns regarding your unfair compensation so I hope
to resolve them without having to seek legal options, to be clear all I
want is a fair compensation.

Facts :

I'm on Batch 2

Delivery of this Batch was stated as Early Jan 2014 (long past)

Terraminner IV has not been delivery as of Jan 29th , ETA???

Terraminner IV is specs are falsing advertised to what I purchase

*-20% hashing power (1.6 TH/s avg) and +20 electricity consumption (2100 watts) is not what your specs say 2TH/s 1600 watts at the moment of purchase
Bitcoin difficulty +100% due to delayed shipment. So I lose \$ waiting

So the underling question for me as customer is the following:

A 15% discount coupon for -20% hashing power and +20 electricity consumption is *not *fair compensation. I would prefer to find some other alternative compensation.

Proposition A

A similar situation to your Dec Batch 1 compensation , that is Cointerra provides me real Hardware, a TerraMiner II in a later batch like April or May.

Proposition B

Cointerra provided a 20% hash on the cloud, and a Terraminier IV exchange policy to when you have a PCB board that delivers 2 Ths .

Either Options are fair IMO, however the current Cointerra compensation of 15% is not fair and will only make me seek legal options.

Best Regards,

Lautaro Cline

CIO

IOCOMPANIES

2222 5th Street Berkeley, CA

]

This email is a service from CoinTerra. Delivered by [Zendesk](#).

EXHIBIT I

Regan N. Kruse

From: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 6:12 PM
To: Edward Mullins; Regan N. Kruse
Subject: Fw: Fwd: Request #12039: How would you rate the support you received?

----- Forwarded Message -----

From: Lautaro Cline <lautaro.cline@gmail.com>
To: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 9:10 PM
Subject: Fwd: Request #12039: How would you rate the support you received?

----- Forwarded message -----

From: **CoinTerra** <info@cointerra.com>
Date: Tue, Feb 11, 2014 at 1:06 PM
Subject: Request #12039: How would you rate the support you received?
To: Lautaro Cline <lautaro.cline@gmail.com>

##- Please type your reply above this line -##

Hello Lautaro Cline,

We'd love to hear what you think of our customer service. Please take a moment to answer one simple question by clicking either link below:

How would you rate the support you received?

[Good, I'm satisfied](#)

[Bad, I'm unsatisfied](#)

Here's a reminder of what your ticket was about:

Lautaro Cline

Feb 10 12:50

Hi Christina , and my first thought when I saw your email was to think good news you shipped my order. ohh...anyhow thanks for your reply.

Best,

Lautaro

Christina (CoinTerra)

Feb 10 12:22

Hello Lautaro,

I'm very sorry that you are unsatisfied with what we are currently offering. Unfortunately, the offers listed on the update or a refund are all that I have to offer you at this time. I will note on your account that you are unsatisfied with the offers we have.

We do not do machine swaps, sorry.

Best Regards,
Christina

Lautaro Cline

Feb 10 11:26

Hi Christina, I don't see you are understanding what I'm truly say, the resolution given by CT is just plain unsatisfactory as to compensate me just 15%, please understand 20% less is not 15% so all I'm asking is to let Managment know that this is just not going to cut it. As for now I do Not want a refund I just want what my contract stated a 2 th/s machine not a 1.7 and some 15% joke discount . And all I'm asking is that this machine be swap I the future when you have the bugs iron out. Is that to much to ask ?

Best
Lautaro

Christina (CoinTerra)

Feb 10 09:58

Hello Lautaro,

If you are unsatisfied with the offers that we have, you are entitled to ask for a refund. Just let me know your decision.

Best Regards,
Christina

Lautaro Cline

Feb 07 17:32

Hi Christina, this offer has to be a joke , I will make sure to document

for future legal action. Please be aware that as stated before I bought a 2TH/s miner not a 1.5 or 1.7 TH/s and that future purchases are not related to my current purchase. So a 15% discount on something in the future has nothing to do with the current order. So please let your Management know. That their action speak louder than words. So again CT please provided the 20% deficiency of your product in a hosting provider or with actual Hardware like an TerraMiner II , or start looking at another solution than your JOKE of 15% discount (what do guys think this is Safeway or Krogers) hence to prevent the forecast of looking for lawyers since you don't need to end up like HashFast and BFL.

Best
Lautaro Cline

Christina (CoinTerra)

Feb 07 17:19

Hello Lautaro,

Right now, I do not have an exact shipment date for you. We are in the middle of shipping our first batch of boxes now, and once we get finished with that, we should be able to give you a better estimate of when the January units will ship.

I know this is frustrating, but I hope some of the offers, found here: <http://cointerra.com/update-production-news-janfeb-batch-customer-offer/> make up for the delay.

Best Regards,
Christina

Lautaro Cline

Feb 07 17:12

Name: Lautaro Cline

Email: lautaro.cline@gmail.com

Comments: Order #1780 made on October 20, 2013. What is the ETA for Shipping ?

This email is a service from CoinTerra. Delivered by [Zendesk](#).

EXHIBIT J

Regan N. Kruse

From: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 6:13 PM
To: Edward Mullins; Regan N. Kruse
Subject: Fw: Fwd: Your CoinTerra order from October 20, 2013 is complete
Attachments: invoice_#1780.pdf

----- Forwarded Message -----

From: Lautaro Cline <lautaro.cline@gmail.com>
To: LAWRENCE A CAPLAN <lacaplanlaw@bellsouth.net>
Sent: Thursday, April 10, 2014 9:12 PM
Subject: Fwd: Your CoinTerra order from October 20, 2013 is complete

----- Forwarded message -----

From: **CoinTerra** <support@cointerra.com>
Date: Tue, Feb 25, 2014 at 7:21 AM
Subject: Your CoinTerra order from October 20, 2013 is complete
To: lautaro.cline@gmail.com



Your order is complete

Hi there. Your recent order on CoinTerra has been completed. Your order details are shown below for your reference:

Your order was shipped on Monday 24th February 2014. Tracking number 1Z7658VA1340364254.

Order: FV1424

Product	Quantity	Price
TerraMiner IV – 2TH/s, Networked ASIC Miner (Early January Batch)	1	\$5,999
Cart Subtotal:		\$5,999

Shipping:

\$290.20 via Next Day
Air (UPS)

Order Total:

\$6,289.20

Customer details

Email: lautaro.cline@gmail.com

Tel: [REDACTED]

The CoinTerra team wants to thank you for placing your order with us. We are working very hard to provide a customer experience and a product line unlike any seen before in BitCoin mining.

Best regards,
CoinTerra Support

Billing address

Lautaro Cline

[REDACTED]
[REDACTED]

Shipping address

Lautaro Cline

[REDACTED]
[REDACTED]



Invoice

Date: October
20, 2013

Invoice: #1780

Billing Address:

Lautaro Cline
[REDACTED]
[REDACTED]
[REDACTED]
US
lautaro.cline@gmail.com
[REDACTED]

Shipping Address:

Lautaro Cline
[REDACTED]
[REDACTED]
[REDACTED]
US

Payment Method:

Direct Bank Transfer

Shipping Method:

Next Day Air (UPS)

Product	Qty	Unit Price	Extended Price	Tax	Total
TerraMiner IV - 2TH/s, Networked ASIC Miner (Early January Batch)	1	\$5,999	\$5,999	\$0	\$5,999

Subtotal \$5,999
Shipping \$290.20
Grand Total \$6,289.20

Company Info:

CoinTerra
11130 Jollyville Rd
Suite 303
support@cointerra.com
512-270-6050

CIVIL COVER SHEET

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

I. (a) PLAINTIFFS

LAUTARO CLINE, individually and on behalf of a class of similarly situated individuals

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

(c) Attorneys (Firm Name, Address, and Telephone Number)
Jeffrey F. Keller / KELLER GROVER LLP
1965 Market Street, San Francisco, CA 94103
Telephone: (415) 543-1305

DEFENDANTS

COINTERRA, INC.

County of Residence of First Listed Defendant TRAVIS COUNTY, TX
(IN U.S. PLAINTIFF CASES ONLY)

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

Attorneys (If Known)
Unknown

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

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

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

- | | PTF | DEF | | PTF | DEF |
|---|---------------------------------------|----------------------------|---|----------------------------|---------------------------------------|
| Citizen of This State | <input checked="" type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input checked="" type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

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

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input checked="" type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	

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

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

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C. Section 1332 (Class Action Fairness Act)

Brief description of cause:

Breach of Contract, Unfair Business Practices, False Advertising

VII. REQUESTED IN COMPLAINT:

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

DEMAND \$
Over \$5,000,000.00

CHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE
04/30/2014

SIGNATURE OF ATTORNEY OF RECORD

IX. DIVISIONAL ASSIGNMENT (Civil L.R. 3-2)

(Place an "X" in One Box Only)

☒ SAN FRANCISCO OAKLAND ☐ SAN JOSE ☐ EUREKA