

**UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA**
CASE NO. 1:26-cv-20996-MOORE/ELFENBEIN

KAMANA KEOHOHOU and NICHOLAS
EVANS, individually and on behalf of all
other similarly situated,

Plaintiffs,

v.

NORTH AMERICAN DERIVATIVES
EXCHANGE, INC., d/b/a CRYPTO.COM,
FORIS DAX, INC., and DOES 1-20,

Defendants.

**DEFENDANTS' MOTION TO DISMISS PLAINTIFFS' FIRST AMENDED CLASS
ACTION COMPLAINT AND SUPPORTING MEMORANDUM OF LAW**

TABLE OF CONTENTS

	Page
INTRODUCTION	1
BACKGROUND	2
LEGAL STANDARD.....	4
ARGUMENT	6
I. Plaintiffs Allege No Injury Traceable to the Alleged Legal Violations They Assert.	6
A. Keohohou Did Not Purchase Sports Event Contracts and Therefore Lacks Article III Standing.	6
B. Even if Plaintiffs Have Standing, Their Claims Fail for Lack of Injury.....	7
II. Plaintiffs Have Not Adequately Alleged Unlawful or Deceptive Conduct.	8
A. Defendants’ Conduct Was Not Unlawful.	9
B. Plaintiffs Fail to Allege Deception or an Unfair Practice That Could Violate FDUTPA or the UCL.....	13
III. Plaintiffs’ Claims Fail for Additional Reasons.....	14
A. Plaintiffs Fail to Plead Fraud With Particularity Under Rule 9(b).	14
B. FDUTPA Does Not Apply Extraterritorially.....	16
C. The Sports Event Contracts Are Not Goods or Services Under the CLRA.....	17
D. The California Penal Code § 496 Claim Fails for Lack of Criminal Intent.....	17
E. Plaintiffs’ California Gambling Loss Recovery Claim Violates California Public Policy Against Enforcing Gambling Claims.	18
F. Plaintiffs’ Declaratory Judgment Claim Fails With Their Other Claims.	19
IV. Dismissal With Prejudice is Appropriate.....	20
CONCLUSION.....	20

TABLE OF AUTHORITIES**Page(s)****Federal Cases**

<i>Apple Inc. v. Corellium, LLC</i> , 2021 WL 1348433 (S.D. Fla. Feb. 25, 2021)	20
<i>Ashcroft v. Iqbal</i> , 556 U.S. 662 (2009).....	5
<i>Attix v. Carrington Mortg. Servs., LLC</i> , 35 F.4th 1284 (11th Cir. 2022)	4
<i>Babcock v. Neutron Holdings, Inc.</i> , 454 F. Supp. 3d 1222 (S.D. Fla. 2020)	4
<i>Bell Atl. Corp. v. Twombly</i> , 550 U.S. 544 (2007).....	5
<i>Beverage v. Apple, Inc.</i> , 320 Cal. Rptr. 3d 427 (Ct. App. 2024)	9
<i>Birdsong v. Apple, Inc.</i> , 590 F.3d 955 (9th Cir. 2009)	7
<i>Bolin v. Story</i> , 225 F.3d 1234 (11th Cir. 2000)	19
<i>Carmichael v. Kellogg, Brown & Root Serv., Inc.</i> , 572 F.3d 1271 (11th Cir. 2009)	7
<i>Cent. Magnetic Imaging Open MRI of Plantation, Ltd. v. State Farm Mut. Auto. Ins. Co.</i> , 789 F. Supp. 2d 1311 (S.D. Fla. 2011)	20
<i>Cordoba v. DIRECTV, LLC</i> , 942 F.3d 1259 (11th Cir. 2019)	5
<i>Core Focus Consulting 2, LLC v. RenewAge Energy Sols., Inc.</i> , 2024 WL 3403115 (C.D. Cal. July 12, 2024).....	5
<i>Costa v. Kerzner Int'l Resorts, Inc.</i> , 2011 WL 2519244 (S.D. Fla. June 23, 2011)	16

<i>Davis v. HSBC Bank Nevada, N.A.</i> , 691 F.3d 1152 (9th Cir. 2012)	14
<i>ELT Sight, Inc. v. EyeLight, Inc.</i> , 2021 WL 6618552 (C.D. Cal. Oct. 22, 2021).....	15, 17
<i>Eveillard v. Nationstar Mortg. LLC</i> , 2015 WL 127893 (S.D. Fla. Jan. 8, 2015)	19
<i>Fairbanks v. Superior Court</i> , 205 P.3d 201 (Cal. 2009)	17
<i>Farmer v. Humana, Inc.</i> , 582 F. Supp. 3d 1176 (M.D. Fla. 2022).....	7
<i>Feingold v. Budner</i> , 2008 WL 4610031 (S.D. Fla. Oct. 10, 2008).....	19
<i>Formic Ventures LLC v. SomaLogic, Inc.</i> , 2023 WL 6037899 (N.D. Cal. Sep. 15, 2023)	18
<i>Frenzel v. AliphCom</i> , 76 F. Supp. 3d 999 (N.D. Cal. 2014)	16
<i>Garcia v. Kashi Co.</i> , 43 F. Supp. 3d 1359 (S.D. Fla. 2014)	6
<i>Hadley v. Kellogg Sales Co.</i> , 243 F. Supp. 3d 1074 (N.D. Cal. 2017)	14
<i>Hahn v. Select Portfolio Servicing, Inc.</i> , 424 F. Supp. 3d 614 (N.D. Cal. 2020)	11
<i>Henry v. Examworks Inc.</i> , 2021 WL 3440698 (11th Cir. Aug. 6, 2021).....	2
<i>In re Apple Inc. App Store Simulated Casino-Style Games Litig.</i> , 806 F. Supp. 3d 1015 (N.D. Cal. 2025)	18
<i>In re Facebook Internet Tracking Litig.</i> , 140 F. Supp. 3d 922 (N.D. Cal. 2015)	7

<i>Jamgotchian v. Sci. Games Corp.</i> , 371 Fed. App'x 812 (9th Cir. 2010)	18
<i>Johnson v. Mitsubishi Dig. Elecs. Am., Inc.</i> , 365 Fed. App'x 830 (9th Cir. 2010)	8
<i>Kalshiex LLC v. Orgel</i> , 2026 WL 474869 (M.D. Tenn. Feb. 19, 2026)	11
<i>KalshiEX, LLC v. Flaherty</i> , 172 F.4th 220 (3d Cir. 2026)	1, 10
<i>KalshiEX, LLC v. Hendrick</i> , 2025 WL 1073495 (D. Nev. Apr. 9, 2025)	10
<i>Karhu v. Vital Pharms., Inc.</i> , 2013 WL 4047016 (S.D. Fla. Aug. 9, 2013)	16
<i>Kearns v. Ford Motor Co.</i> , 567 F.3d 1120 (9th Cir. 2009)	5, 15
<i>Kelly v. First Astri Corp.</i> , 84 Cal. Rptr. 2d 810 (Ct. App. 1999)	18
<i>Kurimski v. Shell Oil Co.</i> , 570 F. Supp. 3d 1228 (S.D. Fla. 2021)	13
<i>L.S. ex rel. Hernandez v. Peterson</i> , 982 F.3d 1323 (11th Cir. 2020)	20
<i>Lingard v. Holiday Inn Club Vacations, Inc.</i> , 2023 WL 4661963 (M.D. Fla. July 20, 2023)	16
<i>Lujan v. Defs. of Wildlife</i> , 504 U.S. 555 (1992)	5-6
<i>Lydia Sec. Monitoring, Inc. v. Alarm One, Inc.</i> , 2007 WL 2446889 (S.D. Fla. Aug. 23, 2007)	7
<i>Makro Cap. of Am., Inc. v. UBS AG</i> , 543 F.3d 1254 (11th Cir. 2008)	6

<i>Mason v. Mach. Zone, Inc.</i> , 140 F. Supp. 3d 457 (D. Md. 2015)	19
<i>McKell v. Wash. Mut., Inc.</i> , 49 Cal. Rptr. 3d 227 (Ct. App. 2006)	14
<i>N. Am. Derivatives Exch., Inc. v. Nevada</i> , No. 25-7187 (9th Cir. Feb. 17, 2026)	4
<i>Ochoa v. Zeroo Gravity Games LLC</i> , 2023 WL 4291650 (C.D. Cal. May 24, 2023)	18
<i>Omnipol, A.S. v. Multinational Def. Servs., LLC</i> , 32 F.4th 1298 (11th Cir. 2022)	5
<i>People v. Coppla</i> , 224 P.2d 828 (Cal. Dist. Ct. App. 1950)	12
<i>People v. Postma</i> , 160 P.2d 221 (Cal. App. Dep't Super. Ct. 1945)	12
<i>People v. Thompson</i> , 24 Cal. Rptr. 101 (Dist. Ct. App. 1962)	12
<i>Perret v. Wyndham Vacation Resorts, Inc.</i> , 846 F. Supp. 2d 1327 (S.D. Fla. 2012)	15
<i>Piescik v. CVS Pharmacy, Inc.</i> , 576 F. Supp. 3d 1125 (S.D. Fla. 2021)	13
<i>Pop v. LuliFama.com LLC</i> , 145 F.4th 1285 (11th Cir. 2025)	14
<i>Rojas-Lozano v. Google, Inc.</i> , 159 F. Supp. 3d 1101 (N.D. Cal. 2016)	17
<i>Rosa v. Hotwire Commc'ns, LTD</i> , 2023 WL 2917210 (S.D. Fla. Jan. 18, 2023)	20
<i>Sateriale v. R.J. Reynolds Tobacco Co.</i> , 697 F.3d 777 (9th Cir. 2012)	15

<i>Siry Inv., L.P. v. Farkhondehpour</i> , 513 P.3d 166 (Cal. 2022)	17
<i>Smith v. Intel Corp.</i> , 745 F. Supp. 3d 853 (N.D. Cal. 2024)	9
<i>Smith v. Marcus & Millichap, Inc.</i> , 106 F.4th 1091 (11th Cir. 2024)	10
<i>Stalley ex rel. U.S. v. Orlando Reg'l Healthcare Sys., Inc.</i> , 524 F.3d 1229 (11th Cir. 2008)	5
<i>State Farm Mut. Auto. Ins. Co. v. Performance Orthopaedics & Neurosurgery, LLC</i> , 278 F. Supp. 3d 1307 (S.D. Fla. 2017)	5
<i>Stein v. Marquis Yachts, LLC</i> , 2015 WL 1288146 (S.D. Fla. Mar. 20, 2015).....	16
<i>Sullivan v. Fox</i> , 235 Cal. Rptr. 5 (Ct. App. 1987).....	12
<i>Switzer v. Wood</i> , 247 Cal. Rptr. 3d 114 (Ct. App. 2019)	7
<i>Tsao v. Captiva MVP Restaurant Partners, LLC</i> , 986 F.3d 1332 (11th Cir. 2021)	5
<i>United States v. Connecticut</i> , No. 3:26-cv-00498 (D. Conn.).....	4
<i>United States v. Illinois</i> , No. 1:26-cv-03659 (N.D. Ill.)	4
<i>United States v. New York</i> , No. 1:26-cv-03404 (S.D.N.Y.).....	4, 11
<i>Wixon v. Wyndham Resort Dev. Corp.</i> , 2008 WL 1777590 (N.D. Cal. Apr. 18, 2008)	17
<i>Ziamba v. Cascade Int'l, Inc.</i> , 256 F.3d 1194 (11th Cir. 2001)	20

<i>Zlotnick v. Premier Sales Grp., Inc.</i> , 480 F.3d 1281 (11th Cir. 2007)	13
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Federal Statutes

7 U.S.C. § 2(a)(1)(A)	3, 9-10
7 U.S.C. § 7a-2(c)	3

State Statutes

Cal. Bus. & Prof. Code § 17200	9
Cal. Bus. & Prof. Code § 17204	7
Cal. Bus. & Prof. Code § 19801(d).....	13
Cal. Civ. Code § 1761(a)	17
Cal. Civ. Code § 1780(a)	7
Cal. Penal Code § 319.....	11
Cal. Penal Code § 320.....	11
Cal. Penal Code § 321.....	11
Cal. Penal Code § 330.....	12
Cal. Penal Code § 337.....	12, 13
Cal. Penal Code § 496.....	<i>passim</i>
Fla. Stat. § 501.211(2).....	7

Other Authorities

17 C.F.R. § 38.....	3
17 C.F.R. § 40.2(a).....	3

Defendants North American Derivatives Exchange, Inc. d/b/a crypto.com | Derivatives North America (“CDNA”) and Foris DAX, Inc. d/b/a Crypto.com (“Crypto.com”) (collectively, “Defendants”) respectfully submit this memorandum of law in support of their motion to dismiss the First Amended Class Action Complaint, ECF No. 29 (Apr. 29, 2026) (“FAC”), pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6).

INTRODUCTION

The Court should not reach this motion, because the claims should be stayed in favor of arbitration. *See* ECF No. 43. But if the Court entertains Plaintiffs’ claims, it should dismiss them. Plaintiffs’ state consumer protection law claims turn on the theory that Defendants somehow falsely represented that Sports Event Contracts listed on CDNA’s exchange were CFTC-regulated derivatives products. Plaintiffs contend that the event contracts in question are gambling contracts under the law of California, their home state. But that allegation does not get them very far.

What Plaintiffs are trying to do is shoehorn an ongoing national debate about whether event contracts traded on designated contracts markets (“DCMs”) like CDNA should be regulated as derivatives or as online gambling into a consumer protection claim. But their claim simply does not fit. While courts around the country are considering unprecedented state efforts to assume regulatory authority over federally-designated national markets, the only federal circuit to address the question affirmed a preliminary injunction precluding the State of New Jersey from doing so. *See KalshiEX, LLC v. Flaherty*, 172 F.4th 220, 228–31 (3d Cir. 2026).

But even if Plaintiffs were right about the regulatory balance between state and federal authority (and they are not), that would only be a starting place. To assert claims under the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”), or California consumer protection law, Plaintiffs must show that Defendants’ alleged mischaracterization of a hotly-contested legal

question caused them an injury. It plainly did not. One of the plaintiffs (Keohohou) apparently never traded the products at issue at all. And the other (Evans) received exactly what he acknowledges he bargained for. Plaintiffs have no injury to complain of, and therefore have no claim to assert. Even were it otherwise, their claims fail as a matter of law because they can point to no actionable misstatement, offer no well-pled allegations of unlawful conduct, and fail to plausibly allege the elements of their remaining claims.

This case should be dismissed with prejudice.

BACKGROUND

Plaintiffs are California residents suing about their derivatives transactions on CDNA, a federally-regulated and CFTC-registered DCM.¹ As a DCM, CDNA lists, among other contracts, a type of derivatives product called a “swap” for trading in a national derivatives market under the regulatory oversight of the CFTC. The listed swaps at issue here are Sports Event Contracts, which have been certified by the CFTC and offered by CDNA since January 2025. *See* Decl. of Joaquin Gubb (“Gubb Decl.”), Ex. B (Jan. 30, 2025 CDNA Certification Ltr.).² Sports Event Contracts allow users to trade “yes” or “no” positions as counterparties on the outcome of specific sporting

¹ CDNA is a CFTC-registered DCM, and Foris DAX, Inc. is its parent company. FAC ¶¶ 4, 85.

² Plaintiffs assert that the Sports Event Contracts do not comply with applicable law, and accordingly the Court may take judicial notice of this certification letter as it establishes the legality of the contracts under federal law. *See, e.g., Henry v. Examworks Inc.*, 2021 WL 3440698, at *3 (11th Cir. Aug. 6, 2021) (permitting consideration of extrinsic document on motion to dismiss where “(1) the document is central to the plaintiff’s claim, and (2) its authenticity is not challenged.”).

events. FAC ¶¶ 5–6, 61. The crux of Plaintiffs’ allegations is that they were injured by trading Sports Event Contracts on CDNA’s DCM because they were told the trading was lawful when, according to them, it violated California law prohibiting online gaming and, by extension, California and Florida consumer protection law. *See, e.g.*, FAC ¶¶ 5–6, 9–10, 85.

By way of background, the Commodity Exchange Act (“CEA”) establishes a comprehensive regulatory framework governing derivatives trading on DCMs, including the Sports Event Contracts at issue here. Under the CEA, the CFTC has “exclusive jurisdiction” over swaps “traded or executed on a contract market designated” by the CFTC. 7 U.S.C. § 2(a)(1)(A). DCMs are CFTC-registered exchanges subject to 23 “Core Principles” under the CEA and applicable regulations, which govern DCMs’ operations and ensure compliance with the CEA. These principles include monitoring, recordkeeping, and reporting requirements aimed at protecting market integrity. 17 C.F.R. pt. 38. Before listing any event contract for trading, a DCM must certify that the contract complies with the CEA and applicable regulations. *See* 7 U.S.C. § 7a-2(c)(1); 17 C.F.R. §§ 38, 40.2(a). The CFTC retains the ultimate authority to review and, if warranted, disapprove any event contract, including the discretion to delist contracts in certain enumerated categories—including gaming—that it determines to be “contrary to the public interest.” *See* 7 U.S.C. § 7a-2(c)(5)(C).

CDNA sought certification and subsequently listed the Sports Event Contracts at issue in January 2025 in full compliance with the comprehensive regulatory framework of the CEA. FAC ¶¶ 5–6; *see* 7 U.S.C. § 7a-2(c)(1); 17 C.F.R. § 40.2(a) (the “Certification”). As part of its certification process, CDNA identified the financial, commercial, and economic consequences associated with the underlying events to its Sports Event Contracts. The CFTC declined to exercise its discretion to delist the contracts. Plaintiffs do not—and cannot—allege that the CFTC has ever

placed CDNA’s Certification under review. *See* Gubb Decl. ¶¶ 3–4. To the contrary, the CFTC has vigorously challenged state attempts to regulate contracts exactly like these traded on DCMs.³

All of Plaintiffs’ claims are premised on the theory that CDNA’s Sports Event Contracts are represented as legal, federally regulated products when, according to Plaintiffs, they constitute illegal sports gambling under state law. *See* FAC ¶¶ 7, 10. While both Plaintiffs claim they suffered losses from “gambling” on CDNA’s platform, *see id.* ¶¶ 137, 147, only Evans alleges to have actually traded these contracts—Keohohou makes no such allegation, *compare id.* ¶¶ 145, 150 with *id.* ¶¶ 133–35, 137.

In any event, by signing up for Defendants’ services, Plaintiffs agreed to arbitrate disputes like this one. Accordingly, Defendants filed a motion to compel arbitration on May 15, 2026. *See* ECF No. 43. Because motions to compel arbitration present threshold issues, the Court should resolve Defendants’ arbitration motion before addressing this one. *See Attix v. Carrington Mortg. Servs., LLC*, 35 F.4th 1284, 1295 (11th Cir. 2022) (“By default, a court would normally decide threshold disputes about whether a party’s claims are arbitrable.”); *Babcock v. Neutron Holdings, Inc.*, 454 F. Supp. 3d 1222, 1236 (S.D. Fla. 2020) (compelling arbitration and denying Rule 12(b)(6) motion to dismiss as moot).

LEGAL STANDARD

The Court must dismiss under Rule 12(b)(1) the claims of any plaintiff who lacks Article III standing. To establish standing, a plaintiff must show that they: “(1) suffered an injury in fact,

³ *United States v. Connecticut*, No. 3:26-cv-00498 (D. Conn.); *United States v. Illinois*, No. 1:26-cv-03659 (N.D. Ill.); *United States v. New York*, No. 1:26-cv-03404 (S.D.N.Y.); CFTC Amicus Br., *N. Am. Derivatives Exch., Inc. v. Nevada*, No. 25-7187 (9th Cir. Feb. 17, 2026), Dkt. No. 38.2.

(2) that is fairly traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable judicial decision.” *Tsao v. Captiva MVP Restaurant Partners, LLC*, 986 F.3d 1332, 1337 (11th Cir. 2021). The injury in fact must be both “concrete and particularized” and “actual or imminent, not conjectural or hypothetical.” *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992). The named plaintiffs must show that they “personally have been injured, not that injury has been suffered by other, unidentified members of the class to which they belong.” *Cordoba v. DIRECTV, LLC*, 942 F.3d 1259, 1273 (11th Cir. 2019). The Court may look at facts beyond the pleadings to decide whether the plaintiff has standing. *See Stalley ex rel. U.S. v. Orlando Reg’l Healthcare Sys., Inc.*, 524 F.3d 1229, 1232–33 (11th Cir. 2008).

The complaint must also “contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face” to survive dismissal under Rule 12(b)(6). *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). Claims sounding in fraud, like several of Plaintiffs’, must meet Rule 9(b)’s heightened pleading standard. *See State Farm Mut. Auto. Ins. Co. v. Performance Orthopaedics & Neurosurgery, LLC*, 278 F. Supp. 3d 1307, 1328 (S.D. Fla. 2017) (applying Rule 9(b) to FDUTPA claim); FAC ¶¶ 123–126 (alleging Defendants “acted with malice, oppression, and fraud”).⁴ That requires Plaintiffs to “plead with particularity, which means identifying the who, what, when, where, and how of the fraud alleged.” *Omnipol, A.S. v. Multinational Def. Servs., LLC*, 32 F.4th 1298, 1307 (11th Cir. 2022).

⁴ *See also Kearns v. Ford Motor Co.*, 567 F.3d 1120, 1125–28 (9th Cir. 2009) (applying Rule 9(b) to CLRA and UCL claims); *Core Focus Consulting 2, LLC v. RenewAge Energy Sols., Inc.*, 2024 WL 3403115, at *2–3 (C.D. Cal. July 12, 2024) (noting that “[c]laims sounding in fraud” brought under California Penal Code § 496 “must comply” with Rule 9(b)).

ARGUMENT

I. Plaintiffs Allege No Injury Traceable to the Alleged Legal Violations They Assert.

A. Keohohou Did Not Purchase Sports Event Contracts and Therefore Lacks Article III Standing.

The FAC does not allege that Plaintiff Keohohou traded the Sports Event Contracts at issue at all, and he therefore cannot show the injury in fact necessary for Article III standing. The FAC’s allegations focus on Sports Event Contracts, not any other products Defendants make available. Nor does the FAC claim that any of Defendants’ other products violate the law. *See, e.g.*, FAC ¶¶ 7 (alleging Defendants facilitate “illegal sports gambling”), 9 (claiming the “sports-event trading service” violates state law). And while the FAC alleges that Keohohou “gambled . . . on Crypto.com,” *see* FAC ¶ 137, it says nothing about what products he supposedly purchased.⁵ Eleventh Circuit law is clear that a plaintiff lacks standing to claim an injury for a product he did not purchase. *See, e.g., Garcia v. Kashi Co.*, 43 F. Supp. 3d 1359, 1393 (S.D. Fla. 2014) (“[A] named plaintiff in a consumer class action lacks standing to challenge a non-purchased product because there is no injury-in-fact as to that product.”). Keohohou’s claims therefore fail. *See Lujan*, 504 U.S. at 573–74.

Keohohou’s omission is no error. As the declaration submitted with Defendants’ Motion to Compel Arbitration confirms, Defendants’ records do not reflect that Keohohou ever created a Crypto.com account or CDNA account, much less enabled trading for Sports Event Contracts. *See* ECF No. 43-2 ¶ 32; *Makro Cap. of Am., Inc. v. UBS AG*, 543 F.3d 1254, 1258 (11th Cir. 2008) (court “may consider extrinsic evidence such as testimony and affidavits” in resolving Rule

⁵ Contrast this with Plaintiff Evans, who alleges he “ma[de] sports wagers” on Defendants’ platform. *See* FAC ¶ 145.

12(b)(1) motion); *Carmichael v. Kellogg, Brown & Root Serv., Inc.*, 572 F.3d 1271, 1279 (11th Cir. 2009) (same). It would have been impossible for Keohohou to trade Sports Event Contracts without taking those steps. *See* ECF No. 43-2 ¶ 14.

B. Even if Plaintiffs Have Standing, Their Claims Fail for Lack of Injury.

Even if Keohohou has standing, Plaintiffs cannot show they suffered injury *caused* by the alleged wrongful conduct, which defeats all of their claims. FDUTPA requires “actual damages” caused by the deceptive practice. *See* Fla. Stat. § 501.211(2); *Lydia Sec. Monitoring, Inc. v. Alarm One, Inc.*, 2007 WL 2446889, at *5 (S.D. Fla. Aug. 23, 2007) (dismissing FDUTPA claims for failure to allege causation). The UCL requires a plaintiff to have “lost money or property as a result of the unfair competition.” Cal. Bus. & Prof. Code § 17204; *Birdsong v. Apple, Inc.*, 590 F.3d 955, 961 (9th Cir. 2009) (dismissing UCL claim because “[t]he plaintiffs have not shown the requisite injury to themselves and therefore lack standing”). The CLRA similarly requires that the plaintiff suffered “damage” as “a result of” the prohibited practice. Cal. Civ. Code § 1780(a); *In re Facebook Internet Tracking Litig.*, 140 F. Supp. 3d 922, 933–34 (N.D. Cal. 2015) (dismissing UCL and CLRA claims for failure to allege a “plausible economic injury for standing”). And California Penal Code section 496(c) requires a showing of “actual damage.” *Switzer v. Wood*, 247 Cal. Rptr. 3d 114, 129 (Ct. App. 2019). Plaintiffs cannot satisfy these requirements.

The crux of Plaintiffs’ claim is that they “bargained for entry into legal gambling contests” but instead received “entry into *illegal* gambling contests.” *See* FAC ¶ 10. But that supposed legal violation did not injure Plaintiffs—they received the product they sought when they allegedly opened accounts and gained access to Defendants’ DCM. *See* FAC ¶ 141 (plaintiff created an account “to gain access to . . . gambling services”); *Farmer v. Humana, Inc.*, 582 F. Supp. 3d 1176, 1191 (M.D. Fla. 2022) (“sole permissible measure of recovery” under FDUTPA is “actual

damages”—“the difference in the market value of the product or service in the condition in which it was delivered and its market value in the condition in which it should have been delivered”).

Plaintiffs point to their claimed losses on Defendants’ platform, *see* FAC ¶¶ 137 (Keohohou “has lost at least \$1,200 to Crypto.com”), 147 (Evans “has lost more than \$800 to Crypto.com”), but they do not explain how those losses relate to the supposed illegality of Defendants’ platform.⁶ Quite the opposite: nowhere do Plaintiffs allege that they lost anything specifically because of the alleged illegality. They lost because they purchased the losing end of the contracts—the very bargain they concede having made—not because Defendants supposedly failed to obtain state law licenses. That fails to state injury caused by Defendants’ supposed misconduct. *See Johnson v. Mitsubishi Dig. Elecs. Am., Inc.*, 365 Fed. App’x 830, 832 (9th Cir. 2010) (“If one gets the benefit of his bargain, he has no standing under the UCL.”).

II. Plaintiffs Have Not Adequately Alleged Unlawful or Deceptive Conduct.

To the extent the Court were to reach the substance of Plaintiffs’ allegations, it would find them lacking too. Plaintiffs assert that Defendants engaged in unlawful or deceptive conduct in representing the legality of the Sports Event Contracts. *See, e.g.*, FAC ¶ 10 (“Crypto.com falsely represents to its users that its services are legal and generally leaves reasonable consumers with the impression they are using a legal and regulated service.”). Plaintiffs cite various advertisements and statements, *see id.* ¶¶ 77–80, but fail to allege how any of them are unlawful or deceived anyone. Nor can they—Defendants’ alleged statements about the legality of trading Sports Event Contracts on their DCM are true under applicable federal law, and Plaintiffs do not

⁶ For that matter, Keohohou does not even specify whether his supposed losses related to the Sports Event Contracts at issue, or whether he ever purchased such a contract. *See* FAC ¶ 137.

dispute as much. Plaintiffs' complaint is that conduct that the federal government has authorized conflicts with prohibitions under state law. FAC ¶¶ 9, 85, 177–78. But even if that were true, it would not change the analysis because any conflicting state law would be subject to federal preemption. The failure to allege unlawful or deceptive conduct is fatal to their FDUTPA, UCL, CLRA, and California Penal Code claims.

A. Defendants' Conduct Was Not Unlawful.

For their UCL claim, Plaintiffs must allege Defendants engaged in “unlawful,” “unfair,” or “fraudulent” conduct. Cal. Bus. & Prof. Code § 17200; *Beverage v. Apple, Inc.*, 320 Cal. Rptr. 3d 427, 435 (Ct. App. 2024). The “unlawful” prong requires Plaintiffs to plead a violation of a separate legal requirement. *Smith v. Intel Corp.*, 745 F. Supp. 3d 853, 868 (N.D. Cal. 2024). Plaintiffs' claim under the “unlawful” prong fails for several reasons.

First, Defendants' representations about the legality of their platform, *see* FAC ¶¶ 77–87, are true under applicable federal law. CDNA has been a federally registered DCM since 2004. *See* Gubb Decl. Ex. A at 1. As such, it has operated under the CFTC's “exclusive jurisdiction” pursuant to 7 U.S.C. § 2(a)(1)(A). In January 2025, in full compliance with all applicable federal law, CDNA certified and announced its intention to list a new category of event contracts: the Sports Event Contracts at issue here. *See* Gubb Decl. Ex. B at 1. The CFTC has not placed CDNA's Certification under review, suspended it, or taken any enforcement action against it. To the contrary, the CFTC has vigorously challenged state attempts to regulate contracts traded on DCMs, confirming its exclusive authority over these markets. There is nothing unlawful about

Defendants’ conduct under the law that actually governs it.⁷

Second, if Plaintiffs contend that Defendants somehow represented that the Sports Event Contracts comply with state law—though they allege no such statement—that is not actionable either because any state gambling law that would hold Defendants’ conduct to be illegal is preempted by the CEA. The CEA’s text, legislative history, and comprehensive regulatory framework all demonstrate Congress’ intent to preempt state law as applied to trading on DCMs. The CEA expressly provides the CFTC with “exclusive jurisdiction” over “transactions involving swaps or contracts of sale of a commodity for future delivery . . . traded or executed on a contract market designated” by the CFTC. 7 U.S.C. § 2(a)(1)(A).

The only federal Circuit to address the question confirmed that the CFTC has exclusive federal jurisdiction “over trades on DCMs” and found field and conflict preemption as to state regulation of event contracts traded on a DCM. *See Flaherty*, 172 F.4th at 228–231 (noting that the CEA’s text, purpose, and history reflect Congress’ intent to preempt state law in derivatives trading on CFTC-regulated exchanges); *see also KalshiEX, LLC v. Hendrick*, 2025 WL 1073495,

⁷ If Plaintiffs are arguing that the Sports Event Contracts should not be listed on Defendants’ DCM at all, *see* FAC ¶¶ 2, 61, 86, that question is addressed to the primary jurisdiction of the CFTC. This private civil lawsuit is not the place to adjudicate it. *See Smith v. Marcus & Millichap, Inc.*, 106 F.4th 1091, 1096 n.4 (11th Cir. 2024) (“The primary administrative jurisdiction doctrine is a doctrine specifically applicable to claims properly cognizable in court that contain some issue within the special competence of an administrative agency. It requires the court to enable a referral to the agency, staying further proceedings so as to give the parties reasonable opportunity to seek an administrative ruling.”) (citing *Reiter v. Cooper*, 507 U.S. 258, 268 (1993)).

at *6 (D. Nev. Apr. 9, 2025) (“[C]ongress[] inten[ded] to occupy the field of regulating CFTC-designated exchanges and the transactions conducted on those exchanges.”), *vacated on other grounds*, 2025 WL 3286282 (D. Nev. Nov. 24, 2025).

Effectively regulating Defendants’ DCM via private civil claims would undermine the uniform federal regulation Congress intended, which is reason to find preemption. *See Kalshiex LLC v. Orgel*, 2026 WL 474869, at *9–10 (M.D. Tenn. Feb. 19, 2026) (finding conflict preemption over “trading on or the operation of a futures market”). Moreover, the CFTC itself has made clear that the CEA does not allow state law to “intrude[] on the exclusive federal scheme Congress designed to oversee national swaps markets” under the CEA. *See, e.g., United States v. New York*, No. 1:26-cv-03404 (S.D.N.Y. Apr. 24, 2026), ECF No. 1 at ¶ 6.

Because any state law that would hold Defendants’ conduct to be illegal is preempted, even if Defendants had suggested that their platform complied with state law, it cannot be the case that Defendants acted unlawfully in doing so. *See Hahn v. Select Portfolio Servicing, Inc.*, 424 F. Supp. 3d 614, 634 (N.D. Cal. 2020) (“[A] violation of another law is a predicate for stating a cause of action under the UCL’s unlawful prong.”).

Third, Plaintiffs’ assorted claims of unlawfulness under California law, *see* FAC ¶¶ 188–190, are facially inapplicable:

- Cal. Penal Code §§ 319, 320, 321: Plaintiffs claim that CDNA operated illegal **lotteries** or games of chance in violation of California Penal law. But a “lottery” requires the distribution of property “by chance” from a pooled fund in exchange for consideration. Cal. Penal Code § 319. CDNA’s DCM facilitates trading of event contracts priced by a market governed by supply and demand, and involves neither a pooled fund nor a “distribution” of property. It is not a lottery. *See, e.g.,* FAC ¶ 63 (describing fixed per-

contract payouts, not distribution from a pool); *id.* ¶ 75 (conceding that CDNA’s platform matches “opposing positions,” mirroring “exchange wagers”); *see also People v. Postma*, 160 P.2d 221, 222–23 (Cal. App. Dep’t Super. Ct. 1945).

- Cal. Penal Code § 330: A “**banking game**” is one where the “house” acts as the counterparty to all players and pays winners from its own “funds.” *Sullivan v. Fox*, 235 Cal. Rptr. 5, 8–9 (Ct. App. 1987). A “percentage game” involves the house taking a share of the pot “exclusive of charges or fees.” *Id.* at 9. CDNA does not, as Plaintiffs erroneously state, act as the “house,” FAC ¶ 149, nor is it alleged to pay winners from its own funds. Instead, traders enter contracts as counterparties and close out positions on a bilateral basis.
- Cal. Penal Code § 337(a)(1): CDNA creates no “**common pool**” of funds from which traders collect, an essential feature under section 337(a)(1). “Pool selling” involves distributing winnings from a common wagering pool. *People v. Coppla*, 224 P.2d 828, 830 (Cal. Dist. Ct. App. 1950). “Bookmaking” involves setting odds and taking bets as a counterparty. *People v. Thompson*, 24 Cal. Rptr. 101, 104 (Dist. Ct. App. 1962). CDNA does not collect fees in connection with the outcome or non-occurrence of an event; instead, as Plaintiffs note, CDNA collects transaction fees from traders on its platform. FAC ¶ 66.
- Cal. Penal Code § 337(a)(4) & (6): CDNA’s platform is designed to manage the trading of Sports Event Contracts (a kind of commodity), not **betting**. The trades which occur on its platform are not “bets” or “wagers,” and thus § 337(a)(4) & (6) do not apply.
- Cal. Penal Code § 330a: CDNA’s trading platform is not a **slot machine** or a **chance-based gambling device** and does not involve a “machine, contrivance, appliance or mechanical device” that dispenses winnings. Cal. Penal Code § 330a(a).

- Cal. Penal Code § 337j: Section 337j applies only to **card games** like poker, which CDNA's platform is not. Cal. Penal Code § 337j(e)(1).
- CLRA and Penal Code § 496(a): Plaintiffs fail to state claims under either statute, *see infra* III.C and III.D, and they accordingly cannot be the predicate for the UCL claim.
- Cal. Bus. & Prof. Code § 19801(d): CDNA's platform is not a "gambling enterprise" and, in any event, this section is a prefatory legislative finding, not a legal requirement.

B. Plaintiffs Fail to Allege Deception or an Unfair Practice That Could Violate FDUTPA or the UCL.

Plaintiffs also do not plausibly allege that Defendants engaged in any deceptive or unfair conduct. This defeats their FDUTPA claim, which requires a "representation, omission, or practice that is likely to mislead the consumer acting reasonably in the circumstances, to the consumer's detriment," *Zlotnick v. Premier Sales Grp., Inc.*, 480 F.3d 1281, 1284 (11th Cir. 2007), and their UCL claim on the "unfair" prong. *See* FAC ¶¶ 175–82, 191–92.

Plaintiffs focus on Defendants' statement that trading Sports Event Contracts on Defendants' DCM is "legal." FAC ¶ 177; *see also id.* ¶¶ 175–176 (alleging that Defendants acted unfairly or deceptively because the Sports Event Contracts are "illegal gambling contracts"). But that statement is true—trading on Defendants' DCM is legal under applicable federal law, and any state law to the contrary is preempted. *See supra* II.A. And courts in this district have repeatedly dismissed FDUTPA claims where plaintiffs failed to adequately allege a deceptive act. *See, e.g., Kurimski v. Shell Oil Co.*, 570 F. Supp. 3d 1228, 1249 (S.D. Fla. 2021) (dismissing FDUTPA claim where the challenged statement was truthful and not misleading); *Piescik v. CVS Pharmacy, Inc.*, 576 F. Supp. 3d 1125, 1133–34 (S.D. Fla. 2021) (dismissing FDUTPA claim because reasonable consumers would not be deceived).

Nor can Plaintiffs adequately allege that Defendants engaged in any “unfair” conduct in support of their UCL claim. “A business practice is unfair within the meaning of the UCL if it violates established public policy or if it is immoral, unethical, oppressive or unscrupulous and causes injury to consumers.” *McKell v. Wash. Mut., Inc.*, 49 Cal. Rptr. 3d 227, 240 (Ct. App. 2006). Plaintiffs offer only a conclusory assertion that Defendants’ activities are “unfair” without explaining why or how. *See* FAC ¶ 191. Since they do not elaborate, their “unfair” claim is duplicative of their claim on the “unlawful” prong and should fall with it. *Hadley v. Kellogg Sales Co.*, 243 F. Supp. 3d 1074, 1104–05 (N.D. Cal. 2017).

In any event, nobody misled Plaintiffs about how trading on CDNA would work, and they received the benefit of any bargain they could reasonably have expected. Plaintiffs set out to “gambl[e]” on the platform, FAC ¶¶ 141, 152, and were required to complete an enrollment and verification process that included clear disclosures of applicable terms and conditions. *Id.* ¶¶ 100–101. Plaintiffs chose whether to trade and did so pursuant to clearly disclosed payoff and fee structures. *Id.* ¶¶ 63, 66. And they could stop trading at any time, as they both now have. *Id.* ¶¶ 140, 151. Any harm they “suffered was the product of [their] own behavior, not [Defendants’] advertisements.” *Davis v. HSBC Bank Nevada, N.A.*, 691 F.3d 1152, 1170 (9th Cir. 2012).

III. Plaintiffs’ Claims Fail for Additional Reasons.

A. Plaintiffs Fail to Plead Fraud With Particularity Under Rule 9(b).

Rule 9(b)’s heightened pleading standard independently defeats Plaintiffs’ FDUTPA, UCL, CLRA, and California Penal Code section 496 claims. *See supra* II & n.4. The FDUTPA claim requires Plaintiffs to plead with particularity, among other things, “the precise . . . misrepresentations made” and “the content and manner in which [the misrepresentation] misled the Plaintiffs.” *See Pop v. LuliFama.com LLC*, 145 F.4th 1285, 1296

(11th Cir. 2025). The UCL, CLRA, and Section 496 claims also require Plaintiffs to plead with particularity that they saw and relied on allegedly false statements. *Kearns*, 567 F.3d at 1125–28 (applying Rule 9(b)’s heightened pleading standards to violations of CLRA and UCL); *see also Sateriale v. R.J. Reynolds Tobacco Co.*, 697 F.3d 777, 793–94 (9th Cir. 2012) (dismissing CLRA and UCL claims for failure to show reliance on misrepresentation); *ELT Sight, Inc. v. EyeLight, Inc.*, 2021 WL 6618552, at *7–8 (C.D. Cal. Oct. 22, 2021) (applying Rule 9(b)’s heightened pleading standard to section 496 claims and requiring that a false representation materially influenced the owner to part with property).

Plaintiffs generically allege they saw various advertisements but allege no specifics about which statements they supposedly saw, how these statements “misled” them (for the FDUTPA claim) or their reliance on the statements (for the California claims), or why they were false. *See* FAC ¶¶ 6, 71, 80; *see Perret v. Wyndham Vacation Resorts, Inc.*, 846 F. Supp. 2d 1327, 1332–33 (S.D. Fla. 2012) (dismissing FDUTPA claim under Rule 9(b) where allegations failed to explain “who made the statements to them” and “how the statements misled [p]laintiffs”); *see also Kearns*, 567 F.3d at 1126 (dismissing UCL and CLRA claims for failure to plead “the who, what, when, where, and how of the misconduct alleged”).

Plaintiff Keohohou does not specifically allege that he saw any particular advertisements or other statements, much less where any such statements appeared or when he saw them. He merely alleges generically that he saw “advertisements . . . on social media” “[o]n or about June of 2024.” FAC ¶ 133. That is not enough under Rule 9(b), and in any event advertisements in June 2024 could not relate to Sports Event Contracts, which were not available until months later. *See id.* ¶¶ 5–6 (social media announcement dated *December* 2024). Similarly, Plaintiff Evans offers only a vague reference that he “reviewed the information Crypto.com made available about

its sports betting service,” *id.* ¶ 145, without citing a specific advertisement or statement. That is not enough to sustain his claims either. *See Frenzel v. AliphCom*, 76 F. Supp. 3d 999, 1013–14 (N.D. Cal. 2014) (dismissing UCL and CLRA claims for not alleging “with sufficient detail what representations [plaintiff] reviewed, when he first reviewed them, or which ones he relied on”).

B. FDUTPA Does Not Apply Extraterritorially.

Even if Plaintiffs could clear the other pleading hurdles discussed above, their FDUTPA claim still fails because it is unconnected to Florida. *See Stein v. Marquis Yachts, LLC*, 2015 WL 1288146, at *6 (S.D. Fla. Mar. 20, 2015) (“Florida courts have held that FDUTPA does not apply to actions that occurred outside of Florida.”). Plaintiffs are residents of California, allege that their relevant purchases occurred in California, and claim no connection to Florida. *See* FAC ¶¶ 132–33, 144–45. Nor do they allege that “the offending conduct occurred predominantly or exclusively in Florida.” *See Karhu v. Vital Pharms., Inc.*, 2013 WL 4047016, at *9–10 (S.D. Fla. Aug. 9, 2013). The FAC includes no allegations of specific acts by Defendants in Florida, nor does it allege that Defendants’ “principal place of business” is there. *Cf. Costa v. Kerzner Int’l Resorts, Inc.*, 2011 WL 2519244, at *4 (S.D. Fla. June 23, 2011) (allowing FDUTPA claim based on alleged online misrepresentations made from defendant’s “principal place of business” in Florida).⁸

⁸ The choice-of-law clause Plaintiffs cite, *see* FAC ¶ 169, cannot save their claim. It may *choose* Florida law but cannot *expand* Florida law to recognize a cause of action under FDUTPA that Florida courts would not. *See Lingard v. Holiday Inn Club Vacations, Inc.*, 2023 WL 4661963, at *11 (M.D. Fla. July 20, 2023) (“[C]ontractual choice of law provision[s]” govern only what law applies, but “do[] not alter Florida’s substantive law.”).

C. The Sports Event Contracts Are Not Goods or Services Under the CLRA.

The CLRA “applies only to transactions for the sale or lease of consumer ‘goods’ or ‘services’ as those terms are defined in the act.” *Fairbanks v. Superior Court*, 205 P.3d 201, 206 (Cal. 2009). Under the CLRA, “[g]oods” refers to “tangible chattels,” Cal. Civ. Code § 1761(a), and “[s]ervices” are defined as “work, labor, and services for other than a commercial or business use, including services furnished in connection with the sale or repair of goods,” *id.* § 1761(b).

Defendants’ Sports Event Contracts meet neither definition. The event contracts are not “[g]oods” because they are not “tangible chattel.” *See Fairbanks*, 205 P.3d at 203 (holding life insurance is not a “good”); *see also Wixon v. Wyndham Resort Dev. Corp.*, 2008 WL 1777590, at *4 (N.D. Cal. Apr. 18, 2008) (“[T]angible property refers to things that can be touched, seen, and smelled.”) (citation omitted). Nor are they a “service” because they are not “work or labor” and are not “related to the sale or repair of any tangible chattel.” *Fairbanks*, 205 P.3d at 203. Because Plaintiffs’ claim does not relate to either goods or services, it must be dismissed. *See Rojas-Lozano v. Google, Inc.*, 159 F. Supp. 3d 1101, 1116–17 (N.D. Cal. 2016) (dismissing CLRA claim because “software utilized entirely online” is not “a CLRA good or service”).

D. The California Penal Code § 496 Claim Fails for Lack of Criminal Intent.

Plaintiffs’ claim under Section 496 of the California Penal Code must be dismissed because they do not allege Defendants acted with criminal intent. *See ELT Sight, Inc.*, 2021 WL 6618552 at *8. Mere falsity alone is not enough. *Siry Inv., L.P. v. Farkhondehpour*, 513 P.3d 166, 184 (Cal. 2022) (“[N]ot all commercial or consumer disputes alleging that a defendant obtained money or property through fraud, misrepresentation, or breach of a contractual promise will amount to a theft”). The FAC includes no facts even suggesting Defendants made the alleged statements with criminal intent, and indeed does not even plausibly allege that Defendants knew the statements

were false when made (they were not). That defeats Plaintiffs’ Section 496 claim. *See Formic Ventures LLC v. SomaLogic, Inc.*, 2023 WL 6037899, at *1 (N.D. Cal. Sep. 15, 2023) (dismissing Section 496 claim for “lack of alleged criminal intent”).

E. Plaintiffs’ California Gambling Loss Recovery Claim Violates California Public Policy Against Enforcing Gambling Claims.

Plaintiffs’ “Statute of Anne” claim, FAC ¶¶ 208–15, is barred by California’s “strong, broad, and long-standing public policy against judicial resolution of civil disputes arising out of gambling contracts or transactions.” *Kelly v. First Astri Corp.*, 84 Cal. Rptr. 2d 810, 819 (Ct. App. 1999). Under this policy, no California court “will aid or assist a plaintiff to recover money lost in a gambling game that is prohibited by law . . . absent a statute authorizing recovery of the gambling losses.” *Id.* at 828. “[B]ecause California does not have a statute authorizing the recovery of gambling losses,” a plaintiff lacks “standing to bring a civil cause of action to recover [such] losses.” *Ochoa v. Zeroo Gravity Games LLC*, 2023 WL 4291650, at *4, *8 (C.D. Cal. May 24, 2023) (barring monetary relief for gambling losses under UCL and CLRA).

This policy precludes Plaintiffs’ claim, which as pled expressly seeks to recover supposed “gambling” losses.⁹ *See* FAC ¶¶ 214–15; *see Jamgotchian v. Sci. Games Corp.*, 371 Fed. App’x 812, 813 (9th Cir. 2010) (affirming dismissal based on “California’s public policy against judicial resolution of civil claims arising out of gambling contracts or transactions”); *In re Apple Inc. App Store Simulated Casino-Style Games Litig.*, 806 F. Supp. 3d 1015, 1034–35 (N.D. Cal. 2025) (dismissing with prejudice California law claims “premised on the theory that Defendants

⁹ Defendants deny that the activity at issue constitutes gambling, but Plaintiffs are bound by their pleading, and by describing the activity as gambling they have foreclosed any recovery based on California public policy.

processed illegal gambling transactions” because such claims are “barred by California’s public policy against judicial resolution of gambling-related claims”); *Mason v. Mach. Zone, Inc.*, 140 F. Supp. 3d 457, 466 (D. Md. 2015) (noting California’s public policy barring recovery of alleged wagers and dismissing UCL claim).

Defendants are not aware of *any* California case approving a claim like Plaintiffs’. For that matter, Plaintiffs’ own case cited in the FAC—which they say offers an “accurate, recent, and comprehensive statement of the law”—favors Defendants. See FAC ¶ 211 n.34 (citing *Tak Chun Gaming Promotion Co. Ltd. v. Long*, 314 Cal. Rptr. 3d 890, 894 (Ct. App. 2023)). That case discusses the Statute of Anne, notes that California’s Supreme Court has issued “a long line of unbroken decisions” refusing to adjudicate gambling debts, and concludes that the state’s policy against “opening the California courts” to gambling cases has not “erode[d].” *Id.* at 895–96.

F. Plaintiffs’ Declaratory Judgment Claim Fails With Their Other Claims.

Plaintiffs’ declaratory judgment claim fails because a declaratory judgment is a “procedural device which depends on an underlying substantive cause of action and cannot stand on its own.” *Eveillard v. Nationstar Mortg. LLC*, 2015 WL 127893, at *9 (S.D. Fla. Jan. 8, 2015). But because Plaintiffs’ underlying claims all fail for the reasons discussed above, this claim must be dismissed as well. *Feingold v. Budner*, 2008 WL 4610031, at *2 (S.D. Fla. Oct. 10, 2008) (“A plaintiff must prevail on an underlying claim in order to be entitled” to declaratory judgment).

In addition, “to receive declaratory or injunctive relief, plaintiffs must establish” both “a serious risk of continuing irreparable injury if the relief is not granted, and the absence of an adequate remedy at law.” *Bolin v. Story*, 225 F.3d 1234, 1242 (11th Cir. 2000). Plaintiffs cannot demonstrate a serious risk of continuing injury because they have voluntarily stopped trading on Defendants’ DCM, which removes any threat of future injury unless Plaintiffs choose to resume

trading. *See* FAC ¶¶ 140, 151; *Apple Inc. v. Corellium, LLC*, 2021 WL 1348433, at *2 (S.D. Fla. Feb. 25, 2021) (refusing declaratory judgment where plaintiff had “no obligation to continue to participate” in program supposedly causing injury). In addition, Plaintiffs seek the “adequate legal remedy” of money damages, which precludes equitable relief. *Cent. Magnetic Imaging Open MRI of Plantation, Ltd. v. State Farm Mut. Auto. Ins. Co.*, 789 F. Supp. 2d 1311, 1318 (S.D. Fla. 2011).

IV. Dismissal With Prejudice is Appropriate.

Because Plaintiffs cannot cure the legal deficiencies discussed above through amendment, the FAC should be dismissed with prejudice. *See, e.g., Ziemba v. Cascade Int’l, Inc.*, 256 F.3d 1194, 1213 (11th Cir. 2001) (“If a more carefully drafted complaint could not state a claim, dismissal with prejudice is proper.”) (citation omitted). Plaintiffs have already amended their complaint once, yet the FAC makes clear that “the circumstances of [their] case do not entitle [Plaintiffs] to relief,” *Rosa v. Hotwire Commc’ns, LTD*, 2023 WL 2917210, at *3 (S.D. Fla. Jan. 18, 2023), and that further amendment would be futile, *L.S. ex rel. Hernandez v. Peterson*, 982 F.3d 1323, 1332 (11th Cir. 2020) (“A district court may find futility if a prerequisite to relief is belied by the facts alleged in the complaint.”) (citation omitted).

CONCLUSION

For the foregoing reasons, Defendants respectfully request that the Court dismiss the FAC with prejudice.

Dated: May 29, 2026

Respectfully submitted,

/s/ Charles Throckmorton

Charles Throckmorton FLA Bar No. 101203

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**UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA**
CASE NO. 1:26-cv-20996-MOORE/ELFENBEIN

KAMANA KEOHOHOU and NICHOLAS
EVANS, individually and on behalf of all other
similarly situated,

Plaintiffs,

v.

NORTH AMERICAN DERIVATIVES
EXCHANGE, INC., d/b/a CRYPTO.COM,
FORIS DAX, INC., and DOES 1-20,

Defendants.

DECLARATION OF JOAQUIN GUBB

My name is Joaquin Gubb. I am the Vice President of Capital Markets and Head of Securities, Legal for Foris DAX d/b/a Crypto.com (“Crypto.com”). As part of my role at Crypto.com, I serve as in-house counsel for North American Derivatives Exchange, Inc. d/b/a crypto.com | Derivatives North America (“CDNA”) (collectively with Crypto.com, “Defendants”).

1. I respectfully submit this declaration in support of Defendants’ Motion to Dismiss Plaintiffs’ First Amended Class Action Complaint. I make this declaration based on my own personal knowledge, and if called upon to do so, could and would testify competently thereto.

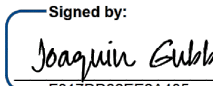
2. CDNA is a federally regulated and CFTC-registered designated contract market (“DCM”). Attached hereto as **Exhibit A** is a true and correct copy of the CFTC’s February 18, 2004 approval of CDNA’s predecessor as a DCM.

3. CDNA offers the Sports Event Contracts at issue under a certification dated January 30, 2025 (the “Certification”). Attached hereto as **Exhibit B** is a true and correct copy of the

Certification.¹

4. The CFTC has not suspended the Certification or placed it under review.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed on May 29, 2026.

By:  Signed by:
F017DD32EE2A406...
Joaquin Gubb
Vice President of Capital Markets and
Head of Securities, Legal for Crypto.com

¹ The Certification is available at:
<https://www.cftc.gov/sites/default/files/filings/ptc/25/01/ptc01302514705.pdf>

EXHIBIT A



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5000
Facsimile: (202) 418-5521

February 18, 2004

Gregory J. Robbins, Esq.
Sidley Austin Brown & Wood
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603

Re: Application of HedgeStreet, Inc. for Designation as a Contract Market

Dear Mr. Robbins:

By letters and electronic mail dated March 12, 2001 through February 11, 2004, HedgeStreet, Inc. ("HedgeStreet" or "Exchange") applied to the Commodity Futures Trading Commission ("Commission"), pursuant to Sections 5 and 6(a) of the Commodity Exchange Act ("Act"), 7 U.S.C. §§7 and 8(a), for designation as a contract market. The Commission has reviewed the materials submitted, including all comments submitted with respect to the materials submitted, and has determined to designate HedgeStreet as a contract market, pursuant to Sections 5 and 6 of the Act, 7 U.S.C. §§7 and 8(a).

Concurrent with designation, the Commission has approved, pursuant to Section 5c(c) of the Act, 7 U.S.C. §7a-2(c), HedgeStreet Rules 1.1-1.8, 2.1-2.5, 3.1-3.13, 4.1-4.3, 5.1-5.2, 6, 7.1-7.7, 8.1-8.5, and 9.1-9.3.

The Commission's approval is based upon, among other things, written submissions, explanations and representations provided by the Exchange describing the manner in which the HedgeStreet System will operate. The Commission's designation is also based upon written submissions, explanations, demonstrations, and representations provided by HedgeStreet, the National Futures Association ("NFA"), and USinternetworking concerning how NFA and USinternetworking shall assist HedgeStreet in meeting the Exchange's self-regulatory obligations. The Commission's designation is also based upon written submissions, explanations, and representations provided by HedgeStreet and Union Bank of California concerning how HedgeStreet will meet certain of the Exchange's settlement and clearing obligations. HedgeStreet should inform the Commission of any material modifications to the operation of HedgeStreet, the HedgeStreet Trading System, the clearing and settlement arrangements, or HedgeStreet's self-regulatory program, including, but not limited to, those services provided by the NFA, USinternetworking, and Union Bank of California. Any change in the identity of the regulatory service providers, or the regulatory services they provide to the Exchange, are considered rule changes, and should be submitted to the Commission as such, pursuant to Section 5c(c) of the Act.

The Commission reminds HedgeStreet that any modification to its trade matching algorithm also constitutes a rule change that must be submitted to the Commission pursuant to

Mr. Gregory J. Robbins

Page 2

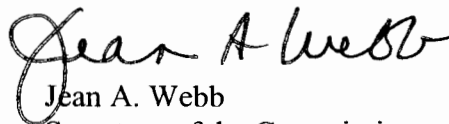
Section 5c(c) of the Act. The Commission also reminds the Exchange that position limits or position accountability procedures may need to be specified for contracts listed by the Exchange, if HedgeStreet lists contracts that do not fit the general description of underlying instruments provided in the contract market application or as would otherwise be warranted under Core Principle 5. All position limits or position accountability procedures should be included with the Exchange's filing to the Commission in connection with the listing of each contract submitted under the Commission's certification or approval procedures.

In approving HedgeStreet's application, the Commission is not approving either the agreement for settlement services between HedgeStreet and Union Bank of California, or the agreement for compliance and surveillance services between HedgeStreet and NFA. In this connection, HedgeStreet itself shall remain responsible for ensuring the performance of all self-regulatory functions required of it as a designated contract market under the Act and the Commission's regulations, including enforcement of the terms of all of HedgeStreet's rules.

The Commission notes that HedgeStreet will operate as both a designated contract market (DCM) and a derivatives clearing organization (DCO) and that, therefore, all HedgeStreet members will be both DCM members and DCO members. Accordingly, under the Commission's large trader reporting rules found in Parts 15 through 21, HedgeStreet is required to file clearing member reports with the Commission under Rule 16.00 and HedgeStreet's clearing members are required to file large trader reports with the Commission under Rule 17.00. The Commission notes, however, that since all trading on HedgeStreet will be nonintermediated, the reports filed under Rule 17.00 would capture the essential information regarding traders and their positions that would also be provided by reports under Rule 16.00. In these circumstances, and until otherwise warranted, the Commission does not believe that it is necessary for HedgeStreet to file clearing member reports under Rule 16.00 so long as HedgeStreet files large trader reports on behalf of its clearing members under Part 17. HedgeStreet, of course, remains subject to all other applicable reporting requirements including those imposed by Rules 16.01 and 16.06. Commission staff will work with HedgeStreet to establish appropriate reporting levels under Rule 15.03.

The Commission reminds HedgeStreet that it must comply with the terms of the enclosed Order of Designation, which includes certain undertakings offered by HedgeStreet in its letter dated February 9, 2004.

Sincerely,



Jean A. Webb
Secretary of the Commission

cc: Dr. John Nafeh
HedgeStreet, Inc.
1825 South Grant Street
Suite 500
San Mateo, California 94402

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of
HedgeStreet, Inc.
for Designation as a Contract Market

ORDER OF DESIGNATION

HedgeStreet, Inc. (HedgeStreet), a Delaware corporation, submitted pursuant to Sections 5 and 6(a) of the Commodity Exchange Act (Act), 7 U.S.C. §§ 7 and 8(a), an application for designation as a contract market. Having reviewed the application and the complete record in this matter, including all public comments submitted with respect to the application, the Commission adopts the reasons set forth in the February 10, 2004 Memorandum of the Division of Market Oversight (Staff Memorandum) as the basis for the following findings and rulings:

1. The Commission FINDS that, as required by Section 6(a), 7 U.S.C. § 8(a), HedgeStreet's application provides a showing that it complies with the conditions set forth in the Act and the Commission's regulations thereunder applicable to it for designation as a contract market, and provides a sufficient assurance that it will continue to comply with the requirements of the Act and the Commission's regulations;
2. The Commission FINDS that HedgeStreet has committed to certain conditions and undertakings as set forth in Section VII of the Staff Memorandum;
3. IT IS ORDERED, under Sections 5 and 6(a) of the Act, 7 U.S.C. §§ 7 and 8(a), that the application of HedgeStreet for designation as a contract market is approved;

4. IT IS FURTHER ORDERED, that this approval of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to HedgeStreet as a designated contract market;

5. IT IS FURTHER ORDERED, that, in place of filing clearing member reports under Rule 16.00 and until further order of the Commission, HedgeStreet shall file large trader reports and forms under Part 17 on behalf of its clearing members; and

6. IT IS FURTHER ORDERED, that HedgeStreet will comply with commitments it made to the Commission by its letter dated February 9, 2004 (February 9th commitments), as follows:

HedgeStreet and any official, agent, or other person acting on behalf of HedgeStreet within the scope of his or her employment or office shall not, in or in connection with the offer or sale of HedgeStreet products:

- (a) Cheat or defraud or attempt to cheat or defraud any person;
- (b) Willfully make or cause to be made to any person any false report or statement or cause to be entered for any person any false record; or
- (c) Willfully deceive or attempt to deceive any person by any means whatsoever.

The Commission has accepted the February 9th commitments from HedgeStreet in light of the fact that HedgeStreet's structure and intended manner of operation is qualitatively different from more traditional exchanges. HedgeStreet will not have any intermediaries; rather it will have members who interact directly with the trading facility. More traditional markets have been intermediated markets in which the intermediaries conduct most customer solicitations. Since HedgeStreet is nonintermediated, any solicitation that occurs will be by HedgeStreet. In these circumstances, these commitments are appropriate to ensure that

HedgeStreet customers receive a similar level of protection against fraudulent conduct, including fraudulent solicitation, as customers of more traditional exchanges.

Issued in Washington, D.C., this 18th day of February, 2004.

By the Commission

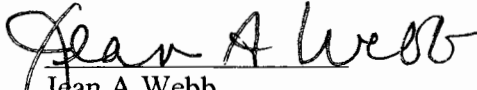

Jean A Webb
Secretary of the Commission

EXHIBIT B



crypto.com

DERIVATIVES NORTH AMERICA

January 30, 2025

Via CFTC Portal Submissions

Mr. Christopher Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st Street, N.W.
Washington D.C. 20581

RE: Certification of Contingent Derivatives Contract (Industry Event - Live Presentations - NAICS 711) - Submission Pursuant to Commission Regulation 40.2(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act" or "CEA"), and §40.2(a) of the regulations promulgated by the Commodity Futures Trading Commission (the "Commission") under the Act, the North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America (the "Exchange" or "CDNA") hereby certifies a contingent derivatives contract that is a tradeable financial instrument (i.e. a swap) based on an event in the live presentations industry (the "Event Contract" or "Contract"). The Exchange intends to list the Event Contract for trading no later than February 3, 2025.

In connection with this certification, CDNA is submitting the following:

- (i) A concise explanation and analysis of the Event Contract;
- (ii) A certification that the Event Contract complies with the Act and Commission Regulations thereunder;
- (iii) A certification that CDNA has posted a copy of the product submission on its website;
- (iv) The intended listing date of the Event Contract;
- (v) The terms and conditions of the Event Contract, set forth in Exhibit A hereto; and
- (vi) A discussion of the Event Contract's compliance with applicable provisions of the Act and Commission Regulations thereunder, set forth in Exhibit B hereto.

The Event Contract is a contingent derivatives contract that is a tradeable financial instrument designed to express a market view related to the broad and varying economic and commercial impacts of the outcome of an event in the live presentations industry. Separate, discrete and identifiable live presentation industry events (each an "Industry Event") not only have an outcome that determines a leader, an achievement, an accomplishment, a champion, a title holder or a winner of a particular live presentation industry event, but more importantly the outcome of a live presentation industry event has a substantial economic and commercial impact on businesses and individuals throughout America depending on many factors.¹ CDNA designed the Event Contract to meet the varied and diverse hedging and market needs of commercial firms and individuals impacted by or with an economic interest in the Industry Event outcome. The Event Contract is traded in the centralized market of the Exchange where bids and offers are matched first by price and then time priority. There is no intervention in the trading process by the Exchange. Rather, the Event Contract trades in a competitive, open, and efficient market and mechanism for executing transactions. The trading provides a market for the price and information discovery process related to market sentiment on the outcome of the Industry Event.

The Event Contract operates in a manner equivalent to economic event contracts that CDNA and other designated contract markets have certified for trading.² Price bands will apply so that the Contract may only be listed at increments of at least \$0.25 and at most \$99.75. The Contract has a notional value of \$100 and a minimum price fluctuation of \$0.25 to align with other CDNA contracts.

As outlined in Exchange Rule 5.18, trading will be available at all times outside of any maintenance windows and as set forth in the Trading System, which CDNA will announce in advance. At least one dedicated market maker that is committed to providing immediate liquidity will participate upon the Event Contract's launch. CDNA has further imposed position limits as described in more detail below. Members will be charged fees in accordance with Exchange Rule 3.9 in such amounts as may be revised from time to time and reflected on CDNA's website.

During the Event Contract trading hours, Members are able to adjust their positions and trade freely. After trading of the Event Contract has closed, CDNA will determine the Expiration Value and whether the Payment Criteria encompasses the Expiration Value (i.e., whether the market outcome is "Yes" or "No"). The market is then settled by CDNA, and either the long position

¹ The U.S. The Bureau of Labor Statistics maintains data for over 100 industries and uses the North American Industry Classification System (NAICS) for supersectors, sectors, and industries to categorize the data. The Event Contract encompasses Industry Events in the industry categorized under NAICS 711 (Performing Arts, Spectator Sports, and Related Industries). See <https://www.bls.gov/iag/tgs/iag711.htm>.

² See e.g., Rule Certification: Nadex Lists New Event Binary Contracts – Submission Pursuant to Commission Regulation §40.2(a), Nov. 26, 2021, available at: <https://www.cftc.gov/IndustryOversight/IndustryFilings/TradingOrganizationProducts/47219>.

holders or the short position holders are paid the Settlement Value. In this case, "long position holders" refers to Members who purchased the "Yes" side of the Event Contract and "short position holders" refers to Members who purchased the "No" side of the Event Contract. If the Expiration Value is "Yes" (please see Exhibit A for the conditions upon which the Expiration Value is "Yes"), then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Expiration Value is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger an Expiration Value of "Yes" are included below in the section titled "Payment Criterion" in Exhibit A. The Expiration Date of the Contract is designed to account for multiple possible contingencies regarding the timing of the determination of the event.

In accordance with §40.2(a)(2) of the Commission's Regulations and as set forth above, the Exchange intends to list the Event Contract for trading no later than February 3, 2025.

The contract specifications as they will appear in the CDNA Rulebook are set forth in Exhibit A. A complete index of the Core Principles for designated contract markets, which addresses each applicable Core Principle, is set forth in Exhibit B.

The Exchange hereby certifies that the product complies with the Act, as amended, and the Commission Regulations adopted thereunder. No substantive opposing views were expressed to the Exchange with respect to any of these actions. The Exchange hereby certifies that a copy of this submission was concurrently posted on the CDNA website.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0161 or by email at Kevin.Dan@nadex.com.

Sincerely,

/s/

Kevin Dan
Chief Compliance Officer and Chief Regulatory Officer
The North American Derivatives Exchange, Inc. d/b/a Crypto.com | Derivatives North America

EXHIBIT A

The Contract Specifications set forth below will appear in the Rulebook as Rule 13.29. Capitalized terms not defined herein shall have the meaning set forth in the Rulebook.

13.29 CONTINGENT DERIVATIVES CONTRACT - INDUSTRY EVENT - LIVE PRESENTATIONS - NAICS 711

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the Contingent Derivatives Contract - Industry Event- Live Presentations - NAICS 711, a type of “Event Contract” listed by the Exchange.

(b) UNDERLYING – The Underlying for this Contract is a separate, discrete and identifiable industry event (the “Industry Event”) that determines a leader, champion, title holder or winner for that specific Industry Event that occurs on a specific Date.

(i) Industry Event: refers to any separate, discrete and identifiable live presentation industry event in Performing Arts, Spectator Sports, and Related Industries³ where the outcome identifies a leader, an achievement, an accomplishment, a champion, a title holder or a winner (the “Industry Event Holder”) from the eligible participants in the Industry Event (the “Industry Participants”).

(ii) Date: refers to the month, day and year in which the Industry Event takes place.

(c) SOURCE AGENCY – The Source Agency is the final result of the Industry Event reported by AP News or as a back-up Source Agency, any U.S. national news provider as published on the Trading System.

(d) TYPE – The Type of Contract is a contingent derivatives contract (i.e. an Event Contract), which is a Swap.

(e) PAYMENT CRITERION – The Payment Criterion for the Event Contract encompasses the Expiration Value where the Industry Event Holder is determined by the outcome of the Industry Event, as published by the Source Agency on the Expiration Date. Industry Event Holder will have the value set forth on the Trading System.

(f) MINIMUM TICK – The Minimum Tick size for the Event Contract shall be \$0.25.

³ The U.S. The Bureau of Labor Statistics maintains data for over 100 industries and uses the North American Industry Classification System (NAICS) for supersectors, sectors, and industries to categorize the data. The Event Contract encompasses Industry Events in the industry categorized under NAICS 711 (Performing Arts, Spectator Sports, and Related Industries). See <https://www.bls.gov/iag/tgs/iag711.htm>.

(g) POSITION LIMIT – The Position Limit for the Event Contract shall be 2,500 Contracts, or as updated on the Exchange’s website or Trading System.

(h) MARKET MAKER ALTERNATIVE POSITION LIMIT – The Position Limit for Market Makers shall be 250,000 Contracts, or as updated on the Exchange’s website or Trading System.

(i) LAST TRADING DATE – The Last Trading Date is the same as the Expiration Date. The Last Trading Time is the same as the Expiration Time. No trading in the Event Contract shall occur after its Last Trading Date and Last Trading Time.

(j) SETTLEMENT DATE AND TIME – The Settlement Date and Time will be the same as the Last Trading Date and Last Trading Time.

(k) EXPIRATION DATE – The Expiration Date of the Event Contract will be the date on which the Industry Event is held. The Expiration Date will be adjusted if a potential Industry Event Holder is eliminated from being eligible to participate in the Industry Event.

(l) EXPIRATION TIME – The Expiration Time of the Event Contract will be the start time of the Industry Event. The Expiration Time will be adjusted if a potential Industry Event Holder is eliminated from being eligible to participate in the Industry Event.

(m) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in-the-money Event Contract on the Settlement Date. The Settlement Value of an in-the-money Event Contract is \$100.

(n) EXPIRATION VALUE – The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration Time.

(o) CONTINGENCIES – If the Source Agency does not actually announce the outcome on or before the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date and Time, Expiration Date, and Expiration Time will be delayed until the Underlying outcome is released.

(p) TRADING PROHIBITIONS – Certain individuals are prohibited from trading the Event Contract. Those persons include:

- Current and former Industry Participant players, coaches, agents and staff.
- Paid employees and management of the Industry Participants.
- Owners of the Industry Participants.
- Household members and immediate family members (siblings, children, and parents) of any of the above.

(q) TEMPORARY MARKET SUSPENSIONS – The Event Contract market will be temporarily suspended beginning approximately 60 seconds prior to the official start time of any event that is used to determine the Industry Event Holder or as set forth in the Trading System.

CONFIDENTIAL TREATMENT REQUESTED BY CDNA PURSUANT TO 17 CFR 145

EXHIBIT B

**COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT AND COMMISSION
REGULATIONS THEREUNDER**

BACKGROUND

In connection with CDNA's certification of the Economic and Commercial Event Contract (the "Event Contract"), below we set forth a concise explanation and an analysis of the swap's compliance with applicable provisions of the Act, including Core Principles, and the Commission's Regulations thereunder.

The Event Contract is a contingent derivatives contract that is a tradeable financial instrument designed to express a market view related to the broad and varying economic and commercial impacts of the outcome of an event in the live presentations industry events. Separate, discrete and identifiable live presentation industry events (each an "Industry Event") not only have an outcome that determines a leader, an achievement, an accomplishment, a champion, a title holder or a winner of a particular live presentation industry event, but more importantly the outcome of an live presentation industry event has a substantial economic and commercial impact on businesses and individuals throughout America depending on many factors.⁴ CDNA designed the Event Contract to meet the varied and diverse hedging and market needs of commercial firms and individuals impacted by or with an economic interest in the Industry Event outcome. The Event Contract is traded in the centralized market of the Exchange where bids and offers are matched first by price and then time priority. There is no intervention in the trading process by the Exchange or any other market participant. Rather, the Event Contract trades in a competitive, open, and efficient market and mechanism for executing transactions. The trading provides a market for the price and information discovery process related to market sentiment on the outcome of the Industry Event.

A wide range of factors and developments, including but not limited to the following, shape the significant commercial impact of Industry Events:

1. which Industry Participant make it to an Industry Event;
2. which Industry Participant leader, title holder or winner of an Industry Event;
3. where the Industry Event is located;
4. the hometowns of Industry Participants that makes it to the Industry Event;

⁴ The U.S. The Bureau of Labor Statistics maintains data for over 100 industries and uses the North American Industry Classification System (NAICS) for supersectors, sectors, and industries to categorize the data. The Event Contract encompasses Industry Events in the industry categorized under NAICS 711 (Performing Arts, Spectator Sports, and Related Industries). See <https://www.bls.gov/iag/tgs/iag711.htm>.

5. the decisions by businesses as to how much money to spend on Industry Event advertisements within and beyond the surrounding areas of where the Industry Event is held;
6. how many people are drawn to the Industry Event (in person, streamed over the Internet, or watching from a local restaurant or bar);
7. the hiring of part-time and full-time employees to support the Industry Event and ancillary and adjacent activities, including any applicable post-Industry Event parades and celebrations;
8. impacts on the production and sales of products and services advertised during the Industry Event;
9. impacts on the production and sales of ancillary and adjacent products and services that support the Industry Event (e.g. hotels, airlines, rental properties, car rentals, entertainment events, taxis and rideshares, tourism generally, food items including chicken wings, pizza, and beverages);
10. decisions by viewers and the public at-large on taking a market view related to the Industry Event;
11. the impact of all Industry Event participant sponsorships including visibility, future branding campaigns, and advertisement thereon; and
12. City, county, and state level tax receivables.

The Event Contract's commercial utility directly derives from the broad-based and diverse number of businesses and individuals that are economically impacted by Industry Event and the availability of a fully regulated approach to hedging against the commercial risks associated with uncertain outcomes.

The Event Contract is designed to manage the risk of a variety of market participants, whose businesses face economic consequences based on the outcome of a respective Industry Event, and to enable price discovery for related commercial enterprises. As set forth below, these market participants take on material economic risk based on the outcome of an Industry Event. As is the case with any financial derivatives contract, the Event Contract may also be bought and sold speculatively, which creates a robust and healthy market. The Event Contract may also meet other hedging and speculative needs and suit other purposes of market participants that CDNA has not considered.

Industry Events serve as a significant economic driver whose economic effects can be felt in infrastructure investments, transportation networks, and the global supply chain. With this in mind, the following is a sampling of just some of the market participants that would benefit from hedging their economic exposure on a federally-regulated derivatives exchange. These market participants encounter direct and quantifiable economic consequences when engaging in activities related to the outcome of the Industry Event, making the Industry Event, itself, a commercial event.

1. Vendors and Merchandisers

Vendors and merchandisers would benefit from the ability to hedge their risks associated with the uncertainty of supply chain and product demand. Vendors and merchandisers take on risk when deciding how to utilize services and distribute products for an event that a large percentage of Americans consume, as with other commercial products and services. Moreover, vendors and merchandisers may use an Industry Event to introduce promotional events where, if their forecasted result does not occur, the vendor or merchandiser may face a significant commercial impact.

2. Advertisers

Advertisers would benefit from hedging their investment in Industry Event ad campaigns. Advertisements can reach millions of dollars for a 30-second commercial spot and thus carry the risk to advertisers' return on investment if the commercial or branding does not perform as expected.

3. Local Municipality (Host Location)

Local municipalities would benefit from hedging the risk exposure they take on as Industry Event hosts. Industry Events have the potential to generate millions of dollars in local gross domestic product, and billions of dollars in overall economic impact. This economic benefit, however, is by no means guaranteed to be net positive. Moreover, local municipalities face exposure to risk from fan unrest and local property destruction following the outcome of an Industry Event, which necessitates increased financial resources for safety and emergency response. Local municipalities that host Industry Events would benefit from having the ability to hedge the risk associated with the outcome of an Industry Event that comes with a substantial up-front investment with indeterminate revenue outcomes and safety concerns.

4. Local Municipalities (Association Participant Hometowns)

Local municipalities where Industry Participants partaking in an Industry Event are located would benefit from hedging their risk regarding the outcome. In addition to safety and security concerns noted above, the local municipality may wish to host a celebration, such as a parade, to fete the victorious Industry Participant. In such a circumstance, the local governments would be at risk of a major outlay to host a celebration. Hedging this exposure would mitigate the economic impact to local municipalities' budgets.

5. Airlines

Airlines and other travel-related industries would benefit from being able to hedge their exposure for an anticipated major commercial event such as an Industry Event. Airlines take on risk as

they prepare for surge in travel demand because they must increase flights and capacity to accommodate the influx of fans to and from particular locations.

6. Stadium and Arena Owners and Operators

The owners and operators of the stadium or arena in which an Industry Event is held would benefit from being able to hedge the risk of hosting such a massive event. The stadium or arena owners and operators take on risk as they make a substantial investment in hosting an Industry Event and must account for insurance, weather-related incidents, vendors, workers' compensation, sponsors, security, and other third-party service providers. As the production inputs of an Industry Event increase, the stadium owners and operators would benefit from being able to hedge these operational risks based on the outcome of the event.

7. Broadcast and Streaming Companies

Broadcast and streaming companies would benefit from hedging the risk associated with bidding on the broadcast rights to an Industry Event. Bids to air the Industry Event require billions of dollars, and come with the risk that the association participants playing will not be able to develop an audience that would allow the broadcast or streaming companies to recoup their costs. Additionally, the broadcast and streaming companies face operational risks, such as lag or dead air, that would threaten their reputation and their financial wellbeing. The competitiveness and outcome of the Industry Event influences overall viewership that influences a broadcaster's willingness to bid on the broadcast rights.

8. Insurance Companies

Insurance companies would benefit from being able to hedge the risks presented to them by insuring occurrences and developments related to an Industry Event. Insurance companies take on a variety of risks relating to an Industry Event in terms of individual homeowner policies as well as large policies insuring the venue itself, whether in the city where an Industry Event is located or in the hometowns of the association participants in an Industry Event that year. Homeowner's insurance claims place insurers at risk during the Industry Event due to large group gatherings with increased grilling, fires, and alcohol, which all have the potential to lead to an increased volume of claims. Policies ensuring the venue itself pose exposure to the insurance companies that write the respective policies if an emergency occurs. Therefore, insurance companies would benefit from having the ability to hedge these risks associated with the outcome of the Industry Event.

* * * * *

Trading in the Event Contract would also offer market participants the opportunity to engage in price discovery related to the economic outcome, one of the key benefits of transacting in a

regulated exchange environment. With millions in viewership and billions of dollars in revenue, each Industry Event presents unique risks and opportunities for market participants to optimize through business decision-making, from merchandising choices to insurance policy writing. By offering the Event Contract on a CFTC-registered exchange such as CDNA, market participants can take advantage of the transparency, liquidity, efficiency and real-time pricing adjustments of a regulated, exchange-trading environment. Industry Events provide a massive pool of consumer data—offering market participants access to that data would enhance informed decision-making about how to mitigate risks and adjust their risk profiles, thereby establishing a fair market value and supply for their goods and services. The establishment of the true price gives participants an opportunity to engage in calculated risk-mitigation and risk-taking to best achieve their goals and benefit the public and communities they serve.

Based on the above, the Event Contract would allow market participants access to a product that would meet their legitimate hedging needs and allow for efficient and accurate price discovery in these markets.

CONFIDENTIAL TREATMENT REQUESTED BY CDNA PURSUANT TO 17 CFR 145

CONFIDENTIAL TREATMENT REQUESTED BY CDNA PURSUANT TO 17 CFR 145

DESIGNATED CONTRACT MARKET ("DCM") CORE PRINCIPLES

The Exchange has identified the following DCM Core Principles as potentially being impacted by the launch of the Event Contract: Core Principle 2 (Compliance with Rules), Core Principle 3 (Contracts Not Readily Subject to Manipulation), Core Principle 4 (Prevention of Market Disruption), Core Principle 7 (Availability of General Information), Core Principle 8 (Daily Publication of Trading Information), and Core Principle 18 (Recordkeeping).

A. Core Principle 2 Compliance with Rules

Core Principle 2 requires the DCM to have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market. The Exchange has a dedicated Compliance/Regulatory staff that monitors the markets, investigates potential rule violations, and imposes sanctions against individuals who have been determined to have violated the Rules. The Exchange has an automated trade surveillance system, SCILA, which is capable of detecting potential trade practice violations, and also conducts real-time market monitoring of all trading activity in all Contracts, at all hours the Exchange is open. The Exchange is able to set the parameters by which the system detects potential issues. Chapter 9 of the Exchange Rulebook sets forth the Exchange's authority to investigate and sanction Members for activity that violates the Exchange Rules. Exchange Rule 2.10 grants the Exchange jurisdiction over any Person initiating or executing a transaction on or subject to the Rules of the Exchange, either directly or through an intermediary, and any Person for whose benefit such transaction has been initiated or executed. The Exchange's jurisdiction continues notwithstanding the termination of the Person's Exchange Membership. Exchange Rule 3.3 requires all Trading Members and Authorized Traders to comply with the Exchange Rules and to cooperate with the Exchange promptly and fully in any investigation, call for information, inquiry, audit, examination or proceeding. Such cooperation may involve a request for the Member's or Authorized Trader's activity in the relevant Underlying. Accordingly, the listing of the Event Contract will not negatively impact the Exchange's ability to comply with this Core Principle.

The Exchange certifies that its surveillance program together with its participation in a key industry group for information sharing and regulatory coordination addresses the requirements of Core Principle 2.

B. Core Principle 3 Contracts Not Readily Subject to Manipulation and Core Principle 4 Prevention of Market Disruption

Core Principles 3 and 4 (Contracts Not Readily Subject to Manipulation and Prevention of Market Disruption), implemented by Commission Regulations 38.200 and 38.250, require a DCM

to list only contracts that are not readily susceptible to manipulation and to prevent market disruption. The Exchange has at least one existing Market Maker that has committed to providing liquidity in these contracts, which should limit opportunities for markets in the Event Contract to be manipulated. As previously stated, the Exchange also uses the SCILA surveillance system to assist with market monitoring and has a staff dedicated to market surveillance to detect potential market manipulation.

The Exchange has dedicated staff to conduct surveillance of the market and uses the SCILA surveillance system to assist with market monitoring at all times the Event Contract will be listed.

The Exchange trading system has a cap-check feature that ensures a trader has sufficient funds in the account to fully collateralize the Order if executed before the Order is accepted by the Exchange. The Exchange also has the ability to block new Orders and/or cancel working Orders if necessary to prevent market disruption.

Additionally, Commission Regulation 38.256 requires a DCM to have the ability to comprehensively and accurately reconstruct all trading on its trading facility. The Exchange is currently able to reconstruct trading in its markets based on the data stored in the database, the SCILA surveillance system, as well as the Exchange log files. Trade data will continue to be stored in this same manner following the addition of the Event Contract. Therefore, the addition of these contracts will not negatively impact the Exchange's ability to comply with these Core Principles.

C. Core Principle 5 Position Limits

Core Principle 5 requires the DCM set position limits or position accountability to reduce the potential threat of market manipulation or congestion. The Exchange has set the initial position limit for Trading Members at 2,500 Contracts, thereby reducing the motivation for an individual to manipulate the Underlying in order to affect the Exchange settlement, explained in detail above. Market Makers will not be subject to the 2,500 Contract position limit in order to provide sufficient liquidity to the market. Market Makers will instead be subject to an Alternative Position Limit of 250,000 Contracts. A Market Maker taking advantage of the Alternative Position Limits must, within one business day following a request by the Exchange's Compliance Department, provide the Exchange Compliance Department with a trade register detailing all trading activity in any account owned or controlled by the Market Maker in the relevant Underlying during the 15 minutes immediately before and after any Expiration time identified by the Exchange's Compliance Department in the request.

D. Core Principle 7 Availability of General Information and Core Principle 8 Daily Publication of Information

Core Principles 7 and 8, implemented by Commission Regulations 38.400, 38.401, 38.450, and 38.451, require a DCM to make available to the public accurate information regarding the contract terms and conditions, as well as daily information on contracts such as settlement price, volume, open interest, and opening and closing ranges. The Exchange makes the Exchange Rulebook available on its website, as well as the Daily Bulletin which contains the preceding required information. The Results page on the website also publishes the Expiration Value and Settlement Value for all the Exchange contracts settled during that week. Contract specifications for the new Event Contracts will likewise be set forth in the Rulebook and on the Exchange website. Settlement prices, volume, open interest, and opening and closing ranges for the Event Contract will be included on the Daily Bulletin and posted on the Exchange website. Therefore, the addition of the Event Contract will not negatively impact the Exchange's ability to comply with these Core Principles.

E. Core Principle 9 Execution of Transactions

Core Principle 9 requires the DCM to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process. The Exchange has [one] dedicated Market Maker[s] that have committed to pricing a two-sided market. Market participants are able to view the orderbook up to five layers deep (depending on the market activity at any particular time) on the platform. The Exchange displays the Time and Sales of all Contracts traded on the Exchange website which is updated every 15 minutes. Therefore, the addition of the Event Contract will not negatively impact the Exchange's ability to comply with this Core Principle.

F. Core Principle 10 Trade Information

Core Principle 10 requires the DCM to maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information to assist in the prevention of customer and market abuses and to evidence any violations of the Exchange Rules. The Exchange maintains an electronic audit trail as required by the Commission Regulations which enables the Exchange to review all activity on the Exchange.

G. Core Principle 11 Financial Integrity of Transactions

Core Principle 11 requires the DCM to establish and enforce rules and procedures for ensuring the financial integrity of transactions entered on the contract market. As with all Contracts offered on the Exchange, the Event Contract will be fully collateralized and Members entering a

transaction will have knowledge of their maximum risk prior to executing a transaction. All transactions will be cleared by CDNA's registered derivatives clearing organization.

H. Core Principle 12 Protection of Markets and Market Participants

Core Principle 12 requires a DCM to protect markets and market participants from abusive practices committed by any party and to promote fair and equitable trading on the contract market. Chapter 5 of the Exchange Rulebook establishes Rules to protect the market and market participants from abusive, disruptive, fraudulent, noncompetitive, and unfair conduct and trade practices. The Rules apply to all market participants and transactions on the Exchange, and participants will need to comply with the Rules when trading the Event Contract.

I. Core Principle 18 Recordkeeping

Finally, Core Principle 18, implemented by Commission Regulation 38.951, requires a DCM to maintain records of all activities relating to the business of the DCM, (i) in a form and manner that is acceptable to the Commission, and (ii) for a period of at least 5 years. A DCM must maintain such records in accordance with the applicable requirements of Commission Regulations.

CONFIDENTIAL TREATMENT REQUESTED BY CDNA PURSUANT TO 17 CFR 145

CONFIDENTIAL TREATMENT REQUESTED BY CDNA PURSUANT TO 17 CFR 145**DCM CORE PRINCIPLES**

Core Principle Number	Core Principle Name	Addressed in or Not Applicable to Certification
1	Designation as Contract Market	Not applicable (designation granted)
2	Compliance with Rules	Addressed
3	Contracts Not Readily Subject to Manipulation	Addressed
4	Prevention of Market Disruption	Addressed
5	Position Limitations or Accountability	Addressed
6	Emergency Authority	Not applicable (the Exchange Rulebook, 2.4 Emergency Rules)
7	Availability of General Information	Addressed
8	Daily Publication of Trading Information	Addressed
9	Execution of Transactions	Addressed
10	Trade Information	Addressed
11	Financial Integrity of Transactions	Addressed
12	Protection of Markets and Market Participants	Addressed
13	Disciplinary Procedures	Not applicable (the Exchange Rulebook, Chapter 9 Rule Enforcement)

14	Dispute Resolution	Not applicable (the Exchange Rulebook, 10.2 – 10.4 Arbitration)
15	Governance Fitness Standards	Not applicable (the Exchange Rulebook, 2.2 Service Restrictions, 11.2 Service and Disciplinary History)
16	Conflicts of Interest	Not applicable (the Exchange Rulebook, 2.6 Voting, 2.9 Trading Limitations, 11.1 Non-Public Information, 11.3 Voting)
17	Composition of Governing Boards of Contract Markets	Not applicable (internal review and appointment of directors)
18	Recordkeeping	Addressed
19	Antitrust Considerations	Not applicable
20	System Safeguards	Not applicable (internal controls and policies in place)
21	Financial Resources	Not applicable (capital requirements and quarterly reporting compliant)
22	Diversity of Boards of Directors	Not applicable (not public company, internal review and appointment of directors)
23	Securities and Exchange Commission	Not applicable

CONFIDENTIAL TREATMENT REQUESTED BY CDNA PURSUANT TO 17 CFR 145