

# THINK TWICE ABOUT BITCOIN

By Alex Rose, Delaware County Daily Times

Sunday, April 6, 2014



Dissatisfied customers of a Haverford company that builds and sells Bitcoin “miners” claim in a federal civil suit that they have been damaged by slow delivery times in the extremely competitive world of online currency generation.

The class-action complaint filed in the U.S. District Court for the Eastern District of Pennsylvania on Wednesday alleges Advanced Mining Technology Inc. is a “sham” company that is either unwilling or unable to meet customer orders for the highly specialized hardware required to produce the virtual currency.

Bitcoins are a decentralized virtual currency used in online transactions as an alternative to hard currency. They are not insured or backed by any government, and are created using a complex algorithm and extensive computer power in a process called “mining.”

The Bitcoin market is extremely volatile and values can fluctuate wildly, but have recently floated in the \$400-\$450 range. The number of Bitcoins that can exist in the world has been capped at 21 million, according to the complaint, and their creation becomes increasingly difficult over time.

The plaintiffs, represented by Haverford firm Chimicles & Tikellis LLP, claim to have ordered and paid for specially designed mining machines from AMT in November and December of last year, but have yet to see those machines delivered or received a refund for the now outdated hardware.

The nature of the market is such that creating any new Bitcoin requires more time and energy than the one created before it, according to the complaint, and thus time truly is money in the realm of virtual currency.

The suit alleges that AMT and its cofounders, Joshua Zipkin and Jim Brown, promise customers fast delivery times for their miners, typically six weeks or less, but have failed to live up to those timeframes or provide refunds.

Calls to the company for comment Friday were not returned.

Plaintiff Craig Linnel, of North Carolina, claims to have ordered two AMT miners, one on Nov. 11, 2013, and a second on Dec. 10, 2013. He still has not received either order, despite having paid in full, according to the complaint.

Plaintiffs Thomas Urbanek, of Florida, and Jared Pela, of Utah, made similar claims regarding orders they placed in December.

"During the lapsed time, the valuation of a bitcoin has fluctuated significantly and bitcoin mining has become increasingly more competitive and more difficult, thus rendering the purchased Bitcoin Miners devalued and obsolete," the complaint states.

The complaint claims hundreds of other customers have likewise been damaged by AMT since the company began operations in mid-2013, taking in millions of dollars for orders that were never fulfilled.

The complaint also alleges AMT has been unresponsive about either filling the orders or providing refunds, even as it continues to take on new orders. AMT employees have also allegedly demanded class members refrain from bad-mouthing the company's business practices to other potential customers, threatening to withhold or further delay delivery of their ordered merchandise and refunds.

"Moreover, all indications are that defendants' operations are a sham, and, at minimum, defendants lack the capability to meet the demand for the orders (and payments) they continue to accept," the complaint alleges.

The plaintiffs have requested class certification and a jury trial on claims of unfair, deceptive and fraudulent business practices, breach of contract, breach of express warranty, common law fraud, negligent misrepresentation, breach of the duty of good faith and fair dealing, unjust enrichment, and various state consumer protection laws.

The complaint is seeking unspecified damages along with legal fees and any other relief the court deems proper.

URL: <http://www.delcotimes.com/general-news/20140406/suit-filed-against-company-over-bitcoin-miners>

© 2014 The Delaware County Daily Times (<http://www.delcotimes.com>)