IN THE SUPERIOR COURT OF THE STATE OF DELAWARE

MINICIRCLE, INC.,	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. N26C-___-____-CCLD
	)	
HONDURAS PRÓSPERA INC.,	)	
Defendant.	)	

COMPLAINT

Plaintiff Minicircle, Inc. ("Minicircle"), by and through its undersigned counsel, for its Complaint against Defendant Honduras Próspera Inc. ("HPI"), alleges as follows:

NATURE OF THE ACTION

1. A unique investment project called Próspera ZEDE (the Spanish acronym for "Zone for Employment and Economic Development") on the island of Roatán, Honduras, is at the heart of this dispute.[1] Próspera ZEDE is one of more than 5,400 of special economic zones in the world, ranging from free ports for duty-free trading all the way to the special administrative region of Hong Kong.[2] About 1,000 zones have cropped up in just the past decade, most of them in developing nations like Zambia and the Philippines. Some have grown into major urban centers. For example,

[1] The Próspera ZEDE investment project is not named as a party.

[2] https://www.nytimes.com/2024/08/28/magazine/prospera-honduras-crypto.html.

Shenzhen went from a fishing village to one of China's largest cities, with a GDP of $482 billion, after it was designated a special economic zone in 1980. Each zone offers a relaxed level of government oversight and taxation.

2. Defendant HPI is the United States-based "Organizer" and "Promoter" of Próspera ZEDE ("Próspera") that, along with its affiliates, designed, marketed, and managed the investment project. Key to the promotion of Próspera as an investment is its supposed designation as a "special regime zone" or "special economic zone." With that designation, Próspera promises investors light taxation and regulation, as it purports to be exempt from local laws and taxes, and to operate through fiscal, legal, and regulatory frameworks that it has itself developed and that are largely separate and distinct from that of the Honduran national and local governments.

3. Plaintiff Minicircle develops gene therapies that present novel ways to help people live healthier lives for longer. Minicircle conducted business in Próspera and deposited funds in a Próspera-based bank in reliance on HPI's representations that HPI was enforcing the regulations and requirements HPI told Minicircle were in place. As elaborated on below, HPI's representations to Minicircle were knowingly false, and Minicircle has suffered damages as a result.

PARTIES AND RELEVANT NON-PARTIES

4. Founded in 2020, Plaintiff Minicircle is a Texas corporation with a principal place of business in Austin, Texas. Minicircle operated in Próspera as Minicircle Próspera, LLC f/k/a Fountain LLC, a limited liability company organized and existing under the laws of Próspera ZEDE as an e-Resident, prior to the Honduran Supreme Court's 2024 ruling.

5. Defendant HPI is a for-profit corporation organized and existing under the laws of Delaware. HPI is the Promoter and Organizer of the Próspera investment project. Upon information and belief, this investment project is funded, at least in part, by venture capitalists including Peter Thiel, Marc Andreessen, and Balaji Srinivasan. HPI's principal place of business is in Washington, DC. HPI operates in Próspera through North Bay GSP, Inc. ("GSP"), purportedly a for-profit corporation organized and existing under the laws of Próspera ZEDE as an e-Resident. Allegations below refer to actions by Próspera, GSP, and departments and subsidiaries of GSP to reflect the actors' contemporaneous understanding. But as discussed further below, a 2024 ruling by the Honduran Supreme Court declared the ZEDE laws unconstitutional *ex tunc*. As a result, neither Próspera nor GSP has ever legally existed and HPI has, at all relevant times, been the actual actor.

6. Seshat Financial Services Inc. ("SFS") and Sean Pawley are related non-parties relevant to this dispute. Upon information and belief, Pawley was the

president and sole director of SFS. Until 2024, SFS was a for-profit corporation organized and existing under the laws of Delaware. Upon information and belief, SFS founded and operated banks in Latin America, including Seshat Bank, Ltd. ("Seshat Bank"), which was organized and existing under the laws of Próspera ZEDE as an e-Resident. SFS was voided as a Delaware entity in 2024 for failure to pay franchise taxes.

JURISDICTION

7. This Court has subject matter jurisdiction over this action pursuant to Article IV, Section 7 of the Delaware Constitution, and 10 *Del. C.* § 541.

8. This Court has personal jurisdiction over HPI because HPI is a Delaware corporation.

9. This case is properly designated for the Superior Court's Complex Commercial Litigation Division because the amount in controversy exceeds $1 million.

FACTUAL BACKGROUND

A. Honduras Permits the Creation of ZEDEs

10. HPI, the Delaware corporation that founded Próspera, set out to transform the territory, into the most developed charter city in the world.[3] About twice the size of Monaco and built in a semiautonomous jurisdiction in Honduras known as

[3] https://www.nytimes.com/2024/08/28/magazine/prospera-honduras-crypto.html.

a ZEDE (a Spanish acronym for "Zone for Employment and Economic Development"), Próspera is a private, for-profit city, with its own government that courts foreign investors through low taxes and light regulation. *Id.*

11. Honduras's experiment with charter cities began under the administration of Porfirio Lobo, who was elected president of Honduras in 2009 after a coup ousted the previous president.[4] Lobo's chief of staff was interested in experimenting with special economic zones, and in 2011, invited U.S. economist Paul Romer, who had delivered a TED talk on charter cities, to Honduras to serve as an advisor and lend the project international legitimacy. *Id.* This partnership led to the initial charter city legislation passed in 2011.

12. The project hit a roadblock the next year. In 2012, a majority of justices in Honduras's Constitutional Chamber (a specialized five-justice division of the Supreme Court of Justice of Honduras that functions as the country's highest authority for constitutional interpretation, human rights protection, and judicial review) ruled that the special economic zone's enabling legislation was unconstitutional. *Id.* In response, the National Congress (Honduras's legislature) removed four of the Supreme Court magistrates who had so ruled in what some critics

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[4] https://goodauthority.org/news/freedom-city-charter-city-Prospera-zede-honduras/.

called a "technical coup," paving the way for new legislation that permitted the zone's framework to proceed.[5]

13. In 2012 and 2013, certain constitutional amendments were enacted in Honduras that allowed for the creation of ZEDEs, and on September 6, 2013, the National Assembly passed the implementing regulatory framework known as the "ZEDE Organic Law."[6]

14. In 2017, HPI established the Próspera ZEDE on the Honduran island of Roatán by signing an agreement with the Honduran government. Although Próspera was established in Honduras, it intended to operate its own legal system, tax rates, labor rules, and justice system largely outside the ordinary Honduran administration.[7]

15. HPI operates Próspera through an affiliate organization called North Bay GSP, Inc. ("GSP"), which is purportedly a for-profit corporation organized and existing under the laws of Próspera. Upon information and belief, GSP shares a corporate affiliation with NeWay Capital LLC ("NeWay"), a limited liability company organized and existing under the laws of Wyoming and headquartered in

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[5] https://www.nytimes.com/2024/08/28/magazine/prospera-honduras-crypto.html.

[6] https://www.cliffordchance.com/content/dam/cliffordchance/briefings/2022/05/Congress%20Of%20Honduras%20Approves%20Repeal%20Of%20Special%20Economic%20Zones%20Which%20May%20Lead%20To%20Investor-State%20Disputes.pdf.

[7] https://www.nytimes.com/2024/08/28/magazine/prospera-honduras-crypto.html.

Washington, D.C. Like Defendant HPI, NeWay, an investing and holding firm, was founded by Brimen, and Brimen acts as CEO of both entities. Indeed, NeWay co-cofounded HPI, and, upon information and belief, NeWay remains an affiliate investor with a significant investment interest in HPI.[8]

16. GSP was designated Próspera's General Service Provider pursuant to a contract between it and HPI called the General Service Provider Agreement. As the General Service Provider, GSP is delegated by the Charter of Próspera (the "Charter"), which is the "Organic Law" of Próspera, "as much responsibility as is feasible for the efficient provision of services within Próspera." That includes "administrative support and coordination services." Pursuant to the Charter, only certain specific responsibilities related to the administration of Próspera may *not* be delegated to GSP, including "(a) [r]eceipt, maintenance, stewardship over, and disbursement of trust assets; (b) independent review of the General Services Provider…; (c) police; and (d) courts." GSP and its subsidiaries play significant roles in key facets of Próspera's operation and regulation.

17. For example, although in general Próspera espouses a business environment unencumbered by bureaucracy or regulation, it does make a limited exception for the financial services and insurance industries. The Roatán Financial

[8] *See* pac.hn/privacy-policy/, last accessed Aug. 25, 2026 (describing HPI as a "subsidiary of NeWay").

Services Authority ("RFSA") is a department within GSP that describes itself as "the independent and exclusive regulator of financial services conducted in or from Próspera ZEDE" with "a mission of developing guidelines that protect financial industry participants without unnecessary friction."[9]

18. More broadly, GSP subsidiary Próspera Insurance Company LLC ("PIC") is Próspera's official "[i]nsurer of [l]ast [r]esort," which means that it provides Próspera residents with the liability insurance policies required by Próspera's Financial Responsibility Statute and Financial Responsibility Resolution. Although Próspera permits residents to obtain liability insurance from any entity that satisfies the definition of a "Qualified Insurer," PIC has, upon information and belief, been the only issuer of such policies in Próspera. *See, e.g.*, Ex. 1.

19. The Technical Secretary operates as the highest-ranking executive officer and legal representative within Próspera. The current Technical Secretary is Jorge Constantino Colindres. Colindres was appointed to a seven-year term in this role in 2022 by the Committee for the Adoption of Best Practices ("CAMP"), which was created by the Honduran government to provide oversight and ensure best practices in Próspera.[10] As Technical Secretary, Colindres also presides over the Próspera Council.

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[9] *See* https://www.rfsa.hn/ (last accessed Aug. 25, 2026).

[10] It is unclear the extent to which CAMP is still functionally overseeing Próspera, if at all, after Honduras repealed the ZEDE laws and the Honduran court declared

20. The Próspera Council (the "Council") acts as Próspera's "collective and representative rulemaking body where all the jurisdiction's major stakeholders are represented, including the Promoter and Organizer, physical residents, and the landowners."[11] In addition to Colindres, there are six members of the Council. Four of them—Erick Brimen, Gabriel Delgado, Jeanette Doran, and Oliver Porter—are delegated by and represent the Promoter and Organizer, HPI. *Id*. The two other members are delegated by property owners within Próspera. *Id*. The Council is responsible for approving Próspera's regulations, including, as discussed more fully below, Financial Regulation A.

21. Several key figures appear to play roles in multiple entities involved in Próspera, often, it seems, simultaneously. Brimen is CEO of HPI and GSP affiliate NeWay, and he is also a member of the Council. Lawrence "Trey" Goff III was a NeWay employee for years before becoming the Chief of Staff (and, for a couple of overlapping years, Chief Marketing Officer) of HPI, a role that, upon information and belief, he currently holds. However, as recently as February 2026, he signed

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the ZEDE laws unconstitutional *ex tunc*, as discussed further below. Bloomberg reported in early 2025 that at least two members of CAMP—associates of the prior Honduran president who championed the ZEDEs and was later sentenced to prison in the United States on drug trafficking conspiracy charges—were fugitives, but their names continued to appear on CAMP documents. *See* Ex. 2. The same reporting stated that other CAMP members stated that "they have not been consulted in years." *Id*. at 17. Indeed, a CAMP co-chair, former Reagan and Bush speechwriter Mark Klugmann, told reporters that it "appears [CAMP] simply got bypassed." *Id*.

[11] *See* https://pzgps.hn/ (last accessed Aug. 25, 2026, emphasis omitted).

formal, public Próspera documents as President & Chief Executive Officer on behalf of GSP. Jorge Constantino Colindres, the current Technical Secretary, was previously a deputy general counsel at HPI. And Nick Dranias is General Counsel of HPI and NeWay, and has also, upon information and belief, served as the trustee of the Próspera Trust (the entity that manages all funds flowing through Próspera, including the reserve funds held in escrow for the PIC to provide insurance) and as the "organizer" who set up the Próspera Arbitration Center.

B. Minicircle Selects Próspera to Conduct Its Clinical Trials After HPI Assures Minicircle of Próspera's Regulatory Efficacy Under HPI's Control

22. A number of companies in the health and biotech fields began operating their businesses from Próspera because the bespoke regulatory model allows for faster and significantly cheaper research-to-market development. These companies include Symbiont Labs, which manufactures implants that turn people into "self-sovereign cyborgs"; the Bay Islands Fitness and Transformation Center, which offers affordable semaglutide injections; and the Global Alliance for Regenerative Medicine, which provides stem-cell treatments.[12]

23. Minicircle is focused on investigating and developing gene therapies that address health concerns, enhance abilities, and promote longevity. For example, Minicircle has developed a promising Follistatin gene therapy that has the potential

[12] https://www.nytimes.com/2024/08/28/magazine/prospera-honduras-crypto.html.

benefits of increasing lean mass, reducing body fat percentages, lowering epigenetic age, and improving overall wellbeing.

24. Minicircle's mission is to not only develop effective gene therapies that positively impact people's health and wellbeing, but also to ensure that such therapies are available and within reach of all people. To accomplish that mission and expedite the bench-to-bedside timetable process, Minicircle looked to opportunities outside the United States to conduct clinical trials of its therapies, as the costs of conducting clinical trials in the United States can be prohibitive for startups like Minicircle.[13]

25. With that in mind, Minicircle's founder and chief executive officer, Mac Davis, researched jurisdictions around the world that offered more flexible, streamlined regulatory guidelines that better balanced safety and accountability with rapidity, affordability, and accessibility.

26. While conducting that research, Davis met Gabriel Delgado through a mutual friend. Delgado is a co-founder and the Chief Development Officer of HPI, which, at the time, was operating Próspera as a government-sanctioned semi-autonomous private zone for employment and economic development on the island

[13] On average, in the US, it takes more than 10 years for a drug to go from phase 1 testing to regulatory approval, and estimates for the average cost of developing a new drug range from roughly $985 million to $2.6 billion. https://observer.co.uk/news/science-technology/article/the-millionaire-guinea-pigs-risking-death-to-live-for-ever.

of Roatán in Honduras. He is also a member of the Próspera's rulemaking body, the Próspera Council.

27. In and around early 2021, Davis had multiple conversations with Delgado in which Delgado promoted Próspera as a hub for innovation and economic growth. In so doing, Delgado was the first of several HPI executives and representatives to tell Davis that Próspera was intentionally designed to provide reliable, transparent, and trustworthy regulatory and auditing services, including in the sectors of banking and finance, and that, although Próspera's legal code was streamlined to enable faster and more efficient governance, it was rigorously enforced to ensure the safety and reliability of engaging in business there. This characterization of Próspera, its regulations, and the enforcement of those regulations soon became a common refrain.

28. Based on these representations about the security and efficacy of doing business in Próspera, Minicircle selected Próspera as the ideal location to conduct its clinical trials.

29. To operate in Próspera, Minicircle—through an entity initially called Fountain LLC that was later renamed Minicircle Próspera, LLC—became an e-Resident of Próspera in May 2021 by executing Próspera ZEDE e-Resident Agreement of Co-existence (the "Próspera Agreement"), which Próspera required.

See Ex. 3. The Próspera Agreement was counter-signed on behalf of Próspera by GSP, the organization through which HPI operates in Próspera.

30. Davis first visited Próspera in early June 2021. While there, he met with Delgado and several other senior HPI personnel and executives on June 7, 9, and 10. They include Brimen, Goff, Colindres, Dranias, and other various Próspera personnel. These individuals were introduced to Davis as the designers, observers, and regulating authorities of Próspera.

31. During the meetings, each of these individuals—on behalf of HPI—reiterated Delgado's original pitch to Davis, representing that Próspera was intentionally designed to provide reliable, transparent, and trustworthy regulatory and auditing services, particularly in the banking, finance, agriculture, and construction sectors, and that Próspera's legal code, while streamlined to enable faster and more efficient governance, was rigorously enforced. Further, each of these individuals represented that any financial service providers operating within Próspera would be subject to regular audits consistent with global best practices, comparable to leading regulatory environments like Dubai and Singapore.

32. That the HPI representatives specifically discussed banking and financial services provider was likely not, in retrospect, happenstance. Unbeknownst to Davis at that time, and as discussed further below, Pawley had already begun working with HPI in April 2021 to set up Seshat Bank in Próspera.

33. The HPI representatives also represented that, to ensure that it was safe and secure to operate and do business within Próspera, each resident—whether an individual or an entity—would have to undergo background checks to verify identities and screen for criminal histories. Indeed, Minicircle was subjected to a thorough background check before it was permitted to become an e-Resident of Próspera.

C. Seshat Bank Opens in Próspera

34. Seshat Bank was founded by Pawley, who also acted as its CEO. Upon information and belief, Pawley was also the president and sole director of SFS, a Delaware entity that is now void for failure to pay franchise taxes.

35. Upon information and belief, in January 2022, Seshat Bank became the first full-service commercial bank approved to operate in Próspera. At some point thereafter, HPI funded and published a case study about Seshat Bank that was, upon information and belief, for promotional purposes. *See* Ex. 4.

36. According to HPI's Bank Case Study, Seshat Bank "chose Próspera as the jurisdiction which would enable them to quickly launch and build their business while avoiding the regulatory hurdles and roadblocks present in other locations." *Id.* at 3. Specifically, Pawley "realized that a jurisdiction with flexible regulatory guidelines could prove immensely valuable for financial companies, especially for a bank." *Id.*

37. Upon information and belief, Pawley began setting up Seshat Bank in Próspera in April 2021 and finalized Seshat Bank's first initial capital raise six months later, in November 2021. According to HPI's Bank Case Study, Pawley's "first priority" was "creating a custom regulatory framework" for Seshat Bank. *Id.* at 4. That is, Pawley, on behalf of Seshat Bank, opted for the Custom Regulatory Option. As the Bank Case Study explains:

> Seshat Bank's approach highlights the flexibility that Próspera affords banks, financial institutions, and fintech operators. Próspera gave Pawley the ability to combine and incorporate three key components into their regulations. These components protect customers while eliminating much of the bureaucratic overhead usually involved in the licensing process. Rather than following a single existing regulatory model, Seshat bank was able to fuse together multiple existing concepts to develop a new product offering. Pawley recognized that even with the complexities involved with creating a new system for bank regulation, Próspera still enabled them to launchl faster than anywhere else in the world.

Id. at 6. Although Pawley based two of the key components of the framework he developed and proposed on existing laws to meet international standards and/or connect with local businesses and practices, he developed and proposed "a unique risk management policy" for the third component. *Id.*

38. Pawley then secured the Council's approval of his custom financial regulatory scheme for Seshat Bank—called Financial Regulation A—in January 2022. *Id*. at 5; *see also* Ex. 5. According to Financial Regulation A itself, the Council—which at that time included Brimen, HPI's CEO, and Delgado, HPI's CDO—could only approve the regulation after undertaking "four fact-finding hearings during which extensive testimony was taken from experts in the relevant regulatory fields on each element to be required…." *Id.* at 1, 3. Thus, HPI's representatives, in approving Financial Regulation A through the Council, represented that it had been thoroughly vetted in the manner described.

39. Financial Regulation A was publicly published by Próspera through its website on January 25, 2022.[14]

40. Financial Regulation A contained provisions indicating to the public that banks subject to it were required to comply with regulations that would ensure they were secure and credible, including, for example, extensive "Regulations Against Money Laundering and the Financing of Terrorism," "Regulations on Liquidity and Risk Management for Assets Requirements for Banks," and "Regulations on Liquidations of Banks." Ex. 5 at 5, 29, 40. Significantly, each of the regulations

[14] *See* Próspera ZEDE, All Publications, https://pzgps.hn/all-publications/ (last accessed Aug. 25, 2026).

contained numerous references to the RFSA and, specifically, to the role that the RFSA plays in regulating banks under Financial Regulation A. *See id*.

41. For example, Part 7 of Financial Regulation A relates to "Regulations on Liquidity and Risk Management for Assets Requirements for Banks." *See id*. at 29-40. According to Financial Regulation A, this particular regulation was included to "establish[] prudential requirements to ensure sufficient liquidity for banks, protecting Próspera financial system and *safeguarding the interests of bank depositors*." *Id*. at 29 (emphasis added). To this end, Financial Regulation A required the following:

> Sec. 202. A bank must manage its assets and liabilities, as well as its off-balance sheets assets and liabilities to ensure it maintains the liquidity needed to meet its financial obligations as they fall due. A bank must establish a robust liquidity risk management framework that ensures it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources.

Id. at 31.

42. The regulation also makes clear the RFSA's role in ensuring those protections: "[t]he RFSA is responsible for and authorized to assess the adequacy of both a bank's liquidity risk management framework and its liquidity position." *Id*. at 29. Specifically, the RFSA's role includes the following:

Sec. 303. Banks must report their LCR monthly to RFSA, indicating their daily position during every day of the month.

Sec. 304. RFSA may require an individual bank to calculate and maintain its Liquidity Coverage Ratio up to more than 100 percent:

(a) If it considers that the requirements for the calculation of the Liquidity Coverage Ratio need to be varied for that particular bank to reflect its business and related potential risks;

(b) For any other reason within the discretion of RFSA for the interest of the financial sector.

Id. at 34.

43. This part of Financial Regulation A also required that banks not only meet certain Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") standards requirements on an ongoing basis, but also that they use certain monitoring tools to assess their liquidity. *See id*. at 35. Those monitoring tools "must capture specific information related to a bank's cash flows, balance sheet structure, available unencumbered collateral and certain market indicators." *Id*. at 35-36.

44. Notably, Financial Regulation A indicated that the RFSA was *required* to also assess these metrics and step in to "take corrective measures" if needed:

> Sec. 504. In utilizing these metrics, RFSA must take corrective measures when potential liquidity difficulties are signaled through a negative trend in the metrics, or when a deteriorating liquidity position is identified, or when the absolute result of the metric identifies a current or potential liquidity problem. Remedial actions that RFSA can take include but not limited to:
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> (a) Requiring actions by the bank to strengthen its management of liquidity risk through improvements in internal policies, controls or reporting;
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> (b) Requiring actions by the bank to conduct robust stress testing and strongly improve its contingency funding plans;
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> (c) Requiring a bank to take actions to lower its liquidity risk;
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> (d) Restricting the bank from making acquisitions or significantly expanding its activities;
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> Sec. 505. When RFSA requires remedial action by a bank, it must set a timetable for action, and follow up to ensure the deficiencies are addressed in a timely and appropriate manner. RFSA must require more stringent or accelerated remedial action in the event that a bank does not adequately address the deficiencies identified, or in the case that RFSA deems further action is warranted by, for example, a deterioration in the bank's liquidity position. The RFSA may seek emergency equitable relief from the default Arbitration Service Provider or any court of competent jurisdiction to enforce its requirements.
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> Sec. 506. RFSA must regularly perform a comprehensive assessment of a bank's overall liquidity risk management framework and liquidity position to determine whether it delivers an adequate level of resilience to liquidity stress given the bank's role in the financial system.
>
> Sec. 507. RFSA must supplement its regular assessments of a bank's liquidity risk management framework and liquidity position by monitoring a combination of internal reports, prudential reports and market information.

Id. at 36.

45. The RFSA also played a fundamental role in whether a bank was qualified to operate in Próspera in the first instance. Under Part 6 of Financial Regulation A, "Licensing of Banks," the RFSA "shall be the institution in charge of receiving applications for licensing and authorizing the start of operations from banks in the Próspera financial system through the issuance of licensing providing that compliance is first or concurrently made by the applicant" with Próspera's mandatory liability insurance coverage requirements. *Id*. at 23. Specifically, Financial Regulation A charged RFSA as follows:

> Sec. 203. In order to grant the license authorization, the RFSA shall evaluate the bases of financing, organization, governance and administration, feasibility, as well as the suitability, honorability, experience and responsibility of the organizers and potential officers of the entity in order to determine the trustworthiness of the entity. The license application requesting the authorization must be resolved by the RFSA within twenty (20) business days following the reception of the request.

Id. at 23.

46. Applicants had to submit to the RFSA, along with any license authorization applications, documents that, for example, "prov[e] the existence and availability of the capital with which the bank expects to start operating with" and "[t]he origin of the funds that make up the bank's starting capital." *Id*.

47. In addition to determining whether a bank could operate in Próspera, the RFSA was responsible for determining a Próspera bank's licensing class. *Id*. at 25-28. Class A banks were "Lending-only Banks," Class B banks were "100% reserve banks," Class C banks were "Commercial Banks," and Class D banks were "Microfinance Banks." *Id*. Class C commercial banks like Seshat Bank were "permitted to perform lending operations, accept deposits, perform lending operations using funds from deposits, and any other financial activities they deem prudent using depositor funds and the bank's own long-term capital." *Id*. at 26.

48. On top of each class of bank having different permitted functions, they also each had different qualification requirements, although one authorization

requirement applied to all Próspera banks, no matter the class. *Id*. at 25-28. Specifically, the following provision was common to all classes:

> Sec. 301. In connection with issuing license authorization, the RFSA will perform a review of the capital adequacy, asset quality, management, projected earnings, liquidity and sensitivity to risk exposure, jointly known internationally in the financial sectors as the "CAMELS review." The foregoing CAMELS review shall be deemed satisfied in regard to Class A and B banks provided that all material risks of investment were reasonably disclosed to equity holders in writing upon their initial investment and thereafter on at least an annual basis, which disclosure may be established by the signed affirmative certification of such equity holders.

Id. at 25.

49. To qualify as a Class C commercial bank like Seshat Bank, an applicant was required to "meet a minimum long-term capital requirement of ten million United States dollars (US$10,000,000.00) or its equivalent … in other legal tender[.]" *Id*. at 26. Such an applicant also had to comply with Part 5 (Regulations Against Money Laundering and the Financing of Terrorism) and Part 7 (Regulation on Liquidity and Risk Management for Assets Requirements for Banks) of Financial Regulation A. *Id*. Additional Class C regulations included:

> Sec. 322. Quarterly financial statements from the bank must be made available to the public, including depositors, and be audited on an annual basis by reputable auditing firms authorized by the RFSA or the compliance auditor of a Qualified Insurer.
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> Sec. 323. Depositors must be fully informed of the lack of a 100% reserve requirement and all material risks of depositing funds in the bank, which may be confirmed by signed written affirmative certification of the depositor.

Id. at 26-27.

50. Financial Regulation A's representations that the RFSA was required to proactively and regularly assess Seshat Bank's liquidity risk provided reassurance to Minicircle that HPI had the tools and processes in place necessary to do as the regulation stated it was intended to do: "safeguard[] the interests of bank depositors." *Id.* at 29. Thus, HPI's implementation of Financial Regulation A encouraged Minicircle to deposit funds with Seshat Bank.

51. As HPI's Bank Case Study states: "Owing to the business-friendly environment of Próspera, Seshat Bank progressed from raising capital to creating a custom regulatory framework to receiving approval for the framework to opening for business in less than five months." *Id.* at 5 (emphasis omitted). Indeed, according to HPI's Bank Case Study, "In the words of Pawley, Seshat Bank was able to get licensed 'absurdly quickly' and begin operations much sooner than any other place in the world." *Id*.

52. According to HPI's Bank Case Study, during that process, "Pawley worked with Próspera to present and share ideas on how to simplify bank regulations and rely on contract over regulation, whenever feasible." *Id*. Based on information provided to Plaintiff before 2025, Plaintiff believed this includes insurance contracts. Indeed, "mandatory minimum insurance requirement[s]" are a component of the "basic regulatory principles" of Próspera.[15] Ex. 6 at 1.

53. To that end, Próspera requires its resident entities to "secure a minimum level of liability insurance." *Id.* And Próspera further requires such resident entities operating in what it deems "regulated industries"—*e.g.*, the Finance & Insurance Industry—to "secure regulated industry insurance." *Id.* As a healthcare company, Minicircle also had to secure additional insurance required to operate in the regulated healthcare industry in Próspera.

54. Próspera cites these requirements, in part, as an explanation for why it can "avoid prescriptive regulation in favor of self-regulation with clear lines of accountability and demonstrated financial capacity to make restitution." *Id.*

55. Seshat Bank operated in Próspera as a "Regulated Industry Person" and thus, Plaintiff believed, was required to "obtain regulatory insurance covering their Regulated Industry operations within Próspera ZEDE." Ex. 7 at 1. As Próspera's

[15] Daniel Frazee was a member of Próspera's Executive Team and the Chief Operating Officer of Próspera.

Chief Operating Officer explained: "Although deemed insurance, these policies combine (1) fidelity bonding concepts, providing coverage over injuries caused by intentional conduct, bad acts and moral hazards, and (2) traditional liability insurance concepts, providing coverage for injuries caused by unintentional, negligent, or reckless conduct." *Id.* Further, "[t]he purpose of this insurance is to ensure financial capacity for restitution in case of any liability." Ex. 6 at 3.

56. Próspera, through GSP and, therefore, at the direction of HPI, provides this insurance to Próspera residents through its affiliate Próspera Insurance Company LLC ("PIC"), which is known as the "insurer of last resort."[16] Ex. 7.

57. Indeed, Próspera acknowledges that, "[a]s a general rule, regulators in Próspera are insurance providers, not bureaucratic agencies." Ex. 6 at 3. To that end, "[t]he insurance includes procedures that allow for inspections, certifications, and compliance checks to ensure proper operation within the jurisdiction" and "also supports enforcement action if necessary." *Id.* According to the form policy terms of the insurer of last resort, PIC, "reasonable compliance interrogations" of "the site of operations and relevant records located therein with respect to any Regulated Industry" in which the insured was engaged were to be completed by a compliance at the insured's expense. Ex. 8 at 9. Further, the policy stated that these inspections

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[16] *See also* Finance and Insurance, https://pzgps.hn/finance-and-insurance/, last accessed Aug. 25, 2026.

"may occur at least annually and no more frequently than on a monthly basis during the policy term." *Id.*

58. Próspera touts additional "benefits" to Próspera residents or potential residents of securing the required insurance through its insurer of last resort, PIC. Specifically, Próspera represents that "the regulatory insurer of last resort [PIC] can 'make the market' by adjusting terms," Ex. 8 at 1, such that they "will often be tailored to different risk assessments, industries, and operations," Ex. 7 at 2. Próspera represents that these term adjustments are made "through transparent negotiation, agreement, and publication[,]" as "the insurer of last resort is required by law to post official 'administrative actions' publicly." Ex. 9 at 1; *see also* Ex. 7 at 2.

59. Upon information and belief, Seshat Bank obtained its required regulatory insurance from PIC.

D. Minicircle Opens an Account at Seshat Bank

60. Between July 2021 and April 2022, Minicircle rented an office in Próspera that was just across the hall from the office of Brimen, HPI's CEO and President. After Colindres was appointed as the Technical Secretary in January 2022, he also frequently worked in the building that housed Minicircle's office. Other key figures in Próspera—namely, Delgado, HPI's Chief Development Officer, and Goff, Brimen's Chief of Staff at HPI—also spent significant time each

month in the same building. Given this ease of access, the HPI and Próspera representatives would frequently engage in conversations with Davis about what the proper regulation, insurance, auditing requirements, and growth strategy were in Próspera. For example, during one of Davis's trips to Próspera in October 2021, Davis, Colindres, and Delgado specifically discussed Próspera's insurance requirements and liability structure for regulated industries.

61. When Próspera's Financial Regulation A was implemented in January 2022, it required financial institutions in Próspera to provide RFSA with quarterly financial statements, and it provided that such institutions were subject to annual audits and had to provide an audited statement of reserves. Davis carefully reviewed the regulation when it passed to better understand how Próspera intended to ensure the security and reliability of its banking systems.

62. On February 27, 2022, Davis had dinner with Delgado, HPI's Chief Development Officer, at a steakhouse on Roatán called Prime 504. At that dinner, Delgado represented to Davis not only that Seshat Bank was governed by Financial Regulation A, but also that the RFSA would oversee Seshat's right to do legal business in Próspera. Davis understood that Delgado was telling him this information in an effort to promote Seshat Bank to Minicircle.

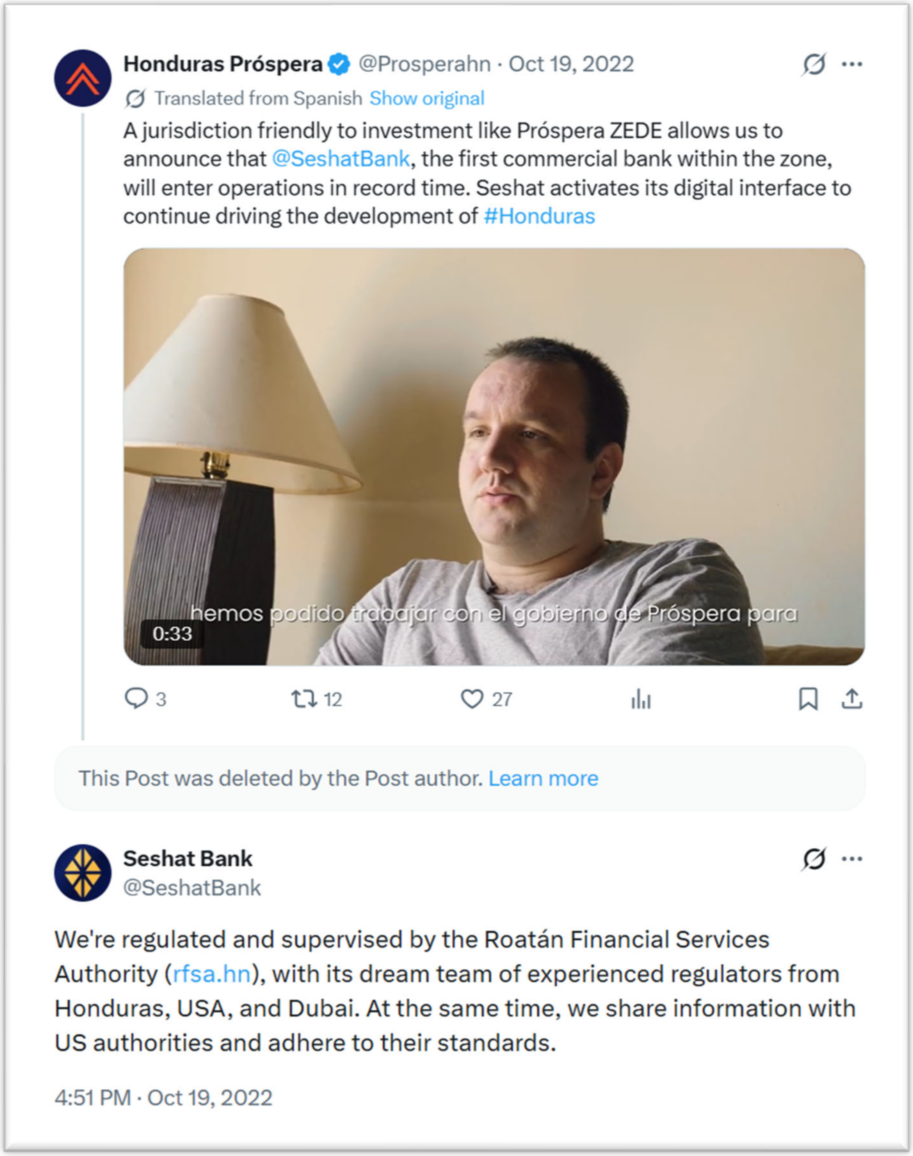
63. On September 13, 2022, Davis received a copy of the Seshat Bank pitch deck, which was being circulated by HPI to further promote Seshat Bank. Upon

review, Davis noted that the deck included quotes from Frazee—the Chief Operating Officer of Próspera and a member of Próspera's Executive Team—promoting Seshat Bank's services and reliability. Davis was aware that others were sharing the Seshat Bank pitch deck as well, including Goff, Delgado, Colindres, Brimen, and Joel Bomgar, who was Próspera's President and a Mississippi state legislator at that time. The fact that key figures at HPI and in Próspera were promoting Seshat Bank lent Seshat Bank, and Próspera's purported regulation of it, credibility.

64. On or around September 20, 2022, Davis met with Brimen and Bomgar at a restaurant on Roatán called Las Verandas to discuss the health and development of the Próspera business ecosystem. At that meeting, both Brimen and Bomgar described Seshat Bank's standing in Próspera to Davis in a very positive light.

65. On October 19, 2022, Próspera posted on its X (formally Twitter) account announcing Seshat Bank as the first commercial bank to be established in Próspera and featuring a video of Pawley promoting Seshat Bank's services.[17] That same day, Seshat Bank replied to highlight its purported regulation by Próspera:

[17] *See* https://x.com/SeshatBank/status/1582852070117638144 (last accessed July 18, 2026).


Honduras Próspera @Prosperahn · Oct 19, 2022
Translated from Spanish Show original
A jurisdiction friendly to investment like Próspera ZEDE allows us to announce that @SeshatBank, the first commercial bank within the zone, will enter operations in record time. Seshat activates its digital interface to continue driving the development of #Honduras

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This Post was deleted by the Post author. Learn more

Seshat Bank
@SeshatBank

We're regulated and supervised by the Roatán Financial Services Authority (rfsa.hn), with its dream team of experienced regulators from Honduras, USA, and Dubai. At the same time, we share information with US authorities and adhere to their standards.

4:51 PM · Oct 19, 2022

66. On October 29, 2022, Davis had a conversation with Delgado in which HPI's Chief Development Officer reaffirmed the strength and trustworthiness of the RFSA, the GSP department charged with regulating financial services providers like Seshat Bank. Specifically, Delgado explained to Davis that the RFSA was empowered to license, supervise, and regulate entities engaged in financial and fiduciary activities within Próspera. He also explained that the RFSA only issued

licenses or registrations to entities seeking to operate in Próspera's financial sector if the RFSA determined that the entities have met and continue to meet the capital, governance, and compliance criteria defined in the Próspera regulatory code, Financial Regulation A. Based on this conversation, others like it, and the terms of the regulations themselves, Davis understood that the RFSA was conducting ongoing supervision of any banks it licensed through audits, compliance reviews, and quarterly mandatory reporting to ensure the bank's continued adherence to applicable financial regulations.

67. Between November and December 2022, Davis had multiple in-person and telephone meetings with Brimen. In those meetings, Brimen told Davis that Próspera was seriously considering making an equity investment in Seshat Bank. He also stated that Próspera's internal review of Seshat Bank's business model and financials were promising, including specifically that Próspera's capital adequacy, asset quality, management, earnings, liquidity, and sensitivity, or "CAMELS," review of Seshat Bank was very positive. Given Próspera's privileged access to review Seshat Bank's financial information, and Brimen's access to Próspera's intelligence through his role at HPI, Brimen's statements indicated to Davis that Seshat Bank was in compliance with the applicable regulatory requirements.

68. On March 22, 2023, Davis met Ricardo Gonzales, who introduced himself to Davis as HPI's in-house counsel and "basically the Chief Legal Officer"

of HPI. In that meeting, Davis expressed to Gonzales that Minicircle was having trouble finding a banking institution for its activities in Próspera. Gonzales recommended that Minicircle apply for an account at Seshat Bank. Gonzales represented to Davis in that meeting that Próspera's financial regulations were better than Honduran regulations, and that Próspera's unique regulations for financially regulated entities like Seshat Bank were based on "global best practices."

69. On April 21, 2023, a conference called the Supercharging Healthcare Summit was held in Próspera. Davis attended for Minicircle. Delgado and Brimen both spoke at the conference, and Brimen introduced Pawley to the conference attendees. In doing so, Brimen represented that Seshat Bank was the banking provider recommended and verified by the Próspera regulators.

70. On May 5, 2023, Davis attended "Decentralizing Finance 2023 - A Próspera Builders' Summit: Bitcoin, Digital Assets and the Tokenization of the World," another conference where Brimen was a speaker. At that conference, Brimen reaffirmed the power and "great design" of Próspera's regulations, including its financial regulations. He also spoke specifically about the RFSA's role in regulating Próspera's financial industry, including how the RFSA was supposed to work and the audits it purported to conduct.

71. Within months of receiving Gonzales's recommendation to consider banking with Seshat Bank, Davis began communicating with Pawley. Between May

and August 2023, Davis and Pawley had multiple conversations about the possibility of Minicircle banking with Seshat Bank. Pawley represented to Davis that Seshat Bank had met the $10 million US Dollars ("USD") commercial banking capital requirements to qualify as a Class C bank under Financial Regulation A. Pawley also stated that Seshat Bank's fundraising round was successful, and that Próspera had invested directly into Seshat Bank. In a subsequent telephone call, Delgado confirmed to Davis that Próspera had, in fact, invested with Seshat Bank. Delgado also represented to Davis that Próspera was happy with Seshat Bank's progress.

72. After receiving all this information from HPI and Próspera leadership and after studying Financial Regulation A and confirming that Seshat Bank was operating in Próspera under a Class C Commercial Banking License, Minicircle applied for an account at Seshat Bank in or around August 2023. Minicircle used that account the ordinary course of its business. The first wire from a client to Minicircle's Seshat Bank account was made on August 25, 2023.

73. Minicircle's only other bank account at the time was at Silicon Valley Bank, a division of First Citizens Bank (the "SVB Account").

74. Once opened, Minicircle used its Seshat Bank account to support its operations in Próspera. Minicircle regularly received client payments into the account and made vendor payments out of the account without issue. Seshat Bank provided Minicircle with monthly statements. Based on these regular

representations by Seshat Bank about Minicircle's account, nothing appeared to be amiss, and Minicircle believed its funds to be secure.

E. Honduras Repeals the Statutory Framework for ZEDEs, Then Declares Them Unconstitutional

75. While HPI was promoting Próspera as a safe and supportive business environment, it was also facing significant political and legal scrutiny in Honduras.

76. On April 21, 2022, the Honduran National Congress unanimously passed Decree No. 32-2022, repealing the ZEDE's legal framework (the "ZEDE Law"). The Honduran president signed the measure on April 25, calling it "historic" and saying Honduras was "recovering its sovereignty," though permission for the zones technically remained in Honduras's Constitution.[18] In December 2022, HPI, along with St. John's Bay Development Company and the Próspera Arbitration Center ("PAC"), filed an investor-state arbitration claim under CAFTA-DR at ICSID, the World Bank's arbitration body, seeking $10.7 billion in damages for the Honduran government's repeal of the ZEDE's legal framework, which threatened the autonomous charter city project; that arbitration is ongoing.

77. Although Próspera's legal status was ambiguous between 2022 and 2024, HPI and its agents and associates repeatedly represented to its residents, investors, and the general public that the repeal of the ZEDE law was ineffective.

[18] The Constitution itself was never formally amended and still contains the ZEDE-enabling articles.

HPI also asserted that Próspera "enjoy[ed] special legal stability"[19] because of certain treaties applicable to United States-based investors. Davis was specifically informed by Dranias, Goff, Brimen, and Delgado that the Dominican Republic–Central America–United States Free Trade Agreement, or "CAFTA-DR," would protect American investments in Próspera. During this time, it also pointed to certain Honduran Supreme Court rulings as support that the ZEDE law had "maintain[ed] its constitutional foundation."[20]

78. On September 20, 2024, the Supreme Court of Justice of Honduras issued a judgment in Constitutional Challenge SCO-0738-2021 in which it declared the "total and original or *ex tunc* unconstitutionality of" the Próspera ZEDE Legal Framework, declaring it null and void *ex tunc*. Moreover, in addition to finding it unconstitutional, the Honduran Supreme Court ruled that the ZEDE Law, under which the Próspera Zede Legal Framework had been promulgated, had been validly repealed in April 2022 by Legislative Decree No. 33-2022.

79. Significantly, the Honduran Supreme Court not only determined that Próspera was no longer a legal Honduran entity, it expressly ruled that this finding applied retroactively. Put differently, as a result of this 2024 ruling, Próspera had

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19 Myth-Busting FAQ: Busting common myths about Próspera, https://help.prospera.co/en/articles/myth-busting-faq, last accessed Aug. 25, 2026.

20 *Id.*

never been constitutionally viable and, for all intents and purposes, neither it nor GSP *have ever* existed as a legal entity.

F. Seshat Bank Absconds with Minicircle's Funds

80. Before the Honduran Supreme Court's decision discussed above, Pawley told Davis that he considered his business prospects would be better in other jurisdictions, and said that at some point in the future Seshat Bank would transfer Minicircle's deposits back to it and gradually wind down operations over the course of the year. Pawley represented to Davis at that time that Seshat Bank was committed to returning all of Minicircle's deposited funds as part of Seshat Bank's winding up process.

81. On July 27, 2024, shortly after learning that Seshat Bank would be closing, Davis attended a meeting at the restaurant Las Verandas with representatives from the RFSA, including Colindres, the Technical Secretary of Próspera, and Danel Calvillo, the RFSA's Director of Financial Supervision. At the meeting, Colindres and Calvillo told Davis that Pawley had requested a voluntary liquidation, and represented that Seshat Bank was not out of compliance with Próspera's regulations and that its liquidation was "purely voluntary." They also said that Pawley was closing Seshat Bank because he was more interested in other business opportunities.

82. Colindres and Calvillo also assured Davis at that meeting that Seshat Bank was solvent and that Seshat Bank's insurance would cover any unexpected

losses and fully restore Minicircle. Colindres went so far as to assure Davis that Davis should "not worry" and that "the money is there."

83. Davis relied on these representations by Colindres and Calvillo because Davis knew that, under Financial Regulation A, which HPI had represented was in place and being enforced, the RFSA was required to be an active, necessary participant in any bank's voluntary liquidation. *See, e.g.*, Ex. 5 at 40-47.

84. Specifically, a bank could only voluntarily liquidate with RSFA's approval. *Id*. at 40. And the RFSA could only approve a voluntary liquidation after considering the bank's voluntary liquidation plan, which was required to include: "(a) [a] detailed statement of assets and of any other means of resource mobilization; (b) [a] detailed statement of liabilities specifying the amount of each, its preferential or unsecured nature, and whether it is contested or not; [and] (c) [a] detailed explanation of how the entire liquidation process is expected to be carried out." *Id*. at 41. Additionally, the liquidating bank was required to provide the RFSA with a certification from an independent auditor that "the bank is solvent and is capable of promptly repaying its depositors and other creditors." *Id*. at 40.

85. Thus, Davis understood that, given their roles in Próspera and the RFSA, Colindres and Calvillo would have superior knowledge of Seshat Bank's liquidity and ability to repay Minicircle through the voluntary liquidation process. Further, Davis believed the representations of Colindres and Calvillo because Próspera's Financial

Regulation A expressly established this liquidation process to make "the protection of financial consumers' rights" a "priority." *Id*. With these assurances, Davis decided to keep Minicircle's funds in the Seshat Bank account as the voluntary liquidation plan was executed.

86. In the first week of September 2024, Davis provided Pawley with wiring information to send Minicircle's funds in Seshat Bank to Minicircle's account at Silicon Valley Bank. Pawley indicated that the wire transfer was successfully issued, and provided Davis with a purported receipt showing a transfer from a Seshat Bank correspondent account at Harbor & Hills Financial Services Ltd. based in Hong Kong. Minicircle did not receive the wire transfer, and repeatedly contacted Silicon Valley Bank to investigate whether there was an issue with the transfer.

87. On October 2, Davis told Colindres that Minicircle had not received the payments, called Silicon Valley Bank on October 3, and confirmed to Colindres and Pawley that the wire had not been received. Pawley represented that he submitted a new wire on October 4, and from October 4 through 7, Davis contacted Silicon Valley Bank multiple times. On October 7, Davis informed Colindres that no wire had been received; Pawley continued to claim the wire had been sent.

88. Pawley suggested that the Honduran Supreme Court ruling the month before invalidating the special economic zone that permitted Seshat Bank's operations may have contributed to the transaction being blocked. As a workaround, in early

November 2024, Pawley, on behalf of Seshat Bank, suggested that Minicircle's Seshat Bank assets be converted from USD to Bitcoin ("BTC") so that Seshat Bank could transmit the BTC to Minicircle using a reputable digital trading platform called Wintermute. Eager to gain control of its funds, Davis, on behalf of Minicircle, agreed to this course of action. At various points thereafter in December 2024, the RFSA's Director of Financial Regulation, Calvillo, also communicated to Davis that the RFSA was working directly with Wintermute to ensure Minicircle's funds were returned in the course of the voluntary liquidation process. On December 3, 2024, Calvillo said "I have a licensed company for financial services here in Prospera. We have Crypto Custody services (with an insurance of 250M per account) and escrow account services with Banco Santander in Spain. This is something we could offer you to solve this situation. On top of being supervising the liquidation plan and be sure that you are recovering all the funds." Calvillo also represented that RFSA was supervising the return of Minicircle's funds and was participating in proposed disbursement arrangements, and that the funds were available and the situation was controlled.

89. Pawley, on Seshat Bank's behalf, represented to Davis that, to effectuate this proposed transfer, Minicircle needed to clear Wintermute's "Know Your Customer" requirements. To do so, Minicircle needed to submit considerable financial and identifying information through an online Wintermute form. Davis, on

Minicircle's behalf, complied with submitting this information to facilitate the transfer of its funds electronically to its Austin headquarters.

90. Pawley, on Seshat Bank's behalf, represented to Davis that Seshat Bank held approximately 22.11 BTC for Minicircle following the currency conversion.

91. On December 7, 2024, and again on December 14, 2024, Pawley, on behalf of Seshat Bank, claimed to have transferred Minicircle's assets to Minicircle's Wintermute account. But no BTC was ever deposited into Minicircle's Wintermute account. When Davis informed Pawley that Minicircle still had not received funds from its Seshat Bank account, Pawley, on behalf of Seshat Bank, blamed Honduran regulators for the delay.

92. On December 14, 2024, RFSA issued a Disbursement Order to Bank that directed Seshat Bank; Pawley, as Seshat Banks' Sole Administrator; and Keenan Kavanaugh, as Seshat Bank's Liquidator, to transfer $500,000 USD held on behalf of Minicircle to the Ethereum Wallet Address provided no later than December 15, 2024. *See* Ex. 10. The Disbursement Order also required that Seshat Bank, Pawley, or Kavanaugh provide RFSA with a confirmation of the completed transfer, including the transaction ID, immediately upon execution, and that they respond to RFSA within one business day to confirm receipt of the Disbursement Order. The Disbursement Order further stated that failure to comply with these instructions "may result in regulatory action[.]" *Id.*

93. On December 15, 2024, Calvillo, RFSA's Director of Financial Supervision, sent an email to Pawley and Kavanaugh that attached a copy of the Disbursement Order and stated that the $500,000 USD payment to Minicircle's Ethereum Wallet Address was due the same day. But Minicircle received no funds.

94. On December 26, 2024, Pawley, on behalf of Seshat Bank, proposed yet another workaround to Davis. This time, he promised to wire Minicircle's funds to an account held by a Minicircle business partner. RFSA representatives participated in this discussion as well. Eager to finally receive their funds, Davis, on Minicircle's behalf, and Minicircle's business partner agreed to this plan. Later that same day, RFSA's Director of Financial Supervision emailed Pawley and Kavanaugh, copying Minicircle representatives, to memorialize that conversation. In that email, the RFSA representative directed Pawley to transfer $1.3 million USD from Minicircle's Seshat Bank account to another bank account to be identified by Minicircle, and asked Minicircle to respond with the banking details so that they would be on record. RFSA's representative further stated that the payment must be made no later than December 27, 2024, and that Pawley must provide proof of payment, including the confirmation timestamp. Davis, on behalf of Minicircle, provided the requested wiring instructions early in the early morning hours of December 27, 2024.

95. On December 27, 2024, Pawley, on behalf of Seshat Bank, sent Minicircle and, upon information and belief, RFSA a document purporting to confirm

a December 27, 2024, wire transfer of $1,300,025 USD from a Chase Personal Online Total Checking account held by Seshat Bank or Pawley to the account of Minicircle's business partner. But again, neither Minicircle nor its business partner actually received the funds.[21]

96. In conversations in August, September, November, and December 2024 and January 2025, Colindres and Calvillo counseled Minicircle not to take any action, and that everything was fine and Minicircle's funds would be returned.

97. Davis, on Minicircle's behalf, remained in contact with Pawley and continued to demand a return of its deposits from Seshat Bank. And Pawley, on behalf of Seshat Bank, continued to promise that the funds would be returned. For example, on January 21, 2025, Pawley stated to Davis: "You're being paid out in full ($2.2m) by Thursday evening PST from personal + company. Willing to sign something to that effect as well." Pawley ceased all communications with Minicircle shortly thereafter, and Minicircle has never received any of its funds from Seshat Bank.

G. Próspera Is Unable or Unwilling to Protect Minicircle

98. On January 28, 2025, Davis, on behalf of Minicircle, received an email from RFSA's Director of Financial Supervision stating that Seshat Bank had entered into forced liquidation and attaching a copy of Administrative Action No. 23, a

[21] Even if this payment had been made, it would not have made Minicircle whole, and Seshat Bank would have still owed Minicircle additional funds.

Declaration of Forced Liquidation of "Seshat Bank, LTD," dated January 18, 2025 (the "Forced Liquidation Action"). *See* Ex. 11. Pursuant to the Forced Liquidation Action, RFSA's Director of Financial Supervision had presented a report to RFSA proposing the forced liquidation of Seshat Bank on January 8, 2025. *Id*. Under Próspera's rules, forced liquidation, like the one taken in the Forced Liquidation Action, may be deemed necessary "if the bank conceals records or assets, or refuses to allow the inspection of its operations by RFSA personnel." *Id.* at 1. Thereafter, RFSA "promulgated" the Forced Liquidation Action after determining that Seshat Bank was "incapable of concluding voluntary liquidation proceedings." *Id.*

99. Davis subsequently learned that the Wintermute "Know Your Client" webforms Minicircle had completed in November 2024 (*see* Paragraph 89 *supra*) existed on counterfeit websites made to mimic Wintermute's website. Representatives of Wintermute corroborated this finding to Minicircle. Thus, the webforms Minicircle completed were merely a means by which Pawley or Seshat Bank improperly collected financial and identity information on Minicircle and its representatives.

100. Upon information and belief, the December 27, 2024 wire transfer confirmation that Pawley, on Seshat Bank's behalf, sent to Minicircle and RFSA (*see* Paragraph 95, *supra*) was also fraudulent.

101. In the months following RFSA's forced liquidation of Seshat Bank, Davis, on behalf of Minicircle, engaged in multiple conversations with RFSA in an effort to facilitate RFSA's return of Minicircle's Seshat Bank funds. But in March 2025, RFSA informed Minicircle of the following information regarding its ongoing investigation and liquidation efforts:

- Pawley was not cooperating with RFSA;
- Minicircle accounted for approximately 99 percent of Seshat Bank's inbound transactions;
- Approximately 73 percent of Seshat Bank's outbound transactions went to SFS, a former Delaware entity controlled by Pawley;
- Pawley or Seshat Bank had falsified documents to other financial institutions;
- Wintermute had confirmed that it had no account with Seshat Bank or SFS; and
- The December 27, 2024 wire transfer confirmation was fraudulent.

102. During the same conversation, Minicircle learned for the first time that Seshat Bank did not meet the long-term capital requirements under Próspera's financial regulations. Specifically, although Seshat Bank was a Class C commercial banking institution under Financial Regulation A, Seshat Bank did not meet the minimum long-term capital requirement of $10 million USD. Instead, RFSA—without informing Minicircle—had *waived* this requirement for Seshat Bank. Likewise, RFSA had not informed Minicircle that RFSA had *restricted* Seshat Bank from handling more than $2 million USD in funds or making loans, had capped the

funds Seshat Bank was allowed to receive, and had placed limits on how Seshat Bank could use the funds of its depositors. Had Minicircle been timely informed of these facts, it would never have banked with Seshat Bank.[22]

103. Even after learning this information, Minicircle, through Davis, continued its efforts to reach Pawley and recover its funds from Seshat Bank. But Davis has been unable to locate or otherwise communicate with Pawley. Through these efforts, Davis has learned that Seshat Bank is no longer listed as a registered entity in Próspera, and that SFS was voided as a Delaware entity in 2024 for failure to pay franchise taxes.

104. It is Davis's understanding, based on representations made to him by the RFSA and its representatives, that the RFSA has similarly attempted to locate or otherwise communicate with Pawley, to no avail.

COUNT I
(Fraud)

105. Plaintiff repeats and realleges the allegations above as if fully set forth herein.

[22] During the same meeting with the RFSA, Davis also learned that Seshat Bank's insurance coverage through the PIC was only $100,000 USD, and that Pawley, as a Próspera resident, had $11,000 in resident insurance coverage through the PIC. Because the deductible under each policy was 50 percent, Minicircle's maximum recovery under the insurance policies would be, upon information and belief, only around $55,000—approximately 3% of the protection HPI promised would be in place for Minicircle's funds.

106. Over the course of 2021, 2022, 2023, and 2024, HPI made false representations to Plaintiff regarding the regulation of Seshat Bank and protections in place to secure depositors' funds.

107. HPI knew that those representations were false because HPI was the one purportedly regulating Seshat Bank, and therefore knew that Seshat Bank was not being regulated as was represented to Plaintiff.

108. HPI intended its false representations to induce Plaintiff to open an account with and deposit money at Seshat Bank, and indeed directly recommended that Plaintiff do so.

109. Plaintiff believed that HPI was enforcing the regulations and requirements HPI told Plaintiff were in place. Plaintiff acted in justifiable reliance on the false representations made by HPI by opening an account and depositing money with Seshat Bank.

110. As a result, Plaintiff suffered damages when Seshat Bank absconded with Plaintiff's funds.

111. As a direct and proximate result of HPI's knowing misrepresentations, Plaintiff has been damaged in an amount to be shown at trial.

COUNT II
(Promissory Estoppel)

112. Plaintiff repeats and realleges the allegations above as if fully set forth herein.

113. HPI promised Minicircle that Próspera's regulatory scheme, which it designed and implemented, including its insurance requirements and financial regulations, would take certain forms and be enforced, both in general and specifically with respect to Seshat Bank. Among these promises were that HPI would require Seshat Bank to maintain long term capital sufficient to make Plaintiff whole.

114. HPI reasonably expected its promises to induce Plaintiff to deposit money in a bank purportedly regulated by HPI in which HPI had expressed confidence.

115. Plaintiff reasonably relied on HPI's promises and created an account with and kept money in a bank purportedly regulated by HPI in which HPI had expressed confidence.

116. That action was detrimental to Plaintiff. Contrary to HPI's promises, HPI had not required Seshat Bank to be adequately capitalized and had not subjected Seshat Bank to the regulatory requirements HPI promised it was imposing on regulated businesses in Próspera. As a result, when Seshat Bank disappeared with Plaintiff's funds, Plaintiff was left without the protections that HPI promised Plaintiff would have. As a result of relying on the promise of regulation in Próspera and conducting business with Seshat Bank in Próspera, Plaintiff lost its earnings from its business in Próspera when Seshat Bank made off with the funds Plaintiff

had deposited with Seshat Bank. Because HPI failed to adhere to its promises to require that Seshat Bank be adequately capitalized and that HPI would adequately investigate and oversee Seshat Bank, Seshat Bank has absconded with Plaintiff's funds and Plaintiff is significantly under-protected relative to what HPI promised.

117. The availability and certainty of the protections HPI promised would be in place was important to Plaintiff in placing its money with Seshat Bank. For example, Plaintiff was promised straightforward and complete protection through the adequate long-term capitalization and the RFSA's regulatory oversight required under Próspera's financial regulations. But instead of receiving that, Plaintiff has now spent years trying to track and recover the funds Seshat Bank stole, to no avail. HPI's promise that Plaintiff would be protected by and in the manner described in the Próspera regulations is binding because injustice can only be avoided by enforcement of HPI's promise that Plaintiff would be so protected.

118. Plaintiff is therefore entitled to recover damages, the exact amount of which will be subject to proof at trial.

COUNT III
(Equitable Estoppel)

119. Plaintiff repeats and realleges the allegations above as if fully set forth herein.

120. Throughout 2021, 2022, 2023, and 2024, HPI represented that it was adequately regulating and requiring to be insured business actors in Próspera,

including specifically representing that Seshat Bank was in good standing under the regulatory scheme proffered by HPI, and recommending that Plaintiff use Seshat Bank. These communications constituted false representations, concealment of material facts, and/or were calculated to convey an impression different from the truth later revealed to Plaintiff by HPI in 2025.

121. HPI knew that Seshat Bank was not, in fact, being required to comply with the regulations that HPI represented to Plaintiff governed Seshat Bank. HPI also knew that Seshat Bank did not carry the level of long-term capital that HPI represented to Plaintiff that Seshat Bank was required to secure, and that the RFSA had placed restrictions on how much money Seshat Bank was permitted to handle and what it could do with depositor funds. Plaintiff lacked the knowledge or means of discovering the truth of these matters, which were only revealed to Plaintiff by HPI after Seshat Bank absconded with Plaintiff's funds.

122. HPI intended or expected for Plaintiff to rely on the conduct of HPI, and Plaintiff, in good faith, did rely on the conduct of HPI.

123. Because of the conduct of HPI, Plaintiff chose to bank with Seshat Bank, to Plaintiff's detriment.

124. As a direct and proximate result of the misconduct of HPI, Minicircle has been damaged, the exact amount of which will be subject to proof at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests and prays for the following relief:

A. Awarding Plaintiff actual and compensatory damages in an amount to be proven at trial, but in any event not less than $1.8 million, along with pre- and post-judgment interest;

B. Awarding Plaintiff punitive damages; and

C. Such other relief as the Court may deem to be just and proper.

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/s/ R. Garrett Rice

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