

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

-----X  
CARDREGISTRY, INC.,

Plaintiff,

**SECOND AMENDED  
COMPLAINT**

-against-

COLLECTORS UNIVERSE, INC.  
d/b/a PROFESSIONAL SPORTS AUTHENTICATOR,

Docket #:  
1:22-cv-05308-KAM-CLP

Defendant.  
-----X

1 Plaintiff CARDREGISTRY, INC. (hereinafter, “Plaintiff”), by its attorneys  
2 IKHILOV & ASSOCIATES, as and for its Second Amended Complaint against Defendant  
3 COLLECTORS UNIVERSE, INC., d/b/a PROFESSIONAL SPORTS AUTHENTICATOR  
4 (“PSA”), (hereinafter, COLLECTORS UNIVERSE, INC. and PSA, used interchangeably and  
5 referred to as “Defendant”), alleges as follows upon information and belief. Plaintiff believes  
6 substantial evidentiary support exists for its claims, and, as such, seeks a reasonable opportunity  
7 for discovery.

**PRELIMINARY STATEMENT**

8 1. This is an action for fraud.

9 2. Defendant engages in grading and authentication of collectible, tradeable sports  
10 memorabilia cards<sup>1</sup>.

11 3. Defendant advertises itself on its online website as “the largest and most trusted  
12 third-party trading card authentication and grading company in the world,” having certified over  
13 40 million cards and collectibles with a cumulative declared value of over one billion dollars<sup>2</sup>.

<sup>1</sup> <https://www.psacard.com/services/tradingcardgrading>

<sup>2</sup> <https://www.psacard.com/about>

14 4. Defendant has offices in California, New Jersey, Paris, Hong Kong, Shanghai,  
15 and Tokyo and is claimed to be “the only third-party grading service to offer a guarantee on its  
16 services” and “the clear leader in authentication and grading for trading cards and other  
17 collectibles.”<sup>3</sup>

18 5. Defendant knew a certain sports card was i) a tampered card; ii) was not an  
19 authentic PSA-graded card; and iii) a card that had never been graded by PSA, by its own  
20 admission to Plaintiff.

21 6. Nevertheless, Defendant proceeded with its grading and authentication service of  
22 the card and knowingly misrepresented it as an authentic PSA 10 card.

23 7. When the FBI subpoenaed the card, Defendant took it out of its card case by  
24 breaking the sealed case, rendering it without a card case, to avoid the FBI investigation  
25 regarding tampering issue with respect to the card. Without the card case, there was no evidence,  
26 and, thus, it was not possible for the FBI to determine the tampering issue.

27 8. Defendant has refused to re-grade the card and to provide any explanation as to  
28 why the card was taken out of its case to date.

29 9. Defendant has refused to re-grade the card, because:

30 i) If Defendant re-grades the card and renders PSA 10 grade, this will  
31 amount to another identical misrepresentation.

32 ii) If Defendant re-grades the card and renders lower grades or inauthentic  
33 appraisal, this would contradict the previous PSA 10 grade rendered by  
34 Defendant.

---

<sup>3</sup> <https://www.psacard.com/about>

35           iii)    If Defendant does not render a grade for being tampered or for being  
36                    inauthentic, this would contradict the previous PSA 10 grade rendered by  
37                    Defendant.

38           10.    If it was not for the FBI subpoena on Defendant, the tampered and inauthentic  
39   card being misrepresented as an authentic PSA 10 grade card would have been continuously  
40   traded and circulated among card owners across the United States.

**JURISDICTION AND VENUE**

41           11.    The instant Second Amended Complaint is being filed with the Court with the  
42   leave of this Court pursuant to FRCP 15(a)(2). Specifically, this Amended Complaint is being  
43   filed pursuant to this Court’s instruction during the Pre-Motion Conference dated January 5,  
44   2023. Pursuant to the instruction, Plaintiff was to file a Second Amended Complaint with  
45   amended causes of action by January 26, 2023.

46           12.    This action was initially commenced before the Supreme Court of the State of  
47   New York, Kings County and was removed to this Court on September 7, 2022, pursuant to 28  
48   U.S. Code § 1332(a)(1), as diversity of citizenship is present among the named parties and the  
49   amount in controversy exceeds \$75,000.

**JURY DEMAND**

50           13.    Plaintiff demands a trial by jury in this action.

**PARTIES**

51           14.    At all times hereinafter mentioned, Plaintiff was and still is a domestic  
52   corporation with a principal place of business at 8225 5th Avenue, Suite 334, Brooklyn, Kings  
53   County, State of New York.

54 15. At all times hereinafter mentioned, Defendant was and still is a foreign  
55 corporation, organized and existing under the laws of the State of Delaware, with a principal  
56 place of business at 1610 East Saint Andrew Place, Suite 150, Santa Ana, California.

57 16. At all times hereinafter mentioned, PSA is a division of Defendant with an office  
58 for the transaction of business located at 1610 East Saint Andrew Place, Suite 150, Santa Ana,  
59 California.

### OVERVIEW

60 17. Plaintiff engages in selling collectible trading sports cards on consignment.

61 18. Defendant, through its division PSA, engages in authentication and grading  
62 service for sports cards holders.

63 19. In sum, PSA's service operates as follows: A card owner sends a card to PSA for  
64 grading. PSA determines if the card is authentic and is free of tampering<sup>4</sup>. If PSA determines the  
65 card is authentic and is free of tampering, it renders a grade to the card on a 1-10 scale based on  
66 the physical condition of the card<sup>5</sup>. If PSA determines the card is not authentic or is not free of  
67 tampering, it will not grade the card on the 1-10 scale and instead will consider it as an  
68 "ungradable card"<sup>6</sup>.

69 20. PSA indicates that once it receives a card for grading, a series of PSA graders  
70 review the card for authenticity<sup>7</sup>.

71 21. If genuine, PSA searches for evidence of doctoring or alteration<sup>8</sup>.

72 22. If the card passes the above two steps, PSA renders a grade<sup>9</sup>.

---

<sup>4</sup> <https://www.psacard.com/services/tradingcardgrading/grading>

<sup>5</sup> <https://www.psacard.com/resources/gradingstandards#cards>

<sup>6</sup> <https://www.psacard.com/resources/gradingstandards>: "Ungradeable Cards": "PSA will not grade cards that bear evidence of trimming, re-coloring, restoration, or any other forms of tampering, or are of questionable authenticity."

<sup>7</sup> <https://www.psacard.com/services/tradingcardgrading/grading>

<sup>8</sup> Id.

<sup>9</sup> Id.

73 23. Following the grading of the card by PSA, the graded card is then encapsulated in  
74 a sealed card case and is given a certification number by PSA<sup>10</sup>.

75 24. Hence, a “**graded card**” is a card that was authenticated, graded, and  
76 encapsulated in a card case by PSA.

77 25. The grade rendered by PSA directly impacts the market value of the card.

78 26. A step up of one or two grades can increase the value of the card by a factor of  
79 seven or more.

80 27. As a PSA 10 grade card is rare and extremely low in supply for each kind of  
81 cards, even an increase in supply by one drastically affects the price of the graded card, along  
82 with other cards of the same kind.

83 28. PSA also provides authentication service to a card owner.

84 29. When a card owner submits a PSA-graded card to PSA for its authentication  
85 service, PSA reviews the card and determines whether the card is a genuine and authentic PSA-  
86 graded item.

87 30. A graded card becomes a “**taken-out card**”, when the card that is taken out of its  
88 case by cracking the card case open and is without its card case.

89 31. A taken-out card then loses its grade and a large portion of its market value until it  
90 is re-graded and re-sealed in a new card case by PSA.

91 32. A re-grading of a taken-out card, absence of change in condition of the card, will  
92 likely restore its previous PSA grade and re-render the identical grade.

93 33. A “**card tampering**” occurs, when a graded card holder fraudulently cracks the  
94 sealed card case open and takes the card out of the case and puts the taken-out card back into the

---

<sup>10</sup> [Id.](#)

95 card case, after alteration and/or doctoring of the card to falsely enhance appearance, in an  
96 attempt to fraudulently inflate its PSA grade.

97 34. A card tampering can be discovered only when the card remains sealed in its card  
98 case. Once the card becomes a taken-out card, which is without the card case, it is not possible to  
99 obtain evidence as to whether the card case was cracked opened and the card was put back into  
100 the card case after alteration and/or doctoring.

101 35. As such, a taken-out card, which is without its card case, cannot be investigated as  
102 to whether the card was tampered.

103 36. PSA will not render a grade to a tampered card, as well as to a card that is not  
104 authentic.

**FACTS COMMON TO ALL CAUSES OF ACTION**

105 37. On January 13, 2016, Plaintiff sold a 1980 Larry Bird, Magic Johnson Scoring  
106 Leaders Card (hereinafter, “Bird Card”) to a third-party Justin Cornett (hereinafter, “Cornett”) on  
107 consignment via an online auction platform eBay with an online payment service company  
108 PayPal acting as an intermediary for the payment service for the transaction.

109 38. When Plaintiff sold the card, it was in a sealed card case displaying a PSA 10  
110 grade, and Plaintiff believed it on its face.

111 39. However, in fact, unknown to Plaintiff, Bird Card was a tampered card and was  
112 not an authentic PSA-graded card.

113 40. After the sale, on January 21, 2016, Cornett submitted Bird Card to PSA for  
114 authentication to verify whether the existing PSA 10 grade on Bird Card was genuine.

115 41. PSA will not render a grade to a tampered card, as well as to a card that is not  
116 authentic.

117 42. Contrary to PSA's policy, PSA authenticated and rendered a grade to Bird Card.

118 43. Upon Cornett's submission on January 21, 2016, PSA generated the order number  
119 21005931 and the submission number 5553722 for the requested Bird Card authentication  
120 service.

121 44. When grading and authenticating Bird Card, PSA knew it was not an authentic  
122 PSA-graded card and had been tampered.

123 45. However, PSA reviewed and authenticated Bird Card as a genuine PSA-grade  
124 card.

125 46. Specifically, PSA determined that Bird Card was genuine PSA 10.

126 47. Bird Card was then encapsulated upon authentication, bearing the certification  
127 number 24168881.

128 48. By grading and authenticating Bird Card, PSA represented that the card was not a  
129 tampered card and was an authentic PSA 10 grade card.

130 49. Currently, the market price of Bird Card bearing a PSA 10 grade would be  
131 estimated between \$750,000 and \$1,000,000.

132 50. Such PSA's grading of the card would drastically increase the market value of the  
133 card for Cornett.

134 51. On January 25, 2016, the authenticated Bird Card was then processed to be  
135 shipped to Cornett.

136 52. In or about early February of 2016, Cornett listed the authenticated Bird Card on  
137 an online auction marketplace, PWCC, to sell the PSA 10-grade Bird Card.

138           53.     Cornett is one of PSA's major clients and has engaged in a large volume of  
139 business on a regular and continuous basis with PSA, where there is an entire collector profile  
140 article dedicated to him on PSA's website<sup>11</sup>.

141           54.     The PSA's authentication and rendering of PSA 10 grade on Bird Card owned by  
142 Cornett would ensure that the card retains a high market value when he listed the card on the  
143 auction.

144           55.     The sale of the Bird Card with PSA 10 grade would have financially benefited  
145 Cornett, one of PSA's major clients.

146           56.     The financial benefit that would have been obtained by Cornett would have  
147 incentivize Cornett to continuously engage in business with PSA.

148           57.     While Bird Card was listed on PWCC, an allegation was raised by an unknown  
149 individual that Bird Card was not an authentic PSA graded card and was in fact a tampered card.

150           58.     As a result of the allegation, an FBI investigation ensued.

151           59.     The FBI investigation involved investigation of any tampering issues involving  
152 the cards sold by Plaintiff, as the allegation had been raised against Bird Card, which was one of  
153 the cards sold by Plaintiff. At a later point, Plaintiff was cleared of any wrongdoing. Upon  
154 information, the Bird Card had been tampered prior to Plaintiff's possession of the card.

155           60.     Cornett became aware of the allegation and the FBI investigation.

156           61.     Cornett de-listed the Bird Card from PWCC.

157           62.     Upon delisting, Cornett submitted the card to PSA for an unknown reason.

158           63.     On February 27, 2016, Plaintiff became aware of the FBI investigation.

159           64.     On February 27, 2016, Plaintiff was not aware that Cornett already had  
160 knowledge of the allegation and the FBI investigation.

---

<sup>11</sup> <https://www.psacard.com/articles/articleview/9717/collector-profile-passionate-investor-interview-justin-cornett>

161           65.     As such, Plaintiff informed Cornett of the allegation and advised him that he  
162 submit Bird Card to PSA for its authentication service to verify whether the PSA 10 grade was  
163 genuine and authentic.

164           66.     When Plaintiff made the above suggestion to Cornett, Plaintiff was not aware that  
165 Cornett had already authenticated Bird Card via his submission to PSA on January 21, 2016.

166           67.     On February 27, 2016, Cornett responded to Plaintiff that Bird Card had already  
167 been authenticated by PSA to be a genuine PSA GEM MINT 10 grade with the certification  
168 number 24168881 as of January 25, 2016.

169           68.     While Bird Card was in PSA's custody and while the FBI investigation was  
170 ongoing, PSA took Bird Case, the graded card, out of its case.

171           69.     The Bird Card became a taken-out card, losing its PSA grade and losing a large  
172 portion of its market value.

173           70.     As Bird Card became a taken-out card without its card case, any tampering issue  
174 involving the card could not be discovered with the card alone, since it was not possible to obtain  
175 evidence as to whether the card case was cracked opened and the card was put back into the card  
176 case after altercation and/or doctoring, without the card case.

177           71.     While Bird Card was in PSA's custody and while the FBI investigation was  
178 ongoing, Cornett requested a refund via PayPal regarding Bird Card.

179           72.     Plaintiff fully refunded Cornett on May 31, 2016.

180           73.     On or about June 3, 2016, Keith Attlesey, who represented himself to Plaintiff as  
181 counsel for Collectors Universe, Inc., advised Plaintiff that the card will not be shipped to  
182 Plaintiff.

183           74.     Instead, Mr. Attlesey indicated that PSA would submit the card directly to the  
184 FBI, upon service of subpoena on PSA by the FBI agent, Agent Iannuzzi.

185           75.     For an unknown reason, contrary to Mr. Attlesey's representation, PSA instead  
186 sent Bird Card to Plaintiff on or about June 14, 2016.

187           76.     Plaintiff received the card on June 18, 2016.

188           77.     Upon receipt, Plaintiff noticed that Bird Card became a taken-out card.

189           78.     Plaintiff submitted the card to the FBI at its request.

190           79.     Plaintiff called and left voicemail to PSA's employee, the chief of staff, Jackie  
191 Curiel, demanding explanation for taking Bird Card out of its case, on several occasions in June,  
192 July, and August of 2016.

193           80.     Despite Plaintiff's repeated requests for explanation, PSA was nonresponsive.

194           81.     PSA withheld information regarding the card that Bird Card was tampered and  
195 was not an authentic PSA-graded card from Plaintiff.

196           82.     As such, Plaintiff believed that the card was taken out of the case by error.

197           83.     Plaintiff believed that a re-grading of the taken-out card would restore its PSA 10  
198 grade.

199           84.     The FBI returned the card to Plaintiff in or about March of 2020.

200           85.     Plaintiff called and left voicemail to Jackie Curiel on several occasions in April,  
201 May, and June of 2020, demanding that PSA re-grade the taken-out Bird Card for purpose of  
202 restoring its original PSA 10 grade.

203           86.     On April 28, 2022, Jackie Curiel responded to Plaintiff for the first time,  
204 apologizing for not responding to Plaintiff's requests, without providing further information.

205           87.     On May 4, 2022, Jackie Curiel emailed Plaintiff and stated that Bird Card was i)  
206 “not an authentic PSA-graded item”; ii) in a “tampered or counterfeit holder”; iii) “not actually a  
207 PSA 10; and iv) “not something [PSA has] ever graded.”

208           88.     On May 4, 2022, Plaintiff first came to discover that Bird Card was not an  
209 authentic PSA-graded item, which had been tampered with or counterfeited, as opposed to  
210 simply being a taken-out card by PSA’s error.

211           89.     On May 4, 2022, Plaintiff first came to discover that Bird Card was not a card that  
212 had ever been graded by PSA.

213           90.     On May 4, 2022, Plaintiff first came to discover that Bird Card was not a  
214 PSA 10 grade item.

215           91.     The above representations made by Jackie Curiel directly contradict the fact that  
216 Bird Card was authenticated as a PSA 10 card when Cornett submitted the card to PSA on  
217 January 21, 2016.

218           92.     When Cornett submitted Bird Card to PSA for authentication service, PSA knew  
219 Bird Card was not an authentic PSA-graded item, was not a PSA 10 grade item, and was not a  
220 card that had ever been graded by PSA, and nevertheless proceeded to certify that it was a  
221 genuine PSA 10 grade card with the corresponding certification number 24168881 as of January  
222 25, 2016.

223           93.     If the card was submitted to the FBI as a graded card, instead of as a taken-out  
224 card, it could have been discovered by the FBI during its investigation that Bird Card had been  
225 misrepresented by PSA as a genuine PSA 10 grade item.

226           94.     For the above reasons, PSA intentionally took Bird Card out of its card case to  
227 avoid FBI’s finding of such contradiction.

228           95.     After Bird Card was taken out of its card case by PSA, it was not possible for the  
229 FBI to examine and investigate the tampering issue with respect to Bird Card and to determine  
230 whether the card had been removed from its sealed case, altered, and inserted back into the card  
231 case for purpose of fraudulently inflating PSA grade, which would benefit Cornett.

232           96.     After Bird Card was taken out of its card case by PSA, it was not possible for FBI  
233 to determine if PSA's authentication of Bird Card as a genuine PSA 10 grade was consistent with  
234 the actual grade of the card.

235           97.     Prior to May 4, 2022, Plaintiff had never suspected or been informed that Bird  
236 Card was not an authentic PSA-graded item, was not a card that had ever been graded by PSA, or  
237 was not a PSA 10 grade item to begin with.

238           98.     Plaintiff left numerous messages and served a good faith letter dated June 2, 2022  
239 on Defendant to obtain Defendant's explanation as to why Bird Card was taken out of its card  
240 case and to resolve the issue.

241           99.     Defendant has failed to provide any explanation to date as to why the card was  
242 taken out of its case.

243           100.    Defendant has refused to re-grade Bird Card to date, for the following reasons:

244           101.    If PSA re-grades Bird Card and renders a PSA 10 grade, PSA will be subjecting  
245 itself to another misrepresentation, as PSA knows that Bird Card is a tampered card and is not an  
246 authentic PSA-grade card.

247           102.    If PSA re-grades Bird Card and renders a PSA grade 9 or below or determines  
248 that the card is not an authentic card, that either result will directly contradict the earlier result  
249 from PSA's authentication of Bird Card certifying the card was a genuine PSA grade 10 card  
250 when Cornett submitted the card for authentication.

251           103. If PSA does not render any grade to Bird Card for being tampered or for being  
252 inauthentic, that result would directly contradict the result of the PSA's earlier authentication  
253 service rendered to Cornett.

254           104. When Cornett requested the refund Plaintiff relied on Defendant's  
255 misrepresentation Bird Card was a genuine PSA 10 grade item prior to its becoming an ungraded  
256 card.

257           105. From May 31, 2016, the time of the refund, to May 4, 2022, the time when  
258 Plaintiff was first informed, Defendant knew and failed to inform Plaintiff that Bird Card was not  
259 an authentic PSA-graded item, was not a card that had ever been graded by PSA, or was not a  
260 PSA 10 grade item.

261           106. From February 27, 2016, the time when Plaintiff learned about the result of PSA's  
262 authentication of Bird Card, to May 4, 2022, the time Plaintiff was first informed, Plaintiff relied  
263 on Defendant's misrepresentation that Bird Card was a genuine PSA 10 grade item upon PSA's  
264 authentication.

265           107. Due to Defendant's misrepresentation and material omission to timely advise  
266 Plaintiff, Plaintiff incurred significant financial harm from the refund, as Plaintiff believed that  
267 Bird Card was a taken-out card, as opposed to inauthentic and not PSA-graded.

268           108. Due to Defendant's misrepresentation and material omission to timely advise  
269 Plaintiff, Plaintiff incurred significant financial harm from the inability to obtain any PSA grade  
270 for Bird Card to trade it for profit from June of 2016 to date.

271           109. Due to Defendant's nonresponsiveness and failure to remedy the issue to date,  
272 Plaintiff incurred significant financial harm.

273 110. Defendant's nonresponsiveness as to Plaintiff's request to Defendant for re-  
274 grading and for belated explanation on May 4, 2022 as to Defendant's act of taking Bird Card  
275 out of the card case hindered Plaintiff's business plan to trade the card, causing significant  
276 financial harm to Plaintiff.

277 111. Defendant intentionally misrepresented the authenticity of the existing grade of  
278 Bird Card to defraud Plaintiff.

279 112. Defendant fraudulently rendered a grade to Bird Card, which PSA knew was a  
280 tampered card.

281 113. Defendant fraudulently rendered the highest grade to Bird Card to drastically  
282 inflate the price of the card.

283 114. If it was not for the tampering allegation and the FBI investigation, Cornett would  
284 have gained great financial benefit, which would have incentivized Cornett to continue a high  
285 volume of business with PSA.

286 115. PSA could have continued to collect more fees from high volume of cards  
287 submitted by Cornett.

288 116. Defendant has employed the above fraudulent practice to unlawfully maximize its  
289 profit.

290 117. Defendant intentionally misrepresented authenticity and grade of submitted Bird  
291 Card to provide favorable treatment to Cornet, its major clients who engage in business regularly  
292 and in large volume with Defendant.

293

**AS AND FOR A CAUSE OF ACTION FOR  
FRAUD (NEW YORK COMMON LAW)**

294           118. Plaintiff repeats, reiterates, and realleges each and every allegation contained in  
295 paragraphs “1” through “117” hereof with the same force and effect as if set forth at length  
296 herein.

297           119. The elements of fraud in New York common law are:

- 298                   (1) a misrepresentation or a material omission of fact which was false and  
299                   known to be false by [the] defendant;  
300                   (2) made for the purpose of inducing the other party to rely upon it;  
301                   (3) justifiable reliance of the other party on the misrepresentation or  
302                   material omission; and  
303                   (4) injury.

304                   *Premium Mortg. Corp. v. Equifax, Inc.*, 583 F.3d 103, 108 (2d Cir. 2009).

305           120. Defendant knowingly made misrepresentation as to Bird Card to Plaintiff.

306           121. Specifically, Defendant misrepresented that Bird Card was a genuine PSA 10  
307 grade card, knowing that it had never been graded by PSA and that it was not PSA 10.  
308

309           122. Defendant made the misrepresentation for purpose of inducing Plaintiff to rely on  
310 it.  
311

312           123. Accordingly, Plaintiff relied on Defendant's misrepresentation.

313           124. Such Defendant’s conduct caused injury to Plaintiff.

314           125. Pursuant to New York Civil Practice Law and Rules §213(8), the time within  
315 which an action upon fraud must be commenced shall be:

316                   [...] **the greater of** six years from the date the cause of action accrued or **two**  
317 **years from the time the plaintiff or the person under whom the plaintiff**  
318 **claims discovered the fraud, or could with reasonable diligence have**  
319 **discovered it.**

320                   (Emphasis added).

321 126. Plaintiff first discovered Defendant's intentional misrepresentation on May 4,  
322 2022.

323 127. Until May 4, 2022, Plaintiff had had no knowledge of and had had no reason to  
324 believe Defendant made the intentional misrepresentation.

325 128. Plaintiff has two years from the above date to pursue the instant claim for fraud.

326 129. As such, the instant cause of action was filed timely.

**PRAYER FOR RELIEF**

327 WHEREFORE, Plaintiff respectfully requests Order against Defendant:

328 (a) awarding monetary damages, including but not limited to any compensatory, incidental,  
329 or consequential damages in an amount that the Court or jury will determine, in accordance with  
330 applicable law;

331 (b) providing for any and all equitable monetary relief the Court deems appropriate;

332 (c) awarding punitive or exemplary damages in accordance with proof and in an amount  
333 consistent with applicable precedent;

334 (d) awarding Plaintiff its reasonable costs and expenses of suit, including attorneys' fees; and

335 (e) for such further relief as this Court may deem just and proper.

Dated: Brooklyn, New York  
January 25, 2023

Yours, etc.,

/s/ Daniel Park  
Daniel Park, Esq.  
Daniel Park (DP8967)  
IKHILOV & ASSOCIATES  
Attorneys for Plaintiff  
76 W. Brighton Ave.  
Suite 212

Brooklyn, New York 11224  
T: 718-336-4999  
F: 718-336-1509  
daniel@eiesq.com