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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

THE STATE OF OREGON, ex rel.
DAN RAYFIELD, Attorney General for the
STATE OF OREGON,

Plaintiff,

v.

COINBASE, INC. and COINBASE GLOBAL,
INC.,

Defendants.

Case No.

COMPLAINT
(Violations of the Oregon Securities Law)

PRAYER: Presently estimated to be more
than \$10,000,000

CLAIMS NOT SUBJECT TO
MANDATORY ARBITRATION

ORS 20.140 (State fees deferred at filing)

JURY TRIAL DEMANDED

COMPLAINT

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1 Plaintiff State of Oregon (“Plaintiff” or the “State”), by and through its Attorney General,
2 Dan Rayfield, brings this action pursuant to its statutory authority to enforce compliance with the
3 Oregon Securities Law. Plaintiff alleges as follows:

4 **NATURE OF THE ACTION**

5 1.

6 Coinbase has for years operated an illegal securities business in Oregon through its
7 cryptocurrency trading platform and its practice of selling high-risk and unregistered securities to
8 Oregonians. The Attorney General brings this enforcement action against Coinbase Global, Inc.
9 (“CGI”) and its wholly owned subsidiary Coinbase, Inc. (collectively referred to herein as
10 “Coinbase”) on behalf of Oregon investors harmed by Coinbase’s illegal conduct, and to protect
11 Oregon investors from further harm. Registration requirements are a crucial tool the State uses to
12 protect Oregonians from investment scams, and to combat securities fraud by requiring
13 disclosures that ensure investors and the market have access to material information regarding
14 the securities they purchase. By successfully soliciting, participating in, and materially aiding the
15 sale of unregistered crypto securities on the Coinbase platform, Coinbase has violated, and
16 continues to violate, the Oregon Securities Law and has deprived Oregon investors of material
17 information regarding these securities.

18 2.

19 Coinbase is engaged in ongoing and widespread violations of the Oregon Securities Law.
20 Coinbase created and operates an exchange for the purchase and sale of crypto assets, also
21 commonly known as “cryptocurrencies,” “virtual currencies,” “tokens,” or simply “crypto.”¹
22 Through this platform, Coinbase successfully solicits, participates in, and materially aids the sale
23 of unregistered securities to Oregonians.

24
25
26 ¹ “Crypto” and “crypto asset” are used interchangeably in this complaint to refer to all of these terms.

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3.

The highly speculative securities sold on Coinbase’s platform are vulnerable to pump-and-dump schemes and fraud.² However, the crypto securities sold on Coinbase’s platform are not registered with either the U.S. Securities and Exchange Commission or the Oregon Department of Consumer and Business Services (“DCBS”), which hinders investors’ ability to perform due diligence on their investments. While investors frequently incur devastating losses on these highly speculative securities, Coinbase continues to profit on every sale of an unregistered security on its platform.

4.

With certain exceptions not applicable here, securities must be registered with DCBS or under federal law before they are offered for sale in Oregon. The registration process set forth in the Oregon Securities Law and relevant administrative rules promulgated by DCBS require robust disclosures of material information regarding the securities and the issuer as well as a determination by DCBS that the offering is not unfair or unjust. The Oregon Securities Law prohibits the sale of unregistered securities as a means of ensuring that investors and the market have access to information necessary to evaluate the securities offered for sale and to make informed investment decisions.

5.

Since 2012, Coinbase has operated its trading platform (the “Coinbase Platform”) through which users, including Oregon customers, can buy and sell crypto assets. Indeed, Coinbase is the largest crypto asset trading platform—or “crypto exchange”—in the United States and has serviced over 108 million customers, accounting for billions of dollars in daily trading volume in hundreds of crypto assets.

² See, e.g., *The Wall Street Journal*, Traders Are Talking Up Cryptocurrencies, Then Dumping Them, Costing Others Millions, https://www.wsj.com/graphics/cryptocurrency-schemes-generate-big-coin/?mod=article_inline&msockid=0e596e87ee5b65172aa87a1befec6488.

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6.

Coinbase describes the services it offers as “technology and financial infrastructure products and services that enable any person or business with an internet connection to discover, transact, and engage with crypto assets[.]” In addition, Coinbase offers a service to investors called Coinbase Prime (“Prime”), which Coinbase markets as a “an institutional-grade trading platform” that routes orders for crypto assets to the Coinbase Platform or to third-party platforms.

7.

Many crypto assets offered on Coinbase are offered and sold as investment contracts. These crypto securities are associated with crypto-related products and services—such as blockchains, “decentralized finance” platforms, and gaming projects—that seek to attract users and growth and that promise returns to holders of the crypto securities. The issuers of these crypto securities and managers of these projects are engaged in a common enterprise that “pools” investments from more than one investor. Investors in these crypto securities purchase the crypto asset expecting profits as a result of the efforts of the issuers and project managers.

8.

For years, Coinbase has made calculated business decisions to make crypto assets available for trading in order to increase its own revenues, which are primarily based on trading fees from customers, even where those assets, as offered and sold, are securities. Coinbase created and operated an exchange for the sale of the unregistered securities; approved the crypto securities listed for trading on its exchange; brought together buyers and sellers of crypto securities; matched and executed their orders; held, managed, debited, and credited investor funds and crypto securities; and promoted and solicited the sale of crypto securities.

9.

The Attorney General began investigating Coinbase’s conduct in 2022. The U.S. Securities and Exchange Commission (the “SEC”) subsequently brought an enforcement action

1 against Coinbase under federal law, which the SEC filed on or about June 6, 2023. In April 2024,
2 the United States District Court for the Southern District of New York denied Coinbase’s motion
3 to dismiss, holding that the SEC adequately alleged that the crypto assets at issue in the SEC’s
4 complaint were securities. Nonetheless, on or about February 27, 2025, the SEC and Coinbase
5 jointly stipulated to the dismissal, with prejudice, of the SEC’s claims against Coinbase. In so
6 doing, the SEC stated that its decision to dismiss the enforcement action was not based “on any
7 assessment of the merits of the claims alleged in the action.” That move came just weeks after
8 the SEC reassigned its head litigator, who had overseen the Coinbase case and the agency’s other
9 crypto-related enforcement efforts, to its IT department. And earlier this month, former crypto
10 lobbyist Paul Atkins was confirmed to serve as the SEC’s new chairman. The Attorney General
11 now brings this enforcement action under Oregon state law arising from the unlawful sale to
12 Oregonians of the crypto assets at issue in the SEC’s complaint as well as other crypto assets that
13 are, or have been, sold on the Coinbase platform and which similarly constitute securities within
14 the meaning of the Oregon Securities Law.

15 10.

16 Coinbase has for years defied the regulatory structure and requirements established by the
17 Oregon Legislative Assembly to protect Oregon investors. As set forth below, Coinbase has
18 continuously and repeatedly violated the Oregon Securities Law, which ascribes liability to
19 persons who “[s]ell[] or successfully solicit[] the sale of a security . . . in violation of the Oregon
20 Securities Law” (ORS 59.115(1)(a)), as well as to persons who “participate[] or materially aid[]
21 in the sale” (ORS 59.115(3)). At the same time, Coinbase has sought to limit the remedies
22 available to its customers by including arbitration and class action waiver provisions in its User
23 Agreement for the Coinbase Platform.

24 11.

25 ORS 59.331 empowers the Attorney General to bring this suit to enforce compliance
26 with, and to enjoin acts that violate, the Oregon Securities Law. The Attorney General seeks,

1 among other things, a fine of \$20,000 for each of Coinbase’s violations of the Oregon Securities
2 Law, disgorgement of profits Coinbase derived from the sale of unregistered Crypto Securities to
3 Oregonians, and an award of restitution and/or damages on behalf of Oregonians harmed by
4 Coinbase’s violations of the Oregon Securities Law.

5 **JURISDICTION AND VENUE**

6 12.

7 This Court has subject matter jurisdiction over the Oregon Securities Law claims under
8 Article VII, section 9 of the Oregon Constitution.

9 13.

10 This Court has personal jurisdiction over each of the defendants under Oregon Rule of
11 Civil Procedure 4 J(1), which provides for personal jurisdiction for any person who sells or
12 offers a security in this state in violation of the Oregon Securities Law, and 4 J(2), which
13 provides for personal jurisdiction for any person who has engaged in conduct prohibited or made
14 actionable under the Oregon Securities Law.

15 14.

16 Violations of law, including the violations of Oregon Securities Law complained of
17 herein, occurred in Multnomah County, where Defendants have regularly sustained business
18 activity.

19 **CLAIMS NOT SUBJECT TO REMOVAL FROM STATE COURT**

20 15.

21 The claims alleged in this complaint are not subject to removal from state court pursuant
22 to the Securities Litigation Uniform Standards Act, 15 USC § 77(p)(d)(2)(A)-(B). This statute
23 preserves state securities enforcement actions in state courts. Moreover, the U.S. Supreme Court
24 has clarified “[t]here is no question that a state is not a citizen for purposes of the diversity
25 jurisdiction.” *Moor v. Cnty. of Alameda*, 411 US 493, 717, 93 S Ct 1785, 36 L Ed 2d 596 (1973).
26 Thus, the Circuit Court of the State of Oregon is the appropriate venue.

1 **PARTIES**

2 16.

3 Plaintiff State of Oregon is responsible for enforcing consumers’ rights and prosecuting
4 violations of the Oregon Securities Law. The Oregon Attorney General has enforcement
5 authority of the Oregon Securities Law. ORS 59.331.

6 17.

7 Coinbase, Inc. is a Delaware-incorporated company that was founded in 2012. Coinbase
8 has operated the Coinbase Platform since 2012. In April 2014, Coinbase became a wholly-owned
9 subsidiary of CGI. Coinbase purports to be “a remote-first” company that maintains no principal
10 executive office. Coinbase, Inc. opened an office in Portland, Oregon in 2018 and maintains
11 offices in Oregon.

12 18.

13 Coinbase Global, Inc. is a Delaware-incorporated company that was founded in 2014 to
14 operate as a holding company for Coinbase, Inc. CGI’s principal asset is its equity interest in
15 Coinbase. Like Coinbase, CGI purports to have no principal place of business and is a “remote-
16 first company.” On April 14, 2021, Coinbase Global, Inc. listed its common stock on the Nasdaq
17 Global Select Market under the symbol “COIN.”

18 **BACKGROUND**

19 **A. Blockchains and Crypto Assets**

20 19.

21 A blockchain or distributed ledger is a database spread across a network of computers
22 that records transactions in theoretically unchangeable, digitally recorded data packages, referred
23 to as “blocks.” These systems typically rely on cryptographic techniques to secure recording of
24 transactions.

1 20.

2 Some crypto assets may be “native tokens” to a particular blockchain—meaning that they
3 are represented on their own blockchain—though other crypto assets that are not native to a
4 given blockchain may also be represented on that same blockchain.

5 21.

6 Crypto asset owners typically store the software providing them control over their crypto
7 assets on a piece of hardware or software called a “crypto wallet.” Crypto wallets offer a method
8 to store and manage critical information about crypto assets, i.e., cryptographic information
9 necessary to identify and transfer those assets. The primary purpose of a crypto wallet is to store
10 the “public key” and the “private key” associated with a crypto asset so that the user can make
11 transactions on the associated blockchain. The public key is colloquially known as the user’s
12 blockchain “address” and can be freely shared with others. The private key is analogous to a
13 password and confers the ability to transfer a crypto asset. Whoever controls the private key
14 controls the crypto asset associated with that key. Crypto wallets can reside on devices that are
15 connected to the internet (sometimes called a “hot wallet”), or on devices that are not connected
16 to the internet (sometimes called a “cold wallet” or “cold storage”).

17 22.

18 Blockchains typically employ a “consensus mechanism” that, among other things, aims
19 to achieve agreement among users as to a data value or as to the state of the ledger.

20 23.

21 A consensus mechanism describes the particular method or “protocol” used by a
22 blockchain to agree on, among other things, which ledger transactions are valid, when and how
23 to update the blockchain, and potentially to compensate certain participants for validating
24 transactions and adding new blocks. The terms of a given blockchain protocol can provide for
25 multiple sources for compensation, including from fees charged to those transacting on the
26

1 blockchain, or through the creation or “minting” of additional amounts of the blockchain’s native
2 crypto asset.

3 24.

4 “Proof of work” and “proof of stake” are the two major consensus mechanisms used by
5 blockchains. Proof of work, the mechanism used by the Bitcoin blockchain, “incorporates a
6 cryptography-based competition” in which “[u]sers compete for the right to propose new entries
7 in the ledger using their computers” through “bitcoin mining[.]” “[M]iners generate random,
8 fixed-length codes called hashes,” attempting to “beat[] the target hash” by guessing the correct
9 number. The first “miner” to successfully guess this number earns the right to update the
10 blockchain and is rewarded with the blockchain’s native crypto asset. Proof of stake, the
11 consensus mechanism currently used on Ethereum, a type of blockchain, involves selecting block
12 validators from crypto asset holders who have committed or “staked” a minimum number of
13 crypto assets.

14 **B. The Offer and Sale of Crypto Assets**

15 25.

16 Crypto token issuers have offered and sold crypto assets in capital-raising events in
17 exchange for consideration, including but not limited to through so-called “initial coin offerings”
18 or “ICOs,” or public “token sales.” In some instances, the entities offering or selling the crypto
19 assets may release a “white paper” or other marketing materials describing a project to which the
20 asset relates, the terms of the offering, and any rights associated with the asset.

21 26.

22 Some issuers continue to sell the crypto assets after the initial offer and sale, including
23 directly or indirectly by selling them on crypto asset trading platforms.

1 securities; allow for the interaction and intermediation of multiple bids and offers resulting in
2 purchases and sales; act as an intermediary in making payments or deliveries, or both; and
3 maintain a central securities depository for the settlement of securities transactions. Crypto asset
4 trading platforms also typically perform roles traditionally assigned to broker-dealers in
5 compliant securities markets, including participating or materially aiding in sales executed on the
6 platforms.

7 **D. The Decentralized Autonomous Organization (“DAO”) Report**

8 32.

9 On July 25, 2017, the SEC issued the Report of Investigation Pursuant to Section 21(a) of
10 the Securities Exchange Act of 1934: The DAO (the “DAO Report”), advising “those who would
11 use ... distributed ledger or blockchain-enabled means for capital raising[] to take appropriate
12 steps to ensure compliance with the U.S. federal securities laws,” and finding that the offering of
13 crypto assets at issue in the DAO Report were offerings of securities.

14 33.

15 The DAO Report “stress[ed] the obligation to comply with the registration provisions of
16 the federal securities laws with respect to products and platforms involving emerging
17 technologies and new investor interfaces.” The DAO Report also found that the trading platforms
18 at issue there “provided users with an electronic system that matched orders from multiple
19 parties to buy and sell [the crypto securities at issue] for execution based on non-discretionary
20 methods” and therefore “appear to have satisfied the criteria” for being an exchange under the
21 Exchange Act.

22 **FACTS**

23 **A. Coinbase’s Operations and Relationship with Coinbase Global, Inc.**

24 34.

25 In 2012, Coinbase launched the original version of its trading platform, which, according
26 to Coinbase, allowed “anyone, anywhere [to] be able to easily and securely send and receive

1 Bitcoin.” Today, the Coinbase Platform has evolved into an expansive online trading platform
2 that allows customers to buy, sell, and trade numerous crypto assets. Publicly, Coinbase refers to
3 its trading platform as an “exchange.” In addition to the Coinbase Platform, Coinbase offers a
4 host of other services to customers in the United States and abroad, including Coinbase Wallet,
5 which “enables customers to store and access their crypto-assets on their own computers or
6 mobile devices.”

7 35.

8 Since at least May 2021, Coinbase has offered Prime, a service Coinbase has marketed to
9 its institutional customers as a “full-service prime brokerage platform with everything that
10 institutions need to execute trades and custody assets at scale.” Prime routes orders to the
11 Coinbase Platform and to third-party platforms, thereby providing customers with what Coinbase
12 describes as access “to many of the largest and most liquid exchanges and trading venues in the
13 world – all in one place – via an advanced smart order router and trading platform that make
14 executing your strategies simple.”

15 36.

16 In addition to facilitating secondary market transactions through crypto asset trading,
17 Coinbase allows issuers to offer crypto assets for sale for the first time and promote them
18 through what the Coinbase formerly called the “Asset Hub.” Coinbase described Asset Hub as “a
19 simple, streamlined product for issuers to list their assets and do business with Coinbase” with
20 the goal of providing “a single interface at Coinbase for digital asset issuers to manage the full
21 lifecycle of their assets.” Furthermore, Coinbase typically does not limit or restrict the ability of
22 crypto asset issuers or promoters (or their agents) to trade on the Coinbase Platform.

23 37.

24 Coinbase described the services it offers as “safe, trusted, easy-to-use technology and
25 financial infrastructure products and services that enable any person or business with an internet
26 connection to discover, transact, and engage with crypto assets and decentralized applications.”

1 As Coinbase touts on its website, “we offer a trusted and easy-to-use platform for accessing the
2 broader cryptoeconomy.”

3 38.

4 The Coinbase Platform and Prime are both available through Coinbase’s website
5 (coinbase.com) and mobile application. Customers can open accounts, deposit funds and crypto
6 assets, enter orders, and trade crypto assets 24 hours a day, seven days a week.

7 39.

8 Coinbase claims to service over 108 million customers, including U.S. customers,
9 accounting for billions of dollars in daily trading volume. Today, the Coinbase Platform is one of
10 the largest crypto asset trading platforms in the world and the largest in the United States, with
11 exponential growth in the last few years. Over time, Coinbase has significantly expanded the
12 number of crypto assets available for trading on the Coinbase Platform.

13 40.

14 Coinbase generates most of its revenue from transaction fees collected on crypto asset
15 trades made through the Coinbase Platform and Prime. For example, in 2021, Coinbase
16 generated \$6.8 billion in “transaction revenue,” out of a total net revenue of \$7.3 billion.
17 Likewise, in 2022, Coinbase generated over \$2.3 billion in transaction revenue out of a total net
18 revenue of \$3.1 billion.

19 41.

20 The revenue and expenses generated by Coinbase, Inc. flow up to Coinbase, Inc.’s parent
21 company, CGI. For instance, CGI’s consolidated balance sheets and statements of operations for
22 2022 include, among other items: funds and crypto assets and liabilities associated with
23 Coinbase, Inc.’s services; total revenue produced by Coinbase, Inc.’s services; Coinbase, Inc.’s
24 technology and development expenses; and Coinbase, Inc.’s sales and marketing expenses.

1 42.

2 Coinbase, Inc. and CGI share the same board of directors and the majority of CGI's
3 executive officers hold the same executive positions at Coinbase, Inc., including Brian
4 Armstrong, who acts as CEO for both Coinbase, Inc. and CGI. Both entities operate through the
5 same website (coinbase.com) and disseminate public information through the same blog, Twitter
6 feed, Facebook page, LinkedIn page, and YouTube channel.

7 43.

8 Indeed, in their public statements, Coinbase, Inc. and CGI do not distinguish between
9 themselves. For example, for the year 2022 in its Form 10-K—a comprehensive report filed
10 annually by public companies with the SEC about their financial performance—CGI defines its
11 “Company” to include Coinbase, Inc. and its other consolidated subsidiaries, and its “Business”
12 as offering “a safe, trusted, easy-to-use platform that serves as a gateway to the cryptoeconomy
13 for [its] three customer groups via both custodial and self-custodial solutions: consumers,
14 institutions, and developers.” Furthermore, CGI’s Form 10-K includes the following statements,
15 among many other similar statements, regarding the nature of its business:

- 16 • Account custodian: “We serve as the consumers’ primary crypto account, offering both a
17 custodial solution with the Coinbase application and self-custodied solution with
18 Coinbase Wallet.”
- 19 • Supporting crypto assets: Defining “Supported crypto assets” as “[t]he crypto assets we
20 support for trading and custody on our platform, which include crypto assets for trading
21 and crypto assets under custody.”
- 22 • Trading platform: “The Coinbase app provides customers a single platform to discover,
23 trade, stake, store, spend, earn, borrow, and use their crypto assets in both our own
24 proprietary and third party product experiences as we enable access to decentralized
25 applications via an integrated web3 wallet.”
- 26

- 1 • Routing services: “In connection with our Prime trading service, we routinely route
2 customer orders to third-party exchanges or other trading venues.”
- 3 • Asset integrity: “We have a digital asset support committee that is composed of senior
4 leaders from our product, legal, compliance, finance, and accounting departments. The
5 digital asset support committee reviews the relevant aspects of any asset escalated to it in
6 connection with a listing on our trading platform in accordance with our digital asset
7 support policies and procedures that are designed to mitigate conflicts. Only the digital
8 asset support committee decides which of these escalated assets we can and cannot list on
9 our platform, and it does not coordinate such decisions with anyone outside of the
10 committee.”

11 44.

12 Finally, CGI’s Code of Business Conduct & Ethics (also found on coinbase.com) governs
13 CGI as well as Coinbase, Inc. and refers to both collectively as “Coinbase,” the “Company,”
14 “we,” or “our.”

15 **B. Through the Coinbase Platform, Coinbase Participates or Materially Aids in**
16 **the Sale of Crypto Assets that are Unregistered Securities**

17 45.

18 For years, Coinbase has facilitated and solicited the purchase of crypto asset securities
19 available for trading on the Coinbase Platform (as demonstrated in Section C below), including
20 through the following conduct:

21 **1. Coinbase Solicits Customers and Purchases of Crypto Assets and**
22 **Facilitates Trading.**

23 46.

24 Coinbase regularly solicits customers by advertising on its website and social media the
25 features of the Coinbase Platform, Prime, and Wallet—especially those that allow customers to
26 trade in crypto assets. Coinbase facilitates trading in crypto assets by assisting customers in

1 opening and using trading accounts, handling customer funds and crypto assets, and routing and
2 handling customer orders.

3 47.

4 On its website, Coinbase markets itself as “the most trusted place for people and
5 businesses to buy, sell, and use crypto” while touting the advantages of trading on the Coinbase
6 Platform. For instance, Coinbase’s website (coinbase.com) advertises that the Coinbase Platform
7 “make[s] it easy” to “simply and securely buy, sell, and manage hundreds of cryptocurrencies”
8 and that “Coinbase Wallet supports hundreds of thousands of coins and a whole world of
9 decentralized apps” allowing one to “use [their crypto] how and where [they]’d like.”

10 48.

11 In addition, Coinbase uses the Coinbase blog and its Twitter account—which has over six
12 million followers—to announce when Coinbase first makes a crypto asset available for trading
13 through the Coinbase Platform. For example, on or about March 19, 2021, Coinbase announced
14 on its blog that crypto asset “Cardano (ADA) is now available on Coinbase,” and stated that
15 “customers can now buy, sell, convert, send, receive, or store ADA.” The blog post included a
16 link to an “informational asset page[]” for Cardano and instructions for opening a Coinbase
17 account. As of March 2025, the page for Cardano (ADA) on Coinbase’s website included a price
18 chart, “market stats” including various price “performance” metrics and metrics such as “typical
19 hold time,” “highlights” with information about what “Bulls” and “Bears” say about the token,
20 information about Cardano, such as links to its official website and white paper, and information
21 about buying and storing Cardano on Coinbase. The page also included a list of “Related
22 Assets,” “Trending articles,” “Popular cryptocurrencies,” and frequently asked questions
23 (“FAQs”) about Cardano, and Coinbase discussed Cardano and other crypto investments in a
24 “Coinbase Bytes” article titled “Whale street: How big-money institutional investors are
25 preparing for the next bull run.” Coinbase similarly promotes other crypto assets listed for
26 trading on the Coinbase Platform.

Page 15 – COMPLAINT

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49.

Coinbase spends hundreds of millions of dollars a year on marketing and sales to recruit new investors and retain existing ones. According to CGI’s 2022 Form 10-K filing, Coinbase’s “success depends on our ability to retain existing customers and attract new customers, including developers, to increase engagement with our products, services, and platform.” To that end, the Coinbase website is replete with links to open a Coinbase account as well as advertisements marketing monetary incentives and promotions, aimed at attracting more investors to the Coinbase Platform, such as: “[s]uccessfully complete short crypto courses for free crypto”; “Get up to \$400 in rewards with Coinbase”; and “[s]tart your portfolio today and get up to \$200 in crypto[.]”

50.

Coinbase works closely with crypto issuers to list their tokens on the Coinbase Platform and promote them, facilitating their sale to the public. As noted above, Coinbase has allowed issuers to offer crypto assets for sale for the first time and promote them through what Coinbase formerly called the “Asset Hub.” Coinbase described Asset Hub as “a simple, streamlined product for issuers to list their assets and do business with Coinbase” with the goal of providing “a single interface at Coinbase for digital asset issuers to manage the full lifecycle of their assets.”

51.

Coinbase has also reportedly demanded substantial fees from issuers to list their crypto tokens on the Coinbase Platform. For example, a Ripple executive testified that Coinbase demanded \$5 million to list Ripple’s XRP token, and other crypto issuers have said that Coinbase demanded large sums to list their tokens.

1 52.

2 Coinbase also provides financial incentives to users to purchase and sell crypto assets.
3 For example, it offers lower trading fees to users with high trade volumes, and rewards to users
4 who refer new customers who purchase crypto assets.

5 53.

6 Coinbase also has a feature called “Earn” where users receive crypto securities in
7 exchange for watching advertisements promoting the projects associated with those securities.
8 Coinbase explained the “Earn” program in its public disclosures as follows: “We provide asset
9 issuers with a platform to engage with our users through education videos and tasks where users
10 can earn crypto assets that they learned about. We earn a commission based on the amount of
11 crypto assets distributed to our users.” Thus, projects that have issued crypto securities have
12 agreed to pay Coinbase a commission to promote and distribute their securities to Coinbase
13 users, using “education videos” created by or at the direction of the projects, in order to
14 encourage those investors to buy those securities. Coinbase has promoted crypto securities
15 including COMP and NEAR through this program, in addition to other tokens not at issue in this
16 lawsuit.

17 54.

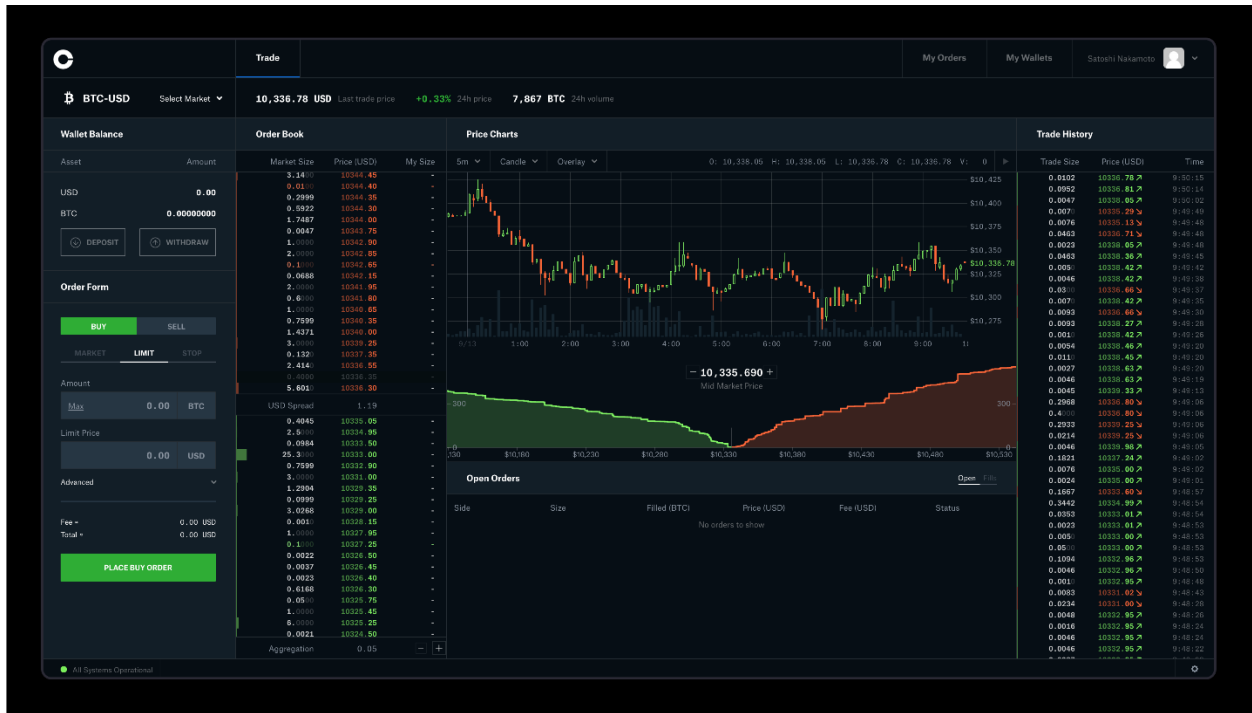
18 Coinbase holds itself out as providing brokerage services. For example, Coinbase
19 markets Prime as a “[a] full-service prime brokerage platform with everything that institutions
20 need to execute trades and custody assets at scale.” According to Coinbase’s website, Prime
21 “delivers an institutional-grade trading platform that aggregates multi-venue liquidity, empowers
22 advanced trading strategies, and helps you deploy capital at scale.” Coinbase provides Prime
23 users with the ability to view a pricing feed that aggregates prices from the Coinbase Platform
24 and third-party trading venues (which Coinbase anonymizes, e.g., “Exchange A” or “Exchange
25 B”) and allows users to select from a number of order types they can utilize to submit orders
26 through Prime to those venues. Coinbase also provides analytics and promotes them as a

1 “comprehensive analytics toolkit built to meet the needs of sophisticated investors and market
 2 participants.” For instance, Coinbase advertises its “agency trading desk,” which “provide[s]
 3 insight into the market environment, liquidity characteristics, and trading activity in order to help
 4 you plan or execute your trade.”

5 **2. Through the Coinbase Platform, Coinbase Maintains and Provides a
 6 Marketplace and Facilities for Trading Crypto Assets.**

7 55.

8 According to Coinbase’s website, the Coinbase Platform allows customers to “buy, sell,
 9 and spend crypto on the world’s most trusted crypto exchange.” The Coinbase Platform displays
 10 current and historical pricing information and other information relevant for trading crypto
 11 assets:



22 56.

23 Coinbase allows multiple buyers and sellers to enter orders (any firm indication of a
 24 willingness to buy or sell an asset, as either principal or agent, including any bid or offer
 25 quotation, market order, limit order, or other priced order) for crypto assets into the Coinbase
 26

1 Platform. Buyers and sellers can enter orders for crypto assets in any available “trading pair,”
2 which typically involves two crypto assets that can be exchanged directly for each other using
3 their relative price, or a crypto asset exchanged for a fiat currency.

4 57.

5 The Coinbase User Agreement states that Coinbase acts as “the agent,” transacting on the
6 customers’ behalf, to “facilitate” the sale of crypto assets.

7 58.

8 A subpage within the Coinbase website called “Explore” leads customers to a list of
9 “Crypto prices” for crypto assets. A customer that selects the filter “Tradable” on this page can
10 consolidate this list (by removing those assets only available through Wallet) into the crypto
11 assets available for “trade” on the Coinbase Platform (the “Trading Page”). The Trading Page
12 provides customers with the current price of each crypto asset in U.S. dollars (or other fiat
13 currencies), the current “Market cap,” traded volume for that asset over the past 24 hour period,
14 and circulating supply of the crypto asset, as well as the option to view historical data for each
15 asset (by previous hour, day, week, month, or year) in the form of price trends represented by a
16 graph and the percentage change in price of the asset during the chosen period.

17 59.

18 The crypto assets on the Trading Page appear by full name and ticker symbol and are
19 displayed in descending order from largest to smallest based on “Market cap” (or market
20 capitalization—purportedly measured by the total supply of a crypto asset available in the
21 secondary market multiplied by its price, as in markets for traditional equity securities). Below is
22
23
24
25
26

1 an example of how crypto assets, including crypto asset securities as set forth in Section C
2 below, have been displayed on the user interface of the Trading Page of Coinbase’s website:

3 **Crypto prices** 259 assets USD 1D

4 All assets Tradable + Gainers Losers

Name	Price	Chart	Change	Market cap	Volume (24h)	Supply	Trade
★ Cardano ADA	\$0.37		↘ 1.55%	\$12.8B	\$225.1M	34.9B	Trade
★ Chiliz CHZ	\$0.10		↘ 4.21%	\$731.7M	\$33.2M	7.0B	Trade
★ Solana SOL	\$20.32		↘ 2.96%	\$8.0B	\$317.4M	395.8M	Trade
★ Axie Infinity AXS	\$6.98		↘ 5.05%	\$814.6M	\$123.4M	117.0M	Trade
★ Filecoin FIL	\$4.43		↘ 3.16%	\$1.9B	\$180.8M	425.8M	Trade
★ Internet Computer ICP	\$5.19		↘ 3.73%	\$2.3B	\$19.5M	436.3M	Trade
★ Flow FLOW	\$0.76		↘ 4.27%	\$791.6M	\$13.4M	1.0B	Trade
★ NEAR Protocol NEAR	\$1.64		↘ 4.33%	\$1.5B	\$56.3M	906.1M	Trade
★ Polygon MATIC	\$0.85		↘ 2.89%	\$7.9B	\$365.4M	9.3B	Trade
★ Voyager Token VGX	\$0.14		↘ 0.29%	\$40.9M	\$5.9M	278.5M	Trade
★ The Sandbox SAND	\$0.52		↘ 3.29%	\$932.5M	\$69.5M	1.9B	Trade
★ Dash DASH	\$41.64		↗ 0.92%	\$468.8M	\$53.2M	11.3M	Trade

15
16 60.

17 Upon clicking the “Trade” button associated with a crypto asset, and logging in to an
18 account with the Coinbase Platform, customers can view their account balances, and the
19 Coinbase Platform provides fields for customers to enter orders in any available trading pair—
20 including the ability to trade with other customers for the crypto asset selected from the Trading
21 Page.

22 61.

23 On the Coinbase Platform, customers can place various types of buy and sell orders,
24 including: (1) a market order (i.e., an order to buy or sell a specified quantity of a crypto asset at
25 the current best available market price); (2) a limit order (i.e., an order to buy or sell a specified
26 quantity of a crypto asset at a specified price or better); or (3) a stop limit order (i.e., an

1 instruction to post an order to buy or sell a specified quantity of a crypto asset but only if and
2 when the best price quotation reaches or passes the selected stop price). Once placed, these
3 orders appear on Coinbase’s order book.

4 62.

5 Coinbase provides a trading facility through the electronic automated matching engine
6 that it operates on the Coinbase Platform. According to the “Trading Rules” Coinbase publishes
7 on its website, the matching engine is programmed with rules that determine how orders will
8 interact and how the users entering such orders agree to the terms of a trade.

9 **3. Coinbase Settles Customers’ Trades**

10 63.

11 After the matching engine matches orders between customers trading on the Coinbase
12 Platform, Coinbase’s Trading Rules state that Coinbase settles the transaction immediately by
13 making corresponding debits and credits in each customer’s account on the internal ledgers it
14 maintains to track customers’ balances in crypto assets and fiat currency. According to Coinbase,
15 these debits and credits occur “off-chain,” meaning the transaction is recorded on Coinbase’s
16 internal ledgers, not on any blockchain.

17 **4. Coinbase Charges Fees on Executed Trades**

18 64.

19 Coinbase charges fees for trades executed through the Coinbase Platform and Prime. For
20 trades on the Coinbase Platform, the fee is either a percentage of the order quantity ranging up to
21 0.60%, or a flat fee based upon the value of the trade. Coinbase charges transaction-based fees
22 for its Prime order routing and execution services, with customers having the option of a single
23 all-in fee or a “[t]ransparent, flat commission in addition to pass-through exchange fees.”
24
25
26

68.








A blockchain protocol selects a validator in part based on the number of tokens a holder stakes and the amount of server downtime the holder exhibits. A holder who stakes more tokens and has better computer resources, and therefore exhibits less server downtime, is more likely to be selected as a validator. By pooling crypto assets and taking advantage of Coinbase’s significant computer resources, the Staking Program allows investors to obtain returns in the form of staking rewards that may not be available to those investors if they were to stake crypto assets on their own.

69.

Coinbase promotes the Staking Program as an opportunity for investors who purchase staking-eligible crypto assets through the Coinbase Platform to profit from the assets they purchase. For example, on its website, Coinbase states that it “offers staking as a way of earning rewards” and advertises the Staking Program as a “simple and secure” way for Coinbase customers “to earn in crypto.” Indeed, Coinbase advertises specific annual percentage yield rates as the “[e]st[imated] [r]eward [r]ate” for each staking-eligible crypto, as depicted in the following screenshot from Coinbase’s website:

Check out all the ways to earn

All assets 134 assets

Asset	Est. Reward Rate	Staking Market Cap	Action
 Ethereum ETH	2.00% APY	\$66.0B	Start Earning
 Solana SOL	5.25% APY	\$41.8B	Start Earning
 Cardano ADA	2.16% APY	\$15.1B	Start Earning
 Avalanche AVAX	4.47% APY	\$3.9B	Start Earning
 Polkadot DOT	10.26% APY	\$3.6B	Start Earning
 Cosmos ATOM	14.95% APY	\$1.0B	Start Earning
 Polygon MATIC	2.70% APY	\$135.1M	Start Earning

1 70.

2 The Staking Program serves as an inducement for investors to purchase staking-eligible
3 crypto assets, including several of the Crypto Securities at issue in this lawsuit, on the Coinbase
4 Platform. In addition to expecting to profit from the efforts of the managers behind the
5 blockchains associated with staked tokens (as explained below), investors in SOL, ADA, and
6 MATIC who participate in Coinbase's Staking Program also reasonably expect to profit from
7 Coinbase's efforts in managing the Staking Program.

8 **C. Coinbase Has Made Unregistered Securities Available for Trading**

9 71.

10 Coinbase—through the Coinbase Platform and Prime—has made available for trading in
11 Oregon crypto assets that are offered and sold as investment contracts, and thus as securities.
12 This includes, but is not limited to, the units of each of the crypto securities further described
13 below with trading symbols AAVE, ADA, ALGO, AMP, APE, ATOM, AVAX, AXS, CHZ,
14 COMP, DASH, DDX, EOS, FIL, FLOW, ICP, LCX, LINK, MATIC, MIR, MKR, NEAR,
15 POWR, RLY, SAND, SOL, UNI, VGX, wLUNA, XRP, and XYO (the "Crypto Securities").
16 Through the conduct described above in Sections A and B and as described further below,
17 Coinbase has participated or materially aided in the purchase or sale of unregistered Crypto
18 Securities by Oregon customers.

19 72.

20 The crypto assets on the Coinbase Platform, or made available through Prime, including
21 but not limited to each of the Crypto Securities, may be bought, sold, or traded for consideration,
22 including U.S. dollars, fiat currencies, or other crypto assets.

23 73.

24 Each unit of a particular crypto asset on the Coinbase Platform, or made available
25 through Prime, including but not limited to each of the Crypto Securities, trades at the same price
26 as another unit of that same asset.

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74.

These assets, including but not limited to each of the Crypto Securities, are interchangeable (e.g., any crypto asset or fraction thereof is just like any other). Accordingly, to the extent the assets change in price, all tokens of the same asset increase or decrease in price in the same amounts and to the same extent, such that one token is equal in value to any other one token, on a pro rata basis.

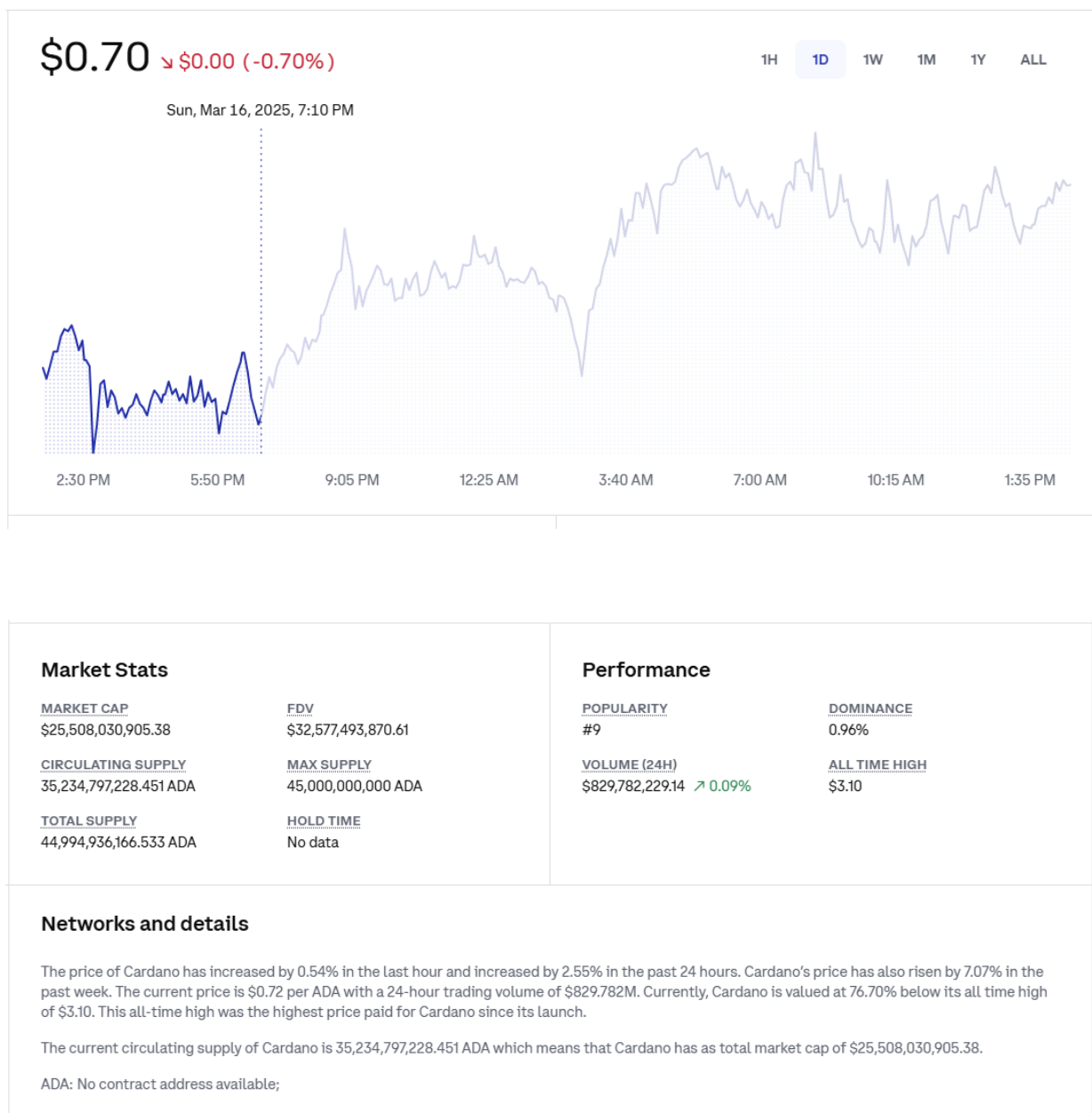
75.

The purchase of any particular asset, including but not limited to each of the Crypto Securities, does not appear to give an investor any special rights not available to any other investor in that asset, such as separately managed accounts, or different capital appreciation as to the value of the crypto assets that other investors in the same assets hold.

76.

The crypto assets on the Coinbase Platform, including but not limited to each of the Crypto Securities, are available for sale broadly to any person who creates an account with Coinbase, and Coinbase's website displays information (like asset price changes) in a format highly similar to trading platforms offered by registered broker-dealers in the traditional securities markets, who permit investors to transact in securities. Coinbase makes these crypto assets available for trading without restricting transactions to those who might acquire or treat the asset as anything other than as an investment.

For example, the below page on Coinbase’s website provides price movement and other “Market Stats” for ADA (Cardano):



1 78.

2 Coinbase customers can access the page for ADA and other asset-specific pages from the
3 “Explore” page on Coinbase’s website; they simply click on the name of a particular crypto asset
4 and are redirected to a page where Coinbase provides additional information about that crypto
5 asset. The information on each asset-specific page is typically provided by an identifiable set of
6 asset promoters and/or developers, and it includes, but is not limited to: (i) the persons who
7 “developed,” “launched,” or “created” the crypto asset; (ii) links to any “white paper” for the
8 asset’s original or ongoing sales; (iii) links to the “website” associated with the asset and its
9 developers or creators; (iv) a compendium of public statements (including on social media) about
10 the asset by its developers or creators and additional information about the asset and its creators
11 that may be available such as the issuer’s homepage; (v) information about whether market
12 participants are “bearish,” “neutral,” or “bullish” about the asset (referring to terms typically
13 associated with whether an investor thinks the price of securities such as stocks are going to go
14 down, stay the same, or go up); (vi) historical information about the “price” of the asset
15 including its “all-time high” price and the “price change” over the last seven days stated as a
16 percentage return on investment; and (vii) “detailed instructions” for “how to buy” the asset on
17 the Coinbase Platform.

18 79.

19 Coinbase does not restrict how many units of a crypto asset, including but not limited to
20 each of the crypto asset securities, any given investor may purchase. Moreover, investors are not
21 required to purchase quantities tied to a purported non-investment “use” that may exist for the
22 asset, if any. To the contrary, investors may purchase these assets in any amount.

23 80.

24 The assets available for sale on the Coinbase Platform, and through Prime, including but
25 not limited to each of the Crypto Securities, are transferable and immediately eligible for resale
26 on the Coinbase Platform, Wallet, or other crypto asset trading platforms without any apparent

1 restrictions on resale (including as to the prices or amounts of resale, or the identity of the new
2 buyers).

3 81.

4 The crypto assets Coinbase has made available for trading on the Coinbase Platform, and
5 through Prime, include crypto securities that have been the subject of prior SEC enforcement
6 actions. Federal courts have previously held that certain of the Crypto Securities at issue in this
7 action are securities for purposes of federal securities law.

8 82.

9 Each time these Crypto Securities were offered and sold on Coinbase’s platform, they
10 were offered and sold as investment contracts with Coinbase’s participation or material aid.
11 ORS 59.115(1-3). For each of the Crypto Securities, statements by the issuers and Coinbase have
12 led Oregon investors reasonably to expect profits based on the management and control efforts of
13 others, including issuers, promoters, and associated third persons. This was Oregon investors’
14 reasonable expectation when they acquired the Crypto Securities on the Coinbase Platform (or
15 through Prime).

16 **1. AAVE**

17 83.

18 Aave is a platform that allows users to lend, borrow, and earn interest on crypto assets.
19 AAVE is the governance token for the Aave platform. AAVE has been available for trading on
20 the Coinbase Platform since approximately December 14, 2020.

21 84.

22 Aave was founded in 2017 by Stani Kulechov. The business, originally named ETHlend,
23 raised \$16.2 million in an initial coin offering (ICO) in 2017, during which time it sold 1 billion
24 units of its AAVE cryptocurrency—originally named LEND. According to an ETHlend white
25 paper, 300 million LEND were “held for development fund to incentivise the development team
26 and to recruit more talent for ETHlend,” aligning the fortunes of Aave’s managers and

1 developers with investors'. The white paper further stated: "The aim of the token sale is to
2 provide a discounted participation for the early adopters of the global peer-to-peer lending
3 market and further develop the global scale decentralized lending market. To provide a
4 functional lending market to such extent, early adopters are required. By purchasing LEND, the
5 early adopters receives [sic] a discounted price for using the decentralized lending platform."
6 The LEND cryptocurrency migrated to AAVE at a rate of 100 LEND tokens to 1 AAVE, with a
7 total supply of 16 million AAVE. ETHlend was different from Aave in that, instead of pooling
8 funds, it tried to match lenders and borrowers in a peer-to-peer fashion. In 2018, ETHlend was
9 renamed Aave, which means "ghost" in Finnish. ETHlend became a subsidiary of Aave.

10 85.

11 Kulechov's LinkedIn profile describes him as "Founder & CEO" of "Avara," which in
12 turn describes itself as a London-based entity that "created" Aave. Avara's website describes
13 "Aave Labs" as being "Developers of the Aave Protocol, and media articles refer to Aave Labs
14 as being a subsidiary of Avara." In public statements, Kulechov has identified himself as part of
15 Aave Labs, and media articles refer to him as founder and CEO of Aave Labs. Aave also
16 purports to have a degree of decentralized governance through its "DAO," through which Aave
17 holders can participate in proposing, discussing, and voting on Aave governance matters. Aave
18 Labs is a leading contributor to governance proposals in Aave's governance forum.

19 86.

20 Aave features lending pools that enable users to lend or borrow a variety of different
21 crypto assets, including ETH, BAT, and MANA. Lenders deposit crypto assets they wish to lend,
22 which are then collected into a liquidity pool. Borrowers may then draw from those pools when
23 they take out a loan. As with other so-called "decentralized" lending platforms, Aave borrowers
24 must post collateral before they can borrow. Lenders who supply liquidity receive interest paid
25 by the borrowers, while the Aave platform itself also earns fees from the interest paid by
26 borrowers, with these fees going to the "Aave Treasury." As of June 2024, the Aave platform

1 had more than \$20 billion dollars of deposits and was reportedly generating more than \$115
2 million in annualized revenue.

3 87.

4 AAVE investors reasonably expected profits from the efforts of Aave’s managers,
5 including Aave Labs and Kulechov, to grow and develop the Aave platform. As noted above, the
6 Aave platform collects fees from interest paid by borrowers. Aave has publicly touted this fact
7 and the amount of revenue it earns, including on the “FAQ” page of its website and in statements
8 made by Aave’s leadership. Aave has frequently posted public updates about the Aave
9 platform’s development and expansion plans and achievements, including on its blog and X
10 accounts. For example:

- 11 • In June 2024, Kulechov announced on the social media platform X (where he has
12 more than 250,000 followers) that “Aave DAO is now earning \$115 million
13 annualized. Let that sink in,” a statement that was further broadcasted by crypto
14 news platforms.
- 15 • When Aave launched its own collateralized stablecoin (a cryptocurrency that aims
16 to be pegged to a fiat currency such as the U.S. dollar) called GHO, it publicly
17 stated that the move would “generate additional revenue for the Aave DAO by
18 sending 100% of interest payments on GHO borrows to the DAO.”
- 19 • In March 2025, Aave Labs and Avara announced “Horizon, a new initiative
20 building institutional DeFi [decentralized finance] products.” Aave elaborated,
21 “Horizon’s first product will enable institutions to use tokenized money market
22 funds (MMFs) as collateral to access [crypto] stablecoin liquidity. . . . The goal is
23 to position the Aave ecosystem as the preferred liquidity and infrastructure layer
24 for institutional DeFi and as a leader in the real-world assets (RWAs) space. . . .
25 As traditional finance and DeFi converge, Horizon will broaden institutional
26 access to onchain capital, accelerating the adoption of Aave and enabling

1 borrowing against RWAs at scale.” Similarly, in a March 2025 LinkedIn Post
2 promoting Horizon, Kulechov described Horizon as “our new initiative at Aave
3 Labs focused on building institutional DeFi products,” touting, “Now, through
4 Horizon, we’re bringing Aave’s tech to institutions and moving closer to
5 becoming a pillar of global finance.

6 88.

7 The AAVE token also offers holders several benefits that would further lead AAVE
8 investors to reasonably expect to profit from Aave’s operation and growth. AAVE holders may
9 participate in governance and vote on changes to Aave’s business, a benefit that becomes more
10 valuable as the Aave platform grows in size and revenue. For example, AAVE holders can vote
11 on Aave Improvement Proposals (AIPS) that expand the platform’s lending capacity and thus the
12 value of the AAVE token. Borrowers who use AAVE as collateral on the Aave platform get a
13 discount on fees, and can borrow larger amounts. AAVE owners can further look at loans before
14 they are released to the general public if they pay a fee in AAVE. Aave also features what it calls
15 a “Safety Module,” where participants can stake their AAVE to act as insurance in case of a
16 liquidity deficit. Doing so earns stakers more AAVE tokens, along with a percentage of the
17 protocol fees. Moreover, as Aave states, “AAVE tokens can be supplied to liquidity pools within
18 the Aave Protocol, or external pools such as decentralised exchanges, allowing users to earn
19 yield.” AAVE investors have also had a reasonable expectation of profit from the possibility that
20 Aave might distribute transaction fees for loans executed on its platform to AAVE holders,
21 similar to a dividend, or repurchase AAVE tokens on the open market and distribute them to
22 holders of AAVE. These possibilities have been proposed and discussed on multiple occasions in
23 Aave’s governance forum, with crypto news sources reporting on the proposals and noting the
24 substantial revenues Aave generates. Indeed, in March 2025, Kulechov publicized one such
25 proposal on the social media site X, announcing a “New Aavenomics update” and calling the
26 proposal a “Fee Switch on steroids,” meaning a governance change that would effectively

1 redirect significant fees earned by Aave to AAVE holders. In addition, AAVE’s finite supply
2 further contributes to AAVE investors’ reasonable expectation of profit.

3 89.

4 Coinbase has advertised that AAVE’s “unique selling points include the ability to lend
5 and borrow in a variety of cryptocurrencies, offering users a variety of choices,” and that it
6 “allows borrowers to switch between fixed and variable interest rates, providing flexibility based
7 on market conditions.”

8 90.

9 AAVE peaked at a price of approximately \$661.69 per token and a market capitalization
10 of approximately \$8.0 billion on May 18, 2021. As of April 15, 2025, it traded at around
11 \$135.28, with a market capitalization of \$2.0 billion—reflecting a price drop of approximately
12 79% and a loss of approximately \$6.3 billion in market value.³

13 2. ADA

14 91.

15 “ADA” is the native token of the Cardano blockchain. ADA can be bought and sold for
16 fiat currency or other crypto assets on numerous secondary trading platforms. According to
17 statements by Coinbase, ADA has been available for trading on the Coinbase Platform since
18 approximately March 2021.

19 92.

20 Ethereum co-founder Charles Hoskinson and an Ethereum operations manager Jeremy
21 Wood created the Cardano blockchain in 2015. According to Cardano’s website, the Cardano
22 blockchain protocol is built on its own proof-of-stake consensus protocol called Ouroboros,
23 which is purportedly energy efficient. Hoskinson and Wood created ADA and purported to limit
24 the supply of ADA to 45 billion. From 2015 to 2017, Input Output Hong Kong (“IOHK”), a

25
26 ³ Throughout this complaint, information regarding token prices and market capitalization
was obtained from CoinGecko (<https://www.coingecko.com/>).

1 company founded by Hoskinson and Wood, sold approximately 25.9 billion ADA in exchange
2 for bitcoin, at what equates to an average price of \$0.0024 per token. This sale raised
3 approximately \$62 million for Cardano.

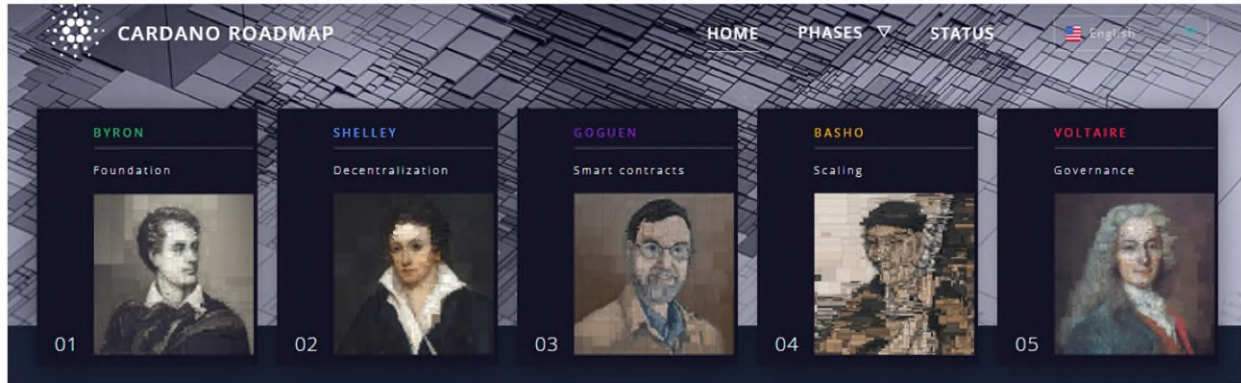
4 93.

5 Today, three entities are responsible for Cardano: (1) the Cardano Foundation, a Swiss
6 entity that is the legal custodian of the Cardano protocol and owner of its brand; (2) IOHK, an
7 engineering company controlled by Hoskinson and Wood responsible for designing, building,
8 and maintaining the Cardano blockchain; and (3) Emurgo, an entity with offices in New York
9 and California that, according to its website, is “essentially the for-profit arm of Cardano,” and,
10 according to its website, “provides products and services to drive the adoption of Cardano’s
11 Web3 ecosystem” endeavoring “to advance the platform and drive adoption through commercial
12 ventures.” Cardano’s website explains that “IOHK develops the technology, the Cardano
13 Foundation is responsible for supervising development and promoting Cardano, while Emurgo
14 drives commercial adoptions.” These three entities collectively received 5.2 billion ADA
15 following the initial mining of ADA, or approximately 16.7% of the initial token supply of 31.1
16 billion ADA.

17 94.

18 The Cardano Foundation, IOHK, and Emurgo used the proceeds from ADA sales to fund
19 the development, marketing, business operations, and growth of the Cardano protocol. For
20 example, investor funds were used to enact the Cardano Roadmap created by IOHK—
21
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23
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1 specifically, to develop each of the Cardano development “eras” as shown in the following
2 screenshot from the Cardano website:



9
10 95.

11 Based on the information publicly disseminated by Cardano, IOHK, and Emurgo—
12 including since the initial sales of ADA—ADA holders, including Oregonians who purchased
13 ADA in or after March 2021, reasonably viewed ADA as an investment in and expect to profit
14 from the Cardano Foundation’s, IOHK’s, and Emurgo’s efforts to grow the Cardano platform,
15 which, in turn, would increase the demand for and the value of ADA.

16 96.

17 In public statements on Twitter and other social media, as well as on their respective
18 websites, including statements made and available after ADA became available to trade on the
19 Coinbase Platform, the Cardano Foundation, IOHK, and Emurgo have described their expertise
20 in developing blockchain networks and the efforts they have made and will continue to make to
21 develop the Cardano protocol and blockchain and attract users to the technology. Such
22 statements include, for example: (a) a blog post by IOHK in or around September 2021 about the
23 deployment of smart contracts capabilities on the protocol, which supposedly would “enable[e] a
24 host of new use cases for decentralized applications”; (b) a blog post by IOHK in or around
25 November 2022 describing its efforts to introduce “innovations, new functionality, and new
26 features” to the blockchain; (c) posts on Twitter by the Cardano Foundation touting ADA’s

1 listing on various cryptocurrencies exchanges; (d) a blog post by IOHK on or around November
2 17, 2022 extolling that ADA could be traded “on more than 30 cryptocurrency exchanges,” and
3 describing IOHK’s plans to “improv[e] the underlying performance of the Cardano network to
4 better support growth and adoption of thousands of applications with high transaction volumes”;
5 and (e) a blog post by Cardano in January 2025 describing Cardano’s “evolution into a
6 community-governed blockchain platform” and its “aim[] to support billions of users by 2030”
7 by improving “usability” to “drive widespread adoption” of the blockchain.

8 97.

9 Coinbase has promoted ADA as an investment. When Coinbase listed ADA for trading,
10 Coinbase promot[ed] the listing on its website. Coinbase maintains an information page about
11 ADA, including a “Cardano news” section highlighting “[t]rending articles” regarding Cardano
12 and ADA. For example, in October 2024, Coinbase’s information page included an excerpt from
13 a Coinbase article called “Whale street: How big-money institutional investors are preparing for
14 the next bull run,” which featured the following statement:

15 As crypto markets have risen from their slumber this year, institutional investors
16 from Wall Street, Silicon Valley, and beyond are paying attention. Major firms
17 are increasing their investments in crypto, crypto-oriented venture funds are busy
18 raising and deploying capital, and many of the world’s biggest banks are
19 exploring blockchain-native financial products like tokenized treasuries and loans.
20 *Institutions are showing rising enthusiasm for altcoins, with investment in
21 products focused on Cardano (\$0.5 million) growing last week [emphasis added].*

19 98.

20 In March 2025, Coinbase highlighted a BeInCrypto article stating that, “[d]espite a
21 16.8% decline, *Cardano traders remain bullish* as key indicators suggest a recovery.” [Emphasis
22 added.] The same webpage also highlighted “potential use cases for ADA,” claiming that
23 “Cardano’s supports a wide range of use cases,” noting that “a the platform has been used by
24 agricultural companies to ensure transparency in the supply chain, tracking produce from field to
25 table,” and “[e]ducational institutions have leveraged Cardano’s blockchain network to store
26 credentials in a tamper-proof system, while retailers use it to combat counterfeit goods.” The

1 webpage further proclaims that “[t]he introduction of smart contracts with the Alonzo upgrade
2 has expanded Cardano’s potential into areas like DeFi and NFT marketplaces” and that
3 Cardano’s “goal to process high volume transactions quickly and efficiently makes Cardano a
4 potential choice for developers aiming to build innovative digital assets and applications.”

5 99.

6 Coinbase’s webpage about ADA also includes “Analysis” featuring what “Bulls say” and
7 what “Bears say,” with the “bull” case for investing in ADA emphasizing Cardano’s
8 “significant” 2023 updates which “demonstrat[e] their desire to innovate and add new
9 functionalities to the network.” Coinbase also promoted the “recent update” that “allows
10 Ethereum application developers to build on Cardano’s network without the need to install new
11 toolkits or learn a new computer language, expanding the ecosystem’s usefulness.”

12 100.

13 ADA peaked at a price of approximately \$3.09 per token and a market capitalization of
14 approximately \$95.0 billion on September 2, 2021. As of April 15, 2025, it traded at around
15 \$0.62 with a market capitalization of approximately \$22.3 billion—reflecting a price drop of
16 about 80% and a loss of approximately \$72.6 billion in market value.

17 3. ALGO

18 101.

19 “ALGO” is the native token of the Algorand blockchain. ALGO was listed for trading on
20 the Coinbase Platform in or around July 2020.

21 102.

22 Algorand is a blockchain protocol founded by Silvio Micali. The Algorand blockchain
23 uses a consensus algorithm it calls “pure proof-of-stake,” in which each user’s ability to
24 influence the choice of a new block is proportional to its stake (number of tokens) in the system.
25 Because ALGO is the native token of the Algorand blockchain, those utilizing the Algorand
26

1 blockchain need to hold (and potentially stake) certain amounts of ALGO. ALGO has a
2 maximum supply of 10 billion, which were minted at the launch of the Algorand network.

3 103.

4 The Algorand Foundation Ltd. (the “Algorand Foundation”) conducted an initial ALGO
5 token sale on or about June 19, 2019, selling 25 million tokens at \$2.40 per ALGO, raising
6 approximately \$60 million. In advance of the token sale, the Algorand Foundation promoted the
7 token sale on Twitter and included a link to its website.

8 104.

9 The Algorand Foundation promoted the June 19, 2019 token sale in part with a refund
10 policy that allowed ALGO investors to return the ALGO to the Algorand Foundation later at
11 90% of the original purchase price. The Algorand Foundation explained the economic rationale
12 behind the refund policy by noting its own belief in and commitment to the value of ALGO:
13 “The Algorand Foundation believes in the underlying value of the Algorand blockchain, the
14 Algo, and the potential of the borderless economy. Our goal is to invest in the growth,
15 sustainability and performance of that economy.”

16 105.

17 In other words, in promoting the ALGO token sale, the Algorand Foundation tied the
18 potential growth of the Algorand blockchain to potential demand for the ALGO token itself, and
19 to its own commitment to preserving a price floor for ALGO.

20 106.

21 In or around August 2019, the Algorand Foundation publicly offered ALGO investors an
22 early refund opportunity, and ALGO investors returned a total of approximately 20 million
23 ALGO tokens to the Algorand Foundation in exchange for a refund that was 85% of the original
24 purchase price. In or around June 2020, ALGO investors who did not refund their ALGO tokens
25 in August 2019 were publicly offered a second refund window.

1 107.

2 Through its rewards programs and incentive structures, the Algorand Foundation
3 continued distributing tokens after the June 2019 token sale. As of March 2025, approximately
4 8.5 billion ALGO were in circulation.

5 108.

6 Today, two entities are responsible for Algorand: (1) the Algorand Foundation, an
7 organization purportedly focused on Algorand “protocol governance, token dynamics and
8 supporting grassroots, open-source development on the Algorand ecosystem,” which was
9 incorporated in Singapore; and (2) Algorand, Inc., a company purportedly focused on “layer-1
10 development of the Algorand Protocol and enabling Enterprise adoption of Algorand blockchain
11 technology.”

12 109.

13 The Algorand Foundation and Algorand, Inc. purportedly collaborate on projects and
14 initiatives for the Algorand community.

15 110.

16 Shortly before the June 19, 2019 ALGO token sale, Steven Kokinos, the CEO of
17 Algorand, Inc., posted a publicly available article stating: “(a) We will be holding our founder’s
18 tokens for the long term and will not be selling them. (b) We will use our founder’s tokens to
19 participate in consensus and assist in securing the network, though we will never represent more
20 than 49% of the voting. (c) We will use our founder’s tokens to support the ecosystem and
21 encourage development.”

22 111.

23 The Algorand Foundation purportedly owns 1.645 billion ALGO tokens and the
24 participation and governance rewards associated with those tokens. Also, according to the SEC,
25 members of the Algorand Foundation’s board of directors and its advisory committees receive
26 ALGO as compensation.

1 112.

2 In addition to the tokens it owns, as of December 31, 2024, the Algorand Foundation also
3 controls over 1.6 billion ALGO tokens in wallets publicly identified as for “Governance and
4 Community Rewards,” “Market Operations,” “Fee Sink,” and “Foundation Treasury,” signaling
5 to the public that the Algorand Foundation would use the ALGO tokens to support the ALGO
6 economy or ecosystem as well as to reward itself and participants in this ecosystem.

7 113.

8 Based on the information Algorand, Inc. and the Algorand Foundation publicly
9 disseminated, investors reasonably viewed ALGO as an investment in and expected to profit
10 from Algorand, Inc.’s and the Algorand Foundation’s efforts to grow the Algorand protocol,
11 which, in turn, would increase demand for and value of ALGO.

12 114.

13 In public statements on Twitter, as well as on their respective websites, Algorand, Inc.
14 and the Algorand Foundation promoted the Algorand protocol.

15 115.

16 The Algorand Foundation told the investing public that ALGO investors could receive
17 participation rewards (purportedly a form of staking by delegation) by “participation in the
18 Algorand ecosystem via holding Algo in an online wallet.”

19 116.

20 Later, the Algorand Foundation publicly stated that it would replace the participation
21 rewards that ALGO holders were entitled to receive with so-called governance rewards. The
22 Algorand Foundation described “Governance” as a way for investors to make investment returns
23 on their ALGO purchases—stating it is “a decentralized program which allows Algo holders to
24 vote on the future of Algorand.” For example, the Algorand Foundation advertised that “Governors
25 who register and stake Algos for a three month period during the sign up phase will be entitled to
26

1 vote on the voting measures put forward by the Foundation in the voting phase, and will then
2 receive rewards in the rewards phase.” According to the SEC, the Algorand Foundation also stated
3 on one occasion that participating in governance was “the best way to earn rewards for holding
4 Algo, with APY% of 10.02% - 14.05% seen in previous periods.”

5
6 117.

7 The Algorand, Inc. and Algorand Foundation websites tout their technical experience and
8 expertise in the areas of cryptography and business development. For example, Algorand, Inc.’s
9 website states: “Algorand Technologies employs the industry’s most accomplished professionals
10 across engineering and research, cryptography, and product development.”

11 118.

12 A January 2024 report explained that “[t]he Algorand Foundation is a not-for-profit
13 organization focused on ecosystem initiatives like governance, funding Algorand-based projects,
14 building developer tooling, and encouraging grassroots development.”

15 119.

16 Algorand, Inc. and the Algorand Foundation have also taken steps to incentivize third
17 parties to participate in and attract users to the ALGO protocol. For example, in or around
18 February 2022, the Algorand Foundation announced a \$10 million incentive for developers that
19 can make the Algorand blockchain compatible with applications built on the Ethereum
20 blockchain.

21 120.

22 Also in or around February 2022, the Algorand Foundation announced a section of its
23 website called AlgoHub, “a virtual community designed to grow the pipeline of #Algorand
24 developers.”

1 121.

2 Based on statements such as those alleged above, ALGO investors reasonably expected
3 to profit from Algorand, Inc.'s and Algorand Foundation's efforts to increase demand for the
4 Algorand technology, thereby resulting in a price increase for ALGO.

5 122.

6 ALGO peaked at a price of approximately \$3.09 on June 20, 2019, and reached its
7 highest market capitalization of approximately \$13.4 billion on November 12, 2021. As of April
8 15, 2025, it traded at around \$0.18 and its market capitalization was approximately \$1.6
9 billion—reflecting a price drop of nearly 95% and a loss in market value of approximately \$11.5
10 billion.

11 **4. AMP**

12 123.

13 AMP is an Ethereum-based token that was created by Flexa Network, Inc. ("Flexa"), a
14 company incorporated in Delaware and headquartered in New York, New York. Flexa operates
15 what has been described as a digital merchant payment network designed to enable rapid,
16 universal, and secure processing of digital asset transactions (the "Flexa network").

17 124.

18 AMP can be bought and sold on numerous secondary trading platforms, including the
19 Coinbase Platform, where it has been available for trading on the Coinbase Platform since
20 approximately June 8, 2021.

21 125.

22 Flexa claims that the Flexa network facilitates the use of crypto assets to make everyday
23 purchases. Customers seeking to use crypto assets link their wallets to Flexa. When the customer
24 makes a purchase, Flexa states that deducts the equivalent value of crypto assets from the
25 customer's wallet, pays the merchant immediately in either fiat or a convertible digital currency
26 of its choice, and collects payment processing fees from the merchant.

1 126.

2 Flexa states that the AMP token serves as collateral to decentralize risk within the Flexa
3 network. Flexa describes this process as follows: (1) AMP holders stake their AMP tokens in
4 blockchain-based collateral pools, where they are used to guarantee transactions taking place on
5 the Flexa network; (2) when a transaction takes place on the Flexa network, a collateral manager
6 holds AMP tokens equal to the fiat value of the transaction in escrow while Flexa converts the
7 crypto asset into fiat currency to settle the transaction; (3) once the transaction settles, the AMP
8 tokens held as collateral are released from escrow and are available to guarantee another
9 transaction; and (4) if the transaction fails, the AMP tokens are liquidated. Flexa uses fees that it
10 collects from merchants to purchase AMP on the open market and distributes those AMP tokens
11 as a reward to those who stake AMP based on a pro rata shares of the tokens that were staked in
12 the collateral pool. These rewards can lead to further profit for AMP holders.

13 127.

14 AMP is the successor token to Flexacoin, which was developed in February 2018 by
15 Flexa's CEO, Tyler Spalding. Between February 2018 and April 2019, Flexa sold 12 billion
16 Flexacoins in private sales to groups of accredited investors and token funds, raising over \$14
17 million in April 2019 alone. While the Flexa network was not yet operational at the time, Flexa
18 has claimed that "[t]he proceeds from this token sale have helped us continue to build out the
19 Flexa network through additional merchant integrations and relationships with critical
20 infrastructure partners."

21 128.

22 In April 2019, Flexa announced that the supply of Flexacoins would be capped at 100
23 billion tokens and that the Flexacoins would ultimately be allocated as follows: 10% to a
24 Network Development Fund; 20% to token sales; 20% to a Founding Team and Employee Pool;
25 25% to a Merchant Development Fund; and 25% to Developer Grants. The Flexa network
26 launched in May 2019.

1 129.

2 To help collateralize the Flexa network, in November 2019, Flexa announced a plan to
3 distribute 1 billion Flexacoin from its Network Development Fund as rewards to those who
4 provides capacity on the Flexa network. In January 2020, Flexa began public sales to investors of
5 an additional 4.5 billion Flexacoins.

6 130.

7 In September 2020, Flexa migrated the collateral function on the Flexa network from
8 Flexacoins to the newly developed AMP token. Flexa allowed Flexacoin holders to exchange
9 their tokens for AMP at a 1:1 ratio. Flexa's management explained that "because of the nature of
10 the interfaces required to implement the new capabilities of Amp, it wouldn't have been possible
11 to simply upgrade the Flexacoin token." Like Flexacoin, Flexa limited the supply of AMP to 100
12 billion tokens. On September 30, 2020, Flexa stopped using Flexacoins and began using AMP as
13 collateral for transactions on the Flexa network.

14 131.

15 Purchasers of AMP, and purchasers of Flexacoin before them, have invested in a
16 common enterprise. Flexa has pooled proceeds from its sales of Flexacoin and AMP in order to
17 fund development and growth of the Flexacoin platform. Moreover, as Flexa stated in the May
18 2019 Flexacoin white paper, "Flexacoin is staked to collateralize every payment on the Flexa
19 network." And, when it switched to AMP, Flexa similarly explained in its November 2020 AMP
20 white paper, Flexa explained that "participants stake AMP into pools that secure the network."
21 These collateral pools, comprised entirely of Amp, are what allow Flexa to operate. Or, as Flexa
22 explained in the AMP white paper, the "Amp token serves as the singular type of collateral
23 within Flexa to decentralize risk within the network." Investors who stake AMP can earn
24 rewards when the collateral pools are successful. Coinbase has advertised that "Amp supports a
25 wide variety of use cases for collateralization," including "to collateralize any account,
26 application, or transaction, providing a versatile solution for value transfer activities." As an

1 example, Coinbase explains that “Amp can be used to collateralize payment networks, enabling
2 instant, fraud-free payments to merchants across digital payment networks.”

3 132.

4 AMP investors also share a common interest with Flexa’s management. Flexa explained
5 in an April 2019 Medium post that 20% of the total percentage of Flexacoin was reserved for the
6 Founding Team and Employee Pool to “incentiviz[e] current and future Flexa team members. All
7 supply from this allocation will be distributed on a four-year vesting schedule.”

8 133.

9 Investors in Flexacoin/AMP reasonably expected to profit based on the efforts of others.
10 From the start, Flexa has regularly emphasized the profit opportunity for AMP holders. For
11 example:

- 12 • The AMP white paper explained that AMP “serves as a medium for accruing value” and
13 “continuously appreciates in value as a direct result of its utility” within the Flexa network.
- 14 • The AMP white paper also stated that “Amp token pricing is based on user demand for
15 staking yield, spending utility, and, expectation of future productivity growth.”
- 16 • The white paper further explained that as Amp’s “token price increases, adoption (i.e.
17 staking) increases, and the AMP staking cycle becomes systematic and more correlated to
18 consumption.”
- 19 • The white paper further claimed that participants that stake AMP into the collateral pools
20 are entitled to receive additional AMP tokens on a pro-rata basis as “network rewards.”
21 These rewards are derived from the “entirety of network transaction revenue,” which
22 includes fees charged to merchants. This transaction revenue, in turn, “funds the continuous
23 open-market purchase of Amp tokens for redistribution as network rewards.” Accordingly,
24 the number of AMP tokens distributed as network rewards grows as the number and value
25 of transactions on the Flexa network—and the revenue generated from those transactions—
26 increases.

1 134.

2 Flexa’s August 2019 description of Flexacoin, AMP’s predecessor, also reinforced the
3 potential rewards for investors: “Stakers don’t collateralize Flexa payments purely out of the
4 goodness of their hearts. Rather, as incentive for deploying Flexacoin as collateral – and to
5 compensate the risk they incur when collateralizing unproven apps on the network – stakers earn
6 the network reward generated after every successful payment confirmation.” As described above,
7 Flexa’s management team maintains these collateral pools.

8 135.

9 Flexa has continually promoted the availability of AMP (and previously, Flexacoin) to be
10 bought and sold on secondary trading platforms. For example:

- 11 • On July 9, 2019, Flexa posted on its blog that Flexacoin was now available to buy and sell
12 on a secondary market platform, making it “easier than ever for people all over the world
13 to take part in Flexa’s vision of mainstream cryptocurrency payments, and soon, to stake
14 those payments themselves while earning rewards for collateralizing every purchase.”
- 15 • Flexa repeatedly publicized the listing of AMP on additional secondary trading markets
16 and crypto trading platforms. According to the SEC, Flexa also sought to facilitate such
17 listings.

18 136.

19 The May 2019 Flexacoin white paper made clear that the co-founders and a small number
20 of employees were responsible for Flexa’s administrative, marketing, and technical development.
21 Further, as noted above, Flexa’s founders and management team held 20 billion of the total 100
22 billion Flexacoin (and therefore hold the same number of AMP tokens) to “incentiviz[e] current
23 and future Flexa team members.”

24 137.

25 Flexa and its founders have continued to emphasize their importance to the future success
26 of the Flexa network and Amp. For example:

- 1 • In a September 8, 2020 Medium post, Flexa stated that “we take our responsibility to the
2 Flexa community very seriously,” and “we recognize our great fortune in being able to
3 build the future of payments on top of revolutionary software like Bitcoin, Ethereum, and
4 the various platforms that collectively represent DeFi.”
- 5 • On June 18, 2020, the CEO and co-founder of Flexa stated in a YouTube video, “we [the
6 founders] built this network from the ground up” and “we’ve created an open network.”
- 7 • In a January 28, 2021 Flexa blog post, the founders detailed the many improvements they
8 have made to the network, including partnerships and upgrades.
- 9 • In an August 15, 2024 post on its website, Flexa stated that “[w]e built Flexa to enable fast,
10 affordable digital currency acceptance that has completely eliminated loss due to fraud,”
11 and that “we’re here to make the transition to these new, fast, and more efficient payment
12 rails as smooth and worthwhile as possible. In fact, it’s our entire mission: to help sellers
13 thrive in the next era of commerce.”

14 138.

15 Throughout 2021 and 2022, Flexa’s management has continued to issue blog posts
16 highlighting continued improvements and greater acceptance of the Flexa network and the AMP
17 token. For example, in February 2025, Flexa announced the “release [of] the third generation of
18 Flexa Capacity,” which it described as a “massive upgrade” that “revolutionizes the way Flexa
19 uses Amp collateral and rewards collateral providers.”

20 139.

21 AMP peaked at a price of approximately \$0.12 per token and a market capitalization of
22 approximately \$5.7 billion on June 16, 2021. As of April 15, 2025, it traded at around \$0.0036,
23 with a market capitalization of approximately \$305 million—reflecting a price drop of
24 approximately 97% and a loss of approximately \$5.4 billion in market value.

1 **5. APE**

2 140.

3 APE, or ApeCoin, is a governance coin for the so-called APE Ecosystem. APE has been
4 available for trading on the Coinbase Platform since approximately March 17, 2022.

5 141.

6 APE was purportedly created by the ApeCoin DAO, a purportedly decentralized
7 organization that purportedly governs the ApeCoin community. ApeCoin DAO membership is
8 purportedly open to all ApeCoin holders, with the APE token conferring rights to participate in
9 the DAO, but the DAO has effectively been controlled by a small group of insiders, including
10 Yuga Labs, Inc. and its founders and backers. Yuga Labs is a Delaware company that develops
11 nonfungible tokens (“NFTs”)—such as the well-known Bored Ape Yacht Club NFTs which, at
12 the peak of the NFT market bubble, were valued at more than \$1 billion total—and other crypto
13 assets. According to one crypto news website, a Yuga Labs investor pitch deck described
14 ApeCoin as part of Yuga Labs’s business expansion plans.

15 142.

16 The supply of APE tokens is capped at 1 billion tokens. According to the ApeCoin
17 website, 62% of APE’s supply was initially distributed to the “ecosystem fund,” with the
18 majority of that going to the “DAO treasury and resources.” Reflecting the ApeCoin DAO’s
19 domination by Yuga Labs and its founders and backers, 16% of the supply was distributed to
20 Yuga Labs, while 14% was distributed to “[t]he companies and people that helped make this
21 project a reality” and 8% was distributed to the founders of Yuga Labs.

22 143.

23 APE holders need not participate in ApeCoin DAO governance, and may also delegate
24 the voting power of their tokens to others who actively participate in governance.

1 144.

2 The ApeCoin DAO is further managed by the APE Foundation acting as the DAO's
3 "steward." According to ApeCoin's website, "[t]he APE Foundation website is the DAO hub."
4 ApeCoin's website states: "The goal of the APE Foundation is to steward the growth and
5 development of the APE ecosystem in a fair and inclusive way. It utilizes the Ecosystem Fund,
6 which is controlled by a multisig wallet [a crypto wallet controlled jointly by multiple crypto
7 account holders], to pay its expenses as directed by the ApeCoin DAO and provides an
8 infrastructure for ApeCoin holders to collaborate through open and permissionless governance
9 processes." The website further explains that "ApeCoin DAO exists because decentralized
10 governance is critical to building and managing a globally dispersed community—and therefore
11 critical to the success of the APE ecosystem." As to this community, "[t]he APE Improvement
12 Proposal Process will allow ApeCoin DAO members to make decisions regarding Ecosystem
13 Fund allocations, governance rules, projects, partnerships, and beyond."

14 145.

15 According to Apecoin's website, while the APE Foundation "does not control ApeCoin
16 or the ApeCoin DAO," the APE Foundation has an active role in managing both:

17 The Foundation consists of an administrative Board, which exists solely to oversee
18 the decisions of the ApeCoin DAO, as well as a third-party project management
19 team in charge of ensuring ApeCoin DAO decisions are implemented. A
20 decentralized autonomous organization (DAO) is the best way to give every
21 member of the community a vote on important decisions whether it's a technical
22 upgrade or a decision to fund a new idea. However, the reality is that today a DAO
cannot sign a lease or hire people or make merch or whatever the community
decides to do on its own. The Foundation is responsible for the day-to-day
administration, bookkeeping, project management, and other tasks that ensure the
ApeCoin DAO community's ideas have the support they need to become a reality.

23 146.

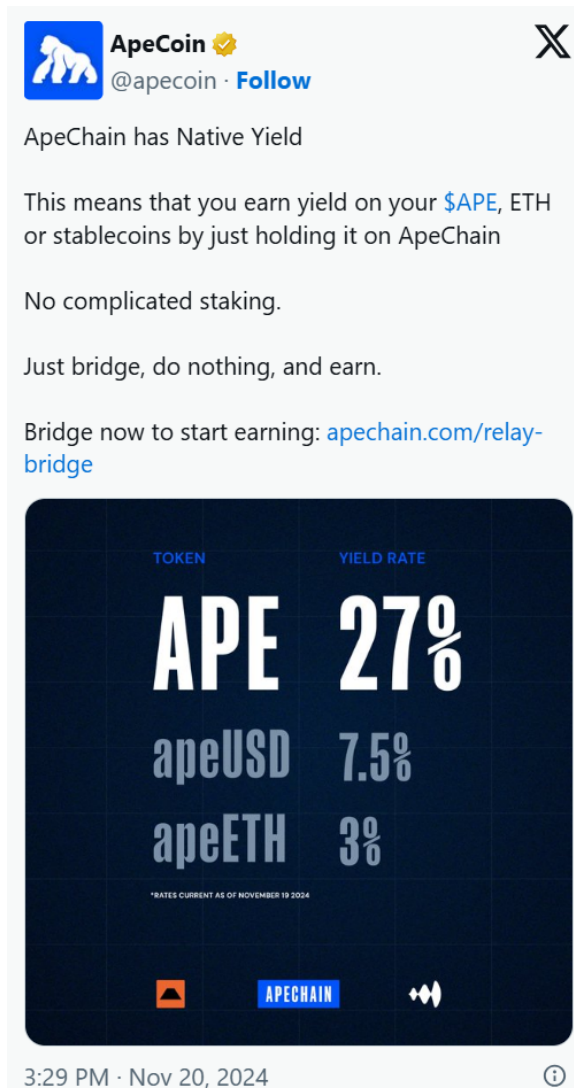
24 Investors in APE reasonably expected to reap profits as a result of the efforts, including
25 Yuga Labs, the APE Foundation, and the ApeCoin DAO, to promote and grow the APE
26 ecosystem and the APE token. Yuga Labs has promoted ApeCoin ever since its launch, for

1 example tweeting on March 16, 2022, the day ApeCoin launched, that “We’re excited to
2 announce we’re adopting ApeCoin as the primary token for the Bored Ape Yacht Club
3 ecosystem as well as future Yuga products and services.” Yuga Labs further tweeted that day
4 that it was granting the ApeCoin DAO certain IP rights related to Bored Ape Yacht Club.
5 ApeCoin’s website describes APE as “the primary token” of Bored Ape Yacht Club.” Yuga Labs
6 has extensively promoted the Bored Ape Yacht Club NFTs, which attracted endorsements from
7 celebrities like Eminem, Justin Bieber, Madonna, Stephen Curry, Jimmy Fallon, and Paris
8 Hilton, who acquired Bored Apes and promoted them in the media and on social media. Yuga
9 Labs has also launched, developed, and promoted projects explicitly connected to the APE
10 ecosystem such as Otherside, which Yuga Labs described as a “gamified, interoperable
11 metaverse under development” involving NFTs. Otherside’s website states: “The economy here
12 runs on ApeCoin. Should you aim to purchase an item in Otherside, it’s APE you’ll need.” Yuga
13 Labs has touted Otherside’s growth potential, with Otherside’s website stating, for example, “As
14 a platform, Otherside will seek to connect in deep ways with its userbase and partner with
15 established and respected entities in the industry to provide the education, experience, and
16 leadership necessary to build the metaverse of tomorrow.” In 2022, Yuga Labs was publicly
17 reported to have received a \$450 million venture capital investment led by prominent venture
18 capital firm Andreessen Horowitz that valued Yuga Labs at \$4 billion. As noted above, a crypto
19 news website reported in March 2022 that a Yuga Labs investor pitchbook described ApeCoin as
20 part of Yuga Labs’s business expansion plans.

21 147.

22 As noted above, APE also confers rights to participate in the ApeCoin DAO. APE also
23 can be used to acquire merchandise, art, games, and other items. Both of these characteristics
24 further link demand for the APE token with the efforts of ApeCoin’s managers to grow the
25 ApeCoin ecosystem.

ApeCoin’s managers and promoters have also offered and advertised direct financial incentives for APE investors to purchase and hold APE, including through ApeCoin’s repeated advertisement, including on Twitter (now X), how APE holders can earn yield, including in the form of additional APE tokens, by holding or staking APE tokens. For example, on November 20, 2024, ApeCoin posted to its Twitter account that “ApeChain has Native Yield / This means that you can earn yield on your \$APE ... just by holding it on ApeChain / No complicated staking. / Just bridge, do nothing and earn. / Bridge now to start earning,” advertising a 27% “yield rate” for APE:



1 149.

2 Coinbase has further advertised, “ApeCoin holders participate in the ApeCoin DAO, a
3 decentralized governance framework where they vote on proposals related to the ecosystem’s
4 growth and development,” and that ApeCoin “grants holders access to exclusive games, virtual
5 experiences, and services that are otherwise restricted.” Coinbase further touted that ApeCoin
6 “acts as a common currency within the ecosystem, enabling transactions without the need for
7 centralized intermediaries”

8 150.

9 APE peaked at a price of approximately \$26.70 per token with a market capitalization of
10 approximately \$7.4 billion on April 28, 2022. As of April 15, 2025, it traded at approximately
11 \$0.42 with a market capitalization of approximately \$336 million – reflecting a price drop of
12 more than 98% and a loss of approximately \$7.1 billion of its market value.

13 **6. ATOM**

14 151.

15 “ATOM” is the native crypto asset of the Cosmos Hub. ATOM has been listed for trading
16 on Coinbase since approximately February 14, 2021.

17 152.

18 The Cosmos project (“Cosmos”) was launched in 2017 by Jae Kwon, Zarko Milosevic,
19 and Ethan Buchman. According to Coinbase, Cosmos is an ecosystem of blockchains designed
20 to scale and interoperate with each other, and the Cosmos team aims to “create an Internet of
21 Blockchains” or “a network of blockchains able to communicate with each other in a
22 decentralized way.” Cosmos is built on a proof-of-stake consensus mechanism.

23 153.

24 The Cosmos Hub is a central blockchain that provides services to other blockchains
25 connected to it. Cosmos’s website states that Cosmos “is a blockchain that serves as a major
26 economic center of the Interchain, and is a chief contributor to the interchain stack. The

1 Interchain is an ever-expanding network of decentralized and interconnected blockchains.”
2 Cosmos described the Cosmos Hub as “the first hub among many hubs that [w]as launched
3 within the Cosmos Network of sovereign blockchains.”

4 154.

5 ATOM is described as “a license for the holder to vote, validate, or delegate to other
6 validators” and “can also be used to pay for transaction fees to mitigate spam.”

7 155.

8 In 2017, the Interchain Foundation (the “ICF”) (a Swiss non-profit organization of which
9 Buchman was formerly President and is currently Vice President) sold ATOM by conducting
10 what it termed the “Cosmos Fundraiser” to collect so-called “donations” for the development of
11 the Cosmos network. Pursuant to this offering, participants received ATOM tokens in exchange
12 for BTC or ETH. The ICF offered ATOM at a value of \$0.10 per token, with a 25 percent
13 discount on that price for partnering “strategic funders” and a 15 percent discount for individual
14 “Pre-Fundraisers.” By April 2017, ICF had raised approximately \$17 million in BTC and ETH
15 through its “fundraiser” by selling ATOM tokens.

16 156.

17 At least four entities are currently or have been significantly involved in the development
18 of Cosmos: (1) the ICF, which according to the SEC was created in 2017 by Kwon and
19 Buchman, and was formed to support the development of Cosmos and the Cosmos ecosystem;
20 (2) Interchain GmbH, LLC, a German limited liability company and subsidiary of ICF, which
21 employs a team of software engineers and operations personnel working primarily on the
22 Cosmos network; (3) All in Bits, Inc. d/b/a Tendermint (n/k/a Ignite, Inc.) (“Tendermint”), a
23 Delaware corporation created by Kwon, Milosevic, and Buchman and headquartered in New
24 York, with which the ICF contracted in 2017 “to develop the initial portion of the CESS
25 [Cosmos Essential Software and Services]”; and (4) NewTendermint, Inc., a Delaware
26 corporation of which Kwon is CEO and which supports and develops the Cosmos ecosystem.

1 157.

2 In 2022, NewTendermint was spun off from All in Bits, Inc. (d/b/a Tendermint), which,
3 at the same time, was rebranded to and became Ignite, Inc., which has focused on developing
4 products and tools “to onboard the next wave of developers and crypto enthusiasts to Cosmos.”

5 158.

6 Based on the information publicly disseminated by ICF, Kwon, and Buchman, purchasers
7 of ATOM reasonably viewed ATOM as an investment in and expected to profit from ICF’s,
8 Kwon’s, and Buchman’s efforts to grow the Cosmos protocol, which, in turn, would increase the
9 demand for and value of ATOM.

10 159.

11 The ICF collected and pooled the \$17 million raised from investors in the Cosmos
12 Fundraiser. In promoting the Cosmos Fundraiser, the ICF represented that the funds raised would
13 be deployed to develop the Cosmos network. For example, the March 31, 2017 “Cosmos Plan”
14 posted on the Cosmos GitHub page provided that the raised funds would be used “to contract
15 with entities”—including Tendermint—“and their agents for the development of the Cosmos
16 Essential Software and Services (CESS) and to help foster a community around CESS.” The
17 ICF later disclosed how they spent investor funds, for example in a 2019 post, “Projects Funded
18 in 2018” posted to the ICF’s public GitHub page.

19 160.

20 In the 2017 Cosmos white paper and “Cosmos Plan” (both of which were publicly
21 available on the Cosmos website), Kwon and Buchman described the Cosmos Fundraiser and
22 said that the 236 million ATOM tokens initially minted would be distributed: 10% to the
23 “Cosmos Network Foundation” (the ICF), 10% to All in Bits, Inc. (Tendermint), 5% to initial or
24 “lead donors,” and 75% to “the donors of the Cosmos Fundraiser” (investors).

161.

In public statements on the Cosmos and ICF websites, the ICF described its expertise in developing blockchain networks. It further described efforts it and related entities (including Interchain GmbH and Tendermint) have made and would purportedly continue to make to develop the Cosmos network and attract users to the technology. For example:

- Cosmos’s website stated that “Cosmos is supported by the Interchain Foundation” and identifies Tendermint, Interchain GmbH, and 15 other teams “contributing to the development of core software and infrastructure in the Cosmos ecosystem”;
- The ICF website stated that “as stewards of the interchain, we fund and advance the creation of an interoperable, sustainable, and community-owned decentralized ecosystem” and its “core teams maintain the protocols and applications” in the “Cosmos tech stack” (including Cosmos Hub and Cosmos SDK);
- The 2019 “Projects Funded in 2018” post on the ICF’s GitHub page (referenced above) identified grants, service agreements, and investments to develop the Cosmos network in 2018; and
- The ICF website has touted the “Builders Program,” which supposedly “is led by a team experienced in building the ecosystem’s software and infrastructure”; “is made by builders for builders, linking together our team of entrepreneurs, software engineers and designers with years of experience in building and launching chains”; and is a vehicle for ICF to “provide guidance and introductions to anyone in the ecosystem through our large network of investors, exchanges, custodians, auditors, development and design agencies, data providers and infrastructure partners.”

162.

ATOM peaked at a price of approximately \$43.65 per token with a market capitalization of approximately \$12.5 billion on January 16, 2022. As of April 15, 2025, it traded at

1 approximately \$4.03 and its market capitalization was approximately \$1.8 billion—reflecting a
2 price drop of more than 90% and a loss of approximately \$10.7 billion in market value.

3 **7. AVAX**

4 163.

5 AVAX is a cryptocurrency that is native to the Avalanche blockchain platform. AVAX
6 has been available for trading on the Coinbase Platform since approximately September 30,
7 2021.

8 164.

9 Avalanche, like Ethereum, enables smart contracts to operate decentralized applications
10 (dApps) on the platform. The Avalanche network is composed of three individual blockchains:
11 the X-Chain, C-Chain, and P-Chain, each serving a distinct purpose, allowing Avalanche to
12 handle a variety of use cases with different consensus mechanisms. Being compatible with
13 Solidity, the programming language used by the Ethereum network, it aims to create greater
14 blockchain interoperability by integrating a number of decentralized finance (DeFi) ecosystems,
15 including projects like Aave and Curve.

16 165.

17 The Avalanche protocol was reportedly conceived of by Team Rocket, a pseudonymous
18 group of software developers who published an article that detailed the basis for the Avalanche
19 protocol. Soon afterwards, Ava Labs was created in 2018 by Emin Gün Sirer to actualize the idea
20 by developing the protocol. Sirer is a professor of computer science at Cornell University and
21 was a notable member of the Initiative for Cryptocurrencies and Contracts (IC3). Avalanche
22 raised approximately \$42 million through an ICO in July 2020 and has continued to draw big
23 investments since. In July 2021, the Avalanche Foundation held a token sale raising \$230
24 million, with participants including large venture capital companies such as Polychain and Three
25 Arrows Capital. Ava Labs describes itself as “a world-class team of experts in computer science,
26 economics, finance, and law with offices in New York City and Miami” who are “passionate

1 individuals creating a frictionless world by redefining the way people build and use finance
2 applications.” Sirer serves as Ava Labs’s CEO; his LinkedIn profile describes him as “Building
3 Avalanche, the fastest and most scalable blockchain network.”

4 166.

5 AVAX investors have reasonably expected to profit from the efforts of Avalanche’s
6 management, including Sirer and Ava Labs. AVAX is needed to pay for transactions on the
7 Avalanche network and is needed to stake in order to validate transactions on the platform and to
8 receive the staking rewards, which create demand for the token. Transactions on Avalanche are
9 confirmed by validators who stake AVAX and who receive validator rewards in exchange. Thus,
10 staking AVAX is highly incentivized, creating a system where the circulating supply of AVAX
11 remains relatively low—even when demand for the token is high.

12 167.

13 Additionally, unlike other blockchains like Bitcoin and Ethereum, Avalanche’s fees (paid
14 in AVAX) are not paid to validators of the network. Instead, all fees are burned, meaning the
15 AVAX tokens spent on these fees are permanently destroyed. This further increases the scarcity
16 of AVAX, which is offset by the minting process in an effort to ensure the network’s longevity.
17 AVAX also serves as a means to participate in Avalanche’s governance.

18 168.

19 AVAX gains value from fees collected from transactions on the protocol. AVAX has a
20 capped supply of 720 million tokens, half of which were created and distributed during
21 Avalanche’s launch in 2020. The remaining tokens are to be generated by the minting process in
22 the form of staking rewards.

23 169.

24 Statements by Avalanche have promoted AVAX as an investment opportunity. In a 2022
25 blog post, for example, Avalanche stated that “Avalanche is now or will soon be the foundation
26 for institutional Web3 projects in fields including finance, insurance, payments, vehicles,

1 entertainment, culture, and many more. Despite the crypto market downtown, many executives
2 are more bullish on Avalanche now than ever.” In other blog posts, Avalanche has highlighted
3 AVAX’s listings on crypto exchanges such as Coinbase, which enhances trading liquidity in
4 AVAX and the desirability of AVAX as an investment, and touted that that AVAX is “a hard-
5 capped, scarce asset used to stake for rewards and keep the network secure, play Web3 games,
6 mint NFTs, fund DeFi dApps, and much more.” In a blog post from May 2024, Avalanche
7 wrote: “The Avalanche Foundation has introduced the Icebreaker Program to bolster the growth
8 and stability of the Avalanche ecosystem by supporting new and existing projects, particularly
9 through liquid staking tokens. The initial phase will distribute up to 500,000 AVAX to select
10 projects, with ongoing assessments and future expansions planned to further enhance the
11 ecosystem.” Avalanche’s blog and X accounts post frequent updates about Avalanche
12 developments and initiatives aimed at growing the network.

13 170.

14 Coinbase’s webpage about AVAX includes “AVAX Insights” featuring what “Bulls say”
15 and what “Bears say,” with the “bull” case for investing in AVAX stating that AVAX is “a
16 consensus protocol designed for speed and flexibility” such that “Avalanche aims to outperform
17 competitors in terms of throughput and confirmation times.” Coinbase further touted that
18 “Avalanche’s recent collaborations with major financial institutions like JPMorgan Chase and
19 CitiBank further highlight its ambition to lead in the real-world assets . . . market.”

20 171.

21 AVAX peaked at a price of approximately \$147.50 per token and a market capitalization
22 of approximately \$30.19 billion on November 20, 2021. As of April 15, 2025, it traded at around
23 \$24.79 per token and its market capitalization was approximately \$812 million—reflecting a
24 price drop of more than 86% and a loss of approximately \$31.1 billion in market value.

1 **8. AXS**

2 172.

3 Axie Infinity Shards (“AXS”) are Ethereum-based tokens associated with the Axie
4 Infinity (“Axie”) game, a blockchain game that allows players to interact in a virtual world
5 through digital pets called “Axies.” AXS can be bought and sold for fiat currency or other crypto
6 assets on numerous secondary trading platforms, and AXS has been available for trading on the
7 Coinbase Platform since approximately August 2021.

8 173.

9 Axie was created by Sky Mavis PTE LTD (“Sky Mavis”) and launched in 2018. Sky
10 Mavis, led by CEO Trung Nguyen and Chairman and COO Aleksander Leonard Larsen, is
11 responsible for key decisions regarding Axie, such as product development, marketing, digital
12 design, and software engineering.

13 174.

14 According to Axie, AXS is the governance token for the Axie Universe, allowing holders
15 to “participate in key governance votes.” Players of the Axie game can earn AXS for
16 successfully playing the Axie game and can use AXS to make in-game purchases. As Coinbase
17 has advertised, “[t]he main [game] token, Axie Infinity Shards (AXS), can be bought and sold on
18 exchanges like Coinbase” and while “[y]ou need some AXS to play the game, . . . you can also
19 trade AXS like Bitcoin, Dogecoin, or any other major crypto. AXS will also serve as a
20 governance token, which allows holders to have a say in the future of the game.” AXS can also
21 be staked through Axie. The total AXS token supply is 270 million with over 150 million in
22 circulation.

23 175.

24 In 2020, Sky Mavis raised about \$864,000 in a purportedly private sale of AXS tokens to
25 “strategic investors.” That same year, Sky Mavis conducted a public sale of AXS, resulting in the
26 distribution of 29.7 million AXS tokens, raising \$2.9 million for Axie. The AXS tokens sold to

1 “strategic investors” were offered at a 20 percent discount to those sold in the public offering and
2 were subject to a two-year vesting schedule.

3 176.

4 Based on the information Sky Mavis publicly disseminated, investors reasonably viewed
5 AXS as an investment in, and expected to profit from, Sky Mavis’s efforts to grow, the Axie
6 protocol, which, in turn, would increase the demand for and the value of AXS.

7 177.

8 For example, Sky Mavis explained publicly that funds raised in the AXS 2020 offerings
9 were pooled and used to develop and improve the Axie platform. An October 26, 2020, article
10 explains that the “team has used funds raised according to the allocations below: 85%
11 [d]evelopmental expenses; 10% [a]dministrative costs; 5% [b]usiness development and
12 marketing.” Also, on November 19, 2020, the Axie Twitter account stated: “Today, we’re proud
13 to share more info on the \$AXS strategic sale! The participants will help open amazing new
14 doors. The capital will help us scale the team so we can better deliver on the gameplay and
15 feature updates you’re all patiently waiting for!” To keep the Sky Mavis team “incentivized to
16 keep building after a successful token sale,” 21% of the total AXS tokens—56.7 million AXS—
17 were issued to these individuals, which will be gradually unlocked over a 4.5-year period to
18 ensure that “the team, community and investors have aligned incentives.” Axie’s white paper
19 included a “roadmap” for development and growth of the Axie platform with specific timelines
20 for achieving these goals. It further included a page dedicated to touting the potential for “Future
21 revenue streams,” stating that “Axie Infinity will be run using a Game-as-a-Service model where
22 new features will be introduced over time. Axie can potentially earn revenue from selling Axies,
23 Land, cosmetics, and in-game consumables. Additionally, there will be fees when players want
24 to level up their game characters, play in tournaments, and craft new assets. All the fees and
25 revenue generated by Axie Infinity will be placed in the Community Treasury which is governed
26 by the AXS holders.” As recently as January 31, 2025, the Axie platform announced that one

1 thousand AXS rewards would be distributed to the top 50 most active Discord community
2 members, as an effort to increase the number of daily users, as demonstrated by the explicit
3 invitation to “introduce your friends and family to Axie!”

4 178.

5 As of March 12, 2025, Axie represented on the Axie Infinity website that: 4% of AXS is
6 allocated for private sale; 7% is allocated for advisors; 8% for the encryption fund; 11% for
7 public sale; 20% for Play to Earn; 21% for Sky Mavis; and 29% for staking rewards.” According
8 to an Axie white paper, the Sky Mavis team intended to use its experience and efforts to develop
9 and grow the Axie game. For example, it lists the Axie founding team, their roles, and
10 background experience, and touts that “we’ve established a core team to lead product
11 development and oversee most decisions related to the progress of the game. This allows us to
12 build and iterate quickly towards product-market fit.”

13 179.

14 At the time of the initial sale of AXS, the Axie platform was not complete, and several
15 features of the platform were implemented after 2020. Further, the white paper explicitly set
16 growth goals in terms of daily average users of Axie Infinity and average weekly growth rates,
17 stating that “[i]f these requirements are not met by the end of 2023, Sky Mavis will lead the
18 formation of a steering committee or similar vehicle to discuss a path forward.”

19 180.

20 Coinbase similarly advertised that “you can also trade AXS like Bitcoin, Dogecoin, or
21 any other major crypto” and emphasized that “[a] key feature of Axie Infinity is community
22 engagement, where each member contributes, participates in governance, and generates content.”

23 181.

24 AXS peaked at a price of approximately \$164.90 per token and a market capitalization of
25 approximately \$10.7 billion on November 6, 2021. As of April 15, 2025, it traded at around
26

1 \$2.19 with a market capitalization of approximately \$351 million—reflecting a price drop of
2 more than 98% and a loss of approximately \$10.3 billion in market value.

3 **9. CHZ**

4 182.

5 CHZ is a token on the Ethereum blockchain, advertised as the “native digital token for
6 the Chiliz sports & entertainment ecosystem currently powering Socios.com,” a sports fan
7 engagement platform built on the Chiliz blockchain. CHZ can be bought and sold for fiat
8 currency or other crypto assets on numerous secondary trading platforms, and CHZ has been
9 available for trading on the Coinbase Platform since approximately June 2021.

10 183.

11 The Chiliz blockchain was introduced in early 2018 by protocol founder and current CEO
12 Alexandre Dreyfus, under a Maltese entity named HX Entertainment Ltd. According to the
13 Chiliz white paper, the Chiliz protocol is “a platform where fans get a direct Vote in their
14 favorite sports organizations, connect and help fund new sports and esports entities.” As
15 Coinbase has advertised, the CHZ token purportedly “serves as the platform’s internal currency”
16 and allows fans to acquire a limited supply of branded “fan tokens” from “each sporting
17 organization using its technology.”

18 184.

19 According to the Chiliz white paper, the Chiliz team raised approximately \$66 million
20 during the second quarter of 2018 through the sale of CHZ in “Chiliz’s Token Generation
21 Event,” which Chiliz claims was “executed via private placement.” CHZ were originally minted
22 in 2018, and there is a maximum supply of 8,888,888,888 CHZ tokens. It was not until the
23 second quarter of 2019 that Chiliz made “Fan Tokens” on Socios.com available for purchase
24 with CHZ.

1 185.

2 From the initial “private” offering of CHZ tokens onward, the Chiliz team has
3 disseminated information and made public statements, based on which purchasers of CHZ
4 reasonably expected to profit from the Chiliz team’s efforts.

5 186.

6 For example, Chiliz claims on its website that its “team” consists of more than 300 team
7 members across 45 different nationalities.” The Chiliz team operates both the Chiliz protocol and
8 Socios.com.

9 187.

10 In fact, the Chiliz white paper and other public statements by Chiliz identify members of
11 the Chiliz leadership team, and describe their past entrepreneurial and technology experiences.
12 Chiliz touts that the Chiliz team is “building the web3 infrastructure for sports and
13 entertainment.” Chiliz publicly represented that it would use the proceeds from CHZ sales to
14 fund the development, marketing, business operations, and growth of the Chiliz protocol and,
15 consequently, to increase the demand for CHZ in connection with the protocol. For example, the
16 white paper explains that 58% of funds raised through token sales would be allowed to
17 operational expenses, including “to develop the Socios.com platform, secure partnerships &
18 realize the platform’s digital infrastructure”; 20% would be allocated to “acquir[ing] new users
19 for the Socios.com platform and grow[ing] engagement in its voting utilities”; 10% would be
20 allocated to corporate structuring; 5% to security and legal; and 7% to ecosystem support.

21 188.

22 Moreover, 5% and 3% of the total CHZ tokens distributed were allocated to the Chiliz
23 team and an advisory board, respectively—the two groups responsible for the creation and
24 development of the platform—aligning the fortunes of management with those of CHZ investors.
25
26

1 189.

2 The CHZ white paper further evidences the mutuality of interest (and the alignment of
3 fortunes) between promoter and investor in cautioning that “if the value of BTC, ETH and/or
4 Chiliz fluctuates, the Company may not be able to fund development to the extent necessary, or
5 may not be able to develop or maintain the Socios.com Platform in the manner that it intended.”

6 190.

7 The Chiliz team also frequently touts the growth potential in the sports and esports
8 industry that it seeks to monetize through the Chiliz team’s efforts to expand its platform. For
9 example, the CHZ white paper highlighted the size of the gaming industry and potential for
10 esports revenue as well as the use of CHZ to drive and monetize fan engagement for traditional
11 sports. The white paper referred to the June 2018 “Token Generation Event,” stating: “[w]e are
12 no longer pursuing fundraising measures, instead focusing our efforts on leveraging accrued
13 resources to realize the Chiliz/Socios.com vision.” The white paper continued: “[w]ith
14 foundations set, Chiliz and the Socios.com platform it powers will look to use Football as a
15 benchmark to expand our Tokenized Fan Voting model to other sports in order to cater to a
16 global marketplace where different competitive verticals are dominant – prime examples of
17 diversification are Cricket in the Indian market, Baseball for Japan, and the like.”

18 191.

19 Public statements from the Chiliz team and its executives indicate that CHZ tokens are
20 primarily deployed for purchasing “fan tokens” on Socios.com. The demand for and price of
21 CHZ tokens is, therefore, directly reliant on demand for Socios fan tokens and their benefits.

22 192.

23 The Chiliz team also made other public statements that emphasize the economic reality
24 inherent in the design of the Chiliz blockchain’s reliance on CHZ to function—that as Chiliz is
25 able to grow its platform by partnering with more teams, and those teams grant attractive
26

1 opportunities to token holders, the value of the respective “fan tokens” will increase, and in turn,
2 the value of CHZ will also increase.

3 193.

4 In May 2024, Chiliz claimed that “Chiliz Chain is home to one of the most high potential
5 movements in blockchain” that “Fan Tokens are the official crypto assets for over 70 of the
6 biggest sporting organizations in the world. . . . Together they form the biggest digital asset class
7 in sport,” and that “all this adoption, innovation and game-changing will drive the biggest names
8 in the sports industry to roll out their Web3 visions.”

9 194.

10 In public statements, Chiliz’s CEO has also connected demand for CHZ to the potential
11 growth of the Chiliz platform. In February 2020, he stated: “Tens of thousands of regular
12 football fans have already started to use crypto, purchasing \$CHZ in order to buy Fan Tokens,
13 and in time we expect millions more to do so as we continue to add more partners to the platform
14 and increase our reach and grow the brand.” In March 2021, he tweeted: “Monthly Active Users
15 (MAU) of the @socios app, powered by \$CHZ. You can see how the demand for \$CHZ
16 (exchanges, Etherscan wallets, ...) exploded. Everything is correlated. We are building a
17 mainstream consumer-facing product, powered by @chiliz blockchain.” And in February 2023,
18 he tweeted: “I’m biased but I’m very confident that the Chiliz ecosystem is gonna bring a lot of
19 value to fans, sports properties, and innovation in general. Long journey ahead of us. \$CHZ.”
20 Chiliz’s CEO continues to actively promote CHZ, with an announced upcoming presentation on
21 “Blockchain and Tokenized Economies” at the Paris Blockchain Week in April 2025, an event at
22 which Chiliz has advertised it will “showcase how the Chiliz Chain is driving innovation in the
23 SportFi ecosystem.”

24 195.

25 The Chiliz team has also made efforts to drive secondary trading of CHZ by offering the
26 token on crypto asset trading platforms. For example, a June 2019 “Listing Content and Q&A”

1 document, available on the Chiliz website, discussed a listing proposal to offer CHZ on the
2 Binance DEX platform. More recently, in April 2024, the Chiliz team announced that “Transak,”
3 a “leading cryptocurrency onboarding solution,” now supports Chiliz and “simplifies \$CHZ
4 acquisition so that users [can] access an easy gateway into Chiliz’s Fan Token ecosystem.”

5 196.

6 The Chiliz team has also represented to its investors that it plans to engage in “burning”
7 (or destroying) CHZ tokens as a means of supporting the price of CHZ by reducing their total
8 supply. For instance, in 2020, the Chiliz team announced through its Fan Token exchange that it
9 would burn 20% received in net trading fees, 10% of proceeds from “Fan Token” offering sales,
10 and 20% of net proceeds of NFT & Collectibles. The public statements regarding the burning of
11 CHZ provided investors an additional reason to view their purchase of CHZ as having the
12 potential for profit.

13 197.

14 CHZ peaked at a price of approximately \$0.88 per token and a market capitalization of
15 approximately \$4.7 billion on March 13, 2021. As of April 15, 2025, it traded at around \$0.04,
16 with a market capitalization of approximately \$345 million—reflecting a price drop of
17 approximately 96% and a loss of approximately \$4.3 billion in market value.

18 10. COMP

19 198.

20 COMP is an Ethereum-based governance token for Compound, a crypto lending and
21 borrowing platform. COMP has been available for trading on the Coinbase Platform since
22 approximately June 23, 2020.

23 199.

24 Compound was built in 2017 by Compound Labs, Inc., a corporation based in San
25 Francisco, and co-founders Robert Leshner and Geoffrey Hayes. The Compound platform pools
26 crypto assets for borrowing and lending with algorithmically derived interest rates that are based

1 on supply and demand for the asset. Suppliers and borrowers can earn and pay floating interest
2 rates without negotiating terms like “maturity, interest rate, or collateral with a peer or
3 counterparty.” Lenders deposit money into Compound’s liquidity pools and earn variable interest
4 rates, and borrowers take loans that are permitted by Compound. As of March 2025, Compound
5 boasted that it supported over \$943 million in borrowing that is backed by \$2.2 billion of
6 collateral across 10 markets.

7 200.

8 In May 2018, Compound Labs raised \$8.2 million in seed funding led by major crypto
9 venture capital firms including Bain Capital Ventures, Andreessen Horowitz, Polychain, and
10 Paradigm. Coinbase itself also invested in Compound Labs in 2018. In November 2019,
11 Compound Labs raised \$25 million in a Series A funding round led by Bain, Andreessen
12 Horowitz, Polychain, and Paradigm. These venture capital firms have not been passive investors
13 in Compound and the COMP token, but have taken an active role in Compound’s governance
14 and operation, for example by voting on and discussing governance proposals in Compound’s
15 governance forums.

16 201.

17 This is consistent with the way these VC firms have described their approach to crypto
18 investing. As Paradigm’s website explains, it “take[s] a deeply hands-on approach to help
19 projects reach their full potential, from the technical (mechanism design, smart contract security,
20 engineering) to the operational (recruiting, regulatory strategy).”

21 202.

22 Bain advertises its active governance participation as a key “advantage.” According to its
23 Bain Capital Crypto website, “[c]rypto protocols require a dedicated level of active participation
24 on topics related to code contribution, risk parameter adjustment, DAO organization, and
25 management. We participate actively in these ecosystems.” As part of this, Bain Capital Crypto
26

1 “support[s] teams in both private and public markets” and “participates across capital stages and
2 even leverage protocols with [its] own capital.”

3 203.

4 Andreesen Horowitz’s crypto fund advertises that it supports the businesses it invests in
5 with its “research organization,” “[e]ngineering and security teams,” “[l]egal and regulatory
6 teams,” “[g]o-to-market expertise,” “[r]ecruiting services,” “[e]ducational content,” and a
7 “Crypto Startup Accelerator.”

8 204.

9 Polychain’s C.E.O. has stated that his team was “definitely involved in the high-level
10 design of the entire Compound token system.”

11 205.

12 Throughout 2018 and 2019, Compound Labs ran the Compound business. In 2019,
13 Leshner wrote that he was “blown away” by the market’s response to Compound. On February
14 26, 2020, Leshner announced he was beginning the process of transferring the Compound
15 business from Compound Labs to a soon-to-be-formed DAO. To facilitate this transition,
16 Compound Labs created a crypto token called COMP, describing COMP as a “governance
17 token.”

18 206.

19 Leshner announced the creation of COMP in a public message in February 2020,
20 explaining that issuing COMP would help Compound achieve its “goal . . . to create financial
21 infrastructure that applications and developers can rely on, forever.” After touting Compound’s
22 long-term prospects, Leshner urged readers to obtain COMP, telling them that “[p]articipation”
23 in the DAO “starts with the Compound governance token, COMP.” Leshner told readers that
24 owning the COMP token would “allow[] you to suggest, debate, and implement changes to
25 Compound” and to “participate in shaping the direction of Compound.” At the same time,
26 Leshner made clear that individuals could purchase COMP without participating in community

1 governance, explaining that “[i]n addition to being a standard ERC-20 asset, COMP allows the
2 owner to delegate voting rights to the address of their choice.”

3 207.

4 In early 2020, the first COMP tokens were issued to Compound Labs’ shareholders,
5 including its VC backers.

6 208.

7 In May 2020, Leshner proclaimed that COMP would help “create unstoppable, upgradable
8 financial infrastructure.”

9 209.

10 Despite these statements touting “community governance,” Compound Labs’ plan was
11 always to ensure that insiders would keep control of the business. For example, according to a
12 Compound blog post authored by Leshner in April 2020, under the initial supply schedule,
13 “founders and team,” “shareholders,” and “future team members” will together hold 50% of the
14 outstanding COMP supply when COMP is fully distributed. Since then, COMP ownership has
15 remained highly concentrated among these insiders, who effectively govern and manage
16 Compound through their voting control.

17 210.

18 Instead of selling tokens directly for cash or crypto assets in an Initial Coin Offering,
19 Compound Labs sold COMP to Compound’s users in exchange for their use of the platform and
20 payment of the platform’s fees.

21 211.

22 On June 10, 2020, Compound Labs announced that the trial governance period for
23 Compound DAO would end on June 16, and that COMP would become available to the public
24 on that day. Compound DAO distributed COMP to the users of the Compound business in
25 exchange for their use of the service and payment of fees to the DAO. These distributions are
26 sometimes referred to as “emissions.”

1 212.

2 Because Defendants took steps to ensure that COMP tokens are tradeable on secondary
3 markets, those who received COMP tokens for using the protocol and paying fees were able to
4 turn around and sell their COMP tokens for a profit. The influx of users borrowing and lending
5 assets on Compound so that they could obtain COMP and then immediately sell it, in turn,
6 increased the value of COMP tokens on the secondary market, and the rapid growth in the
7 protocol's user base gave the impression of rapidly increasing demand. The increase in the value
8 of COMP tokens on the secondary market, in turn, increased the realizable interest rates for
9 depositors (who received COMP with each deposit they made), incentivizing them to deposit
10 even more, which in turn increased the value of the tokens, and so on.

11 213.

12 COMP tokens immediately became tradeable on the secondary market, including
13 decentralized exchanges. Compound actively solicited these secondary-market transactions and
14 soon took additional steps to ensure that COMP would be tradeable on centralized crypto
15 exchanges as well.

16 214.

17 One major investor stated, as Bain had earlier, that “[g]iven that COMP represents a
18 potential claim on future interest paid, as more collateral onboards to Compound, this should
19 make COMP more valuable as more lenders/borrowers show up.”

20 215.

21 About two weeks after COMP's public launch, its price dropped steeply. Compound
22 sought to persuade Coinbase to list COMP for trading. According to CoinDesk, a crypto news
23 publication, COMP's listing on Coinbase “was one of the fastest Coinbase listings to date
24 following the launch of a digital asset.”

1 216.

2 With the help of Compound Labs, Coinbase also added COMP to its feature called
3 “Earn” where users of Coinbase would receive COMP in exchange for watching an
4 advertisement promoting the Compound protocol. Coinbase explained the “Earn” program in its
5 public disclosures as follows: “We provide asset issuers with a platform to engage with our users
6 through education videos and tasks where users can earn crypto assets that they learned about.
7 We earn a commission based on the amount of crypto assets distributed to our users.” Thus,
8 Compound Labs agreed to pay Coinbase a commission to sell or provide COMP to its investors,
9 to encourage those investors to invest in COMP through “education videos” created by or at the
10 direction of one or more Partner Defendants, to encourage investors to use the Compound
11 protocol and thereby obtain more COMP, and to ensure a robust secondary market for COMP.
12 Leshner also personally posted about Compound’s participation in this program on Compound’s
13 blog.

14 217.

15 Compound’s managers took steps to have COMP listed and supported by other crypto
16 exchanges. In 2021, in response to a Compound user asking for a solution “to enable low-cost
17 trading of COMP” on a different platform called Arbitrum, Leshner wrote that “I’ve reached out
18 to the Arbitrum team to add COMP as a supported asset.”

19 218.

20 Users who store their COMP tokens on Coinbase or other centralized exchanges cannot
21 exercise governance rights or vote on any governance proposals because the exchanges formally
22 holds those tokens itself and distribute those tokens to investors only when the investors
23 withdraw the tokens from the exchange.

24 219.

25 Investors in COMP reasonably expected that Compound and Compound Labs, Inc. would
26 continue to exert effort to ensure the token earns value through the growth and success of the

1 Compound protocol. Investors frequently discuss COMP as an investment asset on social media,
2 in the official Compound Discord server, and in other crypto forums, repeatedly sharing their
3 expectation that owning the COMP token will be profitable for them personally.

4 220.

5 COMP peaked at a price of approximately \$910.54 per token with a market capitalization
6 of approximately \$4.7 billion on May 11, 2021. As of April 15, 2025, it traded at \$39.78 with a
7 market capitalization of approximately \$356 million—reflecting a price drop of more than 95%
8 and a loss of approximately \$4.3 billion in market value.

9 **11. DASH**

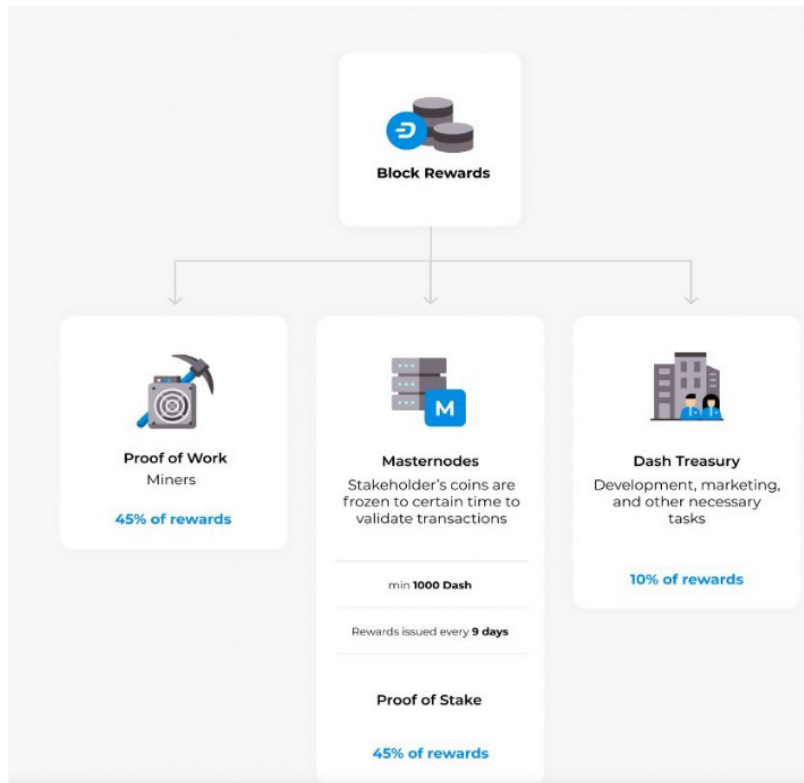
10 221.

11 “DASH” is the native token of the Dash blockchain and the token used for financial
12 transactions on the Dash platform, including payment of transaction fees required to propose
13 transactions on the blockchain. DASH can be bought and sold for fiat currency or other crypto
14 assets on numerous secondary trading platforms, and DASH has been available for trading on the
15 Coinbase Platform since approximately September 2019.

16 222.

17 The Dash blockchain is a protocol launched in or about January 2014 by founder Evan
18 Duffield. According to its website, Dash is a crypto payment platform “forked” (or split off)
19 from the Bitcoin source code. DASH tokens were initially distributed to miners as a reward for
20 value provided to the Dash network by mining blocks for the blockchain. Today, the Dash
21 network is purportedly run by a subset of its users, which are called “Masternodes,” servers that
22 provide a second layer of services and governance on the Dash blockchain on top of the services
23 provided by standard nodes. Ninety percent of the block rewards—in the form of DASH
24 tokens—generated through blockchain mining are split between the Masternodes and the regular
25 nodes. At the end of every month, the remaining 10% of the block rewards are dispersed monthly
26 to the Dash Treasury to fund operation of, and improvements to, the Dash platform and DASH

1 token. The following graphic illustrates how rewards are purportedly distributed on the Dash
2 platform:



223.

17 The Masternodes control an entity known as the DCG (Dash Core Group), which is
18 funded by the Dash Treasury, and is responsible for making budget proposals meant to improve
19 and advance the Dash network. The Masternodes vote on all DCG proposals and other funding
20 proposals submitted to the Dash Treasury. The Masternodes also indirectly control the DCG
21 through the Masternodes' voting control over the Dash Trust, which is the sole shareholder of
22 DCG. The DCG's improvements to the Dash platform and the DASH token benefit token
23 holders by increasing the DASH token's value, thereby benefitting all token holders.
24 Accordingly, the fortunes of the investors (i.e., the non-Masternodes token holders) are tied to
25 the fortunes of the Masternodes and the DCG.

1 224.

2 From the founding of the Dash platform, the Masternodes and the DCG have
3 disseminated information based on which DASH purchasers, including those who purchased
4 DASH since September 2019, reasonably viewed DASH as an investment in and expected to
5 profit from the DCG's and the Masternodes' efforts to develop, expand, and grow the protocol,
6 which, in turn, would increase the demand for and the value of DASH.

7 225.

8 For instance, Duffield developed the algorithm used for calculations on the DASH
9 blockchain and launched DASH purportedly to improve on Bitcoin's relatively slow transaction
10 times and to address privacy issues. The DCG touts the Dash algorithm as "one of the safest and
11 more sophisticated cryptographic hashes in use by modern cryptocurrencies." To enhance
12 DASH's speed and privacy Duffield subsequently invented "InstantSend" and "PrivateSend,"
13 which respectively, according to the Dash website, allow users to transfer DASH without waiting
14 for the transactions to be confirmed on the blockchain and by making transactions more difficult
15 to trace. In an August 2024 interview, a Dash employee highlighted features "like instant
16 transactions, low fees, and unparalleled scalability." Dash also recently announced the release of
17 "Dash Evolution," a "platform [for] executing data contracts to write to, and access from,
18 decentralized storage," which was created to "properly fill in all the missing gaps around
19 decentralized money" by "div[ing] into decentralized data."

20 226.

21 Further, using the DASH it receives from the Dash treasury, the DCG works to enhance
22 performance, add features to the Dash platform, and advance DASH as a medium of payment.
23 Dash's website states that DASH can be spent at thousands of retailers through the "DashDirect"
24 consumer app and, in or around May 2022, @DashInformation tweeted, "DCG is a [Dash
25 Funded Organization] with a dedicated team working for the Dash network that is responsible for
26 the main development of Dash. Its mission is to provide greater financial freedom by delivering

1 and improving financial solutions which are secure, reliable, decentralized, and usable for all.”
2 As recently as January 2025, Dash announced that it sought to “work closely” with “crypto
3 companies, wallets and services ... to enable as many of Dash’s special features as possible in
4 their apps, and to support them in a mutually-beneficial relationships,” and continued to promote
5 Dash as “one of the oldest, best, most-time tested crypto projects” and as “the ultimate
6 decentralized money and digital cash experience.”

7 227.

8 As Coinbase has advertised, “Dash aims to be a user-friendly and scalable payments-
9 focused cryptocurrency . . . designed for both individual users and institutions, including
10 merchants, financial services, traders, and those who need to send international remittances.”
11 Coinbase has further touted that Dash’s design “allows Dash to offer improvements in
12 transaction speed, privacy, and governance.”

13 228.

14 Finally, the value of DASH is further enhanced by the fact that the token has a limited
15 supply and has deflationary mechanisms. For example, the Dash website explains that the block
16 reward is reduced by approximately 7% every 210,240 blocks (approximately every 380 days).

17 229.

18 DASH peaked at a price of approximately \$1,493.59 per token and a market
19 capitalization of approximately \$11.6 billion on December 20, 2017. As of April 15, 2025, it
20 traded at around \$20.55, with a market capitalization of approximately \$251 million—reflecting
21 a price drop of more than 98% and a loss of approximately \$11.3 billion in market value.

22 12. DDX

23 230.

24 DDX is a token issued on the Ethereum blockchain, associated with the DerivaDEX
25 protocol, offered in or about July 2020 by DerivaDEX and its agents (together, “DerivaDEX”).
26 DerivaDEX purports to be an exchange for derivatives contracts. DerivaDEX claims on its

1 website that the DDX token “governs” the DerivaDEX “project,” and that “DDX is also used for
2 fee reductions and staking opportunities.”

3 231.

4 DDX can be bought and sold for fiat currency or other crypto assets on secondary trading
5 platforms. DDX had been available for trading on the Coinbase Platform since August 31, 2021,
6 but was delisted from the Coinbase Platform as of August 23, 2023.

7 232.

8 The DerivaDEX protocol was, and continues to be, developed by: (1) DEX Labs, Inc.
9 (f/k/a DerivaDEX, Inc.), a Delaware corporation purportedly providing software development
10 services; (2) a the DerivaDEX Foundation; and (3) an operating entity called the DerivaDAO.
11 DerivaDEX was co-founded by Aditya Palepu and Frederic Frontier, among others, and
12 according to its website is “supported” by partners including Coinbase, CMS, Dragonfly Capital,
13 Electric Capital, and Polychain Capital.

14 233.

15 According to DerivaDEX, the protocol has a supply of 100 million tokens, half of which
16 are “emitted.” The remaining 50 million tokens are to be released over the next 10 years as the
17 “liquidity mining supply” to facilitate trading on the trading platforms. In or about July 2020,
18 DerivaDEX announced that it had raised \$2.7 million over two rounds of fundraising. Investors
19 received over 15.3 million tokens, advisers received 660,000 tokens, and DerivaDEX retained
20 the remaining 34 million tokens. Because outside investors hold only 30.7% of the available
21 token supply while DerivaDEX and its management team retained the majority of “emitted”
22 DDX tokens, management shares a common interest with other investors in the value of DDX. In
23 a December 2020 Medium post titled “DerivaDEX Token Economics,” DerivaDEX explained
24 that 21 million tokens in DerivaDEX’s supply “are unlocked upon network launch” and can be
25 utilized “at any time.”

1 234.

2 Purchasers of DDX tokens invested in a common enterprise. DerivaDEX has represented
3 that funds raised by token sales would be used primarily to make DerivaDEX operational. For
4 example, in the December 2020 Medium post, DerivaDEX stated that over 34 million DDX are
5 allocated for: “funding for community initiatives, business development and partnerships,
6 marketing, future fundraising rounds, and continued engineering development of the DerivaDEX
7 protocol.”

8 235.

9 Based DerivaDEX’s public statements, DDX purchasers reasonably viewed DDX as an
10 investment and expected to profit from the efforts of DerivaDEX. Coinbase advertises that
11 “DerivaDAO aims to fill a gap in the intersection of trading and blockchain technology” as “[i]t
12 seeks to solve the issues faced by other exchanges, such as weak security and potential
13 regulatory concerns, by operating as a DAO.” Coinbase continues that “DerivaDAO also strives
14 to offer a performant and capital-efficient user experience, addressing the liquidity and user
15 experience issues of decentralized exchanges” and that “[i]ts off-chain price feeds, matching
16 engine, and liquidation operators aim to provide a similar level of speed and efficiency as
17 centralized exchanges, making it a potential choice for users seeking a decentralized yet efficient
18 trading platform.” Coinbase has further highlighted how “DerivaDAO was founded by Aditya
19 Palepu, a Duke alumnus and former algorithmic trader with experience in software engineering”
20 who “is supported by a team of nine, including co-founder Frederic Fortier, a software engineer
21 with over a decade of experience building distributed systems” and that “DerivaDAO has also
22 received support from a variety of investors, raising a total of \$2.7 million in several rounds.”

23 236.

24 In July 2020, DerivaDEX touted a “series of programs that will be made available for
25 early partners, including testnet competitions, insurance mining, and other opportunities to get
26 early access to the testnet exchange product.”

1 237.

2 DerivaDEX described “insurance mining” as a program offering investors the ability to
3 earn more DDX by “staking” DDX to a DerivaDEX “insurance fund.” Investors who contribute
4 their DDX tokens to the fund, creating liquidity that could be used to insure parties if a
5 transaction failed, would have the opportunity to profit from rewards in the form of additional
6 DDX tokens as the insurance pool grows and earns fees.

7 238.

8 DerivaDEX has also sought to attract investors by noting that DDX tokens could soon be
9 traded on secondary platforms, like Coinbase. For example, in tweets beginning in June 2021,
10 DerivaDEX and DEX Labs touted when DDX became available for custody at various trading
11 platforms including Coinbase. DerivaDEX has also published an article that stated in part, “[i]ts
12 [sic] been a huge week for DerivaDEX [...] as DDX custody offerings coming live at both
13 [trading platforms],” and retweeting Coinbase’s listing announcement. DEX Labs also retweeted
14 the announcement, as did DerivaDEX’s product lead, stating, “big hecking week for us
15 @DEXLabs1[.]”

16 239.

17 DDX peaked at a price of approximately \$15.28 per token and a market capitalization of
18 approximately \$399 million on August 31, 2021. As of April 15, 2025, it traded at around \$0.13,
19 with a market capitalization of approximately \$1.2 million—reflecting a price drop of more than
20 99% and a loss of approximately \$398 million in market value.

21 13. EOS

22 240.

23 EOS is a token that was originally built on the Ethereum network but later became
24 associated with the EOS Network. EOS has been available to trade on the Coinbase Platform
25 since approximately May 30, 2019.

1 241.

2 EOS was originally issued by Block.one, a Cayman Islands-registered technology
3 company that was established in 2016, and developed the EOSIO software, an operating system
4 that would underlie one or more anticipated EOSIO-based blockchains. From June 26, 2017,
5 through June 1, 2018, Block.one conducted a “token distribution,” or “initial coin offering”
6 (“ICO”), in which it publicly offered and sold 900 million EOS (then an ERC-20 Token built on
7 Ethereum), in exchange for the cryptocurrency Ether, to raise capital to develop the EOSIO
8 software and promote the launch of EOSIO-based blockchains. Block.one raised Ether worth
9 several billion dollars from the general public, including a portion from U.S. residents.

10 242.

11 The EOS.IO Website stated that the proceeds of the ICO would be “revenue” of
12 Block.one, and that it “intends to use certain of the proceeds for general administration and
13 operating expenses, as well as to build a blockchain consulting business focusing on helping
14 businesses re-imagine or build their businesses on the blockchain, developing more open source
15 software that may be helpful to the community and building decentralized applications using
16 EOS.IO Software.” Block.one told investors that their profits were tied to those of Block.one,
17 explaining it had allocated 10 percent of the EOS tokens—which Block.one called “Founders
18 tokens”—to “ensure that block.one has aligned interests with those participating in the EOS
19 Token distribution.”

20 243.

21 As set forth in the Token Purchase Agreement, which was posted on the EOS.IO
22 Website, and in other public statements, the ERC-20 Token was not the same token that
23 eventually would be used on any anticipated EOSIO-based blockchains. Rather, the ERC-20
24 Token was designed to become fixed and nontransferable on the Ethereum blockchain (a
25 different blockchain platform) at the close of the ERC-20 Token sale, meaning that while a
26 record of past transactions could be confirmed on the Ethereum blockchain, new transfers of the

1 ERC-20 Token could not occur on the Ethereum blockchain and the smart contract would have
2 no further functionality at that point. Beginning in December 2017, Block.one began to release
3 beta versions of the EOSIO software and explained that once the official version was published
4 under an open-source software license, anyone could view the software's code and use it to
5 configure and launch blockchains (such as the EOS Blockchain, which would be a different
6 blockchain than an Ethereum blockchain). As anticipated, on June 1, 2018, Block.one's ICO
7 closed, and the ERC-20 Token—which prior to this time had been transferrable in secondary
8 market transactions—became fixed and nontransferable. In addition to the EOSIO software,
9 Block.one developed a “snapshot tool” that when used in conjunction with EOSIO, would allow
10 any developer to launch a blockchain that, upon their election, could also contain the final ERC-
11 20 Token register of accounts. Block.one advised that ERC-20 Token holders would need to
12 register their token ownership through a smart contract on the Ethereum blockchain in order to
13 be eligible to receive any native EOSIO-based blockchain tokens utilizing the snapshot tool, if
14 and when those blockchains launched. On June 14, 2018, the EOS Blockchain, the first EOSIO-
15 based blockchain, was launched. The ERC-20 Tokens sold in the ICO remain fixed on the
16 Ethereum blockchain, and the ERC-20 Tokens cannot be transferred.

17 244.

18 Block.one undertook efforts for the purpose of, or that could reasonably be expected to
19 have the effect of, conditioning the market in the U.S. for the ERC-20 Tokens, including by
20 engaging in directed selling efforts. Among other things, Block.one participated in blockchain
21 conferences in the U.S., including a prominent conference held in New York City in May 2017,
22 to promote Block.one and which at times also promoted its ICO. In connection with the May
23 2017 Conference, Block.one advertised EOSIO on a large billboard in Times Square on May 22,
24 2017, promoted EOSIO in informal informational sessions, and hosted a post-conference
25 reception. Block.one also promoted its proposed business and ICO to U.S.-based persons on the
26 EOS.IO Website and through various social media and forum posts. The EOS.IO Website, White

1 Paper, and other promotional statements were accessible to purchasers and potential purchasers,
2 and viewable by U.S. persons. In addition, ERC-20 Tokens were traded and widely available for
3 purchase on numerous online trading platforms open to U.S.-based purchasers throughout the
4 duration of the ICO. Block.one did not take any steps to prevent the ERC-20 Tokens from being
5 immediately resaleable to U.S.-based purchasers in secondary market trades.

6 245.

7 Block.one offered ERC-20 Tokens in order to raise capital and build a profitable
8 enterprise. Investors in the ERC-20 Token reasonably expected to profit if Block.one were
9 successful in doing so.

10 246.

11 At the time the ICO launched in June 2017, Block.one did not have any product in place,
12 and its proposed software was largely conceptual. Purchasers would have understood that
13 Block.one was a for-profit entity. Block.one stated that the ICO proceeds were “revenue” of the
14 Company, and that it would use the proceeds to build a profitable enterprise by, among other
15 things, developing the EOSIO software and promoting the widespread adoption of EOSIO and
16 launch of anticipated EOSIO-based blockchains. Purchasers thus would have understood that
17 Block.one’s success in building and promoting the EOSIO software and promoting the launch of
18 one or more EOSIO-based blockchains would make their token purchase profitable. In January
19 2018, seven months into the 12-month ERC-20 Token offering, Block.one announced that it
20 would invest \$1 billion from the offering proceeds to “offer[] developers and entrepreneurs the
21 funding they need to create community driven businesses leveraging EOSIO software.” In
22 describing Block.one’s plans to invest the proceeds of the ERC-20 Token sale to fund businesses
23 that would use, directly or indirectly, an EOSIO-based blockchain, Block.one stated that “the
24 money we spent on those initiatives will be returned value for the network” and that the money
25 raised in the ICO would be spent wisely to fund development of EOSIO-based blockchains. Over
26 the approximately year-long ICO, ERC-20 Token purchasers’ expectations were primed by

1 Block.one’s marketing of the ERC-20 Token and anticipated EOSIO blockchains. To market the
2 ERC-20 Token, Block.one created the EOS.IO Website and published an EOS White Paper and
3 an “Introduction to EOS” technical paper. During the ICO, Block.one also was developing
4 EOSIO software and released beta versions of the software to the public. Its founders also
5 published articles and blog posts to promote the EOSIO software, and actively engaged U.S.
6 purchasers and potential U.S. purchasers on social media, online message boards, and other
7 outlets. In the course of marketing the EOSIO software, Block.one encouraged U.S. purchasers
8 to rely on the founders’ expertise and vision to secure the widespread adoption of the EOSIO
9 software and anticipated launch of one or more EOSIO blockchains.

10 247.

11 According to Coinbase, the EOS Network was built by bootstrapping based off a
12 snapshot from Block.one’s “initial coin offering” (ICO). The official EOS website includes an
13 “EOSIO strategic vision” stating that “[a]s a contributor to the growth of the EOSIO™ software,
14 Block.one is committed to working with the community to develop a platform that will
15 strengthen and grow the ecosystem,” with the goal of “mak[ing] EOSIO the fastest, most
16 scalable, and easiest to use blockchain in the world.” The website further states, “[t]his outline of
17 our vision for EOSIO represents directional areas where Block.one strives to continually explore
18 the advancement of the software in close collaboration with the community over the next few
19 years,” and “[a]s the needs of the community and software platform continue to grow we expect
20 to iterate and prioritize these enhancements to continue making EOSIO the most performant
21 blockchain software in the market.” The EOS website contains a link to BlockOne’s website
22 under its “About Us” page, under the subheading “Corporate.” BlockOne’s website, in turn,
23 contains information about BlockOne’s “leadership” team, with biographies touting the
24 experience and expertise of its CEO, Chief Strategy Officer, Chief Financial Officer, and
25 General Counsel.

1 248.

2 EOS peaked at a price of approximately \$22.71 per token with a market capitalization of
3 approximately \$18.1 billion on April 29, 2018. As of April 15, 2025, it traded at about \$0.60
4 with a market capitalization of approximately \$907 million—reflecting a price drop of more than
5 97% and a loss of approximately \$17.2 billion in market value.

6 **14. FIL**

7 249.

8 “FIL” is the native crypto asset of the Filecoin network. FIL can be bought and sold for
9 fiat currency or other crypto assets on numerous secondary trading platforms and has been
10 available for trading on the Coinbase Platform since approximately December 2020.

11 250.

12 The Filecoin network is an open-source data storage network that runs on a blockchain,
13 created by Protocol Labs, Inc. (“Protocol Labs”), which describes itself as a research,
14 development, and deployment lab for network protocols. Coinbase has advertised that “Filecoin
15 seeks to address the challenge of inefficient file storage and retrieval by providing an efficient set
16 of tools and its core development, IPFS.”

17 251.

18 In or around July 2014, Protocol Labs and its founder and CEO, Juan Batiz-Benet
19 (“Benet”), published a white paper entitled “Filecoin: A Cryptocurrency Operated File Storage
20 Network,” which Protocol Labs updated approximately three years later, setting forth a “path
21 toward the construction of the Filecoin network.”

22 252.

23 In 2017, Protocol Labs conducted a two-part token sale: first, an “Advisor Sale” for
24 advisors of Protocol Labs and Filecoin, and, second, a “Public Sale” for the broader community,
25 but supposedly limited to “accredited investors” (collectively, “2017 FIL Sales”). Investors could
26 use U.S. Dollars and certain crypto assets to buy Filecoin. During the July 2017 Advisor Sale,

1 Protocol Labs sold FIL to approximately 150 investors, including individuals as well as
2 institutional investors and other entities. These investors paid \$.075 per FIL and were offered
3 “vesting/discount choices of 1-3 years and 0-30% discount.” In the August 2017 Public Sale, the
4 FIL price was set based on a “public sale price function,” described as “price = max (\$1,
5 amountRaised / \$40,000,000) USD/FIL” and increased thereafter based on the amount sold. As
6 with the Advisor Sale, investors who purchased FIL in the Public Sale received discounted
7 pricing if they agreed to longer vesting periods.

8 253.

9 In connection with the 2017 FIL Sales, which were effected pursuant to SAFTs, Protocol
10 Labs filed forms with the SEC claiming an exemption from registration under Rule 506(c) of
11 Regulation D for the offerings of FIL pursuant to SAFTs. Protocol Labs reported that they raised
12 more than \$205 million for the development of Filecoin in the 2017 FIL Sales. Coinbase itself
13 advertises that Filecoin “accumulated \$205 million in an initial coin offering (ICO) in 2017.”
14 Protocol Labs pooled investment proceeds from the token sales to fund the development and
15 growth of the Filecoin network.

16 254.

17 On October 15, 2020, Protocol Labs launched the mainnet (a publicly accessible version
18 of the network) of the Filecoin network, and FIL began being minted and distributed. Protocol
19 Labs stated that the maximum supply of FIL would be 2,000,000,000 FIL, meaning that no more
20 than 2 billion FIL will ever be created. Since the October 2020 launch, Protocol Labs, using
21 funds from the sale of FIL, has continued to develop, expand, and promote the Filecoin network.
22 Based on the information Protocol Labs publicly disseminated, including after the initial FIL
23 sales, FIL holders, including those who have purchased FIL since December 2020, reasonably
24 viewed FIL as an investment in and to expect to profit from Protocol Lab’s efforts to grow its
25 protocol, which, in turn, would increase the demand for and the value of FIL.

1 255.

2 The Protocol Labs Filecoin team stated that “[t]he Filecoin Sale was a critical milestone
3 in the lifetime of the project. It raised the funding necessary to grow our team, to create the
4 network, and build all the software tools needed to operate and use the network.” They further
5 stated, “Filecoin success will reward the investment of supporters like you by simultaneously
6 driving down the cost of storage and increasing the value of the Filecoin tokens that incentivize
7 miners to provide storage. We’re thrilled by your widespread, enthusiastic interest and look
8 forward to staying engaged and including you in our success.”

9 256.

10 Benet and the Filecoin team provided further information about the 2017 FIL Sales and
11 the Filecoin network in a document titled, “Filecoin Token Sale Economics,” which stated:

12 Protocol Labs requires significant funding to develop, launch, and grow the
13 Filecoin network. We must develop all the software required: the mining
14 software, the client software, user interfaces and apps, network infrastructure and
15 monitoring, software that third-party wallets and exchanges need to support
16 Filecoin, integrations with other data storage software, tooling for web application
and dapps to use Filecoin, and much more. We must deploy the network, facilitate
its growth to large scale, market to and onboard miners and clients, bring key
partners into the eco system, and much more.

17 257.

18 According to the “Filecoin Token Sale Economics” document, FIL would be distributed
19 to groups “critical to the network’s creation, development, growth, and maintenance.” The
20 allocation of FIL among these groups aligned Protocol Labs’ interests, and potential profits, with
21 those of FIL investors:

- 22 • 70% to Filecoin miners – “For providing data storage service, maintaining the blockchain,
23 distributing data, running contracts, and more.”
- 24 • 15% to Protocol Labs – “For research, engineering, deployment, business development,
25 marketing, distribution, and more.”
- 26 • 10% to Investors – “For funding network development, business development,

1 partnerships, support, and more.”

- 2 • 5% to a “Filecoin Foundation” – “For long-term network governance, partner support,
3 academic grants, public works, community building, etc.”

4 258.

5 The document further explained: “We have structured the token sale to reward a large
6 group of people that can help us build the [Filecoin] network, by selling Filecoin at what we
7 think is a much lower price than it will be worth some day (caveat: as with any risky investment
8 of course we cannot make guarantees or predictions).” A July 2017 blog post similarly noted that
9 the Advisor Sale was intended, in part, to secure “long-term commitment to and alignment with
10 the Filecoin network” and “to reward their contributions so far and/or future potential with the
11 capability to invest early.”

12 259.

13 Filecoin represented in the “Filecoin Token Sale Economics” and another document
14 entitled “Filecoin Primer,” which also was available to investors ahead of the 2017 FIL Sales,
15 that Filecoin purchasers would be able to sell the token on crypto asset trading platforms in the
16 future.

17 260.

18 The Filecoin Primer also touted “Large Scale Value Creation,” explaining: Filecoin
19 Network “will create value in a number of ways, and the total impact of the network can be
20 tremendous. Growth of the network will drive demand for the token. The more value created by
21 the Filecoin Network, the more things people and organizations spend Filecoin on, and the
22 greater the value and worth of the token.” Similarly, a Confidential Private Placement Offering
23 Memorandum in connection with the 2017 FIL Sales stated: “[a] significant portion of the
24 proceeds of the Offering will be used by the Company to achieve the Minimum Viable Product
25 and subsequently to build-out a decentralized storage network, powered by a blockchain and the
26 Filecoin protocol token.”

1 261.

2 Protocol Labs has consistently touted its expertise and ability, and publicized its work to
3 develop the Filecoin network. In an August 2, 2017 Q&A, Benet stated: “Over the last few years,
4 Protocol Labs has proved to the world that we know how to deploy capital to create valuable
5 projects, valuable technology, and valuable software ... We know how to deploy capital
6 effectively. We have great plans for the Filecoin network and its surrounding ecosystem, at many
7 levels of funding. We plan to deploy 100s of millions of dollars over the next few years to make
8 Filecoin the world’s best storage network, not just the best decentralized storage network.” Benet
9 further stated: “[s]ince we think and are working for Filecoin to be worth a lot more in the future,
10 then we naturally want to sell it at the highest price the market will bear. Subject to reason, if we
11 can sell it higher, then we should.”

12 262.

13 Benet also explained publicly that Filecoin needed funding in order to be able to
14 compete: “Our (collective) competition is the massive, centralized cloud storage companies. We
15 are talking about the tech titans – AWS, Google Cloud, and Microsoft Azure – the three biggest
16 companies in the world have cloud businesses with BILLIONS of dollars in revenues, not just
17 funding. In order to put up this fight, we will need significant resources. Yes, resources in the
18 hundreds of millions will empower us to develop Filecoin as fast as we can, as well as the dozens
19 of other tools and services required to make Filecoin a service and ecosystem remotely close to
20 competitive with the centralized counterparts.”

21 263.

22 The economic structure of FIL distribution and public statements about that structure
23 further demonstrated that FIL investors’ interests were aligned with those of Protocol Labs and
24 the Filecoin Foundation. Specifically, the tokens allocated to Protocol Labs and Filecoin
25 Foundation were to vest over a six-year period beginning after the network launch. As stated in
26 the “Filecoin Token Sale Economics” document, Protocol Labs and the Filecoin Foundation

1 “aim[ed] to make Filecoin massively valuable in the long-term, and we want to attract investors
2 similarly interested in long-term value creation and growth” and “[v]esting creates long-term
3 alignment” because “Protocol Labs and the Filecoin Foundation are deeply committed for the
4 long-term, and 6-year vesting boldly proves that to all other network participants.” Based on this
5 publicly available information, FIL purchases reasonably viewed FIL as an investment and
6 expected to profit from Protocol Labs’ and the Filecoin Foundation’s efforts.

7 264.

8 Filecoin has also implemented a process to burn FIL tokens, thereby reducing the FIL
9 supply. Based on this marketed burning of FIL, investors reasonably viewed their purchase of
10 FIL as having the potential for profit.

11 265.

12 Protocol Labs continued to be heavily involved in the development and promotion of the
13 Filecoin network after the release of the Filecoin protocol in October 2020. In late 2021, Raul
14 Kripalani, a Protocol Labs Researcher, introduced the “Filecoin Virtual Machine” (“FVM”),
15 described as a “core pillar in the next evolution of the decentralized storage ecosystem.” On
16 November 6, 2022, Kripalani tweeted, “These were amazing weeks for the #FVM + team.
17 Momentum and expectation are through the roof. 100s of teams building on the Wallaby testnet.
18 Many promising @Filecoin apps to launch on mainnet the minute FEVM kicks in. Pumped to be
19 building the future of \$FIL with these rockstars!” The Protocol Labs Twitter account posted
20 updates regarding FVM through at least July 2024.

21 266.

22 The Protocol Labs team has continued to release “roadmaps” or “master plans,” available
23 online and through recorded video presentations, that showcase future development plans for the
24 Filecoin network. For example, in September 2022, Benet presented “The Filecoin Masterplan,”
25 including plans to develop the world’s largest decentralized storage network, in his keynote
26

1 address at FIL-Singapore, which “gathered builders from around the world to build, share
2 experiences, and hear from other community members on what’s next for the network.”

3 267.

4 In a February 3, 2023 Protocol Labs Blog post addressing the impact of the “crypto
5 winter” economic downturn, Benet touted the Filecoin team’s supposed successes to date in
6 growing the Filecoin ecosystem, stating: “[w]e’ve achieved a tremendous amount in the past
7 several years - from Filecoin launch; to scaling IPFS to millions of users; building one of the
8 fastest growing developer ecosystems; supporting 300+ companies across the network; growing
9 movements like SBS and FTC; launching testnets for FVM, Saturn, SpaceNet, and Bacalhau just
10 last quarter; and much more.”

11 268.

12 As recently as January 29, 2025, a Protocol Labs Blog post “reflect[ed] on the remarkable
13 progress made across the Protocol Labs innovation network over the past 12 months,” including
14 “empower[ing] over 600 teams, projects, and movements to tackle challenges in our three focus
15 areas—establishing digital human rights, upgrading our economies and governance systems,
16 developing safe new breakthrough tech—and beyond.” Protocol Labs further stated that “[t]he
17 momentum we’ve built is driving us into 2025 and PLv11 with ambitious goals and renewed
18 energy.”

19 269.

20 FIL peaked at a price of approximately \$236.84 per token and a market capitalization of
21 approximately \$14.8 billion on April 1, 2021. As of April 15, 2025, it traded at around \$2.42
22 with a market capitalization of approximately \$1.6 billion—reflecting a price drop of
23 approximately 99% and a loss of approximately \$13.2 billion in market value.

1 **15. FLOW**

2 270.

3 FLOW is the native token for the Flow blockchain, a purportedly developer-friendly
4 blockchain that Dapper Labs, an entity incorporated in Canada, developed and eventually
5 launched in 2020. Flow was purportedly designed as “the foundation for a new generation of
6 games, applications, and the digital assets that power them.”

7 271.

8 FLOW can be bought and sold for fiat currency or other crypto assets on numerous
9 secondary trading platforms and has been available for trading on the Coinbase Platform since
10 approximately May 2022. In fact, Coinbase advertised that “[f]ortunately in United States, you
11 can buy Flow on Coinbase’s centralized exchange,” and that “Coinbase is the most trusted place
12 for people and businesses to buy, sell, and manage Flow” because “[i]t’s quick and easy.”
13 Coinbase went on to tout the Flow network’s anticipated “significant upgrade” which will allow
14 for “more efficient data exchange format, new streaming [application programming interfaces],
15 and a potential increase in transaction throughput.”

16 272.

17 Flow claims on its website that its proof-of-stake blockchain is faster and more efficient
18 than other blockchain networks due to, among other things, its “multi-node architecture.” This
19 design separates functions across multiple validator nodes that traditionally are performed by one
20 validator (collection, consensus, execution, and verification).

21 273.

22 Between 2019 and 2020, Dapper Labs raised approximately \$24.6 million in “pre-
23 launch” funding, including from Coinbase Ventures (the investment/venture capital arm of CGI),
24 in return for convertible notes.
25
26

1 274.

2 Dapper Labs also conducted sales of FLOW for which it filed forms with the SEC
3 claiming that the sales were exempt from registration under Rule 506(b) of Regulation D,
4 including one on September 12, 2019 covering sales to 31 investors in the total amount of
5 approximately \$11.2 million, and two others on December 9 and 15, 2021, each for sales to a
6 single investor in the amount of approximately \$6.47 million and \$23 million, respectively.

7 275.

8 On its website, Flow states: “[FLOW] is the exclusive token for staking, delegating,
9 paying transaction fees, and paying storage fees. It is also the primary token used for trading
10 assets and experiences on Flow.” Approximately 1.25 billion FLOW tokens were initially
11 created. As of November 2023, all of the initially-created FLOW tokens were in circulation
12 along with approximately 220 million additional FLOW tokens issued for staking rewards.

13 276.

14 FLOW tokens are required to interact with the Flow blockchain. Accordingly, the efforts
15 of Dapper Labs and the Flow development team to develop and increase demand for the Flow
16 blockchain network would increase demand for, and therefore the value of, FLOW tokens.
17 Moreover, Dapper Labs and the Flow development team retained a significant quantity of FLOW
18 tokens, giving them a common interest with investors in the value of FLOW. Dapper Labs and
19 the Flow development team have promoted this dynamic through the publicly available
20 information they disseminated.

21 277.

22 Based on the information Dapper Labs and the Flow development team publicly
23 disseminated, FLOW purchasers, including those who purchased FLOW since May 2022,
24 reasonably viewed FLOW as an investment in and expected to profit from Dapper Labs’ and the
25 Flow development team’s efforts to grow the Flow protocol, which, in turn, would increase the
26 demand for and the value of FLOW.

1 278.

2 For example, Flow stated on its website that Dapper Labs and the Flow development
3 team collectively received 38% of the total FLOW supply; pre-launch backers and participants in
4 the 2020 token sale received 30%; and 32% was set aside for “ecosystem development” and
5 remains under the control of Flow’s management. This last group of tokens, according to the
6 website, are used to “bootstrap adoption and reward early participants in the network.”

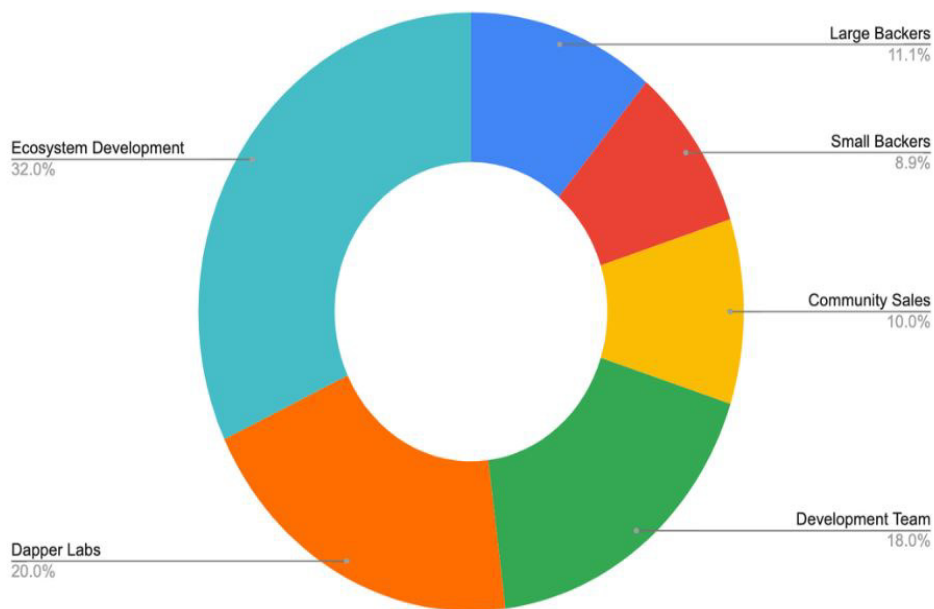
7 279.

8 Below is a graph depicting the initial or “Genesis Block” token distribution of FLOW:

9 **Genesis Block**

10 The genesis block was created in June 2020, with 1.25 billion FLOW.

11 For transparency, the breakdown of genesis block holders is outlined below:



22 280.

23 This stated distribution of FLOW aligned the fortunes of FLOW holders with each other
24 and with the fortunes of the Flow development team.

1 281.

2 Flow also discussed its development team and its ability to grow and develop the Flow
3 blockchain and the value of the FLOW token on its website. For example, the website states that
4 Flow was “[d]eveloped by the team behind some of the most successful crypto applications on
5 the Ethereum network” and “Flow has been developed and brought to market by one of the most
6 innovative and interdisciplinary teams in the world.” Similarly, Coinbase has touted that “Flow
7 was created by a team that has consistently delivered consumer-scale experiences, including
8 CryptoKitties, NBA Top Shot, and NFL ALL DAY.”

9 282.

10 Indeed, according to the Flow website, since the launch of the Flow blockchain in or
11 around December 2020, “Flow’s ecosystem has grown from a small group of enthusiasts to a
12 global community of over 10,000 developers, over 17 million user accounts, and over 2 million
13 monthly active wallets” as a result of Dapper Labs’ and the Flow development team’s efforts.

14 283.

15 In addition, Dapper Labs’ announcement of the Flow blockchain, in or around September
16 2019, highlighted its involvement with other successful crypto projects and funding support it
17 had received from various investors. And, at a 2022 town hall, Dapper Labs and the Flow
18 development team explained planned development activities for 2023, including continued
19 development to support the consumer-scale adoption of blockchain technology. Further, the
20 Flow website describes the FLOW token as a “low-inflation” asset—meaning that the only new
21 tokens that would purportedly be issued would be distributed to stakers of the token so that
22 FLOW investors’ holdings would not be diluted.

1 284.

2 Dapper Labs has continued to tout the development of the Flow protocol, announcing as
3 recently as October 2024 that “[t]he latest update to Flow (Crescendo) was the biggest upgrade
4 to the network since genesis” and noting that, “[s]ince upgrading to Crescendo, Flow has seen ...
5 thousands of new smart contracts on the platform.” A March 10, 2025 post on Flow’s website
6 further states that “Flow’s DeFi ecosystem took major strides since the launch of Crescendo in
7 September 2024, driven by new integrations, innovative platforms, and record-setting user
8 activity.”

9 285.

10 FLOW peaked at a price of approximately \$42.40 per token on April 5, 2021, and
11 reached its highest market capitalization of approximately \$5.3 billion on October 16, 2021. As
12 of April 15, 2025, it traded at around \$0.35, with a market capitalization of approximately \$543
13 million—reflecting a price drop of more than 99% and a loss of approximately \$4.8 billion in
14 market value.

15 **16. ICP**

16 286.

17 “ICP,” previously called “DNF” and rebranded as ICP in 2021, is the native token of the
18 “Internet Computer Protocol,” a blockchain-based protocol conceived in 2016 by DFINITY
19 Foundation (“DFINITY”), a Swiss non-profit, with offices in Palo Alto and San Francisco. ICP
20 can be bought and sold for fiat currency or other crypto assets on numerous secondary trading
21 platforms, and has been available for trading on the Coinbase Platform since approximately May
22 2021.

23 287.

24 DFINITY describes the Internet Computer as a set of protocols that allow independent
25 data centers around the world to band together and offer a decentralized alternative to the current
26

1 centralized internet cloud providers and ICP as the token designed to interact with these systems,
2 including to provide for processing power, data storage, and network bandwidth.

3 288.

4 In an April 8, 2017 Medium post, DFINITY’s founder, Dominic Williams, referred to the
5 Internet Computer as an “intelligent decentralized cloud.” At a 2020 Blockchain conference,
6 Williams further promoted the protocol as a more efficient replacement for big tech cloud
7 services, servers, databases, and other services.

8 289.

9 Between 2017 and 2018, DFINITY conducted three funding rounds. In the first two
10 “Seed” and “Strategic” rounds, DFINITY sold rights to future ICP tokens, which did not yet
11 exist, for over \$100 million in fiat currencies and cryptocurrencies. In mid-2018, with a third
12 “Presale” round, DFINITY raised another approximately \$70 million by selling rights to receive
13 future ICP tokens.

14 290.

15 According to a post released by DFINITY on its website on or about May 10, 2021, when
16 the network launched, the rights to “access” the ICP received in the seed round funds were
17 staggered from 0 to 90-plus days. On or about November 19, 2022, Williams tweeted that
18 purchasers in the initial “Seed” round “made out like bandits” when they purchased ICP for
19 \$0.03.

20 291.

21 ICP tokens first became available on multiple crypto asset trading platforms on or about
22 May 10, 2021, when the network launched. At launch, DFINITY minted a total of 469 million
23 ICP tokens.

24 292.

25 DFINITY publicly disseminated information based on which ICP purchasers, including
26 those who purchased ICP since May 2021, reasonably viewed ICP as an investment in and

1 expected to profit from DFINITY’s efforts to develop, expand, and grow the Internet Computer
2 protocol, which, in turn, would increase the demand for and the value of ICP.

3 293.

4 For example, DFINITY stated publicly that it would use the proceeds from ICP sales to
5 fund development, marketing, business operations, and growth and promotion of the Internet
6 Computer protocol, and thus demand for its ICP token. In fact, DFINITY distributed
7 approximately 26% of the ICP issued in the public launch to support the Internet Computer
8 platform and to pay staking rewards through the Internet Computer ecosystem. Another 33.36%
9 of ICP was distributed to compensate DFINITY employees, advisors, founders, and other early
10 contributors, aligning their financial fortunes with those of ICP investors.

11 294.

12 In an April 4, 2018 Medium post leading up to the “Presale” funding round, Williams
13 touted: “DFINITY has received inbound interest from hundreds of private accredited entities
14 such as hedge funds.” Indeed, a number of venture capital firms invested in ICP.

15 295.

16 Coinbase’s website highlights DFINITY’s fundraising and the scale of its operations,
17 stating, “In February 2017, the DFINITY Foundation ran an early public Initial Coin Offering
18 (ICO) to raise funds and scale out its open-source project. This was then supplemented by private
19 fundraising rounds in 2018. By mid-2022, DFINITY employed almost 300 people, primarily in
20 R&D. Researchers worldwide contribute to the foundations’ work — including cryptographers
21 who hold around 100,000 academic citations and 200 patents.”

22 296.

23 Furthermore, from ICP’s inception through today, DFINITY has publicly stated that its
24 key developers, including Williams, have been and continue to be heavily involved in Internet
25 Computer and have promoted their dedication to grow the network and increase the value of ICP.

1 297.

2 For example:

- 3 • On June 27, 2020, Williams tweeted: “[t]he Internet Computer proj is propelled by
4 extraordinary investments in R&D. DFINITY has assembled one of the strongest science
5 & engineering teams in tech, across several research centers worldwide. This team has been
6 relentlessly pushing blockchain ambition to new levels.”
- 7 • On December 19, 2021, Williams tweeted: “[t]here’s nothing we can do to control the
8 price, but we feel the pain same as everyone else. There has been a lot of market
9 manipulation by bad people but we remain focused on taking #ICP to the #1 spot.”
- 10 • On January 25, 2023, Williams tweeted: “[w]hen I look at [crypto asset pricing services],
11 I don’t look at the \$ price, I look position. \$ICP needs to be in the top 3, and I will work
12 tirelessly to help get it there.”

13 298.

14 Coinbase has touted Internet Computer as “a fundamental alternative to the current
15 solution, so that developers can build, host, and serve applications in a more decentralized way
16 — allowing websites to be deployed directly onto the public Internet.” Coinbase has further
17 claimed that “[i]ts innovative design and vision position the Internet Computer as a scalable and
18 efficient platform for building almost any online system or service, including demanding web
19 applications, without the need for traditional IT infrastructure.”

20 299.

21 In May 2021, the month it was launched for public trading, ICP’s price reached an
22 intraday high of \$630. Approximately one month later, the price of ICP had plummeted to \$59.
23 Around this time, Williams began making public statements indicating the price of ICP would
24 increase again. For example, on June 10, 2021, Williams tweeted, “Major [venture capital] firms
25 ... hv [sic] long-term strategies & generally don’t panic dump. Their focus is on moonshots
26 because that’s what generates their primary returns. We all need to keep our focus on horizon.

1 Watch what happens in +6/9 months.” On September 3, 2021, Williams tweeted, “ICP seed
2 investors’ 2000X gains; crypto’s largest research org; most advanced blockchain; ferocious
3 growth.”

4 300.

5 In January 2022, DFINITY promoted in an ICP white paper that it burns ICP tokens as a
6 mechanism to support the price of ICP by reducing their total supply. On January 20, 2023,
7 Williams tweeted, “\$ICP will eventually become deflationary”—meaning its supply will be
8 reduced over time. On a Dashboard on its website, DFINITY calculates the ongoing cycle burn
9 rate, reflecting the number of ICP tokens burned. As with other crypto securities set forth herein,
10 DFINITY’s marketed burning of ICP as part of a “deflationary” mechanism has led investors
11 reasonably to view their purchase of ICP as having the potential for profit.

12 301.

13 ICP peaked at a price of approximately \$700.65 per token on May 10, 2021, and reached
14 its highest market capitalization of approximately \$22.3 billion on May 21, 2021. As of April 15,
15 2025, it traded at around \$4.80, with a market capitalization of approximately \$2.3 billion—
16 reflecting a price drop of more than 99% and a loss of approximately \$19.9 billion in market
17 value.

18 17. LCX

19 302.

20 LCX is an Ethereum token associated with the Liechtenstein Cryptoassets Exchange
21 (“The LCX”). LCX can be bought and sold for fiat currency or other crypto assets on numerous
22 secondary trading platforms, LCX has been available for trading on the Coinbase Platform since
23 approximately October 27, 2021.

24 303.

25 The LCX operates crypto-related services, including a crypto asset exchange and a
26 trading terminal. On its website, The LCX states that its LCX token is the only way to pay for

1 certain services offered by The LCX, such as participation in a token offering event. The LCX
2 offers a discount to those using LCX tokens to pay for certain other services that it offers.
3 Among other things, LCX purportedly earns value from fees collected from trading, including
4 “offerings,” on the platform. As Coinbase has advertised, “[t]he LCX Token can be used to sign,
5 encrypt, and secure digital assets on the blockchain, potentially making it a participant in the
6 future of tokenization.” And Coinbase has touted that LCX “represents a new asset class,
7 merging the benefits of blockchain technology with the stability of traditional financial
8 instruments.”

9 304.

10 In September 2019, The LCX held an offering for 100 million LCX tokens, priced at
11 \$0.06. Since the September 2019 offering, LCX has burned 50 million tokens to limit supply. At
12 the time of the offering, the exchange was operational, although management has continued to
13 develop other features.

14 305.

15 The LCX touts that purchasing LCX is an opportunity to participate in a growing
16 platform. On October 3, 2019, The LCX posted interviews of CEO Monty Metzger (“Metzger”)
17 to Twitter, encouraging users to learn about how The LCX is “building a #blockchain
18 ecosystem.” On its website, The LCX states that the “LCX Token is your chance to be a part of
19 LCX’s vision to bridge the gap between traditional finance and the new monetary world powered
20 by blockchain and cryptocurrencies.” In the October 2019 “LCX Vision Paper,” The LCX
21 explained that public offerings were a way for new enterprises to raise money for development:
22 “Initial Coin Offerings . . . are the first hints at this disruption, providing public market liquidity
23 and democratizing early stage venture capital.”

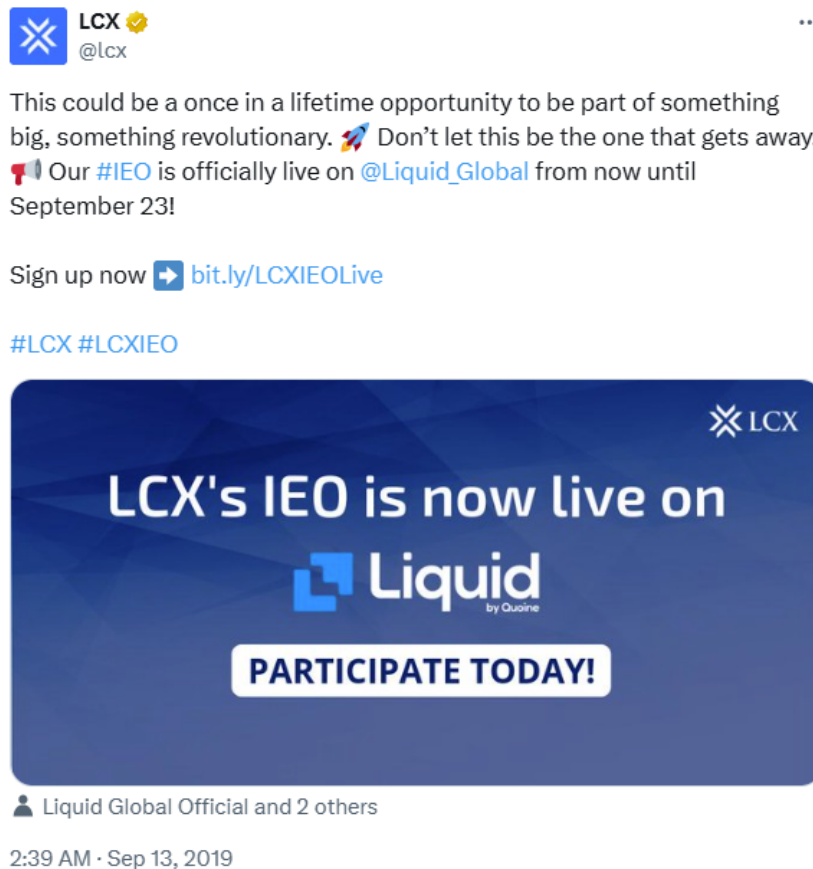
24 306.

25 LCX also claims that, through the LCX token, the interests of investors and management
26 are aligned. In multiple locations on its website, including postings titled “LCX Token Key

1 Facts,” and “LCX Token – Company Reserve,” The LCX stated that it owned 10.5% of the LCX
2 token supply, and that The LCX “team” and advisors also held tokens. The LCX further stated
3 that tokens held by the “team” and advisors vested over a 36-month period, and that tokens in
4 The LCX reserve could not be accessed until 2023.

5 307.

6 The LCX has emphasized that LCX will appreciate in value as its platform adds both
7 users and services, particularly because there is a finite number of LCX tokens. For example, on
8 September 13, 2019, touting its the initial exchange offering (an initial offer and sale of a crypto
9 security on a crypto trading platform), or “IEO,” of the LCX token, The LCX tweeted “[t]his
10 could be a once in a lifetime opportunity to be part of something big, something revolutionary.
11 [rocket emoji] Don’t let this be the one that gets away. [bullhorn emoji] Our #IEO is officially
12 live . . .”



1 308.

2 On January 12, 2021, The LCX posted on its website “LCX Token Key Facts,” where it
3 stated that it had burned 50 million tokens between 2019 and 2020 in five token burns. The LCX
4 states elsewhere on its website that coin burns increase a token’s value because “when the total
5 supply of coins in circulation is intentionally decreased, the prices of tokens and coins are
6 increased and further stabilized.” The webpage for the LCX token also shows the token’s current
7 secondary market information, including rank, price, and trading volume.

8 309.

9 The LCX has also continued to emphasize the profit potential of LCX for investors and
10 LCX’s availability for trading on secondary markets, taking steps to have LCX listed on
11 exchanges. For example:

- 12 • Between 2019 and 2022, the LCX Insights articles touted LCX’s listing on over 15
13 secondary trading platforms. For example, after LCX was listed on Coinbase, The LCX
14 posted documents on its website in November and December 2021 stating that LCX “hit
15 an all-time high of \$0.7048” and that trading volume grew more than 1000%.
- 16 • In a May 2022 “Ask Me Anything” posted on its website, The LCX explained that engaging
17 with institutional investors leads to opportunities to expand LCX trading in secondary
18 markets: “Maybe our community wants to ping [a trading platform] on twitter and let them
19 know that you want LCX to be listed”
- 20 • On November 12, 2020, The LCX promised on Twitter to honor the market value of LCX,
21 or a minimum value of \$.10, whichever is greater.

22 310.

23 The LCX has emphasized the role and efforts of its managers and others to the success of
24 the company. For example:

- 25 • The LCX claimed to be operated by a central management team that is “building a financial
26 ecosystem for crypto and fiat alike to become the new category leader in the blockchain

1 industry.”

- 2 • During a July 2022 interview, Metzger described plans to “revamp” The LCX exchange to
3 improve functionality and add new features.
- 4 • “Roadmaps” on The LCX’s website list various improved capabilities and offerings, and
5 states that The LCX eventually hopes to have “Billions of Assets under Management.”
- 6 • The LCX website has a photo of its CEO pointing to an advertisement for LCX.com and
7 LCX tokens that stated in part, “Goodbye Goldman.”

8 311.

9 LCX peaked at a price of approximately \$0.56 per token on November 3, 2021, and
10 reached its largest market capitalization of approximately \$309 million on March 31, 2024. As of
11 April 15, 2025, it traded at around \$0.13, with a market capitalization of approximately \$124
12 million—reflecting a price drop of more than 76% and a loss of approximately \$185 million in
13 market value.

14 18. LINK

15 312.

16 LINK is an Ethereum-based token associated with the Chainlink protocol, a platform for
17 providing real-world data feeds for blockchain-based smart contracts. LINK has been available
18 for trading on Coinbase platform since approximately June 26, 2019.

19 313.

20 Chainlink was developed by Sergey Nazarov and Steve Ellis in 2017. According to
21 Coinbase’s website, Nazarov had previously co-founded several tech companies, including
22 SmartContract, a platform that sought to connect smart contracts to external data and bank
23 payments. Ellis worked as a software engineer before co-founding Secure Asset Exchange, a
24 company that aimed to facilitate easy web access to a decentralized asset exchange.

1 314.

2 According to Coinbase, Chainlink “allows smart contracts on Ethereum to securely
3 connect to external data sources, [application programming interfaces], and payment systems.”
4 Chainlink has stated that its platform “enable[s] the utilization of tokenized assets and supports a
5 thriving onchain finance ecosystem.” Coinbase further describes Chainlink as “seek[ing] to
6 provide secure, tamper-proof data feeds that enable blockchain-based applications to interact
7 with external systems” through a “network consist[ing] of independent node operators who
8 retrieve, verify, and deliver off-chain data to smart contracts.” “By enabling decentralized access
9 to real-world inputs, Chainlink supports various use cases across decentralized finance (DeFi),
10 insurance, and automated blockchain applications.”

11 315.

12 Coinbase further explains that “Chainlink operates through a decentralized network of
13 oracle nodes that collect, validate, and transmit external data to smart contracts on different
14 blockchain networks. These oracles aggregate data from multiple sources to ensure accuracy
15 before delivering it to smart contracts. The network utilizes staking, where node operators lock
16 LINK tokens as collateral to incentivize honest behavior. Nodes that provide incorrect data risk
17 losing a portion of their staked tokens, reinforcing data integrity and reliability within the
18 ecosystem.”

19 316.

20 In September 2017, Chainlink raised \$32 million through a presale and initial coin
21 offering of LINK. In total, 35% of the total 1 billion LINK supply was distributed to early
22 investors at an average sale price of \$0.091. Another 35% (350 million LINK) was allocated to
23 incentivize node operators and support the ecosystem’s growth, and the remaining 30% (300
24 million LINK) was reserved for the Chainlink team to fund ongoing development and
25 operational costs.
26

1 317.

2 By investing in the LINK token, investors reasonably expected to earn profits as a result
3 of the management and control exerted by Chainlink Labs, among other stakeholders. Entities
4 and individuals responsible for the management of Chainlink include Chainlink Labs and
5 Nazarov. Chainlink Labs’s website has described it “a world-class team of over 600 developers,
6 researchers, and capital markets experts with deep experience in cryptography and decentralized
7 systems and a singular vision to build Chainlink into the global standard for onchain finance.” It
8 has further stated that Chainlink Labs’s teams “focus on the core development, security, and
9 innovation of Chainlink encompassing the departments responsible for creating and maintaining
10 industry-standard technology.” As of February 2025, Nazarov’s LinkedIn profile described him
11 as an active “Co-Founder” of Chainlink Labs. It further described him as “Building Chainlink,
12 the industry-standard Web3 services platform that has enabled trillions of dollars in transaction
13 volume across DeFi, insurance, gaming, NFTs, and other major industries” and noted that “[a]s
14 the leading decentralized oracle network, Chainlink enables developers to build feature-rich
15 Web3 applications with seamless access to real-world data and off-chain computation across any
16 blockchain and provides global enterprises with a universal gateway to all blockchains.”

17 318.

18 Chainlink has also disseminated statements to investors and the public about the growth
19 and investment potential of Chainlink and the LINK token. In a blog post dated June 2022, for
20 example, Chainlink announced how the introduction of LINK staking would “Generate
21 Sustainable Rewards From Real-Long Term Use.” Chainlink explained that:

- 22 • The third goal of staking is the creation and distribution of rewards to stakers. We expect
23 that there will be various sources of rewards provided to stakers over time. As network
24 adoption increases and more protocol fees are generated, a greater portion of staking
25 rewards can be sourced from non-emissions-based sources.

- 1 • **Native token emissions** from the LINK token supply will be used to create an initial base
2 level of rewards for stakers, with the goal of tapering off over time as other sources of
3 rewards grow and begin to be directed to stakers.
- 4 • **User service fees** from sponsors of Chainlink oracle services, with a portion directed to the
5 stakers. The more users pay for Chainlink oracle services, the greater the amount of fees
6 that can become available to reward stakers who help secure those services.

7 319.

8 Chainlink went on to explain that “[a]nother anticipated source of benefits for stakers is
9 the **Partner Growth Program (PGP)**—an initiative where Chainlinked protocols and DAOs
10 provide various incentives to accelerate their growth and facilitate cross-ecosystem participation.
11 It’s expected that a number of projects benefiting from Chainlink’s security will take part in the
12 Partner Growth Program.”

13 320.

14 Also, Chainlink announced that they “are exploring the possibility of **loss protection**,
15 which would drive additional user service fees from sponsors of Chainlink oracle services seeking
16 protection against supported oracle networks not abiding by their SLAs” because “[t]he more value
17 secured, the greater the potential demand for protection and the greater the amount of rewards
18 potentially available to stakers.

19 321.

20 The blog post further touted Chainlink’s growth and growth prospects as a platform, stating
21 that “Chainlink is foundational infrastructure for the smart contract economy, supporting nearly a
22 thousand oracle networks that collectively secure tens of billions of dollars across hundreds of
23 projects.” Additionally, “[w]ith Chainlink continually being integrated on more blockchains and
24 supporting new categories of oracle services, it’s important to further scale the security of
25 Chainlink in order to match the increasing amount of value within Chainlink-powered
26

1 applications,” and “[t]his new era of sustainable growth and security—Chainlink Economics 2.0—
2 begins with staking.”

3 322.

4 Coinbase has promoted LINK on its website. For example, in addition to promoting
5 Chainlink’s “use cases,” Coinbase’s webpage for LINK has included a “Bulls say” section
6 stating (1) “Chainlink enables smart contracts to interact with external data, a connection that is
7 crucial for many digital agreements that depend on real-world information;” (2) “a substantial
8 majority of DeFi applications rely on Chainlink’s oracle services to provide accurate and timely
9 external data to smart contracts, which enhances the overall security and efficiency of their
10 protocol”; and (3) Chainlink’s recent collaboration with SWIFT to successfully transfer
11 tokenized assets across multiple blockchains showcases its potential to bridge the gap between
12 traditional finance and blockchain technology.” Coinbase’s webpage also featured a “Coinbase
13 Bytes” article dated November 8, 2023 titled “Whale street: How big-money institutional
14 investors are preparing for the next bull run,” which stated “Institutions are showing rising
15 enthusiasm for altcoins, with investment in products focused on” “Chainlink (\$2 million)” and
16 other crypto tokens “all growing last week.”

17 323.

18 LINK peaked at a price of approximately \$52.70 per token with a market capitalization of
19 approximately \$22.2 billion. As of April 15, 2025, it traded at \$12.37 with a market
20 capitalization of approximately \$7.9 billion—reflecting a price drop of more than 76% and a loss
21 of approximately \$14.3 billion in market value.

22 19. MATIC

23 324.

24 “MATIC” is the native token of the Polygon blockchain. MATIC can be bought and sold
25 for fiat currency or other crypto assets on numerous secondary trading platforms, and has been
26 available for trading on the Coinbase Platform since March 2021.

1 325.

2 Polygon, originally called the Matic Network and rebranded as Polygon in 2021, is a
3 blockchain platform created in 2017 by founders Jaynti Kanani, Sandeep Nailwal, and Anurag
4 Arjun. Since its creation, Polygon’s founders have remained actively involved with Polygon
5 through “Polygon Labs” (“Polygon”), an entity they also founded for “the development and
6 growth of Polygon.”

7 326.

8 The Polygon network is an Ethereum scaling platform that purportedly: (1) enables
9 developers to build scalable user-friendly dApps with low transaction fees, by hosting
10 “sidechains” that run alongside the Ethereum blockchain; and (2) allows users to process
11 transactions and initiate the transfer of assets and technology development more quickly on
12 Polygon’s supposedly less congested sidechain network.

13 327.

14 Polygon issued a fixed supply of 10 billion MATIC tokens. MATIC holders can earn
15 additional MATIC for: (1) staking their MATIC on the Polygon platform and becoming a
16 validator of transactions on the Polygon network, (2) delegating their MATIC to other validators
17 in return for a portion of the fees collected from validating transactions; or (3) staking their
18 MATIC through crypto asset platforms that offer staking services.

19 328.

20 According to a MATIC white paper, “Matic Tokens [we]re expected to provide the
21 economic incentives ... of the Matic Network [now Polygon] ... [W]ithout the Matic Token,
22 there would be no incentive for users to expend resources to participate in activities or provide
23 services for the benefit of the entire ecosystem on the Matic Network.”

24 329.

25 In or around 2018, Polygon sold approximately 4 percent of the total supply of MATIC in
26 two early rounds of sales raising \$165,000 at a price of \$0.00079 USD per 1 MATIC and

1 \$450,000 at a price of \$0.00263 USD per 1 MATIC. In April 2019, Polygon sold another 19% of
2 the total supply of MATIC to the public through an initial exchange offering on the Binance.com
3 crypto asset trading platform at a price of \$0.00263 USD per 1 MATIC, raising an additional \$5
4 million to fund development of the network.

5 330.

6 Polygon publicly disseminated information based on which MATIC purchasers,
7 including those who purchased MATIC since March 2021, reasonably viewed MATIC as an
8 investment in and expected to profit from Polygon's efforts to develop, expand, and grow the
9 Polygon protocol, which, in turn, would increase the demand for and the value of MATIC.

10 331.

11 For example, Polygon stated publicly in its white paper that it would pool investment
12 proceeds through its private and public fundraising to develop and grow its business. Polygon
13 engaged in additional MATIC sales following the April 2019 IEO, stating publicly that it was
14 raising funds needed to support the growth of its network. On February 7, 2022, Polygon posted
15 on its blog that it had raised approximately \$450 million in a funding round from several
16 prominent venture capital firms, through a purportedly private sale of its native MATIC token.
17 Polygon reported, "[w]ith this warchest, the core team can secure Polygon's lead in paving the
18 way for mass adoption of Web3 applications, a race that we believe will result in Ethereum
19 prevailing over alternative blockchains." Polygon has also reported fundraising from other
20 marquee and celebrity investors.

21 332.

22 Polygon also stated that it would reserve roughly 67% of MATIC to support the Polygon
23 ecosystem, the Foundation, and network operations. Another 20% of MATIC was reserved to
24 compensate Polygon team members and advisors, aligning their fortunes with investors' with
25 respect to MATIC.

1 333.

2 The Polygon blog continues to provide frequent updates on network growth and
3 developments, including weekly statistics on active wallets and transactions per day, as well as
4 revenue per day, total network revenue, and other financial metrics.

5 334.

6 Polygon routinely announces when crypto asset trading platforms have made MATIC
7 available for trading, as in March 2021, when Polygon announced that MATIC was available for
8 trading on the Coinbase Platform.

9 335.

10 Polygon encouraged MATIC purchasers to view MATIC as an investment in other ways.
11 For example, in a February 5, 2021, tweet, 14 months after MATIC's single biggest price drop,
12 Nailwal compared MATIC to a champion prize fighter roaring back from defeat given its
13 subsequent "token price" performance and "breaking" of an all-time high ("ATH") price:

14 I never talk about token price but if MATIC token had a spirit, breaking ATH 14
15 months after that ominous crash of 70% in day, it would echo the words from
@DustinPoirier after becoming Champion

16 "I've earned it in BLOOD, I paid in FULL, this is MINE!"

17 336.

18 On November 3, 2022, Nailwal tweeted: "I will not rest till @0xPolygon gets its well-
19 deserved 'Top 3' spot alongside BTC & ETH. No other project comes even close." In a May 24,
20 2022, CNBC "Fireside Chat" posted on YouTube, Bejelic described part of "what's different
21 about Polygon" as: "[w]e are as a team very, very committed, we have a very hands on approach
22 with all the projects out there, we are working around the clock on adoption and that is why we
23 are currently the most adopted scaling infrastructure platform."

24 337.

25 Polygon has also marketed that it "burns" MATIC tokens accumulated as fees,
26 decreasing the total supply of MATIC. For example, in January 2022, Polygon emphatically

1 announced a protocol upgrade that enabled burning in a blog post titled, “Burn, MATIC, Burn!”
2 Around the same time, Polygon blogged that “Polygon’s MATIC has a fixed supply of 10
3 billion, so any reduction in the number of available tokens will have a deflationary effect.” As of
4 May 2023, Polygon had burned approximately 9.6 million MATIC tokens. By marketing its
5 burning of MATIC, Polygon has led investors reasonably to view their purchase of MATIC as
6 having the potential for profit to the extent there is a built-in mechanism to decrease the supply
7 of MATIC, thereby increasing its price.

8 338.

9 Currently, the founders of Polygon continue to promote the platform through various
10 social media. For example, on February 21, 2023, Nailwal tweeted, and Kanani retweeted,
11 “Polygon has grown exponentially. To continue on this path of stupendous growth we have
12 crystallized our strategy for the next 5 yrs to drive mass adoption of web3 by scaling Ethereum.
13 Our treasury remains healthy with a balance of over \$250 million and over 1.9 billion MATIC.”

14 339.

15 Coinbase’s webpage about MATIC includes “Polygon Insights” featuring what “Bulls
16 say” and what “Bears say,” with the “bull” case for investing in MATIC stating that “[b]y market
17 capitalization and users, Polygon is one of the most popular scaling solutions for Ethereum” in
18 part because “[i]t caters to diverse use cases and is renowned for its rapid, cost-effective
19 transactions,” and noted that a June 2023 update “aims to strengthen the platform’s architecture,
20 promote a variety of decentralized applications, and signal a commitment to fostering a vibrant
21 ecosystem.”

22 340.

23 MATIC peaked at a price of approximately \$2.92 with a market capitalization of
24 approximately \$20 billion on December 27, 2021. As of April 15, 2025, it traded at around
25 \$0.18, with a market capitalization of approximately \$3.2 billion—reflecting a price drop of
26 more than 93% and a loss of approximately \$16.7 billion in market value.

1 **20. MIR**

2 341.

3 MIR is a token associated with the Mirror Protocol that was created by Terraform Labs
4 Pte. Ltd. (“Terraform Labs”), a Singapore-based company. MIR was available for trading on the
5 Coinbase Platform beginning in approximately May 2021 until Coinbase’s announcement to
6 suspend trading in MIR on March 15, 2023.

7 342.

8 In December 2020, Terraform Labs launched the “Mirror Protocol,” which it continued to
9 develop and maintain. The Mirror Protocol allowed users to create what Terraform called an
10 “mAsset,” short for “mirrored asset,” which was designed to track or “mirror” the price of equity
11 securities or other types of securities, including U.S. equity securities. For example, mAssets
12 designed to “mirror” the stock of Apple, Inc. were named “mAAPL” and were designed so that
13 their value increased and decreased with the value of Apple, Inc. stock. “mAssets mimic the
14 price behavior of real-world assets and give traders anywhere in the world open access to price
15 exposure without the burdens of owning or transacting real assets.”

16 343.

17 The Mirror Protocol also provided users with the ability to obtain a “MIR token,” the so-
18 called “governance token” for the Mirror Protocol. MIR tokens received value based upon,
19 among other things, fees generated under the Mirror Protocol. Proceeds of the sales of MIR
20 tokens were pooled together to develop and fund Terraform operations and, specifically, the
21 Mirror Protocol. The ability of a MIR investor to profit was dependent on the success of the
22 Mirror Protocol because MIR increased in value with increased usage of the Mirror Protocol.

23 344.

24 After the launch of the Mirror Protocol, Terraform “farmed” MIR tokens to distribute to
25 investors pursuant to agreements between investors and a wholly owned subsidiary of Terraform.
26 If the price of MIR increased (or decreased), both Terraform Labs and investors would benefit

1 (or suffer losses) in proportion to their holdings, thus tying the MIR investors' fortunes to those
2 of Terraform Labs. Terraform Labs touted an investment in MIR as a way for investors to invest
3 in the potential success of the Mirror Protocol.

4 345.

5 Terraform Labs told investors that the price of the MIR was directly correlated with
6 Terraform Labs' efforts to increase the usage of the Mirror Protocol because its value was
7 dependent on the fees generated by usage of the Mirror Protocol. In promotional materials
8 provided to investors in September 2020, Terraform noted that it would heavily promote the
9 Mirror Protocol, which would increase the price of the MIR tokens. These materials also
10 provided a revenue projections table that estimated the price of MIR based on how much the
11 Mirror Protocol was used.

12 346.

13 Terraform Labs and its principal, Do Kwon ("Kwon"), also sold MIR tokens through
14 "Simple Agreements for Farmed Tokens" or "SAFTs" without restricting resale of the tokens,
15 reflecting Terraform's and investors' expectations that MIR tokens could be resold in secondary
16 markets for a potential profit.

17 347.

18 Terraform and Kwon further held themselves out to the public as managing and working
19 on the Mirror Protocol as part of their work to build out the Terraform ecosystem. Consistent
20 with their public touting, Terraform and Kwon engaged in entrepreneurial and managerial efforts
21 to make the Mirror Protocol a successful enterprise. For example, they controlled websites
22 related to the Mirror Protocol that promoted, explained, and facilitated its use for the general
23 public. Terraform and Kwon, in fact, controlled many aspects of the Mirror Protocol and
24 engaged in myriad efforts to facilitate and support its function. For example, Terraform Labs
25 engineered, launched, and upgraded versions of the Mirror Protocol. In addition to employing
26 engineers responsible for coding and substantially upgrading the Mirror Protocol, Terraform

1 Labs also employed a “product manager” for the Mirror Protocol. According to the SEC,
2 Terraform Labs further controlled a mechanism that provided a price check on the underlying
3 assets for the mAssets for the purpose of facilitating the creation and liquidation of mAssets on
4 the protocol.

5 348.

6 Terraform and Kwon also promoted the Mirror Protocol through, among other means,
7 Terraform’s website, web application, social media accounts, podcast interviews, and U.S.
8 media. For example, in January 2021, a Mirror Community update on the Mirror Medium page
9 stated, “We’re always working hard to improve Mirror and rely on our brilliant community for
10 feedback and ideas.”

11 349.

12 Terraform Labs employees also engaged in public and extensive entrepreneurial and
13 managerial efforts with respect to the Mirror Protocol, including by heavily promoting it and
14 touting its growth in public presentations. For example, Kwon tweeted extensively prior to and
15 after the release of the Mirror Protocol, noting Terraform’s continued participation and
16 partnerships to help the project succeed. Upon announcing the Mirror Protocol to the public in
17 December 2020, Kwon tweeted “Going forward, we look forward to being active contributors in
18 the community to help @mirror_protocol succeed.” Following the launch of the Mirror Protocol,
19 Terraform and Kwon advertised it aggressively, including in blog posts, tweets and interviews.
20 In January 2021, a Mirror Community update on the Mirror Medium page stated, “We’re always
21 working hard to improve Mirror and rely on our brilliant community for feedback and ideas.”
22 According to the SEC, Terraform and Kwon also regularly emailed updates about Terraform’s
23 work and development on the Terraform ecosystem, including to an email group with the
24 recipient name of “mirror investors.”

1 350.

2 Terraform Labs employees also engaged in public and extensive entrepreneurial and
3 managerial efforts with respect to the Mirror Protocol, including by heavily promoting it and
4 touting its growth in public presentations. For example, in June 2021, Terraform’s U.S.-based
5 Director of Special Projects provided a presentation to the “Defi Summit” on behalf of Terraform
6 that included an extensive discussion of Terraform’s Mirror Protocol. Among other things,
7 Terraform’s Director of Special Projects stated that, not only was Terraform responsible for
8 launching the Mirror Protocol, but it had “grown [the Mirror Protocol] to two billion [dollars] in
9 total value locked and a billion [dollars] in liquidity.” According to the SEC, he also discussed
10 how “we just want to create a very delightful and magical experience . . . for users providing a
11 Robinhood-like interface.” Additionally, Terraform’s Business Development lead and its Head
12 of Communications participated in an interview that publicized and explained the Mirror
13 Protocol, noting that Terraform has a “team of [approximately] 40 people working full-time
14 across Asia/US.” The article explained that “Mirror is a synthetic assets protocol” and that
15 Terraform planned to expand Mirror “beyond SE Asia and the typical US market.”

16 351.

17 Terraform Labs and Kwon sold these approximately MIR tokens without restricting the
18 resale of their tokens and did not take any steps to verify investors’ accredited status. No
19 exemptions to registration were available given the fact that tokens sold in this offering were
20 available for resale on an unrestricted basis less than a year after the initial transactions.

21 352.

22 MIR peaked at a price of approximately \$12.90 per token on April 4, 2021, and reached
23 its largest market capitalization of approximately \$715 million on May 4, 2021. As of April 15,
24 2025, it traded at \$0.015 with a market capitalization of approximately \$2.4 million—reflecting a
25 price drop of more than 99% and a loss of approximately \$713 million in market value.

1 353.

2 MIR is a subject of an indictment issued by a federal grand jury against Kwon charging
3 him with multiple counts of fraud, including securities fraud, and money laundering in
4 connection with Terraform, Mirror, and other Terraform ventures and cryptocurrencies,
5 including LUNA. As summarized by the U.S. Department of Justice, the indictment alleges, in
6 relevant part, that “Kwon made misrepresentations about the success and operation of an
7 investing platform on Terraform’s blockchain (the Terra blockchain) called Mirror Protocol
8 (Mirror), that purportedly allowed users to create, buy, and sell synthetic versions of stocks listed
9 on U.S. securities exchanges. Kwon claimed that Mirror operated in a decentralized manner and
10 that he and Terraform played no role in Mirror’s governance. But as Kwon knew, he and
11 Terraform secretly maintained control over Mirror, and used automated trading bots to
12 manipulate the prices of synthetic assets that Mirror issued. Kwon also caused Terraform to
13 inflate key user metrics to deceive investors.”

14 **21. MKR**

15 354.

16 MKR is an Ethereum-based governance token for MakerDAO (“Maker), a decentralized
17 finance protocol that allows users to borrow a crypto “stablecoin” called DAI (which aims to be
18 pegged to the dollar) by depositing other crypto, such as Ether, as collateral. MKR has been
19 available to trade on Coinbase platform since approximately June 11, 2020.

20 355.

21 Borrowing and lending on Maker is processed through computer code that runs on the
22 blockchain and that was created by Maker’s developers. Maker was built in part by the Maker
23 Foundation founded by Rune Christensen, a Danish entrepreneur, and Denmark-based Dai
24 Foundation, which holds “the Maker community’s key intangible assets.” A Maker webpage
25 states that “[t]he various entities associated with the Maker Foundation are currently held under
26

1 the Maker Ecosystem Growth Foundation (MEGF), a Cayman Islands foundation company
2 limited by guarantee.”

3 356.

4 MKR is described as serving as both a utility and governance token. MKR token holders
5 may participate in the governance of the protocol. Every holder of MKR tokens has the right to
6 vote on various changes to the Maker protocol, with their voting power proportional to the size
7 of their MKR stake. Aspects of the protocol that holders can vote on include adding new
8 collateral asset types to the protocol, amending the risk parameters of existing collateral asset
9 types, changing the DAI Savings Rate, choosing the “oracles” (price feeds that the protocol uses
10 to determine the value of assets deposited as collateral in the protocol, for example) and
11 implementing upgrades to the platform. The ability to participate in governance contributes to
12 demand for MKR tokens. MKR holders also earn value from the fees generated when other users
13 borrow DAI, as the protocol uses the proceeds from these fees to purchase MKR on the market
14 and then burn it, reducing its supply and making it scarcer.

15 357.

16 Statements by Maker would lead a reasonable investor in MKR to expect profits based on
17 the efforts of Maker’s management and promoters. Although purportedly featuring decentralized
18 governance, Maker is still managed in large part and effectively controlled by a relatively small
19 group of insiders: Maker’s website acknowledges that “[t]he Maker Foundation currently plays a
20 role, along with independent actors, in maintaining the Maker Protocol and expanding its usage
21 worldwide, while facilitating Governance,” and that “developers within the Maker Foundation”
22 and “its outside partners” play a critical role in “design[ing]” the protocol. Moreover, according
23 to Maker, the Dai Foundation is a “self-governing” body that “was formed to house the Maker
24 community’s key intangible assets, such as trademarks and code copyrights,” whose “purpose
25 . . . is to safeguard what cannot be technologically decentralized in the Maker Protocol.”
26 Similarly, Maker has had a “Development Fund” that it describes as “owned and managed by the

1 board of the Maker Ecosystem Growth Foundation.” In addition, Maker governance is reportedly
2 dominated by a small group of insiders who have outsized voting power due to their large MKR
3 holdings.

4 358.

5 Maker has repeatedly touted the potential and actual growth of its platform—and hence
6 MKR as an investment—to investors and the public. For example, the Maker website states that
7 while “the potential market for Dai is at least as large as the entire decentralized blockchain
8 industry, . . . the promise of Dai extends well beyond that into other industries,” listing “a non-
9 exhaustive list of current and immediate markets for the Dai stablecoin” that includes “Working
10 capital, hedging, and collateralized leverage”; “Merchant receipts, cross-border transactions, and
11 remittances”; “Charities and NGOs when using transparent distributed ledger technology”;
12 “Gaming”; and “Prediction markets.” The website further states: “With hundreds of partnerships
13 and one of the strongest developer communities in the cryptocurrency space, MakerDAO has
14 become the engine of the decentralized finance (DeFi) movement,” and that “Maker is unlocking
15 the power of the blockchain to deliver on the promise of economic empowerment today.”
16 Similarly, Maker boasts that, “Since the release of Single-Collateral Dai in 2017, user adoption
17 of the stablecoin has risen dramatically, and it has become a building block for decentralized
18 applications that help expand the DeFi (decentralized finance) movement,” and that “Dai’s
19 success is part of a wider industry movement for stablecoins, which are cryptocurrencies
20 designed to maintain price value and function like money.”

21 359.

22 In 2017, Maker announced that it had raised \$12 million through the MakerDAO
23 Development Fund’s sale of MKR to a number of investment firms, including prominent VC
24 firms Andreessen Horowitz and Polychain Capital, commenting, “We are proud to invite to our
25 team committed, strategic partners who share our long term vision of building a powerful
26 platform to bring about a digital financial revolution,” and stating that “[f]unds from this capital

1 raise will go towards expanding our development resources, funding a long term go-to-market
2 strategy, increasing our network’s reach, and helping advance our long term development
3 roadmap.”

4 360.

5 MKR peaked at a price of approximately \$6,292.31 per token with a market
6 capitalization of approximately \$5.47 billion on May 3, 2021. As of April 15, 2025, it traded at
7 \$1,374.81 with a market capitalization of approximately \$1.2 billion—reflecting a price drop of
8 more than 78% and a loss of approximately \$4.3 billion in market value.

9 **22. NEAR**

10 361.

11 “NEAR” is the native token of the NEAR blockchain, a proof-of-stake blockchain
12 conceived in 2018 by Delaware corporation Near, Inc. (“Near”) and its founders Alexander
13 Skidanov and Illia Polosukhin. Although, according to the SEC, U.S. investors purportedly were
14 prohibited from participating in the early seed funding rounds, including an August 2020 token
15 sale, or NEAR’s initial minting in April 2020, NEAR can be bought and sold for fiat currency or
16 other crypto assets on numerous secondary trading platforms, and has been available for
17 purchase and sale in the United States since at least October 2020, including since September
18 2022 on the Coinbase Platform.

19 362.

20 According to the NEAR white paper and other materials, the NEAR protocol uses a
21 technology dubbed “Nightshade” that allows the volume of transactions on the network to grow
22 indefinitely without hurting its performance, measured in speed and transaction fees. Skidanov
23 and Polosukhin founded the NEAR Foundation, a Swiss non-profit that claims to be “responsible
24 for contracting protocol maintainers, funding ecosystem development, and shepherding core
25 governance of the NEAR protocol.”

1 363.

2 From Q3 2017 to Q1 2020, Near raised over \$33 million through the offer and sale of
3 notes that were convertible into NEAR tokens, which were not minted until April 2020. In July
4 2019, Near filed forms with the SEC claiming its offer and sales of convertible notes was exempt
5 from registration under Rule 506(b) of Regulation D and stating Near “intended to use the
6 proceeds [of the sales] for the development of the Near protocol.” In August 2020, Near held an
7 additional sale of approximately 120 million NEAR tokens. In January 2022, the NEAR
8 Foundation raised an additional \$150 million through a purportedly “private” sale of NEAR
9 tokens to venture capital investors.

10 364.

11 Near, the NEAR Foundation, and their common founders publicly disseminated
12 information based on which NEAR purchasers, including those who purchased NEAR since
13 September 2022, reasonably viewed NEAR as an investment in and expected to profit from
14 Near’s efforts to develop, expand, and grow the NEAR protocol, which, in turn, would increase
15 the demand for and the value of NEAR

16 365.

17 According to Near, of the 1 billion NEAR tokens initially minted, 14% were allocated to
18 “Core Contributors,” 11.7% to “Early Ecosystem” developers, 10.0% to the NEAR “Foundation
19 Endowment,” 17.2% to “Community Grants and Programs,” 11.4% to “Operations Grants,”
20 17.6% to “Backers,” 6.1% to “Small Backers,” and 12.0% to “Community Sale” purchasers.
21 Accordingly, the financial incentives and fortunes of Near’s core team members and those of
22 early developers (who collectively owned approximately 25.7% of the initial supply of NEAR)
23 were aligned with those of other NEAR investors (who owned approximately 35.7% of the initial
24 NEAR supply).

1 366.

2 Near stated in its SEC filings that it would pool investment proceeds from the sale of
3 notes convertible into NEAR tokens to develop the NEAR protocol and grow Near’s business
4 and, in January of 2022, Near further pooled proceeds from the sale of \$150 million in NEAR
5 tokens that month for the same purposes.

6 367.

7 The NEAR Foundation publicly touted that it did in fact use its allocation of NEAR
8 tokens to support the development of the NEAR protocol and ecosystem. For example, in
9 October 2021, the NEAR Foundation announced “\$800 million in funding initiatives targeted at
10 accelerating growth” of the NEAR ecosystem. In September 2022, in a “transparency report”
11 post on the Near blog, the NEAR Foundation stated that it had “deployed \$540M in fiat and
12 tokens during [the last quarter of 2021 and the first two quarters of 2022]” to support “NEAR
13 ecosystem projects” and launch “regional hubs” around the world, among other efforts to help
14 grow the ecosystem.

15 368.

16 Indeed, Coinbase has promoted NEAR Protocol’s partnerships since listing, including a
17 partnership “with one of Latin America’s largest food companies for a blockchain-based loyalty
18 program,” and a partnership with “Group Nutresa for an open-source loyalty program that uses
19 NEAR’s carbon-neutral blockchain,” noting that Grupo Nutresa “sells products in 78 countries”
20 and “[t]he new program is expected to launch early next year, with a goal of reaching one million
21 users across Latin America.” Coinbase further advertises that “NEAR Protocol utilizes its
22 Nightshade technology with the aim of enhancing transaction throughput,” which “allows NEAR
23 Protocol to strive for up to 100,000 transactions per second and near-instant transaction finality
24 with a one-second block cadence, while aiming to keep transaction fees low”; that “NEAR
25 Protocol is designed with the aim of managing high-value assets and making them accessible for
26 everyday people”; and that “[t]he NEAR token is intended to be used for processing transactions

1 and storing data, running validator nodes on the network via staking NEAR tokens, and for
2 governance votes to determine how network resources are allocated.”

3 369.

4 Today, through their involvement with the NEAR Foundation, NEAR’s founders remain
5 actively involved with the NEAR protocol. In fact, Polosukhin sat on the NEAR Foundation
6 Council (its governing group) until March 2023 and has served as its Chair for the past two
7 years.

8 370.

9 In a blog post discussing the role of the NEAR ecosystem in funding projects to continue
10 growing the NEAR protocol, Polosukhin likened the NEAR ecosystem to a venture capitalist
11 picking an investment strategy and the NEAR community to investors in the NEAR ecosystem:

12 The goal for Treasury DAO is to define strategy of investment, make sure the
13 DAOs it is funding are legit and also request reporting from these DAOs on
14 quarterly basis to report back to the community on how Treasury DAO [is] doing.
15 This is similar [to] how [a] VC would report to LPs on their investment –
16 collecting stats of the companies that they have invested in but not taking
17 executive control in any way, just some advisory help if asked.

16 371.

17 Near has also touted its high-profile venture capital partners as an indicator of investor
18 demand. For example, as of March 2023, Near’s website stated that NEAR is “[b]acked by the
19 best,” followed by the logos of 10 venture capital firms and the following quotation from one of
20 those firms’ partners: “NEAR is poised to be a leading smart contract blockchain platform,
21 combining first-rate technology with a fast-growing developer ecosystem. We are excited to
22 support NEAR as we ramp up our investments in the digital asset space.”

23 372.

24 Near has also marketed a NEAR protocol feature that automatically burns 70% of all
25 NEAR tokens accumulated as fees. Near has promoted that “[b]ecause of this burning, at high
26 levels of transaction throughput the network could become deflationary” meaning that the total

1 supply of NEAR could decrease. As with other crypto securities set forth herein, Near’s
2 marketing of NEAR burning has led investors reasonably to view their purchase of NEAR as
3 having the potential for profit.

4 373.

5 NEAR peaked at a price of approximately \$20.44 per token and a market capitalization of
6 approximately \$12.4 billion on January 16, 2021. As of April 15, 2025, it traded at around \$2.04,
7 with a market capitalization of approximately \$2.4 billion—reflecting a price drop of more than
8 90% and a loss of approximately \$10.0 billion in market value.

9 **23. POWR**

10 374.

11 POWR, developed by Power Ledger Pty. Ltd. and its agents (collectively, “Power”), is an
12 Ethereum-based token first minted in or about September 2017. POWR can be bought and sold
13 for fiat currency or other crypto assets on numerous secondary trading platforms, and has been
14 available for trading on the Coinbase Platform since approximately November 16, 2021.

15 375.

16 Power Ledger Pty. Ltd. is an Australian corporation started by four co-founders whose
17 stated goal is to develop and operate a decentralized protocol, Powerledger, through which
18 participants in energy grids can track, trace, and trade energy in real-time. POWR tokens are
19 required to participate in Powerledger.

20 376.

21 Power offered POWR to buyers through an offering that had two phases. In or about
22 August 2017, Power raised approximately \$17 million Australian dollars through a sale of
23 POWR tokens. Power sold an additional 260 million POWR tokens through a “public sale”
24 phase later that year, raising approximately another \$17 million Australian dollars.

25 377.

26 While Power claimed that its platform was partially operational at the time of the initial

1 offering, it told the public that funds raised through token sales would enable the company to
2 meet specified developmental milestones.

3 378.

4 Power has represented that POWR purchasers are investing in a common enterprise to
5 develop Power's business. For example:

- 6 • In an October 1, 2017 Medium post titled "Why Does Power Ledger Need Tokens?" Power
7 explained that the token offering would accelerate the company's rate of growth: "Token
8 holders create a network which gives the Platform value, and in return, they receive
9 ownership of the network."
- 10 • In the same post, Power wrote that the goal of the token sale was to "accelerate our rate of
11 growth" by obtaining "extra liquidity" to "fully take advantage of our first mover
12 advantage."
- 13 • In an October 2017 interview, one co-founder stated that POWR investor proceeds would
14 provide a "really solid war chest to build the business" and allow Power to "broaden the
15 applications and really make some solid inroads in peer-to-peer trading."
- 16 • In the 2017 POWR white paper, Power stated that proceeds from token sales would be used
17 to "accelerate[] platform development" and for "beta testing" of trading applications,
18 among other planned projects.

19 379.

20 Similarly, Coinbase has touted how "Powerledger's platform has a wide range of
21 potential use cases," such as "to manage grid stability and flexibility services, manage a 24/7
22 renewable energy portfolio, facilitate peer-to-peer energy trading, and develop sustainable
23 residential and commercial developments." Coinbase explains that "Powerledger's technology
24 can also be used to facilitate the trading of environmental commodities such as renewable energy
25 certificates and carbon credits, aiming to make these processes more transparent and efficient,"
26 and "Powerledger's platform can be used to track the provenance and flow of energy, giving

1 consumers choice over the energy they're using." Coinbase has further touted how Powerledger
2 purportedly "has a diverse client base across multiple countries."

3 380.

4 From its inception, Power emphasized that POWR purchaser would benefit directly by
5 receiving a share of POWR's fee revenues, as well as from trading POWR on secondary
6 markets. For example:

- 7 • In announcing POWR's upcoming token sale on a prominent web forum in July 2017,
8 Power responded to the question "How to buy Power ledger?" by saying: "The Power
9 Ledger Token (POWR) will be available in our token sale that will begin in the next month
10 or so (exact date to be determined). After that, you will be able to buy POWR tokens at
11 popular exchanges. Stay tuned!"
- 12 • In connection with an announced partnership between Power and a crypto trading platform,
13 Bancor, Power CEO Jemma Green stated: "After the success of our token sale, we wanted
14 to make sure that the trading environment is as attractive as possible for POWR token
15 holders. Our integration with the Bancor protocol is the perfect solution because of the
16 capability it provides for token traders to buy and sell them whenever they want."
- 17 • In an "Ask Me Anything" ("AMA") thread on Reddit on October 3, 2017, Power
18 represented that its "users will acquire a unique asset token and they will receive a portion
19 of revenue."
- 20 • In the October 1, 2017 Medium post titled "Why Does Power Ledger Need Tokens?",
21 Power emphasized the benefits of purchasing POWR during the ICO: "Using a token
22 model, there is now an incentive to be an early adopter or user of the network" because
23 "demand drivers" in the future "may increase the value of POWR" tokens.
- 24 • In a post on Medium that referenced "Maximiz[ing] Liquidity of POWR Tokens as Token
25 Sale Concludes" dated October 4, 2017, Power stated that it "wanted to make sure that the
26 trading environment is as attractive as possible for POWR token holders." The post further

1 noted that POWR’s integration with another company’s protocol “is the perfect solution
2 because of the capability it provides for token traders to buy and sell them whenever they
3 want.”

- 4 • As recently as September 26, 2024, Power stated in a post on its website that it planed to
5 “create a liquidity pool for POWR/SOL [another cryptocurrency]” to “[e]Enhanc[e] token
6 accessibility and foster[] a robust trading environment.”

7 381.

8 Power also repeatedly represented that POWR purchasers could receive lucrative energy
9 trading advantages, continuing to market POWR as an investment opportunity. For example,
10 Power has directly linked its potential growth to POWR’s value for investors. On its website,
11 Power explains: “Basic economics teaches us that the greater the demand we create for POWR
12 tokens, the more benefit accrues for POWR token holders.”

13 382.

14 POWR’s white paper highlighted the experience Power’s management team had “gained
15 from decades of work in the energy industry and honed by working with our partners throughout
16 our trials,” and discussed how this would help Power achieve the goal of “democratising the
17 world’s power systems.”

18 383.

19 The white paper also emphasized that Power’s leadership and staff was responsible for
20 the business’s development. For example, Power said that one co-founder “manages the daily
21 operations and commercialization of Power Ledger’s technology,” while another “provides the
22 strategic direction for conceptual, system and application design and development for Power
23 Ledger,” and a third “provides the strategic external relations, risk management, and leadership
24 development for Power Ledger.” The white paper further described the various technical or
25 administrative roles of other employees.

1 384.

2 Power has continued to tout its management’s experience and skill in guiding
3 Powerledger. As recently as March 13, 2025, Power touted on its website that it had “been
4 recognised [sic] as the Best Web3 Solution in Switzerland 2025 by Global Financial Market
5 Review, driving the future of decentralized [sic] energy.”

6 385.

7 In an August 2017 “Token Generation Paper,” Power stated that it would sell POWR
8 tokens for approximately \$0.08. By early 2021, the market price of POWR had increased to
9 approximately \$0.096. And by November 2021, even before being listed on Coinbase, the price
10 increased further to approximately \$0.39, a return of approximately 300%.

11 386.

12 POWR peaked at a price of approximately \$1.89 per token on January 7, 2018, and
13 reached its largest market capitalization of approximately \$681 million on January 6, 2018. As of
14 April 15, 2025, it traded at around \$0.16, with a market capitalization of approximately \$84
15 million—reflecting a price drop of more than 91% and a loss of approximately \$597 million in
16 market value.

17 **24. RLY**

18 387.

19 Rally (“RLY”) is an Ethereum token that powered the Rally Network, an ecosystem of
20 consumer applications that use a token economy to encourage growth and engagement. RLY can
21 be bought and sold for fiat currency or other crypto assets on numerous secondary trading
22 platforms, and RLY first became available to trade on the Coinbase platform on July 15, 2021.
23 Only after RLY had become nearly worthless and officially shut down in March 2023 did
24 Coinbase announce that it would delist the token and prevent it from being tradeable on
25 Coinbase.

1 388.

2 Rally was associated with a Delaware corporation based in San Francisco, founded in
3 February 2018. The RLY token purports to be a “governance token” for a platform called the
4 Rally Network that conveyed voting power to investors regarding the development and structure
5 of the business, including the right to propose changes. The Rally Network ceased operations on
6 January 31, 2023.

7 389.

8 The Rally Network operated a number of projects built on the Rally ecosystem, including
9 Rally.io—a supposed “platform for creators and their communities to build their own
10 independent digital economies by enabling creators, artists, celebrities, communities and brands
11 to launch their own social tokens and NFTs.” The Rally Network was managed by the RLY
12 Network Association, a Swiss-based non-profit organization. A Rally website described The
13 RLY Network Association’s “responsibilities” as including:

- 14 • “Maintain and develop the RLY Network's core blockchain technology
- 15 • Provide technical and economic infrastructure to enable consumer friendly, trust
16 minimized, decentralized communities and applications
- 17 • Oversee the RLY community treasury and ensure ample network liquidity
- 18 • Drive expansion and adoption of the RLY protocol via licensing, grants, and network
19 rewards
- 20 • Seek innovation and investment opportunities for RLY”

21 The website further stated that “The Board of the Association is made up of a team of
22 experienced executives equipped to make decisions in line with the non-profit mission of the
23 Association, and keeping with the goals to maintain the best interests of the whole of the RLY
24 ecosystem.”

1 390.

2 Between December 31, 2020 and March 18, 2021, the Rally Network conducted a
3 “community treasury fundraise [sic]” in which it claimed to have sold 196,300,538 RLY tokens
4 for total proceeds equaling approximately \$34,828,450 in another crypto asset. Rally and a
5 partner conducted a second public sale of RLY tokens between April 1 and 3, 2021, raising an
6 additional \$22 million. In total, according to an April 28, 2021 Medium article, Rally raised \$57
7 million to fund “community driven growth” of the Rally Network. The Rally Network was
8 operational in a limited form during this offering.

9 391.

10 Rally touted that funds raised from investors would fund its development, while also
11 ensuring that Rally’s management was incentivized to make RLY more valuable. The RLY
12 white paper stated that token allocation followed a “70% community, 30% team and seed”
13 model. An initial supply of 15 billion RLY tokens was minted at launch, with 15.3% allocated to
14 Rally’s seed investors and another 14.2% allocated to Rally’s management team. Team and seed
15 tokens were subject to a 4-year vesting schedule beginning at launch, with a “12-month lock-up”
16 in which they cannot vote.

17 392.

18 Rally has also represented that all proceeds from RLY token sales were pooled in the
19 “Community Treasury,” which “was designed to power the development and realize the potential
20 of the Rally Network. . . . [A] larger pool in the treasury will enable the community to
21 significantly scale the Rally Network and empower the community to effectuate even more
22 development and engagement, including, for example, engaging developers to build the never-
23 been-done-before ideas that the community comes up with.” Rally stated that the Community
24 Treasury has allocated a portion of the proceeds to funding and expanding the management team.
25 In an April 28, 2021 post on Medium, Rally stated that “[p]roceeds from these community-
26 approved sales of RLY flow to the Rally community treasury, which is governed by the

1 community and spent through community-led governance proposals designed to better the Rally
2 Network.” And Rally claimed that RLY token holders would necessarily benefit from Rally’s
3 growth. In the RLY white paper, Rally stated: “Tokenomics play a fundamentally important role
4 in the success or failure of a crypto project. In essence, good tokenomics align the incentives of
5 all participants of a token economy. These incentives are built into the protocol and will function
6 as such in perpetuity thereby guaranteeing the protocol’s future.” A Rally website further
7 emphasized the growth and profit potential from RLY, stating that “RLY is used by consumer
8 applications to enable a token economy that increases community growth, engagement, and
9 loyalty” and that “RLY Network is an ecosystem of consumer apps powered by RLY Protocol, a
10 token-enabled software suite for developers that facilitates token launching, instant pricing,
11 immediate liquidity, and the opportunity to earn RLY Rewards.”

12 393.

13 Rally leadership promoted RLY’s availability on the secondary market, as well as its
14 liquidity. On July 21, 2021, Rally announced that “[o]ver the past two weeks, [multiple
15 secondary trading platforms, including Coinbase] have all enabled \$RLY trading.” Rally noted
16 that anyone with accounts on these platforms could thus “easily purchase \$RLY using either
17 crypto, a credit/debit card, or bank account and begin participating in the \$RLY community
18 today,” and could “in most jurisdictions ... convert their \$RLY to US Dollars.” On February 1,
19 2022, Rally said it was “excited to announce that \$RLY is now supported on [a trading
20 platform],” which allowed for “buying, selling, storing, and earning digital assets.”

21 394.

22 Rally promoted its management team’s background and qualifications in the RLY white
23 paper. Rally also made clear in the white paper that proceeds from the sale of RLY would be
24 used to expand the centralized management team: “The budgets for the RLY Network
25 Association & \$RLY Ecosystem DAO will cover the operation costs plus the hiring and
26 onboarding of new team members and experts to achieve their respective end goals.”

1 395.

2 RLY can still be bought and sold for fiat currency or other crypto assets on secondary
3 trading platforms. RLY peaked at a price of approximately \$1.40 on March 31, 2021, and
4 reached a peak market capitalization of approximately \$1.3 billion. As of April 15, 2025, it
5 traded at about \$0.0009, with a market capitalization of approximately \$4.5 million—reflecting a
6 price drop of more than 99% and a loss of approximately \$1.3 billion in market value.

7 **25. SAND**

8 396.

9 “SAND” was created on the Ethereum blockchain as the native token of The Sandbox
10 platform, a virtual gaming platform first released in 2012 by Pixowl, Inc. (“Pixowl”) as a game
11 for download on mobile phones. SAND can be bought and sold for fiat currency or other crypto
12 assets on numerous secondary trading platforms, and has been available for trading on the
13 Coinbase Platform since approximately May 2022.

14 397.

15 Pixowl, headquartered in San Francisco, was founded in 2011 by Arthur Madrid
16 (“Madrid”) and Sebastien Borget (“Borget”). In 2018, Animoca Brands, Inc. (“Animoca”),
17 headquartered in Hong Kong, acquired Pixowl and announced its intention to build a new 3D
18 version of the Sandbox, in part by leveraging blockchain technology. After Pixowl’s acquisition,
19 Pixowl’s intellectual property, including The Sandbox, along with the rest of Pixowl’s assets,
20 were transferred to TSB Gaming Ltd (“TSB”), a wholly owned subsidiary of Animoca. Madrid is
21 CEO of TSB, and Borget is the COO. According to The Sandbox’s website, SAND is required to
22 access The Sandbox ecosystem, participate in the platform’s governance, and earn rewards
23 through the staking program on the platform.

24 398.

25 Before minting SAND in July 2019, Animoca raised approximately \$2.5 million in cash
26 and crypto assets on May 23, 2019 through TSB by issuing Simple Agreements for Future

1 Equity (“SAFEs”) and SAND tokens, to “fund the development of the upcoming blockchain
2 version of The Sandbox.” According to Animoca’s press release, the majority of investors
3 allocated their investment to the purchase of both SAND tokens and future equity in TSB via the
4 SAFE agreements (in the amount of \$2 million), while some investors allocated their investment
5 exclusively to the purchase of SAND tokens (\$500,000). The funding round was led by Hashed
6 and included a number of other crypto venture capital investors.

7 399.

8 In July 2019, TSB minted a total supply of 3 billion SAND on the Ethereum blockchain
9 and offered and sold SAND through purportedly private sales. On or around August 13, 2020,
10 TSB conducted an initial exchange offering that raised \$3 million on the Binance.com crypto
11 asset trading platform.

12 400.

13 TSB publicly disseminated information based on which SAND purchasers, including
14 those who purchased SAND since May 2022, reasonably viewed SAND as an investment in and
15 expected to profit from TSB’s efforts to develop, expand, and grow The Sandbox protocol,
16 which, in turn, would increase the demand for and the value of SAND.

17 401.

18 On blog posts announcing “exchange listings,” The Sandbox touted its efforts to obtain
19 “listings” and the SAND token’s liquidity in the secondary market. For example, in a September
20 21, 2021 Medium blog post, Sandbox stated that “\$SAND is listed on over 60 global
21 cryptocurrency exchanges, including a dozen of the top exchanges by market capitalization.” On
22 the SAND token webpage, The Sandbox currently promotes that SAND is available on over 20
23 exchanges.

24 402.

25 The Sandbox stated that it would pool the proceeds from the private SAND token sales
26 and the SAND IEO to develop and promote use of the platform. For example, the May 23, 2019

1 press release stated: “[t]he funds raised through this transaction will be used to grow the
2 development team and infrastructure for the [Sandbox] Game Platform, support marketing
3 efforts through the acquisition of creators and IP licenses, and provide for security, legal, and
4 compliance expenses as well as general and administrative costs.” The Sandbox white paper
5 similarly described identical uses for the \$3 million in funds intended to be raised during the
6 IEO.

7 403.

8 According to The Sandbox white paper, of the 3 billion SAND tokens that were initially
9 minted, 19% were to be allocated to The Sandbox “Founders and Team,” and another 25.8%
10 were allocated to the Company Reserve.

11 404.

12 In the July 25, 2019 Medium blog post, The Sandbox stated that “an interesting feature of
13 [the \$SAND] token is that it can accrue in value over time, due to the fact that it is scarce. There
14 will be a limited supply of 3 billion units of \$SAND available.”

15 405.

16 TSB also stated publicly that it would take steps to manage the market for SAND. In The
17 Sandbox white paper, TSB stated that The Sandbox team controls the supply of SAND tokens
18 and has implemented a “controllable supply mechanism, such as purchasing SAND from
19 multiple exchanges,” and that “while the total supply of SAND is fixed, the initial amount of
20 SAND offered will provide a scarcity effect reducing the SAND available per capita and
21 therefore fostering demand.”

22 406.

23 Additionally, in many instances, Animoca credited the backgrounds of Pixowl, TSB, and
24 The Sandbox core members, including Madrid and Borget, in touting the success and future
25 development of The Sandbox:
26

- 1 • In a press release dated August 27, 2018 (the “2018 Press Release”), Yat Siu, the co-
2 founder and director of Animoca, stated that “Pixowl’s experienced developers will
3 significantly increase our development capabilities. Its founders are highly respected game
4 industry veterans who have developed multimillion dollar franchises. We believe the
5 blockchain version of The Sandbox has incredible potential ... We look forward to utilising
6 the many opportunities for growth conferred by this acquisition.”
- 7 • In the 2018 Press Release, Madrid commented: “Animoca Brands is a perfect fit for
8 Pixowl and we are happy to add our brand relationships to its portfolio while accelerating
9 growth for our key IP, The Sandbox ...”
- 10 • The 2018 Press Release also touted that “Ed Fries, the creator of Microsoft Game Studios
11 and co-founder of the Xbox project, is a special advisor to The Sandbox’s original game
12 developer Pixowl” and will therefore continue to serve on the advisory team.
- 13 • The Sandbox white paper further stated: “We have a strong product roadmap ahead and a
14 top team to execute a strong vision to build a unique virtual world gaming platform where
15 players can build, own, and monetize their gaming experiences and spread the power of
16 blockchain as the lead technology in the gaming industry.”

17 407.

18 The Sandbox white paper also describes “The Sandbox Foundation,” which “supports the
19 ecosystem of The Sandbox” by, among other things, offering grants to incentivize high quality
20 content and game production on the platform. The Sandbox white paper further notes that the
21 “overall valuation of the metaverse grows through the valuation of all games funded by the
22 Foundation, creating a virtuous circle to enable funding bigger games.” The Sandbox also touts
23 that the Sandbox Foundation has, among other things, (a) supported play-to-earn tournaments
24 and cross-gaming to encourage the broader adoption of SAND and (b) supported marketing
25 activities contributing to the growth of awareness about NFTs, Metaverse, and SAND adoption,
26 including co-marketing with exchanges and influencers.

1 408.

2 As of March 14, 2025, the Coinbase Platform touted SAND by promoting that “owners
3 can stake [SAND] and benefit from staking rewards” and noted that SAND “supports
4 decentralized governance, enabling users to share their views and ideas about the project’s
5 development.”

6 409.

7 SAND peaked at a price of approximately \$8.40 per token and a market capitalization of
8 approximately \$7.3 billion on November 25, 2021. As of April 15, 2025, it traded at around
9 \$0.25, with a market capitalization of approximately \$615 million—reflecting a price drop of
10 more than 97% and a loss of approximately \$6.7 billion in market value.

11 **26. SOL**

12 410.

13 “SOL” is the native token of the Solana blockchain. SOL can be bought and sold for fiat
14 currency or other crypto assets on numerous secondary trading platforms, and has been available
15 for trading on the Coinbase Platform since approximately June 2021.

16 411.

17 The Solana blockchain was created by Solana Labs, Inc. (“Solana Labs”), a Delaware
18 corporation headquartered in San Francisco. Solana Labs was founded in 2018 by Anatoly
19 Yakovenko and Raj Gokal, who are Solana Labs’ current CEO and COO, respectively.
20 According to Solana’s website, the Solana blockchain is a network upon which decentralized
21 apps (“dApps”) can be built, and aims to improve blockchain scalability and achieve high
22 transaction speeds by using a combination of consensus mechanisms.

23 412.

24 Between May 2018 and early March 2020, Solana Labs filed multiple forms with the
25 SEC claiming that its offers and sales of securities were exempt from registration under Rule
26 506(c) of Regulation D. In its SEC filings, Solana described its offers and sales of securities as

1 the “sale and issuance of rights to receive Solana Labs, Inc. tokens in the future via a Simple
2 Agreement for Future Tokens (SAFTs).” Solana sold approximately 177 million SOL through
3 such offers and sales, raising over \$23 million.

4 413.

5 In March 2020, on the CoinList trading platform (www.coinlist.co), Solana Labs sold
6 additional SOL in a “Dutch auction,” where investors place bids and the entire offering occurs at
7 the price with the highest number of bidders. Through this offering, Solana Labs sold
8 approximately 8 million SOL, at an average price of \$0.22, raising approximately \$1.76 million.
9 In the summer of 2021, Solana Labs completed another, purportedly private, sale of SOL, raising
10 over \$314 million from investors, each of whom paid for SOL with fiat currency. On information
11 and belief, these investors were required to sign a purchase agreement.

12 414.

13 Solana Labs took steps in 2020 to make SOL available for trading on crypto asset trading
14 platforms. For example, in a September 17, 2020, Twitter post, Solana Labs stated: “The Solana
15 community in the United States has been eagerly awaiting the chance to trade SOL on a U.S.
16 exchange, and now that day has come. SOL/USDT, SOL/USD, and SOL/BTC pairs are all open
17 for trading on @ftx_us.” Later that same day, Solana Labs tweeted: “@BinanceUS announces
18 Support for SOL, making it the Second US Exchange to list SOL within one day.”

19 415.

20 Solana Labs publicly disseminated information based on which SOL purchasers,
21 including those who purchased SOL since June 2021, reasonably viewed SOL as an investment
22 in and expected to profit from Solana Labs’ efforts to develop, expand, and grow the Solana
23 network, which, in turn, would increase the demand for and the value of SOL.

24 416.

25 Solana Labs stated publicly that it would use the proceeds from its SOL sales to fund the
26 development, operations, and marketing efforts with respect to the Solana blockchain in order to

1 attract more users to that blockchain. Such efforts were an attempt to increase the demand for,
2 and therefore the value of, SOL itself, given the need for those who wish to interact with the
3 Solana blockchain to tender SOL and the need for those who wish to earn SOL rewards by
4 validating Solana transactions to hold and stake SOL. For example, in connection with the 2021
5 private sale of SOL, Solana Labs stated publicly that it would use investor funds to: (i)
6 “accelerate the deployment of market-ready applications focused on onboarding the next billion
7 users into crypto”; (ii) “launch an incubation studio to accelerate the development of
8 decentralized applications and Platforms building on Solana”; and (iii) develop a “venture
9 investing arm” and “trading desk dedicated to the Solana ecosystem.”

10 417.

11 Of the 500 million SOL tokens Solana Labs initially minted, 12.5% were allocated to
12 Solana Labs’ founders, including Yakovenko and Gokal, and another 12.5% to the Solana
13 Foundation, a non-profit organization headquartered in Zug, Switzerland “dedicated to the
14 decentralization, growth, and security of the Solana network.” On April 8, 2020, Solana Labs
15 transferred 167 million SOL tokens to the Solana Foundation, and in its public announcement
16 about the creation of the Solana Foundation, Solana Labs stated that “[t]he Foundation’s initial
17 focus is expanding and developing the ecosystem of the Solana protocol.” Both of Solana Labs’
18 two original founders have worked for the Solana Foundation: Gokal serves as a current member
19 of the Solana Foundation Council, and Yakovenko was a member and President of the Solana
20 Foundation Council until December 2021, when he stepped down to focus on his work at Solana
21 Labs.

22 418.

23 In public statements on its website and social media pages, including statements made
24 and available while SOL has been available to trade on the Coinbase Platform, Solana specified
25 its expertise in developing blockchain networks and described the efforts Solana and its founders
26 had made and would continue to make to develop the Solana blockchain protocol and attract

1 users to the technology, which, again, required those utilizing the technology to demand some
2 amount of SOL.

3 419.

4 Through promotional efforts, Solana Labs boosted increased participation in its network
5 and thus demand for SOL, including through: (a) “Validated,” a Solana podcast of which there
6 have been at least 140 episodes since July 2019, with interviews of key Solana Labs management
7 and other key personnel, including Yakovenko; (b) a YouTube channel with over 80,000
8 subscribers; and (c) dedicated Telegram, Twitter, Reddit, Discord, and GitHub channels, with
9 links to each available on Solana’s website.

10 420.

11 Solana Labs’ promotional statements via these channels about SOL and Solana Labs’
12 efforts to increase demand and value for SOL include:

- 13 • A July 28, 2019 blog post in which Yakovenko stated that “Solana ... supports upwards of
14 50,000 TPS” (transactions per second) “making it the most performant blockchain and the
15 world’s first web-scale decentralized network” and that the “Solana team—comprised of
16 pioneering technologists from [several high-profile technology companies]—has focused
17 on building the tech required for Solana to function with these groundbreaking
18 performance standards”;
- 19 • A statement on its website that “Solana is engineered for widespread, mainstream use by
20 being energy efficient, lightning fast, and extremely inexpensive” and that “[m]any of the
21 core Solana builders, like co-founder Anatoly Yakovenko, have a background in building
22 cell phone networks,” which “means that they are singularly focused on building for
23 scalability (the ability to grow) and efficiency (the ability to get the most information across
24 with the least amount of resources)”;
- 25 • An April 14, 2021 post on gemini.com in which Yakovenko touted the Solana network’s
26 ability to “support a theoretical peak capacity of 65,000 transactions per second, currently”

1 (“around 10,000 times faster than Bitcoin, 4,000 times faster than Ethereum, and 35 times
2 faster than Ripple—even around 2.5 times faster than Visa”) and projecting that such speed
3 would “doubl[e] in capacity every two years with improvements in hardware and
4 bandwidth”;

- 5 • A December 23, 2022 post marketing various “upgrades” that Solana and its engineers
6 would undertake, including “turbine optimizations” introduced by the “core engineering
7 team,” which Yakovenko described as the “coolest piece of technology that we built that
8 nobody knows about;” and
- 9 • A January 3, 2024 post stating that “throughout 2023, the developer ecosystem has made
10 major advancements in tooling, developer experience, quality of content, and diversity of
11 available programming languages.”

12 421.

13 Solana Labs also markets that it burns SOL tokens as part of a “deflationary model.” As
14 Yakovenko explained in an April 14, 2021 article posted on gemini.com, “Solana transaction
15 fees are paid in SOL and burnt (or permanently destroyed) as a deflationary mechanism to
16 reduce the total supply and thereby maintain a healthy SOL price.” Solana explained on its
17 website that since the Solana Network was launched, the “Total Current Supply” of SOL “has
18 been reduced by the burning of transaction fees and a planned token reduction event.” This
19 marketed burning of SOL as part of the Solana network’s “deflationary mechanism” has led
20 investors reasonably to view their purchase of SOL as having the potential for profit to the extent
21 there is a built-in mechanism to decrease the supply and increase the price of SOL.

22 422.

23 SOL may be “staked” on the Solana blockchain to earn rewards from validating
24 transactions on the blockchain, and, to avoid potential bad actors from “spamming” the
25 blockchain, a small amount of SOL must be “burned” to propose a transaction on the Solana
26

1 blockchain. Solana publicly advertises the financial rewards available for staking SOL, including
2 on its website.

3 423.

4 Coinbase has touted that Solana’s “approach has attracted interest from a diverse range of
5 traders, from small-scale individuals to institutional entities,” and “Solana’s protocol is designed
6 to serve both small-time users and enterprise customers alike, aiming to make decentralized
7 finance accessible on a larger scale.”

8 424.

9 On February 5, 2024, in a “Solana Insights” section on its platform, Coinbase noted the
10 “Bulls” case for investing in SOL: “Solana’s distinctive scaling approach makes it attractive for
11 those seeking efficient blockchain solutions” and that “the Solana community has remained
12 steadfast and actively engaged” in part because “[t]he platform is known to iterate quickly,
13 demonstrating a commitment to continual improvement and adaptability, regularly introducing
14 new features and updates that enhance user experience and expand its capabilities.” Solana’s
15 performance also resulted in Coinbase publicizing that crypto research firm Messari declared the
16 token “crypto’s comeback player of the year.”

17 425.

18 SOL peaked at a price of approximately \$293 and a market capitalization of
19 approximately \$140 billion on January 19, 2025. As of April 15, 2025, SOL traded at around
20 \$128 with a market capitalization of approximately \$66 billion—reflecting a price drop of more
21 than 56% and a loss of approximately \$74 billion in market value.

22 **27. UNI**

23 426.

24 UNI is the governance token for the Uniswap protocol, one of the largest and most
25 widely used decentralized exchanges (DEXs) by trading volume. UNI has been available for
26 trading on Coinbase platform since approximately September 17, 2020.

1 427.

2 Uniswap operates as an automated market maker (AMM), allowing users to trade crypto
3 assets (such as ERC-20 tokens) directly without intermediaries or order books. Uniswap has been
4 developed, managed, and promoted by its founder, Hayden Adams, and Uniswap Labs, both
5 based in the U.S. In 2022, Uniswap Labs reportedly raised \$165 million in fundraising from
6 prominent crypto venture capital funds. According to its LinkedIn page, Uniswap Labs has
7 between 51 and 200 employees. The page further states that “Uniswap Labs builds products for
8 users to safely and securely access DeFi, including an [Application Programming Interface], the
9 Uniswap Interface and Uniswap Wallet, which collectively serve millions of users. Uniswap
10 Labs also contributes to the development the Uniswap Protocol.” Similarly, Uniswap’s website
11 states that (1) “Uniswap Labs is a company that develops software products that work on top of
12 the Uniswap Protocol”; (2) “Uniswap Labs was founded by Hayden Adams, who developed the
13 Uniswap Protocol”; and (3) “Uniswap Labs builds and maintains products like the Uniswap web
14 app, NFT aggregator, and Uniswap mobile wallet.” Uniswap Labs launched the UNI token in
15 September 2020.

16 428.

17 Information disseminated by Uniswap has led investors in UNI to reasonably expect
18 profits based on the efforts of Uniswap’s management, including Uniswap Labs and Adams. As
19 noted above, Uniswap Labs and Adams have played a leading role in the development of
20 Uniswap and continue to do so. Uniswap frequently posts updates about Uniswap’s growth,
21 development, and development plans to the internet and social media, including via the Uniswap
22 website and blog and Uniswap Labs’s X (formerly Twitter) account. For example, in January
23 2021, Uniswap Labs touted on its Twitter account that “Uniswap continues to see record volume
24 growth! / January on track to support a monthly all-time high of \$25bn / Uniswap now the 4th
25 largest cryptocurrency spot venue in the world.” Similarly, an update on Uniswap’s blog from
26 December 2024 titled “Uniswap Labs and Fireblocks Collaborate To Bring DeFi to More

1 Institutions” highlighted how Uniswap Labs was working with Fireblocks, “a digital asset
2 operations and payments platform trusted by 2,000 clients globally” for “asset managers, hedge
3 funds, and other financial firms [to] access Uniswap Protocol’s deep liquidity and competitive
4 pricing directly from the Fireblocks platform.”

5 429.

6 At its launch in 2020, 21% of the supply of UNI was distributed “to team members and
7 future employees,” 18% was distributed “to investors,” and 0.69% was distributed to “advisors,”
8 all with “4-year vesting.” Thus, the financial incentives and fortunes of Uniswap’s management
9 and insiders were aligned with other UNI investors’.

10 430.

11 Moreover, users buying and selling crypto assets via Uniswap pay fees on each trade to
12 the liquidity providers in those crypto assets. The Uniswap protocol’s source code includes a
13 variable, commonly called the “fee switch,” that could allow the protocol itself to charge and
14 receive trading fees if approved by the protocol’s governance. Although throughout Uniswap’s
15 existence the fee switch has not been activated, governance proposals have been put forward at
16 times in the Uniswap DAO to activate the fee switch. The Uniswap platform regularly has
17 trading volumes in the billions of dollars, rivaling Coinbase itself in terms of trading volume.
18 The potential that the fee switch could be activated, resulting in substantial revenues from
19 Uniswap’s large trading volumes that the Uniswap DAO could distribute to UNI holders, is a
20 further factor that would lead a reasonable investor to expect profits from UNI. In addition to this
21 fee switch, Uniswap Labs itself charges a fee on certain trades executed on Uniswap or via
22 Uniswap Labs interfaces, which it stated is designed to “sustainably fund our operations.”
23 Uniswap Labs further stated that “[t]he Uniswap Trading [Application Programming Interface] is
24 developed and maintained by the same US-based team that built the Uniswap Protocol, which
25 has processed \$2.5T in all-time volume and over 465 million swaps with zero hacks.”
26

1 431.

2 UNI peaked at approximately \$45 per token with a market capitalization of
3 approximately \$23.3 billion on May 3, 2021. As of April 15, 2025, it traded at \$5.24 and its
4 market capitalization was approximately \$3.1 billion—reflecting a price drop of more than 88%
5 and a loss of approximately \$20.2 billion in market value.

6 **28. VGX**

7 432.

8 “VGX” is the native token of the crypto asset platform known as Voyager, which is
9 owned and operated by Voyager Digital, LLC, a New Jersey-based Delaware corporation
10 founded in 2018.

11 433.

12 The Voyager platform allowed customers to buy and sell crypto assets and earn interest
13 by participating in the Voyager Earn Program, which allowed investors to tender crypto assets to
14 Voyager through the Voyager platform, in exchange for Voyager’s promise to provide a variable
15 interest payment.

16 434.

17 VGX could be bought and sold for fiat currency or other crypto assets on numerous
18 secondary trading platforms and was available for trading on the Coinbase Platform starting in
19 November 2021 until approximately September 2023, when, on information and belief, Coinbase
20 suspended trading of VGX on the Coinbase Platform.

21 435.

22 On its website, Voyager advertised that its “commission-free” “broker model” utilized
23 “Smart Order Routing” to connect more than a dozen crypto asset trading platforms and market
24 makers “to offer investors unparalleled speed, liquidity, and pricing – all in one app.” According
25 to its website, as of March 2022, the Voyager platform supported more than 100 crypto assets.

1 436.

2 In October 2020, Voyager acquired LGO Markets, a French crypto asset trading platform
3 and LGO Markets' native token, LGO. As part of the acquisition, both VGX and LGO tokens
4 were swapped into newly minted tokens that Voyager referred to as VGX 2.0 tokens, but which
5 continued to trade as "VGX" on both Voyager and third-party crypto trading platforms.

6 437.

7 VGX is an Ethereum token associated with the Voyager platform. Voyager describes
8 VGX as "designed to reward Voyager customers for their loyalty, for holding VGX in their
9 Voyager accounts and to motivate community members for their participation in the multifaceted
10 rewards functions of VGX."

11 438.

12 From approximately October 2019 until October 2022, Voyager was the majority owner
13 of VGX tokens, holding approximately 60.38% as of October 2022. On information and belief,
14 as of June 2023, Voyager owned approximately 17% of all VGX tokens. Accordingly, Voyager's
15 fortunes were, and remained, aligned with VGX investors' fortunes.

16 439.

17 Voyager publicly disseminated information based on which VGX purchasers, including
18 those who purchased VGX since November 2021, reasonably viewed VGX as an investment in
19 and expected to profit from Voyager's efforts to develop, expand, and grow its trading platform,
20 loyalty program, and other touted features of its business, which, in turn, would increase the
21 demand for and the value of VGX.

22 440.

23 Voyager touted the experience of its founders in both the original VGX and VGX 2.0
24 white papers, and highlighted the continued role that Voyager would have in ensuring the
25 success of VGX, including the following examples:
26

- 1 • The original white paper stated: “Voyager’s team consists of finance and technology
2 industry veterans dedicated to empowering and servicing investors in the most exciting
3 asset class to date—crypto. Our founders have combined their decades worth of experience
4 from leading organizations.”
- 5 • The VGX 2.0 white paper stated that in the first three years following the integration of
6 VGX and LGO, Voyager would mint an additional 70 million VGX for the “growth pool .
7 . . to power Voyager Loyalty rewards, as well as fund promotional campaigns.”

8 441.

9 Coinbase’s website still states that “Steve Ehrlich, Phillip Eytan, Oscar Salazar, and
10 Gaspard de Dreuziare are the founders of Voyager token,” and that “Ehrlich is the CEO and was
11 previously the CEO of Tradier, Inc., a financial technology firm”; “Eytan is a serial entrepreneur
12 and cofounded Pager, a digital health start-up”; and “Salazar is the cofounder of Uber as its
13 founding architect and CTO.”

14 442.

15 Voyager incentivized customers to buy, hold and encourage others to purchase VGX. For
16 example, Voyager promoted that by holding VGX on the Voyager platform, customers could
17 earn interest in-kind as well as interest rate “boosts” on certain other crypto assets loaned to
18 Voyager. Customers could also earn VGX by referring others to the Voyager platform.

19 443.

20 Voyager also incentivized its customers to buy and hold VGX with its “Loyalty
21 Program,” launched in late September 2021, through which customers could rise to higher
22 reward “tiers” based on the amount of VGX they held on the platform. Each tier offered
23 progressively higher staking rewards and higher discounts on crypto withdrawal fees and
24 rewards on Voyager debit card charges. In June 2022, Voyager announced it was expanding its
25 Loyalty Program to six tiers. The July 2021 VGX 2.0 white paper introduced and touted even
26 more features that Voyager was developing for the VGX loyalty program, including VGX

1 cashback rewards on a Voyager debit card, auto-staking of various crypto assets, and continued
2 international expansion of the Voyager platform.

3 444.

4 Further, on or about May 1, 2021, Voyager introduced a 25% burn of all VGX used to
5 pay withdrawal fees on the Voyager app “in an effort to help reduce the circulating supply of
6 tokens.” As with the “burn” mechanisms of other crypto securities set forth herein, Voyager’s
7 marketed burning of VGX led investors reasonably to view their purchase of VGX as having the
8 potential for profit.

9 445.

10 On or about July 1, 2022, following a number of crypto market disruptions and its own
11 subsidiary’s default on a multi-hundred-million-dollar loan, Voyager suspended all trading,
12 rewards programs, deposits, and withdrawals on the Voyager platform. Four days later, on July
13 5, 2022, Voyager and its parent companies filed for Chapter 11 bankruptcy.

14 446.

15 To this day, on the Coinbase Platform, Coinbase describes VGX as “a regulated crypto
16 broker that offers investors an easy, safe, and convenient experience in crypto asset trading,”
17 adding, “The platform executes orders across multiple exchanges and gives customers access to a
18 liquid market. To simplify the process, Voyager offers an app that aims to make trading
19 accessible, fast, and user-friendly and charges no commission for trading via the application.”
20 Coinbase’s website further states, “On Voyager, VGX holders can earn staking rewards, receive
21 cashback on trades, and more.”

22 447.

23 VGX peaked at a price of approximately \$12.47 per token on January 6, 2018, and
24 reached its largest market capitalization of approximately \$1.6 billion. As of April 15, 2025,
25 VGX traded at around \$0.0057, with a market capitalization of approximately \$5 million—
26

1 reflecting a price drop of more than 99% and a loss of approximately \$1.6 billion in market
2 value.

3 **29. wLUNA**

4 448.

5 wLUNA, or “Wrapped LUNA,” is an Ethereum-based token associated with the
6 cryptocurrency LUNA. wLUNA was listed for trading on the Coinbase platform on or around
7 August 21, 2021. Coinbase suspended trading in wLUNA on May 27, 2022.

8 449.

9 As described above, Do Kwon, along with an individual named Daniel Shin, founded
10 Terraform Labs (“Terraform”) in April 2018. In April 2019, Terraform and Kwon launched and
11 promoted the Terraform blockchain, which would record and display transactions of
12 cryptocurrency across computers in a linked network.

13 450.

14 Terraform coded into the blockchain at launch one billion tokens of a particular crypto
15 asset, LUNA, that it created. Beginning even before the blockchain was developed, Terraform
16 entered agreements to sell LUNA to buyers in exchange for both fiat currency and other crypto
17 assets, such as Bitcoin. The terms of those agreements referred to an “Initial Token Launch,”
18 which was defined as “the online sale and/or distribution of Tokens by the Vendor [Terraform or
19 its subsidiary Terraform BVI] to the general public in a campaign to be initiated and conducted
20 by the Vendor.”

21 451.

22 The agreements further contemplated that “Terraform would undertake efforts to generate
23 a secondary trading market for the LUNA tokens.” The terms of the sales provided incentives for
24 the purchasers to resell LUNA tokens by, for example, setting the purchase price at discounts of
25 40% or more from expected market prices. In a fundraising update in December 2018, Terraform
26 co-founder Daniel Shin wrote that Terraform had “begun exchange listing discussions given

1 token listing is a precondition for Terra/Luna ecosystem to operate.” Terraform used proceeds
2 from selling LUNA to, in part, fund Terraform’s operating costs.

3 452.

4 In a Tweet on April 7, 2021, Kwon wrote: “A bet on the moon [LUNA] is very simple: it
5 goes up in value (inc. scarcity) the more Terra money is used; it goes down in value (inc.
6 dilution) the less Terra money is used. The moon's fate in the long run is tied to how widely the
7 money gets used and transacted.” In another post that day, Kwon wrote: “But in the long run,
8 \$Luna value is actionable — it grows as the [Terraform] ecosystem grows. As a holder of the
9 [moon], you then have three choices: Sit back and watch me kick ass; Take profits and buy un-
10 valuable assets; Or you can roll up your sleeves and build cool shit.” Around the same time, SJ
11 Park, Director of Special Projects at Terraform, stated in a videotaped presentation
12 that “[o]wning LUNA is essentially owning a stake in the network and a bet that value will
13 continue to accrue over time.”

14 453.

15 Similarly, Terraform’s business development lead, Jeff Kuan, stated in a 2021 public
16 interview that “investing in Terra means ... buying LUNA, which is the ‘equity’ in our co.”
17 Terraform’s head of communications, Brian Curran, remarked in a June 2021 public interview
18 that “[o]wning LUNA is equivalent to owning a stake in the transaction fees of a network like
19 Visa” because “[a]ll the transaction fees from Terra stablecoins are distributed to LUNA stakers
20 in the form of staking rewards.”

21 454.

22 In December 2019, Terraform further developed the LUNA and Terra ecosystem by
23 creating another crypto asset called UST, which Terraform described as a “stablecoin” whose
24 value was permanently and algorithmically pegged to one U.S. dollar. As part of the algorithm,
25 one UST could always be exchanged for \$1 worth of LUNA, and \$1 worth of LUNA could
26 always be exchanged for one UST. In March 2021, Terraform launched “the Anchor Protocol,”

1 which it described as a key component of “the Terra money market,” allowing UST holders to
2 earn interest payments by depositing their tokens in a shared pool from which others could
3 borrow UST. Terraform publicly announced, in a Tweet by Kwon, that “Anchor will target 20%
4 fixed APR,” which was “by far the highest stablecoin yield in the market.” A June 2020 white
5 paper described the Anchor Protocol as “an attempt to give the main street investor a single,
6 reliable, rate of return across all blockchains.”

7 455.

8 The Anchor Protocol website stated that “[d]eposited stablecoins are pooled and lent out
9 to borrowers, with accrued interest pro-rata distributed to all depositors.” By May 2022, there
10 were approximately 18.5 billion tokens of UST, 14 billion of which had been deposited in the
11 Anchor Protocol.

12 456.

13 In December 2020, Terraform launched a platform allowing LUNA holders to create a
14 “wrapped” version of LUNA, wLUNA, that could be traded on non-Terraform blockchains, such
15 as Ethereum, but was otherwise identical to LUNA. These wLUNA tokens were generally
16 created, or “bridged,” from the Terraform blockchain to another blockchain by depositing LUNA
17 in a particular wallet address on the Terraform blockchain, and then having an associated smart
18 contract on different blockchains, such as the Ethereum blockchain, to create wLUNA. Similarly,
19 wLUNA could be bridged back to the Terra blockchain by having wLUNA destroyed, or
20 “burned,” by the smart contract on the non-Terraform blockchains and receiving LUNA from the
21 address or smart contract on the Terraform blockchain. In essence, this mechanism created a pool
22 of LUNA on the Terraform blockchain, through which wLUNA owners could convert their
23 holdings back into LUNA.

24 457.

25 Investors purchased wLUNA with other crypto assets or with fiat currency through
26 crypto asset trading platforms. For example, to create wLUNA, investors deposited LUNA to an

1 address or smart contract on the Terraform blockchain, which was then “bridged” to the
2 Ethereum or other blockchains to create wLUNA.

3 458.

4 Investors in wLUNA invested in a common enterprise with other wLUNA investors and
5 LUNA investors. To create wLUNA, LUNA was pooled together in an address or smart contract
6 on the Terraform blockchain. For each LUNA that entered into the pool, a new wLUNA would
7 be created on a different blockchain, such as Ethereum.

8 459.

9 As LUNA and wLUNA were exchangeable on a one-to-one basis, the price of wLUNA
10 generally equaled the price of LUNA. Therefore, holders of wLUNA shared in the rise and fall
11 of the value of the wLUNA and LUNA token and, as a result, the fortunes of wLUNA investors
12 were tied to one another and to the fortunes of Terraform Labs.

13 460.

14 At their peak in spring 2022, the combined value of LUNA and UST exceeded \$50
15 billion, with the value of LUNA reaching \$40 billion. In May 2022, LUNA, wLUNA, and UST
16 collapsed when UST became irreversibly depegged from the dollar, with the price of LUNA (and
17 wLUNA) crashing from over \$119 to under a penny, and wiping out over \$40 billion in
18 investors’ money.

19 461.

20 Investors in wLUNA had an expectation of profits based on the managerial efforts of
21 Terraform Labs because the price of wLUNA, by definition, equaled the price of LUNA.
22 Reasonable investors purchasing wLUNA either understood this economic reality, or believed
23 that they were purchasing LUNA when they were in fact purchasing wLUNA. In fact, Terraform
24 Labs principal Do Kwon himself used the terms LUNA and wLUNA interchangeably. For
25 instance, when Kwon tweeted about wLUNA’s availability on a prominent U.S.-based trading
26 platform, he referred to it as “\$LUNA,” which is how he frequently referred to LUNA.

1 Regardless of whether investors understood the difference between LUNA and wLUNA,
2 investors purchased wLUNA with the understanding that the value of the token would be driven
3 by the value of LUNA. As described above, Terraform led investors to reasonably expect to
4 profit from LUNA, and therefore wLUNA, based on the managerial efforts of Terraform and
5 Kwon to develop the Terraform ecosystem.

6 462.

7 The definition of security under the Oregon Securities Law, ORS 59.015, includes a
8 “receipt for” a security. As described above, when an investor “bridges” LUNA to obtain
9 wLUNA, the owner of the wLUNA has the right and ability at any time to exchange the wLUNA
10 for LUNA, which was offered and sold as a security. This mechanism created a pool of LUNA
11 on the Terraform blockchain through which wLUNA owners could convert their holdings back
12 into LUNA. As a result, wLUNA is also a security because it is a receipt for a security.

13 463.

14 LUNA is the subject of an indictment issued by a federal grand jury against Kwon
15 charging him with multiple counts of fraud, including securities fraud, and money laundering in
16 connection with Terraform, LUNA, and other Terraform ventures and cryptocurrencies. As
17 summarized by the U.S. Department of Justice, the indictment alleges, for example, that:

18 Kwon orchestrated schemes to defraud purchasers of Terraform cryptocurrencies.
19 Among other things, Kwon made false and misleading claims regarding the
20 stability and efficacy of Terraform’s cryptocurrency stablecoin protocol, its use of
21 blockchain technology, and its development of functioning and reliable financial
22 technologies.

23 As Kwon knew, however, core Terraform products did not work as Kwon had
24 claimed. Rather, Kwon manipulated Terraform products to create the illusion of a
25 functioning, stable, and decentralized financial system. Kwon’s conduct inflated
26 the value of Terraform’s cryptocurrencies, which Kwon and entities he controlled
possessed in large amounts and sold to investors in exchange for billions of
dollars’ worth of other assets.

1 464.

2 As to WLUNA, according to DOJ, Kwon further “made misrepresentations about the
3 governance of the Luna Foundation Guard Ltd. (LFG), which Kwon claimed was managed by an
4 independent governing body and was tasked with deploying billions of dollars’ worth of
5 financial reserves to defend UST’s peg. But as Kwon knew, he controlled both the LFG and
6 Terraform. In addition, Kwon misappropriated hundreds of millions of dollars in assets from the
7 LFG.” Kwon also “falsely claimed that the Terra blockchain was being used to process billions
8 of dollars in financial transactions for the Korean payment-processing application Chai. In doing
9 so, Kwon claimed that the Terra blockchain had ‘real world’ applications or uses, as distinct
10 from competing cryptocurrency platforms. But as Kwon knew, Chai processed transactions
11 through traditional financial processing networks, not the Terra blockchain.”

12 **30. XRP**

13 465.

14 XRP is the native token of the XRP Ledger (XRPL), similar to ETH for the Ethereum
15 blockchain or BTC for Bitcoin, issued by Ripple Labs, Inc. (“Ripple”), a Delaware corporation
16 based in San Francisco. XRP can be bought and sold for fiat currency or other crypto assets on
17 numerous secondary trading platforms, and XRP was first listed for trading on the Coinbase
18 Platform in February 2019, and was relisted in July 2023 after being delisted in January 2023.

19 466.

20 XRP’s history dates back to 2011 and early 2012, when Arthur Britto, Jed McCaleb, and
21 David Schwartz developed the source code for a cryptographically secured ledger, or a
22 “blockchain,” which is now known as the XRP Ledger. They aimed to create a faster, cheaper,
23 and more energy-efficient alternative to the bitcoin blockchain, the first blockchain ledger which
24 was introduced in 2009. When the XRP Ledger launched in 2012, its source code generated a
25 fixed supply of 100 billion XRP.

1 467.

2 In 2012, Britto and McCaleb founded Ripple, then hired Christian Larsen to be Ripple's
3 CEO, a position he held until December 2016. Of the 100 billion XRP generated by the XRP
4 Ledger's code, the three founders retained 20 billion for themselves (including 9 billion for
5 Larsen) and provided 80 billion XRP to Ripple. The founders did not sell any XRP before the
6 launch of the XRP Ledger, and Ripple never owned the 20 billion XRP retained by the three
7 founders.

8 468.

9 Since its founding, Ripple's mission has been to realize an "Internet of Value" by using
10 technology to facilitate the transfer of value across the internet. Specifically, Ripple "seeks to
11 modernize international payments by developing a global payments network for international
12 currency transfers." For instance, Ripple developed a software product called RippleNet, which
13 allows customers to clear and settle cross-border financial transactions on mutually agreed upon
14 terms. One feature of RippleNet is known as "on demand liquidity" ("ODL"). ODL facilitates
15 cross-border transactions by allowing customers to exchange fiat currency (for example, U.S.
16 dollars) for XRP and then the XRP for another fiat currency (for example, Mexican pesos). Like
17 ODL, some, but not all, of Ripple's products and services rely on the XRP Ledger and XRP.

18 469.

19 The XRP Ledger (a/k/a "Ripple Protocol") requires XRP to operate, and the XRP Ledger
20 itself operates as a peer-to-peer database spread across a network of computers that records
21 transaction data, among other things. As Coinbase has touted, "[t]he XRP Ledger provides a
22 platform for developers to build applications with the potential to enhance the efficiency and
23 speed of digital transactions." The XRP Ledger is based on open-source software; anyone can
24 use the ledger, submit transactions, host a node to contribute to the validation of transactions,
25 propose changes to the source code, or develop applications that run on the ledger. Other
26 developers have built software products that use the XRP Ledger, such as payment-processing

1 applications. Ripple has also funded companies as part of its “Xpring” initiative to incentivize
2 the development of other use “cases” on the XRP Ledger.

3 470.

4 At all times before the end of 2020, Ripple owned between 50 and 80 billion XRP. From
5 2013 through the end of 2020, Ripple engaged in various sales and distributions of XRP.

6 471.

7 First, Ripple, through wholly owned subsidiaries, sold XRP directly to certain
8 counterparties (primarily institutional buyers, hedge funds, and ODL customers) pursuant to
9 written contracts (the “Institutional Sales”). According to the SEC, Ripple sold approximately
10 \$728.9 million of XRP in these Institutional Sales.

11 472.

12 Ripple pooled the proceeds of these Institutional Sales into a network of bank accounts
13 under the names of its various subsidiaries. Although Ripple maintained separate bank accounts
14 for each subsidiary, Ripple controlled all of the accounts and used the funds raised from the
15 Institutional Sales to finance its operations. Ripple did not segregate and separately manage
16 investor funds or allow for profits to remain independent. And Ripple’s accountants recorded all
17 of its XRP-related proceeds together.

18 473.

19 Second, Ripple sold XRP on digital asset exchanges “programmatically,” or through the
20 use of trading algorithms (the “Programmatic Sales”). According to the SEC, Ripple sold
21 approximately \$757.6 million of XRP in Programmatic Sales. Ripple used the proceeds from the
22 Institutional and Programmatic Sales to fund its operations. Ripple also used the funds it
23 received from its Institutional Sales to promote and increase the value of XRP by developing
24 uses for XRP and protecting the XRP trading market.

1 474.

2 Ripple also distributed XRP as a form of payment for services (“Other Distributions”).
3 For instance, Ripple distributed XRP to its employees as a form of employee compensation.
4 Ripple also distributed XRP in conjunction with its Xpring initiative to fund third parties that
5 would develop new applications for XRP and the XRP Ledger. According to the SEC, Ripple
6 recognized revenue of \$609 million from its distributions of XRP to individuals and entities in
7 exchange for services. Ripple made it part of its “strategy” to sell XRP to as many speculative
8 investors as possible. While Ripple touted the potential future use of XRP by certain specialized
9 institutions, a potential use it would deploy investor funds to try to create, Ripple sold XRP
10 widely into the market, specifically to individuals who had no “use” for XRP as Ripple has
11 described such potential “uses” and for the most part when no such uses even existed.

12 475.

13 Ripple lacked the funds to pay for its endeavors and for its general corporate business
14 expenses, which for 2013 and 2014 already exceeded \$25 million, without selling XRP.

15 476.

16 In addition to Ripple’s sales and distributions, Larsen and Bradley Garlinghouse,
17 Ripple’s former COO and later CEO, offered and sold XRP in their individual capacities. After
18 stepping down as CEO of Ripple in December 2016, Larsen became the Executive Chairman of
19 Ripple’s Board of Directors, a position he currently holds. From at least 2013 through 2020,
20 Larsen sold XRP on digital asset exchanges programmatically and made at least \$450 million
21 from his sales. Garlinghouse was hired as Ripple’s COO in April 2015, and became CEO
22 effective January 1, 2017, a position he currently holds. From April 2017 through 2020,
23 Garlinghouse sold XRP on digital asset exchanges—indeed, the SEC alleges that Garlinghouse
24 sold approximately \$150 million in XRP during this period. Garlinghouse has also received XRP
25 as part of his overall compensation from Ripple.
26

1 477.

2 Since at least 2013, Ripple has prepared and distributed documents that describe the
3 company's operations, the XRP trading market, and the XRP Ledger. For example, in 2013 and
4 2014, Ripple created three brochures: a "Ripple for Gateways" brochure, a "Ripple Primer," and
5 a "Deep Dive for Finance Professionals." These documents were distributed publicly to
6 prospective and existing XRP investors and outline, among other things, the relationship between
7 XRP and Ripple's business model. Ripple circulated versions of the "Gateways" brochure to
8 more than one hundred third parties, the "Primer" had "widespread distribution," and the "Deep
9 Dive" was posted on Ripple's website and sent to over one hundred people. Later, starting at the
10 end of 2016, Ripple began to publish on its website quarterly "XRP Market Reports," which
11 were intended to provide "clarity and visibility" about Ripple's market activities.

12 478.

13 Ripple and its senior leaders used a variety of social media platforms—including Twitter,
14 Facebook, Reddit, and XRP Chat, an online forum described as "The Largest XRP Crypto
15 Community Forum"—to communicate about XRP and Ripple. Ripple officials also spoke in
16 interviews about the company and its relationship to XRP. For instance, Larsen gave interviews
17 in which he discussed XRP, and Garlinghouse was interviewed by media outlets such as the
18 Financial Times, Bloomberg, and CNBC, spoke with organizations like the Economic Club of
19 New York, and participated at conferences such as DC Fintech, in which he described Ripple's
20 operations and the XRP market.

21 479.

22 Ripple's marketing efforts touted XRP as an investment tied to Ripple's success. In the
23 "Deep Dive" brochure, which was circulated to prospective investors, Ripple explains that its
24 "business model is predicated on a belief that demand for XRP will increase . . . if the Ripple
25 protocol becomes widely adopted," and "[i]f the Ripple protocol becomes the backbone of global
26 value transfer, Ripple . . . expects the demand for XRP to be considerable." Similarly, the

1 “Ripple Primer” states that Ripple “hopes to make money from XRP if the world finds the
2 Ripple network useful.” The “Gateways” brochure also explains that “Ripple’s business model is
3 based on the success of [XRP,]” and includes a graphical representation of bitcoin’s price change
4 below the text: “Can a virtual Case currency really create and hold value? Bitcoin proves it can.”
5 In a promotional document Ripple circulated to potential investors around May 2013, Ripple
6 explained that its “business model is based on the success of its native currency,” that it would
7 “keep between 25% to 30%” of XRP, and noted the “record highs” of prices other crypto assets
8 had achieved as something Ripple hoped to emulate for XRP.

9 480.

10 Later, through its XRP Market Reports, Ripple continued to connect XRP’s price and
11 trading to its own efforts. Ripple’s Q1 2017 XRP Markets Report states that the company’s
12 efforts—including its “vocal . . . commitment to XRP,” the announcement of a new business
13 relationship, and “continu[ing] to sign up banks to commercially deploy its enterprise blockchain
14 solution and join its global payments network”—may have had an impact on XRP’s price
15 increase and “impressive” trading volume. The Q2 2017 XRP Markets Report highlights XRP’s
16 “dramatic” and “stunning” price increase and notes that “[t]he market responded favorably to
17 [Ripple’s] escrow and decentralization announcements.” Similarly, Ripple’s Q1 2020 XRP
18 Markets Report states that XRP’s liquidity was “bolstered through new use cases for XRP
19 outside of cross-border payments.” Ripple repeatedly stated publicly that they would undertake
20 significant efforts to develop and foster “uses” for XRP, so that banks, financial intermediaries,
21 or other specialized money transmitting businesses would want to buy it (the identity of the
22 “users” to whom it would position XRP varied over the years as Ripple explored different
23 strategies).

24 481.

25 Similarly, Coinbase has touted that “XRP presents a wide variety of applications and use
26 cases related to payments, including micropayments, DeFi, and soon, NFTs. The XRP Ledger

1 supports enterprises and developers with powerful utility and flexibility.” Coinbase also
2 advertises that “[d]evelopers can create solutions that solve inefficiencies, including remittance
3 and asset tokenization, using the XRP Ledger” and “[t]he XRP Ledger provides a platform for
4 developers to build applications with the potential to enhance the efficiency and speed of digital
5 transactions.” As Coinbase explains, “[c]urrently, the five main applications of the XRP Ledger
6 are payments, tokenization, DeFi, CBDCs, and stablecoins.”

7 482.

8 Coinbase’s webpage about XRP also includes “XRP Insights” featuring what “Bulls say”
9 and what “Bears say,” with the “bull” case for investing in XRP stating that “Ripple is creating a
10 solution for investors and developers looking for institution-friendly blockchain products, and
11 the project may be well-positioned to seize on a new wave of hype if it succeeds in establishing
12 partnerships with financial institutions.” The page went on to note that “[t]hese partnerships
13 would help the network integrate into existing payment infrastructures for wider adoption.”

14 483.

15 Ripple also persistently stated publicly that—partly to achieve the goal of widespread
16 XRP trading—they would take steps to create, promote, and protect the market for trading in
17 XRP, such as managing the manner in which Ripple bought and sold XRP, and by persuading
18 crypto asset trading platforms to permit investors to buy and sell XRP. These statements led
19 reasonable investors to expect to profit from Ripple’s efforts on behalf of XRP.

20 484.

21 During this time, Ripple’s senior leaders echoed similar statements on various public
22 channels. In a February 2014 interview, Larsen said, “for Ripple . . . to do well, we have to do a
23 very good job in protecting the value of XRP and the value of the network,” and asked potential
24 investors to “[g]ive [Ripple] time” to “add[] the most value to the protocol.” In July 2017, David
25 Schwartz, who was then chief cryptographer at Ripple, wrote on Reddit that “Ripple’s interest[s]
26 closely (but, yes, not perfectly) align with those of other XRP holders.” In February 2018,

1 Schwartz posted on Reddit that what “really set[s] XRP apart from any other digital asset” is the
2 “amazing team of dedicated professionals that Ripple has managed to amass to develop an
3 ecosystem around XRP.” In a December 2017 interview, Garlinghouse stated that XRP gave
4 Ripple “a huge strategic asset to go invest in and accelerate the vision [it] see[s] for an internet of
5 value.” And, in March 2018, Garlinghouse said at a press conference that “Ripple is very, very
6 interested in the success and the health of the ecosystem and will continue to invest in the
7 ecosystem.” In a CNBC interview on March 7, 2018, Ripple CEO Brad Garlinghouse reminded
8 investors that “[t]here’s no party more interested in the success of the XRP ecosystem than
9 Ripple . . . because we own a lot of XRP.” Thus, he continued, Ripple had “invested in venture
10 funds . . . in hedge funds . . . in companies, [and] . . . partnered with payment providers [and] . . .
11 market makers, in order to make sure that XRP is the most useful asset out there for solving a
12 cross border payment problem.”

13 485.

14 Ripple and its senior leaders publicly emphasized the complexity of creating an “internet
15 of value” and the need for extensive capital to solve this “trillion dollar” problem. For instance,
16 in October 2017, Garlinghouse declared in a YouTube video: “I have no qualms saying
17 definitively if we continue to drive the success we’re driving, we’re going to drive a massive
18 amount of demand for XRP because we’re solving a multitrillion dollar problem.” In July 2017,
19 Schwartz wrote on Reddit that, “Ripple can justify spending \$100 million on a project if it could
20 reasonably be expected to increase the price of XRP by one penny over the long term.” In
21 November 2017, Schwartz posted on XRP Chat that Ripple would use its “war chest” to put
22 upward pressure on XRP’s price.

23 486.

24 Moreover, Ripple sold XRP as an investment rather than for consumptive use. In their
25 sales contracts, some Institutional Buyers agreed to lockup provisions or resale restrictions based
26 on XRP’s trading volume. These restrictions are inconsistent with the notion that XRP was used

1 as a currency or for some other consumptive use. A rational economic actor would not agree to
2 freeze millions of dollars if the purchaser's intent was to obtain a substitute for fiat currency.
3 Certain Institutional Sales contracts required the Institutional Buyer to indemnify Ripple for
4 claims arising out of the sale or distribution of XRP, and other contracts expressly stated that the
5 Institutional Buyer was purchasing XRP "solely to resell or otherwise distribute . . . and not to
6 use [XRP] as an [e]nd [u]ser or for any other purpose." These various provisions in the
7 Institutional Sales contracts support the conclusion that the parties did not view the XRP sale as a
8 sale of a commodity or a currency—they understood the sale of XRP to be an investment in
9 Ripple's efforts.

10 487.

11 Ripple's founders were aware of the risk that XRP would be deemed an unregistered
12 security. In February 2012, before the XRP Ledger was publicly launched, Ripple's founders,
13 including Larsen, received from the Perkins Coie LLP law firm a memorandum, which sought to
14 "review the proposed product and business structure, analyze the legal risks associated with
15 [Ripple], and recommend steps to mitigate these risks." The memorandum analyzed, among
16 other things, the legal risks associated with selling XRP. Specifically, it stated that "[i]f sold to
17 [i]nvestors, [XRP tokens] are likely to be securities," and "[t]o the extent that [the founders']
18 issuance of [XRP] does not involve an investment of money, there is a low risk that [XRP] will
19 be considered an investment contract." In October 2012, Ripple, Larsen, and others received
20 another memorandum from Perkins Coie which sought to "review the proposed features of the
21 Ripple [n]etwork and [XRP] and provide recommendations for mitigating relevant legal risks."
22 That memorandum states that "[a]lthough we believe that a compelling argument can be made
23 that [XRP tokens] do not constitute 'securities' under federal securities laws, given the lack of
24 applicable case law, we believe that there is some risk, albeit small, that the [SEC] disagrees with
25 our analysis." The memorandum further stated that, "[t]he more that [the founders and Ripple]
26 promote [XRP] as an investment opportunity, the more likely it is that the SEC will take action

1 and argue that [XRP tokens] are ‘investment contracts.’” Larsen reviewed both the February and
2 the October 2012 memoranda and discussed them with Perkins Coie attorneys. Both memoranda
3 analyze XRP under the Supreme Court’s holding in *SEC v. W.J. Howey Co.*, 328 U.S. 293
4 (1946), which outlines the standard for an investment contract under federal securities law.

5 488.

6 XRP peaked at a price of approximately \$3.40 per token on January 7, 2018, and reached
7 its largest market capitalization of approximately \$194 billion. As of April 15, 2025, it traded at
8 around \$2.12 with a market capitalization of approximately \$124 billion—reflecting a price drop
9 of more than 37% and a loss of approximately \$70 billion in market value.

10 **31. XYO**

11 489.

12 XYO is an Ethereum-based token that was created by XY Labs, Inc. (“XY”). XYO can
13 be bought and sold for fiat currency or other crypto assets on numerous secondary trading
14 platforms, and has been available for trading on the Coinbase Platform since approximately
15 September 8, 2021.

16 490.

17 XY was originally organized as a Delaware limited liability company in June 2012 under
18 the name Ength Degree LLC. Ength Degree became a corporation in May 2016, and underwent
19 several name changes before assuming its current name in November 2018. XY’s Chief
20 Executive Officer, Arie Trouw, has served in that role since June 2012, and has served as
21 Chairman of XY’s Board of Directors since May 2016.

22 491.

23 Per its white paper, XY operates a crypto-location and data blockchain network of
24 devices that anonymously collects and validates geographic data (the “XYO Network”). XYO
25 tokens purportedly can be used to pay for data location queries and to the network participants
26 who answer those queries. In an online post, XY explained that the tokens “are essentially the

1 gas that allows people or companies to ask the Network queries (like, did my shipment arrive?)
2 and the XYO tokens they pay to ask the question get awarded to those who help create the
3 answer!”

4 492.

5 XY and its founders conducted an ICO from March 19, 2018 until May 19, 2018, selling
6 1.2 billion tokens and raising approximately \$12 million. On information and belief, the ICO had
7 a tiered pricing structure, with a starting price of approximately \$0.005 for 1 XYO token, and
8 XY fixed the supply of XYO tokens and capped the total supply of tokens at 13.96 billion. XY
9 explained that, after the ICO, it would burn any unsold and unallocated tokens.

10 493.

11 XY and its founders described how they would use funds raised during the ICO to build
12 the XYO Network. While the XYO Network was purportedly operational in a limited form
13 during this offering, it has grown significantly since then. Shortly before the ICO, XY provided a
14 “Roadmap” with target dates for XY’s plans to develop the business. For example, for the latter
15 half of 2018, XY planned to “issue a complete roll out of the XYO Network[.]” Another goal,
16 slated for 2019, was for XY to “onboard larger businesses, organizations and retail companies
17 that have use-cases for location verification.” For 2020 and beyond, XY planned to “expand the
18 Global Reach of entire XYO Network.”

19 494.

20 In a May 2018 update following the completed ICO, XY’s co-founder and Chief
21 Marketing Officer outlined XY’s plans to “create an ecosystem” attractive to both those that paid
22 for the data location queries and those who answered the queries. These priorities included
23 building a team of “blockchain diehards,” expanding the XYO network via major partnerships,
24 and developing an “XYO App.” XY’s co-founder emphasized that, with the ICO completed, the
25 XY team would “remain laser-focused on developing the technology and ecosystem of the XYO
26 Network.” The ICO proceeds would supposedly be allocated to further “the long-term

1 development goals of the XYO Network,” with 40% of proceeds to “XYO Network Growth &
2 Marketing Strategic Partnership,” 35% to “Engineering & R&D,” and the remaining 15% to
3 operations, overhead, and supporting platform projects.

4 495.

5 XY has repeatedly emphasized to investors XYO’s profit potential, including
6 highlighting the availability of secondary markets. For example:

- 7 • As XY explained in the XYO white paper, XY has permanently fixed the number of XYO
8 tokens to increase the value of the XYO token. XY claimed that the success of the
9 ecosystem would, in turn, expand XY’s user base, thus continuing to create demand for
10 XYO tokens. XY has consistently touted the growth of its user base.
- 11 • In a December 2018 post titled “XYO Token FAQ,” XY noted: “Some folks just want to
12 buy XYO Tokens to see if they can make a profit from trading.” While XY claimed that
13 was “not the intended purpose of an XYO token,” it immediately followed that claim by
14 stating that trading in the tokens by purchasers hoping to make a profit was “incredibly
15 common” and “you’re completely allowed to simply buy XYO Tokens and hope that the
16 price increases, so you can sell for a profit.”
- 17 • In that same post, XY directed potential investors to an internet site that listed all of the
18 secondary markets on which XYO could be traded. On information and belief, XY also
19 tried to facilitate those listings. For example, XY applied twice for XYO to be listed on
20 one U.S.-based secondary trading platform: first on October 8, 2018, and again on January
21 5, 2022.
- 22 • XY and its founders touted that burning XYO would limit XYO availability, announcing
23 in May 2019 that “[u]p to ~ 3.2 Billion of XYO Will Be Burned, Dracarys Style. Token
24 burning events are typically very good news for current HODL’ers [a slang term for
25 “holders”]. It reduces supply; which, in theory, should help create a healthier token
26 economy for XYO.”

1 496.

2 XY and its founders have continued to promote XYO's value as an investment, both in
3 connection with its role at XY and as a token that can be traded on the secondary markets. For
4 example:

- 5 • XY obtained listings for XYO on multiple trading platforms and publicized those listings
6 via social media channels. For example, in a November 10, 2021 post, XY publicized new
7 XYO listings on "one of the largest and most prominent cryptocurrency exchanges in the
8 world."
- 9 • In 2021, XY listed on its website the secondary trading platforms where XYO could be
10 traded, and as of July 2022 stated on its front page that, "[i]n 2021 alone, the XYO Token
11 grew in value by over 30,000%."
- 12 • In March 2022, XY continued to promote its new listings, posting: "We had several new
13 token listings this month. . . which is pretty cool if you ask us. We're adding new exchanges
14 all the time, so keep an eye out for your favorite exchange as XYO continues to expand
15 with no signs of slowing down."
- 16 • As of March 2025, XY lists 16 exchanges on its website, touting that the XYO token "is
17 listed on the most popular exchanges in the world."

18 497.

19 Coinbase has advertised that "XYO aims to enable developers to interact with the
20 physical world as if it were an [Application Programming Interface]" by "seek[ing] to make
21 location verification trustless, creating a protocol with novel use cases that have not been
22 possible until today." Coinbase has further highlighted how, purportedly, "the XYO Network has
23 grown significantly, with over 1,000,000 devices circulating worldwide," and "[t]his growth has
24 been facilitated by their consumer-facing business, which allows everyday consumers to use
25 XYO's Bluetooth and GPS devices for tracking their belongings."

1 498.

2 During the XYO offering and thereafter, XY and its founders emphasized their own
3 importance to XY's future success and the actions they would take to drive XYO Network and
4 XYO success. For example, in a February 2018 post, just before the ICO, XY touted its team of
5 "seasoned engineers, business development professionals and marketing experts." The post
6 profiled the experience and accomplishments of XY's co-founders. In multiple posts in 2018 and
7 2019, the founders discussed their work and plans, including the development of an app, the
8 listing of XYO on new secondary markets, and partnerships to increase XYO Network offerings.

9 499.

10 XY's day-to-day operations and Board of Directors are run by a centralized leadership
11 group that includes two of XY's three co-founders. Following the ICO in May 2018, XY's
12 founders and associated persons held a substantial percentage of circulating XYO tokens. On
13 information and belief, as of December 31, 2018, XY and its founders maintained control of
14 more than 7.44 billion XYO tokens – more than 50% of the total, fixed supply of XYO tokens.

15 500.

16 XY itself has acknowledged the fact that XYO investors had a reasonable expectation of
17 profit from the efforts of XYO's management based on their statements and actions, stating on
18 its website that because of "the high profile and promotion of XYO . . . [a] lot of people believe
19 that they have shares in XYO."

20 501.

21 After the ICO, in May 2018, the price of XYO was approximately \$0.0075. Before
22 Coinbase's listing announcement on September 8, 2021, the price of XYO was approximately
23 \$0.017. On September 10, 2021, two days after Coinbase's announcement, XYO's price rose to
24 approximately \$0.033, nearly doubling in two days.

1 502.

2 XYO peaked at a price of approximately \$0.08 per token and a market capitalization of
3 approximately \$955 million on November 6, 2021. As of April 15, 2025, XYO was priced at
4 about \$0.01 per token with a market capitalization of approximately \$145 million—reflecting a
5 price drop of more than 87% and a loss of approximately \$810 million in market value.

6
7 **CLAIM FOR RELIEF**

8 **(Violations of the Oregon Securities Law)**

9 Plaintiff incorporates and realleges each and every allegation contained in the preceding
10 paragraphs as if fully alleged herein.

11 503.

12 Coinbase sold or successfully solicited sales of the above-described unregistered Crypto
13 Securities to Oregon residents in violation of ORS 59.055 and ORS 59.115(1)(a). Coinbase
14 further participated or materially aided in the unlawful sale of unregistered securities through its
15 trading platform in violation of ORS 59.115(3).

16 504.

17 Pursuant to ORS 59.255(1), Plaintiff seeks an order permanently enjoining Coinbase
18 from selling, successfully soliciting the sale of, participating and/or materially aiding in the sale
19 of the unregistered Crypto Securities to Oregon residents.

20 505.

21 Coinbase's violations of the Oregon Securities Law have injured thousands of Oregon
22 residents. Enforcement of the rights of such persons by private civil action, whether by class
23 action or otherwise, would be so burdensome or expensive as to be impractical. For many of
24 these individuals, their damages may be too small to make individual suit practical. Moreover,
25 Coinbase has for years included arbitration and class action waiver provisions in its User
26 Agreement for the Coinbase Platform.

1 506.

2 Pursuant to ORS 59.255(4)(a), Plaintiff seeks an award of restitution and/or damages on
3 behalf of Oregon residents who have been injured by Coinbase's violations of the Oregon
4 Securities Law.

5 507.

6 Pursuant to ORS 59.255(4)(b), Plaintiff seeks an order requiring Coinbase to disgorge all
7 gains or profits Coinbase derived from the sale of unregistered Crypto Securities to Oregon
8 residents.

9 508.

10 Pursuant to ORS 59.255(2), Plaintiff seeks a fine in the amount of \$20,000 for each
11 violation of the Oregon Securities Law.

12 509.

13 Pursuant to ORS 59.255(3), Plaintiff seeks an award of its reasonable attorney fees
14 incurred in this matter.

15 **PRAYER FOR RELIEF**

16 WHEREFORE, Plaintiff prays for:

- 17 A. An order permanently enjoining Coinbase from the unlawful conduct described
18 herein and imposing a fine of \$20,000 for each of Coinbase's violations of the
19 Oregon Securities Law;
20 B. An award of restitution and/or damages in an amount to be proven at trial;
21 C. An order requiring Coinbase to disgorge gains or profits derived from the sale of
22 unregistered Crypto Securities to Oregon residents;
23 D. Prejudgment interest and post-judgment interest at the maximum rate allowable by
24 law;
25 E. Costs and expenses for this litigation, including reasonable attorney fees pursuant to
26 ORS 59.255(3); and

1 F. Such other and further relief as may be deemed just and proper under the
2 circumstances.

3 **JURY DEMAND**

4 Plaintiff hereby demands a trial by jury.

5
6 DATED this 18th of April, 2025.

7 Respectfully submitted,

8 Dan Rayfield
9 Attorney General

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