

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JUSTIN SUN, TRON FOUNDATION LIMITED,  
BITTORRENT FOUNDATION LTD.,  
RAINBERRY, INC., AUSTIN MAHONE, and  
DEANDRE CORTEZ WAY,

Defendants.

No. 1:23-cv-02433-ER

JURY TRIAL DEMANDED

### AMENDED COMPLAINT

Plaintiff Securities and Exchange Commission (the “SEC” or “Commission”) submits this Amended Complaint as a matter of course, pursuant to Federal Rule of Civil Procedure 15(a)(1)(B),<sup>1</sup> and alleges the following:

#### SUMMARY

1. This action arises from Defendant Justin Sun’s (“Sun”) orchestration of the unregistered offer and sale, manipulative trading, and unlawful touting of crypto asset securities.
2. Working through several companies that he owns and controls—including Defendants Tron Foundation Limited (“Tron Foundation”), BitTorrent Foundation Ltd. (“BitTorrent Foundation”), and Rainberry, Inc. (“Rainberry,” and collectively with Sun, the Tron Foundation, and the BitTorrent Foundation, the “Sun Defendants”)—Sun engineered the offer and sale of two crypto asset securities called “TRX” and “BTT.” Starting around August 2017,

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<sup>1</sup> A motion to dismiss the original Complaint under Federal Rule of Civil Procedure 12(b) was filed on March 28, 2024. *See* ECF Nos. 54-56. Therefore, this Amended Complaint as a matter of course is timely under Federal Rule of Civil Procedure 15(a)(1)(B). The arguments in the motion to dismiss lacked merit, but the SEC has alleged additional facts in this Amended Complaint to dispose of those arguments.

and continuing thereafter, the Sun Defendants engaged in a scheme to distribute billions of TRX and BTT to the public while also creating active secondary markets on which TRX and BTT could be traded.

3. The Sun Defendants offered and sold TRX and BTT as securities and were thus required to register those offers and sales with the SEC unless an exemption from registration was available. But they never did so. Despite engaging in widespread public offers and sales of TRX and BTT, and even though no exemption from registration was available, neither Sun nor his entities ever filed a registration statement with the SEC.

4. Sun also directed the manipulative wash trading of TRX to create the artificial appearance of legitimate investor interest and keep TRX's price afloat. Sun accomplished this wash trading through the Tron Foundation, whose employees conducted the trades at Sun's direction; the BitTorrent Foundation, which, together with the Tron Foundation, owned and controlled nominee accounts used in the trading; and Rainberry, whose employees transferred funds to facilitate the trading and opened at least one nominee account used in the trading. Sun's wash-trading team, working under his direction, engaged in hundreds of thousands of TRX wash trades between accounts that Sun ultimately controlled. None of those trades involved any change in beneficial ownership or had any legitimate economic purpose.

5. To drive public interest in TRX and BTT, the Sun Defendants created a publicity campaign that involved paying celebrities located in the United States, including Defendants Austin Mahone ("Mahone") and DeAndre Cortez Way ("Way"), among others, to promote or tout TRX and BTT on their social media accounts, which had millions of followers. Although the celebrities were paid to promote TRX and BTT, their touts on social media did not disclose that they had been paid or the amounts of their payments. Thus, the public was misled into believing

that these celebrities had unbiased interest in TRX and BTT and were not merely paid spokespersons.

6. Additionally, Sun materially misrepresented the truth about the touting campaign to deceive investors. In February 2021, Sun stated falsely on social media, “If any celebrities are paid to promote TRON, we require them to disclose.” In fact, Sun himself arranged the payments to celebrities and knew those payments were not disclosed.

7. By their conduct alleged herein, the Sun Defendants violated registration and anti-fraud provisions of the Securities Act of 1933 (the “Securities Act”), specifically Sections 5(a) and (c), 15 U.S.C. §§ 77e(a) and (c), and Sections 17(a)(1) and (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) and (3). They also violated anti-manipulation and anti-fraud provisions of the Securities and Exchange Act of 1934 (the “Exchange Act”), specifically Sections 9(a)(1) and (2), 15 U.S.C. §§ 78i(a)(1) and (2), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5. Additionally, they aided and abetted violations of the anti-touting provision, Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b), by multiple celebrities, including Mahone and Way.

8. By their conduct alleged herein, Mahone and Way violated the anti-touting provision, Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

9. Unless restrained and enjoined, Defendants will continue to violate the federal securities laws.

### **JURISDICTION AND VENUE**

10. The Court has subject matter jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a), and Sections 21(d) and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa(a).

11. The Court has personal jurisdiction over Defendants because, through their conduct alleged herein, they purposefully took actions in and directed toward the United States. For example, among other things, all Defendants promoted TRX and/or BTT to consumers and investors located in the United States. The Sun Defendants also offered and sold TRX and BTT in unregistered transactions to individuals located in the United States, and they conducted a fraudulent scheme to wash trade TRX on a trading platform based in the United States called Bittrex, Inc. (“Bittrex”). Additionally, in the course of his work on behalf of the Tron Foundation, the BitTorrent Foundation, and/or Rainberry, Sun travelled extensively to the United States during the time that TRX and BTT were promoted, offered, and sold. Specifically, Sun spent more than 80 days in the United States in 2017, more than 120 days in the United States in 2018, and approximately 180 days in the United States in 2019. During Sun’s business trips to the United States in 2019, he spent time in various cities, including New York City, Boston, Massachusetts, and San Francisco. Rainberry also rented an apartment where Sun stayed during some of his business trips to the United States in 2019.

12. Venue is proper in this District pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a), because, among other things, some of Defendants’ acts and transactions that violated the federal securities laws occurred in this District. For example, the Sun Defendants offered and sold TRX and/or BTT in unregistered securities transactions to multiple investors who resided in this District. Additionally, the touting tweets by Mahone and Way described herein, and Sun’s various tweets described herein, were sent to Twitter users across the United States, including in this District.

#### **DEFENDANTS**

13. **Defendant Justin Sun** (a/k/a Yuchen Sun), age 33, is a Chinese national and

crypto asset entrepreneur. Sun attended college in China and received a post-graduate degree from the University of Pennsylvania. Sun is currently believed to be living in Singapore and/or Hong Kong. At all relevant times, Sun owned, controlled, and dominated the actions and dealings of the Tron Foundation, the BitTorrent Foundation, and Rainberry. As such, those entities were Sun's alter egos. Additionally, through his actions, Sun blurred the distinctions among the Tron Foundation, the BitTorrent Foundation, and Rainberry. For example, as described below, during public appearances that Sun made in San Francisco, California, in January 2019, Sun promoted the Tron ecosystem, TRX, and BTT, while simultaneously displaying the Tron logo, the Tron name, and the BitTorrent name. Based on Sun's actions and statements, a reasonable investor considering whether to purchase or sell TRX or BTT would see Sun as the face of the Tron ecosystem, TRX, and BTT, and little, if any, meaningful distinction among the Tron Foundation, the BitTorrent Foundation, and Rainberry. With respect to all of his conduct alleged herein, Sun acted intentionally or recklessly.

14. **Defendant Tron Foundation Limited** was founded by Sun in 2017 as a Singapore Public Company Limited by Guarantee. The Tron Foundation is one of several alter ego entities organized by Sun through which he conducted the TRX and BTT offerings and managed the development and marketing of the Tron ecosystem. From 2017 to the present, Sun has owned and controlled the Tron Foundation.

15. **Defendant BitTorrent Foundation Ltd.** (sometimes d/b/a BitTorrent) was founded by Sun in October 2018 as a Singapore Public Company Limited by Guarantee. The BitTorrent Foundation is one of several alter ego entities organized by Sun through which he conducted the BTT offerings and managed, together with Rainberry, Inc., the development and

marketing of the BitTorrent protocol. From 2018 to the present, Sun has owned and controlled the BitTorrent Foundation.

16. **Defendant Rainberry, Inc.** (sometimes d/b/a BitTorrent) is a California corporation owned and controlled by Sun. The corporation was founded in 2004 and operated as BitTorrent, Inc. until June 2018, when it was acquired by Sun and renamed Rainberry, Inc. From 2018 to the present, Sun has wholly owned and controlled Rainberry, making Rainberry another of Sun's alter ego entities.

17. **Defendant Austin Mahone**, age 28, is a U.S. citizen and a singer and songwriter residing in Miami, Florida. At or around the time of his relevant actions alleged herein, Mahone had approximately 9.1 million followers on Twitter.<sup>2</sup>

18. **Defendant DeAndre Cortez Way** (a/k/a Soulja Boy), age 33, is a U.S. citizen and a singer and record producer residing in Calabasas, California. At or around the time of his relevant actions alleged herein, Way had approximately 5.2 million followers on Twitter.

### **BACKGROUND ON SECURITIES OFFERINGS**

19. Congress enacted the Securities Act to regulate the offer and sale of securities. In contrast to commercial principles of *caveat emptor* (or buyer beware), Congress in the Securities Act enacted a regime of full and fair disclosure, requiring those who offer and sell securities to the investing public to provide sufficient, accurate information to allow investors to make informed decisions before they invest.

20. Sections 5(a) and 5(c) of the Securities Act generally require an issuer of

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<sup>2</sup> After the original Complaint was filed, Mahone and the SEC reached a settlement to resolve the SEC's claims against him and, pursuant to that settlement, the Court entered a Final Judgment against Mahone. See ECF Nos. 32 and 33. This Amended Complaint repeats the SEC's allegations against Mahone because those allegations are part of the fact pattern alleged herein against the other Defendants. But for the avoidance of doubt, the SEC does *not* seek any further relief against Mahone through this Amended Complaint.

securities to register an offering of securities through an effective registration statement before the securities are offered and sold to the public. *See* 15 U.S.C. § 77e(a) and (c). Registration statements for a securities offering provide public investors with material information about the issuer and the securities to be offered and sold.

21. Section 2(a)(1) of the Securities Act defines “security” to include a wide range of investment vehicles, including an “investment contract.” 15 U.S.C. § 77b(a)(1). An investment contract, for purposes of the Securities Act, includes any “contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits” from the efforts of others. *SEC v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946). This broad definition is “flexible” and “capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits.” *Id.* at 299. Courts have found that many types of investments, including crypto assets, may constitute investment contracts and thus securities. *See, e.g., SEC v. Kik Interactive Inc.*, 492 F. Supp. 3d 169, 173 (S.D.N.Y. 2020) (holding that certain crypto assets were sold as securities in unregistered transactions).

22. In analyzing whether something is a security, “form should be disregarded for substance,” *Tcherepnin v. Knight*, 389 U.S. 332, 336 (1967), “and the emphasis should be on economic realities underlying a transaction, and not on the name appended thereto,” *United Housing Found., Inc. v. Forman*, 421 U.S. 837, 849 (1975).

### **BACKGROUND ON CRYPTO ASSETS**

23. The term “crypto asset” generally refers to an asset issued and/or transferred using distributed ledger or blockchain technology, including assets sometimes referred to as “cryptocurrencies,” “digital assets,” “virtual currencies,” “digital coins,” and “digital tokens.”

24. A blockchain or distributed ledger is a peer-to-peer database spread across a network of computers that records all transactions in theoretically unchangeable, digitally recorded data packages. The system relies on cryptographic techniques for secure recording of transactions.

25. Blockchains typically employ a consensus mechanism to “validate” transactions, which, among other things, aims to achieve agreement on a data value or on the state of the ledger. Crypto assets may be traded on crypto asset trading platforms in exchange for other crypto assets; they may also be also be purchased or sold from the platform in exchange for fiat currency (legal tender issued by a country).

26. A blockchain “protocol” is a code, software, or algorithm that governs how a blockchain, or a feature of a blockchain, operates, including, among other things, the validation mechanism used for the particular blockchain.

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

## FACTS

### **I. Sun and the Tron Foundation Launched TRX and Promoted It as an Investment**

#### **A. Sun and the Tron Foundation Established the Tron “Ecosystem”**

28. No later than June 2017, Sun and the Tron Foundation began promoting the Tron “ecosystem”—i.e., a group of blockchain protocols, software code, and crypto assets controlled by Sun and the Tron Foundation—through a series of “whitepapers” that they posted on the internet. The whitepapers often referred simply to “Tron” as a shorthand for the ecosystem that



Sun and the Tron Foundation controlled. The whitepapers were aimed at the investing public, including investors in the United States. At all relevant times, Sun and the Tron Foundation controlled and had ultimate authority over the statements made in the whitepapers.

29. On or about August 22, 2017, Sun and the Tron Foundation posted Tron Whitepaper Version 1.7 (the “TRX Whitepaper”) on the internet. The TRX Whitepaper explained that “TRON is a blockchain-based decentralized protocol that aims to construct a worldwide free content entertainment system with the blockchain and distributed storage technology.” The TRX Whitepaper further explained that Tron’s protocol allowed users to publish, store, and own data, and to participate in “a decentralized content entertainment ecosystem.”

30. Additionally, the TRX Whitepaper stated that the Tron Foundation was established “to operate [the] TRON network.”

**B. Sun and the Tron Foundation Marketed TRX as an Investment Before Its ICO**

31. Sun and the Tron Foundation used the TRX Whitepaper to, among other things, entice investors to purchase “TRX” (also known as “TRONIX”), a crypto asset that Sun and the Tron Foundation called the “Official Token of TRON.” The TRX Whitepaper made clear that “[t]hose who wish to enter” the Tron ecosystem “must buy” TRX. An investor would buy TRX with either fiat currency or another crypto asset.

32. The TRX Whitepaper promoted an upcoming initial coin offering (“ICO”) of TRX, comprising 40 percent of the 100 billion total TRX supply. The TRX Whitepaper explained that 35 percent of the remaining TRX would be allocated to the “TRON Foundation and the ecosystem,” 15 percent would be allocated to a “[p]rivate offering,” and 10 percent

would be allocated to “Peiwo Huanle (Beijing) Technology Co., Ltd.” (“Peiwo”), another Chinese company that Sun founded, owned, and controlled.

33. The TRX Whitepaper described a “Realization Path” for the Tron ecosystem, which would take “8 to 10 years,” in which investors’ contributions would be used to further build out and enhance the Tron ecosystem. The TRX Whitepaper indicated that investors’ fortunes were tied together, stating, “[a]ll TRON participants will benefit from its prosperity.”

34. The TRX Whitepaper also promoted the profit potential for investors in TRX. For example, it stated: purchasers of TRX could “share [in] *dividend growth*”; Tron’s ecosystem was designed for TRX “holders who [are] optimistic about TRON on a *long-term basis*”; “those who hold and lock [TRX] for [the] long[-term] *will be rewarded*”; “[l]ong-term investment” was “critical;” “stakeholders enjoy . . . *sustainable growth*”; and “[l]ong-term holding of stakeholders [would] be the benchmark in the ecosystem and better lead the development of the ecology.” (Emphasis added.)

35. The TRX Whitepaper additionally promoted the executive team whose efforts would lead to TRX’s success. For example, the TRX Whitepaper listed Sun as the “Founder and Chief Executive Officer” and highlighted Sun’s prior experience working for another crypto asset company, stating that the “market value of [the company] has exceeded ten billion US dollars.” Similarly, the TRX Whitepaper spotlighted other team members, emphasized their credentials, and stated that the “TRON founding team will spare no efforts to realize the development goal proposed in the white paper and expand the growth” of the Tron ecosystem.

36. The TRX Whitepaper, and similar, later whitepapers promoting TRX that Sun and the Tron Foundation issued, remain on the internet and available to investors to this day.

37. From about August through September 2017, Sun and the Tron Foundation conducted the TRX ICO, offering and selling TRX to numerous purchasers who paid crypto assets—including bitcoin (“BTC”) and ether (“ETH”)—in exchange for TRX. In the ICO, 40% of the total available supply of TRX was offered, sold, and otherwise distributed, with the remaining TRX allocated for distribution in the proportions listed in the TRX Whitepaper: 35% to the Tron Foundation and Tron ecosystem; 15% for distribution in a “private offering”; and 10% to Peiwo. Sun owned and/or controlled the Tron Foundation and Peiwo, and thus he effectively retained control over at least the 45% of TRX allocated to these entities.

**C. Sun and the Tron Foundation Sought to Create a Secondary Market for TRX While Continuing to Promote TRX as an Investment**

38. In early 2018, Bittrex was a crypto asset trading platform incorporated in Delaware, with its principal place of business in Seattle, Washington. Bittrex was required to register with the SEC as an “exchange” under the Exchange Act, but it failed to do so.<sup>3</sup>

39. On or about January 8, 2018, Sun sent an email (from his Tron email address) to Bittrex personnel, with the subject line “TRON Token Logistics,” and attached various documents for the purpose of getting TRX listed on Bittrex for trading. The documents attached to Sun’s email included, among other things, a version of the TRX Whitepaper; a Business Profile for the Tron Foundation, which listed Sun as a Director; the Bittrex Token Application and Listing Agreement, which was between Bittrex and the Tron Foundation and was signed by Sun as the Tron Foundation’s “Founder & CEO”; and Exhibit B to the Bittrex Listing

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<sup>3</sup> In April 2023, the SEC charged Bittrex with, among other things, operating as an unregistered national securities exchange in violation of the Exchange Act. Bittrex settled the SEC’s charges, and in August 2023, a final judgment was entered against Bittrex. See SEC Litigation Release No. 25817 (Aug. 29, 2023), available at <https://www.sec.gov/litigation/litreleases/lr-25817>.

Application, which stated that the “Applicant” was the Tron Foundation and that the “Ultimate Beneficial Owner” of the Tron Foundation was Sun.

40. On or about March 1, 2018, Bittrex announced publicly on Twitter that TRX was “available for trading.” Thereafter, Sun and the Tron Foundation publicly promoted each time TRX was “listed”—or made available for trading—on a new crypto asset trading platform, including the listing on a second U.S.-based platform on or about March 25, 2019. From on or about March 1, 2018, through approximately July 2021, Sun and the Tron Foundation tweeted more than 200 times promoting the availability of TRX for trading on crypto asset trading platforms.

41. Sun and the Tron Foundation also made other public statements promoting TRX as an investment. For example, on or about March 17, 2018, Sun and the Tron Foundation posted on the U.S.-based digital publishing platform Medium a link to an article titled “4 Reasons to Invest in Tron, Before the Main Net Launch.” The article explained that ongoing efforts by Sun and the Tron Foundation “will boost the value of TRX” and stated that investors “should invest now, while [they] still can.” The article further advised investors “considering investing in TRX” that “now is one of the best times to do it,” and that “[b]uying TRX now, while its [sic] cheap, could lead to serious returns after the Tron Main Net launches and investors rush to fill their bags.”

42. Sun and the Tron Foundation specifically targeted investors in the United States. For example, on or about September 18, 2018, the Tron Foundation tweeted, “[y]ou can now buy \$TRX directly with USD on @BittrexExchange.” That tweet linked to a Global Coin Report post stating, “[T]his is the first time that Tron has been paired with the USD in the United States.”

43. That same day, Sun tweeted, “#TRX already can be traded on @BittrexExchange, \$USD markets, \$USD/ \$TRX. First #TRX fiat trading pair in US. Go #TRON. Go #TRONICS. #TRON to the future.”

44. On or about December 15, 2019, Sun retweeted a post from another individual, which stated that investors in the United States could trade TRX “pretty much everywhere, especially with a VPN.”<sup>4</sup> Sun’s retweet announced, “[w]e will make \$TRX available for all [United States flag emoji] users! More options are on the way!” Sun and the Tron Foundation worked with crypto asset trading platforms to make TRX widely available for trading by investors in the United States, who could, at one point, trade TRX on at least four U.S.-based platforms.

45. Sun and the Tron Foundation also regularly publicized their efforts to increase TRX’s value. For instance, in an interview posted on November 30, 2017, to the Medium page of a popular investor in crypto assets, Sun promoted TRX’s availability for trading on four crypto asset trading platforms, and represented that his “team [was] working hard on getting on bigger exchanges.”

46. In the same interview, Sun described a six-stage “roadmap” for future development, committing his team to a nearly eight-year development schedule. Sun stated: “The roadmap is on the official website, there are six stages, Exodus, Odyssey, Great Voyage, Apollo Star, Trek, Eternity. For now, we plan to make Peiwo APP compatible with TRX and complete the development of our own main chain. After the own main chain is done, we will optimize the network based [sic] different kinds of online entertainments applications.”

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<sup>4</sup> A VPN or virtual private network uses encryption over a public network, typically the internet, to create a secure, apparently private network. Using a VPN allows a user to hide the public IP address of their device and, depending on the provider, may allow a user to select an “exit node” in a specific country or geographic region, hiding their actual location.

47. Sun and the Tron Foundation also widely publicized their efforts to manage the supply of TRX to ensure price appreciation for the benefit of TRX investors. For example, on or about June 26, 2018, Sun tweeted that “#TRON completed Coin Burn of 1 billion #TRX,” with a link to a Tron Foundation Medium post explaining that “‘Coin burn’ refers to removing tokens from the total supply” and “helps to control inflation and reward[s] token holders” because reducing the total supply of TRX would typically increase the value of TRX remaining in the market.

48. Likewise, on or about December 19, 2017, the Tron Foundation posted an “Announcement to Our *Investors*” (emphasis added) on its Medium page, stating that “[t]he 34.2518% TRX held by Tron Foundation” was “locked up until January 1st, 2020,” and assuring investors that “Tron Foundation TRX will not be withdrawn or traded.” The Tron Foundation concluded this post by stating, “[w]e are working hard in order to provide security and supervision of all our investors, supporters and believers.”

49. Then, on or about June 26, 2019, the Tron Foundation posted to Medium an “Announcement on \$20 Million TRX Buy-back Plan and 2020 TRX Holding Plan,” which detailed a plan to “conduct by far the largest TRX buy-back . . . with the widest coverage in the secondary market, which will last for a year and will be conducted in several batches with no less than \$20 million.” The stated purpose of this plan was “to promote community activity and market stability.” The Medium post also assured investors that “[t]he [Tron] Foundation will continue to increase our TRX holdings in the secondary market to manifest our confidence in the development of the TRON ecosystem.”

50. On or about June 27, 2019, Sun tweeted about the \$20 million TRX buyback and included a link to an article on [cointelegraph.com](https://cointelegraph.com) reiterating the details posted to Medium.

## **II. Sun and the Tron Foundation Engaged in Unregistered TRX Offers and Sales**

51. TRX was offered and sold as a security, specifically as an investment contract. All TRX purchasers, including those who tendered value for TRX other than cash or crypto assets, invested in a common enterprise alongside Sun and the Tron Foundation, who at all times retained significant TRX holdings. Because the value of TRX rose or fell together for all holders, all TRX holders profited or suffered losses in amounts proportionate to their TRX holdings. As such, their fortunes—including the realization of future profits—were inextricably tied to Sun’s fortunes and to each other’s. And, given the widespread promotional statements by Sun and the Tron Foundation emphasizing the Tron Foundation’s TRX holdings, TRX purchasers reasonably expected their fortunes to be inextricably tied to those of Sun, the Tron Foundation, and each other.

52. All TRX purchasers’ and holders’ prospective profits also depended largely on efforts by Sun and the Tron Foundation to develop the Tron protocol, make TRX available for trading on crypto asset trading platforms, and promote TRX to potential investors to increase its secondary market price for all holders. And, given Sun and the Tron Foundation’s promotional statements, TRX purchasers and holders reasonably expected that the value of their investment would largely rise or fall on these efforts to increase TRX’s value.

53. For offers and sales of TRX alleged herein that involved purchasers based in the United States, irrevocable liability was incurred and title transferred within the United States because the purchasers were located in the United States when they took the necessary actions to acquire TRX, including transmitting their purchase orders and payments for TRX.

54. From at least March 2018 through February 2019, Sun and the Tron Foundation offered and sold TRX in three types of unregistered securities transactions described below.

55. No registration statement was ever filed with the SEC or in effect with respect to any of these offers and sales of TRX, and no exemption from registration was available for these offers and sales of TRX. Thus, the offers and sales of TRX described below violated the registration provisions of the federal securities laws.

**A. Offers and Sales of TRX on a U.S.-Based Crypto Asset Trading Platform**

56. From on or about March 12, 2018, through February 11, 2019, Sun and the Tron Foundation offered and sold approximately 542.6 million TRX to investors, including investors in the United States who placed their orders on the U.S.-based crypto asset trading platform, Bittrex. During this time, multiple investors located in this District—specifically, in New York City—purchased TRX through Bittrex. In total, the unregistered sales of TRX, from approximately March 2018 through February 2019, generated net proceeds of more than \$31.9 million for Sun and the Tron Foundation.

**B. Offers and Sales of TRX in the Tron “Emoji Contest”**

57. Between August 13, 2018, and August 28, 2018, Sun and the Tron Foundation offered and sold 50,000 TRX through an online bounty program, pursuant to which Sun and the Tron Foundation transferred TRX to certain participants in exchange for completing specific tasks promoting TRX or the Tron Foundation. They referred to this specific bounty program as an “emoji contest,” which required participants to “TELL A STORY ABOUT TRON WITH EMOJIS” by posting and sharing on Facebook and/or Twitter original compositions using “TRON elements” and emojis.

58. According to an August 13, 2018, post by the Tron Foundation to its blog on Medium, creators of so-called “outstanding works,” specifically “the top 6 works with the most likes and shares on both Twitter and Facebook” would be rewarded with 31,000 TRX—16,000



TRX to the first-place winner, and 3,000 TRX each to five runners-up. Another 5,000 TRX would be distributed to randomly selected participants who met the contest requirements but were not selected as winners based on the number of “likes and shares” received.

59. Sun posted a link to the Medium announcement on his own Twitter feed, writing “#TRON EMOJI CONTEST: No text, no sound, creatively tell your story with the #TRON emoji, check out the details and earn \$TRX #TRX.”

60. To enter the “emoji contest,” participants had to upload their submissions to Twitter and/or Facebook with the hashtag #TRONFUN, and tag (or “@”) ten friends as well as @tronfoundation. Friends tagged in the winning submissions would also receive TRX, with 4,000 TRX to be shared equally by the ten friends of the first-place winner, and 100 TRX to be distributed to each of the ten friends tagged by the five runners-up.

61. The announcement also stated that “[w]orks and pictures of the winners will be posted on TRON official website and official Twitter account.”

62. By entering the “emoji contest,” participants provided Sun and the Tron Foundation with valuable consideration—the online promotion of the Tron ecosystem and TRX, promotional artwork to feature on the Tron website, and the Twitter and Facebook handles of entrants and their tagged friends—in exchange for an opportunity to receive TRX.

63. In total, Sun and the Tron Foundation distributed 50,000 TRX to winners of the “emoji contest.”

64. Neither Sun nor any of the Sun Defendants took any steps to exclude U.S. persons from receiving TRX in this offering, and at least one of the winners who received TRX was a resident of this District.

**C. Offers and Sales of TRX in the “niTRON Sharing Campaign”**

65. Between December 12, 2018, and December 16, 2018, Sun and the Tron Foundation offered and sold 28,588 TRX through an online bounty program that required participants to retweet and comment on the Tron Foundation’s tweet announcing the contest and to include the hashtag “#niTRON.”

66. According to the Tron Foundation’s tweeted announcement, three second prize winners—to be selected from among all contest entrants—would be awarded 6,666 TRX each, while five third prize winners would each receive 1,718 TRX. Two first prize winners would receive tickets to attend the 2019 “niTron Summit,” a Tron-sponsored gathering at the Yerba Buena Art Center in San Francisco to discuss and promote the Tron ecosystem, TRX, and BTT.

67. By entering the niTRON sharing contest, participants provided Sun and the Tron Foundation with valuable consideration—the promotion of the Tron Foundation and the niTRON summit on Twitter—in exchange for an opportunity to receive TRX.

68. Neither Sun nor any of the Sun Defendants took any steps to exclude U.S. persons from receiving TRX in this offering, and at least one of the winners who received TRX was a U.S. person.

**III. The Sun Defendants Launched BTT and Promoted It as an Investment**

**A. Sun Acquired Rainberry and Incorporated It into the Tron Ecosystem**

69. In or about June 2018, Sun purchased BitTorrent, Inc., a company based in San Francisco, California. BitTorrent, Inc.’s technology allowed users to download and transfer digital data and files. Sun changed the company’s name to Rainberry, although its promotional materials and Sun’s public statements often continued to refer to the company as BitTorrent. Sun then used Rainberry and the BitTorrent Foundation, which he formed in October 2018, to

offer and sell both TRX and the BitTorrent Token, a new crypto asset with the trading symbol “BTT.”

70. In a “Letter to the Community” posted to the Tron Foundation’s Medium page on July 24, 2018, Sun announced “that TRON has successfully acquired BitTorrent and all BitTorrent products. From this day on, BitTorrent ... will become part of the TRON ecosystem.... Through this acquisition, BitTorrent and TRON will combine forces, with *the TRON US team merging with the BitTorrent team*.... Combining the robust capabilities of the two teams will take the technology behind the TRON ecosystem to a whole new level.” (Emphasis added).

71. Around this time, Sun, the Tron Foundation, and the BitTorrent Foundation posted similar announcements to their respective Twitter accounts.

72. Consistent with Sun’s July 24, 2018, announcement, Rainberry’s operations became intertwined with those of the Tron Foundation. Rainberry employees and executives—who had previously used email addresses with the “@BitTorrent” domain—were provided with “@tron.network” email addresses, and many Rainberry employees were tasked with working on projects related to the Tron Foundation.

73. Sun and the Tron Foundation also began referring to key Rainberry personnel as “Tron” employees on social media. Additionally, Rainberry personnel and Sun, on behalf of the Tron Foundation, the BitTorrent Foundation, and Rainberry, began appearing at events like the “niTron Summit,” discussed above and below, to publicize Tron and TRX alongside BitTorrent and BTT.

74. From approximately November 11 to 14, 2018, Sun sent several emails to Bittrex personnel to discuss BTT and ask about “the listing process” for Bittrex to list BTT.

**B. The Sun Defendants Promoted BTT as an Investment**

75. At all relevant times following his acquisition of BitTorrent, Inc., Sun had ultimate authority over the BitTorrent Foundation and Rainberry’s social media accounts—including the @BitTorrent Twitter and Medium accounts—and he directed, controlled, and approved posts made on these accounts.

76. On or about January 3, 2019, the BitTorrent Foundation and Rainberry announced, by tweet from the BitTorrent Foundation’s @BitTorrent Twitter account, the “new BitTorrent \$BTT” crypto asset, which purportedly would be “exclusively available to non-U.S. accounts on #BinanceLaunchpad, the token sale platform [operated] by leading cryptocurrency exchange @binance!”

77. In early January 2019, Sun traveled to Rainberry’s office in San Francisco, California. While in the San Francisco office, Sun and Rainberry’s Head of Product and Engineering, who worked in the San Francisco office, broadcasted a livestream on the Internet to promote the Tron ecosystem, TRX, and BTT. In the livestream, Sun and the Head of Product and Engineering appeared on camera, together, wearing sweatshirts featuring the BitTorrent name and logo and displaying water bottles with the Tron logo. During the livestream, Sun explained that BTT would benefit TRX holders because “the current Tron community” would be allocated with BTT, meaning that TRX holders would be “entitled” to receive “the BTT airdrop.” Sun stated that, because of the relationship between TRX and BTT, “the TRX community [was] tied with the BTT community.” Additionally, Sun stated that BTT would use the “Tron network,” so BTT would attract numerous BitTorrent users and grow the Tron ecosystem. Sun also asserted that people who were interested in BTT were “definitely welcome to join the Binance Launchpad to start to invest in the BTT token,” provided they completed the “KYC [know your customer] process.” The Head of Product explained, as Sun nodded along,

that BTT was created in part “to address this giant potential market without having to give all those people TRX, in order to protect the existing TRX holders without diluting [TRX’s value] by giving out lots of TRX.” Sun also stated that the upcoming airdrops of BTT would be “all in the Tron Foundation.”

78. On January 17 and 18, 2019, Sun again was present in San Francisco for the niTron Summit, a two-day event before a live audience to promote the Tron ecosystem, TRX, and BTT. At the Summit, Sun appeared on stage wearing a shirt with the Tron logo displayed on the front and a sweatshirt with the name BitTorrent on the back. Speaking to the audience, Sun showed a video highlighting the “market cap history” of TRX and illustrating its rising market capitalization “in Millions USD” among the “Top 100 Cryptos by Market Cap.” Sun told the audience that, “today, I think we are number 9” in market capitalization, and in 2019, TRX was “aiming to become at least number 4.” Sun stated that TRX was “climbing the ladder of the most valuable crypto currency.” Discussing his plans for 2019, Sun indicated that he expected TRX’s transaction volume to grow and that more exchanges would list TRX for trading. Additionally, Sun promoted the upcoming “public sale” of BTT and the “airdrops” of BTT to “TRX holders.” Sun added that BTT would use the Tron “infrastructure” and thus “promote the integration and synergy between the [sic] Tron and BitTorrent” in the Tron ecosystem.

79. The Sun Defendants scheduled the first offer and sale of BTT for late January 2019. Around that time, the Sun Defendants posted to BitTorrent’s website a new whitepaper (the “BTT Whitepaper”) to promote BTT to investors. Sun controlled and had ultimate authority over the statements made in the BTT Whitepaper.

80. The BTT Whitepaper stated that “[i]n 2018, BitTorrent formed a strategic partnership with TRON,” and that the “TRON Foundation and BitTorrent Foundation are

introducing a new cryptographic token, called BTT.” The BTT Whitepaper further explained that BTT would be “made available as a divisible token, allowing for granular pricing.”

81. The BTT Whitepaper also promoted the initial offering of BTT. It explained that 990 billion BTT would be offered and sold, and that the tokens would be distributed as follows: 6% for public sale; 2% for private sale; 9% for “[s]eed sale”; 10.1% for “Tron airdrop tokens”; 10% for “BitTorrent protocol airdrop tokens”; 19% for the “BitTorrent Team and the BitTorrent Foundation”; 20% for the Tron Foundation; 19.9% for the “BitTorrent ecosystem” and 4% for “[p]artnership tokens.”

82. On or about January 29, 2019, the Sun Defendants publicly offered or caused to be offered BTT for the first time through a so-called initial exchange offering (“IEO”).

83. Like ICOs, IEOs are offerings of crypto assets to raise capital. However, IEOs are conducted by crypto asset trading platforms on behalf of crypto asset issuers—usually for a fee—and immediately provide a secondary market for crypto asset purchasers.

84. Only holders of TRX or another specifically-identified crypto asset were eligible to purchase BTT in the IEO, and all BTT tokens offered in the IEO were sold in less than fifteen minutes.

85. Soon after the IEO, on or about January 28, 2019, Sun tweeted: “For those [who] didn’t get #BTT in the public sale, stay tuned for the #TRX airdrop! Own[ing] \$TRX will secure your chance to get \$BTT! #TRON #BitTorrent.”

86. As with TRX, the BTT Whitepaper, and similar, later whitepapers promoting BTT, remained on the internet and available to investors from February 2019 through the present.

**C. The Sun Defendants Sought to Create a Secondary Market for BTT Trading While Continuing to Promote It as an Investment**

87. After the BTT IEO, the Sun Defendants, acting through the BitTorrent Foundation, applied for and secured listings for BTT on various crypto asset trading platforms, including Bittrex.

88. Social media posts by each of the Sun Defendants created a reasonable expectation of profit for BTT investors. For instance, immediately following the BTT IEO, on January 31, 2019, Sun tweeted that he had “[t]ak[en] the humble approach and ke[pt] the initial sale price low” to “benefit the community and reward them with decent return!” The Sun Defendants also promoted opportunities to profit from “staking” BTT on various platforms, including more than 40 tweets from January 2020 through May 2021, further promoting BTT as an investment.<sup>5</sup>

89. Later, around March 1, 2019, in a chat broadcast on Telegram,<sup>6</sup> Sun stated that he chose to offer and sell the new BTT tokens, rather than more TRX, to avoid “diluting the value of TRX.” Sun also emphasized that his goal was to “increase[e] the value of TRX and BTT.”

90. Sun’s social media posts and public statements also highlighted increases in BTT’s price and trading volume, thus promoting BTT trading. For example, on May 6, 2019, after TRX fell from a list of “top 10 cryptocurrencies,” Sun stoked continued interest in TRX and BTT on Twitter, tweeting: “#TRON will be back to Top 10 in June! #BitTorrent will be Top 30

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<sup>5</sup> “Staking” concerns the “proof of stake” validation protocols that certain blockchains utilize. These protocols offer rewards to those who “validate”—or confirm—transactions on the blockchain. To become a validator and obtain such rewards, holders of crypto assets must first “stake”—or commit—crypto assets (typically, the “native” crypto asset on a particular blockchain). Validators are selected based on the size of their stake, among other factors, creating an incentive to stake, or commit, greater quantities of crypto assets. The protocols incentivize validators to add legitimate transactions to the blockchain because validators are rewarded if they do and could be penalized if they do not, including by having the staked crypto assets “slashed” (or destroyed).

<sup>6</sup> Telegram is a cross-platform messaging application commonly used by crypto asset issuers and promoters to disseminate information about crypto asset offers and sales to interested parties and potential investors.

in Q2.” On May 29, 2019, Sun tweeted: “Mission completed. It is just a beginning. More to come,” with a link to a post announcing that TRX had returned to the top 10 and BTT had entered the top 30 cryptocurrencies.

91. The Sun Defendants announced other perceived milestones for BTT trading in the secondary market. For example, in May 2019, Sun tweeted: “\$BTT hit the 2nd place with the highest price increase over the last 24 hours among the TOP100 #Cryptos by Market Capitalization!” Similarly, in February 2021, @BitTorrent tweeted that “\$BTT Price Hits New High. \$BTT grew + 151% in 24 hours, +232% in 7 days. #BTT to the [sic] Mars,” with two rocket emojis.

92. The @BitTorrent Twitter account also promoted BTT’s “ROI” or “return on investment” on social media, for example by retweeting a post on July 2, 2019, comparing BTT’s “current ROI” of “11.16x” to lower ROIs of other tokens also offered through IEOs. Later, on July 19, 2021, Rainberry promoted BTT’s secondary market performance, highlighting that “[a]ccording to CryptoRank Platform, #BitTorrent is Top 3 gainer with 751% profits in 2021.”

93. In addition to promoting the BTT secondary market, the Sun Defendants also worked to make BTT available for trading on numerous crypto asset trading platforms. Sun, or others acting at his direction, submitted listing applications to multiple crypto asset trading platforms, including Bittrex, showing the BitTorrent Foundation as the applicant.

94. The Sun Defendants’ efforts to promote and grow a robust secondary market for trading in BTT were successful. According to a December 20, 2019, tweet by @BitTorrent, as of that date at least 39 crypto asset trading platforms had made BTT available for trading.



95. The availability of BTT on numerous trading platforms allowed investors in the U.S. to purchase and sell BTT, which they did. On January 5, 2019, Sun posted a livestream to YouTube in which he encouraged U.S. investors to “use the bitcoin . . . or any cryptocurrency to buy the BTT in the future,” despite apparent restrictions on U.S. investors’ participation in the BTT IEO. On May 11, 2021, the @BitTorrent Twitter account posted a link to a video by “Mike Tha Investor” with information “for those who doesn’t [sic] know how to buy #BTT in the U.S.”

#### **IV. The Sun Defendants Engaged in Unregistered BTT Offers and Sales**

96. BTT was offered and sold as a security, specifically as an investment contract. All BTT purchasers, including those who tendered value for BTT other than cash or crypto assets, invested in a common enterprise alongside the Sun Defendants, who at all times retained significant BTT holdings. Because the value of BTT rose or fell together for all holders, all BTT holders profited or suffered losses in amounts proportionate to their BTT holdings. As such, their fortunes—including the realization of future profits—were inextricably tied to those of the Sun Defendants and each other’s.

97. BTT purchasers’ and holders’ prospective profits also depended largely on the efforts of the Sun Defendants to develop the BitTorrent protocol, grow public interest in BTT and TRX, make BTT available for trading on crypto asset trading platforms, and promote BTT to potential investors to increase its secondary market price for all holders. And, given the Sun Defendants’ promotional statements, BTT purchasers and holders reasonably expected that the value of their investment would largely rise or fall on these efforts to increase BTT’s value.

98. For offers and sales of BTT alleged herein that involved purchasers based in the United States, irrevocable liability was incurred and title transferred within the United States because the purchasers were located in the United States when they took the necessary actions to acquire BTT, including transmitting their purchase orders and payments for TRX (which was

necessary to receive airdrops of BTT) or performing the various promotional activities described below (which were necessary to receive other distributions of BTT).

99. From at least February 2019 through October 2021, the Sun Defendants offered and sold BTT in the nine types of unregistered securities transactions described below.

100. No registration statement was ever filed with the SEC or in effect with respect to, and no exemption from registration was available for, any of these offers and sales of BTT. Thus, the offers and sales of BTT set forth below violated the registration provisions of the federal securities laws.

**A. Offers and Sales of BTT in Monthly “Airdrops”**

101. From on or about February 11, 2019, through June 13, 2020, the Sun Defendants offered and sold BTT through monthly so-called “airdrops” to TRX holders.

102. In the crypto asset space, an airdrop typically refers to the distribution of crypto assets to certain recipients, purportedly without requiring them to pay cash consideration for the asset. With respect to BTT, however, the recipients had to purchase and hold TRX to be eligible for airdrops of BTT. Indeed, anyone who purchased and held TRX in a Tron digital wallet or on a participating crypto asset trading platform received BTT regardless of their geographic location or country of citizenship.

103. On January 4, 2019, before the BTT IEO, Sun and the Tron Foundation both promoted the BTT monthly airdrop program to their followers, tweeting, “Keep decentralizing the web, tokenizing the world’s largest decentralized file sharing protocol. Wanna know more about #BTT @BitTorrent, #BinanceLaunchpad, #niTRONSummit & #BTT airdrop plan? See you there at 8:00am, Jan 5th, 2019(PST) (4 hours later). #TRON to the future. #TRX.”

104. On January 20, 2019, the BitTorrent Foundation “unveil[ed] more details regarding BitTorrent (BTT) airdrops for TRON (TRX) holders” in a post to the @BitTorrent Medium page. Sun and the Tron Foundation each tweeted a link to the January 20, 2019, Medium post, simultaneously announcing the plan to “initiate [the] first airdrop of BitTorrent \$BTT to the TRON \$TRX holders on February 11th, 2019.”

105. The January 20, 2019, Medium post announced, “On February 11th, 2019, BitTorrent Foundation will initiate its first airdrop of BitTorrent (BTT) to TRON (TRX) holders. The snapshot”—a complete record of TRX ownership as of a specific point in time prior to the airdrop used to identify qualifying airdrop recipients—“will be taken when TRON’s block height reaches 6.6 million\*. Based on this snapshot, BitTorrent Foundation will initiate its first airdrop of 10,890,000,000 BitTorrent (BTT), corresponding to 1.1% of total supply.”

106. The January 20, 2019, Medium post further announced, “Over the next 12 months following this initial airdrop, 11,880,000,000 BTT will be offered to TRX holders, corresponding to 1.2% of total supply. In 2020, the BitTorrent Foundation will airdrop 12,870,000,000 BTT, corresponding to 1.3% of the total supply, and over the next six years, the percentage airdropped will increase by 0.1% per year, reaching 1.7% in 2025.”

107. To receive BTT in these airdrops, recipients had to hold TRX tokens in “official wallets relaying on TRON’s network,” or in accounts on crypto asset trading platforms “supporting the airdrops.” As explained in the January 20, 2019, Medium post, “If you are holding TRX, you will be eligible for BTT airdrops. All official wallets relaying on TRON’s network and carrying TRX will be eligible for BTT airdrops corresponding to the amount they are holding. No minimum of TRX is required to qualify for BTT airdrops.”

108. On February 11, 2019, @BitTorrent posted an update to its Medium page announcing that the “BitTorrent (BTT) Airdrop program for TRON (TRX) holders [has been] initiated.” According to this post, “all the addresses running on TRON’s blockchain that have a TRX balance greater than or equal to 1 TRX” and all investors with “TRX stored on an exchange or a wallet supporting the official airdrop program” would receive 0.1097681177 BTT for each TRX held.

109. Following the first monthly BTT airdrops to TRX holders on February 11, 2019, from March 2019 through February 2020, the Sun Defendants airdropped an additional 990,000,000 additional BTT to TRX holders on or about the 11th day of each month.

110. Two subsequent monthly airdrops of 1,072,500,000 BTT took place on April 11 and May 11, 2020, before the @BitTorrent Medium page announced on June 13, 2020, the end of the airdrop program: “Today, after 16 rounds of BTT airdrops, BitTorrent Speed enjoys over 12 million monthly active users. After discussions among the BitTorrent Foundation, community developers, and community representatives, it is the community’s belief that the monthly BTT airdrop to TRX holders has achieved its goals, and will discontinue with immediate effect.”

111. According to the June 13, 2020, post to @BitTorrent’s Medium page, “[t]hrough May 11, 2020, BTT [] completed 16 rounds of airdrops to TRX holders, airdropping a total of 25,987,500,000 BTT out of the total pool of 99,990,000,000 BTT, allowing millions of TRX holders to use BTT within the BitTorrent ecosystem.”

112. Anyone who purchased and held TRX in an “official” wallet at the time of each monthly “snapshot” received BTT regardless of their geographic location or country of citizenship. Persons in the United States were not excluded from receiving BTT through the

monthly airdrop program, and in fact the Sun Defendants sent BTT to persons in the United States via airdrops.

113. In addition to the monthly airdrop program, the January 20, 2019, post to BitTorrent's Medium page announced "plans to airdrop additional 99,990,000,000 BTT, during online and offline events, corresponding to 10% of the total supply." Sun, the BitTorrent Foundation, and Rainberry ultimately offered and sold some of these additional BTT through various bounty programs, as detailed below.

114. On February 27, 2019, in an "Ask Me Anything" (or "AMA") session held on the English language Telegram channel of a crypto asset trading platform, Sun explained the purpose of the monthly BTT airdrop to TRX holders: "This is a program to give our users early access to our product, and to encourage them to stick with us for the long term. We are not only airdropping to TRX holders, but also giving the BTT token to BitTorrent users through the clients. We expect over 100M active users will get to know about cryptocurrency and the first one they will experience will be BTT."

115. Sun emphasized the airdrop program's potential to bring BitTorrent's 100 million users into the crypto asset community, stating: "We will provide BTT as an early access mechanism to the 100 million active users and most of them are not cryptocurrency users. However, the 100 million users are the targeted users, and they share a lot of similarities with crypto users. Firstly, they are interested in decentralized technologies and are using peer-to-peer technology. Secondly, the majority of BitTorrent users are males between 25 and 35 years old, which is also a group very interested in cryptocurrency. Therefore, when the 100 million users receive BTT airdrops, they will start to wonder what BTT is, and what cryptocurrency is, and start to investigate."

116. Sun also explained that the decision to target BitTorrent’s users with a new token, BTT, instead of TRX, was intended to avoid “diluting” TRX’s value for existing holders. “The BitTorrent user base is huge (~100M MAU), so we can’t provide enough TRX to then bootstrap the economy without diluting the value of TRX,” said Sun in his February 27, 2019, AMA. Sun added: “Since BTT is a TRC-10 token, TRX and BTT are like a razor and a blade. It’s really important for me to give access to BTT to the TRON community and reward the TRX holders so we decided to create a 6 years long program to airdrop 10% of the total circulating supply which is pretty unique within the crypto space. *The more successful BTT is, the more successful TRX will be.*” (Emphasis added.)

117. By acquiring and holding TRX tokens in exchange for the opportunity to receive BTT through monthly airdrops, would-be BTT airdrop recipients provided the Sun Defendants with valuable consideration—(i) increased demand for TRX, (ii) further growth in TRX trading volume and liquidity on the secondary market, (iii) upward pressure on TRX’s secondary market price, (iv) promotion of BTT and the BitTorrent platform to TRX’s existing base of engaged crypto asset investors, and (v) the rapid development of a secondary market for BTT.

**B. Offers and Sales of BTT in the “New Year 2020” Distribution**

118. From on or about December 23, 2019, through January 1, 2020, the Sun Defendants offered and sold BTT through an online bounty program they referred to as the “New Year 2020” distribution.

119. To receive BTT in this distribution, participants had to follow BitTorrent on Twitter, visit BitTorrent’s page on YouTube, submit online an answer to the question “why do you use Bit Torrent?” and tag friends’ social media accounts—all forms of publicizing Rainberry

and BTT. To receive BTT in this distribution, participants also had to have or establish a BTT wallet address.

120. The Sun Defendants announced this distribution in a December 22, 2019, post to the @BitTorrent Medium page: “[t]o celebrate the coming of exciting 2020 year, BitTorrent decides to give away 7 million BTT to BitTorrent community, including a special big prize for this Christmas. Each day during the event, 10 winners will be drawn from the selected entries, starting on December 23[rd]. Because the drawing is done randomly and each user is allowed multiple entries (see “rules” below), you could win multiple days, or even multiple times each day!”

121. According to this Medium post, 10 winners chosen daily between December 23, 2019, and January 1, 2020, would each receive 50,000 BTT, with the exception of 10 winners chosen on December 25, 2019, who would receive “a special big prize for this Christmas” of 250,000 BTT each.

122. On December 23, 2019, @BitTorrent also announced the distribution on Twitter, with a link to the December 22, 2019, Medium post, as well as a link to a website hosted by a third party that describes itself as “The Business Growth Platform,” where participants could submit contest entries. According to the entry submission page, 40,484 complete entries were received.

123. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including advertising and publicity for Rainberry and BTT, as well as social media handles for entrants and the friends they tagged. In addition, participants who had not yet established BitTorrent accounts and corresponding wallets had to do so, increasing the apparent number of active BitTorrent users and BTT wallet holders.

124. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**C. Offers and Sales of BTT in the BitTorrent “Discord Giveaway”**

125. From on or about March 3, 2021, through March 15, 2021, the Sun Defendants offered and sold BTT through a bounty program they referred to as a “Discord Giveaway.”

126. On or about March 3, 2021, @BitTorrent announced this distribution on Twitter: “#BitTorrent Discord is now officially launched! With the launch of our Discord, we prepared 1 Billion \$BTT for winners who completed our requests, join here,” with a link to a third party website where participants could submit contest entries.

127. To receive BTT in this contest, participants had to join the BitTorrent Discord channel,<sup>7</sup> submit entry information on a third-party platform, and engage with BitTorrent’s social media platforms to earn “points” by following and retweeting posts by BitTorrent on Twitter and referring friends by providing their social media contact information.

128. According to the entry submission page, 2,691,181 complete entries were received. The total distribution of 1,000,000,000 BTT was shared among 300 winners randomly selected from among all entrants, with the top 10 winners sharing 300,000,000 BTT and the remaining 290 winners sharing 700,000,000 BTT.

129. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including (i) growing BitTorrent’s Discord channel, (ii) promoting BTT and the BitTorrent platform on social media, (iii) increasing apparent

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<sup>7</sup> Discord is a U.S.-based online platform that describes itself as “a voice, video, and text chat app that’s used by tens of millions of people . . . to talk and hang out with their communities and friends.” Discord is commonly used by crypto asset issuers and promoters to disseminate information about crypto asset offers and sales to interested parties and potential investors.



engagement with BitTorrent’s social media platforms, and (iv) providing their identifying information and that of their referred friends for future use by the Sun Defendants.

130. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**D. Offers and Sales of BTT in “1 Million BTT Giveaway”**

131. From on or about March 30, 2021, through April 2, 2021, the Sun Defendants offered and sold additional BTT through a bounty program they referred to as the “1 Million BTT Giveaway.”

132. On March 29, 2021, @BitTorrent announced the 1 Million BTT distribution on Twitter: “1,000,000 \$BTT Giveaway BitTorrent is launching a series of campaigns to giveaway 1M \$BTT to reward #BTT community for supporting us throughout.❤️. ✓Follow, Like, RT ✓Tag 3 friends 🍀30 lucky winners get 2500 \$BTT each.”

133. To become eligible to receive BTT in this distribution, participants had to follow the @BitTorrent Twitter feed, like or retweet certain BTT-related announcements, and tag three friends. Thirty winners randomly selected from among all entrants were each awarded 2,500 BTT.

134. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including (i) promoting BTT and the BitTorrent platform on social media and to their tagged friends, (ii) increasing apparent engagement with BitTorrent’s social media platforms, and (iii) providing their social media contact information and that of their friends for future use by the Sun Defendants.

135. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**E. Offers and Sales of BTT in the “Design Contest”**

136. From on or about March 31, 2021, through April 7, 2021, the Sun Defendants offered and sold BTT through a bounty program they referred to as a “design contest.”

137. On March 31, 2021, @BitTorrent announced the “design contest” on Twitter, directing participants to “Free your mind at #BitTorrent Design Contest and win 100,000 \$BTT! ✓Create #memes, videos or pics for BitTorrent, #BTT or @justinsuntron ✓RT + Reply with your artwork ✓Top 10 with the most likes will get 10,000 \$BTT each.”

138. To receive BTT in this contest, participants had to retweet the contest announcement along with original content in the form of a meme, video, or picture, tweet promoting and tagging BitTorrent, BTT, or Sun. Ten entrants whose tweets received the most “likes” were awarded 10,000 BTT each.

139. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including (i) original promotional artwork, (ii) the promotion of BTT and the BitTorrent platform on social media, and (iii) increased apparent engagement with BitTorrent’s Twitter account.

140. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**F. Offers and Sales of BTT in the “April Carnival”**

141. From on or about April 6, 2021, through April 20, 2021, the Sun Defendants offered and sold BTT through a bounty program they referred to as the “April Carnival.”

142. On April 6, 2021, @BitTorrent announced the “BitTorrent April Carnival” on Medium: “BitTorrent is celebrating BitTorrent April Carnival and launching a 50,000 BTT

Telegram Giveaway in the following two weeks! Come and win a prize by joining BitTorrent Telegram and completing the tasks given by the BitTorrent bot!”

143. To be eligible to receive BTT in this contest, participants had to follow @BitTorrent’s Twitter account and join the BitTorrent Telegram channel, where they then had to chat with a “bot” to obtain a unique “referral link.” Participants then had to invite friends to join the BitTorrent Telegram channel by sharing the referral link.

144. According to the Medium announcement, all entrants who joined the BitTorrent Telegram channel would share 15,000 BTT, while the first 300 users to complete all required tasks would share another 15,000 BTT. An additional 35,000 BTT were shared by the 100 entrants who invited the most new users who then joined the campaign.

145. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including (i) promoting BTT and the BitTorrent platform on social media, (ii) growing BitTorrent’s Telegram channel, (iii) increasing apparent engagement with BitTorrent’s social media platforms, and (iv) providing their social media contact information and that of their friends for future use by the Sun Defendants.

146. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

#### **G. Offers and Sales of BTT in Sun’s AMA Distribution**

147. From on or about May 25, 2021 through June 2, 2021, the Sun Defendants offered and sold BTT through a bounty program connected to a May 28, 2021 AMA session on BitTorrent’s Telegram channel, featuring the COO of an Indonesia-based crypto asset trading platform.

148. As @BitTorrent announced in a May 25, 2021, tweet, individuals could become eligible to receive BTT in this distribution by participating in the AMA session and submitting questions in the comments section to be answered during the session. The Sun Defendants distributed an unknown number of BTT tokens to the eight contest winners selected randomly from among all entrants.

149. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including growing BitTorrent's Telegram channel, and increasing apparent engagement with BitTorrent's social media platforms.

150. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**H. Offers and Sales of BTT in the 800 Million BitTorrent Discord "Giveaway"**

151. From on or about June 9, 2021, through June 11, 2021, the Sun Defendants offered and sold BTT through a bounty program they referred to as a Discord "giveaway."

152. On June 9, 2022, @BitTorrent announced the 800,000,000 BTT Giveaway on Twitter: "800 Million \$BTT Giveaway is now live on #BitTorrent Discord! 🎁 We are hosting a special giveaway with a huge prize pool. To be eligible, Please join our Discord via gleam for full information!."

153. To receive BTT in this contest, participants had to join the BitTorrent Discord channel, submit entry information on a third-party platform, and engage with BitTorrent's social media platforms to earn "points" by following and retweeting posts by BitTorrent on Twitter, and referring friends by providing their social media contact information.

154. According to the entry submission page, 1,510 completed entries were received. A distribution of 650,000,000 BTT was shared among all entrants, with 150 winners selected

from among all entrants to share another 150,000,000 BTT.

155. By completing the steps required to enter, participants provided the Sun Defendants with valuable consideration, including (i) growing BitTorrent’s Discord channel, (ii) promoting BTT and the BitTorrent platform on social media, (iii) increasing apparent engagement with BitTorrent’s social media platforms, and (iv) providing their identifying information and that of their referred friends for future use the Sun Defendants.

156. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**I. Offers and Sales of BTT in the “Golden Wallet Sweepstakes”**

157. From on or about September 7, 2021, through October 11, 2021, the Sun Defendants offered and sold BTT through a bounty program they referred to as the “Golden Wallet Sweepstakes.”

158. In a September 7, 2021, post on Medium, @BitTorrent announced the Golden Wallet Sweepstakes, in which “four lucky winners will receive 1M BTT, and one grand prize winner will receive 10M BTT.”

159. To become eligible to receive BTT in this distribution, participants had to “enter by downloading the free or Pro version of any BitTorrent or µTorrent client that contains a BitTorrent Speed wallet, then activat[e] the Golden Wallet Sweepstakes following the steps outlined when launching BitTorrent Speed for the first time.”

160. By completing the steps required to enter, each participant provided the Sun Defendants with valuable consideration by becoming a new BitTorrent client user and growing BitTorrent’s active user base.

161. None of the Sun Defendants took any steps to exclude U.S. persons from receiving BTT in this offering.

**V. The Sun Defendants Engaged in Manipulative Trading of TRX**

162. From approximately February 2018 through February 2019, Sun led a team of at least three Tron Foundation employees and two Rainberry employees in a scheme to artificially inflate the trading volume of TRX through wash trading between accounts controlled by the BitTorrent Foundation, Tron and Rainberry employees, and ultimately Sun. Sun, and those who helped him carry out this scheme, acted intentionally or recklessly at all relevant times.

163. Wash trading generally refers to “trades that occur without a change in beneficial ownership.” *SEC v. Williky*, 942 F.3d 389, 391 (7th Cir. 2019). Wash trading is fraudulent because it creates a “false perception of market activity that does not reflect the true supply and demand for the securities.” *Id.*

164. Sun’s team conducted the wash trading of TRX on at least Bittrex, which was based in the United States. At all relevant times, Sun directed and was aware of his team’s wash trading.

165. As described herein, the wash-trading scheme involved significant conduct within the United States. In addition, to the extent that Sun, or the Tron Foundation or Rainberry employees acting at his direction, were physically located outside the United States when they conducted any part of the wash-trading scheme, their actions had a foreseeable and substantial effect within the United States because, among other things, the wash trading took place on Bittrex trading platform, which was based in the United States. Moreover, because Sun, the Tron Foundation, and Rainberry had created a market for TRX in the United States through their promotions and sales of TRX to United States investors, their manipulative wash trading of TRX

had a direct and foreseeable effect on the United States market for TRX, including on the investors in the United States who had purchased TRX.

166. Through this wash-trading scheme, Sun and his team intentionally or recklessly created the false and misleading appearance of legitimate, active TRX trading. By this scheme, Sun and his team engaged in a series of transactions that created actual, active trading for the purposes of inducing the purchase or sale of TRX by others and making it easier for Sun and the Tron Foundation to sell TRX while keeping its price stable. The scheme also involved other deceptive conduct, which was carried out intentionally or recklessly, as set forth below.

**A. Sun's Team Opened Nominee Accounts on Bittrex to Manipulate the Market for TRX**

167. Between about February 23 and March 27, 2018, Sun directed Tron Foundation employees to open nominee accounts on multiple crypto asset trading platforms, including Bittrex. As described below, Sun's team opened four accounts on Bittrex that were used to wash trade.

168. On or about March 27, 2018, Sun's team opened two accounts on Bittrex in the names of Chinese nationals, one of whom was Sun's father. Those accounts were labeled "Account 16" and "Account 17."

169. On or about April 6, 2018, the Tron Foundation electronically transmitted to Bittrex an "Authorized Trader Letter," which stated that several accounts, including Account 16 and Account 17, were "authorized by SUN YUCHEN [Justin Sun]," the "Founder and CEO of Tron Foundation." (Bracketed text added.) The Authorized Trader Letter was signed by Sun and dated April 6, 2018.

170. On or about August 26, 2018, Sun's team opened a third account Bittrex in the name of a U.S.-based Rainberry employee ("U.S. Nominee One"). That account was labeled the "Activity Account."

171. On or about September 17, 2018, Sun, U.S. Nominee One, and Rainberry's Chief Financial Officer ("CFO"), among others, attended a "global executive meeting." During that meeting, and as part of the wash-trading scheme, Sun approved a wire transfer of \$10,000 into U.S. Nominee One's personal account. In approving the transfer, Sun knew or was reckless in not knowing that the \$10,000 would subsequently be passed from U.S. Nominee One's personal account to the Activity Account and used for wash trading.

172. The next day, September 18, 2018, Rainberry's CFO also approved the \$10,000 wire transfer and instructed his Rainberry staff to make the transfer to U.S. Nominee One. Rainberry staff complied, making payment from a U.S.-based bank account in Rainberry's name.

173. On or about September 20, 2018, Sun's team opened a fourth account on Bittrex in the name of another U.S.-based Rainberry employee ("U.S. Nominee Two"). That account was labeled the "Bancor Account."

174. The Bancor Account was opened by Sun's team, acting at Sun's direction, using a screen-shot photograph of U.S. Nominee Two and certain of U.S. Nominee Two's personal information, without U.S. Nominee Two's knowledge or permission.

**B. At Sun's Direction, His Team Engaged in Wash Trading on Bittrex**

175. Sun controlled the digital wallets and the TRX tokens used to conduct the wash-trading scheme on Bittrex. Sun also directed the team of Tron Foundation employees who executed the wash trades. The team kept Sun informed of their activities to ensure that they were trading consistent with his directives.



176. Starting in or about September 2018, Sun received weekly reports detailing his team’s wash-trading activities. One weekly report dated September 28, 2018, advised Sun that the “USD trading pair has started,” referring to the Activity and Bancor Accounts that began wash trading on September 26, 2018. That report also stated that Sun’s team intended “to sell TRX” and then would “set up a buying opportunity after the holidays to balance the demand of the currency (stabilize profits and losses).”

177. Another report dated October 30, 2018, stated that Sun’s team would adjust its strategy to respond to the drop in “natural,” *i.e.*, legitimate, TRX trading volume. That report also conveyed Sun’s directive that the team increase TRX trading volume: “The boss reminded us of the need to increase trade volume, we need to increase the liquid parameter next week, concentrate on binance, bittrex, bithumb, upbit exchanges [sic], increase the daily budget to 2.5 BTC.”

178. The wash-trading scheme depended, at least in part, on a significant supply of TRX. Sun thus provided his own TRX to his team to facilitate the wash trading.

179. From about April 18, 2018, through February 11, 2019, Sun’s team engaged in wash trades of TRX on Bittrex using Accounts 16 and 17. During the 249 days when those accounts were active, Sun’s team engaged in at least 609,790 wash trades of TRX, averaging about 2,449 wash trades per day.

180. For example, the table below illustrates the wash trading of TRX between Accounts 16 and 17 on October 1, 2018:

Time	Buying Account	TRX Qty	Price	Currency	Selling Account
10/01/2018 08:21:04	Account 16	5,455	0.02210007	USDT	Account 17
10/01/2018 08:21:40	Account 17	6,368	0.02210005	USDT	Account 16
10/01/2018 08:22:36	Account 16	5,593	0.02210016	USDT	Account 17
10/01/2018 08:23:21	Account 17	5,407	0.02210011	USDT	Account 16

Time	Buying Account	TRX Qty	Price	Currency	Selling Account
10/01/2018 08:24:02	Account 16	4,322	0.02210019	USDT	Account 17
10/01/2018 08:24:40	Account 17	5,609	0.02210012	USDT	Account 16
10/01/2018 08:25:23	Account 16	6,104	0.02210004	USDT	Account 17
10/01/2018 08:26:10	Account 17	4,883	0.02210019	USDT	Account 16
10/01/2018 08:26:43	Account 16	5,550	0.02210012	USDT	Account 17
10/01/2018 08:27:38	Account 17	5,171	0.02210018	USDT	Account 16
10/01/2018 08:28:24	Account 16	3,310	0.02210010	USDT	Account 17
10/01/2018 08:29:11	Account 17	6,438	0.02210003	USDT	Account 16
10/01/2018 08:30:02	Account 16	4,854	0.02210010	USDT	Account 17
10/01/2018 08:30:51	Account 16	4,829	0.02210008	USDT	Account 17
10/01/2018 08:31:51	Account 17	5,409	0.02210007	USDT	Account 16
10/01/2018 08:32:09	Account 16	1,103	0.00000335	BTC	Account 17
10/01/2018 08:32:39	Account 16	2,330	0.02210016	USDT	Account 17
10/01/2018 08:33:08	Account 17	854	0.00000335	BTC	Account 16
10/01/2018 08:33:15	Account 17	3,752	0.02210013	USDT	Account 16
10/01/2018 08:34:02	Account 16	1,280	0.00000335	BTC	Account 17
10/01/2018 08:34:04	Account 16	5,286	0.02210004	USDT	Account 17
10/01/2018 08:34:53	Account 17	3,856	0.02210005	USDT	Account 16
10/01/2018 08:35:27	Account 16	4,771	0.02210015	USDT	Account 17
10/01/2018 08:36:08	Account 17	1,602	0.02210016	USDT	Account 16
10/01/2018 08:36:46	Account 17	3,457	0.02210005	USDT	Account 16
10/01/2018 08:37:45	Account 16	3,539	0.02210003	USDT	Account 17
10/01/2018 08:38:31	Account 17	3,208	0.02210016	USDT	Account 16
10/01/2018 08:39:03	Account 16	3,293	0.02210013	USDT	Account 17
10/01/2018 08:39:39	Account 17	1,845	0.02210008	USDT	Account 16
10/01/2018 08:40:18	Account 17	3,791	0.02210001	USDT	Account 16
10/01/2018 08:41:00	Account 16	2,029	0.02210019	USDT	Account 17
10/01/2018 08:41:07	Account 17	1,288	0.00000334	BTC	Account 16
10/01/2018 08:41:42	Account 16	1,699	0.02210018	USDT	Account 17
10/01/2018 08:41:50	Account 16	1,086	0.00000334	BTC	Account 17
10/01/2018 08:42:29	Account 16	1,000	0.00000334	BTC	Account 17
10/01/2018 08:42:39	Account 17	3,465	0.02210010	USDT	Account 16
10/01/2018 08:43:19	Account 17	1,499	0.00000334	BTC	Account 16
10/01/2018 08:43:39	Account 16	3,472	0.02210019	USDT	Account 17
10/01/2018 08:43:53	Account 16	633	0.00000334	BTC	Account 17
10/01/2018 08:44:27	Account 16	3,271	0.00000334	BTC	Account 17
10/01/2018 08:44:32	Account 17	2,767	0.02210009	USDT	Account 16
10/01/2018 08:45:05	Account 17	2,068	0.00000335	BTC	Account 16
10/01/2018 08:45:34	Account 16	3,320	0.02210002	USDT	Account 17
10/01/2018 08:45:52	Account 17	2,570	0.00000335	BTC	Account 16

Time	Buying Account	TRX Qty	Price	Currency	Selling Account
10/01/2018 08:46:17	Account 17	3,689	0.02210015	USDT	Account 16
10/01/2018 08:46:54	Account 16	2,050	0.00000335	BTC	Account 17
10/01/2018 08:47:15	Account 16	2,201	0.02200049	USDT	Account 17
10/01/2018 08:47:45	Account 17	1,652	0.00000335	BTC	Account 16
10/01/2018 08:48:13	Account 16	3,707	0.02200132	USDT	Account 17
10/01/2018 08:48:47	Account 16	3,482	0.00000335	BTC	Account 17
10/01/2018 08:49:05	Account 17	2,192	0.02200140	USDT	Account 16
10/01/2018 08:49:49	Account 17	4,330	0.00000335	BTC	Account 16
10/01/2018 08:49:49	Account 17	1,496	0.02200185	USDT	Account 16
10/01/2018 08:50:34	Account 16	4,119	0.00000335	BTC	Account 17
10/01/2018 08:50:43	Account 16	1,712	0.02200213	USDT	Account 17
10/01/2018 08:51:12	Account 17	2,072	0.00000335	BTC	Account 16
10/01/2018 08:51:29	Account 17	3,056	0.02200229	USDT	Account 16
10/01/2018 08:52:59	Account 16	1,711	0.02206305	USDT	Account 17
10/01/2018 08:53:43	Account 17	3,390	0.02206323	USDT	Account 16
10/01/2018 08:54:26	Account 16	3,434	0.02206351	USDT	Account 17
10/01/2018 08:55:17	Account 17	3,429	0.02206397	USDT	Account 16
10/01/2018 08:55:55	Account 16	1,720	0.02206439	USDT	Account 17
10/01/2018 08:56:42	Account 16	2,120	0.02206474	USDT	Account 17
10/01/2018 08:57:15	Account 17	1,790	0.02206493	USDT	Account 16
10/01/2018 08:58:06	Account 16	2,741	0.02206512	USDT	Account 17
10/01/2018 08:58:40	Account 17	2,156	0.02206531	USDT	Account 16
10/01/2018 08:59:25	Account 17	1,956	0.02206574	USDT	Account 16
10/01/2018 09:00:01	Account 16	3,145	0.02206609	USDT	Account 17
10/01/2018 09:00:32	Account 17	3,509	0.02221900	USDT	Account 16

181. Between September 26 and October 18, 2018, Sun's team also engaged in wash trades of TRX using the Activity and Bancor Accounts. During those 23 days, Sun's team engaged in at least 5,426 wash trades of TRX, averaging about 236 wash trades per day.

182. For example, the table below illustrates the wash trading of TRX between the Activity and Bancor accounts on October 7, 2018:

Time	Buyer Account	TRX Qty	Price	Currency	Seller Account
10/07/2018 10:59:19	Bancor Account	1,857	0.02400000	USD	Activity Account
10/07/2018 11:00:40	Activity Account	1,857	0.02400000	USD	Bancor Account
10/07/2018 11:01:42	Bancor Account	2,219	0.02400000	USD	Activity Account
10/07/2018 11:03:21	Activity Account	2,422	0.02400000	USD	Bancor Account

Time	Buyer Account	TRX Qty	Price	Currency	Seller Account
10/07/2018 11:04:33	Bancor Account	1,960	0.02400000	USD	Activity Account
10/07/2018 11:06:01	Activity Account	1,154	0.02400000	USD	Bancor Account
10/07/2018 11:07:32	Activity Account	2,537	0.02400000	USD	Bancor Account
10/07/2018 11:09:29	Bancor Account	2,712	0.02400000	USD	Activity Account
10/07/2018 11:10:38	Activity Account	2,503	0.02400000	USD	Bancor Account
10/07/2018 11:12:33	Bancor Account	2,011	0.02400000	USD	Activity Account
10/07/2018 11:14:03	Activity Account	1,683	0.02400000	USD	Bancor Account
10/07/2018 11:15:55	Bancor Account	1,159	0.02400000	USD	Activity Account
10/07/2018 11:17:22	Bancor Account	1,099	0.02400000	USD	Activity Account
10/07/2018 11:19:03	Activity Account	1,048	0.02400000	USD	Bancor Account
10/07/2018 11:20:53	Bancor Account	2,119	0.02400000	USD	Activity Account
10/07/2018 11:22:43	Activity Account	2,477	0.02400000	USD	Bancor Account
10/07/2018 11:23:59	Bancor Account	2,600	0.02400000	USD	Activity Account
10/07/2018 11:25:18	Activity Account	1,518	0.02400000	USD	Bancor Account
10/07/2018 11:26:47	Activity Account	1,963	0.02400000	USD	Bancor Account
10/07/2018 11:28:42	Bancor Account	1,130	0.02400000	USD	Activity Account
10/07/2018 11:30:39	Bancor Account	2,438	0.02400000	USD	Activity Account
10/07/2018 11:32:15	Activity Account	1,672	0.02400000	USD	Bancor Account
10/07/2018 11:33:25	Activity Account	2,371	0.02400000	USD	Bancor Account
10/07/2018 11:34:43	Bancor Account	2,008	0.02400000	USD	Activity Account
10/07/2018 11:36:40	Activity Account	1,023	0.02400000	USD	Bancor Account
10/07/2018 11:38:23	Bancor Account	1,581	0.02400000	USD	Activity Account
10/07/2018 11:40:05	Activity Account	1,323	0.02400000	USD	Bancor Account
10/07/2018 11:41:16	Bancor Account	1,817	0.02400000	USD	Activity Account
10/07/2018 11:43:01	Activity Account	1,975	0.02400000	USD	Bancor Account
10/07/2018 11:44:51	Bancor Account	2,794	0.02400000	USD	Activity Account
10/07/2018 11:45:56	Activity Account	2,530	0.02400000	USD	Bancor Account
10/07/2018 11:46:58	Bancor Account	2,437	0.02400000	USD	Activity Account
10/07/2018 11:49:00	Activity Account	2,574	0.02400000	USD	Bancor Account
10/07/2018 11:50:25	Bancor Account	1,610	0.02400000	USD	Activity Account
10/07/2018 11:52:06	Activity Account	974	0.02400000	USD	Bancor Account
10/07/2018 11:53:41	Bancor Account	1,483	0.02400000	USD	Activity Account
10/07/2018 11:54:56	Activity Account	1,530	0.02400000	USD	Bancor Account
10/07/2018 11:56:00	Bancor Account	1,814	0.02400000	USD	Activity Account
10/07/2018 11:57:17	Activity Account	670	0.02400000	USD	Bancor Account
10/07/2018 11:59:03	Activity Account	1,803	0.02400000	USD	Bancor Account
10/07/2018 12:00:30	Bancor Account	634	0.02400000	USD	Activity Account
10/07/2018 12:01:55	Bancor Account	1,090	0.02400000	USD	Activity Account
10/07/2018 12:03:52	Activity Account	1,643	0.02400000	USD	Bancor Account
10/07/2018 12:05:42	Bancor Account	692	0.02400000	USD	Activity Account

Time	Buyer Account	TRX Qty	Price	Currency	Seller Account
10/07/2018 12:07:01	Activity Account	683	0.02400000	USD	Bancor Account
10/07/2018 12:08:34	Bancor Account	830	0.02400000	USD	Activity Account
10/07/2018 12:09:38	Activity Account	1,792	0.02400000	USD	Bancor Account
10/07/2018 13:08:39	Bancor Account	1,805	0.02400000	USD	Activity Account
10/07/2018 14:51:32	Activity Account	2,227	0.02500000	USD	Bancor Account
10/07/2018 15:06:00	Bancor Account	1,339	0.02500000	USD	Activity Account
10/07/2018 15:07:16	Activity Account	3,107	0.02500000	USD	Bancor Account
10/07/2018 16:03:39	Activity Account	3,529	0.02600000	USD	Bancor Account
10/07/2018 23:04:34	Bancor Account	1,416	0.02600000	USD	Activity Account
10/07/2018 23:11:44	Activity Account	1,286	0.02700000	USD	Bancor Account
10/07/2018 23:12:48	Bancor Account	1,403	0.02700000	USD	Activity Account
10/07/2018 23:14:49	Activity Account	2,107	0.02700000	USD	Bancor Account
10/07/2018 23:22:54	Activity Account	1,746	0.02700000	USD	Bancor Account
10/07/2018 23:24:16	Bancor Account	956	0.02700000	USD	Activity Account
10/07/2018 23:25:18	Bancor Account	1,274	0.02700000	USD	Activity Account
10/07/2018 23:26:57	Activity Account	1,249	0.02700000	USD	Bancor Account
10/07/2018 23:33:39	Bancor Account	1,905	0.02700000	USD	Activity Account
10/07/2018 23:35:15	Activity Account	2,030	0.02700000	USD	Bancor Account
10/07/2018 23:49:33	Bancor Account	1,576	0.02700000	USD	Activity Account
10/07/2018 23:50:49	Activity Account	2,845	0.02700000	USD	Bancor Account
10/07/2018 23:51:52	Bancor Account	1,996	0.02700000	USD	Activity Account
10/07/2018 23:52:54	Activity Account	2,959	0.02700000	USD	Bancor Account
10/07/2018 23:59:18	Bancor Account	2,059	0.02700000	USD	Activity Account

183. As illustrated in the tables above, the two account pairs—(1) Accounts 16 and 17 and (2) the Activity and Bancor Accounts—engaged in numerous wash trades of TRX on Bittrex.

184. As reflected in a December 2018 application filed by the BitTorrent Foundation to make BTT available for trading on a new trading platform, the BitTorrent Foundation also owned and controlled Accounts 16 and 17.

185. At all relevant times, Sun, acting through the Tron Foundation, the BitTorrent Foundation, and Rainberry, controlled each of the wash-trading accounts, and the trades of TRX in those accounts were executed at Sun's direction and with his knowledge. None of the TRX

trades between those accounts involved any change in beneficial ownership or had any legitimate economic purpose.

186. A reasonable investor considering whether to buy or sell TRX would have deemed it important to know that the trading volume of TRX was affected and inflated by wash trading. But Sun and the rest of the Sun Defendants did not disclose that fact.

## **VI. The Sun Defendants Orchestrated a Celebrity Touting Campaign and Sun Lied to Conceal It**

187. Beginning in or about January 2021, Sun, acting on behalf of the Tron Foundation, the BitTorrent Foundation, and Rainberry, began paying celebrities located in the United States, including Defendants Mahone and Way, among others, to promote TRX and BTT on social media. Each of the celebrities who touted TRX or BTT had at least one million followers on their social media accounts, including followers located in the United States. But the celebrities did not disclose the fact that they were paid to tout TRX or BTT or the amounts of the payments they received.

188. Sun, acting on behalf of the Tron Foundation, the BitTorrent Foundation, and Rainberry, approved the payments to the celebrities for their touts of TRX or BTT, respectively, and he funded the payments with his own assets. Sun, working with a Rainberry employee (the “Rainberry Employee”), arranged payments to the celebrities based in the United States who touted TRX and/or BTT. Additionally, Sun instructed the Rainberry Employee to ensure that those celebrities did not disclose the fact that they were paid to tout the tokens. Sun’s directive was communicated to the celebrities directly or indirectly through intermediaries, including the Rainberry Employee.

189. Sun or the Rainberry Employee acting at his direction, each acting on behalf of the Tron Foundation, the BitTorrent Foundation, and Rainberry, provided or approved the

specific language that Sun wanted each celebrity to post online to tout TRX and BTT. Sun then amplified the celebrities' promotional posts on social media by commenting on those posts or retweeting them to Sun's more than three million Twitter followers, including followers located in the United States.

190. Sun, acting on behalf of the Tron Foundation, the BitTorrent Foundation, and Rainberry, thus created the misleading impression that celebrities were independently interested in investing in TRX and/or BTT. In fact, the celebrities only touted TRX and/or BTT because they were paid to do so.

191. On or about January 22, 2021, Way tweeted: "thanks guys, bought some ... TRX ... 🤞 what's next? let's go 🟢." Later, on or about January 28, 2021, Sun and Way exchanged electronic messages on Twitter, and Sun stated that he sent Way a payment in the form of crypto assets. The next day, on or about January 29, 2021, Way tweeted: "🟢\$trx = fast blockchain." The Tron Foundation, through either Sun or the Rainberry Employee acting at his direction, provided the language for Way's tweets, and, as noted above, Sun paid Way for his promotional tweets with crypto assets that were worth approximately \$10,000. But neither of Way's tweets disclosed the fact that Way had been paid to tout TRX or the amount of his payment.

192. On or about February 11, 2021, an American actress tweeted: "Exploring #DeFi and already liking \$JST, \$SUN on \$TRX. Super fast and 0 fee. Good job @justinsuntron." That same day, another American actress based in the United States tweeted: "People should use only \$TRX cause it's fast, cheap and hot . . . thanks @justinsuntron." The Tron Foundation, through either Sun or the Rainberry Employee acting at his direction, provided the language for each of those tweets. Also that same day, an American singer based in the United States tweeted: "What's an ideal crypto bag? Thinking \$TRX \$BTT \$JST \$SUN \$WIN." The Tron



Foundation and BitTorrent Foundation, through either Sun or the Rainberry Employee acting at his direction, provided the language for each of those tweets. Sun arranged for these three celebrities to be paid \$10,000, \$955.70, and \$12,000, respectively, for their tweets. None of those tweets, however, disclosed the fact that the celebrities were paid to tout TRX or BTT or the amounts the payments.

193. The next day, on or about February 12, 2021, Mahone tweeted: “When \$TRX hits 50 cents and \$BTT hits 1 cent I’m getting a tattoo of @justinsuntron’s face.” The Tron Foundation and BitTorrent Foundation, through either Sun or the Rainberry Employee acting at his direction, provided the language for Mahone’s tweet, and Sun arranged for Mahone to be paid bitcoin valued at approximately \$7,507 for the tweet. Mahone’s tweet did not disclose the fact that he had been paid to tout TRX or BTT or the amount of his payment.

194. To conceal the truth about the celebrity touting campaign from the investing public, Sun falsely denied that he and the Tron Foundation paid celebrities to tout. On or about February 16, 2021, Sun tweeted: “There have been rumors lately of third party celebrities being paid to promote #TRON. #TRON Foundation is not involved in these activities. Nor is the foundation aware of the actors behind this.” That same day, about one minute later, Sun tweeted: “If any celebrities are paid to promote TRON, we require them to disclose.”

195. Those tweets by Sun were false. In fact, as Sun knew, celebrities were paid to tout TRX and BTT; the Tron Foundation and BitTorrent Foundation, through either Sun or the Rainberry Employee acting at his direction, provided the language for the touts; Sun arranged and funded payments to the celebrities for the touts; and the celebrities did not disclose the fact that they were paid to tout TRX or BTT or the amounts of their payments.



196. A reasonable investor considering whether to buy or sell TRX or BTT would have deemed it important to know that celebrities were paid to promote TRX and BTT. But the celebrities' promotional statements did not disclose their payments, and Sun's false statements further concealed those payments from the investing public.

### **FIRST CLAIM FOR RELIEF**

#### **Violation of Sections 5(a) and (c) of the Securities Act (Against Sun, the Tron Foundation, the BitTorrent Foundation, and Rainberry)**

197. Paragraphs 1 through 199 above are re-alleged and incorporated by reference.

198. By their conduct alleged herein, the Sun Defendants, directly or indirectly, without a registration statement filed and in effect as to securities, (a) made use of the means and instruments of transportation or communications in interstate commerce or of the mails to sell securities through the use of any prospectus or otherwise; (b) carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities for the purpose of sale or for delivery after sale; and (c) made use of the means and instruments of transportation or communication in interstate commerce or of the mails to offer to sell securities through the use or medium of a prospectus or otherwise.

199. The Sun Defendants thus violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and (c) of the Securities Act, 15 U.S.C. § 77e(a) and (c).

### **SECOND CLAIM FOR RELIEF**

#### **Violation of Sections 17(a)(1) and (a)(3) of the Securities Act (Against Sun, the Tron Foundation, the BitTorrent Foundation, and Rainberry)**

200. Paragraphs 1 through 199 above are re-alleged and incorporated by reference.

201. By their conduct alleged herein, the Sun Defendants, in the offer or sale of securities, by the use of means or instrumentalities of transportation or communication in

interstate commerce or by use of the mails, directly or indirectly: (1) knowingly or recklessly employed devices, schemes, or artifices to defraud; and (2) knowingly, recklessly, or negligently engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

202. The Sun Defendants thus violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1) and (a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(1) and (a)(3).

### **THIRD CLAIM FOR RELIEF**

#### **Violation of Sections 9(a)(1) and (a)(2) of the Exchange Act (Against Sun, the Tron Foundation, the BitTorrent Foundation, and Rainberry)**

203. Paragraphs 1 through 199 above are re-alleged and incorporated by reference.

204. By their conduct alleged herein, the Sun Defendants, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, or of a facility of any national securities exchange, (1) for the purpose of creating a false or misleading appearance of active trading in any security, or a false or misleading appearance with respect to the market for any such security, (A) effected transactions in securities that involved no change in the beneficial ownership thereof, and (B) entered orders for the purchase of securities with the knowledge that orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of such securities, had been or would be entered by or for the same or different parties, and (C) entered orders for the sale of securities with the knowledge that orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such securities, had been or would be entered by or for the same or different parties; and (2) effected, alone or with one or more other persons, a series of transactions in securities registered on a national securities exchange, any security not so registered, or in

connection with any security-based swap or security-based swap agreement with respect to such security, creating actual or apparent active trading in such securities, or raising or depressing the price of such securities, for the purpose of inducing the purchase or sale of such securities by others.

205. The Sun Defendants thus violated, and unless restrained and enjoined will continue to violate, Sections 9(a)(1) and (a)(2) of the Exchange Act, 15 U.S.C. § 78i(a)(1) and (a)(2).

#### **FOURTH CLAIM FOR RELIEF**

##### **Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder (Against Sun, the Tron Foundation, the BitTorrent Foundation, and Rainberry)**

206. Paragraphs 1 through 199 above are re-alleged and incorporated by reference.

207. By their conduct alleged herein, the Sun Defendants, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, knowingly or recklessly, (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

208. The Sun Defendants thus violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

## **FIFTH CLAIM FOR RELIEF**

### **Violation of Section 17(b) of the Securities Act (Against Mahone and Way)**

209. Paragraphs 1 through 199 above are re-alleged and incorporated by reference.

210. By their conduct alleged herein, Mahone and Way, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated a notice, advertisement, or communication, which, though not purporting to offer a security for sale, described a security, for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt of such consideration and the amount thereof.

211. Mahone and Way thus violated, and unless restrained and enjoined will continue to violate, Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

## **SIXTH CLAIM FOR RELIEF**

### **Aiding and Abetting Violation of Section 17(b) of the Securities Act (Against Sun, the Tron Foundation, the BitTorrent Foundation, and Rainberry)**

212. Paragraphs 1 through 199 above are re-alleged and incorporated by reference.

213. As set forth above, by their conduct alleged herein, Mahone and Way, among other celebrities, violated Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

214. The Sun Defendants knowingly or recklessly provided substantial assistance to Mahone and Way, among other celebrities, in their violations of Section 17(b) of the Securities Act.

215. The Sun Defendants thus aided and abetted, and unless restrained and enjoined will continue to aid and abet, violations of Section 17(b) of the Securities Act by celebrities, including Mahone and Way.

### PRAYER FOR RELIEF

Accordingly, the SEC respectfully requests that the Court enter a Final Judgment:

- A. Finding that Defendants, except Mahone (who settled with the SEC), committed the violations alleged in this Complaint;
- B. Permanently restraining and enjoining the Sun Defendants from violating Sections 5(a) and (c) of the Securities Act, 15 U.S.C. § 77e(a) and (c); Sections 17(a)(1) and (a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(1) and (a)(3); Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b); Sections 9(a)(1) and (a)(2) of the Exchange Act, 15 U.S.C. § 78i(a)(1) and (a)(2); Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b); and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5;
- C. Permanently restraining and enjoining Way from violating Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b);
- D. Imposing a conduct-based injunction pursuant to Section 21(d)(5) of the Exchange Act, 15 U.S.C. § 78u(d)(5), prohibiting the Sun Defendants from participating, directly or indirectly, including through any entity controlled by them, in any offer or sale of securities, including any crypto asset security; provided, however, that such injunction shall not prevent Sun from purchasing or selling non-crypto asset securities for his own personal account;
- E. Imposing a conduct-based injunction pursuant to Section 21(d)(5) of the Exchange Act, 15 U.S.C. § 78u(d)(5), prohibiting Way from receiving or agreeing to receive any form of compensation or consideration, directly or indirectly, from any issuer, underwriter, or dealer, for directly or indirectly publishing, giving publicity to, or circulating any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a crypto asset security, for sale, describes such crypto asset security;

F. Permanently prohibiting Sun, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), and Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), from acting as an officer or director of any issuer that has securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act;

G. Ordering the Sun Defendants to disgorge, jointly and severally, all of the ill-gotten gains that they received from the violations alleged herein, plus prejudgment interest, pursuant to Sections 21(d)(3), (5) and (7) of the Exchange Act, 15 U.S.C. §§ 78u(d)(3), (5) and (7);

H. Ordering Way to disgorge all of the ill-gotten gains that he received from the violations alleged herein, plus prejudgment interest, pursuant to Sections 21(d)(3), (5) and (7) of the Exchange Act, 15 U.S.C. §§ 78u(d)(3), (5) and (7);

I. Ordering Defendants, except Mahone (who settled with the SEC), to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3); and

J. Granting such further relief as the Court deems appropriate for the protection of investors.

### **JURY DEMAND**

The SEC demands a trial by jury on all issues so triable.

Dated: April 18, 2024

Respectfully submitted,

/s/ Timothy K. Halloran  
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