

## **Securities Regulation Daily Wrap Up, BLOCKCHAIN—S.D.N.Y.: SEC charges 27-year-old with manipulating Mango Markets' governance token to steal \$116 million of crypto assets, (Jan 23, 2023)**

By Elena Eyber, J.D.

The SEC brought charges against a 27-year-old for draining over \$116 million from a crypto asset trading platform, Mango Markets, after manipulating the trading price and volume of the MNGO token.

The SEC's complaint filed in federal district court in New York charges Avraham Eisenberg with attacking a crypto asset trading platform, Mango Markets, by manipulating the MNGO token, a governance token that was offered and sold as a security. According to the complaint, the scheme enabled Eisenberg to borrow and withdraw over \$116 million of crypto assets from Mango Markets. Eisenberg was arrested and detained in Puerto Rico and is awaiting transport to New York where he is facing parallel criminal and civil charges brought by the DOJ and the [CFTC \(SEC v. Eisenberg, January 20, 2023\)](#).

**Manipulation scheme.** According to the SEC's complaint, beginning on October 11, 2022, Eisenberg engaged in a scheme to steal over \$116 million of crypto assets from the Mango Markets platform. The complaint alleges that Eisenberg, who perpetrated the scheme while living in Puerto Rico, used an account that he controlled on Mango Markets to sell a large number of perpetual futures for MNGO tokens and used a separate account on Mango Markets to purchase those same perpetual futures. The complaint further alleges that Eisenberg then engaged in a series of large purchases of the thinly traded MNGO token for the purpose of artificially raising the price of MNGO token relative to the crypto asset USD Coin.

Next, the complaint alleges that, as a result of these transactions, the price of MNGO perpetual futures on Mango Markets, including those held by Eisenberg, increased. According to the complaint, Eisenberg used the increased value of his MNGO perpetual futures position to borrow and withdraw \$116 million of crypto assets from Mango Markets, effectively draining all available assets from the Mango Markets platform.

"As we allege, Eisenberg engaged in a manipulative and deceptive scheme to artificially inflate the price of the MNGO token, which was purchased and sold as a crypto asset security, in order to borrow and then withdraw nearly all available assets from Mango Markets, which left the platform at a deficit when the security price returned to its pre-manipulation level," [said](#) David Hirsch, Chief of the Crypto Assets and Cyber Unit. "As our action shows, the SEC remains committed to rooting out market manipulation, regardless of the type of security involved."

**Relief sought.** The complaint charges Eisenberg with violating anti-fraud and market manipulation provisions of the securities laws and seeks permanent injunctive relief, a conduct-based injunction, disgorgement with prejudgment interest, and civil penalties.

The Case is [No. 1:23-cv-00503](#).

Attorneys: Kristin McNamara Pauley for the SEC.

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