

Press Release

SEC Obtains Final Judgment Against Kik Interactive For Unregistered Offering

FOR IMMEDIATE RELEASE

2020-262

Washington D.C., Oct. 21, 2020 — The Securities and Exchange Commission announced today that a federal district court has entered a final judgment on consent against Kik Interactive Inc. to resolve the SEC's charges that Kik's unregistered offering of digital "Kin" tokens in 2017 violated the federal securities laws.

The SEC's [complaint](#), filed in the U.S. District Court for the Southern District of New York on June 4, 2019, alleged that Kik sold digital asset securities to U.S. investors without registering their offer and sale as required by the U.S. securities laws. The court granted the SEC's motion for summary judgment on September 30, 2020, finding that undisputed facts established that Kik's sales of "Kin" tokens were sales of investment contracts, and therefore of securities, and that Kik violated the federal securities laws when it conducted an unregistered offering of securities that did not qualify for any exemption from registration requirements. The court further found that Kik's private and public token sales were a single integrated offering.

"Issuers seeking to use the public markets to capitalize their businesses may not evade the registration requirements of the federal securities laws," said Kristina Littman, Chief of the SEC Enforcement Division's Cyber Unit. "The court's decision recognized that Kik was engaged in a single, illegal offering of securities."

The final judgment permanently enjoins Kik from violating the registration provisions of Sections 5(a) and 5(c) of the Securities Act of 1933. Kik is further required, for the next three years, to provide notice to the Commission before engaging in enumerated future issuances, offers, sales, and transfers of digital assets. Kik will also pay a \$5 million penalty.

The SEC is represented by Laura D'Allaird, David Mendel, and Stephan Schlegelmilch with assistance from Jeff Leasure, Brent Mitchell, and James Murtha of the Complex Financial Instruments Unit.

###