

Statement

Statement on Jury's Verdict in Trial of Terraform Labs PTE Ltd. and Do Kwon

Gurbir S. Grewal

Director, Division of Enforcement

April 5, 2024

Today, after a nine-day trial, a jury in the United States District Court for the Southern District of New York found Terraform Labs PTE Ltd. and Do Kwon liable for defrauding investors in crypto asset securities. Previously, the Court found that Terraform Labs and Kwon unlawfully offered and sold crypto asset securities in violation of the registration provisions of the Securities Act of 1933.

Statement of SEC Division of Enforcement Director Gurbir S. Grewal:

"We are pleased with today's jury verdict holding Terraform Labs and Do Kwon liable for a massive crypto fraud. Terraform Labs and Kwon, its former CEO, deceived investors about the stability of the crypto asset security and so-called algorithmic stablecoin Terra USD, and they further misled investors about whether a popular payment application used Terraform's blockchain to process and settle payments. Through these deceptions, the defendants caused devastating losses for investors and wiped out tens of billions of market value nearly overnight. For all of crypto's promises, the lack of registration and compliance have very real consequences for real people. As the hard work of our team shows, we will continue to use the tools at our disposal to protect the investing public, but it is high time for the crypto markets to come into compliance."

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More information:

On February 26, 2023, the SEC filed its civil complaint:

<https://www.sec.gov/files/litigation/complaints/2023/comp-pr2023-32.pdf>

On June 8, 2022, the United States Court of Appeals for the Second Circuit affirmed a district court order requiring compliance with SEC investigative subpoenas served on Terraform and Kwon:

<https://www.sec.gov/litigation/litreleases/lr-25415>