PRESS RELEASE

Two Robinhood Employees Charged With Fraud

Tuesday, September 15, 2026

For Immediate Release

U.S. Attorney's Office, Southern District of New York

Robinhood Engineers Hefu Chai and Huaisong Xiang Traded Perpetual Futures on the Basis of Confidential Business Information

United States Attorney for the Southern District of New York, Jamie McDonald, and Assistant Director in Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), James C. Barnacle, Jr., announced today the unsealing of Complaints charging HEFU CHAI and HUAISONG XIANG, a/k/a "Jerry Xiang," with commodities fraud and wire fraud arising from a scheme to misappropriate confidential business information from their employer, Robinhood Markets, Inc. ("Robinhood"), and use that information to trade perpetual futures on Hyperliquid, a decentralized derivatives exchange. CHAI will be presented today in the Northern District of California. XIANG will be presented today before U.S. Magistrate Judge Ona T. Wang.

> ***"Misappropriating confidential information to trade in the derivatives markets for personal benefit is illegal," said U.S. Attorney Jamie McDonald. "That is exactly what we allege Hefu Chai and Huaisong Xiang have done. Today's charges make clear that corporate insiders cannot evade the securities and commodities laws by trading based on misappropriated***

> ***information in derivatives like perpetual futures, tokenized securities, or other similar financial instruments."***

"Hefu Chai and Huaisong Xiang are charged with commodities fraud and wire fraud for allegedly exploiting confidential business information taken from their employer to trade perpetual futures," said FBI Assistant Director in Charge James C. Barnacle, Jr. "These charges make clear the FBI with its partners will act when individuals access sensitive business information for their own benefit."

According to the Complaints unsealed today in Manhattan federal court:(1)

CHAI and XIANG were employed as engineers at Robinhood. In connection with their roles at Robinhood, CHAI and XIANG had access to nonpublic information regarding whether and when Robinhood would support additional cryptocurrencies for trading on Robinhood Crypto, a Robinhood subsidiary that operates a digital asset trading platform.

Hyperliquid markets itself as a decentralized exchange for trading a wide range of derivative products, including cryptocurrencies and derivatives tied to other underlying assets. Investors on Hyperliquid can purchase, among other things, perpetual futures ("perpetuals"). Perpetuals are derivative products that allow investors to take positions on the price movements of an underlying asset, whether a cryptocurrency or another asset, without owning the asset itself. Unlike traditional futures contracts, Hyperliquid's perpetuals do not expire and can be maintained indefinitely. To keep a position open, however, traders must make or receive periodic funding payments, which align the perpetual's price with the spot price of the underlying asset. A trader can settle the perpetual at any time and realize their gain or loss.

Between 2025 and 2026, CHAI and XIANG repeatedly bought perpetual futures linked to cryptocurrency tokens on Hyperliquid in advance of Robinhood's public announcements that the underlying cryptocurrency tokens would be listed on Robinhood Crypto. On each occasion, CHAI and XIANG possessed material nonpublic information that Robinhood would list the cryptocurrency token on Robinhood Crypto, and CHAI and XIANG traded on that information in breach of the duties that CHAI and XIANG owed to Robinhood to maintain the confidentiality of this information. CHAI and XIANG each profited more than $50,000 from their illicit trading.

* * *

CHAI, 36, of Menlo Park, California, and XIANG, 30, of Jersey City, New Jersey, are charged with one count of violating the Commodity Exchange Act, which carries a maximum sentence of 10 years in prison, and one count of wire fraud, which carries a maximum sentence of 20 years in prison.

The maximum potential sentences in this case are prescribed by Congress and provided here for informational purposes only, as any sentencing of the defendants will be determined by

the judge.

Mr. McDonald praised the outstanding work of the FBI. Mr. McDonald further thanked Robinhood for its cooperation with the investigation.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorney Alexandra N. Rothman is in charge of the prosecution.

The charges contained in the Complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

1. ^

   As the introductory phrase signifies, the entirety of the text of the Complaints and the description of the Complaints set forth herein constitute only allegations, and every fact described therein should be treated as an allegation.

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Attachments

26_mag_3716_chai_complaint.pdf [PDF, 236 KB]

26_mag_3718_xiang_complaint.pdf [PDF, 115 KB]

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