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SEC Granted Summary Judgment Against New Hampshire Issuer of Crypto Asset Securities for Registration Violations

Litigation Release No. 25573 / November 7, 2022

SEC v. LBRY, Inc., No. 1:21-cv-00260-PB (D.N.H. filed Mar. 29, 2021)

On November 7, 2022, Judge Peter Barbadoro of the United States District Court for the District of New Hampshire granted the SEC's motion for summary judgment against LBRY, Inc., a New Hampshire software company that issued crypto asset securities called "LBRY Credits" or "LBC." The Court held that LBRY offered and sold LBC as a security in violation of the registration provisions of the federal securities laws, and that LBRY did not have a defense that it lacked fair notice of the application of those laws to its offer and sale.

The SEC's complaint charges LBRY with conducting an unregistered offering and sale of crypto asset securities. The SEC seeks permanent injunctive relief, disgorgement plus prejudgment interest, and civil penalties. The SEC's complaint alleged that, from at least July 2016 to February 2021, LBRY, which provides a video sharing application, sold crypto asset securities called "LBRY Credits" to numerous investors, including investors based in the US. The complaint alleges that this was an offering and sale of securities under the federal securities laws, and that LBRY did not file a registration statement for the offering. The complaint further alleges that by failing to file a registration statement, LBRY denied prospective investors the information required for such an offering to the public. The SEC's filings with the court alleged that LBRY received approximately \$12.2 million in proceeds in U.S. dollars and crypto assets from its sales of LBC. The Court found that LBRY violated the charged provisions and reserved the determination of relief for a later date.

The SEC is represented by Marc Jones, Peter Bryan Moores, and Amy Burkart of the Boston Regional Office.

Modified: November 7, 2022

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