

Press Release

Sparkster to Pay \$35 Million to Harmed Investor Fund for Unregistered Crypto Asset Offering

Crypto Asset Promoter Ian Balina Charged for Touting Tokens Without Disclosing Compensation

FOR IMMEDIATE RELEASE

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Washington D.C., Sept. 19, 2022 — The Securities and Exchange Commission today issued a cease-and-desist order against Sparkster Ltd. and its CEO, Sajjad Daya, for the unregistered offer and sale of crypto asset securities from April 2018 through July 2018 and charged crypto influencer Ian Balina for failing to disclose compensation he received from Sparkster for publicly promoting its tokens and failing to file a registration statement with the SEC for Sparkster tokens that he resold. Sparkster and Daya agreed to settle and to collectively pay more than \$35 million into a fund for distribution to harmed investors.

According to the SEC's order, Sparkster and Daya raised \$30 million from 4,000 investors in the United States and abroad by offering and selling crypto asset securities called SPRK tokens to raise money to further develop Sparkster's "no-code" software platform. As stated in the order, Sparkster and Daya told investors that SPRK tokens would increase in value, that Sparkster management would continue to improve Sparkster, and that they would make the tokens available on a crypto trading platform. The order also finds that the SPRK tokens, as offered and sold, were securities, were not registered with the SEC, and were not applicable for a registration exemption.

According to the SEC's complaint against Balina filed in the United States District Court for the Western District of Texas, he purchased \$5 million worth of SPRK tokens and promoted SPRK tokens on YouTube, Telegram, and other social media platforms from approximately May 2018 to July 2018. Balina allegedly failed to disclose that Sparkster had agreed to provide him a 30 percent bonus on the tokens that he purchased, as consideration for his promotional efforts. Balina also allegedly organized an investing pool of at least 50 individuals to whom he offered and sold SPRK tokens, despite not registering the offering with the SEC as required by federal securities laws and despite the lack of an applicable exemption from registration.

"The resolution with Sparkster and Daya allows the SEC to return a significant amount of money to investors and requires additional measures to protect investors, including the disabling of tokens to prevent their future sale," said Carolyn M. Welshhans, Associate Director of the SEC's Division of Enforcement. "The SEC's action against Balina further protects investors by seeking to hold accountable an alleged crypto asset promoter for failures to follow the federal securities laws."

The SEC's order finds that Sparkster and Daya violated the offering registration provisions of Sections 5(a) and 5(c) of the Securities Act of 1933. Without admitting or denying the SEC's findings, Sparkster agreed to destroy its remaining tokens, request the removal of its tokens from trading platforms, and publish the SEC's order on its website and social media channels. Daya, without admitting or denying the SEC's findings, agreed to refrain, for a period of five years, from participating in offerings of crypto asset securities. The SEC orders

Sparkster to pay \$30 million in disgorgement, \$4,624,754 in prejudgment interest, and a \$500,000 civil penalty. The SEC's order imposes a \$250,000 civil penalty against Daya.

The SEC's complaint charges Balina with violating the offering registration provisions of Section 5(a) and (c) of the Securities Act and with violating Section 17(b) of the Act and seeks injunctive relief, disgorgement plus prejudgment interest, and civil penalties.

The SEC's investigation was conducted by Ivan J. Snyder and supervised by David Frohlich and Ms. Welshhans. The litigation is being conducted by Fernando Campoamor Sánchez and Ivan J. Snyder and supervised by Melissa Armstrong. The SEC appreciates the assistance of the United Kingdom's Financial Conduct Authority and the Cayman Islands Monetary Authority.

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Related Materials

- [SEC Complaint](#)
- [SEC Order](#)