

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 1:23-cv-01599
)	
BINANCE HOLDINGS LIMITED,)	
BAM TRADING SERVICES INC.,)	
BAM MANAGEMENT US HOLDINGS)	
INC., AND CHANGPENG ZHAO,)	
)	
Defendants.)	
)	

I, **Colby Steele**, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I submit this declaration in support of Plaintiff Securities and Exchange Commission’s (“SEC” or “Commission”) Motion for a Temporary Restraining Order and Other Relief (“Motion”).

2. I have personal knowledge of the matters set forth in this declaration, except as otherwise noted, and, if called as a witness, I could and would competently testify under oath to the facts stated herein.

3. I am an attorney admitted to the New York Bar in 2015 and am registered with the New York Bar. Since 2017, I have worked as an attorney in the Commission’s Division of Enforcement in Washington, DC. I am currently a Senior Counsel in the Division of Enforcement’s Market Abuse Unit.

4. In the course of my duties, I conduct investigations into possible violations of the federal securities laws. My responsibilities include, among other things: (i) issuing subpoenas for the production of documents and witness testimony; (ii) obtaining and analyzing documents; (iii) taking testimony; and (iv) determining whether there have been violations of the statutes and regulations enforced by the Commission.

5. On August 17, 2020, the Commission issued an Order Directing Private

Investigation and Designating Officers to Take Testimony (File No. HO-13865), which is referred to as a Formal Order. The investigation concerned, among other things, possible violations of the Federal securities laws by BAM Trading Services Inc. (“BAM Trading”). In the course of conducting this investigation, Commission staff, including myself, sought and obtained documents and other evidence regarding the Defendants’ activities.

6. On September 29, 2021, the Commission issued an Order Directing Private Investigation and Designating Officers to Take Testimony (File No. HO-14376), which is referred to as a Formal Order. I am one of the attorneys who was assigned to the investigation, which concerned, among other things, possible violations of the Federal securities laws by Binance Holdings Limited (“Binance Holdings”). In the course of conducting this investigation, Commission staff sought and obtained documents and other evidence regarding the Defendants’ activities.

Evidence In Support Of The SEC’s Motion

7. Attached as Exhibit A-1 is a true and correct copy of a Certificate of Incumbency that was produced pursuant to an administrative subpoena in this investigation.

8. Attached as Exhibit A-2 is a true and correct copy of a June 5, 2023, webcapture created by SEC staff of a Binance blog entitled “From Burgers to Bitcoin: How CZ Built a Leading Crypto Exchange in Just 180 Days,” dated November 24, 2020.

9. Attached as Exhibit A-3 is a true and correct copy of a June 5, 2023, webcapture created by SEC staff of the Binance website page entitled “Binance Country Selector.”

10. Attached as Exhibit A-4 is a true and correct chart produced by BAM Trading pursuant to an administrative subpoena in this investigation.

11. Attached as Exhibit A-5 is a true and correct copy of a June 5, 2023, webcapture created by SEC staff of a Binance blog entitled “Binance.US Launches in Two New U.S. Territories,” dated December 5, 2022.

12. Attached as Exhibit A-7 is a true and correct copy of a February 1, 2023, letter

from counsel for BAM Trading that was Bates stamped BTS00831965-74 and produced in Response to SEC interrogatories, dated December 28, 2022.

13. Attached as Exhibit A-8 is a document bates numbered SEC-SGB-E-00222398 that was produced pursuant to an administrative subpoena in this investigation.

14. Attached as Exhibit A-9 is a true and correct copy of a Binance Holdings Organizational and Beneficial Ownership Chart that was bates stamped BHL-SEC-BUSD00000001-2 and was produced to the Commission.

15. On or about May 8, 2020, Defendant Changpeng Zhao (“Zhao”) was interviewed by Laura Shin as part of the “Ethereal Virtual Summit.” I watched and listened to a YouTube video recording of the interview, entitled “Fireside Chat with CZ and Laura Shin,” from time stamp 42:13 to time stamp 42:36, and recognized Zhao in the video, and I attest that Zhao referred to corporate formalities as “traditional mentalities” and stated, “What kind of horse is a car? So you have to have an office. Wherever I sit is going to be the Binance office. Wherever, wherever I meet somebody is going to be the Binance office. ‘You have to have an entity. You have to have a headquarters. You have to have a bank account.’ All those things [don’t] have to exist for blockchain companies.”

16. Attached as Exhibit A-10 is a true and correct webcapture created by SEC staff of a Binance website entitled “What is BNB?”

17. Attached as Exhibit A-11 is a true and correct copy of the June 16, 2017, BNB Whitepaper that was bates stamped BHL-SEC-BUSD-00000003-19 and was produced to the Commission.

18. Attached as Exhibit A-12 is a true and correct webcapture created by SEC staff of a Binance website entitled “The Binance.com ICO Experience, Lessons and Advice.”

19. Attached as Exhibit A-13 is a true and correct webcapture created by SEC staff of a Binance website entitled “14th BNB Burn – Quarterly Highlights and Insights from CZ.”

20. Attached as Exhibit A-14 is a true and correct webcapture created by SEC staff of

a Binance website entitled “How to Use BNB to Pay for Fees and Earn 25% Discount.”

21. Attached as Exhibit A-15 is a true and correct webcapture created by SEC staff of a Reddit “ask me anything” event that was available on the internet.

22. Attached as Exhibit A-16 is a true and correct webcapture created by SEC staff of a Binance website entitled “BNB Price Prediction.”

23. Attached as Exhibit A-17 is a true and correct copy of a webcapture created by SEC staff of a Binance entitled “Binance Labs to Invest in 7 Projects From the MVB Accelerator Program Co-led by BNB Chain.”

24. Attached as Exhibit A-17 is a true and correct copy of a webcapture created by SEC staff of a webpage entitled “Binance Labs to Invest in 7 Projects From the MVB Accelerator Program Co-led by BNB Chain.

25. Attached as Exhibit A-18 is a true and correct copy of a webcapture created by SEC staff of a Coincodex webpage entitled “Binance Coin (BNB) Exchanges.”

26. Attached as Exhibit A-19 is a true and correct copy of the document bates stamped CC000333412-16 that was produced to the Commission pursuant to an administrative subpoena.

27. Attached as Exhibit A-20 is a true and correct copy of a document titled “Binance First Year in Review,” that was bates stamped BHL-SEC-BUSD-0002022-29 and was voluntarily produced to the Commission.

28. Attached as Exhibit A-21 is a true and correct copy a document Bates numbered BHL-SEC_BUSD-0054597 that was produced to the Commission, and that has been translated into Mandarin by SEC staff, and that contains English translations superimposed over Mandarin text in this copy of the document.

29. Attached as Exhibit A-22 is a true and correct copy of a document Bates numbered BHL-BUSD-SEC-0214986 entitled “Financial Reporting Package” that was produced to the Commission.

30. Attached as Exhibit A-23 is a true and correct copy of a webcapture created by SEC staff of the Binance.com website.

31. Attached as Exhibit A-24 is a true and correct copy of a webcapture created by SEC staff of a Binance website entitled “FAQ”

32. Attached as Exhibit A-25 is a true and correct copy of a webcapture created by SEC staff of a May 8, 2019 “AMA” with Zhao.

33. Attached as Exhibit A-26 is a true and correct copy of translation of a December 31, 2020, internal Binance chat that was Bates stamped BHL-SEC-BUSD-0311735-37 and was produced to the Commission, and that has been translated into Mandarin by SEC staff, and that contains English translations superimposed next to Mandarin text in this copy of the document.

34. Attached as Exhibit A-27 is a true and correct copy of a June 8, 2019, internal Binance chat that was Bates stamped BHL-SEC-BUSD-0054606 and was produced to the Commission.

35. Attached as Exhibit A-28 is a true and correct copy of an excerpt of a spreadsheet titled “BAM Market Makers” that was Bates stamped BTS000005523 and was produced pursuant to an administrative subpoena.

36. Attached as Exhibit A-29 is a true and correct copy of a document titled “Group Structure” that was Bates stamped BHL-SEC-BUSD-0289617-19 and was voluntarily produced to the Commission.

37. Attached as Exhibit A-30 is a true and correct copy of a webcapture created by SEC staff of a Binance website entitled “Binance Beginners Guide.”

38. Attached as Exhibit A-31 is a true and correct copy of a webcapture created by SEC staff of a Binance webpage that is entitled “How and why assets move between Binance wallets.”

39. Attached as Exhibit A-32 is a true and correct copy of a webcapture created by SEC staff of a Binance website entitled “How to withdraw fiat currency from Binance via

Advcash.”

40. Attached as Exhibit A-33 is a true and correct copy of a webcapture created by SEC staff of a Binance website entitled “Centralized crypto exchanges recorded \$14 trillion in trading volume this year.”

41. Attached as Exhibit A-34 is a true and correct copy of the document titled “Binance US Entry: Risks and Strategies” that was bates stamped BHL-SEC-BUSD-0235533 and was produced to the Commission.

42. Attached as Exhibit A-35 is a true and correct copy of the document titled “Binance US Entry: Proposed Implementation” that was bates stamped BHL-SEC-BUSD-0235541-48 and was voluntarily produced to the Commission.

43. Attached as Exhibit A-36 is a true and correct copy of an October 18, 2018, internal Binance chat that was bates stamped BH-SEC-BUSD-0036086-89 and was voluntarily produced to the Commission.

44. Attached as Exhibit A-37 is a true and correct copy of an excerpt from a December 24, 2018, internal Binance chat that was bates stamped BHL-SEC-BUSD-0036504-30 and was voluntarily produced to the Commission.

45. Attached as Exhibit A-38 is a true and correct certified translation of a June 25, 2019, recording produced by Binance with bates number BHL-SEC-BUSD-0235662 that was voluntarily produced to the Commission.

46. Attached as Exhibit A-39 is a true and accurate transcript of a July 15, 2020, document that was bates stamped BHL-SEC-BUSD-0235733-36 and was voluntarily produced to the Commission.

47. Attached as Exhibit A-40 is a true and accurate copy of an October 7, 2020, document that was bates stamped BHL-SEC-BUSD-0391007-10 and was voluntarily produced to the Commission.

48. Attached as Exhibit A-41 is a true and correct copy of a document bates stamped CC000406022 that was produced to the Commission.

49. Attached hereto as Exhibit A-42 is a true and correct copy of a document that was bates numbered BTS00462320 that was produced to the Commission.

50. Attached hereto as Exhibit A-43 is a true and correct copy of a webcapture of a Binance webpage titled "BAM Platform Trading Rules."

51. Attached hereto as Exhibit A-44 is a true and correct copy of a document that was bates numbered CC000407016 that was produced to the Commission.

52. Attached hereto as Exhibit A-45 is a true and correct copy of a document that is bates numbered CC000407003 that was produced to the Commission.

53. Attached hereto as Exhibit A-46 is a true and correct copy of a document that was bates numbered BTS00039026 entitled "Master Service Agreement:" that was produced to the Commission.

54. Attached hereto as Exhibit A-47 is a true and correct copy of a document bates numbered BTS00039043 entitled "Software License Agreement" that was produced to the Commission.

55. Attached as Exhibit A-48 is a true and correct copy of a document that was bates stamped BTS00831451.entitled "Binance.US Terms of Use" that was produced to the Commission.

56. Attached as Exhibit A-49 is a true and correct copy of the June 11, 2021, letter from counsel for BAM Trading to Kathleen Hitchins and bates stamped BTS00033433.

57. Attached hereto a Exhibit A-50 is a true and correct copy of a document that was bates numbered SEC-Primetrust-E-0013680 that was produced to the Commission.

58. Attached as Exhibit A-51 is a true and correct copy of an excerpt of a July 9, 2021, letter from counsel for BAM Trading to Kathleen Hitchins and bates stamped BTS00042025.

59. Attached hereto as Exhibit A-52 is a true and correct copy of a document that was bates numbered BTS00833798 and that was produced to the Commission.

60. Attached hereto as Exhibit A-53 is a true and correct copy of a document that was bates numbered BTS00833689 titled "Binance.US Seed Round Pitch Deck" that was produced to the Commission.

61. Attached hereto as Exhibit A-54 is a true and correct copy of a document that was bates numbered CC000272028 that was produced to the Commission.

62. Attached hereto as Exhibit A-55 is a document that was bates numbered DCC000391390 that was produced to the Commission.

63. Attached as Exhibit A-56 is a true and correct copy of a spreadsheet that was bates stamped BTS00005523 titled "BAM Market Maker" that was produced to the Commission.

64. Attached as Exhibit A-57 is a true and correct copy of a document titled that was bates numbered BHL-SEC-BUSD-0221710 titled "Binance.US Institutional Onboarding Application" that was produced to the Commission.

65. Attached as Exhibit A-58 is a true and correct copy of a document that is bates stamped SEC-PrimeTrust-E-0011951 titled "Binance.US Institutional Onboarding Application" for Sigma Chain AG that was produced to the Commission by Prime Trust.

66. Attached as Exhibit A-59 is a true and correct copy of a January 27, 2023, letter to Kathleen Hitchens and that was bates numbered BTS00831945.

67. Attached as Exhibit A-60 is a true and correct copy of a document that was bates stamped BTS00044531 that was produced to the Commission.

68. Attached as Exhibit A-61 is a true and correct copy of a document that was Bates numbered BTS00044533 that was produced to the Commission.

69. Attached as Exhibit A-62 is a true and correct copy of a January 6, 2020, document that was bates stamped CC000270182-87 and was produced to the Commission.

70. Attached as Exhibit A-63 is a true and correct copy of a document that was bates stamped CC00650405-411 and was produced to the Commission.

71. Attached as Exhibit A-64 is a true and correct copy of a November 7, 2019, internal Binance chat that was bates stamped CC000274048-50 and was produced to the Commission.

72. Attached as Exhibit A-65 is a true and correct copy of BAM Trading Services Inc. Balance Sheet as of December 31, 2019, that was bates stamped BTS00509917 and was produced to the Commission.

73. Attached as Exhibit A-66 is a true and correct copy of a document that was bates stamped CC000289050 that was produced to the Commission.

74. Attached as Exhibit A-67 is a true and correct copy of a document that was bates numbered SEC-Primetrust-E-0013680 that was produced to the Commission.

75. Attached as Exhibit A-68 is an excerpt from a true and correct copy of a May 26, 2023, letter from counsel for BAM Trading to Jorge Tenreiro, Deputy Chief of the SEC's Crypto Assets and Cyber Unit.

76. Attached as Exhibit A-69 is a true and correct copy of a June 2, 2023, letter to Jennifer Farer from counsel for BAM Trading.

77. Attached as Exhibit A-70 is a true and correct copy of a January 7, 2020, Wallet Custody Agreement that was bates stamped BHL-SEC-BUSD-0203506-522 and was produced to the Commission.

78. Attached as Exhibit A-71 is a true and correct copy of a March 9, 2020, letter from BAM Trading to Binance Holdings that was bates stamped BTS00530989-90 and was produced to the Commission.

79. Attached as Exhibit A-72 is a true and correct copy of a March 31, 2021, representation letter from BAM Trading to Armanino LLP that was bates stamped Armanino-BAM-000116 and was produced to the Commission.

80. Attached as Exhibit A-73 is a true and correct copy of May 20, 2022, letter and May 6, 2022, report to BAM Management US Holdings Inc. from Armanino LLP that was bates stamped Armanino-BAM-000149 that was produced to the Commission.

81. Attached as Exhibit A-74 is a true and correct copy of Bam Trading's December 31, 2022, Financial Statements and Independent Auditor's Report that was bates stamped BTS00833798-23 and that was produced to the Commission.

82. Attached hereto as Exhibit A-75 is a true and correct copy of a document that was Bates numbered BTS00031479 that was produced to the Commission.

83. Attached hereto as Exhibit A-76 is a true and correct copy of a document that was Bates numbered Armaniino-BAM-00136 that was produced to the Commission.

84. Attached as Exhibit A-77 is a true and correct copy of the March 15, 2023, Wells Submission of Binance Holdings to the Commission in the investigation, In the Matter of Binance.US, HO-13865.

85. Attached as Exhibit A-78 is a true and correct copy of a June 4, 2023, letter to Jorge Tenreiro from counsel for Binance Holding and Zhao.

86. Attached as Exhibit A-79 is an excerpt from a true and correct copy of a May 24, 2023, e-mail from Jorge Tenreiro, Deputy Chief of the SEC's Crypto Assets and Cyber Unit to counsel for BAM Trading.

87. Attached as Exhibit A-80 is a true and correct copy of a May 30, 2023, letter from Jennifer Farer to counsel for BAM Trading.

88. Attached as Exhibit A-81 is a true and correct copy of an excerpt of a June 1, 2023, letter from counsel for BAM Trading to Jennifer Farer, Senior Trial Counsel in the Commission's Enforcement Division.

89. Attached as Exhibit A-82 is a true and correct copy of a chart reflecting Key Shard Voting Record – May 2023 to June 2, 2023, produced to the Commission by BAM Trading and bates stamped BTS00833858.

90. Attached as Exhibit A-83 is a true and correct copy of an excerpt of a transcript of the testimony of Brian Brooks before the SEC in connection with HO-13865.

91. Attached as Exhibit A-84 is a true and correct copy of an excerpt of a document bates stamped BTS000833838 that was produced to the Commission.

92. Attached as Exhibit A-85 is a true and correct copy of a June 1, 2023, letter to Jennifer Farer from counsel for BAM Trading.

93. Attached as Exhibit A-86 is a true and correct copy of an excerpt of a transcript of the testimony of Catherine Coley before the SEC in connection with HO-13865.

94. Attached as Exhibit A-87 is a true and correct copy of an excerpt of a transcript of the testimony of Jamie before the SEC in connection with HO-13865.

95. Attached as Exhibit A-88 is a true and correct copy of a document that was bates numbered Armanino-BAM-000057 that was produced to the Commission.

96. Attached as Exhibit A-89 is a true and correct copy of a document that was bates numbered Armanino-BAM-000131 that was produced to the Commission.

Registration Searches

97. On June 5, 2023, I conducted research to determine whether BAM Trading or BAM Management has ever been or is currently registered with the SEC or FINRA. In conducting my research, I used the following websites:

- a. FINRA BrokerCheck website. BrokerCheck is a public database containing information about brokers and brokerage firms.
- b. EDGAR (Electronic Data Gathering, Analysis, and Retrieval System) database. EDGAR is the primary system for companies and others submitting documents under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, and the Investment Company Act of 1940. EDGAR contains millions of company and individual filings.

- c. SEC Self-Regulatory Organization Rulemaking website. The SEC Self-Regulatory Organization Rulemaking website is publicly available and identifies national securities exchanges and registered clearing agencies.

My research indicates that BAM Trading and BAM Management have never been registered nor is currently registered with the SEC or FINRA.

Registration Searches

98. On June 5, 2023, I conducted research to determine whether Binance or BNB has ever been or is currently registered with the SEC or FINRA. In conducting my research, I used the following websites:

- a. FINRA BrokerCheck website. BrokerCheck is a public database containing information about brokers and brokerage firms.
- b. EDGAR (Electronic Data Gathering, Analysis, and Retrieval System) database. EDGAR is the primary system for companies and others submitting documents under the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, and the Investment Company Act of 1940. EDGAR contains millions of company and individual filings.
- c. SEC Self-Regulatory Organization Rulemaking website. The SEC Self-Regulatory Organization Rulemaking website is publicly available and identifies national securities exchanges and registered clearing agencies.

My research indicates that Binance and BNB have never been registered nor is currently registered with the SEC or FINRA.

Information Obtained during the Investigation

99. Based on facts learned during the SEC's investigation, Binance Holdings' BNB Initial Coin Offering was marketed worldwide, and I am not aware of any restrictions on U.S. investments in BNB, nor am I aware of any restrictions on BNB investors preventing their

immediate resale to U.S. investors.

100. Based on facts learned during the SEC's investigation, U.S.-based purchasers bought BNB tokens during the Initial Coin Offering.

101. Wash Trading is a form of market manipulation involving transactions that result in no change of beneficial ownership.

102. During a public CoinDesk webinar in November 2019, BAM CEO A stated that BAM Trading had "on-chain analytics, monitoring all the behaviors that are taking place" on the Binance.US Platform to prevent manipulative activity, and BAM Trading's on-chain analytics had "really clear sets and risk parameters that we're able to make sure we're not ... you know, welcoming behavior that's going to be toxic."

103. On April 3, 2022, the market data API indicated that the trading volume of TRX, a crypto asset security listed on the platform, was 5,902,367. That information would have also been posted on the Binance.US Platform and the company's website, as both pull from the same data as the API.

104. BAM Trading made the platform's trading volume data available through the API for reporting and dissemination by data aggregators such as CoinMarketCap and CoinGecko, which are popular information resources for crypto asset investors. BAM Trading sought to have the Binance.US Platform's trading volumes included on CoinMarketCap because it knew that crypto asset investors look to CoinMarketCap for information on specific crypto assets and where they can be traded. Since in or around April 2020, Zhao has owned CoinMarketCap.

105. As an example, on November 1, 2019, BAM Trading tweeted that the Binance.US Platform had "\$30M in 24hr Volume." Similarly, on January 8, 2021, BAM CEO A tweeted that the platform's total trading volume was "\$500M."

106. In the Pitch Deck, BAM Trading and BAM Management reported, with respect to the Binance.US Platform, "\$24B" in average monthly trading volume, "\$205B" in trading volume to date, and favorable trading volume comparisons to the Binance.US Platform's

competitors.

107. The Pitch Deck also boasted trade volume statistics for the period of time leading up to BAM Trading's and BAM Management's September 2021 outreach to Equity Investors. For example, it highlighted that the Binance.US Platform's August 2021 trading volume was "5x larger than FTX.US and ~24% of Coinbase's global volumes."

108. In August 2019, a Binance co-founder and head of the Binance team that managed the MatchBox trade matching engine used on the Binance Platforms ("Binance Co-Founder") messaged BAM CEO A and senior Binance executives that "the current matching engine allows a user to trade with themselves" asking that they "[p]lease make sure this is OK with whatever US/SEC regulations we have to follow." He also noted, "The manipulation angle comes from the fact it will make the traded volume increase when funds did not in fact trade hands," but that "this is mainly a compliance or regulation issue. If some US compliance or regulation says we must prevent this, we will. Otherwise we will not."

109. On or about July 16, 2020, "takeaways" from a meeting involving BAM Trading's risk management and compliance included that "[m]arket manipulation controls have not been established," and that they had sought more information from a Binance employee "who manages market surveillance." That Binance employee later replied to a BAM Trading compliance employee that Binance had a team monitoring for market manipulation for the Binance Platforms, but the team did "not monitor for wash trading, front running and spoofing" on the Binance.US Platform.

110. Even though BAM Trading first retained Trade Surveillance Company A in late 2020, it was not until February 2022 at the earliest that BAM Trading could even begin using Trade Surveillance Company A's surveillance software in any meaningful way because it was not until then that Binance personnel began providing relevant data in a usable format.

111. At Zhao's insistence, Sigma Chain became a market maker on the Binance.US Platform from the time of its launch. Sigma Chain held numerous accounts through which it

conducted wash trading that corrupted the trading volumes on the Binance.US Platform.

112. Both BAM Trading and BAM Management were aware that Sigma Chain had numerous accounts and was an active trader on the Binance.US Platform. On June 23, 2020, for example, in discussing a drop in trading volume from market makers on the Binance.US Platform, BAM CEO A asked the BAM Trading's Sales Director to "pull [Sigma Chain's] data to hold them accountable too . . . they should be consistent too – we can ask for more volume but they've been up to 50% for us before."

113. On January 6, 2021, the Sales Director messaged BAM CEO A and other BAM Trading employees "fyi these are ALL sigma chain," and then listed 20 account numbers. Another BAM Trading employee responded, "whoa."

114. Wash trading between Sigma Chain's accounts occurred from the launch of the Binance.US Platform in 2019 through at least June 23, 2022.

115. For example, on September 25, 2019, the day after the Binance.US Platform opened for trading, wash trading between Sigma Chain accounts and other accounts owned by Zhao and/or associated with senior Binance employees, constituted more than 99 percent of the initial hour of trading volume in at least one crypto asset. By the end of the day, wash trading by these accounts amounted to nearly 70 percent of that same crypto asset's total volume.

116. Sigma Chain also engaged in wash trading on or around the time when BAM Trading made at least 65 new crypto assets, including crypto asset securities, available for trading on the Binance.US Platform. Between January 1, 2022 and June 23, 2022 alone, Sigma Chain accounts engaged in wash trading in 48 of 51 newly listed crypto assets.

117. For example, on April 6, 2022, the Binance.US Platform made the crypto asset security COTI available for trading. Shortly after COTI was available on the Binance.US Platform, Sigma Chain engaged in substantial wash trading in COTI. The following chart summarizes this activity over the ensuing 11 days, in which Sigma Chain represented as much as 35.52 percent of all COTI trading volume on the platform:

COTI

DATE	TOTAL BINANCE.US VOLUME	SIGMA CHAIN WASH TRADING % OF TOTAL BINANCE.US VOLUME
4/6/2022	15,209,996	0.98%
4/7/2022	11,529,194	1.25%
4/8/2022	6,254,580	1.71%
4/9/2022	1,944,954	5.13%
4/10/2022	1,439,120	1.60%
4/11/2022	2,207,312	35.52%
4/12/2022	3,204,328	27.45%
4/13/2022	1,013,788	27.12%
4/14/2022	2,874,668	26.92%
4/15/2022	296,646	10.07%
4/16/2022	348,124	5.85%
4/17/2022	367,548	23.12%
4/18/2022	1,050,762	32.56%

118. In addition, from June 4 through August 31, 2021—the three-month period leading up to BAM Trading’s and BAM Management’s offering of equity in BAM Management to the Equity Investors—Sigma Chain accounts repeatedly wash traded 51 crypto assets of the 58 crypto assets available for trading at that time on the Binance.US Platform.

Information Obtained From Witness Interviews

119. On January 31, 2023, Commission staff conducted a voluntary interview of Employee A of Trade Surveillance Company A, who provided the following information:

- a. BAM Trading retained Trade Surveillance Company A in late 2020.
- b. Trade Surveillance Company A’s surveillance software was not functional for BAM Trading until February 2022 due to unusable trading data being provided by BAM Trading.
- c. Even after February 2022, BAM Trading did not provide Surveillance

Company A with account owner information to detect trades between related accounts.

120. On January 20, 2023, Commission staff conducted a voluntary interview of Equity Investor A, who provided the following information:

- a. The Binance.US Platform's trading volume and corresponding revenue from transaction fees served as an important metric for Equity Investor A to assess profitability and market share, and as an indication that customers were engaged with the platform.
- b. It was important to know that they were investing in a compliant crypto asset platform to reduce the regulatory risk to the business and its profitability.

Investigation History

121. The SEC staff has been engaged with BAM Trading on these issues since its December 17, 2020, subpoena requesting documents pertaining to the company's control of its crypto assets, including the crypto asset wallets, private keys, and storage devices to hold, as well as its custody and/or shared custody of the Binance.US platform's crypto assets. BAM Trading gave limited responses to the staff's requests. In September 2022, the staff requested that BAM Trading provide further information concerning the control and custody of the platform's crypto assets, and in February 2023, BAM Trading finally tried to answer the SEC's questions about the current state of its wallet custody practices.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 6th day of June, 2023, in Alexandria, Virginia.



Colby Steele