

Ct. Ex. 1

**Securities and Exchange
Commission**

-v-

PRELIMINARY INSTRUCTION

**Terraform Labs Pte. Ltd. and
Do Hyeong Kwon**

23-cv-1346 (JSR)

To the Jury:

Before you begin to hear the evidence, I want to give you a brief overview of some of the main issues in this case. After you have heard all the evidence and the parties have made their closing arguments, I will give you more detailed instructions of law that will replace this preliminary instruction and will govern your deliberations.

This is a civil case brought by the federal government agency known as the Securities and Exchange Commission (or "SEC") against defendants Terraform Labs Pte. Ltd. (or "Terraform") and Do Hyeong Kwon, Terraform's co-founder. The SEC claims that defendants violated the federal securities laws by intentionally engaging in two fraudulent schemes in connection with the purchase or sale of Terraform securities.

The first scheme, the SEC alleges, is that defendants falsely represented to Terraform investors that a well-known Korean company called "Chai" used Terraform's technology to carry out its business, when in fact it did not.

The second scheme, the SEC alleges, is that defendants falsely represented to Terraform investors that one of Terraform's products, called "UST," was designed in such a way that its market value would always automatically correct to \$1.00, when in fact this was not true.

Defendants deny the SEC's allegations and argue that they did not make any false or misleading statements, or at least none that were important to Terraform investors.

Please remember that this preliminary instruction is simply a very brief overview of some of the main issues in this case. Before you start your deliberations, I will give you more detailed, final instructions that will replace this overview.

Judge Rakoff