

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

NOVA LABS, INC.

Defendant.

COMPLAINT

No. 1:25-00539

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against Defendant Nova Labs, Inc. (“Nova Labs” or “Defendant”), alleges as follows:

SUMMARY

1. This case concerns (1) Nova Labs’ unlawful unregistered offer and sale of investment contracts involving electronic devices and a rewards program that generate returns in the form of three Nova Labs crypto assets; and (2) Nova Labs’ materially false and misleading statements in connection with its offer and sale of those investment contracts and in connection with Nova Labs’ offer and sale of shares of its stock.

2. Since April 2019, Nova Labs has raised millions of dollars from investors through its unregistered sales of securities in the form of “Hotspots”—electronic devices that “mine” one of three Nova Labs crypto assets: the Helium Network Token (“HNT”), the Helium Mobile Network Token (“MOBILE”), and the Helium IoT Network Token (“IOT”)—and in the form of Nova Labs’ “Discovery Mapping Program,” through which investors receive distributions of MOBILE. These sales violated the registration requirements of the federal securities laws, which protect investors by requiring securities sellers to provide investors with material information about, among other things, the securities offering and the issuer’s business and financial condition, so that investors can make informed investment decisions.

3. Nova Labs offered and sold Hotspots and ran the Discovery Mapping Program as investment contracts and, thus, securities. Nova Labs promised investors that the Hotspots and the Discovery Mapping Program would earn HNT, MOBILE, or IOT for investors, and that Nova Labs would use its entrepreneurial efforts and expertise to build, run, and create demand for a wireless network that relied on HNT, MOBILE, and IOT such that, if Nova Labs' efforts were successful, then demand for and value of HNT, MOBILE, and IOT would grow, and the investors who acquired them would earn a profit.

4. Nova Labs also falsely told investors that three large entities—Nestlé, the food and beverage conglomerate; Salesforce, the cloud-based software company; and Lime, the electric scooter company—were using and relying on Nova Labs' wireless network, thus falsely suggesting to investors that those companies would create value for HNT, MOBILE, and IOT. The fact that three large, international companies were using Nova Labs' nascent technology and network was an important part of the total mix of information that investors considered when deciding to invest in Nova Labs' Hotspots and Nova Labs' stock.

5. In fact, however, and as Nova Labs knew or recklessly disregarded, Nestlé, Salesforce, and Lime were neither Nova Labs' customers nor "users" of Nova Labs' network. Indeed, when Nestlé and Lime learned that Nova Labs was publicly touting their purported relationships, each issued Nova Labs a cease-and-desist letter.

6. Nova Labs' false and misleading statements to potential investors touting business relationships that did not exist violated the antifraud provisions of the federal securities laws.

VIOLATIONS

7. By virtue of the foregoing conduct and as alleged herein, Nova Labs engaged in and is currently engaging in the unlawful offer and sale of securities in violation of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c)], and violated Securities

Act Section 17(a)(2) [15 U.S.C. § 77q(a)(2)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)], and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

8. Unless Nova Labs is restrained and enjoined, it will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF PROCEEDINGS AND RELIEF SOUGHT

9. The Commission brings this action pursuant to the authority conferred upon it by Securities Act Sections 20(b) and (d) [15 U.S.C. §§ 77t(b) and (d)], and Exchange Act Sections 21(d) and (e) [15 U.S.C. §§ 78u(d) and (e)].

10. The Commission seeks a final judgment: (i) ordering a permanent injunction restraining and enjoining Nova Labs, directly or indirectly, from again violating the federal securities laws described herein; (ii) ordering Nova Labs to pay disgorgement with prejudgment interest; (iii) ordering Nova Labs to pay civil money penalties; (iv) prohibiting Nova Labs from participating, directly or indirectly, in the purchase, offer, or sale of any crypto assets being offered or sold as securities, or engaging in activities for purposes of inducing or attempting to induce the purchase, offer, or sale of any crypto assets offered or sold as securities by others; and (v) imposing such other and further relief as the Court may deem just and appropriate.

JURISDICTION AND VENUE

11. This Court has jurisdiction over this action under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa].

12. Nova Labs, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

13. This Court has personal jurisdiction over Nova Labs, and venue is proper in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27(a) [15 U.S.C. § 78aa(a)], because certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred in this District. Among many other things, Nova Labs engaged in marketing and business development efforts in this District related to its unregistered offer and sale of investment contracts; offered and sold securities to investors located in this District in unregistered transactions; promoted its offer and sale of Nova Labs' stock in this District; and offered and sold Nova Labs' stock to investors located in this District.

DEFENDANT

14. **Nova Labs** (f/k/a Helium Systems, Inc. and f/k/a Skynet Phase 1 Inc.) is a private company organized under the laws of Delaware and headquartered in San Francisco, California.

LEGAL AND TECHNICAL BACKGROUND

I. STATUTORY AND LEGAL FRAMEWORK

15. The Securities Act and the Exchange Act “form the backbone of American securities laws.” *Slack Tech., LLC v. Pirani*, 598 U.S. 759, 762 (2023).

16. Congress enacted the Securities Act in part to regulate the offer and sale of securities. In contrast to the principle of *caveat emptor*, Congress established a regime of full and fair disclosure, requiring those who offer and sell securities to the investing public to disclose sufficient, accurate information to allow investors to make informed decisions before they invest.

17. The Securities Act and Exchange Act define “security” broadly to include a wide range of assets, including “investment contracts.” [15 U.S.C. §§ 77b(a), 78c(a)(10)].

18. Securities Act Sections 5(a) and 5(c), require that an issuer of securities, like Nova Labs, register its offer and sale of securities with the Commission. [15 U.S.C. §§ 77e(a), 77e(c)].

19. Registration is intended to assure that the persons offering or selling the securities give the investing public required information about the issuer, the securities, and the transaction. With that information, investors can then make more informed investment decisions.

20. The Securities Act and the Exchange Act also contain antifraud provisions to, among other things, prevent fraudulent conduct in the offer, sale, and purchase of securities. Securities Act Section 17(a) and Exchange Act Section 10(b), for example, seek to ensure honest behavior and fair dealing in securities transactions.

II. CRYPTO ASSETS

21. As used herein, the term “crypto asset” generally refers to an asset issued and/or transferred using blockchain or distributed ledger technology, including assets commonly referred to as cryptocurrencies, digital assets, digital coins, digital tokens, and virtual currencies.

22. A blockchain or distributed ledger is a peer-to-peer database spread across a network of computing devices—often called nodes—that record all transactions occurring on the blockchain or distributed ledger in theoretically unchangeable, digitally recorded data packages. The system relies on cryptographic techniques for securely recording those transactions.

23. Crypto assets may be traded on crypto asset trading platforms in exchange for other crypto assets or fiat currency (*i.e.*, legal tender issued by a country).

24. Persons and entities have offered and sold crypto assets to investors in capital-raising events in exchange for consideration, including but not limited to, through so-called initial coin offerings (or, ICOs), crowd sales, or public token sales.

25. On July 25, 2017, the Commission issued the *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO* (the “DAO Report”), advising “those who would use . . . distributed ledger or blockchain-enabled means for capital raising[] to take appropriate

steps to ensure compliance with the U.S. federal securities laws,” and finding that the offering of crypto assets at issue in the DAO Report were offerings of securities.

26. On April 3, 2019, the Commission published additional guidelines, titled *Framework for “Investment Contract” Analysis of Digital Assets*, that advised those “engaging in the offer, sale, or distribution of a digital asset” to consider “whether the digital asset is a security” that would trigger the application of the “federal securities laws.” These guidelines provided “a framework for analyzing whether a digital asset is an investment contract,” and a non-exhaustive list of characteristics that, if present in a given digital asset, would suggest that the asset is a “security.”

FACTS

I. NOVA LABS’ PIVOT TO BLOCKCHAIN AND CRYPTO ASSETS.

27. Nova Labs was founded in May 2013 and has had several business models.

28. Initially, Nova Labs designed and manufactured hardware components that third parties incorporated into low-power devices—such as smart water meters or asset trackers—to allow those devices to send and receive small bits of information via little-used radio frequencies other than Wi-Fi and cellular frequencies. Under this business model, Nova Labs earned little to no revenue.

29. In 2014, Nova Labs pivoted from manufacturing hardware components to selling an “end-to-end solution” for low-power devices. Nova Labs manufactured and sold internet-connected sensors that collected data and could be monitored via Nova Labs’ hardware and software. Under this business model, Nova Labs also earned little-to-no revenue and incurred tens of millions of dollars in losses.

30. By late 2017, Nova Labs’ business models of building or supporting networks for low-power devices had failed for several reasons, including that it was expensive to build a sufficiently large wireless network within particular geographies (or across geographies) to which

devices could connect, and because Nova Labs had been unable to persuade a critical mass of users to form such a network. In addition, Nova Labs needed more cash to continue its operations.

31. At that same time, Nova Labs understood that blockchain technology and sales of crypto assets to investors were receiving a lot of public attention, and Nova Labs' Chief Executive Officer ("CEO") told a member of Nova Labs' Board of Directors that Nova Labs could "capitalize on the current [] hype to generate some significant capital"

32. So, Nova Labs pivoted again, this time to selling crypto assets. As Nova Labs' CEO later put it publicly, Nova Labs "abandoned the whole idea of trying to make money on the network itself" and instead became an "economic model for building decentralized wireless networks." This meant creating and selling devices that "mined" Nova Labs' crypto assets and then using the proceeds from those sales and the value of Nova Labs' crypto assets as a primary source of funds for Nova Labs' operations.

II. NOVA LABS KNEW OFFERING AND SELLING CRYPTO ASSETS AS SECURITIES WITHOUT REGISTRATION VIOLATED THE LAW.

33. Nova Labs considered multiple structures by which it might offer and sell crypto assets to investors, understood that offers and sales of securities required registration with the Commission, and knowingly and deliberately chose to take the risk that unregistered offers and sales of investment contracts in the form of electronic devices—*i.e.*, Hotspots—that mined crypto assets could result in a Commission enforcement action against it.

34. Nova Labs first considered offering and selling crypto assets as securities through an unregistered "initial coin offering," or ICO, in which it would sell crypto assets directly to investors and pool the funds received to fund its operations.

35. After its Board of Directors raised questions about the legality of an unregistered ICO, and Nova Labs sought legal advice regarding it, Nova Labs decided that selling crypto assets directly to investors in an ICO was likely to be an unlawful unregistered securities offering.

36. Nova Labs then considered offering and selling crypto assets as securities to investors in a registered offering. In June 2018, Nova Labs' CEO remarked in an internal communication, "Aside from the paperwork required, it seems like a potentially decent path."

37. Nova Labs believed, however, that a registered securities offering would be time consuming. It viewed an offer and sale without registration as faster but "risky" because it might violate the federal securities laws.

38. Instead, Nova Labs chose to structure its offer and sale of crypto assets in a manner that, it hoped, would escape the federal securities laws. Rather than offering and selling crypto assets directly to investors in an unregistered ICO or similar offering—which Nova Labs knew would violate the securities laws—Nova Labs decided to interpose an intermediate step, which required that investors instead of buying the assets directly, procure them by buying an electronic device, the "Hotspot," and having those investors "mine" (*i.e.*, receive distributions of) Nova Labs' crypto assets through the Hotspot.

39. To others within Nova Labs, Nova Labs' CEO described this scheme as an attempt to end-run—literally, to "cheat"—the securities laws, saying, "I think of buying a [Hotspot] as a proxy for buying tokens[,] it's like a token generation machine . . . I could kind of think[] of the [Hotspot] as a cheat for an ICO . . . no other project lets you buy a token printing machine."

40. Nova Labs sought and obtained legal advice regarding this structure, too, and was advised of a significant risk that its offer and sale of devices that "mined" Nova Labs' crypto assets could constitute an unregistered offering under the federal securities laws.

III. NOVA LABS CREATED THE "HELIUM NETWORK" AND THREE INITIAL CRYPTO ASSETS.

41. Nova Labs' offer and sale of investment contracts in the form of Hotspot devices that mine crypto assets occur through an ecosystem called the "Helium Network," which Nova Labs launched in July 2019.

42. When Nova Labs designed the Helium Network, it had three primary components: (i) computer code comprising a blockchain; (ii) crypto assets created, transferred, and destroyed on that blockchain; and (iii) a version of the Hotspot mining device called an IoT Hotspot.¹

43. An IoT Hotspot has two purposes: one, it connects to the internet, acts as a node running the Nova Labs blockchain, and receives periodic distributions of (*i.e.*, “mines”) one of Nova Labs’ crypto assets; and, two, it is fixed with and operates as an antenna that can connect to low-power electronic devices with wireless capability allowing those devices to send small bits of data to the internet via the IoT Hotspot’s internet connection.

44. In this Complaint, the portion of the Helium Network consisting of the blockchain and the nodes running it is called the “Helium Network Blockchain” and the portion of the Helium Network consisting of the Hotspots’ antennas—and the ability for certain types of electronic devices to transmit data to and from the internet via the Hotspots’ antennas and internet connection—is called the “Helium Wireless Network.”

A. The Helium Network Blockchain and the Helium Wireless Network

45. Nova Labs employs software engineers expert in developing computer code and software protocols. Between late 2017 and mid-2019, Nova Labs used that expertise to create its own bespoke blockchain, the Helium Network Blockchain, and three crypto assets running on that blockchain: (i) the Helium Network Token or “HNT,” (ii) the Helium Security Token or “HST,” and (iii) Data Credits.

¹ “IoT” refers to “Internet of Things,” which is, among other things, a network of physical devices—such as appliances, vehicles, trackers, or other objects—embedded with hardware or software that allows those devices to connect and exchange data.

46. At the same time, Nova Labs engineers designed and manufactured the “IoT Hotspot,” an electronic device that connected to the internet, acted as a node running the Helium Network Blockchain, and verified transactions of HNT, HST, and Data Credits on that blockchain.

47. Nova Labs also designed the IoT Hotspot to act as an antenna to transmit small amounts of data to and receive small amounts of data from certain low-power devices physically proximate to the IoT Hotspot. The IoT Hotspot could, in turn, send that data to and receive data from the internet via its internet connection. The wireless coverage for low-power devices collectively created by all IoT Hotspots was the initial iteration of the Helium Wireless Network.

48. Nova Labs did not expect many individual IoT Hotspot purchasers to use the Helium Wireless Network for low-power devices and it said publicly that individual IoT Hotspot purchasers did not use the Helium Wireless Network. Rather, Nova Labs touted its ability to persuade third party companies to deploy large numbers of low-power devices to use the Helium Wireless Network.

49. Accordingly, to induce investors to buy IoT Hotspots, Nova Labs coded the Helium Network Blockchain so that IoT Hotspot owners received daily distributions of HNT, and Nova Labs promised to use its entrepreneurial and managerial efforts to create demand and value for that HNT. This included, for example, through Nova Labs’ extensive software engineering, business development, and marketing work, its creation of secondary markets for selling and buying its crypto assets, and its other efforts to attract customers to and create demand for the Helium Wireless Network, described *infra* ¶¶ 159 to 231.

B. Nova Labs Initially Created Three Crypto Assets and Offered and Sold Investors IoT Hotspots That Mine One of Those Three Crypto Assets.

50. Nova Labs’ initial iteration of the Helium Network Blockchain used three crypto assets. The primary crypto asset was the Helium Network Token or HNT, and it was “mined” by the IoT Hotspots that Nova Labs offered and sold. The second crypto asset was the Helium

Security Token or HST, and it was used as an additional way for Nova Labs to distribute HNT. The third crypto asset was the Data Credit and it was used as a means of paying transaction fees related to the Helium Network and to influence the total supply and value of HNT.

1. *Nova Labs Created HNT.*

51. HNT is the primary native crypto asset on the Helium Network Blockchain.

52. Nova Labs initially designed the Helium Network Blockchain to create more than 160,000 new HNT each day, totaling approximately five million new HNT each month.

53. HNT serves two primary purposes: (i) as an asset with speculative value that can be sold to others for cash or other crypto assets, such as dollars or Bitcoin, including sales on secondary markets; and (ii) as a means to obtain Data Credits, which are used to pay fees on the Helium Network.

54. During the relevant period, the overwhelming majority of all HNT that investors obtained was either sold for consideration (*e.g.*, dollars) or held for potential price appreciation, and it was not used by investors to buy Data Credits to pay to use the Helium Wireless Network.

55. Because HNT are fungible with each other, the price of each HNT is the same as the price of all HNT and the price of all HNT goes up or down together.

2. *Nova Labs Designed and Manufactured IoT Hotspots and Offered and Sold HNT to Investors via the IoT Hotspots.*

56. Nova Labs offered and sold HNT to investors by offering and selling them IoT Hotspots that mined (*i.e.*, received distributions of) HNT each day.

57. Between at least April 2019 and March 2022, Nova Labs offered and sold thousands of IoT Hotspots directly to investors. Between approximately October 2020 and the present, Nova Labs has offered and sold at least tens of thousands of IoT Hotspots to investors through Nova Labs' partnerships with third-party IoT Hotspot manufacturers.

58. Through its offers and sales of IoT Hotspots, Nova Labs has distributed tens of millions of HNT to the general public.

59. Nova Labs designed and manufactured the initial IoT Hotspots and created the firmware that ran on them. Nova Labs designed the IoT Hotspots to act as nodes running the Helium Network Blockchain.

60. Nova Labs offered and sold these IoT Hotspots via its website. Investors paid approximately \$500 (or the equivalent amount of Bitcoin) for each IoT Hotspot and an investor could purchase as many IoT Hotspots as they desired.

61. Anyone could buy an IoT Hotspot, and Nova Labs pooled IoT Hotspot investor funds and used them to develop and promote the network, including to pay Nova Labs' software engineers, business development professionals, and marketing staff.

62. To "mine" HNT—*i.e.*, receive distributions of HNT from Nova Labs via the Helium Network Blockchain—an IoT Hotspot purchaser needed only to connect the IoT Hotspot to electricity and the internet. Nova Labs did not require the investor to do anything more.

63. Throughout the relevant period, Nova Labs' repeatedly and frequently emphasized publicly that obtaining HNT from the IoT Hotspot required little to no efforts by the investors. That is, Nova Labs did not sell the IoT Hotspot only to those interested in running a wireless network let alone using one, and an IoT Hotspot did not require any particular specialization or efforts of the purchasers.

64. As Nova Labs' CEO told potential investors in January 2019, "You simply buy a Hotspot device, give it an internet connection and it will begin mining." Nova Labs' Chief Operating Officer ("COO") said similarly in December 2019, "There is not a whole lot for the user to do. If you buy a Hotspot, it's as simple as plugging something into the wall." In June 2020, Nova Labs' CEO publicly emphasized the Hotspot's ease of use, saying: "We made the Hotspot

because we wanted to make it easy to use and so that everyone could grab it. You didn't need to be an IoT enthusiast. You didn't have to be a crypto specialist. Literally anyone could get this and use it.”

65. Through a mobile telephone application created and maintained by Nova Labs (“Nova Labs App”), an IoT Hotspot investor could link the investor’s “wallet” on the Helium Network Blockchain (*i.e.*, the investor’s repository for receiving and holding crypto assets), and the Helium Network Blockchain would distribute HNT to that wallet each day.

66. Nova Labs designed the Helium Network Blockchain so that investors in IoT Hotspots collectively shared at least 65% of all new HNT that the Helium Network Blockchain created each day. Nova Labs also created an algorithm and set a fixed distribution schedule that determined how many HNT an investor received by purchasing and plugging in an IoT Hotspot.

67. Nova Labs publicly promised to create value and demand for HNT, such that investors reasonably expected to profit from their investment in the IoT Hotspot and the resulting distributions of HNT. Nova Labs’ promises and efforts are discussed *infra* ¶¶ 159 to 260.

68. Investors bought IoT Hotspots as a way to invest in the growth of the Helium Wireless Network through their HNT holdings (given the relationship between HNT and demand for the network that Nova Labs created and touted). Indeed, many investors purchased multiple IoT Hotspots to increase the number of HNT they would receive.

69. In addition to running the Helium Network Blockchain and “mining” (*i.e.*, receiving distributions of) HNT, IoT Hotspots have a second functionality. They have a built-in antenna that can receive data from and send data to low-power devices that have wireless capability and are in physical proximity (*e.g.*, within a mile or more) and, in turn, the IoT Hotspots can transmit that data to and receive data from the internet via the IoT Hotspot’s internet connection.

70. Between April 2019 and March 2022, Nova Labs designed, manufactured, and sold to the general public more than 12,000 IoT Hotspots.

71. Between August 2019 and October 2020, those IoT Hotspots “mined” more than 25 million HNT for the investors who owned the IoT Hotspots. Thereafter, the IoT Hotspots continued to “mine,” and IoT Hotspot investors have continued to receive distributions of, tens of millions of additional HNT from Nova Labs via the Helium Network Blockchain.

72. Between about September 2019 and the present, Nova Labs also oversaw, coordinated, and controlled the manufacture and offer and sale of at least tens of thousands of additional IoT Hotspots by third parties acting on Nova Labs’ behalf or in partnership with Nova Labs. These third parties were an extension of Nova Labs, which played a critical role in the operational and financial decisions necessary to offer and sell those IoT Hotspots to investors.

73. Nova Labs designed the security features of the Helium Network so that no third party could build Hotspots without obtaining permission from Nova Labs. Third parties have relied almost entirely on partnerships with and support from Nova Labs to build, offer, and sell IoT Hotspots and have done so on Nova Labs’ behalf.

74. For example, between around September 2019 and September 2020, Nova Labs negotiated and entered into a partnership (the “IoT Hotspot Partnership”) with a third-party electronic component manufacturer and a third-party distributor (“IoT Manufacturer” and “IoT Distributor”) under which the IoT Manufacturer would build 10,000 IoT Hotspots in partnership with Nova Labs, and the IoT Distributor would offer and sell those IoT Hotspots to investors in partnership with Nova Labs.

75. Under the IoT Hotspot Partnership, Nova Labs provided the IoT Manufacturer with intellectual property, software, firmware, and financial support necessary for it to build IoT Hotspots. Nova Labs also controlled and/or oversaw design, specifications, and production

parameters for the IoT Manufacturer's manufacture of IoT Hotspots and provided ongoing technical expertise and consulting services—including sending a Nova Labs engineer to the IoT Manufacturer's overseas headquarters—necessary to ensure that those IoT Hotspots functioned as nodes for the Helium Network Blockchain, transmitted a wireless signal via the IoT Hotspots' antenna to allow low-power devices to transmit data, and received daily distributions of HNT. Nova Labs provided the IoT Manufacturer with more than \$2 million in financial support related to the IoT Hotspots, and the IoT Manufacturer paid over \$3 million to Nova Labs related to the IoT Hotspots. Without Nova Labs' technical permissions and support, the IoT Manufacturer could not build IoT Hotspots.

76. Under the IoT Hotspot Partnership, Nova Labs also contracted with the IoT Distributor to sell IoT Hotspots built by the IoT Manufacturer. Under that agreement, Nova Labs determined pricing for those IoT Hotspots; provided marketing support for the IoT Distributor's efforts to promote, offer, and sell those IoT Hotspots; directed investors to buy those IoT Hotspots from the IoT Distributor, including through Nova Labs' own website and social media posts; and provided customer support to investors who bought IoT Hotspots from the IoT Distributor. The IoT Distributor then paid over \$500,000 in "kickbacks" (as the IoT Distributor described the payments) to Nova Labs for IoT Hotspots it sold.

77. Nova Labs pooled the funds received from the IoT Manufacturer and the IoT Distributor and used them to develop and promote the Helium Network, including to pay Nova Labs' software engineers, business development professionals, and marketing staff.

78. During the relevant period, Nova Labs has entered into similar formal and informal partnerships with several other third parties pursuant to which Nova Labs and those third parties have manufactured and sold IoT Hotspots that mine Nova Labs' speculative crypto asset, HNT.

3. *Nova Labs Created HST.*

79. Nova Labs created the Helium Security Token or HST as a second crypto asset on the Helium Network Blockchain. HST's sole purpose is to entitle its holder to daily distributions of HNT in perpetuity. As such, the value of HST is derivative of the value of HNT.

80. Nova Labs created only 10,300 HST and designed the Helium Network Blockchain so that holders of those HST collectively share, on a pro rata basis, up to 35% of all HNT that the Helium Network Blockchain creates. Thus, during the period that the Helium Network Blockchain created approximately five million HNT each month, each HST entitled its holder to a pro rata share of nearly 170 HNT per month and more than 2,000 HNT per year.

81. Nova Labs has offered and sold HST to a select group of investors, including venture capital firms, to allow them to obtain perpetual distributions of HNT. This includes Nova Labs' sale of 6,800 HST coupled with preferred equity shares to investors in May 2019 for approximately \$15 million. Nova Labs understood, and multiple investors confirmed, that these transactions' main purpose was to obtain HST.²

82. Nova Labs kept approximately 2,000 of the 10,300 HST for itself to receive perpetual distributions of HNT from that HST, benefit from the potential price appreciation of HNT, and sell that HNT to fund its operations. Indeed, Nova Labs has sold millions of dollars of HNT to fund its business. Nova Labs thus aligned its financial interests in HNT's price appreciation with those of investors in IoT Hotspots that mined HNT (and later, with investors in Nova Labs' Mobile Hotspot, and two additional Nova Labs crypto assets, IOT and MOBILE, whose value is also based on the value of HNT, *infra* ¶¶ 105 to 158).

² Nova Labs does not dispute that HST is a security under the federal securities laws. Rather, Nova Labs contends that its offers and sales of HST were exempt from the Securities Act's registration requirements. The Commission's claim under Securities Act Section 5(a) and 5(c), *infra* ¶¶ 299 to 301, is not based on Nova Labs' offer and sale of HST.

83. As Nova Labs' CEO explained to one of the outside investors who invested in HST, "pretty much all of our activities will be related to [HNT] earned via those [HST]." Nova Labs' CEO echoed that sentiment in a public statement in August 2020, saying "Our business model is HNT. We are all in. We have no other revenue streams nor any plan to create any."

84. During the period that the Helium Network Blockchain created approximately five million HNT each month, the approximately 2,000 HST held by Nova Labs' entitled it to distributions of more than 339,000 HNT per month and more than four million HNT per year.

85. Nova Labs also used approximately 1,500 HST as compensation for its employees.

86. By compensating employees with HST, Nova Labs provided them with perpetual distributions of HNT, ensuring that they too benefitted financially from Nova Labs' efforts to increase the value of HNT, and aligning their financial interests with those of investors in the IoT Hotspot that mined HNT (and later, with the fortunes of investors in the Mobile Hotspot, IOT and MOBILE).

87. As Nova Labs' CEO explained to several Nova Labs' equity investors contemporaneous to the creation of HST, "One thing I really like about the inflation model"—*i.e.*, the way in which HST distributes HNT to its holder in perpetuity—"is that all participants are sort of vesting in to their [HNT] ownership over long periods, which should encourage everyone to do work to increase value."

88. Nova Labs also marketed how the HST structure aligned the interests of Nova Labs and its employees with all investors in IoT Hotspots and HNT. For example, in a May 2021 public appearance Nova Labs' COO said,

We have [HNT] from the distribution model that we created, 35% of mining rewards, which aligns our interest with everybody else's interest. People want to mine cryptocurrency. We want a network built. We both win. Everybody wins when it happens. We get a network. Everybody gets tokens. We're all happy. That's how the system is built.

89. As another example, in a May 2022 public appearance, Nova Labs' CEO said,

These networks take years and tens of millions of dollars to build, . . . If there isn't a reward for those investors and those teams that build these networks then no one would ever build the networks. . . . You could never build this without some [HST] structure. . . . It would never have been built. We would never have been funded. We would have gone out of business. None of this would exist.

90. Also, by receiving and owning HST, Nova Labs' employees have received tens of millions of HNT and, as Nova Labs has worked to increase the value of HNT, those employees have sold large portions of their HNT to the general public for millions of dollars.

4. *Nova Labs Created the Data Credit.*

91. The third crypto asset that Nova Labs created on the Helium Network Blockchain is the Data Credit, which Nova Labs designed as a mechanism for paying fees associated with the Helium Network and as a means to influence the value of HNT.

92. When Nova Labs launched the Helium Network in July 2019, it did not charge fees to transact on the Helium Network Blockchain or to send data from low-power devices via the Helium Wireless Network. Nova Labs emphasized publicly, however, that it was further developing the Helium Network to integrate a fee structure based on Data Credits.

93. IoT Hotspot investors relied entirely on Nova Labs' efforts to implement that fee structure, which was important to investors' expectations of profit because Nova Labs designed the value of HNT to be influenced by and linked to the demand for and usage of Data Credits.

94. In August 2020, Nova Labs modified the Helium Network to require the payment of fees. For example, Nova Labs began to require payment of fees for transfers of HNT via the Helium Network Blockchain and for data transfers on the Helium Wireless Network by owners of low-power devices (*i.e.*, sending data from those devices to the internet via an IoT Hotspot's antenna and internet connection).

95. Fees related to the Helium Network can be paid only with Data Credits and Data Credits can be acquired only with HNT. Nova Labs designed Data Credits to function as follows:

- a. To acquire Data Credits, a user must first acquire HNT (such as by buying it from an IoT Hotspot investor) and then “burning” that HNT—that is, transferring the HNT to a Helium Network Blockchain address that destroys the HNT and removes it from circulation. When the HNT is “burned,” the Helium Network Blockchain creates and distributes Data Credits to the user.
- b. One Data Credit has a fixed price in U.S. dollars of \$0.00001.
- c. The number of Data Credits created and acquired in exchange for burning one HNT is equal to the prevailing market value of HNT in U.S. dollars at the time of the burn transaction divided by \$0.00001 (the fixed price for one Data Credit).
- d. Data Credits are non-transferrable, cannot be traded or sold, and can be used only to pay fees associated with the Helium Network.
- e. A user who burns HNT to acquire Data Credits can instruct the Helium Network Blockchain to distribute the resulting Data Credits to a third party blockchain address instead of to the user.

96. Accordingly, a user who wants to acquire Data Credits to pay fees when the prevailing price of one HNT is \$1.00 must first acquire one HNT (such as by paying \$1.00 for HNT on a secondary market) and then “burn” that HNT, which, in turn, prompts the Helium Network Blockchain to transfer 100,000 Data Credits to the user (*i.e.*, \$1.00 HNT value divided by the per Data Credit cost of \$0.00001).

97. Nova Labs has explained frequently, including in public statements, that it designed the economics of acquiring Data Credits to be inextricably intertwined with the value of HNT and to influence the price of HNT.

98. Specifically, Nova Labs designed the Helium Network Blockchain and Data Credits so that the process of acquiring and using Data Credits requires HNT to be burned and removed from circulation, a mechanism that is intended to (and, in fact, does) reduce the number of HNT available for purchase and increase the value of the remaining HNT held by investors.

99. When asked about the relationship between Data Credits and the value of HNT, Nova Labs' COO explained,

[The] more Data Credits are needed, you have to burn HNT to get to the Data Credits. When you burn HNT, it's burned forever. That reduces the supply of HNT. And so the more demand there is on HNT through Data Credits, then the less HNT is available in totality. Because it's a finite supply. ***And so the laws of physics means that if more people, more devices, need HNT to operate, then the cost of per HNT would increase naturally.***

100. As Nova Labs also said frequently, including in public statements, if it succeeded in promoting and causing a greater number of Data Credits to be acquired and used—*e.g.*, to pay fees for data transfers via the Helium Wireless Network—the impact on the value of HNT would increase: more HNT would be demanded for Data Credits, causing the supply of HNT to decrease (as HNT is burned), thus making each remaining HNT more valuable.

101. In an internal Nova Labs' document titled, "The Helium Manifesto," Nova Labs' CEO explained the relationship between Data Credits and the value of HNT and emphasized that Nova Labs' primary business purpose was to cause users to consume Data Credits to push up the value of HNT, even if that meant failing to earn revenues from other activities. He wrote,

Due to the design of the token economics, more utility on the network will drive increased value in tokens. The only way [Nova Labs] becomes wildly successful is if there is an enormous amount of network usage and the value of the tokens increases accordingly. As

a result, everything we do as a business from this point forward should be focused on maximizing the utility of the network, which is the usage of data credits. . . . Many of these decisions will be directly at odds with potential revenue or profit generating activities – such as partnering with Hotspot integrators or selling Hotspots at or below margin – but because our goal is to maximize utility and demand for data credits, we will be OK with these decisions as long as we believe they are likely to increase adoption.

102. Nova Labs also determined the number of Data Credits required to perform various actions on the Helium Network Blockchain or related to the Helium Wireless Network. The amount in fees (in the form of Data Credits) required to use the Helium Wireless Network was relatively small, as the below examples illustrate, but investors were and are permitted to purchase any amount of HNT (including by acquiring and using IoT Hotspots) in any amount, irrespective of any desire or need they may have to use the HNT to obtain Data Credits. For example, under the fee schedule set by Nova Labs:

- a. For every 24 bytes of data transferred by a low-power device to the internet via an IoT Hotspot, a user of the low-power device paid a fee of one Data Credit (*i.e.*, the user must burn and remove from circulation \$0.00001 worth of HNT for every 24 bytes of data sent).³
- b. To transfer HNT from one Helium Network Blockchain address to another, the transferor paid a fee of 35,000 Data Credits (*i.e.*, the user must burn and remove from circulation \$0.35 worth of HNT for each transaction).
- c. To add an IoT Hotspot to the Helium Network Blockchain, the IoT Hotspot owner was required to pay a fee of four million Data Credits (*i.e.*,

³ As an example, to transfer one kilobyte of data (1 kB), approximately the amount of data associated with half a page of unformatted text, a low-power device would be required to pay approximately 1,000 Data Credits—or the equivalent of approximately \$0.01 worth of HNT that would need to be burned and removed from circulation.

the user must burn and remove from circulation \$40 worth of HNT to add the IoT Hotspot).

- d. To verify an IoT Hotspot's geographic location—a task that the Helium Network periodically performs—an IoT Hotspot (or its owner) was required to pay a fee of one million Data Credits (*i.e.*, the user must burn and remove from circulation \$10 worth of HNT to verify location).

103. Nova Labs also sold Data Credits directly to customers by taking payments in U.S. dollars, burning HNT that Nova Labs itself held, and instructing the Helium Network Blockchain to issue the resulting Data Credits to the customer.

104. As discussed in detail below, ¶¶ 206 to 220, Nova Labs has engaged in significant efforts—including by marketing and promoting the Helium Network Blockchain and Helium Wireless Network, and by attempting to persuade companies to use each of them—to increase Data Credits consumption thereby increasing HNT's value and speculative investment in HNT.

IV. NOVA LABS EXPANDED ITS OFFER AND SALE OF INVESTMENT CONTRACTS TO A NEW DEVICE AND TWO NEW CRYPTO ASSETS.

105. Not later than April 2022, Nova Labs expanded the Helium Wireless Network from IoT Hotspots to a second type of Hotspot, the “Mobile Hotspot,” which provides wireless connectivity for cellular devices. Like the IoT Hotspot, the Mobile Hotspot also receives daily distributions of Nova Labs' crypto assets.

106. Although Nova Labs made technical changes to the Helium Network related to Mobile Hotspots, the value proposition to investors stayed the same: Nova Labs offered and sold a device to investors through which the investor obtained Nova Labs crypto assets, Nova Labs promised to create value and demand for those crypto assets by building and creating demand for the wireless network, and investors in the device and the crypto assets reasonably expected to profit from Nova Labs' entrepreneurial efforts.

107. Soon after adding Mobile Hotspots to the Helium Wireless Network, Nova Labs made three important changes to the Helium Network’s economics and structure: (i) Nova Labs created two new crypto assets, MOBILE (the Helium Mobile Network Token) and IOT (the Helium IOT Network Token); (ii) Nova Labs modified all Hotspots so that they no longer “mined” (*i.e.*, received distributions of) HNT—as they had for more than three years—and instead they mined one or other of Nova Labs’ new crypto assets, MOBILE and IOT; and, (iii) Nova Labs made MOBILE and IOT exchangeable for HNT on the Helium Network Blockchain at exchange rates set by Nova Labs. Thus, the value of both MOBILE and IOT is derivative of HNT.

108. Nova Labs continued to promise to use its efforts and expertise to create value and demand for the expanded Helium Network and HNT, as well as for MOBILE and IOT.

109. These changes essentially added another layer (and layer of complexity) to the Helium Network. In the Helium Network’s initial iteration, described above, *supra* ¶¶ 45 to 99, investors bought IoT Hotspots to obtain HNT reasonably expecting Nova Labs to create value for the HNT resulting in investor profits. Now, investors bought Mobile or IoT Hotspots to obtain either MOBILE or IOT, respectively, both of which can be exchanged for HNT; and investors reasonably expect Nova Labs to create value for the HNT, MOBILE, and IOT, resulting in investor profits.

A. Nova Labs Created the Mobile Hotspot, MOBILE, and IOT.

110. In general, low-power devices that connect to the internet via IoT Hotspots transmit small amounts of data and, as a result, use relatively small numbers of Data Credits.

111. Nova Labs wanted to expand the Helium Wireless Network to provide coverage to cellular devices, such as smartphones, that transmit far larger amounts of data and, as a result, consume far larger amounts of Data Credits to use the network, creating more value for HNT.

112. By no later than April 2020, Nova Labs began exploring how to expand the Helium Wireless Network to include a type of Hotspot, called a Mobile Hotspot, that would receive (*i.e.*, “mine”) HNT from the Helium Network Blockchain and feature an antenna that could provide wireless internet connectivity to cellular devices in exchange for Data Credits.

113. From October to December 2020, Nova Labs negotiated a contract with a third-party manufacturer (“Mobile Hotspot Partner”) to try to create a Mobile Hotspot.

114. From at least January to April 2021, Nova Labs provided funding, technical, marketing, and other support to the Mobile Hotspot Partner necessary to design and manufacture the new device. Among other things, Nova Labs funded a \$100,000 payment to the Mobile Hotspot Partner and Nova Labs’ engineering team worked with the Mobile Hotspot Partner, providing technical expertise necessary for the device to run on the Helium Network Blockchain, receive distributions of HNT, and consume Data Credits.

115. By April 2021, Nova Labs determined that the technology being developed in partnership with the Mobile Hotspot Partner was promising, and Nova Labs’ CEO began discussing how Nova Labs could acquire the Mobile Hotspot Partner, ensuring that Nova Labs, and not any independent party, would be the leading designer, manufacturer, and seller of Mobile Hotspots.

116. In April 2021, Nova Labs publicly announced its partnership with the Mobile Hotspot Partner and began to offer and sell Mobile Hotspots in partnership with and through the Mobile Hotspot Partner.

117. Between December 2021 and February 2022, Nova Labs raised approximately \$200 million from the offer and sale of its own preferred equity shares to investors in a private placement. This capital raise—which valued Nova Labs at more than \$1 billion—funded, in part, Nova Labs’ work to expand the Helium Wireless Network to run the Mobile Hotspot, offer wireless connectivity to cellular devices, and allow cellular devices to consume Data Credits.

118. In March 2022, Nova Labs agreed to acquire the Mobile Hotspot Partner for more than \$30 million. That transaction closed in August 2022.

119. Nova Labs, in partnership with and then as owner of the Mobile Hotspot Partner, performed all work necessary to design, manufacture, and sell Mobile Hotspots, and Nova Labs performed all work necessary to modify the Helium Network Blockchain to allow Mobile Hotspots to receive distributions of Nova Labs' crypto assets via the Helium Network Blockchain.

120. Shortly after creating Mobile Hotspots and beginning its offer and sale of Mobile Hotspots that "mined" HNT, Nova Labs modified the economics of the Helium Network.

121. Until then, the Helium Network Blockchain had created between approximately two and a half and five million HNT per month, the majority of which were distributed to owners of Hotspots, as described above ¶¶ 51 to 68.

122. After Nova Labs expanded the Helium Network to include Mobile Hotspots, investors in both IoT and Mobile Hotspots no longer received daily distributions of (*i.e.*, they no longer "mined") HNT from the Helium Network Blockchain. Instead, the Hotspots mined one of Nova Labs' two new crypto assets, IOT or MOBILE, which were exchangeable for HNT.

123. Nova Labs performed all work necessary to create and validate the computer code comprising IOT and MOBILE, including governing the characteristics and purposes of each of these crypto assets; how IOT and MOBILE could be created or transferred on the Helium Network Blockchain; when and how many IOT and MOBILE would be distributed to Hotspots and their owners; and how transactions involving IOT and MOBILE would be recorded on the Helium Network Blockchain.

124. Nova Labs offered and sold IoT and Mobile Hotspots to investors as a way for those investors to invest money in exchange for receiving, via their IoT and Mobile Hotspots, IOT

and MOBILE, with the investors' reasonably expecting to profit from Nova Labs' entrepreneurial efforts to create value for IOT and MOBILE.

125. The first MOBILE was created on the Helium Network Blockchain in August 2022, at which point Mobile Hotspots began to “mine” (*i.e.*, receive daily distributions of) MOBILE. The first IOT was created on the Helium Network Blockchain in April 2023, at which point IoT Hotspots began to “mine” (*i.e.*, receive daily distributions of) IOT.

126. After Nova Labs introduced MOBILE and IOT, the Helium Network's economics worked as follows:

- a. The Helium Wireless Network was divided into two “subnetworks,” one for the IoT Hotspots and the low-power devices that transmitted data to and received data from them (“IoT Wireless Network”) and one for the Mobile Hotspots and the cellular devices that transmitted data to and received data from them (“Mobile Wireless Network”). A separate “treasury”—*i.e.*, an escrow for crypto assets—was established for each subnetwork.
- b. Pursuant to an algorithm also designed and implemented by Nova Labs, at least 65% of all HNT created by the Helium Network Blockchain each day were divided between the two subnetworks, and those HNT were then deposited into the two subnetwork treasuries. The division of HNT between the subnetworks was based, in part, on the amount of fees paid in Data Credits on each subnetwork. For example, if during a particular period, the number of IoT Hotspots on and Data Credits consumed by the IoT Wireless Network subnetwork was greater than the number of Mobile Hotspots on and Data Credits consumed by the Mobile Wireless Network subnetwork then a larger portion of the newly created HNT for that period would likely

be allocated to the IoT Wireless Network treasury as compared to HNT allocated to the Mobile Wireless Network treasury.⁴

- c. Next, Nova Labs modified the Helium Network Blockchain so that IoT Hotspots received daily distributions of (*i.e.*, “mined”) IOT and so that Mobile Hotspots received daily distributions of MOBILE, rather than HNT, as they had each done previously. As with HNT, an algorithm created by Nova Labs determined the amount of IOT or MOBILE mined by any Hotspot and received by the investor who owned it. (Also as with HNT, IOT are fungible and the price of all IOT goes up or down together, and MOBILE are fungible and the price of all MOBILE goes up or down together.)
- d. Investors in IoT Hotspots who mined IOT could tender those IOT to the IoT Wireless Network treasury in exchange for a portion of the HNT held in that treasury. The number of HNT received for each IOT tendered was determined under a floating exchange rate created by Nova Labs.
- e. Similarly, investors in Mobile Hotspots who mined MOBILE could tender those MOBILE to the Mobile Wireless Network treasury in exchange for a portion of the HNT held in that treasury. The number of HNT received for each MOBILE tendered was determined under a floating exchange rate created by Nova Labs.

⁴ This modified the prior process under which investors in IoT Hotspots collectively shared a majority of all newly created HNT, *supra* ¶ 66. However, HST holders, like Nova Labs and its employees and equity investors, continued to share up to 35% of all newly created HNT, *supra* ¶ 80.

127. Investors used the Nova Labs App to tender IOT and/or MOBILE to the respective subnetwork treasury and to exchange IOT and/or MOBILE for HNT from that treasury.

128. Both IOT and MOBILE are speculative assets that can be sold to others for cash or other crypto assets, such as dollars or Bitcoin, including sales on secondary markets.

129. In a June 2022 public appearance, Nova Labs' CEO explained why Nova Labs had modified the Helium Network so that Hotspots received (*i.e.*, "mined") IOT and MOBILE (rather than HNT) and were then exchangeable for HNT under a floating exchange rate related to the subnetworks. He said:

Some of it [is] just to allow the economies [of each subnetwork] to exist on their own – like people might – you know, speculators or investors in those networks, I think want to speculate in different ways depending on what the network is, or they might have different desires or different visions for how this is going to go. And so, having separate tokens allows for all of that activity, but still accrues value back to HNT, and sort of like, HNT is sort of the preserve currency.

In other words, MOBILE and IOT and Nova Labs' implementation of subnetwork treasuries, provided additional avenues for investors to speculate on the value of the Helium Network.

130. During the relevant period, the overwhelming majority of IOT and MOBILE obtained by investors in Hotspots was either sold for consideration (*e.g.*, dollars), held for potential price appreciation, or converted to HNT and subsequently sold for consideration or held for potential price appreciation, and it was not used by investors to buy Data Credits to pay to use the Helium Wireless Network.

B. Nova Labs Offered and Sold Investment Contracts Involving Hotspots and the HNT, MOBILE, and IOT They Mined.

1. *Nova Labs Offered and Sold Mobile Hotspots as Securities.*

131. Since April 2021, both under Nova Labs' partnership with and after acquiring the Mobile Hotspot Partner, Nova Labs has offered and sold investment contracts involving Mobile Hotspots that have mined millions of HNT and/or MOBILE.

132. Nova Labs offered and sold Mobile Hotspots via its own website and through the Mobile Hotspot Partner's website.

133. Investors paid between approximately \$250 and more than \$1,000 for each Mobile Hotspot, and an investor could purchase as many Mobile Hotspots as they desired.

134. Funds paid by investors in Mobile Hotspots were pooled by Nova Labs and used to develop and promote the Helium Network, including to pay Nova Labs' software engineers, business development professionals, and marketing staff.

135. As with the IoT Hotspots, once an investor bought a Mobile Hotspot, the investor needed only to connect the Mobile Hotspot to electricity and the internet to start receiving distributions of HNT (and, later, MOBILE) from Nova Labs via the Helium Network Blockchain. Throughout the relevant period, Nova Labs' repeatedly and frequently emphasized publicly that obtaining HNT (and, later MOBILE) from the Mobile Hotspot required little to no efforts by the investors.

136. Nova Labs did not sell the Mobile Hotspot only to those interested in running a wireless network let alone using one, and a Mobile Hotspot generally did not require any particular specialization or efforts of the purchaser. Nova Labs' publicly touted this fact. For example, in a May 2023 statement in a public forum, Nova Labs' CEO wrote, "I mean, you just plug it in and turn it on 😊."

137. Thereafter, through the Nova Labs App, a Mobile Hotspot investor could link the investor's "wallet" to the Helium Network Blockchain, and the Helium Network Blockchain would distribute HNT (and, later, MOBILE) to that wallet each day.

138. Beginning no later than August 2022, Nova Labs partnered with additional third parties to manufacture and then offer and sell Mobile Hotspots, together with the MOBILE obtained through those Mobile Hotspots, as investment contracts. Nova Labs oversaw, coordinated, and controlled the sale of these Mobile Hotspots, while outsourcing the manufacturing and shipping functions to these third parties. In connection with these offers and sales, the third parties made payments to Nova Labs.

139. Nova Labs promised to create value and demand for MOBILE—and for the HNT for which MOBILE can be exchanged—such that investors continued to reasonably expect to profit by investing in a Mobile Hotspot and obtaining the resulting distributions of MOBILE.

2. *Nova Labs Continued to Offer and Sell IoT Hotspots as Securities.*

140. After Nova Labs expanded the Helium Network to include Mobile Hotspots and MOBILE, it continued to offer and sell IoT Hotspots through formal and informal partnerships with third-party manufacturers.

141. When Nova Labs introduced IOT in April 2023, it modified IoT Hotspots so that they no longer received daily distributions of (*i.e.*, they no longer "mined") HNT, and instead began to mine IOT.

142. Between April 2023 and the present, IoT Hotspots have "mined" at least tens of billions of IOT for IoT Hotspot investors, and IoT Hotspot investors continue to receive distributions of IOT from Nova Labs via the Helium Network Blockchain.

143. Nova Labs has continued to promise that it will create value and demand for IOT—and for the HNT for which both IOT and MOBILE can be exchanged—such that investors

continue to reasonably expect to profit by investing in an IOT Hotspot and obtaining the resulting distributions of IOT.

C. Nova Labs Formed a Cellular Service Provider Operating on the Helium Wireless Network and Offered Its Discovery Mapping Program as a Security.

144. In September 2022, in furtherance of its efforts to create demand for Data Credits and, accordingly, for HNT, Nova Labs began offering a service that allowed Nova Labs to be the largest consumer of Data Credits and a significant influence on the demand for HNT.

145. That month, Nova Labs launched Helium Mobile, a cellular phone service provider that offers cellular phone service plans and operates, in part, by transferring its subscribers' cellular phone data via the Helium Wireless Network and Mobile Hotspots.

146. Helium Mobile offers cellular phone service primarily through an agreement with a well-known national cellular service provider (the "National Provider"). Subscribers to Helium Mobile thus rely largely on cellular service from the National Provider, under the Helium Mobile brand name, to send and receive voice, text, and other data on their cellular phones.

147. If, however, a Helium Mobile cellular subscriber is in range of a Mobile Hotspot, the subscriber's cellular phone will preferentially connect to the Mobile Hotspot to send and receive voice, text, and other data on the cellular phone instead of using connectivity from the National Provider.

148. When a Helium Mobile subscriber is connected to and transmits data via a Mobile Hotspot, then Nova Labs acquires and consumes Data Credits on behalf of the subscriber to pay for the data transfer via the Mobile Hotspot. As a result of its Helium Mobile business, Nova Labs is the largest consumer of Data Credits on the Helium Network.

149. Helium Mobile is the only cellular service provider operating directly on the Helium Network and anyone can subscribe to a Helium Mobile cellular phone plan via Nova Labs' website

for approximately \$20 per phone line per month. Nova Labs has sold Helium Mobile cellular phone plans to at least 100,000 subscribers.

150. Since July 2023, and under the Helium Mobile brand, Nova Labs has offered and sold investment contracts consisting of the Discovery Mapping Program, through which investors obtain distributions of MOBILE. These offers and sales of securities have not been registered.

151. Specifically, under the Discovery Mapping Program, an investor (“Discovery Mapper”) purchases a Helium Mobile phone plan and agrees to tender valuable personal data to Nova Labs—including, for example, the Discovery Mapper’s geographic location and information concerning their usage of the Helium Wireless Network—in exchange for periodic distributions of MOBILE.

152. The number of MOBILE that a Discovery Mapper receives from the Discovery Mapping Program is determined by a fixed schedule and algorithm created by Nova Labs.

153. When the Discovery Mapping Program was introduced in July 2023, Discovery Mappers did not need to do anything to obtain distributions of MOBILE other than opt into the program using the Nova Labs App. Moreover, the amount of MOBILE distributed to Discovery Mappers did not depend on any action by the Discovery Mapper. Rather, the MOBILE periodically allotted to the Discovery Mapping Program were divided equally among all Discovery Mappers. The size of that allotment was and continues to be set under a fixed schedule and algorithm designed by Nova Labs.

154. Nova Labs has frequently characterized the Discovery Mapping Program as requiring little to no effort for the Discovery Mapper. During an August 2023 public event promoting the Discovery Mapping Program, for example, Nova Labs’ Director of Protocol Management said that Discovery Mapping is “super easy to enable. All you have to do is be a

subscriber, get into the app, turn it on, accept the permissions, and go about your day. . . . It's meant to be just always on in the background, and you shouldn't even notice it.”

155. Discovery Mappers purchase a Helium Mobile cellular phone plan and tender their valuable personal data to Nova Labs with the reasonable belief that they will profit from the MOBILE they receive in exchange, including due to Nova Labs' efforts to create demand and value for MOBILE and the HNT for which MOBILE may be exchanged on the Helium Network Blockchain.

156. Nova Labs aggregates and analyzes the subscriber personal data it receives from Discovery Mappers, which gives Nova Labs a singular view of usage of the Helium Network and allows it to make strategic decisions about geographies that Nova Labs' believes are underserved by Mobile Hotspots. Nova Labs then creates economic incentives for existing and potential investors to purchase and/or deploy Mobile Hotspots in those areas.

157. Nova Labs pools the funds paid by Discovery Mappers and uses them to promote and run the Helium Network, including related to Helium Mobile's Data Credit consumption.

158. Between July 2023 and the present, more than 45,000 Helium Mobile subscribers have been Discovery Mappers who participate in the Discovery Mapping Program, and they have “mined” at least tens of millions of MOBILE.⁵

V. NOVA LABS LED INVESTORS TO REASONABLY EXPECT TO PROFIT FROM HOTSPOTS AND DISCOVERY MAPPING.

159. Given the information Nova Labs publicly disseminated, Hotspot investors and Discovery Mappers who obtained HNT, IOT, and MOBILE (collectively, “Investors”), reasonably

⁵ Nova Labs has recently said that the economics of the Helium Network may change again soon, including to remove IOT and MOBILE and focus only on HNT

expected that, due to Nova Labs' efforts, the Investors would profit from their purchases, participation, and the resulting crypto assets.

160. Nova Labs marketed extensively its own entrepreneurial, managerial, and operational efforts to create demand for the Helium Network and further marketed how those efforts would increase demand for and value of HNT; emphasized the economic returns that Investors could reasonably expect by buying IoT and Mobile Hotspots and participating in Discovery Mapping; promoted a secondary trading market in which Investors could monetize their HNT, MOBILE, and IOT; and touted its efforts to maintain, modify, and market the Helium Network.

A. Nova Labs Emphasized that HNT Was Designed to Increase in Value Through Nova Labs' Entrepreneurial Efforts.

161. Since April 2019, Nova Labs has frequently said publicly that it designed the Helium Network to use and rely on HNT, and that HNT's value would and did increase as Nova Labs built and created demand for the Helium Wireless Network.

162. In those statements, Nova Labs has often referred to a so-called "Burn-Mint Equilibrium" mechanism that it built into the Helium Network and said that under this mechanism:

- a. A user transferring data via the Helium Wireless Network must pay fees in Data Credits, in amounts that increase as the amount of data increases;
- b. The user can only obtain Data Credits to pay those fees by first buying HNT and then "burning" that HNT in exchange for Data Credits (*i.e.*, destroying the HNT and removing it from circulation).
- c. If demand for Data Credits increases to pay for increased data transfer via the Helium Wireless Network, demand for HNT increases and supply of HNT simultaneously decreases, pushing up the price for HNT.
- d. If demand for Data Credits recedes, demand for HNT also recedes and, because the Helium Network Blockchain creates new HNT each day under a

fixed schedule, the supply of HNT increases, creating an excess supply of HNT that depresses the price for HNT.

163. Nova Labs and its business development employees are responsible for sales, partnerships, marketing, and technology integration for large enterprise customers who might deploy significant numbers of devices across the Helium Wireless Network and, by deploying those devices, consume Data Credits and burn HNT. (By contrast, investors have no practical ability to engage in business development activities with large enterprise customers, nor the expertise and funds necessary to do so. Instead, they depend entirely on Nova Labs' entrepreneurial and managerial skills and efforts in attracting those customers.)

164. Additionally, when Nova Labs created Helium Mobile, Helium Mobile became the largest acquirer and consumer of Data Credits by orders of magnitude.

165. Thus, the Helium Wireless Network relies heavily, if not totally, on Nova Labs for the amount of data flowing through the Helium Wireless Network, the number of Data Credits needed to pay for that data, and the number of HNT demanded and destroyed for the Data Credits.

166. Under the Burn-Mint Equilibrium mechanism, if Nova Labs persuades large enterprises to use the Helium Wireless Network or attracts customers to its Helium Mobile service, then data usage increases, more Data Credits are needed, and more HNT are demanded and also burned, pushing up the price of HNT—equally for each HNT holder. By contrast, if Nova Labs fails to persuade large enterprises to use the Helium Wireless Network or to attract customers to its Helium Mobile service, then fewer users adopt the Helium Wireless Network, data usage is limited, fewer Data Credits are purchased, fewer HNT are demanded and burned, and the value of HNT decreases—equally for each HNT holder.

167. Thus, the Burn-Mint Equilibrium links the value of HNT (and IOT and MOBILE, which can be exchanged for HNT) to Nova Labs' entrepreneurial efforts in creating demand for the

Helium Wireless Network and Data Credits, and, with it, the financial fortunes of Investors, defined *supra* ¶ 159.

168. As Nova Labs' CEO explained internally, Nova Labs' primary focus as a business is driving "usage of data credits," even if Nova Labs fails to earn revenue or loses money on its sales of Hotspots, because increased demand for Data Credits increases HNT's value.

169. Nova Labs' executives frequently made public statements about the effect of the Burn-Mint Equilibrium and Nova Labs' efforts to drive usage of the Helium Wireless Network and create demand for Data Credits. These statements, and the structure of the economics of the Helium Network more generally, led Investors reasonably to view their investments as having the potential for profit.

170. For example, in June 2019, Nova Labs' COO said publicly that Nova Labs was "focus[ed] on usage of the network," adding, "Get Data Credits to flow in mass volumes equates to high usage of the network. . . . [Nova Labs] is only focused on that." He added that Nova Labs was "maniacally focused on working with large enterprises on use cases" on the Helium Wireless Network—*i.e.*, persuading large businesses to use the Helium Wireless Network, acquire and consume large amounts of Data Credits, and create buy-side demand for HNT.

171. Also in June 2019, Nova Labs' CEO published a blog post saying Nova Labs is "actively working with companies who are trying to solve problems with [the Helium Network] . . . we need to continue moving forward by providing nationwide coverage for the US [and] partnering with customers to drive demand for network usage"

172. In a September 2019 post to a public Telegram channel, a cloud-based messaging program and broadcasting tool, devoted to the Helium Network, Nova Labs' CEO explained that, "as more [HNT] is burned to turn in to [Data Credits], we'd expect the market value of [HNT] to increase."

173. In a December 2019 public appearance, Nova Labs' CEO reiterated that demand for Data Credits influenced the price of HNT and could be profitable for IoT Hotspot investors,

And so the demand for Data Credits will ultimately act as sort of a bigger and bigger sync for [HNT], right? As more devices use the network, more [HNT] have to be burned on a regular basis in order to create Data Credits that get used on the network. . . . And so our model tries to sort of like – basically, if no one's using the network, there's going to be a ton of inflation and [HNT's] going to be less valuable. If a lot of people are using the network, there's going to be deflationary pressure and that should increase the value of [HNT].

174. In April 2020, Nova Labs' COO explained during a public appearance that Nova Labs uses its entrepreneurial efforts to create demand for the Helium Wireless Network among enterprise customers by “helping enterprises stand up their capability, . . . leveraging blockchain, leveraging the network”; and the COO further highlighted that Nova Labs “can provide engineering work needed to customize certain parts” of customer products to use the Helium Network.

175. In June 2020, Nova Labs' CEO echoed that Nova Labs' was using its entrepreneurial efforts to create demand for Data Credits, saying that Nova Labs' “primary purpose is to promote usage on the network in the form of wireless data transfer and Data Credits.”

176. During an April 2021 public appearance, Nova Labs' COO highlighted that Nova Labs has a “dedicated business development team” who are “all focused on getting usage, getting users on the network.”

177. In May 2021, Nova Labs' COO publicly promoted Nova Labs' business development and marketing efforts and their effect on the demand for Data Credits:

Most of [my work] is outbound go-to-market, sales, marketing, business development. . . The usage [of the Helium Wireless Network] is crucial. . . . We do things like webinars, we do blogs, we talk about and we highlight customers that join the network and use the network. . . . We track that very closely, we have an amazing team of people doing that . . . to go after this to go and increase our usage of the network. . . . As more and more users pile on, the Data Credit piece will start going up and then it will just tip the scales where passing data is more important.

178. During a November 2021 public appearance, Nova Labs' COO emphasized that Nova Labs had designed HNT to be an asset with speculative value tied to Data Credits and usage of the Helium Wireless Network, saying,

Part of why we built a two-token model [*i.e.*, HNT and Data Credits] is because the mined cryptocurrency, HNT, we expected that to be highly volatile. As much as it can go up, we understand that it can go down just as much. . . . For this bootstrap of a network [to a crypto asset] to work, there has to be value, the incentive has to exist and so in the early days, it's highly speculative and it is dependent on the value of HNT. . . . But as time goes on and as usage [of the Helium Wireless Network] comes, Data Credit demand will grow, and as data demand grows, Data Credit demand grows, HNT has to be burned. That means the supply of HNT will become scarcer and scarcer. . . . That should drive HNT value over time purely based on utility.

179. In June 2022, on Nova Labs' public Discord channel, a communications platform with topic-based conversation spaces, Nova Labs' CEO again emphasized that increased usage of the Helium Network would increase investment returns to IoT Hotspot owners: "Ultimately the network needs usage, it will drive the value of HNT up which benefits everyone."

180. When Nova Labs added Mobile Hotspots, created and began issuing IOT and MOBILE, and created its Helium Mobile cellular service provider, *see supra* ¶¶ 144 to 158, its executives emphasized that these developments increase demand for and usage of Data Credits.

181. For example, in a November 2022 public appearance, Nova Labs' CEO explained why Helium Wireless Network usage and the resulting destruction of HNT would benefit holders of HNT, IOT, and MOBILE,

[IOT and MOBILE] can be redeemed for HNT. . . . The reason that that makes sense or that works is that every single network on Helium . . . requires Data Credits to use. . . . The only way to acquire Data Credits is to destroy HNT, so as more and more data is used on the network, more and more HNT is destroyed. So as the circulating supply of HNT decreases, we expect that the value of the network increases. . . . So it doesn't matter if you're an IOT holder. It doesn't matter if you're an HNT holder. . . . Ultimately, what you want to see on the network is utility and growth and usage because it results in more HNT being destroyed. . . .

It is literally the cliché which I don't love of rising tides lift all boats. That's really what it's all about. It's like how do we increase utility and usage of the network all across the board because it will benefit everyone that's involved in the Helium ecosystem.

182. Similarly, during a public appearance in September 2022, Nova Labs' COO said,

Building out usage and ecosystem. That's crucial, and that's something that [Nova Labs' CEO] and I and the rest of the team at Nova Labs now, we've been really thinking about is how do you get that usage up, how do you get the Data Credits going. How do you get, not like thousands of sensors, but how do you get usage in the form of millions of devices. That's why 5G, cellular, LTE is so attractive to us because we believe if we can get millions of users to use their phones on top of the Helium Network, that creates a massive usage of Data Credits, that's burning HNT . . . that's where the value comes from.

B. Nova Labs Promoted the Investment Returns Hotspot Buyers Earned.

183. Even before Nova Labs' launched the Helium Network in July 2019, it understood that potential investors in IoT Hotspots were focused on the investment return they would obtain from the purchase.

184. For example, in a May 2019 internal communication, Nova Labs' CEO said to other Nova Labs executives, “[I]here’s no way to escape from the obvious ROI questions,” *i.e.*, investors' questions about the “return on investment” they would earn by buying an IoT Hotspot to get HNT.

185. Nova Labs' executives frequently told potential investors that investment returns on purchases of IoT or Mobile Hotspots—and the resulting HNT, IOT, and MOBILE—could be substantial, and underscored for those potential investors that it was reasonable to believe that they could profit by investing in IoT and Mobile Hotspots and participating in Discovery Mapping and thereby obtaining HNT, IOT, and MOBILE.

186. In a July 2019 public appearance, Nova Labs' CEO explained why an investor should be interested in buying an IoT Hotspot: “The potential of owning a piece of [Nova Labs'] network or being your own network operator”—*i.e.*, owning an IoT Hotspot—“is potentially very

lucrative.” He added that Nova Labs’ internal “economic models” show that “the opportunity to participate is substantial, and that’s sort of the rationale for really doing any of this.”

187. In a January 2020 public appearance, Nova Labs’ CEO explained to potential IoT Hotspot investors that “if the network succeeds in a huge way, you should be rewarded in a huge way for helping making that happen. Tokens are a great way to enable a new type of capital formation that is tied to the value put in, and the long-term success.”

188. In a July 2020 e-mail to a potential investor, Nova Labs’ CEO characterized IoT Hotspots as a speculative investment in IoT technology and the Helium Wireless Network,

[Nova Labs] earned approximately 600,000 HNT every month – today those HNT are trading around \$0.50/ea., but we’d expect substantial growth in the value as the network is more utilized. . . . One way of thinking about HNT is an IoT ETF [Exchange Traded Fund] – effectively an underlying asset that should appreciate in value as IoT activity increases, and even more so as that activity occurs on the Helium Network.

189. In March 2021, Nova Labs directed participants in Nova Labs’ public Discord channel to review an investment analysis of the IoT Hotspot by a well-known crypto asset investment firm. That analysis says,

On average, at the current \$6.92 market price for HNT, a new hotspot pays for itself in about 10 days. . . . This average payback period is very attractive, and that is why the network is growing so fast. . . . What if we assume the network grows to 100,000 hotspots in 2021? Then the average hotspot would earn 1.1 HNT per day. . . . We believe it is reasonable to assume the HNT price will be higher in the world of [100,000 hotspots] as the Helium Network gains more awareness and becomes more useful. This higher price will mean better ROI for Helium hotspot owners, which will further drive network growth.

Nova Labs’ CEO told participants in that public Discord channel that the analysis was “fine work.”

190. In a November 2021 statement on Nova Labs’ public Discord channel, Nova Labs’ CEO highlighted the investment returns earned by IoT Hotspot investors: “The current returns are already insanely high. The only thing that will keep happening is that unrealistic hosts [sell] to

realistic hosts. . . . [P]eople who think 0.2/HNT [per] day is ‘terrible’ will sell to people who realize it’s like 200% APR [annual percentage yield].”

191. In a March 2022 public appearance, Nova Labs’ CEO characterized IoT Hotspots as a good financial investment, saying, “Early hotspot hosts by today’s HNT value made an absurd amount of money,” adding that “HNT mining is still one of the most high ROI [return on investment] miners that you can participate in.”

192. In a July 2023 statement on Nova Labs’ public Discord channel, Nova Labs’ CEO again emphasized investment returns earned by IoT and Mobile Hotspot investors, saying, “I just try and remind people that getting 10% APY [annual percentage yield] on anything is a ridiculously good return.”

193. In December 2023, Nova Labs’ CEO and its COO each publicly posted on social media video clips of Discovery Mappers touting their investment returns from the Discovery Mapping Program. Also in December 2023, Nova Labs’ CEO reposted on social media a statement saying, that Nova Labs “unveiled an unlimited \$20 per month phone plan yesterday . . . [The price of t]he Network’s \$HNT token, which incentivizes infrastructure providers, is up 40% in anticipation that this may be the network’s mainstream moment.”

C. Nova Labs Promoted Secondary Trading of HNT, IOT, and MOBILE, and Actively Created a Secondary Trading Market.

194. Since at least July 2019, Nova Labs has undertaken significant efforts to create and promote secondary trading markets for HNT, IOT, and MOBILE.

195. Given Nova Labs’ secondary market efforts, and its promotion of them, Investors further reasonably expected to profit from investing in IoT and Mobile Hotspots and buying phone plans and tendering personal data to participate in Discovery Mapping, and thus obtaining HNT, IOT, and MOBILE. Indeed, the ability to sell investments in liquid secondary markets is an

important consideration for investors determining whether to buy securities because it represents one way in which they can realize profits from their investments.

196. In the months after Nova Labs launched the Helium Network, its executives and personnel emphasized in public statements that HNT could be sold, and HNT holdings monetized, via over-the-counter trading groups in messaging applications, such as Telegram. Nova Labs also highlighted to investors that it had designed the Helium Network Blockchain to allow an HNT holder to burn some or all of their HNT in exchange for Data Credits and simultaneously assign those Data Credits to a third party. Nova Labs explained that this feature allowed an HNT holder to monetize their HNT by charging for the assignment. That is, the holder of HNT could obtain consideration from a third party (*e.g.*, dollars or Bitcoin) in exchange for the HNT holder agreeing to burn some portion of their HNT holdings and instructing the Helium Network Blockchain to assign the resulting Data Credits to the third party.

197. By 2020, Nova Labs began extensive efforts to cause HNT to be listed and available for secondary trading on multiple crypto asset trading platforms.

198. In early 2020, Nova Labs management told its Board of Directors that it was negotiating with three large crypto asset trading platforms to list HNT for trading and that such listings would be a “watershed event” for investors in IoT Hotspots. This is because the ability to trade HNT on such platforms would allow investors to profit by selling their HNT.

199. For example, between February and June 2020, Nova Labs’ CEO negotiated an agreement to list HNT for trading on two well-known crypto asset trading platforms.

200. As preconditions for such listings, the trading platforms required technical assistance and information necessary to make HNT available to trade; substantial payments of cash; transfer of 100 HST; and promises that the market for HNT would not be manipulated. Nova Labs provided

that technical assistance and HST (which, in turn, would provide HNT in perpetuity, and funded at least \$130,000 in payments.

201. Nova Labs then publicized that HNT had been listed for trading on those two crypto asset trading platforms.

202. In addition to causing HNT to be listed on crypto asset trading platforms, Nova Labs paid well-known crypto marketers, influencers, and websites to promote HNT, IOT, and MOBILE to the public.

203. For example, between July and October 2020, Nova Labs' COO negotiated an agreement with a popular website focused on crypto asset markets under which the website agreed to feature HNT prominently and pay rewards to its users in exchange for their engagement with HNT-related website content. Nova Labs paid the website approximately \$100,000 worth of HNT for this promotional service.

204. In September 2020, Nova Labs signed a contract with a market maker—a trading firm that provides continuous liquidity for an asset on the secondary market by quoting both buy and sell orders—to create liquidity in the secondary trading market for HNT, allowing investors to monetize the HNT that they received via their IoT Hotspots.

205. Under that contract, Nova Labs provided the market maker with 200 HST and millions of additional HNT to facilitate the market making and the market maker agreed to provide liquidity for HNT on all crypto asset trading platforms for a more than two-year period.

D. Nova Labs Devoted Substantial Resources to Maintaining, Modifying, and Marketing the Helium Network and It Touted Those Efforts.

1. *Nova Labs Engaged in Extensive Software Engineering Work to Ensure That the Helium Network Operates.*

206. Investors understood that the success of their investments depended entirely on Nova Labs' efforts to develop and maintain the Helium Network—including the Helium Network Blockchain and Helium Wireless Network—so that it functioned reliably.

207. Between at least July 2019 and April 2023, the Helium Network ran on Nova Labs' bespoke blockchain, the Helium Network Blockchain. During that time, for example, all distributions of and transactions in HNT occurred via that blockchain.

208. Nova Labs employed at least thirty software engineers and other staff to monitor the functionality of the Helium Network Blockchain and to fix technical issues that regularly arose in the blockchain, including by writing, validating, and deploying computer code, among other things.

209. Nova Labs routinely emphasized that Investors were dependent on Nova Labs' engineering team to ensure that the Helium Network, Helium Network Blockchain, and Helium Wireless Network continued to operate.

210. For example, during a public appearance in February 2021, Nova Labs' CEO explained that only Nova Labs' software engineers had the ability and security permissions to make technical changes to the Helium Network Blockchain and that “in all of these projects”—*i.e.*, blockchain projects like the Helium Network—“the core engineering team really, that's who runs this” and that Nova Labs' engineering team “happen to be the only people who know how the hell this thing works, because we built it.”

211. As another example, in April 2021, Nova Labs' CEO reaffirmed Nova Labs' engineering expertise, which was necessary to work on and upkeep the Helium Network generally, saying publicly, “We've been hiring a little bit, the kind of expertise that we need is extremely hard to

find, both on the programming language we chose, but in general developing, like, layer one blockchain things requires a certain level of distributed systems experience and knowledge that's generally in pretty short supply.”

212. In a January 2022 public appearance, Nova Labs' COO reaffirmed the need for the expertise of Nova Labs' engineering personnel to keep the Helium Network afloat,

[Nova Labs] is always open-minded about what we could do and how we can advance and evolve the [Helium Network] blockchain. . . . Believe it or not, it's pretty hard to do that with 50 people in the company, 30 of whom are engineers, right? We literally have 30 engineers, so it's a lot to take on for 30 people. We're trying [to hire more] but it's just a very specific skill set and we have a very highly specialized language that we use in Erlang, so it's tough because there's only so many out there that can do this.

213. In May 2022, one of Nova Labs' equity investors (who was also one of the largest HNT investors) observed, “The network is valuable because there are people who are writing the code to make this possible.” The “people” writing the code were Nova Labs' employees.

214. During a public appearance in September 2022, Nova Labs' CEO described the substantial work necessary to ensure that the Helium Network Blockchain (and, thus, the Helium Network) continued to operate:

It takes an enormous amount of our engineering resources, we spend, I don't know—it's got to be 70% plus of our engineering time to date has been firefighting what I would call problems with the [Helium Network Blockchain] just because we made some design decisions that I think were good ones, at the time, but didn't scale at all.

215. Nova Labs was solely responsible for the software engineering work necessary to modify and fix the Helium Network Blockchain, without which, the blockchain would have halted or failed.

216. Nova Labs also controlled modifications to the Helium Network, including the Helium Network Blockchain. Since the launch of the Helium Network, Nova Labs proposed nearly

all changes to the Helium Network Blockchain, played the central (and often sole) role in approving those changes, and then performed all work necessary to implement the modifications.

217. Among many other things, Nova Labs repeatedly changed the number of HNT that a Hotspot investor would receive; determined the value of Data Credits and the sources of information used to determine the Data Credit-HNT exchange rate; created MOBILE and IOT as part of the Helium Network; added new types of devices, called “validators,” that could act as nodes running the Helium Blockchain; determined how validators were compensated for providing this service; determined which third parties were permitted to manufacture Hotspots; and, in April 2023, migrated Nova Labs’ bespoke Helium Network Blockchain (and all data comprising that blockchain) to run on a third-party blockchain (“Third-Party Blockchain”).

218. After each such change, of which the above are merely a few examples, Nova Labs publicly touted the change to Investors as work Nova Labs had done.

219. Even after Nova Labs migrated its bespoke Helium Network Blockchain (and all data comprising that blockchain) to run on a Third-Party Blockchain, Nova Labs continued to be the central actor maintaining and modifying the computer code comprising the Helium Network. As Nova Labs’ CEO said at the time of the migration: “We’re still extremely committed to being the core development team for the Helium network, that’s never going to change.”

220. Until very recently, no one outside of Nova Labs has had security permissions necessary to make any technical changes to the Helium Network. Thus, through at least the end of 2022, Nova Labs and its employees wrote nearly all computer code necessary to maintain, update, and modify the Helium Network. Nova Labs and its employees continue to be the core development team for the Helium Network.

2. *Nova Labs Engaged in Extensive Business Development and Marketing Work to Promote the Helium Network.*

221. Nova Labs has engaged in substantial entrepreneurial efforts to market and promote the Helium Network and to attempt to persuade enterprise customers to adopt the Helium Network technology. Nova Labs has also touted these efforts to Investors.

222. The value of Investors' investments depended on Nova Labs' efforts to develop a user base for the Helium Wireless Network, including in the form of large enterprise customers who would adopt the Helium Network, create demand for Data Credits, and drive up the demand for, and price of, HNT—as Nova Labs publicly explained to potential investors.

223. For example, in October 2019, Nova Labs' COO described on Nova Labs' blog how Nova Labs was trying to develop relationships with, and use cases for, large enterprise customers and to persuade them to adopt the Helium Network:

We're continually performing real-world tests under a broad range of conditions to provide insights about the network, including [the] range [of IoT Hotspot wireless coverage]. The range is specifically essential for companies who want to track assets. This use case is in high demand as it allows companies to accurately track their fleets (of trucks, scooters, etc.) in real-time without cellular. . . . We continued the internal tests but expanded to working with customers to demonstrate the range and stability of the network in a wide range of conditions specific to their use cases.

224. In a December 2019 public social media post, Nova Labs' COO touted that Nova Labs was “spending money on ads to recruit more hotspot hosts and to generate awareness” and that the “combo of our online efforts, along with PR, and content is working. If it wasn't working, we would not be doing it.” He added that “[g]etting users on the network is a long lead time effort. We actually started the effort about 1 year ago, before the network even existed.”

225. In a public appearance in June 2020, Nova Labs' Business Development VP emphasized its extensive work to persuade large enterprise customers to use the Helium Network,

The demand side, which are enterprises, companies like, Nestle, for example, that use the Helium network as an alternative to cellular networks to send data. . . . 2020, for us, is the year of sort of building out the demand. We're doing pretty much every effort possible to do this. We've got a full Enterprise sales team that's doing all sorts of enterprise sales things like outbound communications, going after companies. . . . In the last 45 days alone, we've closed 15 enterprise customers, people who are using the network and have every intention of building real products. . . . On the enterprise names, by the way, our marketing team is about to start just a fairly consistent blitz of putting names out there, actual companies with stories and really nice narratives of around why they're using Helium.

226. In March 2021, Nova Labs' Business Development VP again emphasized publicly its marketing and business development work, saying that his role is to get "big companies" to put devices on the Helium Wireless Network and further highlighting Nova Labs' focus on working with those companies:

We have a dedicated team of what we call BDRs or Business Development Representatives who actually go out and do active outbound prospecting for network users, so if you're a customer of [Nova Labs] . . . we'll put together outbound campaigns and we'll do cold calling for you, going after a target and try to find the person that might buy your product. . . .

227. In September 2021, Nova Labs' Business Development VP said publicly that it "continues to bring these massive companies into the ecosystem" and promised potential investors that "thousands more companies like this are going to be deploying trillions of sensors" on the Helium Wireless Network.

228. Investors reasonably expect to profit from Nova Labs' entrepreneurial engineering, business development, and marketing efforts.

229. While Nova Labs formed a non-profit entity, the Helium Foundation, that it purportedly intended to eventually be an "independent" third-party that could perform engineering, business development, and marketing work related to the Helium Network, to the extent the Helium Foundation has performed any such work, it has been limited.

230. The Helium Foundation did not exist for nearly one year after Nova Labs launched the Helium Network. Then, for more than two years after the Helium Foundation was formed, it had no employees or operations and performed no work maintaining or improving the Helium Network. Even after the Helium Foundation began to hire employees, it continued to rely on Nova Labs to perform all or nearly all software engineering and marketing work for the Helium Network.

231. In any event, the Helium Foundation is not and has never been independent from Nova Labs. Through at least mid-2024, the Helium Foundation had no meaningful sources of revenue other than grants from Nova Labs, and Nova Labs has effectively controlled it.

VI. NOVA LABS MADE FALSE AND MISLEADING STATEMENTS TO INVESTORS IN IOT HOTSPOTS AND NOVA LABS' EQUITY.

232. Nova Labs also made materially false and misleading statements, both to those who invested in IoT Hotspots and those who purchased Nova Labs' preferred equity shares, about large enterprise customers that Nova Labs claimed were using Nova Labs' Helium Network that, if true, would increase Nova Labs' value and the value of HNT.

233. In truth, however, those enterprise customers were not using the Helium Network.

A. Nova Labs' Acquisition of Large Enterprise Customers Was Central to the Value Proposition of Nova Labs and HNT.

234. As described above, Nova Labs emphasized publicly that a focus of its business was driving usage of the Helium Wireless Network and creating demand for Data Credits. As Nova Labs explained, by driving that usage and creating that demand, Nova Labs would simultaneously create demand for HNT (which are necessary to acquire Data Credits) and reduce supply of HNT (which must be destroyed to acquire Data Credits), causing HNT's value to increase.

235. To drive wireless usage and demand for Data Credits, Nova Labs tasked its marketing and business development teams with persuading large enterprise customers—referred to

within Nova Labs as “Logos”—to use the Helium Wireless Network, acquire and “burn” HNT, and consume Data Credits.

236. Nova Labs also believed it would benefit from associating with well-known Logos. Such association would differentiate Nova Labs from other crypto asset- and blockchain-based projects, give a sense of legitimacy to it and its nascent technology, persuade other enterprise customers to use the Helium Wireless Network, and obtain publicity for Nova Labs.

237. Nova Labs knew that Logos were important to actual and potential investors, including potential IoT Hotspot investors and potential investors in Nova Labs’ equity shares.

238. In a September 2019 discussion between Nova Labs’ CEO and its COO, its CEO explained that “smart” investors would consider which, if any, Logos were using the Helium Network, saying that Nova Labs is “definitely going to need either logos or utility or both soon, although I’d expect [IoT Hotspot investors] to be more rabid about [secondary trading on exchanges] in the short term . . . the smart ones will be thinking long term and that means logos then utility.”

239. In a subsequent discussion between Nova Labs’ COO and two of Nova Labs’ business development executives, the COO emphasized the importance of Logos to Nova Labs’ value proposition: “[W]e need to see more logos and more usage of the network. This is really it for [Nova Labs]. It’s get it done or go home.”

240. Then, Nova Labs’ COO created an incentive compensation structure for Nova Labs’ business development team that was tied directly to whether the team persuaded Logos to use the Helium Network and acquire and consume Data Credits.

241. Nova Labs used Logos to promote its offering and sale of IoT Hotspots and the Helium Network generally.

242. Nova Labs also used its purported relationships with Logos to persuade institutional and other accredited investors to buy \$200 million of Nova Labs' preferred equity shares as part of a private placement between December 2021 and February 2022 ("Series D Fundraise").

243. In connection with its offer and sale of IoT Hotspots and in its pitches to potential investors in the Series D Fundraise, Nova Labs repeatedly represented that three particular large and established companies were associated with Nova Labs: Swiss multinational food conglomerate Nestlé S.A. ("Nestlé"); American transportation company Lime, formerly known as LimeBike ("Lime"); and American software company Salesforce, Inc. ("Salesforce").

244. Specifically, between mid-2019 and 2022, Nova Labs and its executives repeatedly told actual and potential investors that Nestlé, Lime, and/or Salesforce were "currently using," were "users" of, or "relied on" the Helium Network, and Nova Labs used those companies' names and corporate imagery throughout its website and in its promotional materials.

245. Nova Labs' and its executives' repeated use of Nestlé's, Lime's, and Salesforce's names and corporate imagery suggested to actual and potential investors that those companies' adoption of and/or trust in the Helium Network would inure to the investors' benefit, including because those companies would deploy sensors on the Helium Wireless Network and acquire and destroy HNT to obtain Data Credits to do so.

246. Nova Labs' and its executives' representations concerning Nestlé, Lime, or Salesforce were materially false and misleading. None of those companies were then "users" of or were then "currently using" the Helium Network, which Nova Labs and its executives knew or recklessly disregarded.

247. As explained below—and as Nova Labs and its executives knew or recklessly disregarded—each of Nestlé, Lime, and Salesforce had only conducted very limited tests of certain Nova Labs component hardware; those tests largely occurred months and years before the launch of

the Helium Network; and none of these limited tests resulted in any of the companies adopting any Nova Labs technology or becoming “users” of the Helium Network. Both Nestlé and Lime ultimately issued cease-and-desist letters to Nova Labs demanding that it stop using their names.

B. Nova Labs’ Actual Contact with Nestlé, Lime, and Salesforce Was Limited.

248. Nova Labs’ actual interactions with each of Nestlé, Lime, and Salesforce was limited.

249. Nova Labs interacted with Nestlé in 2018. This was before Nova Labs had pivoted its business to blockchain technology and crypto assets, before it had manufactured IoT Hotspots, and before it had launched the Helium Network Blockchain.

250. That year, Nestlé ReadyFresh, a division of Nestlé that delivers water to consumers, tested certain Nova Labs component hardware in a small subset of its water coolers as a possible way to monitor consumers’ water levels and anticipate their water delivery needs.

251. Nestlé’s test of Nova Labs component parts—something wholly different than the Helium Network Blockchain and Helium Wireless Network—ended no later than 2018. After that test, Nestlé did not enter into any deal with Nova Labs and did not adopt or use Nova Labs’ technology, which Nova Labs and its executives knew or recklessly disregarded.

252. Nova Labs’ interactions with Lime were similarly short-lived, limited in scope, and occurred before the launch of the Helium Network. Those interactions consisted of a demonstration, on one day in February 2019 and a second day in March 2019, during which Nova Labs showed two Lime employees that certain Nova Labs component hardware could be strapped to Lime scooters to track those scooters’ locations within a few blocks in San Francisco.

253. Nova Labs’ relationship with Lime ended with that demonstration. Lime did not enter into any deal with Nova Labs and did not adopt or use Nova Labs’ technology, as Nova Labs and its executives knew or recklessly disregarded. In fact, by July 2019, Nova Labs’ COO complained to one of Nova Labs equity investors that his contact at Lime was no longer at the

company, that Nova Labs had been “lost in the shuffle,” and that the attempt at business development had hit a dead end.

254. Like Nestlé and Lime, Salesforce conducted a limited test of Nova Labs’ technology, which it never adopted.

255. In early 2020, Nova Labs provided one of Salesforce’s more than 50,000 employees with Nova Labs component hardware and that Salesforce employee built a prototype employee badge scanner incorporating that hardware. That employee then tested the prototype to show that it could scan Salesforce employee badges and transmit badge information to the internet using the component hardware. When the Covid pandemic began in March 2020, however, that testing stopped. As did Nova Labs’ relationship with Salesforce.

256. Salesforce never became a user or customer of Nova Labs, and never relied on or adopted Nova Labs’ technology, as Nova Labs and its executives knew or recklessly disregarded.

257. Nova Labs and its executives knew or recklessly disregarded that Nova Labs had never entered into any deal with Nestlé, Lime, or Salesforce to purchase or use a Hotspot, acquire HNT, buy or use Data Credits, or to use the Helium Wireless Network.

258. Nova Labs’ internal documents confirm its understanding that none of Nestlé, Lime, or Salesforce were Nova Labs clients or “users.” For example, by October 2019, internal Nova Labs reports detailing its potential deal pipeline—received and reviewed by Nova Labs’ CEO, COO, and Business Development VP—assessed its likelihood of converting Salesforce to be a Nova Labs’ customer in a future deal at fifty percent, the likelihood of converting Lime at five percent, and completely omitted Nestlé. In other words, Nova Labs’ executives knew that none were then customers, or relying on or using Nova Labs’ technology, including the Helium Wireless Network.

259. In June 2020, when Nova Labs’ COO suggested to Nova Labs’ CEO that they use Nestlé’s and Lime’s names to promote the Helium Network because those companies were

“marquee names,” Nova Labs’ CEO responded, “Yea, although the challenge is going to be *no one has deployed anything yet.*” Around the same time, Nova Labs’ COO told Nova Labs’ CEO that the risk of improperly using Lime’s name to promote the Helium Network was low because the people at Lime who knew what had or had not happened between Nova Labs and Lime were no longer employed at Lime, saying, “they also fired all their PR people so no one will challenge us.”

260. Although Nova Labs and its CEO, COO, and Business Development VP knew or recklessly disregarded that Nestlé, Lime, and Salesforce had not adopted and had not become “users” of Nova Labs’ technology, they repeatedly said the opposite.

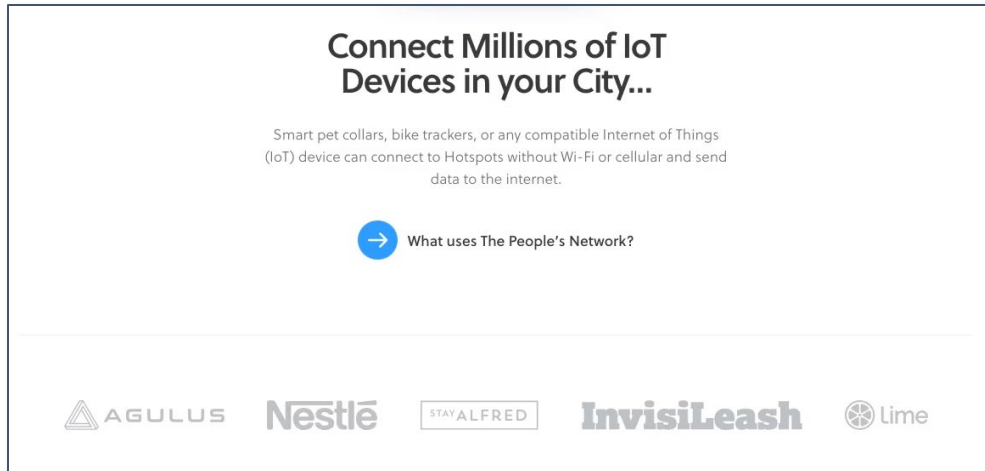
C. Nova Labs’ Repeated False and Misleading Public Statements About Nestlé, Lime, and Salesforce

261. Nova Labs repeatedly made false and misleading statements concerning its and the Helium Network’s relationships with Nestlé, Lime, and Salesforce on its website, in press releases and marketing materials, in interviews, and in public appearances. Nova Labs and Nova Labs’ executives knew or recklessly disregarded that these statements were false and misleading.

1. *Nova Labs’ False and Misleading Statements on Its Website*

262. Nova Labs’ webpage was regularly reviewed and/or updated by Nova Labs’ CEO, its COO, and its Business Development VP, who knew or recklessly disregarded that it featured false and misleading statements.

263. For example, for at least large parts of 2019 and 2020, Nova Labs used the logos of Nestlé and Lime under the text, “What uses the People’s Network?” (the “People’s Network” is another name for the Helium Network):



Likewise, on other pages of its website during that same period, Nova Labs listed the logos of Nestlé, Salesforce, and Lime under the heading “**Helium Is Used By.**”

264. Although Nova Labs’ website listed companies other than Nestlé, Salesforce, and Lime as “using” the Helium Network, those companies were small, local companies with few employees and were relatively unknown compared to Nestlé, Salesforce, and Lime, which are prominent, large entities with the potential to create substantial demand on the Helium Network.

265. Nova Labs’ website also excerpted and posted false and misleading headlines from magazines and online publications, such as, “Forbes: [Nova Labs] Makes Wireless Internet Cheaper, Lands Lime Scooters and Nestle As Clients.”

266. Another page on Nova Labs’ website said, in relevant part, “[Nova Labs] helps companies solve connectivity challenges without worrying about expensive phone plans or worrying about building and maintain [sic] wireless infrastructure.” This statement was followed by Nestlé’s logo and the claim that Nova Labs had created for Nestlé a “capability” that “delivers a real-time view of fill levels extending the level of service they can offer to customers.”

267. Yet another page on Nova Labs’ website featured Salesforce’s name and logo as a user of the Helium Network and said,

A core value at Salesforce is trust – Helium allows them to focus on innovation for their application knowing that messages from devices are securely sent across the Helium network.

268. Contrary to its use of the logos and names of Nestlé, Lime, and Salesforce on its website, Nova Labs and its executives knew or recklessly disregarded that the companies were not users of the Helium Network or Nova Labs’ technology, that Nova Labs was not supporting those companies’ operations in any way, and that Nova Labs had not “landed” any of the three companies as “clients.”

2. *Nova Labs’ Additional False and Misleading Statements*

269. Nova Labs’ CEO, COO, and Business Development VP also made false and misleading statements about Nestlé, Lime, and Salesforce in press releases, news articles, and public appearances, which they knew or recklessly disregarded were false and misleading.

270. Between July and December 2019, Nova Labs’ CEO and its COO made several statements that they knew or recklessly disregarded were false and misleading:

- a. During a public appearance in July 2019, Nova Labs’ CEO said, “I think, as you know, this [*i.e.*, the Helium Network] starts to develop and people start to use it and more applications come on board and we’ve already got some good ones like Lime, and . . . Nestlé. A bunch of good companies and good use cases that intend to use the network immediately.”
- b. During an October 2019 public presentation, Nova Labs’ COO said, “So, today we have companies like Lime Bike using our technology to track their scooters in the City of Austin.”
- c. During a public appearance in December 2019, Nova Labs’ CEO described how Nestlé consumed Data Credits related to the Helium Wireless Network, saying, “the other type of token on our network is called the ‘Data Credit,’

and that’s what customers of the network use, right? So if you are a device-maker of some kind – let’s say Nestlé, who’s building devices on the network – you transact in the form of Data Credits.”

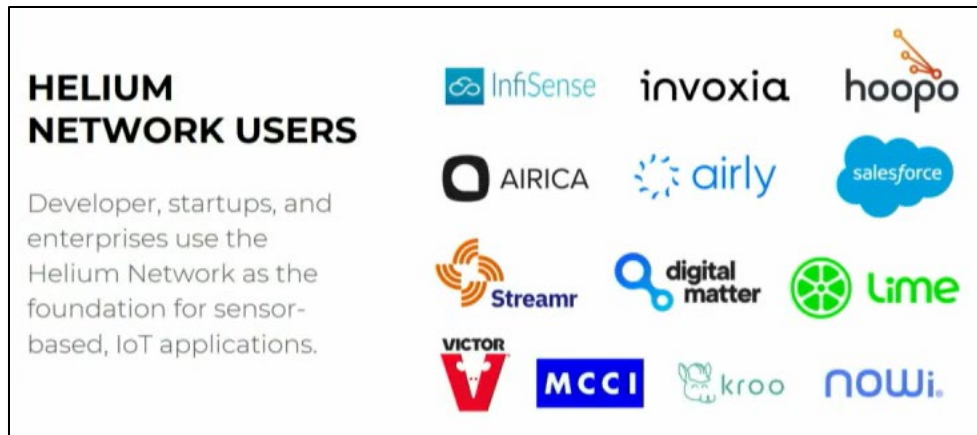
In truth, neither Nestlé nor Lime were “on board” with Nova Labs, Lime was not using the Helium Network to track scooters in Austin, and Nestlé was not building devices on the Helium Network, all of which Nova Labs’ CEO and its COO knew or recklessly disregarded.

271. In fact, in November 2019, two Nova Labs employees highlighted to Nova Labs’ COO that Nova Labs was using Lime’s name and corporate imagery as promotion on its website, even though “we are NOT working with them.”

272. In response, Nova Labs’ COO admitted that Nova Labs was “not currently” working with Lime, but instructed the Nova Labs employees to “leave” Lime’s name on the website.

273. Nova Labs’ misrepresentations continued throughout 2020 and 2021, as Nova Labs’ Business Development VP (and other Nova Labs executives) made frequent presentations on Helium’s public YouTube channel promoting Nestlé, Lime, and Salesforce as companies that Nova Labs had persuaded to “use” the Helium Network, that were ongoing “users” of the Helium Network, and that purportedly “rely on Helium,” including the repeated use of these two slides during those presentations:





None of Nestlé, Lime, or Salesforce “relied on” Helium or were “users” of the Helium Network, which Nova Labs’ Business Development VP and other executives knew or recklessly disregarded.

274. Although Nova Labs’ presentations listed other companies as “relying on” or “users” of the Helium Network, those companies were much smaller and less well known than Nestlé, Salesforce, and Lime.

275. During that same time period, Nova Labs’ CEO and its COO made similar public statements that they knew or recklessly disregarded were false and misleading. For example:

- a. In June 2020, Nova Labs issued a press release claiming that Nestlé was one of three “key brands that use the Helium Network.”
- b. In a July 2020 interview with the online publication TechRadar, Nova Labs’ CEO touted Nova Labs’ relationship with Nestlé saying, “Some examples of companies who are already enjoying the benefits of our network include the beverage delivery service company Nestle’s ReadyRefresh”
- c. In February 2021, during a public appearance, Nova Labs’ CEO was asked, “It looked like you had some partnerships with Salesforce and Lime—I know them as scooters, I’m sure they’re doing other stuff too—did I get that right?” Nova Labs’ CEO responded, “Yeah, that’s exactly right,” adding,

“companies like Salesforce and Lime, they’re people who are actually building the sensors, the products that take advantage of the network.”

- d. In May 2021, Nova Labs published a tweet that continued the misimpression it had created, saying that the Helium Wireless Network “is trusted by users” that include Lime and Salesforce. Although the tweet mentioned other companies as purported users, none were as prominent or well-known as Lime and Salesforce.
- e. In November 2021, during a public appearance, Nova Labs’ COO touted the adoption of the Helium Network by “very large customers,” and said unequivocally, “Lime Scooter is a customer.”

276. Nova Labs’ misstatements continued in 2022. In a public appearance in March 2022, Nova Labs’ CEO described the “users” of the Helium Wireless Network and the financial benefit of those users to IoT Hotspot investors:

So they’re companies like Salesforce, and [Car Company A], and [Retail Company A], and [Car Company B], and like, companies that actually run sensors on the Helium network are the other sort of participant in the network and they – they have to spend HNT in order to actually use the network, right, and that money goes to the – that HNT goes to the Hotspots.

277. In a public appearance in June 2022, Nova Labs’ CEO again described Salesforce as a “user” of the Helium Network. In response to a question about the purpose and usage of the Helium Wireless Network, Nova Labs’ CEO named industries that could use the network including agriculture and drone delivery, and then named a single specific company: “I think Salesforce is using it to track employee badges.”

278. Nova Labs’ CEO knew or recklessly disregarded that these statements—which suggested that Nova Labs had ongoing relationships with those companies and that those companies were using or were planning to use the Helium Network—were not accurate.

3. *Nestlé and Lime Issued Cease-and-Desist Letters to Nova Labs.*

279. The falsity of Nova Labs’ statements was ultimately revealed.

280. Following TechRadar’s July 2020, publication of its interview with Nova Labs’ CEO, in which he claimed that Nestlé was using the Helium Network, Nestlé sent Nova Labs a cease-and-desist letter demanding that Nova Labs stop “discussing [Nestlé] immediately.”

281. Nestlé’s cease-and-desist letter recited facts that Nova Labs already knew, saying: “Nestle Waters North America has not engaged in conversations with Helium for well over a year,” adding that if Nova Labs “continue[s] to reference NWNNA as a customer, user or potential partners of Helium, we reserve our rights to pursue all other legal remedies.”

282. In response to Nestlé’s cease and desist letter, Nova Labs’ Business Development VP wrote to others within Nova Labs that he, “[c]an’t believe we made it this long without them calling us out.”

283. After Nestlé’s cease and desist letter, Nova Labs quietly removed Nestlé’s logo from its website, but did not correct its misrepresentations about its relationship with Nestlé. Nova Labs also continued to use the names and logos of Lime and Salesforce until July 2022.

284. In July 2022, Lime issued a public statement that it was not and had never been a user of the Helium Network or partner with Nova Labs. Lime acknowledged that it had briefly tested Nova Labs’ hardware in early 2019 but said the “test had fizzled.” With respect to Nova Labs’ claims that Lime was a user of the Helium Network, Lime said, “Helium has been making this claim for years and it is a false claim.”

285. That same day, Lime’s General Counsel sent a cease-and-desist letter to Nova Labs making clear that “Lime employees engaged in exploratory conversations with [Nova Labs] in 2019” and nothing more, and instructed Nova Labs to “immediately cease and desist from using Lime’s name and trademark on Helium’s website, Helium’s blog, and in other channels controlled by

Helium (e.g., social media platforms), and from claiming that Lime is, or was, a customer and/or partner of Helium.”

286. In response to Lime’s cease-and-desist letter, Nova Labs’ Business Development VP said in an internal message, “Please make sure [Nova Labs’ COO] weighs in on the Lime piece specifically. He’s insisted that we continue to use their logo for as long as we have. . . . I don’t think they ever deployed anything.”

287. Nova Labs removed Lime’s logo and name from its website.

288. After Lime’s July 2022 public denial of any relationship with Nova Labs, journalists began to question whether Nova Labs’ relationship with Salesforce was real. Nova Labs knew it was not. As Nova Labs’ COO said in an internal discussion regarding reporter inquiries, “Salesforce was a project prior to Covid”—*i.e.*, more than 26 months earlier—“but that detail got lost.”

289. In short, Nova Labs knowingly made false and misleading statements about the relationship between its burgeoning business and wireless network with three well-established companies in order to promote and legitimize itself and its network, and Nova Labs only stopped making those statements when two of the companies threatened legal action.

4. *Nova Labs’ Purported Relationships with Nestlé, Lime, and Salesforce Were Important to Investors*

290. That Nestlé, Lime, and Salesforce were purportedly using the Helium Network was part of the total mix of information that investors in both Nova Labs stock and Hotspot investors considered in deciding whether to invest.

291. For example, between October 2021 and March 2022, Nova Labs marketed its Series D Fundraise and, between December 2021 and March 2022, sold preferred equity shares to 33 investors in exchange for approximately \$200 million.

292. During that fundraise, Nova Labs personnel told prospective investors that Lime was currently using the Helium Network and internal documents from multiple entities that

ultimately invested in the Series D Fundraise show that Nova Labs' purported relationships with Nestlé, Lime, and/or Salesforce were important to their decisions to invest. Those documents, including memoranda recommending investments in Nova Labs equity, specifically referred to the fact that Nova Labs had "top tier" "customers" like Nestlé, Lime, and/or Salesforce.

293. Nova Labs' purported relationships with Nestlé, Lime, or Salesforce was an important consideration in the Nova Labs' Series D Fundraise investors' decisions to buy Nova Labs' equity shares.

294. Nova Labs and its executives made the statements about Nestlé, Lime, and Salesforce detailed above at the same time that Nova Labs was selling IoT and Mobile Hotspots and in furtherance of persuading investors to buy those Hotspots.

295. IoT and Mobile Hotspot investors considered Nova Labs' purported relationships with Nestlé, Lime, and Salesforce as an important part of the total mix of information when deciding to invest in those Hotspots. This is unsurprising. Nova Labs had deliberately linked the value of HNT to usage of the Helium Wireless Network and then promoted Nestlé, Lime, and Salesforce as well-known companies using that network, suggesting that those customers endorsed Nova Labs' technology and that they would consume Data Credits and increase demand for HNT.

296. Actual and/or prospective investors in Hotspots repeatedly referred to Nova Labs' purported relationships with Nestlé, Lime, and Salesforce in social media postings. By way of example, the following posts were made by members of the general public on Nova Labs-focused online communities: (i) "Lime being a customer was honestly a reason I got involved."; (ii) "[Nova Labs] had a whole case study for the Salesforce scanning system which is what sold me to start mining."; (iii) "The only reason I got into Helium was because of the partnerships."; (iv) "That's why I started mining HNT, cause lime scooters came into [a] small town."; and (v) "HNT can be 'burned' as data credits. This crypto has a limited total supply so ideally that should bring up the

price as well. I suggest reading about what companies are using the Helium Network, like the cities putting sensors in the ground to track parking spots/meters, Nestle water cooler refills, lime scooters/bikes, smart mouse traps, etc.”

297. When the truth about Nestlé, Lime, and Salesforce was revealed, investors said in online posts that they felt misled, making statements including, “That’s a pretty bold lie to make” and “This is starting to sound like an MLM—where the money is being made off of coin holders and folks buying the overpriced equipment with a hope that they make money from nonexistent customers.”

TOLLING AGREEMENTS

298. Nova Labs and the Commission entered into tolling agreements suspending the running of any applicable statute of limitations from September 22, 2023 to December 21, 2023, from January 22, 2024 to April 21, 2024, from September 25, 2024 to November 24, 2024, and from November 25, 2024 to January 24, 2025.

FIRST CLAIM FOR RELIEF Violations of Securities Act Section 5(a) and 5(b)

299. The Commission re-alleges and incorporates by reference here the allegations in Paragraphs 1 through 231.

300. By virtue of the foregoing, Nova Labs, through its offers and sales of the Helium Network Token (or HNT), the Helium Mobile Network Token (or MOBILE), and the Helium IoT Network Token (or IOT) directly and indirectly: (a) without a registration statement in effect as to those securities, (1) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of any prospectus or otherwise, and (2) carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities for the purpose of sale or for delivery after sale; and (b) made use of means or instruments of transportation or communication in interstate

commerce or of the mails to offer to sell or offer to buy, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

301. By reason of the conduct described above, Nova Labs violated, is violating, and, unless enjoined, will continue to violate Securities Act Sections 5(a) and 5(c) [15 U.S.C. §§ 77e(a) and 77e(c)].

SECOND CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)(2)

302. The Commission re-alleges and incorporates by reference here the allegations in Paragraphs 1 through 297.

303. Nova Labs, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, knowingly, recklessly, or negligently has obtained money or property by means of one or more untrue statements of a material fact or omissions of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

304. By reason of the foregoing, Nova Labs, directly or indirectly, has violated and, unless enjoined, will again violate Securities Act Section 17(a)(2) [15 U.S.C. § 77q(a)(2)].

THIRD CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Rule 10b-5(b) Thereunder

305. The Commission re-alleges and incorporates by reference here the allegations in Paragraphs 1 through 297.

306. Nova Labs, directly or indirectly, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly has (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact

or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

307. By reason of the foregoing, Nova Labs, directly or indirectly, has violated and, unless enjoined, will again violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently enjoining Defendant from violating, directly or indirectly, Securities Act Section 5(a) and 5(c) [15 U.S.C. §§ 77e(a), 77e(c)], Securities Act Section 17(a)(2) [15 U.S.C. § 77q(a)(2)], Exchange Act Section 10(b) [15 U.S.C. § 78j(b)], and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)];

II.

Ordering Defendant to disgorge all ill-gotten gains obtained within the statute of limitations, within prejudgment interest thereon, under Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)];

III.

Ordering Defendant to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)];

IV.

Prohibiting Defendant from participating, directly or indirectly, in the purchase, offer, or sale of any crypto assets being offered or sold as securities under Exchange Act Section 21(d)(5)

[15 U.S.C. § 78u(d)(5)], or engaging in activities for purposes of inducing or attempting to induce the purchase offer, or sale of any crypto assets being offered or sold as securities by others under Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)]; and

V.

Granting any other and further relief this Court may deem just and proper.

JURY DEMAND

The Commission demands a trial by jury.

Dated: New York, New York
January 17, 2025

/s/ Christopher M. Colorado

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