THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

JOHN KRAMER, *Plaintiff,* v. MANGO LABS, LLC, DAFYDD DURAIRAJ, and TYLER SHIPE *Defendants*.	CIVIL No.: 24-1587 JURY TRIAL DEMANDED

VERIFIED COMPLAINT

TO THE HONORABLE COURT:

COMES NOW Plaintiff John Kramer, through the undersigned legal counsel, and very respectfully states, alleges and prays as follows:

INTRODUCTION

1. Plaintiff brings this action against Defendants asserting that Defendants have acted intentionally and without authority to deprive Plaintiff of his property, and the right to participate in the governance of a decentralized autonomous organization known as the Mango Decentralized Autonomous Organization ("Mango DAO"). Mango DAO is an unincorporated organization composed of holders of MNGO tokens, a digital asset that was created to be the governance token for Mango DAO.

2. The actions of Defendants constitute conversion, and a violation of 18 U.S.C. § 1030(4). As stated more fully hereinafter, this Court has subject matter jurisdiction under 28 U.S.C. § 1331, as well as 28 U.S.C. § 1332.

THE PARTIES

3. John Kramer is an individual domiciled at 1508 Calle Maribel, Apt. 201, San Juan, Puerto Rico 00911, and for purposes of 28 U.S.C. § 1332 is a citizen of Puerto Rico.

4. Defendants Mango Labs, LLC ("Labs") is, based upon information and belief, organized under the laws of Wyoming, with its principal place of business in said state, and for purposes of 28 U.S.C. § 1332 is a citizen of Wyoming.

5. Defendant Dafydd Durairaj ("Durairaj") is an individual residing at 3014 Green Apple Drive, Dallas, North Carolina 28034, and for purposes of 28 U.S.C. § 1332 is a citizen of North Carolina.

6. Defendant Tyler Shipe ("Shipe") is an individual residing at 4845 Ashley Park Lane, Apartment No. 402 Charlotte, North Carolina 28210, and for purposes of 28 U.S.C. § 1332 is a citizen of North Carolina.

SUBJECT MATTER AND PERSONAL JURISDICTION

7. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 as it arises in significant part from a violation of two Federal laws, 18 U.S.C. § 1030(g). Plaintiff additionally asserts a conversion claim under article 1536 of the Puerto Rico Civil Code of 2020, P.R. Laws Ann., Tit. 31, § 10801, over which this court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367.

8. In addition, this Court may exercise subject matter jurisdiction pursuant to 28 U.S.C. § 1332(a), as plaintiff is domiciled in Puerto Rico, while Defendant Labs is domiciled in Wyoming, Durairaj is domiciled in North Carolina, and Shipe is domiciled in North Carolina, and the amount in controversy, at least $12.9 million, exceeds the jurisdictional amount.

9. This Court has personal jurisdiction over Defendants as they purposely targeted plaintiff who is domiciled in Puerto Rico, and his assets.

10. Defendants intentionally directed their actions to Plaintiff, a Puerto Rico resident, by gaining unauthorized access to the Mango DAO's governance software for the purpose of depriving Plaintiff of the use and value of the assets. The fact that Plaintiff is a resident of Puerto Rico is widely known among the Mango DAO community. In addition, Defendant Labs filed suit against Plaintiff in Puerto Rico District Court in October, 2024, Civil No. 24-1469-GMM, and by its action Defendant Labs has submitted itself to the jurisdiction of this Court.

GENERAL ALLEGATIONS

11. Mango DAO[1] was organized to be the governing body of Mango Markets, a "DeFi" platform. DeFi platforms generally are software that enables peer-to-peer cryptocurrency-based financial transactions such as lending, borrowing, and trading. The transactions on DeFi platforms occur automatically pursuant to rules and parameters programmed into the software, without human intervention. On Mango Markets, investors can engage in trading of crypto futures and other leveraged transactions. The Mango DAO controls the software that decides which tokens and types of transactions are available on Mango Markets ("Markets"), and how those transactions work. Holding a MNGO Token makes the token holder a member of Mango DAO. MNGO tokens (as all cryptocurrency tokens) are stored in a digital "wallet" belonging to the token holder (what

[1] "A DAO is a 'decentralized autonomous organization' which is a way to organize people, a social coordination technology that relies on blockchain-based smart contracts and incentives to facilitate collaboration and collective action. Put differently, DAOs allow unrelated parties to use software code on a blockchain without needing a centralized coordinating authority, and permit users "to take actions to edit open-source software." *CFTC v. Ookie DAO,* No. 22-05416, Dkt No. 63 at 3 (N.D. Cal. Dec. 20, 2022) (internal citations omitted). Some DAOs are legal entities such as cooperatives, associations, foundations, or LLCs. Other DAOs, such as the Mango DAO, are not formal legal entities.

is a "wallet" is explained further below). The token holder connects their wallet to the Mango DAO platform; the platform "sees" the token in the wallet and allows the token holder to vote on proposals made by other token holders. These rules and parameters are known as the "governance" or "governance rules" of the DAO. The standard rule is that one token equals one vote; however, members can double their voting power if they "lock" their tokens for five years. Locked tokens can be used for voting, but they cannot otherwise be used, traded or sold.

12. MNGO Token holders have the power to modify or upgrade the Mango Markets software, as well as the Mango DAO governance software as they see fit, constrained only by the checks-and-balances of the Mango DAO governance.

13. In accordance with its published guidelines, Mango DAO governance is meant to govern upgrades and changes to the software that runs Mango Markets, and should be limited to actions that can be implemented via computer code.[2]

14. Notwithstanding, these published guidelines, in the last year the governance process has also been used to appoint a legal representative to represent Mango DAO's interest in cases brought against Mango DAO by the U.S. Securities and Exchange Commission (the "SEC") and the Commodities Futures Trading Commission (the "CFTC"), to approve a settlement with the SEC, and to approve a settlement offer to the CFTC, among other actions not capable of being implemented by computer code.

15. Mango DAO has no officers, directors, or any other individual generally empowered to make a decision on its behalf, or on behalf of its members. As structured, all actions of Mango DAO must be taken by a vote of its members.

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[2] *See* Mango DAO Litepaper at p. 6, https://github.com/blockworks-foundation/mango-docs/blob/main/litepaper.md, *last visited on December 19, 2024*, a true and correct copy of which is attached at Exhibit 1.

16. Mango DAO holds a treasury account of approximately $45 million in a variety of cryptocurrency.

17. Plaintiff is a holder of MNGO tokens and, as such, is a member of Mango DAO.

18. Upon information and belief, Defendants Durairaj and Shipe are also holders of MNGO and are accordingly members of Mango DAO.

19. Pursuant court order, discussed in more detail below, Defendant Labs should not be a holder of MNGO tokens, or a member of Mango DAO.

20. On September 27, 2024, the SEC filed a Complaint against Mango DAO, Defendant Labs, and the Blockworks Foundation, Civil Action No. 24-civ-07334 (S.D.N.Y) (the "SEC Action").[3] The SEC Action alleged among other things that Mango DAO and Blockworks Foundation engaged in an unregistered public security offering when it issued and sold MNGO tokens; and, that Defendant Labs and Blockworks Foundation acted as unregistered brokers related to the sale of MNGO tokens and other activities.

21. Mango DAO is also under investigation by the CFTC, and pursuant to a governance proposal approved by the members of Mango DAO, has submitted an offer to the CFTC.

22. On October 1, 2024, a Final Judgment was entered following a negotiated settlement agreement between Defendant Labs and the SEC. Defendant Labs was ordered, among other things, to pay a fine of $111,614.00 and to "burn" all of its MNGO tokens by October 11, 2024, that is, within 10 days of the Final Judgment. (To "burn" a token is, to put it simply, to

[3] *Securities and Exchange Commission v. Mango Labs, et al,* Case 1:24-cv-07334, filed 09/27/24, a true and correct copy of which is attached at Exhibit 2.

dispose of a token so that it no longer exists or can no longer be used, and if an MNGO token holder "burns" all their MNGO tokens, they necessarily are no longer a member of Mango DAO).[4]

23. As a result of the Final Judgment entered in the SEC Action, if Defendant Labs has followed and is in compliance with the Court's Order, Defendant Labs is neither a MNGO token holder, nor a member of the Mango DAO.

24. Three years ago, a governance proposal was passed by Mango DAO to form the "Upgrade Council" to perform certain functions relating to the governance of Mango DAO. Specifically, the Mango DAO members approved the establishment of a council comprised of seven named individuals and the digital "wallets" they control.[5]

25. A digital wallet is a piece of hardware or software used, among other functions, to "store" digital assets and to provide a user-friendly way to store and manage the "public keys" and the "private keys" necessary to authorize transactions on a blockchain. The public key is used to access the user's blockchain "address," and it can be freely shared with others.

26. The private key is roughly analogous to a password, and it confers the ability to authorize a transaction on the blockchain using the user's public blockchain address, often referred to as "signing" a transaction.

27. Wallets may have a single key holder, or signatory, or they may have multiple private keys held by multiple individuals, i.e. multiple signatories, known as "multi-sig" wallets. Rules may be set for each multi-sig wallet determining how many signatories there should be, and how many of those signatories are required to "sign" a transaction. In some cases, such as for the

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[4] *Securities and Exchange Commission v. Mango Labs, et al,* Final Order, October 1, 2024, a true and correct copy of which is attached at Exhibit 3.

[5] *See* Governance Proposal: Establish mango v 3 upgrade council, a true and correct copy of which is attached at Exhibit 4.

Upgrade Council multi-sig, those signatories are designated by issuing, or "minting" a token specific to that wallet. Those who hold a token in their wallet are able to use that token to sign transactions with the multi-sig wallet.

28. Mango DAO members granted the Upgrade Council the authority to control upgrades of the "mango v3 program" through a majority vote of its seven members. Among the seven named signatories were Defendants Durairaj and Shipe. The authority of software controlled by the wallet was subsequently expanded to include the authority to control program code errors in the "Voter Stake Registry," the software that controls the weight of each vote, among other things. The software that the Upgrade Council controls and therefore the Upgrade Council wallet itself, is designed and used to conduct transactions with thousands of members across U.S. and around the world.

29. The wallet named in the Mango DAO proposal as controlled by Defendant Durairaj (the "2CC Wallet") is, upon information and belief, is actually owned by Defendant Labs, a single member Wyoming limited liability company owned by Defendant Durairaj. The 2CC Wallet has routinely received payments from Mango DAO specifically designated for Defendant Labs,[6] and Defendant Labs also claims the transactions of the 2CC Wallet as its own in the Complaint filed against Plaintiff in civil action number No. 24-1469-GMM.on October 7, 2024.[7]

30. Despite the October 1, 2024 Final Judgment entered in the SEC Action, Defendant Labs's 2CC Wallet currently holds over 93 million MNGO tokens. Accordingly, Defendant Labs

[6] *See e.g.,* Governance Proposal: Mango Labs Funding, a true and correct copy of which is attached at Exhibit 5.

[7] *See* Compl. ¶70 and fn 9, *Mango Labs v. Kramer, et al., 24*-cv-01469 (D.P.R.), true and correct copies of which are attached at Exhibits 6 and 6a, respectively.

and its sole member Defendant Durairaj are in contempt of the Court's October 1, 2024, Final Judgment, which required that all of its MNGO tokens be burned.

31. The Upgrade Council exercises its authority through a multi-sig wallet. Each signatory receives a token in their designated wallet and the 2CC Wallet held one of these seven tokens.

32. Wallets with a signatory token in them can sign transactions of the Upgrade Council multi-sig, and the Upgrade Council multi-sig can be used to authorize almost any change to the software used for Mango DAO governance.

33. On October 7, 2024, Defendant Labs filed a Complaint against Plaintiff, Maximillian Schneider and Does 1-20, in the United States District Court for the District of Puerto Rico (Civil No. 24-1469-GMM).[8] The Complaint filed by Labs was the culmination of many months of disagreement between Kramer and Defendant Labs regarding MNGO tokens, currently valued at approximately $12.9 million, that Kramer purchased from a willing third-party seller, who, upon information and belief, had purchased them from the FTX bankruptcy estate ("Plaintiffs Tokens").

34. Beginning on or around December 6, 2024 and ending on or around December 9, 2024, four of the Upgrade Council signatories resigned without notice or explanation, "burning" their multi-sig tokens, leaving only Defendant Labs, Defendant Shipe, and Maximillian Schneider as signatories. Consequently, since December 9, 2024, or so, the Upgrade Council has only had three members, and because Upgrade Council actions required approval of a majority of its original seven members (i.e., actions required approval of at least four of the original seven members), since December 6, 2024, or so the Upgrade Council cannot legally approve any measure.

[8] *See* Compl.

35. On December 11, 2024, now Defendant Durairaj, acting on behalf of Defendant Labs, and Defendant Shipe, who were two of the three remaining Upgrade Council signatories, grossly exceeded their authority and used the Upgrade Council multi-sig to intentionally deprive Plaintiff of the use and value of his property. As Defendant Durairaj announced in the Mango DAO governance discord chat (the "December 11 Announcement"), Defendants took two actions: (1) freezing and nullifying Plaintiff's tokens "until a settlement or court order requires their release;" and, (2) granting a wallet controlled, upon information and belief, by Defendant Durairaj, eight times more voting power than it is entitled to under normal governance measures so that he can defeat governance proposals he disapproves of, and pass any proposals he desires. This action far exceeded the use for which the Upgrade Wallet was authorized, and was made without the requisite members.[9]

36. In the December 11 Announcement, Defendant Durairaj, in addition to other falsehoods, stated "the Council acted today because the attackers gained an unassailable bloc of raw voting power." This is patently and demonstrably false; several proposals made by Plaintiff in recent weeks did not receive enough votes from Mango DAO members to pass, or were only defeated with the additional voting power Defendants granted to Defendant Durairaj on December 11, 2024, which unequivocally demonstrates that no such "unassailable bloc of raw voting power" exists. For example, Plaintiff made a proposal that was defeated on December 9, 2024 to have the DAO buy back MNGO Tokens (excluding his own). In addition, Plaintiff made several governance proposals with the goal of bringing the Upgrade Council back up to the full seven members originally authorized by the Mango DAO members. None of these proposals obtained

[9] A true and correct copy of this statement is attached as Exhibit 8.

the necessary votes to pass, as Defendant Durairaj used his recently self-granted 8x voting power to defeat them.[10]

37. Defendants have continued to abuse their fraudulently obtained power. With the additional voting power wrongfully granted to Durairaj and the nullification of Plaintiff's tokens, Durairaj now has unstoppable power over the DAO, the DAO software, and the DAO's approximately $45 million. On December 19, 2024, Defendant Labs proposed to clawback several grants of MNGO that had been granted to members for services rendered to the DAO, and to burn (destroy) the tokens once clawed back.[11] The proposal claims that this is a necessary action for the DAO to comply with the settlement agreement and final order resolving the SEC's dispute against the DAO, which has a provision similar to that in the Defendant Labs final order requiring the DAO to burn all MNGO in its control; however, upon information and belief, counsel representing the DAO has stated this action is not required to comply with the order. Notably, a similar proposal by Defendant Labs made several months ago was defeated without Plaintiff deploying his so-called "unassailable bloc [sic]" of votes.[12]

38. Also notable is that this proposed action would significantly decrease the voting power of another leading voice in the DAO, CyberByte sp. z.o.o. ("CyberByte"), who had been elected by the DAO to serve as the DAO representative in the cases brought by the SEC and CFTC. Upon information and belief, CyberByte was elected to represent the DAO because the DAO members were concerned that Labs and Durairaj had a conflict of interest and wouldn't be

[10] *See* Governance Proposals: Replace Burned Council Tokens; Replace More Burned Council Tokens; Replace 4th Burned Token, true and correct copies of which are attached at Exhibits 7a, 7b, and 7c, respectively.
[11] *See* Governance Proposal: SEC Compliance, a true and correct copy of which is attached at Exhibit 9.
[12] *See* Governance Proposal: SEC Settlement Compliance, Clawback MNGO Grants, a true and correct copy of which is attached at Exhibit 10.

appropriate representatives. According to the governance proposal electing him, CyberByte's term as representative expires January 5, 2025. In the normal course, the DAO would have new governance proposal to either extend his term, or elect a new representative. Given that Mango Labs has neutered his opposition, it is anticipated that Mango Labs, and/or Durairaj will become the representative of the DAO, with unfettered power to bind the DAO to a settlement (or to withdraw the current settlement offer) with the CFTC, regardless of the desires of the remaining DAO members.

39. Defendants' actions have caused concerns that any MNGO Tokens deposited to participate in DAO governance are subject to conversion, and significant numbers of MNGO Tokens have been withdrawn from DAO governance. As fewer and fewer members are willing to endanger their MNGO Tokens to try have a voice, Defendants' power over the DAO becomes absolute.

COUNT ONE

40. Plaintiff repeats the allegations contained in Paragraphs 1 through 39 of the Complaint as if set forth in full and at length herein.

41. Defendant Labs has filed its Complaint in the United States District Court for the District of Puerto Rico in civil action 24-1469-GMM asserting various claims against Plaintiff herein. Rather than awaiting a decision in that action or applying for relief in that action pending its resolution, Defendants instead engaged in extralegal and ultra vires self-help actions that exceed their authority to access the Mango DAO governance software. The intentional improper actions are meant to deprive Plaintiff of the rights and value of his property, specifically including Plaintiff's MNGO tokens.

42. The actions of Defendants were taken knowingly and with the intent to defraud Plaintiff.

43. The actions of Defendants include accessing a protected computer without authorization, or exceeding authorized access, and by means of such conduct as stated aforesaid furthering the intended fraud.

44. The actions of Defendant have deprived Plaintiff of value and have resulted in value to Defendants, including but not limited to enabling Defendants to prevent Plaintiff from voting on Mango DAO proposals as a member of Mango DAO, and preventing Plaintiff from selling his tokens valued at approximately $12.9 million.

45. The actions of Defendants constitute fraud by computer intrusion and are a violation of 18 U.S.C. §1030(a)(4).

46. The actions of Defendants have caused harm, including financial harm, to Plaintiff, for which Defendants are liable.

1830, and in view thereof, plaintiff requests, pursuant to 18 U.S.C. § 1030(g)

A. A Temporary Restraining Order returning the parties to the *status quo ante* by directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's MNGO Tokens or otherwise violates federal law or any existing Court Order;

B. A Preliminary Injunction directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement, and any subsequent actions undertaken by Defendants, and enjoining

Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

C. A Permanent Injunction directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

D. Compensatory damages in an amount according to proofs at trial, which are estimated at a sum no less than $12,900,000;

E. Punitive damages in an amount to be determined at trial;

F. An award of reasonable attorney's fees, expenses, and costs of suit; and

G. Such other and further relief as the Court deems just and proper, including such equitable or injunctive relief as permitted by law.

COUNT TWO

47. Plaintiff repeats the allegations contained in all of the preceding paragraphs of the Complaint as if set forth in full and at length herein.

48. The Defendants engaged in an illegal agreement and conspiracy, the object of which was to defraud and to deprive the plaintiff of the use and enjoyment of his MNGO tokens through the unauthorized and the exceeding of authorized access of a protected computer.

49. The Defendants illegally conspired and agreed to knowingly act with the intent to defraud Plaintiff.

50. The actions to which Defendants illegally conspired and agreed include agreement and conspiracy to access a protected computer without authorization, or exceeding authorized access, and by means of such conduct as stated aforesaid furthering the intended fraud.

51. The Defendant illegally conspired and agreed to deprive Plaintiff of value and to accrue value to Defendants, including but not limited to enabling Defendants to prevent Plaintiff from voting on Mango DAO proposals as a member of Mango DAO.

52. The illegal conspiracy and agreement of Defendants constitute conspiracy to commit fraud by computer intrusion and constitute a violation of 18 U.S.C. § 1030(b).

The illegal agreement and conspiracy of Defendants have caused harm, including financial harm, to Plaintiff, for which Defendants are liable. Accordingly, and in light of the above, plaintiff requests, pursuant to 18 U.S.C. § 1030(g):

A. A Temporary Restraining Order returning the parties to the *status quo ante* by directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and any subsequent actions undertaken by Defendants, and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

B. A Preliminary Injunction directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement, and any subsequent actions undertaken by Defendants and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

C. A Permanent Injunction directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and any subsequent actions undertaken by Defendants and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

D. Compensatory damages in an amount according to proofs at trial, which are estimated at a sum no less than $12,900,000;;

E. Punitive damages in an amount to be determined at trial;

F. An award of reasonable attorney's fees, expenses, and costs of suit; and

Such other and further relief as the Court deems just and proper, including such equitable or injunctive relief as permitted by law.

COUNT THREE

53. Plaintiff repeats the allegations contained in all of the preceding paragraphs of the Complaint as if set forth in full and at length herein.

54. Defendants have maliciously and wrongfully deprived Plaintiff of his ownership rights over, and/or illegally exercised or assumed authority over his MNGO tokens.

55. The actions of Defendants constitute conversion of Plaintiff's property.

56. The actions of Defendants have caused harm, including financial harm, to Plaintiff, for which Defendants are liable. Accordingly, and in light of the above, plaintiff requests:

A. pursuant to Fed. R. Civ.P. 65A Temporary Restraining Order returning the parties to the *status quo ante* by directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and any subsequent

actions undertaken by Defendants and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

B. A Preliminary Injunction directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and any subsequent actions undertaken by Defendants and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

C. A Permanent Injunction directing the immediate rescission of the actions taken by Defendants as referenced in the December 11 Announcement and any subsequent actions undertaken by Defendants and enjoining Defendants from taking any action that impairs or interferes with Plaintiff's disposition of assets including but not limited to Plaintiff's Tokens or otherwise violates federal law or any existing Court Order;

D. Compensatory damages in an amount according to proofs at trial, which are estimated at a sum no less than $12,900,000;

E. Punitive damages in an amount to be determined at trial;

F. An award of reasonable attorney's fees, expenses, and costs of suit; and

G. Such other and further relief as the Court deems just and proper, including such equitable or injunctive relief as permitted by law.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff hereby asserts his right to a trial by jury on all Counts so triable.

WHEREFORE, plaintiff hereby prays that for the reasons asserted herein, this Honorable Court grant the relief requested in Counts One, Two and Three.

VERIFICATION

JOHN KRAMER, of full age, hereby certifies as follows:

1. I am the Plaintiff in the foregoing Verified Complaint and the allegations set forth therein are true to the best of my knowledge, information, and belief.
2. Said Complaint is made in good faith and without collusion for the causes set forth therein.
3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

JOHN KRAMER

Dated: December 23, 2024
In Wausau, Wisconsin, this 23rd day of December, 2024.

Respectfully submitted,

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Code Issues 2 Pull requests 1 Actions Projects Security Insights

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181 lines (101 loc) · 14 KB

description
This is a rough draft paper describing the Mango objectives and tentative plans

Litepaper

The Mango Vision

Mango intends to merge the liquidity and usability of CeFi with the permissionless innovation of DeFi at a lower cost to the end user than both currently provide. Towards this goal, Mango offers margin trading and perpetual futures along with decentralized governance to decide the future evolution. In the medium-term, the goal to rival centralized exchanges in trading volume is ambitious, but we see no substantial impediments for Mango Markets. In the long run, we believe a permissionless ecosystem will produce spectacular, outlandish and unpredictable innovations which will overtake centralized finance.

Why Mango Markets Will Succeed

The key ingredients for this vision are low latency, low transaction cost and full decentralization. We believe all three ingredients are necessary for the project to be viable and all three ingredients are finally available on Solana.

Latency

The Solana blockchain provides block times of roughly one second. Although one second is still noticeable, Solana's intended 400ms latency target approaches the limit of human perception.The obvious benefit of low latency is usability—most people get anxious waiting on the status of their transaction. But while reducing user anxiety is important, there is another, oft-ignored benefit of low latency: better liquidity. Liquidity providers' quote spreads are directly proportional to the time required to change the quote. The longer it takes to change a price quote, the larger the risk of significant market movement to the market maker and the wider his quotes must be. At the current one second latency, we believe the raw bid-ask spread can be competitive with centralized exchanges.

Transaction Costs

Low transaction costs are arguably the raison d'etre of finance. We believe a financial innovation must lower transaction costs to be a full improvement. Therefore, the cost per transaction on all Mango financial tools will be comparable to or lower than the costs in CeFi. We believe this must be true. Lower costs indicate efficiency and more efficient protocols and tools tend to win in the long run. It is not possible to escape fees—service providers (e.g. liquidators, insurance fund, developers) on Mango protocols must be compensated. However, Mango will err on the side of lower fees.

Decentralization

Trying to achieve competitive latency and cost by centralizing key components (e.g. the orderbook) will fail in the long run. Centralizing any component is a security risk and severely harms composability. Ultimately, the centralizer decides how other apps may interact with the centralized component and the centralizer neither has the incentive nor the bandwidth to allow all interested parties to participate in the improvements. As a result, centralizing key components gives up the immense upsides of permissionless innovation. Mango Markets will retain the upside.

No Presales, Decentralized Governance

The Mango Token will govern the protocol. The vast majority of MANGO will be locked in the DAO treasury to be distributed according to token holder wishes. That being said, our vision is that governance ought to reward the people who provide protocol services (e.g. liquidity providers, oracles) and the people who build new protocol services (e.g. developers, or other contributors). The commitment to distribute the largest portion of the DAO’s power and wealth to future contributors will encourage the most skilled and ambitious builders to join us. Finally, in accordance with the crypto ethos of transparency and equal access there will be no presale of tokens.

Ultimately, Mango intends to win the long game in financial services. Low latency makes our tools usable. Rock bottom fees makes Mango hard to compete against. Decentralization makes Mango hard to kill through centralized incompetence or malevolence. Open governance that allocates power and wealth liberally to builders, will attract the best people to build and govern the protocol. Finally, the permissionless nature will allow the millions of tiny experiments to take place that yield the life changing innovations. We're motivated and driven to build Mango according to this vision, and we hope you'll join us.

Margin Protocol

Highlights

- **No fees**
- **Cross margined**
- **Allows limit orders on margin**
- **Margin positions pay interest**
- **Pooled SRM for fee reductions**

Design

The initial margin protocol adds a borrowing and lending layer on top of the Serum Dex v3. The user owns a margin account which is then associated with a serum dex open orders account for each market in the group. The user may deposit any of the tokens included in the group and its value in the quote currency (typically USDT) is calculated using an oracle. This value is then used to determine how much a user may borrow. Since positions gained from margin trading are also treated as deposits, the user may take up to 5x leverage. Mango Markets does not charge any fees.

Risks

Negative equity accounts and socialization of losses

If the price of a user's collateral falls fast enough or the price of the borrowed tokens increases fast enough, the account may fall below 100% collateral ratio without a liquidator taking the position. In this case, funds are pulled from lending pools to bring the account to 101% coll. ratio. These losses are socialized across all lenders which may trigger a liquidation cascade if most lenders are also very close to being liquidated.

Oracle error

The Solana Flux Aggregator is also brand new in Solana and may have errors in the code. The centralized exchanges feeding the price may also have errors. Since all oracle price publishers are looking at the same centralized exchanges, price errors will affect all of them. This could trigger bad liquidations.

Illiquid deposits

There is a chance the user is not able to withdraw deposits because it's borrowed. This could be a problem for someone who needs liquidity immediately. The same issue applies to positions that are lent out—the user may not be able to close a position if the utilization rate is 100%. However, the protocol guarantees a 100% APY while the user waits to be able to withdraw.

Smart contract exploit

The code has been looked over by volunteers, but there has not been a formal audit. While there are bounties offered for responsible disclosure of potential vulnerabilities, there is no guarantee that hackers will choose the bounty over a profitable exploit.

Perpetual Futures (WIP)

Highlights

- **Most liquid perp on Solana**
- **Cross margin with Serum dex to enable easy hedging on spot**
- **Simple and familiar UI**
- **On chain CLOB**
- **Funding rate as a function of mark price and index price. Funding paid continuously**

Token Distribution

After the initial distribution of tokens, only the DAO may distribute more tokens via governance proposals. The intent is for Mango Token to be distributed liberally to protocol builders, liquidity providers and project contributors in a fully transparent way.\

Max Supply: 10,000,000,000

Initial Circulating Supply: 1,000,000,000

Creators - 5%

For the work of creating Mango Markets.\

Insurance Fund Sale - 5%

There will be a sale of Mango Token that goes directly into the DAO treasury for use as the insurance fund. The insurance fund will pay Mango Perps smart contract in the event extreme volatility causes bankrupt accounts and excess losses in the system. The sale mechanism is described in detail below.\

DAO - 90%

These tokens can only be unlocked via token holder governance. We propose that tokens are distributed roughly on a logarithmic supply model similar to Bitcoin but with a halving every two years i.e. 50% of the tokens distributed in the first two years, 75% in the first four years, 87.5% in the first 6 years and so on. The DAO is not bound to follow this proposal.

Token Sale

Mechanism

Total Sale Period: 48 hours

- Unrestricted Period: 24 hours (first half)
- Withdraw Only Period: 24 hours (second half)

The Mango Sale will happen over two days. The Sale contract will have two vaults, one with 500,000,000 Mango Token and the other vault with 0 USDC. The 2 days will be split into periods: Unrestricted and Withdraw Only. During the Unrestricted period any Solana user may deposit or withdraw their USDC from the Sale vault. The Unrestricted Period ends in 24 hours and transitions into Withdraw Only, where buyers may only withdraw their USDC. At the end of the Sale, all USDC depositors will get Mango Token in proportion to their share of the USDC vault and the USDC will be moved into the Mango DAO treasury.

Explanation

Buyers get a pro-rata price at the end and every participant gets the same price for Mango Tokens.

The sale price per token can be calculated with:

```
(total USDC in vault) / (500,000,000 Mango Token)
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This price will fluctuate during the entire 48 hour period as USDC is deposited and withdrawn. However, during the last 24 hours, buyers may only withdraw USDC and so the Sale price can only decrease during that period. The Withdraw Only Period was added so that if a buyer deposits a large amount of USDC at the last second of the Unrestricted Period and raises the price significantly, other buyers still have an opportunity to get out of the sale.

We take the view that token sales should be simple, fully transparent and minimize randomness and luck in the distribution. Simple mechanisms are easier to build, explain, understand and are harder to exploit. A transparent mechanism increases participation because buyers are more confident there are no hidden tricks that could harm them. Elements of luck engineered into the mechanism distribute value randomly or to those who are most willing to do the arbitrary, worthless tasks to get the free value. We believe all "excess" value should be captured by token holders in the DAO. Removing the casino aspects of token sales selectively encourages participants who are focused on contributing and governing in the long term.

Other mechanisms we've looked at don't live up to this standard. For example a sale on a bonding curve will give free value to those who buy a few milliseconds before others or have the good fortune of their transaction being accepted by validators before others. A capped sale of tokens with a fixed price has similar issues. A sale of tokens to market makers who sell the tokens on the open market is not fully transparent and the agreement between the market maker and the dev team may be quite complex. There are various "fair" launch mechanisms that are transparent and minimize luck, but ultimately end up being very complex (e.g. Mesa Offering) and difficult to build.

Source Code

Mango developers, including those from the community, will build the smart contracts and the user interface. All the code used will be open source and remain free and open source for future projects to use as they wish.

Governance

The Mango Token is a governance token, first and foremost. Collectively, the token holders have the power to upgrade the protocol as they see fit, only constrained by the checks-and-balances of the DAO. This allows token holders to create incentives to reward participation and drive usage of the protocol.

We consider the COMP governance model to be a gold-standard in the industry and followed it to build out the Mango Token governance model. We mainly reworked the initial token distribution, to facilitate a DAO inception that is truly open and adapted it's mechanics to fit the solana programming model.

Anybody with 0.1% of Mango Token staked can propose a governance action; these are simple or complex sets of actions, such as adding support for a new asset, changing an asset's collateral factor, changing a market's interest rate model, or changing any other parameter or variable of the protocol that the current administrator can modify.

Proposals are executable code, not suggestions for a team or foundation to implement. They are not limited to the governance protocol itself, but extend to all protocols created by the Mango Token DAO including the Margin and Perp protocols contributed by the creators at launch.

All proposals are subject to a 3 day voting period, and any Mango Token staker can vote for or against the proposal. If a majority, and at least 2% of the total Mango Token supply are cast for the proposal, it is queued in the Timelock, and can be implemented after 2 days.

Project Status & Roadmap

Mango Margin "closed alpha"

- first weeks of march
- enforces strict borrow limits for every account
- liquidator and solana program remain closed source
- 3rd party liquidators begin implementing their strategies

Mango Margin "public beta"

- begins mid-march 2021 and runs for multiple months
- borrow limits will be replaced with the introduction of partial liquidations
- margin trading interface largely improved based on feedback during alpha phase
- additional trading pairs will be released
- step-wise open source releases as independent reviews are finishing

Mango DAO Launch

- On-chain voting mechanism based on spl governance
- MNGO Token sale to create USDC governance fund

Mango Perp "closed alpha"

- Begins mid August 2021 and runs for a few weeks
- Market makers can integrate and test

Mango Perp "public beta"

- Fully cross-margined perpetual swaps and margin trading
- Largely increases the number of spot markets that can be traded
- Perpetual swaps will feature lower trading fees than spot markets

Edits

July 30th, 2021

It turned out that on-chain governance was earlier possible on Solana then expected, so we decided to make the move before launching Mango Perp. This made the Temporary Governance Fund unnecessary. As a result of that the float at token sale will only be 10% and not 20%.

As we progressed in the development more details of the capabilities of Mango Perp's features have become concrete and added to the roadmap.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **MANGO LABS, LLC, MANGO DAO, and BLOCKWORKS FOUNDATION,** **Defendants.**	**Civil Action No. 1:24-cv-7334** **Jury Trial Demanded**

COMPLAINT

Plaintiff United States Securities and Exchange Commission ("SEC") for its Complaint against Mango Labs, LLC ("Mango Labs"), Mango DAO ("Mango DAO"), and Blockworks Foundation ("Blockworks Foundation") (collectively, "Defendants") alleges as follows:

SUMMARY

1. A crypto asset trading platform known as "Mango Markets" has operated since approximately August 2021. Mango Markets offers various services to its users, including the ability to trade crypto assets being offered and sold as securities. Blockworks Foundation and Mango Labs have been, and continue to be, responsible for the development and operation of Mango Markets. Mango DAO, an unincorporated organization, professes to be the governing body of Mango Markets.

2. Although Mango Markets employs blockchain technology to conduct its business, Defendants perform typical securities market activities. First, Mango DAO and Blockworks Foundation engaged in the offer and sale of securities but did not register those offers and sales as is required by the federal securities laws. Specifically, in August 2021, Mango DAO and

Blockworks Foundation raised over $70 million through the unregistered offer and sale of 500 million crypto assets called "MNGO" to hundreds of investors worldwide, including to U.S. investors. MNGO is the so-called "governance token" of Mango Markets, and Mango DAO and Blockworks Foundation offered and sold MNGO tokens as investment contracts and, therefore, securities. Yet, no registration statements were filed or in effect for the offer and sale of MNGO tokens and no exemption from registration was available.

3. In doing so, Mango DAO and Blockworks Foundation violated the federal securities laws and denied investors the protections afforded to them by the registration provisions of the federal securities laws. These include, among other things, the requirement an issuer disclose material information about its securities offering in registration statements filed with the SEC, including the issuer's business and financial condition, which gives investors the information they need to make informed investment decisions.

4. Second, Blockworks Foundation and Mango Labs performed a typical securities market function: brokering securities transactions. They did this through their operation of Mango Markets. Blockworks Foundation and Mango Labs actively solicited and recruited Mango Markets users to trade various crypto assets being offered and sold as securities, provided advice and valuations as to the merits of an investment in these assets, and helped to facilitate transactions in these assets on the Mango Markets platform by assisting users in opening accounts and regularly handling user funds and the crypto assets being offered and sold as securities.

5. Through these activities, Blockworks Foundation and Mango Labs performed brokerage functions. However, neither Blockworks Foundation nor Mango Labs has registered as a broker with the SEC, in violation of the federal securities laws. As further explained below,

the broker registration provisions include requirements related to disclosure, recordkeeping, inspection, and conflict-of-interest mitigation requirements. Registration also requires broker-dealers to comply with applicable financial responsibility requirements that protect investors and other market participants.

6. By skirting the registration provisions, Defendants deprived investors of critical protections afforded to them by the federal securities laws.

VIOLATIONS

7. Through the unregistered offer and sale of MNGO tokens as investment contracts in August 2021, Mango DAO and Blockworks Foundation have each engaged in unregistered offers and sales of securities in violation of Sections 5(a) and (c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)].

8. In addition, by engaging in the conduct set forth in this Complaint, Blockworks Foundation and Mango Labs have each acted as a broker, without registering as such, in violation of Section 15(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78o].

9. Unless Defendants are restrained and enjoined, they 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 THE PROCEEDING AND RELIEF SOUGHT

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

11. The SEC seeks a final judgment: (a) permanently enjoining Defendants from

violating the federal securities laws this Complaint alleges they have each violated; (b) ordering Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and (c) ordering any other and further relief, including equitable relief and other relief pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], the Court may deem just and proper.

JURISDICTION AND VENUE

12. The Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, Sections 20(b), 20(d), and 22 of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v], and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

13. Defendants, directly and indirectly, have 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.

14. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Defendants conducted certain transactions, acts, practices, and courses of business constituting the violations alleged herein within this district, including offering and selling MNGO tokens as securities and providing brokerage services to investors located in this district.

DEFENDANTS

15. **Mango Labs** is a Wyoming corporation with its former principal place of business in California, and its current principal place of business in North Carolina. Following its formation in April 2022, Mango Labs, with Blockworks Foundation, worked on the continued development of Mango Markets. Mango Labs is not registered with the Commission in any capacity.

16. **Mango DAO** is an unincorporated organization that calls itself a "decentralized autonomous organization" or "DAO," and is composed of holders of MNGO, which were minted in 2021 by Mango DAO and Blockworks Foundation to be the so-called governance token for Mango DAO. Mango DAO purports to be the governing body of Mango Markets. According to a so-called "Litepaper" ("Litepaper"), MNGO "token holders have the power to upgrade the protocol as they see fit, only constrained by the checks-and-balances of the DAO." Mango DAO purports to have no principal place of business and has no corporate registration. Mango DAO is not registered with the Commission in any capacity.

17. **Blockworks Foundation** is a Panamanian entity with an unknown place of business and a resident agent domiciled in Panama City, Panama. Blockworks Foundation was involved in the development of Mango Markets and the MNGO token sale in August 2021. Blockworks Foundation is not registered with the Commission in any capacity.

OTHER RELEVANT ENTITY

18. **Mango Markets** is a crypto asset trading platform built on a cryptographically secured ledger known as the "Solana blockchain." Mango Markets is not a separate legal entity.

BACKGROUND

I. Statutory and Legal Framework

19. 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). These acts define "security" broadly, to include a wide range of assets, including "investment contracts." [15 U.S.C. §§ 77b(a), 78c(a)(10)].

20. Investment contracts are contracts, transactions, or schemes through which a person invests money in a common enterprise and reasonably expects profits derived from the

entrepreneurial or managerial efforts of others.

21. Congress defined "security" broadly to embody a "flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits." *SEC v. W.J. Howey Co.*, 328 U.S. 293, 299 (1946).

A. Registration of Securities Offerings

22. Congress enacted the Securities Act, in part, to regulate the offer and sale of securities.

23. Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)] require registration of offers and sales of securities with the SEC.

24. Registration is intended to assure that each person offering or selling securities gives the investing public required information about the issuer, the securities, and the transaction. With that information, investors can then make informed investment decisions.

B. Registration of Brokers

25. Section 3(a)(4) of the Exchange Act [15 U.S.C. § 78c(a)(4)] defines "broker" generally as "any person engaged in the business of effecting transactions in securities for the account of others."

26. Section 15(a) of the Exchange Act [15 U.S.C. § 78c(a)(4)] generally requires brokers to register with the SEC, and the broker must also become a member of one or more "self-regulatory organizations" ("SROs"), which, in turn, require members to adhere to rules governing the SRO's members' activities.

27. The regulatory regime applicable to brokers is a cornerstone of the federal securities laws and provides important safeguards to investors and market participants.

Registered brokers are subject to comprehensive regulation and rules that include recordkeeping and reporting obligations, SEC and SRO examinations, and general and specific requirements aimed at addressing certain conflicts of interest, among other things. These rules and regulations are critical to the soundness of the national securities markets and to protecting investors who interact with brokers and invest in securities.

II. Crypto Assets

28. As used herein, the term "crypto asset" or "token" generally refers to an asset issued and/or transferred using blockchain or distributed ledger technology, including an asset sometimes referred to colloquially as a "cryptocurrency," "virtual currency," and digital "coin."

29. A blockchain is a database spread across a network of computers that records all transactions in theoretically unchangeable, digitally recorded data packages referred to as "blocks." The system relies on cryptographic techniques for secure recording of transactions.

30. Some crypto assets may be "native tokens" to a particular blockchain – meaning that they are represented on their own blockchain – though other crypto assets may also be represented on that same blockchain.

31. Crypto asset owners typically store the cryptographic key information that gives them control over their crypto assets on a piece of hardware or software called a "crypto asset wallet." Crypto asset wallets, among other functions, provide a user-friendly way to store and manage the "public keys" and the "private keys" associated with an investor's crypto assets. The public key is used to access the user's blockchain "address," and it can be freely shared with others. The private key is roughly analogous to a password; it confers the ability to transfer a crypto asset and transact using the user's public blockchain address. Whoever controls the private key controls the crypto asset(s) stored at that blockchain address.

FACTS

I. Mango Markets

32. Mango Markets is a crypto asset trading platform built on the Solana blockchain. Mango Markets first launched in or about March 2021.

33. Mango Markets operates, in part, through websites that are accessible to the general public, including to persons in this district.

34. As discussed in greater detail below, Mango DAO and Blockworks Foundation offered and sold the MNGO token, a so-called "governance token," as an investment contract and, therefore, as a security.

35. In October 2022, an individual by the name of Avraham Eisenberg orchestrated an attack on Mango Markets by manipulating the market for the MNGO token, which caused Mango Markets to stop effecting transactions in securities temporarily, allowing him to steal at least $116 million worth of crypto assets from the Mango Markets platform. *See SEC v. Eisenberg*, 1:23-cv-503 (S.D.N.Y. Jan. 20, 2023); *United States v. Eisenberg*, 1:23-cr-10 (S.D.N.Y. Jan. 9. 2023); *CFTC v. Eisenberg*, 1:23-cv-173 (S.D.N.Y. Jan. 9, 2023).

II. Mango DAO and Blockworks Foundation Offered and Sold MNGO Tokens in Unregistered Securities Transactions.

A. August 2021 MNGO Token Sale

36. Between August 9 and 10, 2021, Mango DAO and Blockworks Foundation offered and sold 500 million MNGO tokens (5% of the maximum supply in existence) to the general public on the publicly available website https://www.token.mango.markets ("August 2021 MNGO Token Sale"). Blockworks Foundation controlled the website, which was available to investors in this district.

37. To publicly promote the August 2021 MNGO Token Sale, Blockworks

Foundation prepared and published on the Mango Markets website and social media channels, which were available to investors in this district, among other things, a Litepaper that generally described the terms of the offering and certain rights that MNGO token holders would have.

38. According to the Litepaper, participants had 24 hours, beginning on August 9, 2021, to deposit as much of the crypto asset USD Coin ("USDC") as they wanted, into a Mango Markets smart contract, referred to as a "vault" on the website.

39. For the following 24 hours, beginning on August 10, 2021, incoming deposits were no longer allowed, but users could withdraw any USDC that they had deposited.

40. The Litepaper stated that, at the end of the two-day period, "all USDC depositors will get [the 500 million MNGO] Token[s] in proportion to their share of the USDC vault."

41. According to the Litepaper, buyers would receive what the Litepaper referred to as a "pro-rata price" for the MNGO token and the "sale price per token can be calculated with (total USDC in vault) / (500,000,000 [MNGO Token])."

42. The Litepaper explained that this "price will fluctuate during the entire 48 hour period as USDC is deposited and withdrawn. However, during the last 24 hours, buyers may only withdraw USDC and so the Sale price can only decrease during that period. The Withdraw Only Period was added so that if a buyer deposits a large amount of USDC at the last second of the Unrestricted Period and raises the price significantly, other buyers still have an opportunity to get out of the sale."

43. At the end of the August 2021 MNGO Token Sale, every participant who deposited their funds the first day and did not elect to withdraw them the second day got the same price for MNGO tokens: 0.141 USDC (or approximately $0.141 per token).

44. The USDC that Mango DAO and Blockworks Foundation obtained through the

August 2021 MNGO Token Sale (with a purported value of over $70 million) went to the Mango DAO treasury for use as a so-called "insurance fund."

45. U.S. investors were purportedly ineligible to participate in the August 2021 MNGO Token Sale. However, Mango DAO and Blockworks Foundation did not require that individuals provide identification or other know-your-customer verification to participate in the token sale. As a result, U.S. investors purchased MNGO tokens in the token sale.

46. Numerous posts on Mango Markets' Twitter and Discord feeds during the August 2021 MNGO Token Sale discussed using virtual private network ("VPN") services to bypass the purported geofencing efforts of Mango DAO and Blockworks Foundation, and the https://www.token.mango.markets website, which Blockworks Foundation controlled through the MNGO token offering, received thousands of visits from users located within the United States during the sale.

47. Immediately following the August 2021 MNGO Token Sale, the MNGO token was available for resale and thereby tradeable, including in the United States, through Mango Markets and on other crypto asset trading platforms.

48. Beginning on August 11, 2021, the day after the sale concluded, Blockworks Foundation personnel announced on Mango Markets' Twitter and Discord feeds the names of the crypto asset trading platforms that had made the MNGO token available for trading, and updated the Mango Markets website to contain links to websites where investors could purchase and sell MNGO tokens.

49. Both prior to and immediately following the offering, participants on Mango Market's Twitter and Discord feeds discussed when and how the MNGO token could be traded.

50. Blockworks Foundation also retweeted a YouTube video on August 9, 2021 (the

first day of the sale) and a post in which commenters speculated that purchasers of the MNGO token were attempting to keep the price as low as possible so that it would rise when the token was made available for trading on secondary platforms following the sale.

51. In addition to the August 2021 MNGO Token Sale of 5% of the MNGO token supply, Blockworks Foundation stated in the Litepaper and on its website that another 5% of the supply was issued to the Mango Markets "creators."

52. Blockworks Foundation executed agreements with each of the "creators," who were individuals who contributed to the development and operation of the Mango Markets platform.

53. Approximately 10 individual "creators" – at least half of whom are U.S. citizens – collectively received the 5% of the MNGO token supply in or about May 2021 as compensation for work performed for Mango Markets.

54. The remaining 90% of the MNGO token supply was deposited in the Mango DAO treasury and could be unlocked and distributed only via governance proposals approved by the Mango DAO.

B. Mango DAO and Blockworks Foundation Offered and Sold MNGO as a Security.

55. During the initial token sale, Mango DAO and Blockworks Foundation offered and sold MNGO tokens in exchange for money in the form of USDC.

56. MNGO has been available to be bought and sold within the United States for fiat currency or in exchange for other crypto assets using the Mango Markets platform and other crypto asset trading platforms since August 11, 2021.

57. Investors who purchased MNGO tokens during Mango DAO's and Blockworks Foundation's August 2021 MNGO Token Sale, as well as after the initial sales, invested in a

common enterprise.

58. The price of all MNGO tokens goes up or down together. In other words, the price of the MNGO token of each token holder rose and fell equally such that each holder profited or suffered losses pro rata based on its ownership share of MNGO tokens.

59. In addition, Blockworks Foundation publicly stated that the proceeds of the MNGO token sales would be pooled and used to pursue MNGO's projects.

60. Blockworks Foundation also stated publicly that the funds raised through the sale of 5% of the MNGO token supply (with a purported value of over $70 million) went to the treasury of the Mango DAO for use as a so-called "insurance fund" that would exist, in essence, to backstop the financial obligations of Mango Markets in case of a financial disruption.

61. According to the Litepaper, the "insurance fund will pay MNGO Perp[etual future]s smart contracts in the event extreme volatility causes bankrupt accounts and excess losses in the system."

62. The information Blockworks Foundation publicly disseminated led investors, including those who purchased MNGO in the August 2021 MNGO Token Sale and more recently, to view MNGO as an investment in Defendants' efforts to grow the Mango Markets platform and to reasonably expect to profit from these efforts, because this growth would in turn increase the demand for and therefore the value of MNGO.

63. The Litepaper contained a "Project Status & Roadmap" section, which detailed the efforts that Blockworks Foundation had taken – and would take (along with Mango Labs, following its formation in April 2022) – to develop the platform.

64. Consistent with these representations, Blockworks Foundation and Mango Labs in fact provided significant managerial efforts to develop the platform, both prior to and following

the August 2021 MNGO Token Sale.

65. For example, Blockworks Foundation and Mango Labs developed and deployed code for the different versions of the platform, created content for the Mango Markets' website, fed the content of Mango Markets' Twitter and Discord channels, submitted and voted on governance proposals, and responded to queries from MNGO token holders and others about the platform and the MNGO token on the Mango Markets' Twitter and Discord feeds.

66. Blockworks Foundation promoted other opportunities available to MNGO token holders, including publicly stating that investors could use MNGO tokens to participate in liquidity provider pools on the Mango Markets platform, and token holders could earn more MNGO tokens as a reward for providing liquidity.

67. In addition, Blockworks Foundation publicly stated that MNGO token holders could continuously earn interest on their tokens.

68. According to the Litepaper, to "earn interest, simply deposit into your Mango Markets account; all assets automatically earn interest. Annual rates are displayed in the Account page in green."

69. Based on the foregoing, MNGO token holders invested in a common enterprise with a reasonable expectation of profits derived from the efforts of others.

70. No registration statement was filed with the SEC or in effect with respect to any of these offers and sales of MNGO, nor was any exemption from registration available.

C. MNGO Holders' Voting Rights as to the Mango DAO

71. According to the Litepaper, the MNGO token also serves as a "governance token," whose ownership purportedly grants voting rights on proposals to dictate the Mango Markets protocol's future.

72. While the Litepaper explained that "[a]nybody with 0.1% of Mango Token" could propose a governance action, the Mango DAO's website, which is available to U.S. investors at https://dao.mango.markets, set forth different amounts of MNGO tokens that were required to be deposited depending on the nature of the governance proposal. Thus, under the terms set by the Mango DAO, not all MNGO token holders were eligible to submit every type of governance proposal.

73. Moreover, because governance "[p]roposals are executable code, not suggestions for a team or foundation to implement," according to the Litepaper, not all MNGO token holders may have had the requisite technical skills to submit governance proposals.

74. As governance proposals were also "subject to a 3 day voting period" and if a "majority and at least 2% of the Mango Token supply are cast for the proposal, it . . . can be implemented after 2 days," according to the Litepaper, only a small percentage MNGO token holders needed to vote for any proposal.

75. In practice, only a fraction of MNGO token holders actually exercised their potential voting rights.

76. Immediately following the sale, at least 50% of the circulating MNGO tokens was in the hands of Mango Markets' creators, because they received 5% of the total supply in existence, which was half of the total amount released (the other half having been offered and sold to the general public).

77. Despite thousands of wallet addresses holding MNGO tokens, on average, approximately five to ten addresses voted on any given proposal, and a small number of repeat wallet addresses dominated the majority of the votes, including wallet addresses controlled by several of the creators of Mango Markets.

78. In addition, shortly after the MNGO token sale in August 2021, a governance proposal was made to establish a seven-member "mango v3 program upgrade council" ("the "Upgrade Council"), which included the creators of Mango Markets. The proposed Upgrade Council would have the authority to unilaterally (*i.e.*, without a governance proposal) control upgrades of the Mango Markets platform through a majority vote.

79. The Upgrade Council proposal passed with only 2.29% of the MNGO token supply voting in favor and remains in existence. Of the supporting votes, at least 70% (1.64% out of the total supply or 71.6% of those voting) were cast by two of the creators of Mango Markets.

III. Through Mango Markets, Blockworks Foundation and Mango Labs Provide Brokerage Services to U.S. Investors.

80. Blockworks Foundation and Mango Labs have never registered with the SEC as brokers with respect to their brokerage activities on Mango Markets, and no exemption or exception from registration applies.

81. Nonetheless, since approximately August 2021, and except for a few months following Eisenberg's exploit in October 2022 when Mango Markets temporarily ceased facilitating transactions through its platform, Blockworks Foundation and Mango Labs have acted as brokers of crypto assets being offered and sold as securities through Mango Markets.

A. Blockworks Foundation and Mango Labs Solicit Investors and Hold Themselves Out as Brokers.

82. Since approximately August 2021, and except for the few months mentioned above, Blockworks Foundation and Mango Labs allowed users of Mango Markets to buy and sell the MNGO token and various other crypto assets, including crypto assets being offered and sold as securities such as MNGO, through the Mango Markets platform in exchange for various other crypto assets.

83. Blockworks Foundation and Mango Labs also allows users of Mango Markets to

trade so-called crypto asset "perpetual futures," which are a type of derivative contract that allow investors to speculate based on the future value of one crypto asset relative to another crypto asset without an expiration date to the contract.

84. In addition, Blockworks Foundation and Mango Labs allow users of Mango Markets to borrow crypto assets, including crypto assets being offered and sold as securities, through Mango Markets and to withdraw those borrowed crypto assets from Mango Markets.

85. Blockworks Foundation and Mango Labs advertise on Mango Markets' websites and social media channels the functionality of Mango Markets, including its abilities to effect transactions for the account of users, and the crypto assets offered and sold as securities through Mango Markets.

B. Blockworks Foundation and Mango Labs Provide Advice or Valuations as to the Merits of an Investment in MNGO.

86. Blockworks Foundation and Mango Labs also publicly highlight and tout the accelerated increase in price of the MNGO token and the potential for success of the Mango Markets platform.

87. For example, Blockworks Foundation and Mango Labs publicly stated that MNGO tokens could be used to participate in liquidity pools, that MNGO token holders could earn more as a reward for depositing MNGO tokens into the pools and providing liquidity, and that MNGO token holders could continuously earn interest.

C. Blockworks Foundation and Mango Labs Help Facilitate Transactions Through Mango Markets.

88. Mango Markets operates through a user interface developed by Blockworks Foundation and Mango Labs (the "Mango UI") (from August 2021 to October 2022, the Mango UI could be found at https://trade.mango.markets, and now it is at https://app.mango.markets).

89. By accessing or using the Mango UI, investors agree to be bound by Mango

Markets' Terms of Use.

90. The Mango UI is available to users 24 hours per day, seven days per week.

91. Users with the requisite technical expertise do not have to go through the Mango UI to access the Mango Markets smart contract; instead, users with advanced technical skills can use the Blockworks Foundation and Mango Markets-provided software libraries to interact directly with the Mango Markets smart contract.

92. To utilize the brokerage services offered by Mango Markets, a user must first connect a crypto wallet to the platform, and then create and deposit crypto assets into a Mango Markets account.

93. A user is then able to see her balances and historical performance on the Mango UI.

94. A user can also use the Mango UI to place orders to exchange one crypto asset for another at the prevailing rate in a third-party market.

95. Mango Markets users in the United States could deposit the crypto assets held in their wallets into a Mango Markets account.

96. Blockworks Foundation and Mango Labs purportedly attempted to block users with IP addresses in the United States from submitting orders to engage in spot transactions via Mango Markets; however, U.S. persons placed orders to engage in spot transactions using anonymizing services such as VPNs.

97. Mango Markets supports investors submitting both limit and market orders with various time-in-force instructions or other trade-related parameters such as immediate-or-cancel.

98. The Mango UI displays all users' orders, including asset, side, size, and price, for all users to view.

99. Version 3 of Mango Markets ("Mango v3") was operable from approximately August 2021 to October 2022; the current version 4 of Mango Markets ("Mango v4") became operable in early 2023.

100. When a user enters an order, the Mango UI invokes a function known in Mango v3 as "Place Spot Order," or in Mango v4 as "Serum3 place order" or "Openbook v3 place order" (collectively, the "Place Order" function) in the Mango Markets smart contract (known as a "program" on the Solana blockchain), which was written by Blockworks Foundation and Mango Labs.

101. In Mango v3, the Place Order function performed four main tasks:

a. Verified the user is eligible to engage in a spot trade, which is the immediate buying or selling of a crypto asset at their current market prices, where the user agrees to buy a crypto asset at the current market rate and take delivery immediately;

b. Invoked the "New Order" function on a third-party crypto asset trading platform on the Solana blockchain (Mango v3 used the third-party crypto asset trading platform called Serum, which became defunct in November 2022);

c. Invoked the "Settle Funds" function in Serum; and

d. Updated the user's Mango Markets account balance.

102. All four tasks would have to be completed for there to be an execution; if any part of the transaction did not complete, the entire transaction failed.

103. Successful spot transactions effected by Mango v3 settled immediately on Serum, while failed spot transactions on Mango v3 never created a transaction in Serum.

104. The Mango UI "listened," which involved polling a Remote Procedure Call ("RPC") node, for a status update on the proposed transaction and informed the user if the order had been successfully executed.

105. If the transaction was successfully completed, the changes in the user's asset balances were then displayed in the Mango UI.

106. In Mango v4, which uses the crypto asset trading platform OpenBook, a fork of Serum created after Serum's collapse, the Place Order function performs two main tasks:

a. Verifies that the user is eligible to engage in a spot trade; and

b. Invokes the "New Order" function on a third-party crypto asset trading platform on the Solana blockchain.

107. After invoking the New Order function, the Mango v4 user's order is stored in a queue in OpenBook.

108. OpenBook users, which could include the Mango v4 user who submitted the order, invoke various OpenBook event-processing functions that match and process the orders in the queue.

109. Blockworks Foundation and Mango Labs also handle user assets.

110. As described above, to trade through the Mango Markets platform, the user must first deposit crypto assets into the platform's smart contract.

111. The Mango Markets smart contract, which was written by Blockworks Foundation and Mango Labs, programmatically transfers the crypto assets from the user's token account ("Token Account") to a Mango Markets token account.

112. Token Accounts are Solana addresses that hold one specific token for the holder of the private key to that token account.

113. For example, if a Mango Markets user with wallet address ABCD wants to hold the EXAMPLE token, then the user needs to first create a new token account.

114. The token account has its own address (*e.g.*, WXYZ), and is owned by address ABCD.

115. The user can then direct transfers of EXAMPLE token to token account WXYZ.

116. Because Token Accounts can only hold one type of token, Mango Markets maintains a different vault for every type of token supported by the platform ("Mango Vault").

117. When a user deposits tokens with the Mango Markets platform, Blockworks Foundation and Mango Labs cause them to be pooled together with tokens deposited by other users into an account over which Mango Markets holds the private keys. Mango Markets maintains a ledger indicating how much of each token is attributable to each user.

118. Solana addresses controlled by Mango DAO own the Mango Vaults, and the only way to affect changes to these Solana addresses is through either Mango Markets' above-referenced smart contracts, which were written by Blockworks Foundation and Mango Labs, or the Mango DAO governance process.

119. Users of Mango Markets have no control over their crypto assets held on these Solana addresses.

120. A spot trade effected by Mango Markets for a user involves three transfers of crypto assets:

a. The Mango Markets smart contract, which was written by Blockworks Foundation and Mango Labs, submits an order to OpenBook (in Mango v3, the Mango Markets smart contract would send orders to Serum), which initiates the first transfer. OpenBook (previously Serum under

Mango v3) transfers the crypto assets that the user intends to sell from the corresponding Mango Vault to OpenBook (previously Serum under Mango v3) vault;

b. OpenBook (previously Serum under Mango v3) transfers the crypto assets that the user bought from the corresponding OpenBook vault into the Mango Vault; and

c. OpenBook (previously Serum under Mango v3) transfers any unspent crypto assets from the OpenBook vault back into the Mango Vault.

121. The user does not hold the private keys to any of the aforementioned vaults.

122. To regain custody of any crypto assets, the user must use the withdraw function to make a withdrawal request from the Mango Markets smart contract, which was written by Blockworks Foundation and Mango Labs.

D. The Crypto Assets Traded Through Mango Markets Include Crypto Assets that are Offered and Sold as Securities.

123. Blockworks Foundation and Mango Labs, through Mango Markets, effect transactions in crypto assets that are being offered and sold as investment contracts, and thus as securities.

124. This includes, but is not limited to, MNGO, which, as described above and in the SEC's complaint filed in *SEC v. Eisenberg*, 1:23-cv-503 (S.D.N.Y. Jan. 20, 2023), was offered and sold as a security, and the crypto asset Solana ("SOL"), which has also been the subject of prior SEC enforcement actions based upon having been offered and sold as securities. *E.g., SEC v. Coinbase*, 23-cv-4738, 2024 WL 1304037 (S.D.N.Y. Mar. 27, 2024); *SEC v. Payward, Inc., et al.*, No. 23-cv-06003 (N.D. Cal. Aug. 23, 2024).

125. "SOL" is the native token of the Solana blockchain. The Solana blockchain was

created by Solana Labs, Inc. ("Solana Labs"), a Delaware corporation headquartered in San Francisco that was founded in 2018 by two individuals ("Solana founders").

126. Between 2018 and 2020, Solana Labs conducted a series of sales to investors. Between May 2018 and early March 2020, Solana Labs also filed with the SEC multiple forms claiming that its offers and sales of securities – what it described in those forms as the "sale and issuance of rights to receive Solana Labs, Inc. tokens in the future via a Simple Agreement for Future Tokens (SAFTs)"—were exempt from registration under Rule 506(c) of Regulation D under the Securities Act. Through these offers and sales of securities, Solana Labs sold approximately 177 million SOL, raising over $23 million.

127. Later in March 2020, Solana Labs conducted additional SOL sales on the CoinList trading platform (www.coinlist.co), offering and selling approximately 8 million SOL at an average price of $0.22 per SOL, raising another approximately $1.76 million. In August 2021, Solana Labs completed another sale of SOL, raising over $314 million from investors, each of whom paid for SOL with fiat currency.

128. Solana Labs stated publicly that it would pool the proceeds from its private and public SOL sales in omnibus crypto asset wallets that it controlled, and that it would use those proceeds to fund the development, operations, and marketing efforts with respect to the Solana blockchain to attract more users to that blockchain (potentially increasing the demand for, and therefore the value of, SOL itself, given the need for those who wish to interact with the Solana blockchain to tender SOL).

129. For example, in connection with the 2021 sale of SOL, Solana Labs stated publicly that it would use investor funds to: (a) hire engineers and support staff to help grow its developer ecosystem; (b) "accelerate the deployment of market-ready applications focused on

onboarding the next billion users into crypto;" (c) "launch an incubation studio to accelerate the development of decentralized applications and Platforms building on Solana"; and (d) develop a "venture investing arm" and "trading desk dedicated to the Solana ecosystem."

130. Solana Labs has stated publicly that of the 500 million SOL tokens it initially minted, 12.5% were allocated to the Solana founders, and another 12.5% were allocated to the Solana Foundation.

131. The Solana Foundation is an organization that describes itself as a "non-profit foundation … dedicated to the decentralization, adoption, and security of the Solana ecosystem." In fact, on April 8, 2020, Solana Labs transferred 167 million SOL tokens to the Solana Foundation, and in its public announcement of the Solana Foundation's formation, Solana Labs stated, "The Foundation's initial focus is expanding and developing the ecosystem of the Solana protocol."

132. Beginning in February 2020, Solana Labs took steps to make SOL available for trading on crypto asset trading platforms and it has been available on such platforms, including on Mango Markets.

133. The information Solana Labs and Solana Foundation publicly disseminated, including the initial offers and sales of SOL but continuing through the present, has led SOL holders, including those who purchased SOL through Mango Markets, to view SOL as an investment in and to reasonably expect to profit from Solana Labs' efforts to grow the Solana protocol, which, in turn, would increase the demand for and the value of SOL.

134. In public statements on its website and social media pages, including statements made and available during the period when SOL has been available to trade through Mango Markets, Solana Labs and the Solana Foundation specified its expertise in developing blockchain

networks and described the efforts Solana and its founders had made and would continue to make to develop the Solana blockchain protocol and attract users to the technology, which, again, required those utilizing the technology to demand some amount of SOL.

135. Solana Labs and Solana Foundation have made such widely disseminated public statements and undertook other promotional efforts to increase participation in their network and thus demand for SOL, including with: (a) a Solana podcast of which there have been at least 90 episodes since July 2019, with the latest one being broadcast in September 2024, with interviews of key Solana Labs management and other key personnel; (b) a YouTube channel managed by Solana Foundation with over 63,000 subscribers that posts videos about Solana news, events like their multi-day Solana Breakpoint, ecosystem updates, etc.; and (c) dedicated Telegram, Twitter, Reddit, Solana Forums, Discord, GitHub, Meetup, and Weibo channels, with links to each available on the Solana website.

136. The promotional statements that Solana Labs and the Solana Foundation made in these fora with respect to SOL and their efforts to increase demand and value for SOL have continued since Solana Labs' initial distributions of SOL.

137. Further, Solana Labs markets that it "burns" (or destroys) SOL tokens as part of a "deflationary model." As a Solana founder explained in an April 14, 2021 article entitled "Solana (SOL): Scaling Crypto to the Masses" posted on gemini.com, "Solana transaction fees are paid in SOL and burnt (or permanently destroyed) as a deflationary mechanism to reduce the total supply and thereby maintain a healthy SOL price." As explained on the Solana website, since the Solana network was launched, the "Total Current Supply" of SOL "has been reduced by the burning of transaction fees and a planned token reduction event." This marketed burning of SOL as part of the Solana network's "deflationary mechanism" has led investors reasonably to view

their purchase of SOL as having the potential for profit to the extent there is a built-in mechanism to decrease the supply and therefore increase the price of SOL.

138. Blockworks Foundation and Mango Labs were required to, but did not, register as brokers with respect to the Mango Markets platform. As fully set forth in the preceding paragraphs, Blockworks Foundation and Mango Labs engaged in the business of effecting transactions in various crypto assets offered and sold as securities, including in MNGO and SOL, for the accounts of others. Specifically, each of Blockworks Foundation and Mango Labs held themselves out as brokers by advertising on Mango Markets' websites and social media channels that Mango Markets was a place to effect crypto assets transactions, including crypto assets offered and sold as securities.

139. Blockworks Foundation and Mango Labs also actively solicited and recruited investors to use the Mango Markets platform to trade various crypto assets being offered and sold as securities, including MNGO and SOL, by regularly advertising and promoting the features and benefits of the Mango Markets platform on Mango Markets websites and social media channels.

140. Each of Blockworks Foundation and Mango Labs provided advice or valuations as to the merits of an investment in MNGO by touting the accelerated growth of the MNGO token and its potential for success, as well as telling investors that MNGO tokens could be used to participate in liquidity pools, that MNGO token holders could earn more as a reward for providing liquidity, and that MNGO token holders could continuously earn interest on their tokens.

141. Additionally, each of Blockworks Foundation and Mango Labs helped to facilitate transactions on the Mango Markets platform by assisting users in opening accounts,

routing users' orders, and regularly handling user funds and securities.

142. Blockworks Foundation and Mango Labs were therefore required to register with the SEC as brokers or operate pursuant to an exemption or exception but did not do so.

FIRST CLAIM FOR RELIEF
Violations of Sections 5(a) and 5(c) of the Securities Act
(Mango DAO and Blockworks Foundation)

143. The SEC repeats, realleges, and incorporates by reference paragraphs 1 through 142, as though fully set forth therein.

144. By virtue of the foregoing, each of Mango DAO and Blockworks Foundation, through their offers and sales of the MNGO tokens, directly and indirectly: (a) without a registration statement in effect as to those securities, (1) made use of the means and instruments of transportation or communications in interstate commerce and 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 the means and instruments of transportation or communication in interstate commerce and of the mails to offer to sell through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

145. By reason of the conduct described above, each of Mango DAO and Blockworks Foundation, directly or indirectly 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 (c)].

SECOND CLAIM FOR RELIEF
Violations of Section 15(a) of the Exchange Act
(Mango Labs and Blockworks Foundation)

146. The SEC repeats, realleges, and incorporates by reference paragraphs 1 through

142, as though fully set forth therein.

147. By engaging in the acts and conduct described in this Complaint, each of Mango Labs and Blockworks Foundation, each a person other than a natural person under the Exchange Act, is a broker and made use of the mails and the means and instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities, without registering as a broker, and without being exempted from such registration.

148. By reason of the conduct described above, each of Mango Labs and Blockworks Foundation, directly or indirectly, violated, are violating, and, unless enjoined, will continue to violate Exchange Act Section 15(a) [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

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

I.

Finding that Defendants violated the statutes and rules set forth in this Complaint as to each;

II.

Permanently restraining and enjoining Defendants, and all persons in active concert or participation with them, from violating, directly or indirectly, the statutes and rules set forth in this Complaint as to each;

III.

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

IV.

Granting such other and further relief as the Court determines to be necessary and appropriate.

V.

Retaining jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered.

JURY TRIAL DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff SEC demands that this case be tried to a jury.

Date: September 27, 2024

Respectfully submitted,

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

/s/ Alyssa A. Qualls

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United States Securities and Exchange Commission v. Mango Labs, LLC et al Doc. 9

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. MANGO LABS, LLC; BLOCKWORKS FOUNDATION; MANGO DAO, Defendants.	No. 1:24-cv-7334

FINAL JUDGMENT AS TO DEFENDANT MANGO LABS, LLC

The Securities and Exchange Commission having filed a Complaint and Defendant Mango Labs, LLC ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to the entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 15(a) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78o(a)] by, in the absence of any applicable exemption, making use of the mails and the means and instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, any security without being registered as a broker.

Dockets.Justia.com

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a civil penalty in the amount of $111,614 to the Securities and Exchange Commission pursuant to Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)]. Defendant shall make this payment within 30 days after entry of this Final Judgment.

Defendant may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm. Defendant may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Mango Labs, LLC as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making this payment,

Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant. The Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

The Commission may enforce the Court's judgment for penalties by the use of all collection procedures authorized by law, including the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001 *et seq.,* and moving for civil contempt for the violation of any Court orders issued in this action. Defendant shall pay post-judgment interest on any amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C. § 1961.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein, including, but not limited to, the undertakings to:

(a) Destroy or otherwise make unavailable for trading, selling, offering, or purchasing any and all MNGO tokens in Defendant's possession or control within 10 days of the entry of the Final Judgment;

(b) Publish notice of the Final Judgment on the websites and social media channels for the crypto asset trading platform known as Mango Markets ("Mango Markets") in a form not unacceptable to the Commission staff, within 10 days of the entry of the Final Judgment;

(c) Issue written requests to remove MNGO tokens from any further trading on all crypto asset exchanges and trading platforms where Defendant is aware MNGO is trading and publish notice of such requests on Mango

Markets' websites and social media channels, in a form not unacceptable to Commission staff within 30 days of entry of the Final Judgment;

(d) Refrain, directly or indirectly, from soliciting any trading platform to allow trading in MNGO and from offering or selling, directly or indirectly, MNGO, unless such offering is properly registered under applicable laws, including, but not limited to, the Securities Act of 1933, or unless otherwise being in compliance with federal securities laws;

(e) In the event that there is a merger, acquisition, disposition of assets (including the sale of any intellectual property and internet domain name associated with Mango Markets), name change, or other change in the corporate structure of Mango Labs, memorialize any such transaction in a written agreement that shall require the successor-in-interest to abide by the terms of these undertakings; and

(f) Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Defendant agrees to provide such evidence. Defendant shall submit the certification and supporting material to Assistant Regional Director Amy Flaherty Hartman with a copy to the Office of Chief Counsel of the Enforcement Division, no later than 30 days from the date of the completion of the undertakings.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: October 1, 2024

Jennifer Rochon
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. MANGO LABS, LLC; BLOCKWORKS FOUNDATION; MANGO DAO, Defendants.	No. 1:24-cv-7334

CONSENT OF DEFENDANT MANGO LABS, LLC

1. Defendant Mango Labs, LLC ("Defendant") waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

(a) permanently restrains and enjoins Defendant from violation of Section 15(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78o(a)]; and

(b) orders Defendant to pay a civil penalty in the amount of $111,614 under Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

3. Defendant agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

4. Defendant undertakes to:

(a) Destroy or otherwise make unavailable for trading, selling, offering, or purchasing any and all MNGO tokens in Defendant's possession or control within 10 days of the entry of the Final Judgment;

(b) Publish notice of the Final Judgment on websites and social media channels for the crypto asset trading platform known as Mango Markets ("Mango Markets") in a form not unacceptable to the Commission staff, within 10 days of the entry of the Final Judgment;

(c) Issue written requests to remove MNGO tokens from any further trading on all crypto asset exchanges and trading platforms where Defendant is aware MNGO is trading and publish notice of such requests on Mango Markets' websites and social media channels, in a form not unacceptable to Commission staff within 30 days from the entry of the Final Judgment;

(d) Refrain, directly or indirectly, from soliciting any trading platform to allow trading in MNGO and from offering or selling, directly or indirectly, MNGO, unless such offering is properly registered under applicable laws, including, but not limited to, the Securities Act of 1933, or unless otherwise being in compliance with federal securities laws;

(e) In the event that there is a merger, acquisition, disposition of assets (including the sale of any intellectual property and internet domain name associated with Mango Markets), name change, or other change in the corporate structure of Mango Labs, memorialize any such transaction in a written agreement that shall require the successor-in-interest to abide by the terms of these undertakings; and

(f) Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Defendant agrees to provide such evidence. Defendant shall submit the certification and supporting material to Assistant Regional Director Amy Flaherty Hartman with a copy to the Office of Chief Counsel of the Enforcement Division, no later than 30 days from the date of the completion of the undertakings.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges

that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that it shall not be permitted to contest the factual allegations of the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; and (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint. If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment

and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

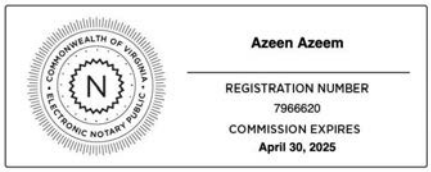
Dated: 9/2/2024

Mango Labs, LLC

By: _____
Dafydd Durairaj

Commonwealth of Virginia, County of Prince William

On 2nd September, 2024, Dafydd Durairaj, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



_____ Electronic Notary Public
Notary Public
Commission expires: 04/30/2025

Approved as to form: Notarized remotely online using communication technology via Proof.

Signed by:
_____
7018D3591D8C407...
Michael Burshteyn, Esq
Greenberg Traurig, LLP

Rafael Yakobi, Esq.
The Crypto Lawyers, PLLC

Attorneys for Defendant

Realms Leaderboard Read the Docs Connect Phantom

Back

Establish mango v3 program upgrade council

Completed

Proposed by: 3LPh9LN88kxSe3shxLZ2R4jiNmHh2U2F9h9TmVKjc18P

The following 7 DAO members will be granted with each 1 token to control upgrades of the mango v3 program through majority vote:

- Armani (Serum) - HfHJKdh6xWKQ3o62GysEHv6UAXr3bSHwww9GkQkfBemu
- Daffy - 2CCTKAY6AVctbfDrU5WZWSXUfTuFWC3wKW8ZJkvdSqCL
- Jay (Serum) - 8vRa1pqCBSRbyKYQNPPwTYUr5ipNNmHgzMNnxQf4gDV6
- Pan - 142NVf3nyiKvdN2pdGi7y7c2U162WJxipYC7UPm5ZXpT
- Sam - CotYQjnbCUNHjewVaLp63F37Dxke2ydvEWhN9Kc6NmHa
- Tyler - DKSoMVyWjqAzTvAtEGzYUGEv7jESnifYVNMVx2CeNTEz
- Maximilian - 3LPh9LN88kxSe3shxLZ2R4jiNmHh2U2F9h9TmVKjc18P

Possible wrong governance pass, check accounts.

Instructions

Transaction 1

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2
Destination
Writable
DqzkMFXwP1YjwnymM9aJK1n9SmEqjGNTnRgT6U33odzS
owner: 3LPh9LN88kxSe3shxLZ2R4jiNmHh2U2F9h9TmVKjc18P

Account 3
Mint Authority
Signer
9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq
Mango Developer Council Mint

Data
Amount : 1

Execution date: 31-10-2021 23:08 - View transaction

Transaction 2

instruction 1 - Token: MintTo

Program
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Account 1
Mint
Writable
EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2
Destination
Writable
8Ma9tc3TKvmFy2GBe9R6Mf5nqFDCNtEJQJ9fjvHsf3BN
owner: DKSoMVyWjqAzTvAtEGzYUGEv7jESnifYVNMVx2CeNTEz

Account 3
Mint Authority
Signer
9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq
Mango Developer Council Mint

Data

Amount : 1

Execution date: 31-10-2021 23:08 - View transaction

Transaction 3

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

4UP7HgqwH9Tz8xvcEDt8CdiJx3q5UAWKT5zjbSm51uJk

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq

Mango Developer Council Mint

Data

Amount : 1

Execution date: 31-10-2021 23:08 - View transaction

Transaction 4

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

8K22LzhKSmiAuZRWFAFUQid1TpWcv1tiShururXbGcsg

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq
Mango Developer Council Mint

Data

`Amount:1`

Execution date: 31-10-2021 23:08 - View transaction

Transaction 5

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

FJht5R7Gow9bcMBjxgF8A5N4Hv3xwjFV1wPbhGyYXJEb

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq
Mango Developer Council Mint

Data

Amount : 1

Execution date: 31-10-2021 23:08 - View transaction

Transaction 6

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

95msk7pmf1mqQWkSM4Lo1dtA2LZPKUQ12eNpNDd1aRV6

owner: 2CCTKAY6AVctbfDrU5WZWSXUfTuFWC3wKW8ZJkvdSqCL

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq

Mango Developer Council Mint

Data

Amount : 1

Execution date: 31-10-2021 23:08 - View transaction

Transaction 7

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1
Mint
Writable
EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2
Destination
Writable
BRhbQjvfZiig66stbh5QXUz53n7yMcP78JsJ3uh5kg5a

Account 3
Mint Authority
Signer
9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq
Mango Developer Council Mint

Data
`Amount: 1`

Execution date: 31-10-2021 23:08 - View transaction

Results

The proposal has passed

Yes Votes
0
%

No Votes
0
%

Explore

Voting Rules

Community 4d 2% Disabled

Discussion (0)

Thoughts?...

Send It

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Back

Mango Labs funding

Completed

Proposed by: 3LPh9LN88kxSe3shxLZ2R4jiNmHh2U2F9h9TmVKjc18P

Mango Labs funding, this vote is only on the USDC amount, locked MNGO is deferred until we have the technical means.

budget: $1.5m for 6mo paid to 41ock6jrmFAqWvZtQGDu6zUw6RegZ6AK6zewZkp6Go4g

Forum Post

Possible wrong governance pass, check accounts.

Instructions

Transaction 1

instruction 1 - Token: Transfer

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Source

Writable

4PdEyhrV3gaUj4ffwjKGXBLo42jF2CQCCBoXenwCRWXf

Mango DAO USDC Treasury Vault

Account 2

Destination

Writable

41ock6jrmFAqWvZtQGDu6zUw6RegZ6AK6zewZkp6Go4g

owner: 2CCTKAY6AVctbfDrU5WZWSXUfTuFWC3wKW8ZJkvdSqCL

Account 3

Authority

Signer

65u1A86RC2U6whcHeD2mRG1tXCSmH2GsiktmEFQmzZgq

Mango DAO USDC Governance

Data

Amount:1,500,000 USDC

Execution date: 13-12-2021 15:44 - View transaction

Results

The proposal has passed

Yes Votes
0
%

No Votes
0
%

Explore

Voting Rules

Community 4d 2% Disabled

Discussion (0)

Thoughts?...

Send It

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EXHIBIT 6 MANGO LABS V. KRAMER ET AL.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

CIVIL ACTION NO.: _____

MANGO LABS, LLC, a Wyoming limited liability company,

Plaintiff,

v.

JOHN KRAMER, an individual, MAXIMILIAN SCHNEIDER, an individual, and Does 1-10, et al.,

Defendants.
_____/

COMPLAINT

Plaintiff, Mango Labs, LLC ("Mango Labs" or "Plaintiff") hereby sues Defendants John Kramer ("Kramer") and Maximilian Schneider ("Schneider," and together with Kramer, "Defendants"), and states as follows:

NATURE OF THE CASE

1. Mango Labs, LLC brings this action against Defendants for breach of fiduciary duty, violation of Article 1802, § 5141 of the Puerto Rico Civil Code, fraud, and unjust enrichment.

2. Mango Markets is a decentralized, non-custodial cryptocurrency exchange and a pioneer in the decentralized finance ("DeFi") ecosystem. Mango Markets launched in February 2021 and quickly became among the most utilized DeFi protocols. The organization that governs the protocol is the Mango Decentralized Autonomous Organization ("Mango DAO" or "DAO"). Mango Labs is an entity that develops software and has been funded by the Mango DAO. Mango Labs has been assigned the claims of the Mango DAO and individual members of the Mango DAO in this action.

3. FTX was a cryptocurrency exchange that filed for bankruptcy in November 2022. Prior to its collapse, FTX allowed its users to deposit MNGO on its platform. After FTX collapsed, the MNGO tokens deposited on FTX were under the control of the FTX bankruptcy estate. In October 2023, the bankruptcy court ordered the FTX estate to sell off certain assets, including its MNGO tokens.

4. Defendants are core Mango DAO personnel. They work in trusted positions for the Mango DAO and are charged with handling highly sensitive and confidential tasks. These positions of trust include assisting with litigation and regulatory investigations the Mango DAO has faced, dealing with a $100m+ attack on Mango Markets, and managing the Mango DAO treasury.

5. In a brazen abuse of this trust, Defendants took FTX's MNGO sale as an opportunity to misappropriate millions of dollars in profit for themselves at the expense of their fellow Mango DAO members and the Mango DAO itself.

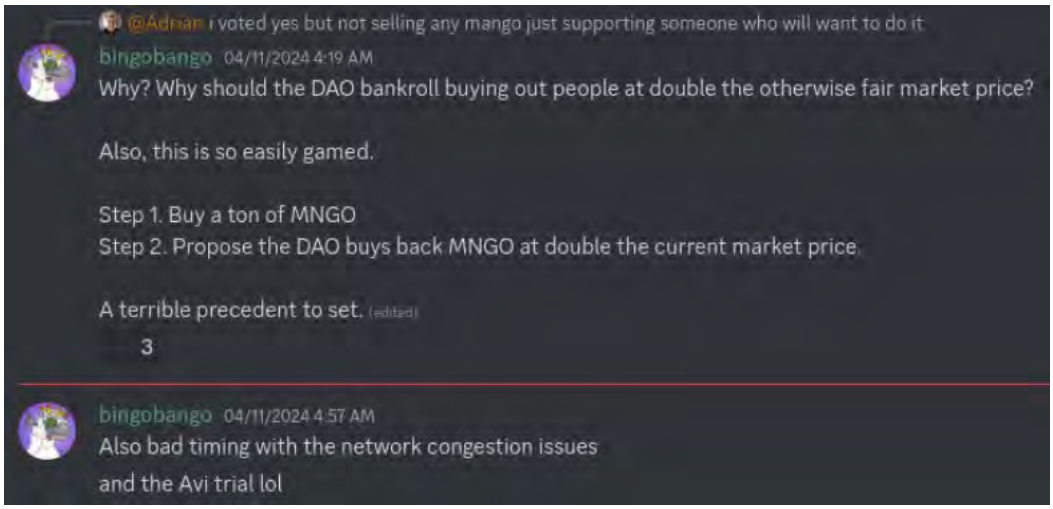
6. Defendants' scheme went like this: First, they represented to the Mango DAO and its members that they were going to buy back the MNGO tokens on behalf of the DAO and transfer the tokens close to cost. This would be accretive to the DAO and token holders due to the market price of the MNGO token being below the value of the assets in the Mango DAO treasury at the time. The DAO also preferred that it recover the tokens held by FTX rather than a potentially malicious actor who could attempt to abuse the voting power the tokens conferred to try to steal money from the DAO or otherwise harm its interests. (Ironically, this is precisely what Defendants did themselves).

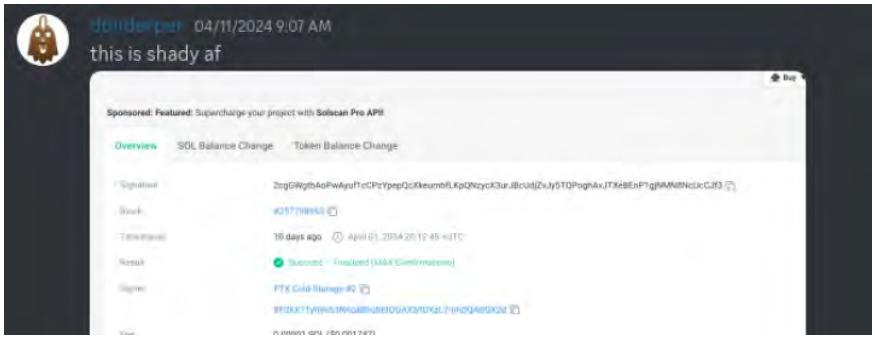
7. Defendants' representations that they were going to buy the MNGO tokens from FTX to help the Mango DAO were all lies. In secret, Defendants conspired to put in place their

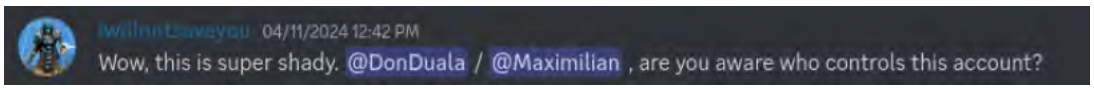
own contractual arrangements to "flip" the MNGO tokens. They then, on information and belief, purchased around 330 million MNGO tokens that had been held by the FTX estate, hiding their identity from Mango DAO when doing so. Defendants' goal was to turn around and sell the MNGO tokens previously held by FTX at an incredible markup and pocket the profits.

8. That is exactly what they did. Shortly after Defendants completed their secret purchase, Kramer put to vote a proposal for Mango DAO members to sell their tokens back to the Mango DAO at an artificially inflated price (the "Proposal"). The Proposal was restricted to wallets that participated in the governance of the Mango DAO. This is notable because just one week prior to making the Proposal, Defendants deposited all 330 million MNGO tokens purchased from the FTX estate into Mango DAO governance, thereby granting Defendants' disproportionate voting power.

9. Mango DAO members became suspicious after seeing that 330 million MNGO tokens were deposited mere hours before the Proposal was made, and that the tokens were almost immediately used to vote in favor of the Proposal.







10. Defendants (using the alias's @DonDuala and @Maximilian on the Mango DAO's Discord forum) did not directly respond to the question about whether they were "aware who controls this account?" In fact, Defendants themselves controlled the account.

11. Defendants intentionally did not publicly reveal that Defendants themselves were in fact the purchasers of the 330 million tokens. They attempted to obscure their identity on the blockchain by using a series of cryptocurrency wallets they hoped would be difficult to trace to them.

12. At the same time that Defendants refused to admit that they were the purchasers of the 330 million MNGO tokens they, in fact, were attempting to sell the MNGO tokens back to the DAO. Defendants refused to admit their identities as the purchaser because they knew that keeping their identities hidden and maintaining ambiguity about the source of the MNGO tokens would maximize their attempt to pump the price at which the DAO was purchasing their ill-gotten MNGO tokens.

13. Defendants' scheme worked: the Mango DAO purchased 72.8 million MNGO tokens under the Proposal for a total of $2,500,000.[1]

14. Mango Labs and members of the Mango DAO have implored Defendants to simply transfer their unlawfully acquired MNGO tokens to the Mango DAO at cost, as is their obligation. Yet every time that Mango Labs has confronted Defendants about their fraud and breach of duty, they have doubled down and attempted to pressure Mango Labs to stop. Specifically, Defendants have attempted to block funding for Mango Labs' defense of the Mango DAO's and other victims' legal rights against a convicted attacker—Avraham Eisenberg—who exploited Mango Markets and converted over $114,000,000 in digital assets from its depositors.

15. The Mango DAO and all Mango DAO members have been harmed based on Defendants' fraudulent conduct. Not only did the Mango DAO lose the ability to purchase the MNGO tokens from the FTX estate directly at cost—as was the expected arrangement with

[1] https://x.com/dj_d_sol/status/1795471125146681706

Defendants—but the Mango DAO has suffered, among other things, (1) the loss of a significant amount of money from overpaying for the FTX estate tokens from Defendants, (2) ongoing harm to its reputation because of Defendants' misdeeds, (3) and several hundreds of thousands, if not millions, of dollars to uncover the full extent of Defendants' deceit and pursue this action.

16. To make Mango Labs, the Mango DAO, and Mango DAO members whole, Mango Labs brings the following action and seeks all applicable forms of damages (plus all applicable pre- and post-judgment interest) as a result of Defendants' intentional fraudulent conduct, all reasonable attorneys' fees and costs, equitable relief to enjoin Defendants from further harmful conduct, and any other or additional relief deemed just and proper.

PARTIES, JURISDICTION, AND VENUE

17. Plaintiff Mango Labs is a Wyoming Limited Liability Company whose sole member is domiciled in North Carolina. Mango Labs develops software related to Mango Markets. Mango Labs has enforced claims on behalf of Mango DAO members involving other situations of fraudulent conduct. Specifically, Mango Labs was assigned legal claims related to Avraham Eisenberg's fraudulent attack on Mango Markets (which Defendants' conduct disrupted when they initiated one of their buyback proposals during Eisenberg's criminal trial). Mango Labs has also been at the forefront of handling other legal issues for the Mango DAO, including leading the charge of dealing with investigations from government regulators and securing highly favorable settlements to the Mango DAO and others, including Defendants (again, despite Defendants' active attempts to subvert these efforts). Mango Labs has received grants from the Mango DAO treasury to enforce and defend Mango DAO's legal rights. In this action, Mango Labs has been assigned Mango DAO's claims based on a vote of Mango DAO members, as well as several individual Mango DAO members' claims, including Mango Labs' owner.

18. Defendant Kramer is a resident of Puerto Rico and manages the Mango DAO treasury. By reason of his position as treasurer of the Mango DAO, Kramer owed Mango Labs and Mango DAO members fiduciary obligations of care, candor, compliance, fidelity, trust, loyalty, and due care, and was and is required to control and manage Mango DAO assets in a fair, just, honest, and equitable manner, and was and is required to act in furtherance of the best interests of the Mango DAO so as to benefit all Mango DAO members and not in furtherance of his personal interest or benefit.

19. Defendant Schneider is a resident of the United Kingdom, but, on information and belief, he frequently changes his domicile. Defendant Schneider spends significant amounts of time in the United States building Mango Markets in the United States with other Mango DAO key contributors, including Mango Labs contractors. On information and belief, Schneider has contractual arrangements with Defendant Kramer (a Puerto Rico resident) for purposes of the conduct alleged in this Complaint. Schneider also manages a large part of the Mango DAO's business, including acting as the administrator of communication channels, allocating funding for development, and coordinating dealings with government agencies. By reason of his role in managing the Mango DAO, Schneider owed Mango Labs and Mango DAO members fiduciary obligations of care, candor, compliance, fidelity, trust, loyalty, and due care, and was and is required to control and manage the Mango DAO in a fair, just, honest, and equitable manner, and was and is required to act in furtherance of the best interests of the Mango DAO so as to benefit all Mango DAO Members and not in furtherance of his personal interest or benefit.

20. Does 1-10, inclusive, are individuals or entities of unknown residence, who on information and belief aided and abetted Defendant Schneider and Defendant Kramer's fraud on the Mango DAO. Mango Labs intends to serve the Doe Defendants upon discovering their

identities. In the event that their identities remain undiscovered, Mango Labs intends to serve the Doe Defendants via their associated cryptocurrency wallets on the blockchain that participated in Defendant Schneider and Defendant Kramer's conduct as alleged in this Complaint.

21. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1332(a)(2) because it involves a dispute between a citizen of a State and two citizens of a foreign state and the amount at issue exceeds $75,000.00, exclusive of interest, costs, and attorneys' fees. Thus, this lawsuit is not a collusive action brought to confer jurisdiction that the court would otherwise lack.

22. Venue is proper in this Court under 28 U.S.C. §1391(b) because one or more of the Defendants either resides in or maintains offices in this District, and a substantial portion of the wrongs complained of herein—including the Defendants' primary participation in the wrongful acts detailed herein—occurred in this District.

GENERAL ALLEGATIONS

A. Mango Markets is a groundbreaking decentralized finance protocol.

23. Mango Markets is a decentralized finance protocol. It launched in August 2021 to enable people to borrow, lend, and trade cryptocurrency and cryptocurrency derivatives. It experienced rapid growth after launch. Within a year of its launch, users transacted over $10 billion in funds through the protocol.

24. Mango Markets is governed by an entity known as the Mango Decentralized Autonomous Organization ("Mango DAO"). The Mango DAO entity is comprised of MNGO token holders. Those token holders make governance decisions about the protocol by voting with their tokens. The Mango DAO has a treasury whose purpose is to serve as an insurance fund against attack against Mango Markets. The Mango DAO treasury also issues grants to fund software development, operations, and other expenses for the benefit of the Mango DAO. The

Mango DAO built up a significant treasury after launch. By October 2022, the Mango DAO held over $70 million in its treasury.

25. Certain Mango DAO members, including Defendants, take on significant roles within the Mango DAO akin to officers and general partners. All MNGO holders participate in decision-making for the protocol itself as well.

B. Several years after Mango Markets' launch, it was the victim of a malicious actor's $114 million criminal exploit of its platform.

26. In October 2022, a cryptocurrency trader named Avraham Eisenberg ("Eisenberg") engaged in a now-notorious, illegal exploit of Mango Markets. Specifically, Eisenberg (who had a history of attacking cryptocurrency platforms and manipulating cryptocurrency markets), through fraud and deception, converted approximately $114 million from Mango Markets depositors into his own accounts.

27. In the days following his attack, Eisenberg schemed to protect his ill-gotten gains through further unlawful means. He forced the Mango DAO to enter into an unenforceable settlement agreement—under duress—purporting to release depositors' claims against him and precluding it from pursuing a criminal investigation. Following a Mango DAO vote regarding Eisenberg's ultimatum, he returned approximately $67 million of the money he unlawfully converted.

28. In December 2022, the United States' Attorney's Office for the Southern District of New York filed a criminal complaint against Eisenberg based on his above-described misconduct. The criminal case against Eisenberg went to trial in April 2024 and a jury convicted Eisenberg of fraud, commodities market manipulation, and wire fraud in connection with the manipulation on the Mango Markets decentralized cryptocurrency exchange. Members of the Mango DAO were actively involved in the Eisenberg trial and several were in attendance at

Eisenberg's trial. Mango Labs appeared in the criminal trial and litigated a Rule 17 subpoena related to the claims that Mango Markets depositors assigned to it.

29. Eisenberg's attack on Mango Markets spawned charges against him by the United States Securities and Exchange Commission ("SEC"), as well as the Commodity Futures Trading Commission ("CFTC"). Cases filed by those regulators against Eisenberg are pending in the Southern District of New York.

30. Eisenberg's attack on Mango Markets also led to an SEC investigation of Mango Markets itself, including Mango DAO. Mango Labs shouldered the burden of taking lead on handling the SEC investigation for the DAO's benefit. Mango Labs negotiated a very favorable settlement on behalf of a joint defense group that included the Mango DAO, and which benefited Defendants as well.[2]

C. Defendants secretly purchased MNGO tokens from FTX, manipulated the MNGO market to artificially increase their tokens' price, and offloaded them to the Mango DAO in breach of their duties.

31. Defendant Kramer is a member of the Mango DAO and has been involved in the Mango DAO for years. He plays a significant role in the Mango DAO that requires action in the utmost of integrity: Kramer manages the Mango DAO treasury. The Mango DAO has held sums in excess of $70,000,000, a significant portion of which Kramer has been responsible for managing. The Mango DAO relies on Kramer's self-represented expertise in treasury management for digital assets to maximize the value of the Mango DAO's treasury and protect it against fraud and scams.

32. Defendant Schneider is another member of the Mango DAO who plays an active role in managing the Mango DAO's business. Schneider is one of the original founders of the

[2] https://discord.com/channels/791995070613159966/1275478789127802942

Mango DAO and was present at the Solana hackathon where Mango Markets was created. Schneider remains one of the top five holders of MNGO tokens to date. He is intimately involved in all Mango DAO business, including product development, marketing, and legal proceedings (including those against Eisenberg). Schneider is privy to confidential and insider information of the Mango DAO, specifically regarding the project and multiple government investigations and legal actions. In addition, Schneider is, on information and belief, working with Kramer as an agent—whether a contractor or employee—and stands to benefit from the fraud alleged in this Complaint.

33. After FTX collapsed, and the FTX estate decided to sell the significant amount of MNGO tokens formerly held by its depositors, now in its control. Given the Eisenberg attack and downfall of FTX, members of the Mango DAO were worried that Mango Markets was susceptible to an outsider that could purchase the MNGO tokens and put an end to Mango Markets.

34. In order to avoid the breakdown of Mango Markets, Mango DAO members believed that it might be viable for the Mango DAO to purchase the MNGO tokens held by the FTX estate at a favorable price. It was understood amongst Mango DAO members that one of the members would help facilitate this purchase, and in exchange for their work, could receive a reasonable commission.

35. Schneider told Mango DAO members that he intended to buy the tokens for the Mango DAO because the token price was very low, well below the value of the Mango DAO treasury, and it would be accretive to token holders to buy the tokens. On information and belief, Schneider's true goal, however, was not to help the DAO but instead to personally profit at the DAO's expense.

36. In or around February 2024, Schneider told Mango DAO members that the Mango DAO did not have enough money to buy the MNGO tokens from the FTX estate because the price of the tokens was too high. He also informed Mango DAO members that the FTX estate would only sell the MNGO tokens in one bulk sale including other non-MNGO assets, and would not sell the tokens separately, necessitating a larger purchase.

37. During this same conversation, Schneider also told Mango DAO members that it was impossible for the Mango DAO to purchase the tokens because of certain "Know Your Customer" restrictions that prevented the Mango DAO from purchasing directly from the FTX estate.

38. During or around the same time as one of these conversations, Defendants took to the Mango DAO governance Discord channel and began sharing their fears that whoever purchased the MNGO tokens from the FTX estate could take over and shutdown the Mango protocol. While they played on the fears of a governance attack, they knew, on information and belief, that the risk of a governance attack was actually quite low. This is because the voting program for the Mango DAO was subject to protections provided by the Mango DAO Upgrade Council, which has the capability of shutting down the protocol and stopping malicious attacks.

39. On or around April 1, 2024, approximately 330 million MNGO tokens were purchased from the FTX estate. Yet unknown to anyone else at the time, Defendants were the ones to purchase these tokens. Publicly available blockchain records regarding the sale of the tokens reveal that intermediary wallets connected to Defendants and the buyer of the MNGO tokens have sent and received large amounts of cryptocurrencies from the same address, suggesting that Defendants are themselves the purchasers of the MNGO tokens.

40. While the market price for MNGO tokens at the time was 1.6 cents, Defendants purchased them from the FTX estate, on information and belief, for approximately 1.2 cents per token.

41. Following this, Defendants made open market purchases of additional MNGO tokens. These additional purchases pumped the MNGO market price from 1.6 cents to 2.3 cents. Defendants made these purchases knowing that they planned to force a DAO vote to sell the MNGO tokens they held at 3.8 cents to the DAO, as outlined below.

D. Defendants offered a proposal for the Mango DAO to buy back MNGO tokens from token holders at an inflated premium.

42. On or around April 7, 2024, Defendant Kramer—posting under the alias "DonDuala"—presented a proposal on the Mango DAO forum whereby the Mango DAO would repurchase MNGO tokens at the price of 3.8 cents (the "Proposal").

43. The proposal read as follows:

> Summary: Restart the MNGO buyback program to grow book value and reward active governance participants.
>
> Background: MNGO trades at a significant discount to the treasury's value (~$43M, see Treasury Diversification). MNGO has lagged the rest of the crypto market and solana ecosystem, despite Mango DAO continuing to improve & ship new products (Mango V4, Boost, Mango Router, Mango Mints), support Solana infra (Mangolana/core dev, Openbook V1 & V2, Realms spl-governance) and deliver significant value back to & from the treasury (est. MNGO book value > $0.04).
>
> Mango's products consist of perp dex + spot orderbook + borrow/lend + router with a robust fully-onchain governed treasury, yet MNGO trades at an order-of-magnitude less than the closest comparable, JUP - indicating one of these valuations is mispriced. MNGO remains heavily discounted on a relative basis to similar protocols (AEVO, DYDX, AAVE, etc.) with many Solana defi protocols about to launch at comparable valuations.
>
> Benefits:
>
> 1. Token holders who want to redeem at a discount to the treasury value should be given the chance to fairly do so.

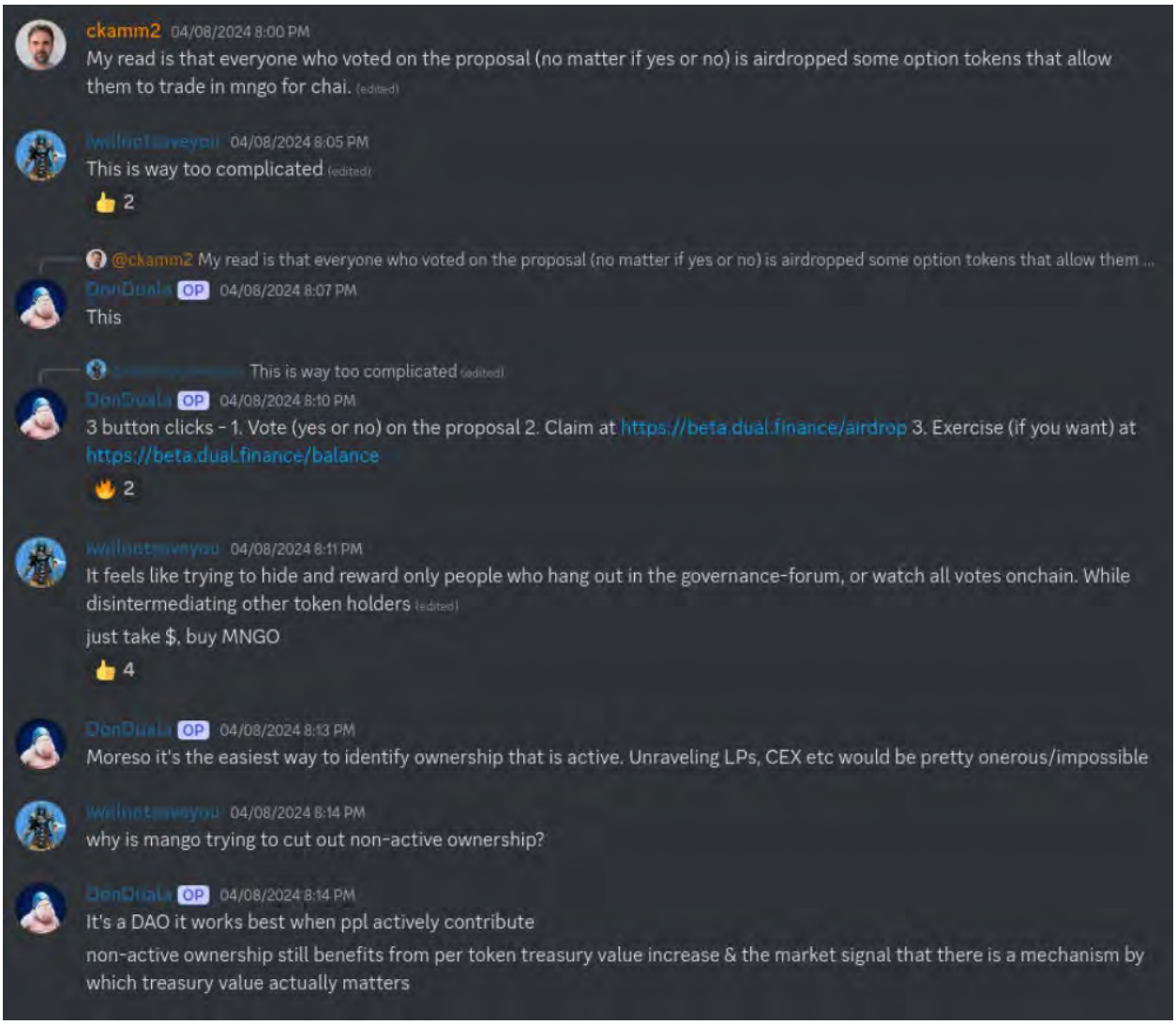
2. Treasury value increases per token from any discounted book value buys, benefiting all remaining MNGO holders.

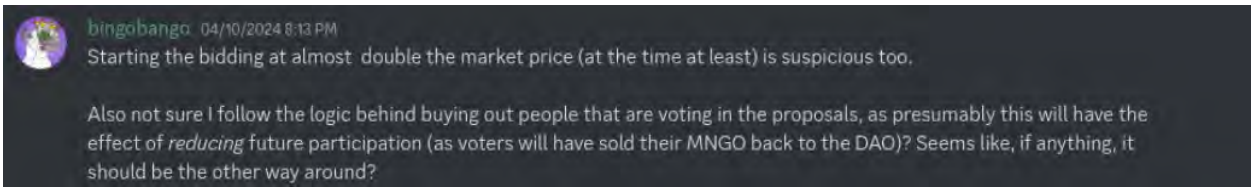
3. to the market that Mango DAO is capable of delivering substantial utility to its holders and may execute further buybacks.

April 2024 Buyback: 275M MNGO for 9,995,000 CHAI (~$10.7M, ~$0.038 per MNGO / ~5% discount to book value).

44. Several members of the Mango DAO expressed skepticism about the purpose of the Proposal. In response to the skepticism, Kramer (under the alias @DonDuala)—acting pursuant to his authority as a treasurer of the Mango DAO—misrepresented that the Proposal was in the best interest of the Mango DAO. Critically, he omitted that the true purpose of the Proposal was to set up the offloading of the MNGO tokens Defendants secretly purchased from the FTX estate.

EXHIBIT 6 MANGO LABS V. KRAMER ET AL.





ckamm2 04/08/2024 8:00 PM
My read is that everyone who voted on the proposal (no matter if yes or no) is airdropped some option tokens that allow them to trade in mngo for chai. (edited)

iwillnotsaveyou 04/08/2024 8:05 PM
This is way too complicated (edited)
👍 2

@ckamm2 My read is that everyone who voted on the proposal (no matter if yes or no) is airdropped some option tokens that allow them ...
DonDuala OP 04/08/2024 8:07 PM
This

This is way too complicated (edited)
DonDuala OP 04/08/2024 8:10 PM
3 button clicks - 1. Vote (yes or no) on the proposal 2. Claim at https://beta.dual.finance/airdrop 3. Exercise (if you want) at https://beta.dual.finance/balance
🔥 2

iwillnotsaveyou 04/08/2024 8:11 PM
It feels like trying to hide and reward only people who hang out in the governance-forum, or watch all votes onchain. While disintermediating other token holders (edited)
just take $, buy MNGO
👍 4

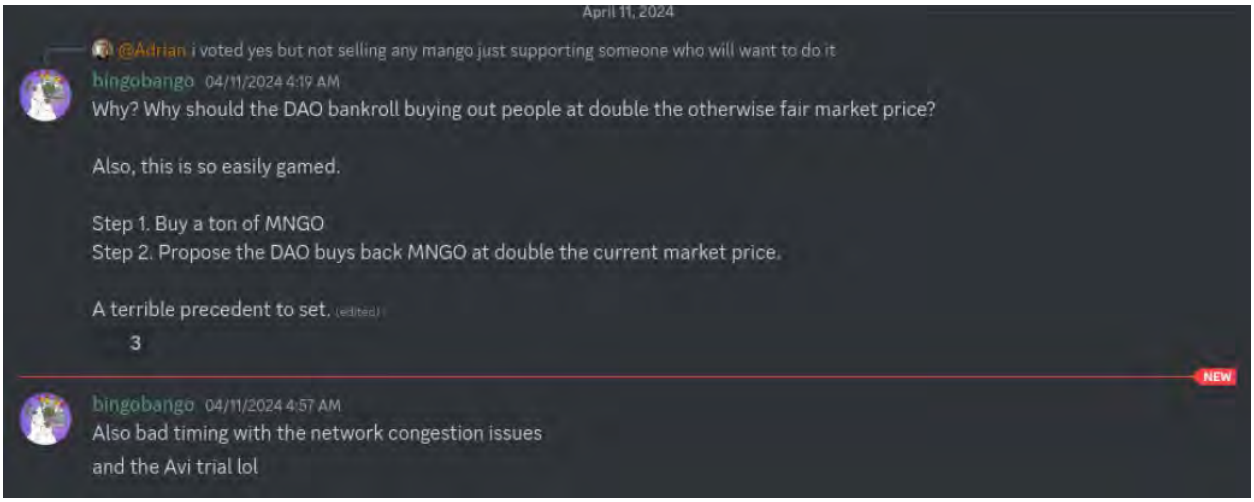
DonDuala OP 04/08/2024 8:13 PM
Moreso it's the easiest way to identify ownership that is active. Unraveling LPs, CEX etc would be pretty onerous/impossible

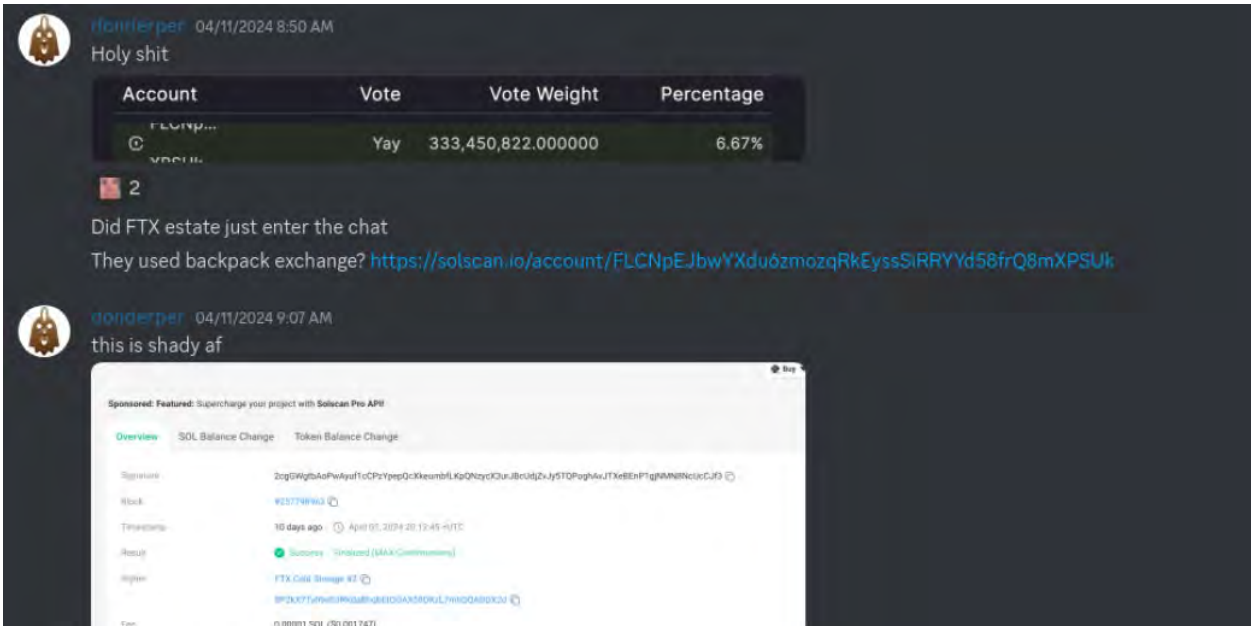
iwillnotsaveyou 04/08/2024 8:14 PM
why is mango trying to cut out non-active ownership?

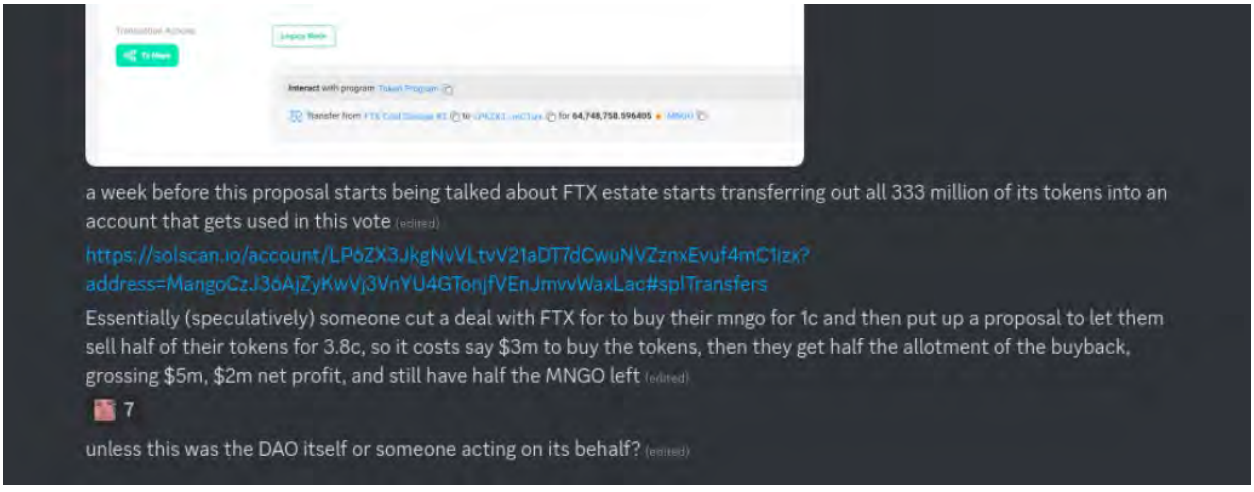
DonDuala OP 04/08/2024 8:14 PM
It's a DAO it works best when ppl actively contribute
non-active ownership still benefits from per token treasury value increase & the market signal that there is a mechanism by which treasury value actually matters

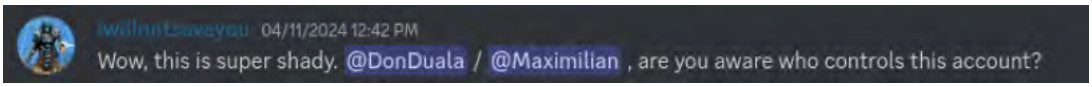
bingobango 04/10/2024 8:13 PM
Starting the bidding at almost double the market price (at the time at least) is suspicious too.

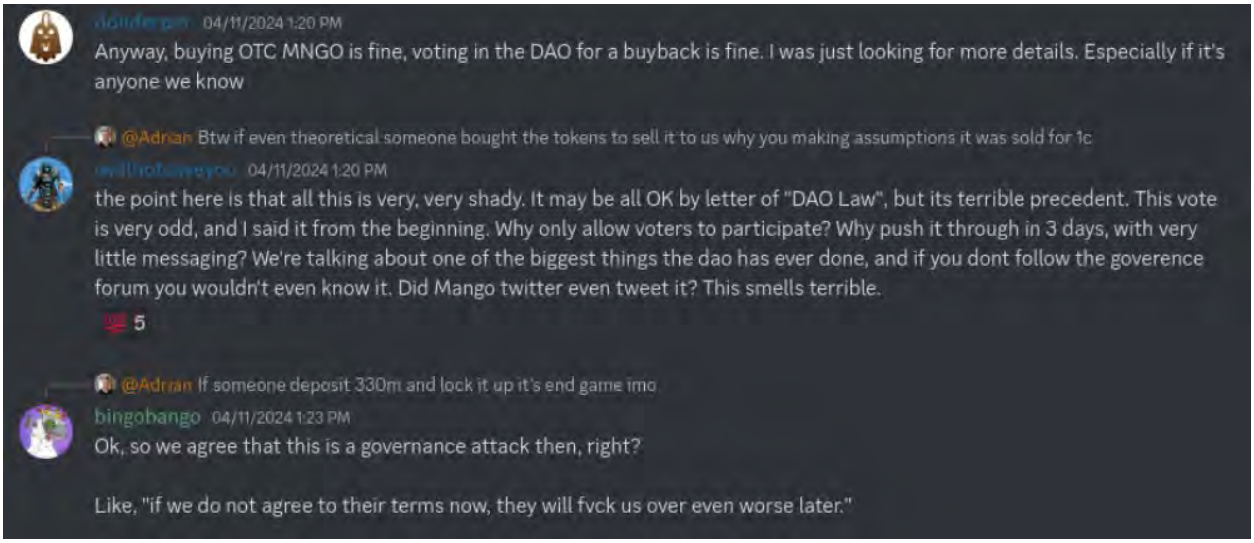
Also not sure I follow the logic behind buying out people that are voting in the proposals, as presumably this will have the effect of *reducing* future participation (as voters will have sold their MNGO back to the DAO)? Seems like, if anything, it should be the other way around?


April 11, 2024
@Adrian i voted yes but not selling any mango just supporting someone who will want to do it
bingobango 04/11/2024 4:19 AM
Why? Why should the DAO bankroll buying out people at double the otherwise fair market price?
Also, this is so easily gamed.
Step 1. Buy a ton of MNGO
Step 2. Propose the DAO buys back MNGO at double the current market price.
A terrible precedent to set. (edited)
3
NEW
bingobango 04/11/2024 4:57 AM
Also bad timing with the network congestion issues
and the Avi trial lol

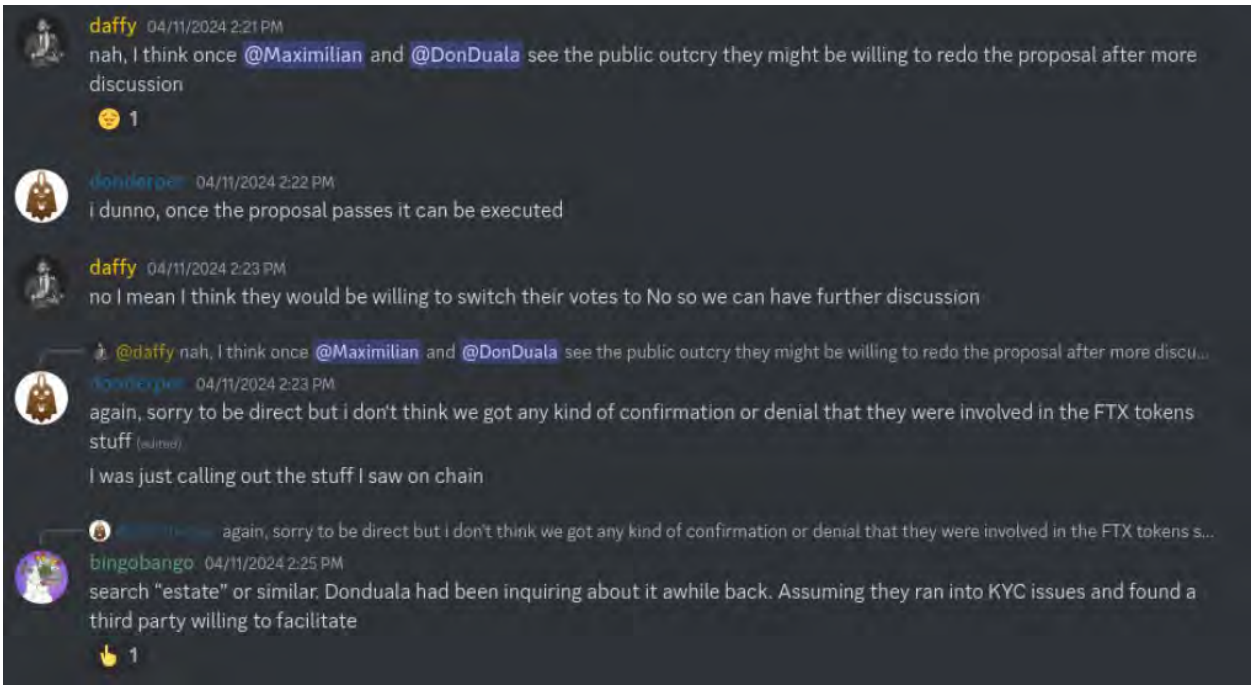

donderper 04/11/2024 8:50 AM
Holy shit
Account
Vote
Vote Weight
Percentage
Yay
333,450,822.000000
6.67%
2
Did FTX estate just enter the chat
They used backpack exchange? https://solscan.io/account/FLCNpEJbwYXduózmozqRkEyssSiRRYYd58frQ8mXPSUk
donderper 04/11/2024 9:07 AM
this is shady af


a week before this proposal starts being talked about FTX estate starts transferring out all 333 million of its tokens into an account that gets used in this vote (edited)
https://solscan.io/account/LP6ZX3JkgNvVLtvV21aDT7dCwuNVZznxEvuf4mC1izx?address=MangoCzJ36AjZyKwVj3VnYU4GTonjfVEnJmvvWaxLac#splTransfers
Essentially (speculatively) someone cut a deal with FTX for to buy their mngo for 1c and then put up a proposal to let them sell half of their tokens for 3.8c, so it costs say $3m to buy the tokens, then they get half the allotment of the buyback, grossing $5m, $2m net profit, and still have half the MNGO left (edited)
7
unless this was the DAO itself or someone acting on its behalf? (edited)

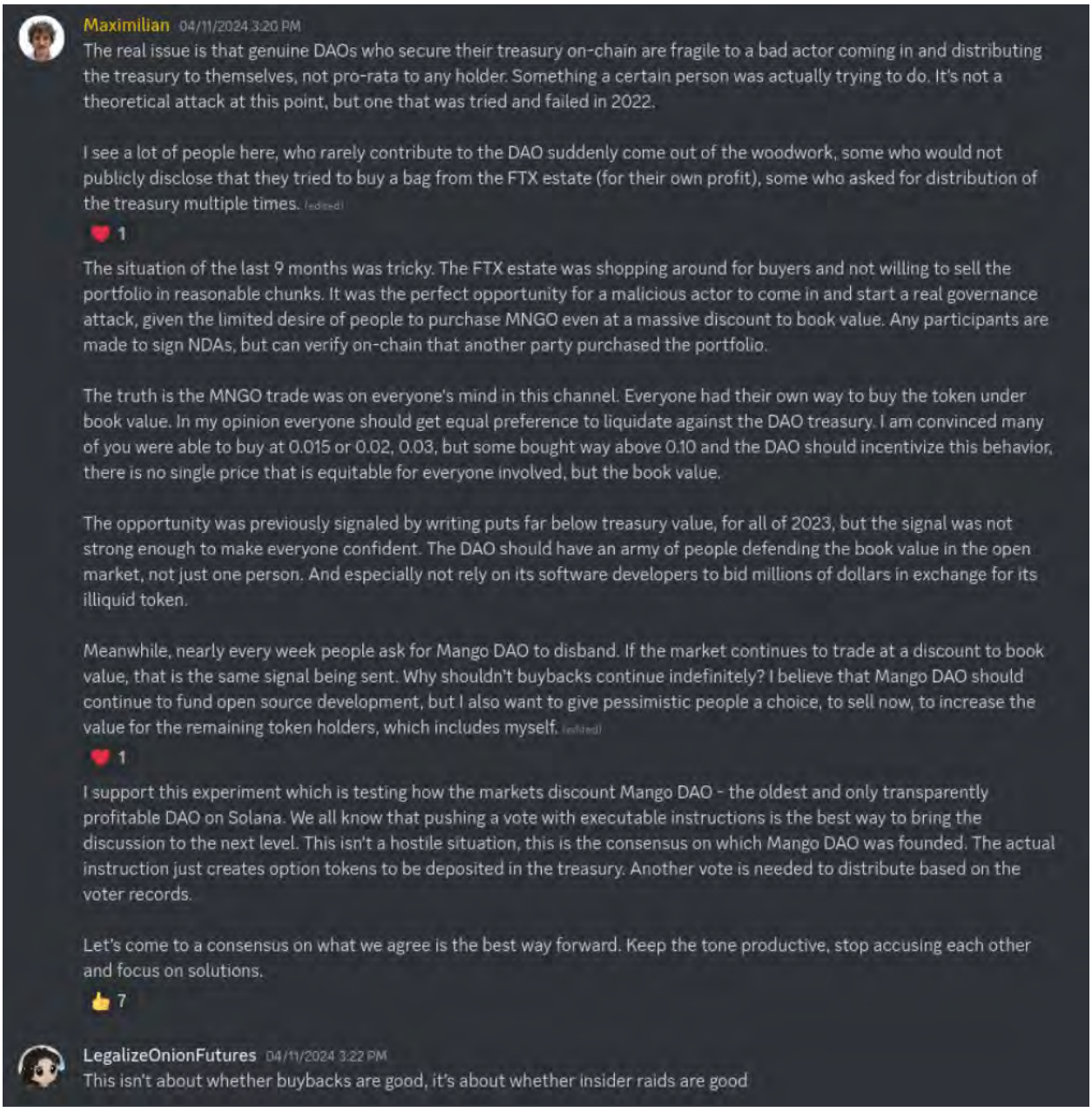




45. Due to the ambiguous nature of the situation, Mango Labs' owner, posting under the alias "@daffy," attempted to defend Defendants' integrity. He posted after discussing with Schneider that given the questions, Defendants would likely agree to temporarily hold off on the Proposal and offer more explanation about what was going on. In their discussions, Schneider represented to Mango Labs' owner that he would consider pulling the proposal if there was pushback from other DAO members.



46. Unfortunately, Defendants did not pull or pause anything. Defendant Schneider instead doubled down on the scheme and posted a series of misrepresentations in an attempt to trick the Mango DAO into pushing his and Kramer's proposal through.



47. The same day, while conversations on Discord were ongoing, Mango DAO members spoke with Schneider on a call. On that call, Schneider falsely represented to Mango DAO members that the MNGO tokens were purchased for over 2 cents per token from the FTX estate when they were in fact purchased for less.

48. As stated above, at the same time that Defendants effectuated their scheme to sell their 330 million MNGO tokens back to the DAO at an inflated price, the Department of Justice

was prosecuting Eisenberg in New York. Several Mango DAO members were witnesses or potential witnesses in this trial. As a result, they were unable to communicate with each other about the Proposal. Defendants knew full well of the circumstances surrounding the Eisenberg trial (and indeed, Defendant Schneider had significant confidential insider information related to the Mango DAO regarding the trial and other business that should have precluded any of the trades he did here). On information and belief, Defendants purposefully timed the Proposal to coincide with the trial, knowing that key members of the Mango DAO would be preoccupied and unable to fully engage in the Mango DAO's deliberations of the Proposal.

49. Given that several of the Mango DAO's members were unable to fully analyze and debate the Proposal during the Eisenberg trial, one of the Mango DAO members involved in the trial asked Defendant Kramer to pause the Proposal until the trial ended. Kramer refused to do so.

50. On April 11, 2024, right before voting for the Proposal was about to close, Defendants used the 330 million MNGO tokens that they previously purchased from the FTX estate to vote in favor of the Proposal. Thankfully, this original iteration of the Proposal did not receive enough votes to pass.

51. On April 17, 2024, Kramer made a second iteration of the Proposal with a purchase price of 3.4 cents instead of 3.8 cents. This iteration of the Proposal passed, with over 502 million "yes" votes—a majority of which were from Defendants' improperly obtained MNGO tokens. On April 30, 2024, the Mango DAO was thereby tricked into paying for over 78 million MNGO tokens for approximately $2.5 million pursuant to the Proposal.

52. In May 2024, the Mango DAO was nearly tricked again into paying for another 138 million MNGO tokens pursuant to the Proposal, but Defendant Kramer pulled the proposal at the

last minute after Mango Labs' owner sent a demand letter outlining the claims asserted in this Complaint.

53. On information and belief, at least 80% of the funds from the Mango DAO buyback of MNGO tokens pursuant to the Proposal went to Defendants.

E. Defendants Concealed Their Purchase of MNGO From Plaintiff and the Mango DAO to Enrich Themselves with Mango DAO Assets

54. Defendants did not disclose publicly that they were involved in the purchase of the MNGO tokens from the FTX estate.

55. In fact, Defendants publicly denied that they purchased these tokens and made numerous false claims and misrepresentations to conceal this fact. In October 2023, Schneider represented on a call with a Mango DAO member that he was going to buy the FTX estate's MNGO tokens, on behalf of the DAO, because the price was low. Later, around February or March 2024, Schneider represented to the same Mango DAO member that the Mango DAO did not have the money to buy the FTX estate's MNGO tokens because the bundle of tokens being sold was too expensive. Schneider's misrepresentations caused the Mango DAO to believe that he was trying to acquire the FTX MNGO tokens for the Mango DAO on favorable terms.

56. In a May 25, 2024 message to Mango DAO members, and in an effort to justify the Proposal, Schneider said that he was fearful that whoever bought the FTX estate's MNGO tokens could force a shutdown of the Mango protocol. In reality, the risk of a governance attack was low because Mango DAO's Upgrade Council could effectively stop one (unless the attack was conducted by Schneider himself given his position of trust with the DAO). Schneider wished to play up the risk of an attack by others, however, in order to justify the FTX MNGO token purchase. To prevent this shutdown, Schneider claimed that he merely "sought help and advice from multiple reputable VC and trading firms" after realizing that the Mango DAO could not directly purchase

the tokens, all of whom happened to bid on the FTX estate. Schneider did not disclose which trading firm bought the tokens nor did he admit Defendants' true involvement in the purchase. Schneider knew that as a trusted Mango DAO member, others would rely on his misrepresentations and support his scheme.

57. To attempt to hide his involvement, Schneider represented to Mango DAO members that a "strategic and activist investor" purchased the tokens from the FTX estate. He omitted that this "strategic and activist investor" was actually himself and Kramer.

58. When some Mango DAO members raised concerns, Defendants smeared them and misleadingly told the public that the opposition to—and scrutiny of—the Proposal came from "[a] group of people who have a vested interest in a competing Solana project—marginfi—and collaborated with [Eisenberg] on his rampage of fraud" against Mango Labs and who simply wanted to see Mango Markets fall.

59. Defendants made, in all, over a dozen egregious misrepresentations and omissions in connection with their conduct at issue in this case:

a. Schneider represented to at least one Mango DAO member that he was going to buy the FTX MNGO tokens for the Mango DAO because the price was low, when he knew that his intention was to pump the price and profit from the sale, while using insider information in his possession, at the Mango DAO's expense.

b. Schneider represented to at least one Mango DAO member that the Mango DAO could not afford to buy the MNGO tokens outright because of the bundle of other tokens that FTX required purchasing with the MNGO tokens.

c. Schneider caused Mango DAO members to believe, based on his misrepresentations, that he would try to acquire the FTX MNGO tokens for the

Mango DAO on favorable terms, causing other Mango DAO members to refrain from taking action with respect to these tokens.

d. Schneider publicly misrepresented the risk of a governance attack, given upgrade protections, in order to justify the FTX MNGO purchase's fraudulent circumstances.[3]

e. Schneider misrepresented the challenges the Mango DAO would face making direct purchases due to "Know Your Customer" restrictions, in an attempt to deceive Mango DAO members as to his true intentions.

f. Schneider made false representations about the amount Defendants paid for the FTX MNGO tokens in an April 2024 call with a Mango DAO Member. Schneider claimed in that call that Defendants paid more than 2 cents for each MNGO token, while Kramer later admitted that the price Defendants paid was far lower—1.2 cents.

g. Schneider publicly lied about the owner of Mango Labs by misrepresenting that he "withdrew as much as possible from contributing to Mango DAO." Schneider did this to deceive the Mango DAO into agreeing to further purchases of his MNGO tokens from FTX. Schneider had insider information that Mango Labs and its owner were actively involved in legal proceedings relating to regulatory investigations and the Eisenberg attack (all of which work benefited Schneider and Kramer's interests), but other Mango DAO members did not know the full extent of Mango Labs' role in leading regulatory response and other legal matters.

[3] *See* Schneider's public statements that he posted here: https://docs.google.com/document/u/1/d/e/2PACX-1vTEc-YGmpsXgpNLcCzFd8DF61kR8iFuCgBQDG-9WJBYvCxtQKClbq7PzDAFkIIHuHwq6m4WX7P7v6Zq/pub?pli=1

h. Schneider publicly lied about Mango Labs' owner being purportedly uninterested in the FTX MNGO tokens being repurchased. This was not true, and Schneider failed to disclose in his public statements on this issue that Mango Labs' owner did in fact support the Mango DAO repurchasing the FTX MNGO tokens, so long as the price was fair and in the interest of the Mango DAO.

i. Schneider made public statements about discussions regarding the shutdown of the Mango DAO where he mischaracterized them and omitted material context, including the challenging legal issues the Mango DAO faced (of which Schneider had insider information regarding), and other issues around lack of progress on the development roadmap and growth, as well as the options being considered by others in the DAO.

j. Schneider misrepresented Mango Labs' owners' goals as against the interests of the Mango DAO, when Schneider knew that Mango Labs' owner was focused only on the Mango DAO's best interests.

k. Schneider publicly lied about the opposition to the Proposal Defendants schemed to create as being driven by supporters of a competing decentralized finance protocol called marginfi, as well as people who Schneider claimed worked with Eisenberg. Schneider did this in an attempt to obfuscate the true nature of what was going on—he was defrauding the Mango DAO along with Kramer.[4]

l. Kramer similarly made a litany of misrepresentations and omissions. He, significantly, failed to disclose that he had purchased the FTX MNGO tokens with Schneider when he opened the Proposal to sell the tokens back to the Mango DAO.

[4] https://www.dlnews.com/articles/defi/mango-markets-insiders-accused-of-dao-raid-with-mngo-buyback/

m. Like Schneider, Kramer lied about the purchase being motivated by the desire to defend against governance attacks, while omitting the full context around the risk of those attacks.[5]

n. Kramer also lied publicly about the opposition to his Proposal being driven by competitors of Mango Markets who are purportedly fearful of Mango Markets' rebirth.[6] He knew this was false.

o. Schneider and Kramer, together, made multiple proposals that passed to sell their wrongfully purchased FTX MNGO tokens without proper disclosures. They also did this while in possession of highly confidential, material insider information related to the Mango DAO.

p. Schneider and Kramer used intermediate cryptocurrency wallets to obscure their conduct. This is similar to what Eisenberg did after his fraud and market manipulation of Mango Markets, and the use of intermediate cryptocurrency wallets was evidence presented to the jury in support of Eisenberg's conviction.

q. Unbelievably, Kramer and Schneider used the 300 million+ wrongfully acquired FTX MNGO tokens to vote in favor of their own self-serving and deceptive proposals. They dubiously waited to use their extra votes until the end of the voting period.

60. This is just what Mango DAO members involved in this case know as of right now. Even today, Defendants, on information and belief, are still hiding material information from the Mango DAO related to their conduct.

[5] https://discord.com/channels/791995070613159966/1226728832564723836/1228005999319711786
[6] https://www.dlnews.com/articles/defi/mango-markets-insiders-accused-of-dao-raid-with-mngo-buyback/

61. Plaintiff, along with the Mango DAO members, trusted that Defendants, by virtue of their roles in managing the Mango DAO, would act in the best interest of the Mango DAO and relied on Defendants' representations when voting in favor of the Proposal and effectuating the buyback of MNGO tokens.

F. When found out, Defendants doubled down on their conduct. They threatened to block funding for Mango Labs' defense of Mango DAO's legal rights, including against Eisenberg and Defendant Schneider attempted to cause the Mango DAO to violate a settlement with the SEC.

62. Even after members of the Mango DAO uncovered the fact that Defendants were behind the purchase of the MNGO tokens and subsequent buyback Proposal, Defendants refused to make things right with the Mango DAO. Specifically, on or around May 2024, Mango DAO members implored Defendants to transfer the MNGO tokens they wrongfully purchased from the FTX estate back to the Mango DAO. Defendants refused.

63. Worse, they retaliated against Mango Labs by threatening to sue its owner, claiming outlandishly that Mango Labs had mismanaged the legal representations of the DAO in relation to the Eisenberg attack and subsequent SEC investigations. In truth, Mango Labs and its owner managed the legal matters involving the Mango DAO at enormous cost and for the benefit of Defendants and all other Mango DAO members.[7]

64. Defendants also attempted to coerce Mango Labs' owner into giving up all of his MNGO tokens, which would result in Defendants having unfettered power over the Mango DAO.

65. Other Mango DAO members are now fearful of what Defendants might do to them if they oppose Defendants' fraud. This is valuable for Defendants, because the Mango DAO

[7] Mango Labs has responded to Defendants' false and cynical accusations here: https://docs.google.com/document/u/1/d/e/2PACX-1vRa6EiCfViApMZY9ibvqbigxCMiX2sjxtaJ4DgIrW549AYrs8CFT819pYAQWAKi95QLsvqpE27mE54w/pub?pli=1.

governance voting mechanism requires public votes. So, by creating an atmosphere of fear, Defendants directly increase the odds that they will get away with their fraudulent scheme.

66. Defendants' destruction of Mango DAO cohesion through their breach of duty and abuse of trust has also undermined Mango DAO's ability to enforce and defend its legal rights in other contexts. For instance, Defendants' threats to block funding for Mango Labs has undermined its ability to enforce victim claims against Eisenberg and required staying the civil case against Eisenberg, despite an opportunity to push it forward after Eisenberg's conviction.

67. Defendant Schneider also in September 2024 proposed voting himself 60,000,000 MNGO tokens, even though Mango DAO had days earlier settled with the SEC and agreed not to make MNGO tokens available for trade.[8] Although Defendant Schneider was not entitled to these tokens, on information and belief, he believed voting himself 60 million MNGO would further consolidate his ability to use fraudulently acquired MNGO to disrupt DAO governance votes.

G. Defendants' conduct harmed the Mango DAO.

68. In all, Defendants abused the trust of the Mango DAO and its members through their harmful and illicit buyback scheme. On information and belief, Defendants did and continue to abuse their positions of trust to extract as much value from the Mango DAO for themselves as possible and to exploit the fact that the Mango DAO has been irreparably harmed following the Eisenberg attack.

69. As a result of Defendants' misconduct, the Mango DAO and all Mango DAO members have been severely harmed by the Mango DAO's overpayment for the FTX estate tokens. Defendants have been unjustly enriched at the expense of the Mango DAO and its members, and any and all profit Defendants received from the Mango DAO's overpayment for the MNGO tokens

[8] https://discord.com/channels/791995070613159966/1196438537495642253/1289072484213329982

received from the FTX estate directly harmed the Mango DAO and its members. The damage from Defendants' conduct, on information and belief, exceeds $10,000,000.

H. Mango DAO and many of its individual members assigned their claims against Defendants to Mango Labs.

70. Before initiating this action, Mango Labs presented a governance proposal to the Mango DAO to assign the Mango DAO's and individual members' claims against Defendants to Mango Labs.[9]

71. Following a public discussion of Defendants' conduct, including on Mango DAO's Discord channel as well as X[10], the valid votes of Mango DAO members who participated in the assignment vote were sufficient to bind the assignment proposal to the Mango DAO.

72. Defendants, on information and belief, used their own fraudulently acquired MNGO tokens to vote against the proposal. As a result, their votes are not valid and do not effectively change the outcome of the Mango DAO assignment vote, which successfully assigned the claims of Mango DAO with respect to Defendants' conduct at issue in this case to Mango Labs.

73. Apart from the claims of Mango DAO, the assignment vote also resulted in multiple Mango DAO individual members' claims—all those that voted in favor—being assigned to Mango Labs.

74. In the alternative, to the extent that the assignment proposal did not assign Mango DAO's claims to Mango Labs, Mango Labs stands in the shoes of Mango DAO by way of derivative claims Mango Labs makes on behalf of the DAO and fairly and adequately represent the interests of the Mango DAO members victimized by Defendants' fraud. Mango Labs has been

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[9] https://x.com/dadadadaffy/status/1839329895312425156; https://dao.mango.markets/dao/MNGO/proposal/Chmsfrpt9oKWoug5ebyaik89y19xynbmPeWFamEEBCUV.

[10] *See, e.g.*, https://twitter.com/austerity_sucks/status/1840873489718272339 (observing that Defendants' conduct constitutes "truly outrageous corruption and fraud" and that "[n]ow it's time to stop them before they loot everything"); https://discord.com/channels/791995070613159966/1288889729982398588/1288889729982398588.

assigned claims of multiple members of the Mango DAO who were members at the time of Defendants' unlawful conduct and transactions. The Court has jurisdiction based on Defendants' extensive contacts with the United States, building the DAO in the United States, and working on DAO business in the United States, among others. Because Mango DAO has been captured by Defendants' and their fraud, and because it is incapable and unable to assert its own claims against Defendants, in this alternative pleading, Mango Labs is entitled to bring the Mango DAO's claims against Defendants as a derivative claim.

75. Under any scenario, Mango Labs properly can and does proceed with asserting Mango DAO's claims against Defendants.

COUNT I

Breach of Fiduciary Duty (Against All Defendants)

76. Plaintiff realleges and incorporates by reference all the preceding paragraphs as though fully set forth herein.

77. Defendant Kramer has a special relationship with the Mango DAO, given Kramer's significant holdings and roles in the Mango DAO's management, including, without limitation, his roles as senior Mango DAO contributor and Mango DAO treasurer, making him an agent of the Mango DAO.

78. Defendant Schneider has a special relationship with the Mango DAO, given Schneider's significant holdings and roles in the Mango DAO, including, without limitation, his roles as the administrator of the Mango DAO's communication channels, allocator of funding for the Mango DAO's development, and important participant in the Mango DAO's dealings with government agencies, making him an agent of the Mango DAO.

79. Defendants owed the Mango DAO the highest fiduciary duties of loyalty, good faith, and due care in managing and administering the Mango DAO's affairs.

80. Defendants were prohibited from taking actions against the interests of the Mango DAO and were required to disclose all facts that may be relevant to the Mango DAO when making decisions. By virtue of their duties of loyalty, good faith, and due care:

(a) Defendant Schneider was required to repurchase the MNGO tokens from the FTX estate on behalf of the Mango DAO in the first instance.

(b) Defendants were to refrain from self-dealing by creating their own investment arrangement to purchase the MNGO tokens from the FTX estate, and thereby usurping the opportunity of the Mango DAO to purchase the tokens itself. Defendants did so based on inside information about the Mango DAO that they enjoyed by virtue of their agency with, and fiduciary roles within, the Mango DAO.

(c) Defendants were required to disclose to Mango DAO members that they were involved in the purchase of the MNGO tokens from the FTX estate. Instead, Defendants used concealment and trickery, working in concert to purchase MNGO tokens and inflate the price of the tokens before reselling the MNGO tokens back to the Mango DAO at a substantial profit.

(d) Defendants were otherwise required to act in the best interests of the Mango DAO, including by not using their ill-gotten MNGO tokens to disproportionately grant themselves voting power and vote in favor of the Proposal for the Mango DAO to buy back the tokens.

81. Defendants breached their fiduciary duties owed to the Mango DAO or aided and abetted in the breach of each other's fiduciary duties by willfully, recklessly, and intentionally failing to perform their fiduciary duties. Defendants caused the Mango DAO to lose the business opportunity to repurchase the MNGO tokens directly from the FTX estate at cost. Defendants also

caused the Mango DAO harm in the amount of money it was deceived into paying for the MNGO tokens under the terms of Defendants' self-dealing buyback Proposal. Defendants wrongfully used the MNGO tokens from the FTX estate to cause a majority vote in favor of the Proposal, all the while actively concealing from the Mango DAO that Defendants were the purchasers, a fact that would have materially altered the Mango DAO member's support of the Proposal. Defendants' fraudulent scheme also caused harm to the Mango DAO's reputation, both internal amongst its members as well as in the eyes of the public marketplace.

82. As a direct result of Defendants' breach of fiduciary duty and hijacking of the FTX MNGO tokens that could have been purchased by the Mango DAO directly at cost but for Defendants' unlawful conduct, the Mango DAO has been harmed through the inflated amount the Mango DAO was fooled into paying for the FTX MNGO tokens, the destruction of the Mango DAO's reputation, credibility, and ability to do business, the inability to purchase the MNGO tokens from FTX directly at cost, as well as the cost of remediation of Defendants' breach of fiduciary duties, and other amounts to be proven at trial.

COUNT II

Violation of Article 1802, Section 5141 of the Puerto Rico Civil Code (Against All Defendants)

83. Plaintiff realleges and incorporates by reference all the preceding paragraphs as though fully set forth herein.

84. Defendants owed the Mango DAO the highest fiduciary duties of loyalty, good faith, and due care in managing and administering the Mango DAO's affairs.

85. Defendants caused damages to the Mango DAO through fault or negligence including, without limitation, when Defendants, through their intentional fraudulent conduct and in breach of their fiduciary duties: (1) failed to repurchase the MNGO tokens from the FTX estate

at cost on behalf of the Mango DAO; (2) purchased the MNGO tokens from the FTX estate themselves, thus usurping the opportunity for the Mango DAO to do so itself; (4) purchased additional MNGO tokens to inflate the price of the token before reselling the MNGO tokens from the FTX estate back to the Mango DAO; and (3) concealed from the Mango DAO their identity as the purchasers of the FTX estate's MNGO tokens and their efforts to manipulate MNGO price to convince the Mango DAO that repurchasing the tokens at an inflated price was in the Mango DAO's best interest.

86. As a direct result of Defendants' acts or omissions constituting fault or negligence, the Mango DAO has been harmed in an amount to be proven at trial.

COUNT III

Fraud/Misrepresentation (Against All Defendants)

87. Plaintiff realleges and incorporates by reference all the preceding paragraphs as though fully set forth herein.

88. Defendant Schneider made false representations with the intent to defraud the Mango DAO when he agreed to repurchase the MNGO tokens from the FTX estate on behalf of the Mango DAO at a low cost, and when he subsequently represented to members of the Mango DAO that the Mango DAO was unable to purchase the MNGO tokens, all so he and Defendant Kramer could purchase the MNGO tokens from the FTX estate themselves. The Mango DAO reasonably and foreseeably relied on Defendant Schneider's false representations including, without limitation, by allowing Schneider to facilitate the repurchase of the MNGO tokens from the FTX estate on the Mango DAO's behalf and by refraining from purchasing the MNGO tokens directly, based on Defendant's misrepresentations that the Mango DAO was not able to do so through alternative means.

89. Defendants made further false representations and intended to defraud the Mango DAO when they initiated the Proposal for the Mango DAO to buy back MNGO tokens. Indeed, Plaintiff is aware of at least a dozen false representations by Defendants. For example, Defendants initiated and advocated for the Proposal without informing, and intentionally concealing from, the Mango DAO that Defendants purchased the MNGO tokens from the FTX estate at a price of 1.2 cents. Defendants further fraudulently concealed their purchase of additional MNGO tokens prior to initiating the Proposal in an effort to inflate the price of the MNGO tokens. The Mango DAO reasonably and foreseeably relied on Defendants' false representations at several critical junctures, including without limitation when the Mango DAO: (1) believed, based on Defendants' representations, that Schneider would facilitate the Mango DAO's purchase of the MNGO tokens from the FTX estate; (2) believed, based on Defendants' representations, that the Mango DAO could not purchase the FTX estate's MNGO tokens, and therefore refrained from doing so; and (3) voted on and effectuated the Proposal to repurchase the MNGO tokens at an inflated price that was the direct (and indeed, intended) result of Defendants' scheme.

90. As a direct result of Defendants' intentional, false representations and hijacking of the FTX MNGO tokens that could have been purchased by the Mango DAO at cost but for Defendants' unlawful conduct, the Mango DAO has been harmed through the inflated amount the Mango DAO was fooled into paying for the FTX MNGO tokens, the destruction of the Mango DAO's reputation, credibility, and ability to do business, the inability to purchase the MNGO tokens from FTX directly at cost, as well as the cost of remediation of Defendants' breach of fiduciary duties, and other amounts to be proven at trial.

COUNT IV

Unjust Enrichment (Against All Defendants)

91. Plaintiff realleges and incorporates by reference all the preceding paragraphs as though fully set forth herein.

92. Defendants have unlawfully, willfully, fraudulently, illegally, and without the consent and/or authorization of the Mango DAO, been enriched in the form of the Mango DAO voting power and financial profit they received from the Mango DAO through sale of the MNGO tokens from the FTX estate pursuant to the Proposal.

93. Defendants' enrichment as alleged herein occurred at the expense of the Mango DAO, which lost the opportunity to buy back the MNGO tokens from the FTX estate itself and which then purchased the MNGO tokens from Defendants, at an artificially inflated price, as a result of Defendants' illicit Proposal.

94. Defendants have therefore been unjustly enriched at the Mango DAO's expense, and the Mango DAO is entitled to restitution in an amount to be established at trial.

95. Defendants' accumulation of MNGO tokens from FTX, which they had an obligation to procure for the Mango DAO itself, is unjust, unfair, and violates principles of equity. The Court should consequently require Defendants to transfer possession of the MNGO tokens they unjustly procured to the Mango DAO. Defendants should also disgorge any profits they made from their unjust conduct.

PRAYER FOR RELIEF

With respect to this Complaint, and based on the foregoing, Plaintiff prays for the following relief:

A. A declaration finding that this action is a proper derivative action and that Plaintiff is an adequate representative on the Mango DAO's behalf;

B. Damages in an amount according to proof at trial;

C. Restitution and disgorgement of all money, profits, compensation, or property that Defendants acquired or will acquire by any wrongful or unlawful means alleged herein and the imposition of a constructive trust on all such money, profits, compensation, and/or property;

D. Exemplary and punitive damages, in an amount to be determined at trial, as appropriate to punish Defendants and deter such conduct;

E. Equitable or injunctive relief as permitted by law, including requiring that Defendants transfer the MNGO tokens they unlawfully procured to the Mango DAO, as well as enjoining Defendants from using their unlawfully acquired MNGO tokens to vote in Mango DAO governance votes pending the token transfer to the Mango DAO;

F. Pre- and post-judgment interest, at the maximum legal rate;

G. An award to Plaintiff of the costs and disbursements of this derivative action, including reasonable attorneys' fees, costs and expenses; and

H. Such other and further relief as the Court deems just and proper.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff hereby asserts his right to a trial by jury on all counts so triable.

RESPECTFULLY SUBMITTED.

Dated: October 7, 2024

Respectfully submitted,

By: /s/ Carlos Jose Andreu Collazo

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Assign Fraud Claims to Mango Labs

Defeated

Proposed by: 2CCTKAY6AVctbfDrU5WZWSXUfTuFWC3wKW8ZJkvdSqCL

Hello Mango DAO,

In April of this year, John Kramer and Max Schneider committed fraud against the DAO. This activity generated considerable legal exposure for both John and Max. I believe we have strong legal claims to press against them and recover the fraudulently obtained tokens along with additional damages. This is a proposal for the DAO to assign these claims to Mango Labs so that Labs can pursue these claims in court on behalf of the DAO and return the proceeds to the DAO. Labs will cover the cost of this operation up front, but I am asking that the costs be reimbursed if I ultimately prevail where prevailing is defined as any result that saves the DAO money.

Both John and Max have duties to the DAO due to their important status within it. John is the main operator of the treasury council. Max is a cofounder, has his hands in nearly every aspect of the DAO including setting the roadmap, allocating funding and speaking on behalf of the Mango DAO to outsiders. These important roles within the DAO come with duties to not engage in self-dealing, to not insider trade using their considerable insider knowledge, and to generally act in the best interest of the DAO. Both John and Max violated all of these duties and more.

In addition, John and Max lied via deceptive statements, omitting important facts and simply making outright false statements to me and other DAO members both in public and in private. Max led us to believe he was purchasing the considerable amount of MNGO from the FTX estate on behalf of the DAO. Almost every DAO member who talked to Max regularly over the last year came away believing this. Yet, Max and John bought the tokens for themselves to then dump it onto the DAO at 2.5x market price. Not only is this behavior corrupt and dishonest, it is fraud. The damage to the DAO due to this fraud and corruption is *at least* $10m not accounting for the loss to our reputation and internal cohesion. While Avi stole from us as an outsider, Max and John defrauded us as insiders. This type of behavior will destroy any organization.

In the interest of brevity, I've decided not to list every single corrupt and unlawful behavior perpetrated by John and Max. Ultimately, I intend to prove these and all other claims in court.

Over the last two years, I've been working on resolving our various regulatory issues and pursuing Avi for the funds he stole from us. On top of this, over the last five months I've had to work on undoing the consequences of the fraud committed by John and Max in such a way that minimizes disruption to other DAO members and our other legal matters. I've made several attempts to resolve this issue in a cooperative manner with John and Max, but my efforts proved fruitless. I believe the best course of action now is to seek justice through the courts.

Many of you have expressed to me in private that you find Max and John's behavior corrupt and immoral. Most of you have also expressed a reluctance to "get involved" due to fear of reprisals from the treacherous duo. I have three responses to this. One, you are already involved whether you like it or not. The court is likely to force the involvement of anyone who has important knowledge about these matters. Second, you have a duty to stand up to corrupt behavior in any organization you are a part of. Not doing so reflects poorly on you and could follow you around. Third, if you stand up to this corruption, you will find that I and many others in the industry will stand behind you. Unethical behavior of the sort practiced by John and Max will eventually reach the public light but so will your good deeds.

I am open to sharing the draft of the complaint if that will help inform your decision on this proposal. As always, I'm open to any criticism or questions you may have. I will do my best to answer, though, you should keep in mind we are in an adversarial situation and it may not be in the DAO's best interest for me to make public all matters. Below, you'll find the technical language to assign the claims.

ASSIGNMENT OF CLAIMS FROM MANGO DAO AND ITS MEMBERS TO MANGO LABS, LLC

The Mango Decentralized Autonomous Organization and its individual members ("Mango DAO"), hereby transfers their rights and claims against Maximillian Schneider and John Kramer arising from and related to their fraud and misrepresentation regarding the MNGO tokens they purchased from FTX.

Mango DAO also transfers all rights, claims, and defenses against any third parties whose conduct, whether by negligence or otherwise, enabled the harm caused by Kramer and Schneider.

Mango DAO and Mango Labs, LLC agree that Mango Labs will provide services to Mango DAO to enforce the assigned claims as necessary through legal action in applicable jurisdictions. Upon recovery of assets, Mango Labs will return proceeds, after reasonable costs and fees, to Mango DAO. Mango DAO agrees to reimburse and indemnify Mango Labs, LLC and its officers for any reasonable costs and claims relating to this action.

Through this agreement, Mango DAO hereby irrevocably conveys, transfers and assigns to Mango Labs, LLC all rights, titles, and interests in, to and under all claims arising out of or related to the dispute. These include, without limitation, all causes of action or other rights with respect to such claims, all rights to receive any amounts or property or other distribution in respect of or in connection with such claims, and any and all proceeds of any of the foregoing (including proceeds of proceeds). This release constitutes an express, informed, knowing and voluntary waiver and relinquishment to the fullest extent permitted by law.

By passage of the vote, Mango DAO manifests assent and agreement to be bound by this assignment.

Results

The proposal has failed

0 more Yes vote were needed

Yes Votes
446,502,389
49.5%

No Votes
455,098,744
50.5%

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Voting Rules

Community 4d 2% Disabled

Discussion (0)

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Replace Burned Council Token

Defeated

Proposed by: RLMq1FgFbUVtyxui3RVXi8GqSAtFdjn5NDw72tomcKy

Mints a council token to Mango DAO to later be transferred to a new signer

Burn tx: https://solscan.io/tx/2u71pEyVT3vmxeXs748kuNkdkMotFCjz1tKZSMePdVnmDqT49YdRU
jsWDryz4bbCSiTgJeopRsRScYpbEAjnnMe6

Instructions

Transaction 1

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

DyU7H4KzPQG5QMfZ8qJEktBfjUjqTxgWJboxDMHZ9WVR

owner: 5tgfd6XgwiXB9otEnzFpXK11m7Q7yZUaAJzWK4oT5UGF

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq

Mango Developer Council Mint

Data

Amount: 1

Inspect

Results

The proposal has failed
0 more Yes vote were needed

Yes Votes
543,940,485
44.9%

No Votes
667,811,998
55.1%

Explore

Voting Rules

Community 4d 2% Disabled

Discussion (0)

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Replace More Burned Council Tokens

Defeated

Proposed by: RLMq1FgFbUVtyxui3RVXi8GqSAtFdjn5NDw72tomcKy

Two more council tokens have been burned. Mints replacements to Mango DAO for new signers TBD https://solscan.io/token/EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Instructions

Transaction 1

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

DyU7H4KzPQG5QMfZ8qJEktBfjUjqTxgWJboxDMHZ9WVR

owner: 5tgfd6XgwiXB9otEnzFpXK11m7Q7yZUaAJzWK4oT5UGF

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq

Mango Developer Council Mint

Data

Amount : 2

Inspect

Results

The proposal has failed
0 more Yes vote were needed

Yes Votes
543,939,871
44.9%

No Votes
667,811,872
55.1%

Explore

Voting Rules

Community 4d 2% Disabled

Discussion (0)

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Replace 4th Burned Token

Defeated

Proposed by: RLMq1FgFbUVtyxui3RVXi8GqSAtFdjn5NDw72tomcKy

Burn tx https://solscan.io/tx/cyofcfUajPxEvmzn3XecMvDVFLfJULkuGM5kNKuLMrfudE5pFjBVyb JkwA3r9Ek9hAa3RB9zserLF6P53ZtsvA9

Instructions

Transaction 1

instruction 1 - Token: MintTo

Program

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Account 1

Mint

Writable

EGk8Gw7Z484mzAKb7GwCcqrZd4KwwsyU2Dv9woY6uDQu

Account 2

Destination

Writable

DyU7H4KzPQG5QMfZ8qJEktBfjUjqTxgWJboxDMHZ9WVR

owner: 5tgfd6XgwiXB9otEnzFpXK11m7Q7yZUaAJzWK4oT5UGF

Account 3

Mint Authority

Signer

9pDEi3yT9ooT1uw1PApQDYK65advJs4Nt65EJG1m59Yq

Mango Developer Council Mint

Data

Amount : 1

Inspect

Results

The proposal has failed
0 more Yes vote were needed

Yes Votes
543,939,414
44.9%

No Votes
667,811,858
55.1%

Explore

Voting Rules

Community 4d 2% Disabled

Discussion (0)

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Buyback Program - December 2024

Defeated

Proposed by: RLMq1FgFbUVtyxui3RVXi8GqSAtFdjn5NDw72tomcKy

Proposal mints option tokens to buyback 294M MNGO for 49,980 mangoSOL, representing ~10% discount to the book value. Eligibility for distribution is pro-rata governance deposits, excluding locked & vesting tokens at 12:00 UTC 2024-12-6. Deadline to exercise is 2024-12-15 at 16:00 UTC. Recipients: https://app.dual.finance/MNGO-Buyback-Dec-24.txt Subsequent proposal required upon passing to distribute option tokens to the airdrop program.

Instructions

Results

The proposal has failed
0 more Yes vote were needed

Yes Votes	No Votes
537,177,910	538,484,158
49.9%	50.1%

Explore

Voting Rules

Community 3d 2% Disabled

Discussion (0)

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EXHIBIT 8 DECEMBER 11 ANNOUNCEMENT

Council Action

governance

December 11, 2024

daffy OP Today at 8:20 PM

Hello everyone,
The Mango Developer Council has acted to stop the ongoing governance attack against the Mango DAO.

The Council made the following two changes:

1. The addresses holding the fraudulently obtained FTX Estate tokens are frozen and nullified until a settlement or court order requires their release
2. The dev address 2EMMzD6YZxLPQ4J8L2wiMjxVeFyXj5ehPWH1NKErustc has been temporarily granted an additional number of votes in order to vote against and defeat the currently live malicious proposals.

The Council acted today because the attackers gained an unassailable bloc of raw voting power which they have been using to extract funds from the treasury, violate court orders and, most importantly, attempt to mint Developer Council tokens to grant themselves total control over Mango DAO and associated programs.

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SEC Settlement Compliance

Voting

Proposed by: 2CCTKAY6AVctbfDrU5WZWSXUfTuFWC3wKW8ZJkvdSqCL

The SEC settlement requires the DAO to burn all MNGO in its control. This proposal will stop the issuance of MNGO as grants. The next proposal will burn the MNGO.

Instructions

Transaction 1

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

7WTi7tKfavLwVpRYUuisQfjVoETJhUn9CAhcVAkAWz1i

Account 4

Vault

Writable

HzgDiCU7CmKkrLXGfsgFByyhft35CBrbuZ3amqCBLNaF

owner: 7WTi7tKfavLwVpRYUuisQfjVoETJhUn9CAhcVAkAWz1i

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: 8nP89eGXQndL2cPuUnBxcHcw4BQmLTDV8sfNF8xLVP88

Clawback amount: 91.666667
```

Inspect

Transaction 2

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

BoebzPYBpAQR7tHhzboXQzTT6trzi2D2NyVQSJB7LTwB

Account 4

Vault

Writable

AygfqrqrshkKhnUY2EzcjHpRY41q5gEjtqDa1hNQXXCd

owner: BoebzPYBpAQR7tHhzboXQzTT6trzi2D2NyVQSJB7LTwB

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: 5wZ6N7cDCocEskFdWRo2sU9UmopiekS2naQ8S7gproE8

Clawback amount: 2,500,000
```

Inspect

Transaction 3

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter

Writable

BoebzPYBpAQR7tHhzboXQzTT6trzi2D2NyVQSJB7LTwB

Account 4
Vault

Writable

AygfqrqrshkKhnUY2EzcjHpRY41q5gEjtqDa1hNQXXCd
owner: BoebzPYBpAQR7tHhzboXQzTT6trzi2D2NyVQSJB7LTwB

Account 5
Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data
```
Wallet: 5wZ6N7cDCocEskFdWRo2sU9UmopiekS2naQ8S7gproE8

Clawback amount: 2,500,000
```

Inspect

Transaction 4

instruction 1 - Clawback

Program
Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo
Mango Voter Stake Registry Program

Account 1
Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp
Mango DAO Voter Stake Registry Registrar

Account 2
Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter

Writable

BoebzPYBpAQR7tHhzboXQzTT6trzi2D2NyVQSJB7LTwB

Account 4
Vault

Writable

AygfqrqrshkKhnUY2EzcjHpRY41q5gEjtqDa1hNQXXCd
owner: BoebzPYBpAQR7tHhzboXQzTT6trzi2D2NyVQSJB7LTwB

Account 5
Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data

```
Wallet: 5wZ6N7cDCocEskFdWRo2sU9UmopiekS2naQ8S7gproE8

Clawback amount: 10,000,000
```

Inspect

Transaction 5

instruction 1 - Clawback

Program
Authority: C92r8...HzMgF
Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo
Mango Voter Stake Registry Program

Account 1
Registrar
4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp
Mango DAO Voter Stake Registry Registrar

Account 2
Realm authority
Signer
7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter
Writable
2XZ8a4oDNinGMZ5FE7Mpzs4UYHCcYuA7JzW9CUksoSCd

Account 4
Vault
Writable
7GukEtKUVuscjt1P8sRwvFBJMgLP9Z6NYAzXQVHYgr3g
owner: 2XZ8a4oDNinGMZ5FE7Mpzs4UYHCcYuA7JzW9CUksoSCd

Account 5
Destination
Writable
Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data

```
Wallet: 3Pyn29pPC7snh5uXc5xc1P9rhKP8QrJ2X4VxQqeNNEFw

Clawback amount: 88,333.333334
```

Inspect

Transaction 6

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

47pU5dmyynFAf1amhoUzWaXf54GKyZD4ZYVv8zhuDjHX

Account 4

Vault

Writable

ATp6vSE86oFn7qie8YgaaPDcJeXGC53Ui9244h3mtgTG

owner: 47pU5dmyynFAf1amhoUzWaXf54GKyZD4ZYVv8zhuDjHX

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: AQJ2WLDbuKNd2gmfvrf54wvZYCvyx3iQ6Pm4dtytegz1

Clawback amount: 220,000
```

Inspect

Transaction 7

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

DovbwbD1H6ZkME4cWhVSq12kmwkk4cPhUQS31MDr83ir

Account 4

Vault

Writable

FTvUDWv641kmqxYQpWphYtkbuR4kudGPLap4NquDmkEE

owner: DovbwbD1H6ZkME4cWhVSq12kmwkk4cPhUQS31MDr83ir

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

Wallet: DuHFwnExQGwXNMuE51JvRCccjFQ838c6un398WgFykJk

Clawback amount: 245,000

Inspect

Transaction 8

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

FunEYN8rX5uz79iyEKqfeNnnTjNksy6JDwF761rFZSTF

Account 4

Vault

Writable

23qh4HEHb5CwfCpB2i38jK6r9jMhM9PqGrkoAaw9yvtq

owner: FunEYN8rX5uz79iyEKqfeNnnTjNksy6JDwF761rFZSTF

Account 5

Destination

Writable

GuiwemqBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: 3UNbyAPxZam6zFJEJnaYj12pTiH1HCVdCDMvPecFmSjv

Clawback amount: 500,000
```

Inspect

Transaction 9

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

DDpazKDRYQMm7zeXxS8vyy9R9hyZ8DLP9fzG29eZbnjc

Account 4

Vault

Writable

5C7yZxBiWpVF7YU6LK3rUDiG3gggHgXEyy9zrzCE2PWd

owner: DDpazKDRYQMm7zeXxS8vyy9R9hyZ8DLP9fzG29eZbnjc

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data

```
Wallet: 2PX5eFtDcHQuVqierjjLXDND1ABPW7Tv1FTfj6quhC9f

Clawback amount: 1
```

Inspect

Transaction 10

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo
Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp
Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3

Voter

Writable

7bP7xVDiLahghUPH8jSGubEMPgwpofzhyo9kQvkEy523

Account 4

Vault

Writable

47cKhEZSXQzBj8sKrSRCmA6kDFqdEFyW1y3PpXuHEgqK
owner: 7bP7xVDiLahghUPH8jSGubEMPgwpofzhyo9kQvkEy523

Account 5
Destination
Writable
Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data
`Wallet: DqHiYPrcf6G794bxNXSTKLUqbdxZLEVTDdzYZsuvBHhA`
`Clawback amount: 116,666.666667`

Inspect

Transaction 11

instruction 1 - Clawback

Program
Authority: C92r8...HzMgF
Upgradeable: Yes
4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo
Mango Voter Stake Registry Program

Account 1
Registrar
4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp
Mango DAO Voter Stake Registry Registrar

Account 2
Realm authority
Signer
7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter
Writable

EPuJRmJxn8UtMx2UadgSMoUYhX2pPFVWwGN87zU96CWP

Account 4

Vault

Writable

2asc813vRcjVVQY3LpMjisWL5sgXZeZn8xYAQhRavinq

owner: EPuJRmJxn8UtMx2UadgSMoUYhX2pPFVWwGN87zU96CWP

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: 4KXjMgiXzSribkvLAJjKKJcQDEeVygPDaZEgcNjEF7Qw

Clawback amount: 290,000
```

Inspect

Transaction 12

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter
Writable
EfRpVZ8NYzo3H2mTRHKXohfwWn8Q6U3WnDZBaGPCkjD6

Account 4
Vault
Writable
BHHXtwHiQysBHwVThanFs3E1vU4VSzEtDKqezb782pWN
owner: EfRpVZ8NYzo3H2mTRHKXohfwWn8Q6U3WnDZBaGPCkjD6

Account 5
Destination
Writable
Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data
Wallet: J3Ea1s32sJeFv7Wq7MQ4LqdzCBvsoSPiggXUfwwu1jpR
Clawback amount: 1,265,833.333334

Inspect

Transaction 13

instruction 1 - Clawback

Program
Authority: C92r8...HzMgF
Upgradeable: Yes
4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo
Mango Voter Stake Registry Program

Account 1
Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp
Mango DAO Voter Stake Registry Registrar

Account 2
Realm authority
Signer
7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter
Writable
Fvg3pPcnJcRdzpQZsGTiEdWmroaWJ2PWn4DZ89PQRz4D

Account 4
Vault
Writable
EESVmGpfusm5Bdb3XhDP7HHiHWKPhB45eM7p4e6J2k6N
owner: Fvg3pPcnJcRdzpQZsGTiEdWmroaWJ2PWn4DZ89PQRz4D

Account 5
Destination
Writable
Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data

```
Wallet: 8yyCjWx1bYGgX9UisYy9TwzrEZMGVfrvtsR7RmkZXLpx

Clawback amount: 416,666.666667
```

Inspect

Transaction 14

instruction 1 - Clawback

Program
Authority: C92r8...HzMgF
Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo
Mango Voter Stake Registry Program

Account 1
Registrar
4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp
Mango DAO Voter Stake Registry Registrar

Account 2
Realm authority
Signer
7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz
Mango DAO Governance Program

Account 3
Voter
Writable
5bWRWCU4fkw2qdbvLFd6kKub6tExbxQct9s5dvhK2xff

Account 4
Vault
Writable
4Mw1BdMPU4GP1qxEPYGCRLP5votWPUDDr1nHh1BZuWV9
owner: 5bWRWCU4fkw2qdbvLFd6kKub6tExbxQct9s5dvhK2xff

Account 5
Destination
Writable
Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z
Mango DAO MNGO Treasury Vault

Account 6
TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA
Token Program

Data

```
Wallet: Exwo5Bh9E1pQxuFrcHYFVbNyLH5VPnyfNVUoneamTBcV

Clawback amount: 2,300,000
```

Inspect

Transaction 15

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

GXn9SwJgvNVfkDLjLDzgyh71Nt5BduMvVKxabekcfpim

Account 4

Vault

Writable

ChWYvdCjNAyrZZjTHhsEA6JtrpyRsnDaJ7pMqffKVUAm

owner: GXn9SwJgvNVfkDLjLDzgyh71Nt5BduMvVKxabekcfpim

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: 7bqM8DahM5YBCA25yfswX7PsdvjngiVf2tLGPtuqsR8f

Clawback amount: 516,666.666667
```

Inspect

Transaction 16

instruction 1 - Clawback

Program

Authority: C92r8...HzMgF

Upgradeable: Yes

4Q6WW2ouZ6V3iaNm56MTd5n2tnTm4C5fiH8miFHnAFHo

Mango Voter Stake Registry Program

Account 1

Registrar

4WQSYg21RrJNYhF4251XFpoy1uYbMHcMfZNLMXA3x5Mp

Mango DAO Voter Stake Registry Registrar

Account 2

Realm authority

Signer

7Sn4TN4ZkMghVBAhZ88UkyzXoYkMScaE6qtk9eWV3rJz

Mango DAO Governance Program

Account 3

Voter

Writable

545Nnhge3qteNwhNsRvuhkY6bSGt6aaCZ8EMeSr5Y3d8

Account 4

Vault

Writable

31Sy16rHh7Qy3VAuUKPj35ySMPeV95tnkN4eAtjzRdyP

owner: 545Nnhge3qteNwhNsRvuhkY6bSGt6aaCZ8EMeSr5Y3d8

Account 5

Destination

Writable

Guiwem4qBivtkSFrxZAEfuthBz6YuWyCwS4G3fjBYu5Z

Mango DAO MNGO Treasury Vault

Account 6

TokenkegQfeZyiNwAJbNbGKPFXCWuBvf9Ss623VQ5DA

Token Program

Data

```
Wallet: Gfa3euq4fsbf3um5TNVcGd7N3vFK5K25F7djjjuGFQjH

Clawback amount: 137,500
```

Inspect

Inspect all

Cast your community vote

Vote Yes

Vote No

My voting power

You must connect your wallet to view your voting power

Voting Now

03d 19h 12m

Approval Quorum

22,751,924 Yes votes required

Yes Votes

0

0.0%

No Votes

0

0.0%

Explore

Voting Rules

Community 4d 2% Disabled

Discussion (0)

Thoughts?...

Send It

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SEC Settlement Compliance - Clawback MNGO Grants

Defeated

Proposed by: 2CCTKAY6AVctbfDrU5WZWSXUfTuFWC3wKW8ZJkvdSqCL

As per the settlement made with the SEC, we are to burn MNGO in our control or possession. This proposal will first conduct a clawback of MNGO vesting grants and there will be a burn proposal coming afterwards.

Instructions

Results

The proposal has failed
0 more Yes vote were needed

Yes Votes	No Votes
526,215,206	551,019,030
48.8%	51.2%

Explore

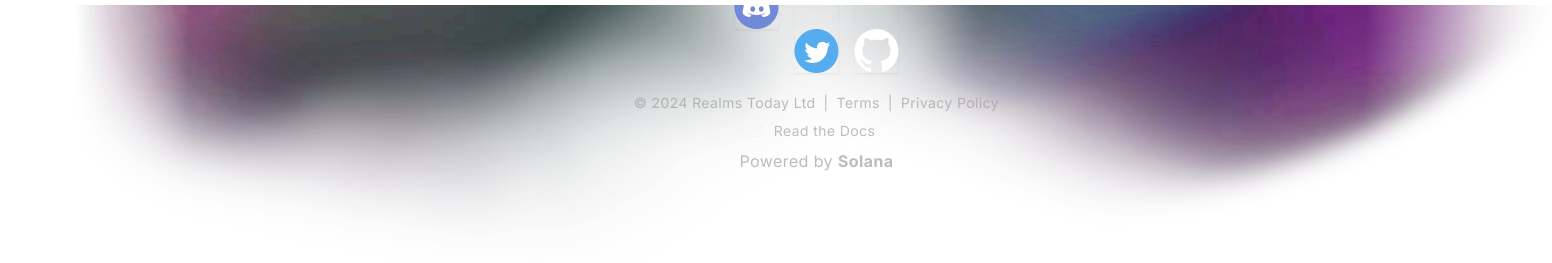
Voting Rules

Community 4d 2% Disabled

Discussion (1)

Thoughts?...

Send It


MangoDAO
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UNITED STATES DISTRICT COURT

DISTRICT OF PUERTO RICO

CATEGORY SHEET

You must accompany your complaint with this Category Sheet, and the Civil Cover Sheet (JS-44).

Attorney Name (Last, First, MI): Francisco E. Colón-Ramírez

USDC-PR Bar Number: 210510

Email Address: fecolon@colonramirez.com

---

1. Title (caption) of the Case (provide only the names of the first party on each side):

   Plaintiff: JOHN KRAMER

   Defendant: MANGO LABS, LLC

2. Indicate the category to which this case belongs:

   - ☐ Ordinary Civil Case
   - ☐ Social Security
   - ☐ Banking
   - ☒ Injunction

3. Indicate the title and number of related cases (if any).

   MANGO LABS, LLC v. JOHN KRAMER et al., civil no 24-1469

4. Has a prior action between the same parties and based on the same claim ever been filed before this Court?

   - ☐ Yes
   - ☒ No

5. Is this case required to be heard and determined by a district court of three judges pursuant to 28 U.S.C. § 2284?

   - ☐ Yes
   - ☒ No

6. Does this case question the constitutionality of a state statute? (See, Fed.R.Civ. P. 24)

   - ☐ Yes
   - ☒ No

Date Submitted: 12/23/24

JS 44 (Rev. 06/17)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

JOHN KRAMER

(b) County of Residence of First Listed Plaintiff San Juan, Puerto Rico
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*
Francisco E. Colon Ramirez
PO Box 361920, San Juan, PR 00936-1920
888-223-2364 fecolon@colonramirez.com

DEFENDANTS

MANGO LABS, LLC, DAFYDD DURAIRAJ, and TYLER SHIPE

County of Residence of First Listed Defendant
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ❒ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question *(U.S. Government Not a Party)*
- ❒ 2 U.S. Government Defendant
- ❒ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	❒ 1	❒ 1	Incorporated *or* Principal Place of Business In This State	❒ 4	❒ 4
Citizen of Another State	❒ 2	❒ 2	Incorporated *and* Principal Place of Business In Another State	❒ 5	❒ 5
Citizen or Subject of a Foreign Country	❒ 3	❒ 3	Foreign Nation	❒ 6	❒ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

Click here for: Nature of Suit Code Descriptions.

CONTRACT
- ❒ 110 Insurance
- ❒ 120 Marine
- ❒ 130 Miller Act
- ❒ 140 Negotiable Instrument
- ❒ 150 Recovery of Overpayment & Enforcement of Judgment
- ❒ 151 Medicare Act
- ❒ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ❒ 153 Recovery of Overpayment of Veteran's Benefits
- ❒ 160 Stockholders' Suits
- ❒ 190 Other Contract
- ❒ 195 Contract Product Liability
- ❒ 196 Franchise

REAL PROPERTY
- ❒ 210 Land Condemnation
- ❒ 220 Foreclosure
- ❒ 230 Rent Lease & Ejectment
- ❒ 240 Torts to Land
- ❒ 245 Tort Product Liability
- ❒ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ❒ 310 Airplane
- ❒ 315 Airplane Product Liability
- ❒ 320 Assault, Libel & Slander
- ❒ 330 Federal Employers' Liability
- ❒ 340 Marine
- ❒ 345 Marine Product Liability
- ❒ 350 Motor Vehicle
- ❒ 355 Motor Vehicle Product Liability
- ❒ 360 Other Personal Injury
- ❒ 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- ❒ 365 Personal Injury - Product Liability
- ❒ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ❒ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ❒ 370 Other Fraud
- ❒ 371 Truth in Lending
- ❒ 380 Other Personal Property Damage
- ❒ 385 Property Damage Product Liability

CIVIL RIGHTS
- ❒ 440 Other Civil Rights
- ❒ 441 Voting
- ❒ 442 Employment
- ❒ 443 Housing/ Accommodations
- ❒ 445 Amer. w/Disabilities - Employment
- ❒ 446 Amer. w/Disabilities - Other
- ❒ 448 Education

PRISONER PETITIONS

Habeas Corpus:
- ❒ 463 Alien Detainee
- ❒ 510 Motions to Vacate Sentence
- ❒ 530 General
- ❒ 535 Death Penalty

Other:
- ❒ 540 Mandamus & Other
- ❒ 550 Civil Rights
- ❒ 555 Prison Condition
- ❒ 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- ❒ 625 Drug Related Seizure of Property 21 USC 881
- ❒ 690 Other

LABOR
- ❒ 710 Fair Labor Standards Act
- ❒ 720 Labor/Management Relations
- ❒ 740 Railway Labor Act
- ❒ 751 Family and Medical Leave Act
- ❒ 790 Other Labor Litigation
- ❒ 791 Employee Retirement Income Security Act

IMMIGRATION
- ❒ 462 Naturalization Application
- ❒ 465 Other Immigration Actions

BANKRUPTCY
- ❒ 422 Appeal 28 USC 158
- ❒ 423 Withdrawal 28 USC 157

PROPERTY RIGHTS
- ❒ 820 Copyrights
- ❒ 830 Patent
- ❒ 835 Patent - Abbreviated New Drug Application
- ❒ 840 Trademark

SOCIAL SECURITY
- ❒ 861 HIA (1395ff)
- ❒ 862 Black Lung (923)
- ❒ 863 DIWC/DIWW (405(g))
- ❒ 864 SSID Title XVI
- ❒ 865 RSI (405(g))

FEDERAL TAX SUITS
- ❒ 870 Taxes (U.S. Plaintiff or Defendant)
- ❒ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ❒ 375 False Claims Act
- ❒ 376 Qui Tam (31 USC 3729(a))
- ❒ 400 State Reapportionment
- ❒ 410 Antitrust
- ❒ 430 Banks and Banking
- ❒ 450 Commerce
- ❒ 460 Deportation
- ❒ 470 Racketeer Influenced and Corrupt Organizations
- ❒ 480 Consumer Credit
- ❒ 490 Cable/Sat TV
- ❒ 850 Securities/Commodities/ Exchange
- ☒ 890 Other Statutory Actions
- ❒ 891 Agricultural Acts
- ❒ 893 Environmental Matters
- ❒ 895 Freedom of Information Act
- ❒ 896 Arbitration
- ❒ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ❒ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

☒ 1 Original Proceeding ❒ 2 Removed from State Court ❒ 3 Remanded from Appellate Court ❒ 4 Reinstated or Reopened ❒ 5 Transferred from Another District *(specify)* ❒ 6 Multidistrict Litigation - Transfer ❒ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing ***(Do not cite jurisdictional statutes unless diversity)***:
18 USC . § 1030

Brief description of cause:
Defendants have illicitly frozen and annulled plaintiff's cryptocurrency tokens worth $12,900,000.

VII. REQUESTED IN COMPLAINT:

❒ CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

DEMAND $ 12900000

CHECK YES only if demanded in complaint:
JURY DEMAND: ☒ Yes ❒ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE Hon. Gina M. Méndez DOCKET NUMBER 24-1469

DATE 12/23/2024

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

District of Puerto Rico

JOHN KRAMER

Plaintiff(s)

v.

MANGO LABS, LLC, DAFYDD DURAIRAJ, and TYLER SHIPE

Defendant(s)

Civil Action No. 24-1587

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* MANGO LABS, LLC
30 N Gould St Ste R
Sheridan, WY 82801

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: Francisco E. Colón-Ramírez
Colón Ramírez LLC
PO Box 361920
San Juan, PR 00936-1920
fecolon@colonramirez.com

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: _____

_____
Signature of Clerk or Deputy Clerk

Civil Action No. 24-1587

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____ was received by me on *(date)* _____ .

❒ I personally served the summons on the individual at *(place)* _____ on *(date)* _____ ; or

❒ I left the summons at the individual's residence or usual place of abode with *(name)* _____ , a person of suitable age and discretion who resides there, on *(date)* _____ , and mailed a copy to the individual's last known address; or

❒ I served the summons on *(name of individual)* _____ , who is designated by law to accept service of process on behalf of *(name of organization)* _____ on *(date)* _____ ; or

❒ I returned the summons unexecuted because _____ ; or

❒ Other *(specify):*

My fees are $ _____ for travel and $ _____ for services, for a total of $ 0 .

I declare under penalty of perjury that this information is true.

Date: _____

_____
Server's signature

_____
Printed name and title

_____
Server's address

Additional information regarding attempted service, etc:

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

District of Puerto Rico

JOHN KRAMER

Plaintiff(s)

v.

MANGO LABS, LLC, DAFYDD DURAIRAJ, and TYLER SHIPE

Defendant(s)

Civil Action No. 24-1587

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)*

DAFYDD DURAIRAJ
3014 Green Apple Drive
Dallas, North Carolina, 28034

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Francisco E. Colón-Ramírez
Colón Ramírez LLC
PO Box 361920
San Juan, PR 00936-1920
fecolon@colonramirez.com

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: _____

_____
Signature of Clerk or Deputy Clerk

Civil Action No. 24-1587

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I declare under penalty of perjury that this information is true.

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Additional information regarding attempted service, etc:

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

District of Puerto Rico

JOHN KRAMER

Plaintiff(s)

v.

MANGO LABS, LLC, DAFYDD DURAIRAJ, and TYLER SHIPE

Defendant(s)

Civil Action No. 24-1587

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* TYLER SHIPE
4845 Ashley Park Lane
Apt. 402
Charlotte, NC 28210

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: Francisco E. Colón-Ramírez
Colón Ramírez LLC
PO Box 361920
San Juan, PR 00936-1920
fecolon@colonramirez.com

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

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Server's signature

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Printed name and title

_____
Server's address

Additional information regarding attempted service, etc: