

1 MONIQUE C. WINKLER (Cal. Bar No. 213031)  
 winklerm@sec.gov  
 2 JEREMY E. PENDREY (Cal. Bar No. 187075)  
 pendreyj@sec.gov  
 3 MARC D. KATZ (Cal. Bar No. 189534)  
 katzma@sec.gov  
 4 RUTH L. HAWLEY (Cal. Bar No. 253112)  
 hawleyr@sec.gov  
 5 ERIN E. WILK (Cal. Bar No. 310214)  
 wilke@sec.gov  
 6

7 Attorneys for Plaintiff  
 8 SECURITIES AND EXCHANGE COMMISSION  
 44 Montgomery Street, Suite 2800  
 9 San Francisco, CA 94104  
 (415) 705-2500 (Telephone)  
 10 (415) 705-2501 (Facsimile)

11  
 12 **UNITED STATES DISTRICT COURT**  
 13 **NORTHERN DISTRICT OF CALIFORNIA**  
 14 **SAN FRANCISCO DIVISION**

<p>16 SECURITIES AND EXCHANGE COMMISSION,          17 Plaintiff,          18 v.          19 THOR TECHNOLOGIES, INC. and DAVID CHIN,          20 Defendants.</p>	<p>Case No.</p>
---	-----------------

21  
 22  
 23  
 24 Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

25 **SUMMARY OF THE ACTION**

26 1. During 2018, Defendant Thor Technologies, Inc. (“Thor”), its CEO and co-  
 27 founder, Defendant David Chin (“Chin”), and its CTO and co-founder, Matthew Moravec  
 28 (“Moravec”), conducted an unregistered offer and sale of a crypto asset called a “Thor Token,”

1 raising approximately \$2.6 million from approximately 1,600 investors in the United States and  
2 abroad. The Commission has filed a separate action against Moravec. Thor claimed that it  
3 would use the funds to develop a software platform for “gig economy” companies and workers,  
4 with features including an instant payment mechanism and pooled health insurance, but the  
5 platform was never completed.

6 2. Thor and Chin offered and sold Thor Tokens to the public through Thor’s  
7 website, communications in a Telegram channel (a messaging platform), online articles,  
8 YouTube videos, and other public appearances.

9 3. The tokens Thor offered and sold during the offering between March and May of  
10 2018, primarily through an initial coin offering (“ICO”) to the general public, constituted  
11 “securities” under the federal securities laws. The definition of “securities” includes a range of  
12 investment vehicles, including “investment contracts.” Investment contracts are transactions  
13 involving the investment of money in a common enterprise with the reasonable expectation of  
14 profits to be derived from the entrepreneurial or managerial efforts of others.

15 4. During the offering, the Thor Tokens had no practical use, as Thor had not  
16 developed its software platform. Thor marketed the Thor Tokens to investors who reasonably  
17 viewed the Thor Tokens as an investment vehicle that might appreciate in value based on Thor’s  
18 and Chin’s managerial and entrepreneurial efforts in developing the gig economy software  
19 platform.

20 5. Chin, as the co-founder and CEO of Thor, was a necessary and substantial  
21 participant in Thor’s securities law violations, and he personally committed these violations.

22 6. In this action, the Commission seeks injunctions; disgorgement of ill-gotten gains  
23 with prejudgment interest; civil monetary penalties; and other appropriate relief.

24 **JURISDICTION AND VENUE**

25 7. This Court has jurisdiction over this action pursuant to Section 22(a) of the  
26 Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77v(a)].  
27  
28

1 8. Defendant, directly or indirectly, made use of the means and instrumentalities of  
2 interstate commerce or of the mails in connection with the acts, transactions, practices, and  
3 courses of business alleged in this Complaint.

4 9. Venue is proper in this District pursuant to Section 22(a) of the Securities Act  
5 [15 U.S.C. § 77v(a)]. Acts, transactions, practices, and courses of business that form the basis  
6 for the violations alleged in this Complaint occurred in this District. At the time of such conduct,  
7 Defendant Thor’s office was in San Francisco, and Defendant Chin resided in San Francisco.  
8 Defendants offered and sold the securities from San Francisco, and to purchasers residing in the  
9 Northern District of California.

10 10. Under Civil Local Rule 3-2(d), this civil action should be assigned to the San  
11 Francisco Division, because a substantial part of the events or omissions which give rise to the  
12 claims alleged herein occurred in San Francisco County.

13 **DEFENDANTS**

14 11. **Thor Technologies, Inc.** is a California corporation that had its principal place of  
15 business in San Francisco, California. Thor claimed to be developing a software platform for gig  
16 economy workers and companies. The phrase “gig economy” was defined by Thor as the  
17 “modern labor market characterized by the prevalence of short-term contracts or freelance work  
18 as opposed to permanent jobs.” Thor announced that it closed its business in April 2019, but it  
19 has not been dissolved.

20 12. **David Chin**, age 64, was last known to be a resident of Grand Junction,  
21 Michigan. During the time of the conduct described in this Complaint, he resided in San  
22 Francisco, California. He was the CEO and co-founder of Thor.

23 **OTHER RELEVANT INDIVIDUAL**

24 13. **Matthew Moravec**, age 32, is a resident of San Francisco, California. During  
25 the time of the conduct described in this Complaint, he was the CTO and co-founder of Thor.  
26 He subsequently resigned from the company.  
27  
28

**FACTUAL ALLEGATIONS**

**A. The Securities Registration Requirement and the Offering of Thor Tokens**

14. Congress enacted the Securities Act to regulate the offer and sale of securities.

In contrast to ordinary commercial principles of caveat emptor, Congress enacted a regime of full and fair disclosure, requiring a company (an issuer) that offers and sells its securities to the investing public, and the persons at the company who direct it, to provide sufficient, accurate information to allow investors to make informed decisions before they invest.

15. Sections 5(a) and 5(c) of the Securities Act require persons who offer and sell an issuer’s securities to the public to register those offers and sales with the SEC, absent certain exemptions that do not apply to Defendants’ transactions. Registration statements relating to an offering of securities provide public investors with material information about the issuer and the offering, including financial and managerial information, how the issuer will use offering proceeds, and the risks and trends that affect the enterprise and an investment in its securities.

16. Chin and Moravec founded Thor in late 2017. Thor’s business plan, as described in a marketing document, was to create a software platform for gig economy workers and companies. The platform would use blockchain technology to facilitate instant payments to gig economy workers, and provide those workers with access to benefits, such as retirement and health insurance.

17. In January 2018, in preparation for the ICO, Thor posted a “white paper”—that is, a paper publicizing the token sale, explaining Thor’s planned business, and describing how Thor would use the funds raised from the ICO—to its public website. Both Chin and Moravec reviewed and approved the white paper. The white paper stated that Thor planned to issue Thor Tokens “[t]o fund development of this platform and future expansion into related services,” and thus “give holders the ability to participate in the optimization of the token’s value.” Thor’s white paper also stated that “[f]unds from the sale will go towards building out the Thor team, as well as banking acquisitions, marketing, sales, and other business expenses.”

1 18. Thor's white paper stated that Thor planned to raise \$40 million by selling 50  
2 million Thor Tokens. To incentivize investment, the white paper provided that some early  
3 investors would receive a token bonus. Thor also planned to mint and retain another 50 million  
4 tokens that could be used to raise capital in the future, "support the Thor currency market," and  
5 compensate employees.

6 19. In March 2018, Thor opened a "white list"—that is, a list where individuals from  
7 the public could register their interest in purchasing Thor Tokens. Chin and Thor publicized the  
8 white list and the Thor Token sale to investors through Thor's website, press releases issued on  
9 Medium, Thor's Telegram channel, and videos publicly available on YouTube. To solicit  
10 investors, Chin and Moravec posted to Thor's Telegram channel and also communicated directly  
11 with investors about the sale. Chin and Moravec further participated in public interviews.

12 20. Thor used the NEO blockchain, which is an open-source network that allows  
13 developers to create crypto assets and smart contracts, to create the Thor Tokens. From March  
14 2018 through May 2018, Thor sold Thor Tokens to investors, including in the public initial coin  
15 offering and through other direct investments. From these sales, Thor raised cash and crypto  
16 assets worth a total of \$2.6 million from a number of investors, including about 200 living in the  
17 United States. The crypto assets received by Thor came from approximately 1,600 distinct  
18 public wallet addresses. Thor distributed Thor Tokens to investors, but retained the majority of  
19 the Thor Tokens it had created.

20 21. Thor did not take appropriate steps to determine whether the purchasers of the  
21 Thor Tokens were accredited investors, and did in fact sell Thor Tokens to unaccredited  
22 investors. "Accredited investors" are, under the controlling regulations, investors who possess  
23 certain measures of financial knowledge or sophistication, or meet certain wealth and income  
24 thresholds. These investors are considered to have a greater ability to fend for themselves or  
25 sustain the risk of loss of investment when participating in unregistered investment opportunities  
26 that do not comply with the rigorous disclosure and procedural requirements of the Securities  
27 Act.

28

1           22. Thor pooled the investors' funds from the Thor Token sale. Thus, each investor  
2 stood to share on a pro rata basis in the rise and fall of the value of the tokens. Thor used the  
3 funds in its efforts to develop its platform and business. However, Thor also paid Moravec  
4 \$407,103 in crypto assets from the Thor Token sale, to repay him for money that he had loaned  
5 to Thor and provide him a substantial return on that loan. Thor also invested \$1,103,359 of the  
6 crypto assets from the Thor Token sale into a crypto asset investment fund that Moravec and  
7 Chin owned and controlled, in order to diversify the crypto assets. All but \$462,717 of the  
8 amount invested with the crypto asset investment fund (which Thor later used on its business)  
9 was lost due to a downturn in the crypto asset market. Finally, Thor paid \$104,913 in salary for  
10 two individuals who worked for but received no salary from the crypto asset fund, but also  
11 provided services for Thor.

12           23. Thor was unsuccessful in building its platform and in 2019, Chin announced that  
13 Thor was shutting down its business.

14           **B. Chin and Thor Marketed the Thor Tokens as an Investment.**

15           24. Chin and Thor marketed the Thor Tokens in a manner consistent with an  
16 investment, and Thor Token purchasers reasonably viewed the offering as an opportunity to  
17 profit, based on the success of Thor's business and the efforts of Thor's management.

18           25. Thor marketed the Thor Tokens as an investment that depended on the success of  
19 Thor's business. The white paper stated: "[a]s the network grows, we expect the value of each  
20 token to increase as usage of tokens drives demand given their scarcity in a finite pool of  
21 available supply." Network growth, in turn, depended on adoption of Thor's services by gig  
22 economy workers.

23           26. As explicitly stated in Thor's white paper, the purpose of the ICO was "to fund  
24 development of the platform" and thus drive future use and demand for Thor Tokens. Chin told  
25 potential purchasers on Thor's Telegram channel that Thor intended to list Thor Tokens on a  
26 digital asset trading platform, which would have allowed token holders the ability to profit from  
27 any increased value to the token. Moravec publicly referred to the token purchasers as  
28 "investors" multiple times.

1           27. Many token purchasers similarly viewed the Thor Tokens as an investment. At  
2 the time of the Thor Token sales, no development work had yet occurred on the Thor platform,  
3 and there was no other place to use Thor Tokens. Further, most, if not all, of the individuals who  
4 bought Thor Tokens did not intend to use the Thor Tokens on Thor’s platform. With the  
5 exception of a few Thor employees, the Thor Token purchasers also did not intend to be  
6 involved in building Thor’s platform or business, and so any profit from their investment would  
7 be dependent on the efforts of Thor’s management.

8           **C. Chin and Thor Failed To Register the Offer and Sale of Thor Tokens with**  
9           **the SEC.**

10           28. Thor used interstate commerce for the offer and sale of Thor Tokens by using  
11 the internet to, among other things, promote investments in Thor Tokens on its website, the  
12 Telegram channel, and interviews that were uploaded to YouTube for dissemination to the  
13 public.

14           29. Thor never filed a registration statement with the SEC with respect to any Thor  
15 Tokens it offered or sold, and no registration statement has ever been in effect with respect to  
16 any offers or sales of Thor Tokens.

17           30. As a result of Thor’s and Chin’s failure to register the offering, investors who  
18 bought Thor Tokens did not receive the necessary materials containing information about  
19 Thor’s operations, financial condition, ability to generate profits, or other factors relevant in  
20 considering whether to invest in Thor Tokens. Thor Token investors were also deprived of  
21 information about how Thor’s executives—namely, Chin and Moravec—would be  
22 compensated as a result of the offer and sale of Thor Tokens. In short, Thor Token  
23 purchasers, and the market, lacked required information that issuers provide for registered  
24 offers and sales of securities when they solicit public investment.

25           **CLAIM FOR RELIEF**

26           *Violations of Sections 5(a) and (5)(c) of the Securities Act*

27           31. The Commission re-alleges and incorporates by reference Paragraph Nos. 1  
28 through 30.

1 32. By virtue of the foregoing, (a) without a registration statement in effect as to that  
2 security, Defendants, directly and indirectly, made use of the means and instruments of  
3 transportation or communications in interstate commerce and of the mails to sell securities  
4 through the use of means of a prospectus or otherwise, and (b) made use of the means and  
5 instruments of transportation or communication in interstate commerce and of the mails to offer  
6 to sell through the use of a prospectus or otherwise, securities as to which no registration  
7 statement had been filed.

8 33. By reason of the foregoing, Defendants directly or indirectly violated, and unless  
9 restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act  
10 [15 U.S.C. §§ 77e(a) and (c)].

11 **PRAYER FOR RELIEF**

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

14 **I.**

15 Permanently enjoining Defendants, and each of their respective agents, servants,  
16 employees, attorneys or other persons in active concert or participation with any of them, from  
17 directly or indirectly violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a)  
18 and (c)].

19 **II.**

20 Pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)], permanently  
21 enjoining Defendants, from participating, directly or indirectly, in any crypto asset securities  
22 offering; provided however, that such injunction shall not prevent Chin from purchasing or  
23 selling securities, including crypto assets, for his own personal accounts.

24 **III.**

25 Ordering Defendant Thor to disgorge all ill-gotten gains or unjust enrichment derived  
26 from the conduct set forth in this Complaint, together with prejudgment interest thereon.  
27  
28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IV.

Ordering Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

V.

Retaining jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI.

Granting such other and further relief as this Court may determine to be just and necessary.

Dated: December 21, 2022

Respectfully submitted,

/s/ Ruth L. Hawley

Ruth L. Hawley

Erin E. Wilk

Attorneys for Plaintiff

SECURITIES AND EXCHANGE COMMISSION