

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11173 / March 22, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21349

In the Matter of

Lindsay Dee Lohan

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), against Lindsay Dee Lohan (“Lohan” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. On February 11, 2021, Lohan—a well-known actress, singer, and internet personality—touted on social media a crypto asset security that was being offered and sold. Lohan did not disclose that she was being paid to give publicity to such security by the entity offering and selling it to the public. Lohan’s failure to disclose this compensation violated Section 17(b) of the Securities Act, which makes it unlawful for any person to promote a security without fully disclosing the receipt and amount of such compensation from an issuer.

Respondent

2. **Lohan**, age 36, is a resident of Dubai, United Arab Emirates.

Facts

3. In February 2021, Lohan promoted a crypto asset security on Twitter in exchange for a payment of \$10,000 from the issuer. Lohan, at the time of her promotion, had approximately 8.4 million Twitter followers.

4. Specifically, Lohan promoted a security being publicly offered by Tron Foundation Limited (“Tron”), and Tron’s owner and control person Yuchen (Justin) Sun (“Sun”), called “Tronix” tokens (“TRX”). TRX tokens are offered and sold as investment contracts, and therefore constitute securities pursuant to Section 2(a)(1) of the Securities Act.

5. From August 2017 to the present, Tron and Sun have engaged in the continuous public offer and sale of TRX tokens. Based on Tron’s and Sun’s offering materials and public statements, purchasers of TRX tokens would have had a reasonable expectation of profits from their investment in the tokens. Tron and Sun explicitly promoted TRX as an investment and touted the potential for significant returns to investors through buying, holding, and trading TRX tokens. Tron and Sun worked to list TRX on numerous crypto asset trading platforms, including within the United States, and publicly encouraged investors to purchase TRX through the new venues. Tron and Sun routinely touted the market capitalization, price, and trading volume of TRX, and published articles advising followers of purportedly opportunistic times to “invest” in TRX.

6. Based on Tron’s and Sun’s public statements, purchasers of the TRX tokens would have had a reasonable expectation that Tron and Sun would expend significant efforts to develop the Tron platform and a secondary trading market for TRX, which would increase the value of TRX tokens and drive investor profits. Tron’s offering materials and marketing communications highlighted that the value of TRX depended entirely on Tron’s efforts to develop and grow the Tron platform and drive demand for the token, thereby increasing its price on the secondary market. Tron’s social media accounts and websites highlighted its profitability, accelerated growth, and the team’s credentials and experience to demonstrate that the company would be able to implement its business plan effectively.

7. Lohan promoted the TRX offering on social media by posting the following to her Twitter account on February 11, 2021:



8. Tron, through an intermediary, paid Lohan \$10,000 for this promotion and provided Lohan with the specific language to include in the Tweet. Lohan did not disclose that she had been paid by Tron, or the amount of compensation she received from Tron and Sun for promoting the TRX offering on Twitter.

9. Lohan’s crypto asset security promotion occurred after the Commission warned in its July 25, 2017, DAO Report of Investigation that digital tokens or coins offered and sold may be securities, and those who offer and sell securities in the United States must comply with the federal securities laws.² The promotion also occurred nearly four years after the Commission’s Division of Enforcement and Office of Compliance Inspections and Examinations issued a statement reminding market participants that “[a]ny celebrity or other individual who promotes a virtual token or coin that is a security must disclose the nature, scope, and amount of compensation received in exchange for the promotion. A failure to disclose this information is a violation of the anti-touting provisions of the federal securities laws.”³

Lohan Violated Section 17(b) of the Securities Act

10. Section 17(b) of the Securities Act makes it unlawful for any person to: publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

² Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO, Exchange Act Rel. No. 81207 (July 25, 2017).

³ See SEC Staff Statement Urging Caution Around Celebrity Backed ICOs (Nov. 1, 2017), available at <https://www.sec.gov/news/public-statement/statement-potentially-unlawful-promotion-icos>.

11. Lohan violated Section 17(b) of the Securities Act by touting the TRX token offering on her Twitter account without disclosing that she received compensation from the issuer for doing so, and the amount of the consideration.

Disgorgement and Civil Penalties

12. The disgorgement and prejudgment interest ordered in paragraph IV.C is consistent with equitable principles and does not exceed Respondent's net profits from her violations and will be distributed to harmed investors, if feasible. The Commission will hold funds paid pursuant to paragraph IV.C in an account at the United States Treasury pending a decision whether the Commission in its discretion will seek to distribute funds. If a distribution is determined feasible and the Commission makes a distribution, upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

Undertakings

13. Respondent has undertaken to:

- a. for a period of three (3) years from the date of this Order, forgo receiving or agreeing to receive any form of compensation or consideration, directly or indirectly, from any issuer, underwriter, or dealer, for directly or indirectly publishing, giving publicity to, or circulating any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a crypto asset security for sale, describes such crypto asset security; and
- b. continue to cooperate with the Commission's investigation in this matter.

14. In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act.

B. Respondent shall comply with the undertakings enumerated in Section III, paragraph 13(a) above.

C. Respondent shall pay disgorgement of \$10,000, prejudgment interest of \$670, and a civil money penalty in the amount of \$30,000 to the Securities and Exchange Commission. Payment shall be made in the following installments: (i) \$13,557 due within 14 days of the entry of the Order; (ii) \$13,557 due within 120 days of the Order; (iii) \$13,556 due within 240 days of the entry of the Order; and (iv) any remaining amount outstanding due within 360 days of the entry of the Order. Payments shall be applied first to post-order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment within 2 business days of the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission. The Commission may distribute the funds paid pursuant to this paragraph if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, transfer them to the general fund of the United States Treasury, subject to Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

D. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Lindsay Dee Lohan as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to David Hirsch, Chief, Crypto Assets and

Cyber Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE,
Washington, DC 20549.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, she shall not argue that she is entitled to, nor shall she benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that she shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary