

# Good Morning News

## Decentralized News Organization

# THROWING SHADE



A shadow fell over the Solana ecosystem earlier this month, as a SOL token holder filed a class-action lawsuit in California alleging Solana and its related entities violated state and federal securities laws. Among the relief sought in the lawsuit: a court order stating that Solana is a security.

The defendants in the lawsuit include Solana Labs and Solana Foundation, Solana's co-founder Anatoly Yakovenko, and — interestingly — VC fund Multicoin Capital and its co-founder and managing partner Kyle Samani. As you may surmise from the defendants, part of the lawsuit involves claims of unrelenting shilling of SOL.

On the face of it, this shilling was very successful, bringing the price of SOL from under \$1 to over \$250 in less than two years. Of course, there is little mention of the crazy bull market that saw all token prices rise to previously unheard-of levels.

And yet even among these bull-market wonder stories, Solana is special, as the allegations in the lawsuits make clear. Couched in much of the lawsuit is the language

of misrepresentation, the kind that many Ethereumers have talked about since Solana's inception: namely centralization and network failures.

The lawsuit alleges that "Samani and Multicoin continuously flogged SOL securities, inflating its market price from below a dollar to hundreds of dollars, persisting in their promotional efforts even after it was clear that Solana had serious outages and technical issues". In addition, the lawsuit states that the protocol is not really decentralized, as many of the tokens are held by insiders. Well you don't say.

Although this won't be the last lawsuit filed by investors claiming they needed the full disclosures of securities flyers to realize that investing in digital assets carries risk, it may be the first that blames an ecosystem's design. If we're lucky, we'll get the chance to watch Solana's team argue its case that it's a decentralized blockchain. Unfortunately for them, the blockchain doesn't lie, so however they spin the facts, you can be certain those who are throwing shade will have their moment in the sun.



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