

Sam Lee appears in video promoting new investment scheme days after US fraud charges

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Sam Lee, the Australian blockchain entrepreneur charged with conspiracy to commit fraud in the US for his alleged role in a USD\$1.89bn “ponzi scheme”, has appeared in a video promoting a new investment project, posted online within days of charges being laid against him. The revelation comes as consumer advocates say the “shocking” losses reported through the Australian-linked crypto investment scheme known as HyperVerse should serve as a “wake-up call” for urgent government action. After criminal and civil charges were laid against Lee last Monday for his alleged role in the HyperVerse crypto scheme, the 35-year-old Australian has appeared in a promotional video on social media for a different project called VEND, urging people to “not be in the mindset of loss”. He has also featured in a video for a project called Satoshi Maths Club in which he appears to promote the benefits of being involved in an investment scheme from the very beginning. He makes no reference to the charges he is facing in the US in the videos. In the VEND video, broadcast on Facebook by a South African promoter on 30 January, Lee also claims people have been “lying to regulators” and urges his followers to “continue the journey” with him. “If you are in the mindset of saying, ‘look, I lost a lot’, you know what? I lost a lot too, in 2023 I lost a lot too, but to be in the mindset of loss is to not embrace new gains,” Lee said. “Let’s focus on ensuring that we gain ... Let’s just continue this journey, because today I am actually very much in a state of mind where I understand that the worst has already happened. So it can only get better from here. “When you realise the worst is basically people lying to regulators and regulators believing their version of the story.” In a video entitled Math Club With Sam Lee, Lee encourages people to be part of a project from its inception. “The maximum you can benefit in anything is: be part of the origination process of a project. When you originate it, you are inviting your friends and other parties on a ‘day zero journey’; ‘a day zero journey’ is when everybody starts and participates in an opportunity at the very beginning. “We’re at the very beginning of 2024, and are we very small? Yes we are, but with the right messaging, with the right understanding, then we could stay together through thick and thin, and that is how you make real money. “The way you make real money is to be able to stay together and work through everything together.” He says the video is the first session for the Satoshi Math Club for 2024. Lee also says that new cryptocurrency tokens don’t need to be backed by a “real business” with revenue, pointing to the bitcoin platform as an example of a “self contained” model. “There is no reason to generate revenue for the sake of generating revenue,” he says. The videos, posted on relatively obscure channels with low subscriber numbers, were highlighted by the New Zealand-based YouTuber Danny de Hek, who operates under the name the Crypto Ponzi Scheme Avenger and has been tracking Lee’s activities for the past two years. Lee did not respond to questions from Guardian Australia. Calls for

regulation The Consumer Action Law Centre chief executive, Stephanie Tonkin, said the “shocking” amount allegedly lost to HyperVerse exposed the need for regulation covering online investment schemes and alleged scams that often involved the cryptosphere. She said Australia was in the grip of a “scams crisis” and regulations to protect consumers in the internet age were “lagging so far behind”. “In Australian financial services regulation, there is a gaping hole in terms of crypto, which is mind-blowing given the massive uptake,” Tonkin told Guardian Australia. “I think considering the harm caused to ordinary Australians, this case should be a wake-up call to the Australian government because the regulators and police need laws to enforce.” Lee, who has previously denied his involvement in the HyperVerse scheme, and has denied accusations it was a scam, is alleged in the US court documents to have been “centrally involved” in its operation. While Lee doesn’t explicitly reference the charges against him in the VEND meeting, he does refer generally to unspecified media reports. “When it comes to the news cycle, when what is said is not true, it doesn’t impact me ... so to prove what is true to be true is very cheap.” In the information slides shown in the video after Lee’s presentation and presented by other apparent promoters, VEND is described as a “reward model” project that is linked to Lee’s Stabledao venture which was launched in 2023 after the collapse of the Hyper group of projects. According to the promotional material, in VEND, members earn tokens by watching videos, with claimed returns of 3% a day if they pay for a subscription. Subscriptions start at US\$50. A referral model rewards users with commissions of up to 30%. The promotional material claims that the scheme will generate revenue from fees paid by advertisers. No advertisers are named. In a Zoom meeting posted on the VEND YouTube channel in September last year, Lee said that VEND was “100% owned and operated by myself”. VEND was launched after a previous scheme called Vidilook, which was a similar project involving members being paid to watch videos under a rewards model. Lee acknowledged there had been “issues” with Vidilook, various iterations of which collapsed in quick succession in mid-2023, leaving investors unable to withdraw funds. In a Zoom meeting in September 2023, Lee claimed that he would let “the regulators and the legal system do their job” in relation to Vidilook. The scheme is just one of a number of crypto investment projects promoted online by Lee in the wake of the HyperVerse collapse. He also fronted promotional material for a project called We Are All Satoshi. We Are All Satoshi was the subject of a “desist and refrain order” issued in September 2023 from California’s commissioner of financial protection and innovation, which alleged the platform was a “fraudulent pyramid and Ponzi scheme”. We Are All Satoshi, which has since been rebranded WAAS, appears to no longer be linked to Lee, with the organisation releasing a statement on Wednesday saying “it unequivocally states that any allegations linking the company with Sam Lee or any other individual are unfounded and without merit”. The latest online appearance of Lee comes as the Australian government faces greater pressure to fast-track regulation of the cryptosphere. The Liberal senator Andrew Bragg, who is chairing a Senate inquiry into the corporate regulator Asic, said the HyperVerse crypto scheme had operated in a regulatory “loophole” and laws needed to be changed as a matter of urgency. “The big issue here is actually the lack of crypto regulation and the failure of the government to enact laws,” Bragg, who has introduced a private member’s bill on digital asset regulation, said. He criticised Asic for its lack of action, saying the regulator had a weak record of law enforcement. “The regulator is doing too many things and not sufficiently focused on law enforcement – these are the two main factors at the moment – but I am also not sure that there is the expertise on some of these subject matters either,” Bragg said. “I would also blame the government for failing to address these issues in law.” He said his private member’s bill to regulate digital assets would regulate the financial gatekeepers in the industry, such as exchange operators and liquidity providers, enabling a regulatory recourse against allegedly bad actors. “If we had good gatekeeper regulation, it would deal with key personnel tests, capital requirements [and] segregation of customer funds, and then Asic would have a huge amount of tools at its disposal,” he said. Bragg criticised the government for failing to act on the recommendations of an October 2021 Senate committee report on the regulation of cryptocurrency in Australia, saying Labor had “dropped the ball on crypto”. The assistant treasurer, Stephen Jones, declined to answer questions from Guardian Australia.