

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

TOMMIE ZAKER, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

EBANG INTERNATIONAL HOLDINGS  
INC., DONG HU, and LEI CHEN,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff Tommie Zaker (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Ebang International Holdings Inc. (“Ebang” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Ebang; and (c) review of other publicly available information concerning Ebang.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Ebang securities between June 26, 2020 and April 5, 2021, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Ebang purports to be a leading application-specific integrated circuit (“ASIC”) chip design company and a leading manufacturer of Bitcoin mining machines.

3. On April 6, 2021, before the market opened, Hindenburg Research published a report alleging, among other things, that Ebang is directing proceeds from its IPO last year into a “series of opaque deals with insiders and questionable counterparties.” According to the report, Ebang raised \$21 million in November 2020, claiming the proceeds would go “primarily for development,” and that instead the funds were directed to repay related-party loans to a relative of the Ebang’s Chief Executive Officer, Dong Hu. The report also noted that Ebang’s earlier efforts to go public on the Hong Kong Stock Exchange had failed due to widespread media coverage of a

sales inflation scheme with Yindou, a Chinese peer-to-peer online lending platform that defrauded 20,000 retail investors in 2018, with \$655 million “vanish[ing] into thin air.”

4. On this news, the Company’s share price fell \$0.82, or approximately 13%, to close at \$5.53 per share on April 6, 2021, on unusually heavy trading volume.

5. On April 6, 2021, after the market closed, Ebang issued a statement stating that, though it believed the report “contain[ed] many errors, unsupported speculations and inaccurate interpretations of events,” the “Board, together with its Audit Committee, intends to further review and examine the allegations and misinformation therein and will take whatever necessary and appropriate actions may be required to protect the interest of its shareholders.”

6. On this news, the Company’s share price fell \$0.12, or 2.17%, to close at \$5.41 per share on April 7, 2021. The stock price continued to decline over the next trading session by \$0.38, or 7%, to close at \$5.03 per share on April 8, 2021, on unusually heavy trading volume.

7. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that the proceeds from Ebang’s public offerings had been directed to an low yield, long term bonds to an underwriter and to related parties rather than used to develop the Company’s operations; (2) that Ebang’s sales were declining and the Company had inflated reported sales, including through the sale of defective units; (3) that Ebang’s attempts to go public in Hong Kong had failed due to allegations of embezzling investor funds and inflated sales figures; (4) that Ebang’s purported cryptocurrency exchange was merely the purchase of an out-of-the-box crypto exchange; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

8. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's shares, Plaintiff and other Class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

11. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

12. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

13. Plaintiff Tommie Zaker, as set forth in the accompanying certification, incorporated by reference herein, purchased Ebang shares during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

14. Defendant Ebang is incorporated under the laws of the Cayman Islands with its principal executive offices located in China. Ebang's Class A ordinary shares trade on the NASDAQ exchange under the symbol "EBON."

15. Defendant Dong Hu ("Hu") was the Company's Chief Executive Officer ("CEO") at all relevant times.

16. Defendant Lei Chen ("Chen") was the Company's Chief Financial Officer ("CFO") at all relevant times.

17. Defendants Hu and Chen (together, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

18. Ebang purports to be a leading ASIC chip design company and a leading manufacturer of Bitcoin mining machines.

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