

SEC Enforcement Case Summary

\$1.8 million Settlement Related to Citron Research Tweets & Reports

On October 22, 2024, following a July enforcement case against Andrew Left and Citron Capital, Ryan Choi agreed to pay more than \$1.8 million to settle charges that he negligently engaged in a scheme to defraud readers of Citron Research in connection with two tweets issued by the platform. In July 2024, the SEC charged Andrew Left, who operates the Citron Research website and related social media platforms, for engaging in a scheme to defraud Citron Research followers by publishing false and misleading statements regarding his supposed stock trading recommendations. Citron Research is a well-known short publisher recognized for its tabloid style exposés that purports to disclose fraudulent or other problematic behavior at target companies and identify companies as good short selling or long investment opportunities. Left awaits trial in the criminal action against him that is currently set for September 2025.

According to the SEC complaint, in December 2020, Choi worked with Left on the research and content for two buy recommendations that Left issued through Citron Research. Choi failed to act reasonably by not conducting adequate research or due diligence, which he provided to Left to support the recommendations that Left included in the Citron Research tweets. Choi also quickly traded on price increases that came after the two Citron Research tweets, and negligently failed to ensure that this trading activity was adequately disclosed in the tweets. In total, Choi made \$1,647,217 in profits in connection with his trading around these two tweets.

The SEC noted that Choi began working for Left in or around 2018, generating investment ideas, conducting research, and assisting Left with the drafting of Citron Research publications which present investment views and information on target companies. Choi often contributed to and/or reviewed the Citron Research publications prior to their release. Left controlled and had authority over all operations of Citron Capital. Choi handled day-to-day business tasks of Citron Capital, including the formation of the entity and its policies and procedures. While Left directed the trading and investment decisions of Citron Capital and owned all of Citron Capital's funds, Choi entered the trades in the Citron Capital account at Left's direction.

This case represents the third in the saga of fraud perpetuated by and related to Citron Capital and Citron Research. It demonstrates that the SEC will pursue enforcement action against all individuals who participate directly or indirectly in illegal market manipulation and wrongfully benefit from such activities. It should caution investment team members in all roles and at all levels against participating in suspect trading activities.

See Summary - <https://www.sec.gov/enforcement-litigation/litigation-releases/lr-26164>