

Major legal battle over tanking cryptocurrency

A high-profile digital currency project in Switzerland, a country that's been among the most enthusiastic advocates for cryptocurrencies, is under fire over allegations of false marketing and mismanagement, prompting its president to resign. Now the Tezos Foundation, which raised \$232m in an initial coin offering (ICO), is engaged in litigation. A report on the **Fin24** site notes that the non-profit's fundraising touted an all-new model for the blockchain technology that underpins cryptocurrencies. A group of investors are claiming in a California court that the entrepreneurs behind the offering misleadingly marketed the purchase of 'Tezzie' tokens as part of a charitable contribution, which would leave investors with nothing if the project collapses. **Switzerland ranks second just behind the US in capital raised in ICOs**, with most of the transactions done by foreigners flocking to Switzerland, according to a 2017 report by venture capital firm Atomico. This case has broad implications for Switzerland's future as a launching pad for ICOs. 'Will the judge accept the narrative that this was just like contributing to public radio and all you get is a tote bag, or was it an investment where everyone expected a return,' noted Stephen Palley, a lawyer who runs the cryptocurrency practice at the firm of Anderson Kill in Washington.