

# Third Class Action for Tezos ICO

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For the third time this month, the Tezos blockchain project is the subject of a class action [complaint](#) for claims arising from their \$232 million July initial coin offering (“ICO”). Consistent with both prior lawsuits, the plaintiffs allege that the Tezos ICO constituted the unregistered, non-exempt offer and sale of securities in violation of the federal securities laws.

As a general rule ICO tokens [may](#) be securities and, if so, must be registered with the SEC or qualify for an exemption in order to be offered or sold within the United States. Violations expose issuers not just to the risk of SEC enforcement, but also the possibility of liability under Section 12(a)(1) of the Securities Act, a private right of action that provides recessionary damages on a strict liability basis for those that purchase their tokens directly from the issuer of an unregistered public offering.

Recent [remarks](#) by SEC Chairman Jay Clayton have led to speculation that meaningful SEC intervention in the ICO marketplace may be soon forthcoming. If this spate of Tezos lawsuits is any indication, the plaintiff’s bar could get there well before the regulators do.

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