

Cryptocurrencies and related fundraising mechanisms involving FinTech, including Initial Coin Offerings (“ICOs”) and other token sales, raise dynamic and novel issues for offerors, participants, trading platforms, professionals, and investors. The legal implications of dealing in cryptocurrency are evolving rapidly as government standard-setters around the world address these emerging issues. While some countries regulatory authorities have displayed flexibility, the SEC has initially taken a more restrictive view that most coin issuances are subject to federal securities laws.

The SEC and multiple state securities regulators already have brought enforcement actions now being litigated in court. Other federal regulators, including the Commodity Futures Trading Commission (“CFTC”) and the Treasury Department also are weighing in, each claiming that ICOs and other transactions are subject to their regulatory jurisdiction. The cryptocurrency and ICO markets also are attracting Congressional attention.

On the heels of these regulatory actions, an increasing number of putative class action lawsuits recently have been filed by purchasers of tokens, alleging that ICOs have run afoul of securities and consumer protection laws.

The evolution of this technology presents substantial opportunities, but those

opportunities are accompanied by equally substantial risks. To navigate these risks, including litigation that may arise from participating in ICOs and other token sales, it is crucial that people engaged in cryptocurrency and related businesses partner with a law firm that is well-versed in the technology, the markets, and the underlying legal issues.

K&L Gates has assembled a multi-disciplinary team of litigators with deep experience in class action defense, litigation arising under state and federal securities laws, consumer protection litigation, white collar and criminal defense, and insurance coverage analysis. We stand ready to assist whenever and wherever litigation strikes or regulators come calling.

How K&L Gates Can Help

K&L Gates, a globally integrated firm with offices on five continents, has substantial experience assisting clients in navigating the regulatory, policy, and business issues surrounding FinTech.

Our geographic range enables us to offer local experience in many jurisdictions where our clients may need us—across town or across the country.

Clients facing a claim also can benefit from a group that includes a number of former SEC attorneys, former prosecutors from the Department of Justice (“DOJ”), the Financial Industry Regulatory Authority (“FINRA”), and the CFTC, as well as former staff members from the offices of state attorneys general.

Our size and reach, and integrated approach to problem solving also allow us to provide litigation coordination on a national or international scale. The K&L Gates offices in Asia, Australia, and Europe support our ability to serve clients who have become entangled in securities litigation in the United States and around the world.

K&L Gates brings decades of experience in the following practice areas that underlie ICO litigation:

Our FinTech Practice: Counsel to the Global FinTech IndustrySM

The FinTech industry is experiencing an extraordinary rise as companies capitalize on current and future value. Buoyed in part by the growing surge in investments, the

Our litigators are recognized as being some of the foremost practitioners in their field.

FinTech industry is marked by both conflict and collaboration between incumbents and market disruptors, and regulatory evolution across the globe.

Our fully integrated firm provides strategic and efficient legal solutions that are well-suited to of the FinTech industry's constantly evolving platforms, services, and technologies. Our lawyers, with dedicated knowledge in their field, are on top of industry trends, and continually cognizant of emerging developments. Our progressive approach to the FinTech space ensures that our legal advice is in line with the cutting-edge innovations in the industry.

Our Litigation and Dispute Resolution Practice

In all industries and throughout all geographic markets, disputes are a potential disaster for any individual or business. They can jeopardize an organization's profitability, reputation, and even its existence. Our approach is straight-forward: quickly come to understand the client's goal for resolution of the dispute, work with the client to develop a cost-effective way to achieve the goal, and then set forth to achieve the client's goal.

Our litigators are recognized as some of the foremost practitioners in their field. Many are ranked nationally and internationally and include fellows of the American College of Trial Lawyers, the American Law Institute, and the International Academy of Trial Lawyers. We count among our ranks bar association leaders, former senior government officials, and frequent authors and speakers on a wide variety of topics. Reflecting the quality, depth, and breadth of our practice, we were named as one of top three law firms as a "Standout" in Class Action and Torts Litigation and in Securities and Finance Litigation, Complex Commercial Litigation in BTI Consulting Group's Litigation Outlook survey. The firm has consistently been included in BTI's "Honor Roll of Most Feared Law Firms" listing. We have also been consistently ranked among both *The Lawyer's* Global Litigation Top 50 and *Global Arbitration Review's* Top 100 firms.

Our Class Action Litigation Defense Practice

K&L Gates has successfully defended clients against enterprise-threatening class actions brought under a broad range of legal theories and substantive areas of the law in class actions around the globe. Our lawyers have represented cryptocurrency marketers, Fortune 500 companies, financial institutions, mortgage lenders, investment institutions, broker-dealers, public companies, nonprofits, municipalities, limited partnerships, and law firms, as well as their owners, officers, directors, and partners.

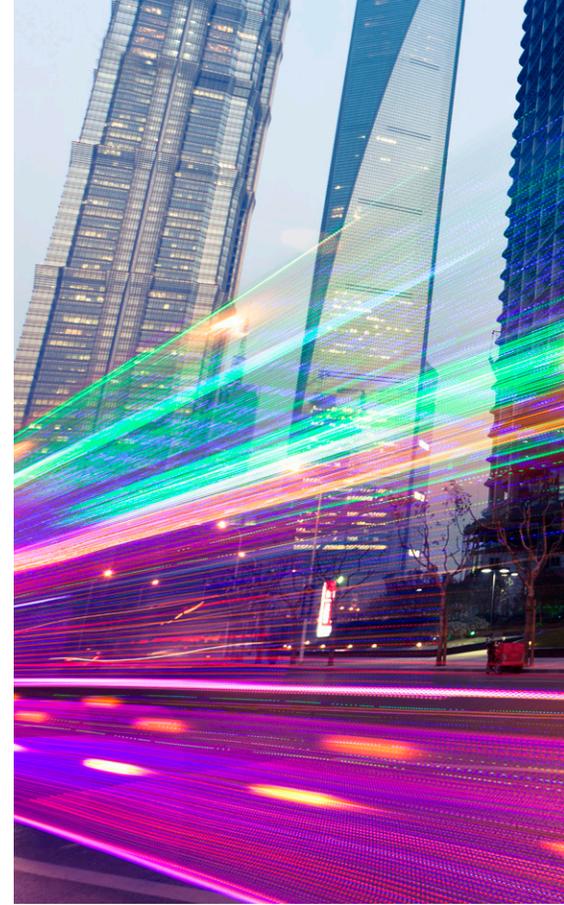
We've defended major class actions in nearly all of the United States and in Australia, the United Kingdom, Taiwan, and other jurisdictions. In the United States and Australia, we practice both in state and federal court. We are uniquely positioned to defend local, national, and global companies in class actions wherever they may arise, and to manage the complexities posed by simultaneous litigations in multiple venues, including concurrent regulatory and civil proceedings. Our class action practice also takes us before many appellate courts, in the United States and elsewhere.

We have had frequent success in obtaining the dismissal of putative class action complaints, defeating motions for class certification, and limiting the scope of alleged classes. In addition to class action matters, we also regularly work on behalf of our clients to resolve derivative and individual securities claims, regulatory matters, and compliance concerns.

Our Securities Litigation Practice

A securities claim can seriously impact any organization, from an international corporation to an emerging company, as well as officers and directors. One of the most critical steps in addressing the risks created by securities claims is the selection of legal counsel.

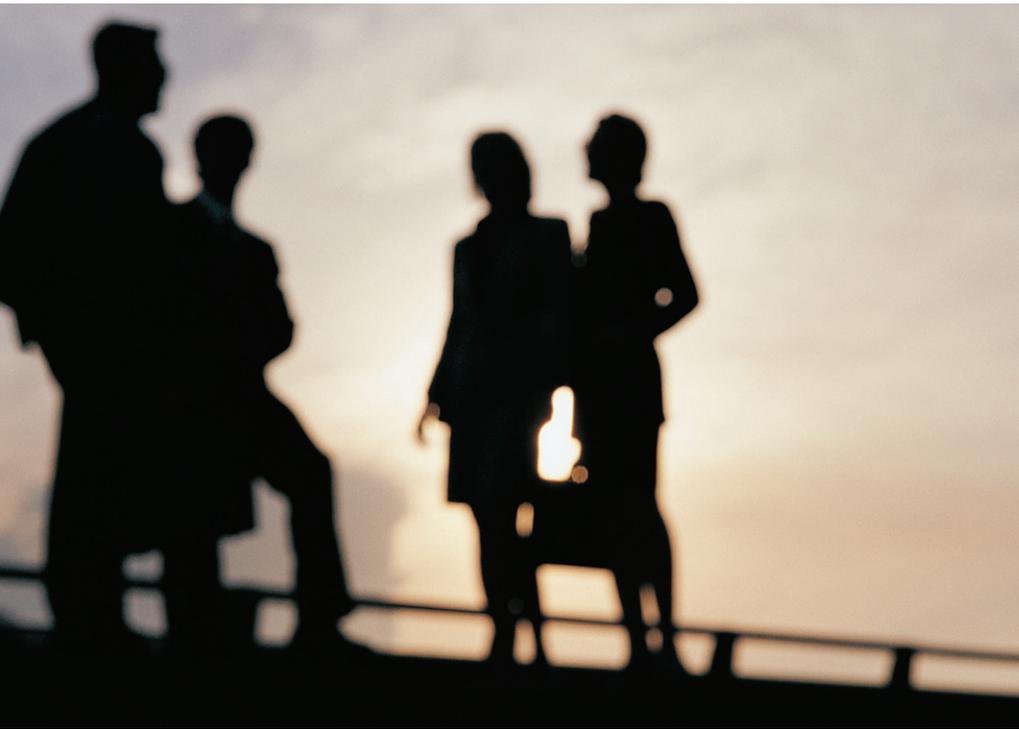
The experience and success of the K&L Gates Securities Litigation Practice spans the history of private securities class action litigation, dating from the successful representation of a national accounting firm in what is believed to have been the



first Rule 10b-5 class action ever tried to a conclusion before a jury to current, cutting edge cryptocurrency litigation disputes. The K&L Gates securities litigation team is composed of over 70 professionals, including trial attorneys, former government prosecutors and regulators, as well as transactional securities lawyers, who help clients efficiently and cost-effectively resolve disputes relating to a wide range of investment instruments. Reflecting the quality, depth and breadth of our practice, we were named a "Standout" law firm for Securities & Finance Litigation in BTI Consulting Group's *Litigation Outlook* survey.

Our Consumer Protection Laws Defense Capabilities

Increasingly, ICO class action plaintiffs are asserting claims for alleged violation of state unfair and deceptive acts and practices ("UDAP") statutes, either as an alternative to securities law claims or on a stand-alone basis. With some variance from state to state, UDAP statutes typically permit individuals, and in some cases businesses, to seek redress for alleged misrepresentations. Financial transactions frequently are targeted. Successful UDAP plaintiffs may recover damages and, under certain state



variants, double or treble damages, statutory penalties, and attorneys' fees.

K&L Gates's financial services class action lawyers have decades of experience defending financial institutions and other consumer-facing businesses against state UDAP and other consumer claims. Our global footprint allows us to advocate for both international and U.S.-based clients and to stay abreast of legal developments in multiple jurisdictions. Our class action defense team works closely with clients to devise a legal strategy tailored to their specific business needs with a view toward minimizing risk, containing costs, and resolving matters in an efficient and effective manner.

Our White Collar/Criminal Defense Practice

K&L Gates has a large, geographically diverse, and experienced white collar crime/criminal defense team. Our lawyers include former assistant U.S. attorneys and SEC and CFTC attorneys, and former assistant staff from state Attorneys General. As a result, we understand both federal and state regulators, their operations and decision-making processes. Our lawyers literally wrote the book on criminal and civil securities enforcement, "The Securities Enforcement Manual."

K&L Gates is involved at all stages of criminal matters, from the first hint of potential wrongdoing to appellate practice, where necessary, on behalf of corporations and individuals. Our lawyers have routinely handled a variety of high-visibility state and federal investigations, grand jury proceedings, parallel civil and criminal proceedings, and criminal trials. We regularly conduct complex internal investigations, represent clients in congressional investigations, provide compliance advice to corporations, and assist clients in evaluating the results of these investigations and taking appropriate responsive steps. The touchstone of our practice is to be aggressively proactive in implementing strategies to prevent criminal charges from being filed or, failing that, to fight vigorously any charges that may be brought against our clients.

Our Insurance Coverage Practice

For more than 30 years, our insurance coverage lawyers have developed and implemented innovative legal strategies to assist businesses and individuals in obtaining insurance coverage for an ever-expanding range of liabilities and losses. Ours is one of the largest policyholder-side insurance coverage groups in the world. Our policyholder practice focuses on two key areas: coverage claims disputes; and counseling

and advisory services, including insurance policy review and analysis, transactional due diligence relating to insurance rights, claims prosecution in insurance company insolvencies, counseling regarding insurance issues in bankruptcy proceedings, and captive insurance company strategies.

We also advise corporations regarding their directors and officers ("D&O") insurance policies and litigate D&O claims on their behalf. Our practice has been recognized in *U.S. News & World Report-Best Lawyers*, *Chambers USA*, *Chambers UK*, and *Legal 500*. In addition, K&L Gates lawyers authored the *Policyholder's Guide to the Law of Insurance Coverage*, updated annually, which is recognized as one of the leading treatises on insurance law in the United States.

Representative work

- A marketer of cryptocurrency in multiple class action lawsuits alleging that the company - and by extension, its marketers - violated federal and state securities laws and consumer protection laws in connection with participation in cryptocurrency lending and related programs.
- Clients seeking counsel on litigation and regulatory risks associated with ICOs and potential exposure stemming from same.
- The founder and former Chairman and CEO, as well as the former President and COO, of a large publicly-held company in connection with an enforcement action brought by the Securities and Exchange Commission.
- The CEO and director of one of the nation's largest insurance companies.
- The former CFO of a Fortune 100 corporation who was sued in a consolidated group of 20 securities class actions in which there were allegations of fraudulent overstatement of income, and other improprieties.
- Officers and directors in a putative class action alleging breach of fiduciary duty in connection with a proposed sale of the company, and seeking to enjoin the transaction.
- An owner and operator of entertainment centers and its officers and directors in connection with a class action alleging securities fraud.

Early Case Assessment

For many litigation engagements, K&L Gates employs an early Case Assessment (“ECA”) strategy to evaluate, plan, and implement cost-effective litigation resolution strategies. The ECA approach is a collaborative effort with in-house counsel to build a strategic litigation plan with a corresponding budget and a realistic definition of what constitutes a favorable resolution of a case. K&L Gates uses the ECA process to ensure proactive lawyering, and consideration and evaluation of resolution options, early and often.

Alternative Fee Arrangements

We approach alternative fee arrangements (“AFAs”) by collaborating with our clients so we are both held accountable and rewarded for high-quality legal work delivered economically, predictably, and in accordance with our clients’ expectations and internal budgeting requirements. K&L Gates has been proactive in developing and implementing a variety of AFAs for a wide array of engagements. In a fast-evolving global economy, K&L Gates is experienced in devising innovative litigation financing structures, whether they be alternative fee structures, after the event insurance offerings, and/or third party funding when viable and permissible under local regulatory regimes.

“Top class. They’re meticulous and are commercial.”

Chambers and Partners

“The team is focused on providing real business solutions.”

Chambers and Partners

“Incredibly professional, very timely and they do a very thorough job.”

Chambers and Partners

Our Blog

The group remains at the forefront of issues facing the FinTech industry, maintaining “FinTech Law Watch,” a blog covering a wide range of topics relevant to payment systems, blockchain technology, marketplace lending firms and robo-advisors, to crowdfunding platforms and start-ups and emerging growth companies.

Please visit www.fintechlawwatch.com and subscribe to receive updates.



★ LITIGATION ACCOLADES

- Ranked in BTI Consulting Group’s *Litigation Outlook* survey
 - Ranked for a second consecutive year among BTI’s “Awesome Opponents”
 - “Standout” in Class Actions and Torts, IP Litigation, Securities and Finance Litigation, Complex Commercial Litigation, Everyday Commercial Litigation, Complex Employment Litigation, Everyday Employment Litigation, and Product Liability Litigation
 - “Honor Roll of the Most Feared Law Firms”
- Ranked among *The Lawyer’s* Top 50 Global Litigation Firms
- Recognized in *Global Arbitration Review’s* GAR 100 for eight consecutive years
- Awarded Insurance Coverage Practice Group of the Year by *Law360*
- American College and International Academy of Trial Lawyers Members
- Selected as “Dispute Resolution Team of the Year—Qatar” at the Qatar Business Law Forum and Awards

K&L GATES

K&L Gates is a fully integrated global law firm with lawyers located across five continents. The firm represents leading multinational corporations, growth and middle-market companies, capital markets participants, and entrepreneurs in every major industry group, as well as public sector entities, educational institutions, philanthropic organizations and individuals. For more information about K&L Gates or its locations, practices and registrations, visit klgates.com.

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