
Decentralized Autonomous Organizations Face Increasing Legal Scrutiny, Raising Risks for Project Backers

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The tidal wave of innovation unleashed by the emergence of cryptocurrencies in 2009 has led to lawsuits requiring courts to weigh in on novel legal issues—including whether tokens associated with a particular project are “securities” and, if so, which entities may be liable for offers or sales of those tokens in unregistered transactions. This article discusses the latter question and focuses on two cases currently proceeding in the Northern District of California that have recently discussed the legal liability of DAOs.

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