

Press release

Date:
27 March 2019

Embargo:

Contact:
Vinzenz Mathys, Media
Spokesperson
Tel. +41 (0)31 327 19 77
vinzenz.mathys@finma.ch

FINMA ascertains illegal activity by envion AG

The Swiss Financial Market Supervisory Authority FINMA has found that envion AG (now in liquidation) unlawfully received public deposits on a commercial basis from at least 37,000 investors. The company is currently being liquidated by the Zug bankruptcy authority.

In March 2019, FINMA concluded the enforcement proceedings against envion AG, which it launched in July 2018 ([press release](#)). As part of its proceedings, FINMA appointed an investigating agent to investigate suspicious activity on site. It was discovered during this that the company had unlawfully accepted funds amounting to over 90 million francs from at least 37,000 investors in the context of an initial coin offering (ICO) without the necessary statutory licence. The company was thus acting illegally and seriously violated supervisory law.

ICOs can fall within the scope of the Banking Act

In the context of its ICO envion AG issued so-called EVN tokens. Investors were able to purchase these tokens by making payments in US dollars as well as in the Ethereum and Bitcoin cryptocurrencies. Envion AG granted the token owners a claim to repayment after thirty years. Furthermore, the conditions for the EVN tokens issued in a bond-like form were not equal for all investors, the prospectuses did not meet the minimum statutory requirements and there was no internal audit unit as required by law. In the present case, this acceptance of US dollars and the Ethereum and Bitcoin cryptocurrencies therefore amounted to an acceptance of public deposits for the purposes of the Banking Act. This however requires a banking licence.

No further intervention by FINMA necessary

While the FINMA proceedings were ongoing, the Cantonal Court of Zug opened bankruptcy proceedings against envion AG on grounds of organisational shortcomings. As a result, further supervisory measures against the company by FINMA will not be required. FINMA cannot provide information regarding the financial situation of envion AG as the bankruptcy proceedings are controlled by the Bankruptcy Office of Zug.

FINMA will continue to focus on ICOs

FINMA will continue to consistently take action against ICO business models which violate or circumvent supervisory law. Ultimately, this can lead to the company being liquidated by FINMA. FINMA is committed to ensuring that serious innovators can launch their ICO projects lawfully and has published [guidelines](#) to this effect. In addition, FINMA informs FinTech service providers about requirements under financial market law on its [website](#). FINMA has also already repeatedly pointed out the risks associated with ICOs to investors. Specifically, FINMA warns about unclear provisions or overly optimistic promises made in the whitepapers or published by companies which are planning to conduct an ICO.