

Press release

Date:
17 May 2023

Embargo:

Contact:
Tobias Lux, Spokesperson
Phone +41 (0)31 327 91 77
tobias.lux@finma.ch

Vinzenz Mathys, Spokesperson
Phone +41 (0)31 327 19 77
vinzenz.mathys@finma.ch

FINMA concludes proceedings against crypto platform and its founder

In enforcement proceedings, the Swiss Financial Market Supervisory Authority FINMA found that the Dohrnii Foundation and its founder and former managing director had carried out several business activities requiring a licence in the crypto sector without obtaining the relevant licence from FINMA. The foundation is currently being liquidated by the competent bankruptcy authority.

FINMA has concluded enforcement proceedings opened in May 2022 against the Dohrnii Foundation and its founder and former managing director (= founder of the foundation). For this, it appointed an investigating agent who clarified the facts on site. The Dohrnii Foundation and its founder launched an initial coin offering (ICO) in spring 2021 for a previously newly created token, the DHN token. This was to provide access to a learning platform via the Dohrnii website as well as a marketplace where users could have bought crypto services and products from other users with this token. FINMA found that the Dohrnii platform was never operational and the DHN token could never be used in the way described. Instead, the token could be transferred on the blockchain from the outset.

FINMA's investigation has revealed that the foundation sold such DHN tokens to around 500 private individuals as part of the ICO. In doing so, it received an amount of around 3 million euros. The founder of the foundation also sold around CHF 3.2 million of DHN tokens as a private individual and on his own account to around 60 individuals. Furthermore, from 2019 onwards, he accepted funds totalling around CHF 1.5 million from more than 20 investors, which were to be invested in the crypto sector and repaid with returns.

Several activities requiring authorisation conducted

In accordance with its [ICO guidelines](#), FINMA classifies the DHN token as a hybrid token, as it has characteristics of all three possible token categories: utility tokens, asset tokens and payment tokens. The DHN token was planned as a utility token, but was never usable as such. As a *pre-functional token*, it served as an investment in advance, which is why FINMA qualifies

it as an investment token and the DHN tokens consequently as securities. And finally, the DHN tokens were also intended to be used as a means of payment on the Dohrnii platform and thus had characteristics of payment tokens.

FINMA found that the Dohrnii Foundation, together with its founder, acted as a group and unlawfully operated as a securities firm (sale of securities) when selling the DHN tokens. The Dohrnii Foundation also issued a token intended to be used as a means of payment on the Dohrnii platform (payment token). The foundation was thus acting as a financial intermediary without authorisation. The founder of the foundation accepted public deposits as a private individual without authorisation. Furthermore, he did not comply with the cease-and-desist order during the investigation, but continued his activities. Finally, in addition to their unauthorised activities, both the Dohrnii Foundation and its founder partially failed to comply with their duty to provide information to FINMA during the investigation. The Dohrnii Foundation and the founder of the foundation have thus seriously violated supervisory law.

Publication for a period of five years

The single judge sitting at the Cantonal Court of Zug opened bankruptcy proceedings against the Dohrnii Foundation as early as mid-March 2023 due to overindebtedness. The foundation is in the process of being dissolved. As a result, FINMA no longer needs to take any measures. It therefore only remains for FINMA to formally establish the breach of supervisory law. FINMA has issued a cease-and-desist order against the founder of the foundation. This will be published on its website for a period of five years. FINMA's decision is not final and may be appealed to the Federal Administrative Court.