

SEC Issues Guidance on Celebrity Endorsements

November 1, 2017

On November 1, 2017, the U.S. Securities and Exchange Commission (the “SEC”) released a statement addressing the recent influx of celebrities that are endorsing and promoting investments in stocks and other investments, particularly Initial Coin Offerings (“ICOs”).

The SEC has previously issued warnings that offerings of virtual tokens or coins sold pursuant to an ICO may be considered securities, and as a result, must comply with federal securities laws. As such, any individual who promotes the virtual token or coin sold through the offering “must disclose the nature, scope, and amount of compensation received in exchange for the promotion”. While the celebrity endorsements may seem innocent, many of these seemingly unbiased promotions are actually paid advertisements. In response to this trend, the SEC is urging potential investors to do their own due diligence, make sure they understand whether or not a coin or token is considered a security, and to not base their investment decisions on posts from their favourite artists or celebrities.

We Can Help

For more information about how Cassels can assist with your business, please contact Michael Weizel, Amanda Metallo or another member of our firm’s cross-disciplinary Emerging Companies Group.

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