

BVI Court freezes crypto wallets

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In February this year, Chainswap Limited (**Chainswap**) a BVI incorporated company that provides for "cross-chain bridging" (the process of synthetically transferring cryptocurrency tokens between different blockchains) was hacked on at least one occasion. In the process, the hackers managed to steal a number of tokens from cryptocurrency "wallets".

In an attempt to recoup the stolen assets and to repair its reputation, Chainswap sought urgent ex parte relief in the Commercial Court:

- i. an injunction against alleged perpetrators accused of stealing digital assets
- ii. permission to serve its claim on persons unknown out of the jurisdiction and by alternative means, and
- iii. a letter of request to the Croatian Court, where a known cryptocurrency exchange (Electrocoin d.o.o.) is located to obtain their assistance in identifying the alleged wrongdoers.

In a rather novel decision, The Honourable Justice Jack granted the relief sought but only after the previously unknown wrongdoers were identified by reference to the wallets that were caught up in the theft. The proceedings returned to Court at the "return date" on 15 March to proffer the Respondents with an opportunity to be heard. The Respondents however failed to show up to Court giving the Judge little difficulty in deciding to continue the injunction and associated relief.

Of interest is that Chainswap never owned the stolen cryptocurrency tokens. It brought the proceedings in an effort to repair any damage to its reputation caused by the hack. This judgment will be welcome news to those who fall victim to cryptocurrency theft, an issue that is unfortunately becoming far too common.

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Meet the Author



Nicholas Brookes

Partner

British Virgin Islands

E: nicholas.brookes@ogier.com

T: [+1 284 852 7366](tel:+12848527366)

Key Contacts



Brian Lacy

Partner

British Virgin Islands

Jersey

E: brian.lacy@ogier.com

T: +44 1534 514493

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