

SEYCHELLES / JUDGMENT

Georgiev v JEY Labs Inc

COURT

Supreme Court (Civil)

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IN THE SUPREME COURT OF SEYCHELLES

GEORGI GEORGIEV

(rep. by Frank Elizabeth)

versus

JEYLABS INC

(unrepresented)

Reportable

CC 11/2025

Plaintiff

Defendant

Neutral Citation: Georgiev v JEY Labs Inc. (CC 11/2025) 13lh January 2026

Before:

Summary:

Heard:

Delivered:

N. Burian J

Breach of contract-misrepresentation-breach of fiduciary duty-damages.

10th November 2025

13th January 2026

This COULi makes the
following orders:

ORDER

(i) The Defendant is ordered to refund to the Plaintiff its investment in the sum of US\$ 2,000,000;

(ii) The Defendant is ordered to pay to the Plaintiff damages in the sum of US\$ 50,0001-;

(iii) The above sums are to be paid with interest at the commercial rate from the date of the

Plaintiffs investment until the date of judgment; and

(iv) costs of this suit.

JUDGMENT

N.BURIAN J BACKGROUND FACTS: [1] The Plaintiff is a businessman and became an investor and token holder in the Defendant's block chain-based project. The Defendant is a company incorporated under the laws of 1 Seychelles, with its registered office at ACT Offshore Ltd, 1st Floor Oliaji Trade Centre, Victoria, Mahe, Seychelles. [2] The Plaintiff alleges that together with other token-holders, he invested in a crypto currency project initiated by the Defendant which involved the creation and eventual launch of a new crypto-currency, The investment was made on the representation that the funds raised from investors would be used solely for the establishment of a Decentralised Autonomous Organization ('DAO') to run and manage the project. The Plaintiff relied upon the Defendant's promise that the DAO would be established and that all funds would be managed transparently and used exclusively for this purpose. According to the Plaintiff, a significant time has elapsed, and the Defendant has failed, refused or neglected to deliver on its promises, particularly the creation of the DAO and the transparent use of the funds raised/invested. [3] In the circumstances, the Plaintiff brings this action for breach of contract and alleged misrepresentation, claiming that the Defendant has failed to establish the DAO as promised, failed to provide a transparent record of the funds raised, and failed to allocate the funds as stipulated for the benefit of the token-holder. It is averred that the Defendant further engaged in misrepresentation by issuing false assurances to induce the Plaintiff and other token-holders to invest, knowing that it did not intend or was unable to fulfil these promises. These misrepresentations induced him to invest USDT to the value of US\$ 2,000,000/- in the Defendant's project. As a result, the Plaintiff asserts that he has suffered loss and damage for which the Defendant is legally liable. [4] Accordingly, the Plaintiff seeks judgment in his favour and requests the following orders:

- (i) A refund of all amounts invested to date to the value of US\$ 2,000,000 or its equivalent in USDT/-; (ii) Damages for breach of contract, misrepresentation, and breach of fiduciary duty in the sum of US\$ 50,0001-(approximately SR 750,0001-); (iii) Interest at the commercial rate from the date of investment until the date of judgment; and 2 (iv) Costs of this suit. [5] The Defendant was duly served with notice of the Plaint on 2nd July 2025, and they failed to appear in court in person or otherwise, therefore the matter was set down for ex-parte hearing on the 15th September 2025, then rescheduled to the 10th October 2025 and was finally heard on the 10th November 2025. The Defendant was served with notice to appear on each scheduled date and according to court record, they made no appearance.
- EVIDENCE: [6] The Plaintiff relied on the testimony of one witness, namely, Mr. Joel Baker, aged 47 years and a resident of Singapore. He is the Chief Financial Officer of a crypto firm and he confirmed that he has been granted authority, through a Power of Attorney, to represent the Plaintiff in these proceedings. Mr. Baker tendered the following documents as exhibits: • PI-A Special Power of Attorney dated 30 September 2025, appointing Mr. Baker to act on the Plaintiffs behalf; P2-Letter to Defendant dated 22/08/24; P3-Document of instruction entitled 'How to participate in the Integral Public Seed'; P4-Transfer of 20 tokens of USDT valued at US\$ 1,000,0001-; • • •

- P5-Transfer of 20 tokens of USDC valued at US \$1,000,000; ••••• P6-Asset Purchase Agreement between the Plaintiff and Nalu Funds SPC; P7-Annual report and audited financial statements from 01.01.2023-31.10.2023 of Nalu Funds SPC; P8-Certificate of Dissolution of Nalu Funds SPC dated 31st December 2024; P9- Document extracted from Integrals website entitled 'Introducing \$ITGR, Integrals Governance Token'; PIO- Document extracted from Integrals website entitled 'Recap of Professor's Office Hour (Week 7);
 - P11- Document extracted from Integrals website entitled 'Recap of Professor's Office Hour (Week 11 & 12); • P12- Extract from CoinmarketCap showing current value of \$ITGR as of 10111125; 3 ••••• P13-Snapshot from Integral Treasury wallet account; P14-Snapshot from wallet account owned by Integral; P15-Snapshot from associated wallet account 1; P16-Snapshot from associated wallet account 2; P17- Snapshot from associated wallet account 3;
 - P18- Document extracted from Integrals website entitled 'Token Model and Metrics'; ••• P19- Extract of telegraph communications between Plaintiff and representative of Defendant; P20- email communication between the Plaintiff and Counsel; P21-Cover letter for POA; [7] He further confirmed that the Defendant is a company incorporated in Seychelles with ACT Offshore Ltd as its registered agent. He stated that the Plaintiff, along with other token investors, invested in the project (known as 'Integral') initiated by the Defendant, which involved the creation of a 'Decentralized Autonomous Organisation' ('DAO') and the issuance of new currency to be known as \$ITGR tokens. [8] Mr Baker provided a background as to the methods of trading and operation of exchanges. He explained that trading can take place either on a centralized exchange run by a company and individuals or on a decentralized exchange on which all token holders have a say in the management and operation of the platform. Centralized exchanges expose users to greater hacking risks, leading to developers creating decentralized exchanges where all decisions are taken by the members and not a single individual. In a decentralized exchange, trading occurs through liquidity pools which are a pool of assets supplied by liquidity providers. Prices within these pools are determined by supply and demand rather than by a central intermediary. [9] He confirmed that the Defendant had represented to the Plaintiff and other token holders that the funds raised would be used solely for the establishment of a DAO. Mr Baker explained that DAO's are intended to allow the community to manage project assets in accordance with the rules and protocols built into the system. He further stated that the Plaintiff relied on these representations when deciding to invest in the project presented by the Defendant. According to Mr Baker, the Defendant made these representations not only through its website, but also during marketing video calls with prospective clients and through posts on Twitter. Mr. Baker produced a letter dated 22 August 2024, addressed to the Defendant, giving notice of intended litigation if the DAO was not established within 14 days. He confirmed that, to date, the Defendant has failed to set up the DAO as promised.
- [10] Mr Baker stated that the Defendant breached its agreement with the Plaintiff by failing to establish the DAO, and by failing to provide a transparent accounting of the funds raised or to allocate those funds as stipulated for the benefit of the token holders. Further that despite

being formally put on notice, the Defendant did not comply with the Plaintiffs requests specifically that the DAO be set up with immediate effect, that the remaining funds be placed in a multi-signature wallet to ensure community oversight and transparency, for a full disclosure of the company's financials and accounts and finally for an audit investigation to be carried out to provide reassurance to token-holders. [11] He also tendered a document extracted off the Integral's website which laid out the instructions on how to participate in the integral public seed round. He explained that the entire process was conducted online whereby users completed the required forms, submitted the requisite KYC documentation, and transferred their investments to one of the Defendant's designated wallets. [12] In addition, Mr. Baker produced a document demonstrating that the Plaintiff personally transferred USDT coin to the value of US\$ 1,000,000 to the Defendant for the purpose of investing in the DAO. The transaction action was reflected on a printout extracted from the Etherscan website, which allows users to view transaction records on the blockchain. It indicates the transaction from the Plaintiffs wallet to the Defendant dated 24 April 2021. He further explained that the Defendant maintained a website displaying wallet holdings, and that these holdings were also visible and can be verified (exhibit P4). He further confirmed that a 2nd transaction of US \$1,000,000- was made to the Defendant by NALU Fund SPC (exhibit P5), an entity in which the Plaintiff initially held a 50% interest and of which he later acquired full ownership. 5

- [13] Mr Baker produced the asset purchase agreement (exhibit P6) between the Plaintiff and NALU Fund SPC, which showed that the Plaintiff acquired the remaining shares on 1 November 2023. This transaction confirmed that the Plaintiff had also acquired the funds that were being held within Integral previously owned by NALU. He also produced the audited accounts of NALU Fund (exhibit P7), covering the period up to its liquidation on 21 October 2023, and noted that the company was ultimately dissolved on 31 December 2024.
- [14] Mr. Baker further produced an extract from Integral's website entitled "IntroducingITGR: Integral's Governance Token." (exhibit P9). This document outlined the nature and purpose of the token, its metrics, the community management protocols, and governance framework, emphasizing that the protocol was intended to be community-led. This document was dated 6 September 2021.
- [15] Another document relied upon by the Plaintiff and produced by Mr Baker was an extraction from the Integral website entitled 'Recap of Professor's Office Hour (Week 7)' (exhibit PIO) in which there is a question entitled "Does the team have anything planned/or ITGR usage? Right now, one can only stake the token-when will the fees be distributed to \$ITGR holders?". According to Mr. Baker, this question was posed in relation to the DAO, and to which the Defendant's representative replied that currently all the trading fees have gone to the integral community treasury, which belongs to the DAO. The DAO would then decide when and how to distribute these funds once it has been established and further gave a reassurance that the team would not touch the funds in the treasury.

- [16] A further document extracted from the website entitled "Recap of Professor's office Hour (Weeks 11 & 12)" (exhibit PH) was tendered in which the Defendant's representative was asked to talk about the protocols cash position and burn rates. According to the recap, the Defendants represented that the monthly burn rate was quite conservative and somewhere between \$120k-160k. The cash position of the community treasury was also shared. It was stated that all the fees that have been collected so far have been used to seed the Uniswap V2 \$ITGR pool. This pool was created with the DAO wallet and holders could view the 6 LP token in the wallet link provided, which was really to show interested parties that they had a wallet set up to collect the fees from the protocol.
- [17] Mr. Baker also produced a screenshot showing that a wallet had been set up to collect trading fees, but no funds had ever been deposited into it. He went on to explain that the token's share price launched in October 2021 at USD 2.90 but soon suffered a dramatic decline, with its current value at USD 0.004. He stated that the intention was for users to invest in the DAO and receive tokens in exchange for their investment. The token was then launched publicly, similar in concept to an IPO, making it available for purchase, with its price expected to rise based on market demand. However, upon launch, the token failed to gain traction, largely because it did not achieve market fit. According to Mr Baker, in such situations, it is common practice for the remaining funds or value to be returned to investors, but in this instance instead of returning the US \$32 million to investors, or what was left, the Defendant failed to take any action and as such investors in this project lost approximately 85% of their investment within the first few months. An extract from CoinMarketCap showing the current market value of \$ITGR as of 10 November 2025 showed that it had lost 99.91 % of its value from the date of launch (exhibit P12).
- [18] Mr. Baker explained that in Seychelles the platforms are not regulated by any central authority which is why the establishment of a DAO is preferable. The DAO would ensure transparency and takes ownership over the assets of the protocol. It decides the direction of the protocol and it receives the fees. Typically, you would in a company setting for example, have knowledge of the identity of the directors behind the company and therefore this builds a level of trust and people are less likely to scam you, or if the assets themselves are placed in multi seed wallets which are controlled by the community. In this instance the Defendant's did not establish the DAO as promised and instead have drained all the funds out of the wallet.
- [19] Mr. Baker further explained that the token can technically be launched without a DAO, but that in this case the investment was made on the express representation and promise that a DAO would be established. That DAO would be run by the community who would in turn be rewarded for managing it by the issuance of tokens. Because the DAO was never set up, the tokens remained under the Defendant's ownership, which is why token holders consistently insisted on the DAO's creation. Although the Defendant repeatedly promised that it would establish the DAO, nothing materialised. It was originally meant to be set up within a year, but the deadline was delayed for various reasons. Mr Baker believed the failure to establish

the DAO eroded investor confidence in both the protocol and the token. Therefore, as the protocol did not function as intended, there was no utility in the platform and instead of returning the funds to those who had invested, the Defendants drained the wallets and many investors ultimately suffered financial loss. [20] He explained that this loss of confidence OCCURRED because the Defendant had failed to fulfil its promises. He confirmed that investors were informed of the token's launch date but however, because their tokens were locked for six months, they were unable to take any action when they first noticed the price crashing. By the time they were permitted to transact with their tokens, the value had already collapsed.

- [21] When asked who should assume responsibility and liability for the failure of the ITGR, Mr. Baker stated that responsibility would fall on "a handful of people," including the developers and those operating Jey Labs. Based on his understanding, this included an individual named Wilson Quinn, who had been involved in the project from its inception. He further mentioned Mitchel Martinez, who was reportedly brought into the project at a later stage. Mr. Baker added that there were also several pseudonymous individuals whom they believe they could identify, although they had no proof. Additionally, he referred to advisers connected to the project, individuals who are named but whose level of involvement remains unclear.
- [22] Mr. Baker stated that the initial seed investment totalled approximately US\$ 32 million. He further noted that, based on the accounts known or accessible to him, only about US\$ 500,000 remained. He confirmed that since the commencement of these court proceedings, the accounts had been further depleted. He produced an extract showing the balance of the wallet into which the investment funds had been deposited, reflecting its balance as of the day of the hearing. He also provided extracts from several other accounts known to belong to the Defendant, showing various balances, including some with a zero balance (exhibit PI3-PI7). [23] A final document extracted from the Integral website entitled "Token Model and Metrics" (exhibit PIS) was produced by Mr Baker. This document laid out the token model whereby it was clearly stated that ITGR holders would have ownership of Integral's governance, community treasury and profit, which did not come to fruition because the DAO was never established, and token holders never obtained full control as promised.
- [24] Mr Baker also produced various communications between the Plaintiff and representatives of Integral (the project owned by the Defendant), in which undertakings were given that DAO would be established in 2022 though no specific date and time were given. Further undertakings were given that the Defendant would keep their promise with the establishment of the DAO, but where of the view that before this could be done, they required the product (\$ITGR) to be robust and needed to continue to build up the treasury so that the DAO would be able to survive and thrive. Upon an examination of the correspondence, it appears that the Defendant's representative kept making up excuses as to why the implementation of the DAO had been pushed back and it appeared to no longer be

their priority despite concerns from investors. (exhibit PI9).

[25] Mr Baker lastly tendered the email exchange between the Plaintiff and his counsel prior to initiation of formal legal proceedings against the Defendant (exhibit P20) and a cover letter which was to be read alongside exhibit P1. [26] To conclude, the Plaintiff is seeking a refund of his investment in the sum of US\$ 2,000,000, together with damages of US\$ 50,000 for breach of contract, misrepresentation, and breach of fiduciary duty. He also claims interest at the commercial rate from the date of his investment until the date of judgment, as well as the costs of the suit. LAW AND ANALYSIS: 9 [27] Despite this being a suit that proceeded ex-parte, this Court is mindful of the maxim as set out in the cases of *Tirant & Drs v Banane'* and *Marie-Ange Pirame v Armano Peri'* of "he who avers must prove", therefore the Plaintiff must establish its case on the balance of probabilities and any evidence outside the pleadings will not translate the said issues into the pleadings or evidence.

[28] Counsel has chosen to ground his case under three causes of action brought cumulatively, namely, breach of contract, misrepresentation and breach of fiduciary duty and despite the usual principle that different causes of action should be pleaded in the alternative, I am of the view that as long as they do not contradict one another, it is common in complex commercial disputes, crypto-investment disputes, and cases involving misuse of investor funds for these causes of action to overlap one another. [29] To succeed in its claim, the Plaintiff must prove the following elements on a balance of probabilities:

- That a contract existed between the parties.
- That the Defendant breached that contract.
- That further misrepresentations were made to the Plaintiff.
- That additionally, the Defendant has breached its fiduciary duties.
- That, because of the breach of contract, misrepresentation and breach of fiduciary duties, the Plaintiff has suffered loss and damages. Breach of contract: [30] The first issue for determination is as to whether there existed a contract between the parties. Pursuant to Article 1134: "Agreements lawfully concluded shall have the force of law for those who have entered into them. I SCA 1977No49page219 2 SCA 16 of2005 10 They shall not be revoked except by mutual consent or for causes which the law authorises. They shall be performed in good faith. "

[31] Article 1135 goes on to state that: "Agreements shall be binding not only in respect of what is expressed therein but also in respect of all the consequences which fairness, practice or the law imply into the obligation in accordance with its nature. "

[32] Under Seychelles law, a contract requires consent, capacity, a lawful object and a lawful cause. In this instance the company issued an open call for investment which can be considered the offer, the Plaintiff then invested the funds (acceptance) for the development of a DAO which would manage a new token, namely \$ITGR (cause) and in return the

company made various representations including that a protocol would be developed and run by a DAO(object). As such I am satisfied that all the pre-requisite conditions for the creation of a contract existed in this instance. [33] Furthermore, although oral testimony alone is insufficient to establish the existence of a contract, if the witness testimony is considered together with the email correspondence, website extracts, and proof of money transfers, they collectively in my opinion provide adequate evidence on a balance of probabilities that a contract did in fact exist between the parties. Misrepresentation:

- [34] Where a party alleges misrepresentation, it must prove that the defendant made a false representation of fact, that the representation was material, that the plaintiff relied upon it when deciding to enter the transaction, and that the plaintiff suffered loss as a result. A representation may arise from statements made during negotiations, marketing materials, or communications intended to induce investment and a deliberate or reckless disregard for the truth may amount to fraudulent misrepresentation. 11 [35] In the present case, the representations made by the Defendant, including that investor funds would be used exclusively for the establishment and operation of a DAO, formed a material part of the inducement upon which the Plaintiff relied when deciding to invest US\$ 2,000,000. The evidence shows that the Defendant repeatedly affirmed, through marketing videos, website publications, social-media posts, and direct communications, that a DAO would be created to ensure transparent governance and community control over the protocol's treasury. The documents titled "Introducing ITGR," "Token Model and Metrics," and the "Professor's Office Hour Recaps" reinforce that the DAO was represented as central to the project's design and essential to token-holder rights. [36] Despite these representations, the Defendant failed to establish the DAO within the promised timeframe and, on the evidence before the Court, has not established it at all. The unchallenged testimony indicates that the Defendant continued to postpone implementation, offering shifting explanations and assurances while investor concerns grew. Ultimately, I am satisfied that the Defendant's conduct was inconsistent with the agreed purpose for which funds had been raised. [37] Therefore based on the uncontested evidence presented by the Plaintiff, it has been proven that the Defendant made multiple representations, specifically, that the protocol would be operated by a DAO. It was on the strength of these representations that the Plaintiff chose to invest US\$ 2 million into the protocol. The Defendant, however, failed to establish the DAO, and that this failure constitutes not only a breach of the Defendant's contractual obligations but also amount to misrepresentation. Breach of fiduciary duties: [38] In addition, where funds are entrusted to a party for a defined purpose, particularly in circumstances involving investor contributions and promises of transparent stewardship, equitable obligations may arise. A failure to use those funds for the agreed purpose, or to provide transparent accounting where such is promised, may constitute a breach of fiduciary or quasi-fiduciary duty. 12 [39] In Seychelles, although the Civil Code governs the general law of obligations, the Courts have through the Trusts Act 2021 ('the Act') recognized the existence and recognition of express trusts. Under section 3 (1) a trust exists where a person known as a trustee, holds property for the benefit of one or more beneficiaries (emphasis mine) which

would result in fiduciary obligations on the trustee who holds the funds. [40] The present circumstances would not align with creation of an express trust because the DAO was never established and the ownership of the tokens remained with the Defendant. If, however the equitable remedies of trust law were applicable without our jurisdiction, then the investment made by the Plaintiff could be said to have been held by the Defendant on 'constructive trust'. The principal of 'constructive trust' is not available under local statute but remains an equitable consideration. The Court in this instance needs to decide whether to recognise the principal of 'constructive trust', and in turn acknowledge the Plaintiffs claim of breach of fiduciary duties. [41] The article 'Common Law Equity in a Civil Law Country' by Ah Angelo and Ashleigh Allan provides an interesting read, and discusses whether the trust of England may be able to operate in Seychelles. The basis provision for any Chancery-like jurisdiction of the courts of Seychelles is section 6 of the Courts Act which states as follows: 'The Supreme Court shall continue to be a Court of Equity and is hereby invested with powers, authority, and jurisdiction to administer justice and do all acts for the due execution of such equitable jurisdiction in all cases where no sufficient legal remedy is provided by the law of Seychelles.' [42] I have considered the parameters of this section in order to determine whether it can be used by the courts to introduce the Common Law trust in these circumstances. Section 6 has in practice generally been limited to procedural matters and remedies, and the courts have consistently denied its application to support the introduction of the trust concept. In the case of *Hallock v D'Offay*,⁴ the COUliof Appeal upheld the trial court's findings and 3 Angelo, Anthony H. and Allan, Ashleigh, *Common Law Equity in a Civil Law Country* (2013).⁴⁴ (3/4) VUWLR 427-438, Available at SSRN: <https://ssrn.com/abstract=2736676> 4 (1983-1987) 3 SCAR (Vol I) 295. 13 unanimously rejected the appellant's alternative argument that the English doctrine of constructive trusts should apply in our jurisdiction whereby it was held that: "it is generally accepted that the law of trusts has no place in Seychelles..." [43] Over the years all the opportunities for review of this position have been in relation to disputes involving concubines and the issue of matrimonial property upon separation and these matters have now been addressed thanks to the substantial amendment brought about by the Civil Code 2020 of Seychelles ('the Code'). The courts prior to the 2020 amendments had determined that it may use its equitable powers under section 6 of the Courts Act, in addition to jurisdiction from statute, to make property orders in the interest of justices. This jurisprudence suggests that the Supreme COUlt was willing to extend the equitable jurisdiction to do justice, whilst the Court of Appeal's approach tends to restrict equity to situations where there was no other cause of action (emphasis mine). Equity was rarely available for concubines seeking property division orders, as in most cases an alternative remedy could be found in unjust enrichment or quasi-contract. [44] The different approaches taken by the courts in the past can be explained by different interpretations of the phrase "where no sufficient legal remedy is provided by the law of Seychelles". Sauzier J took a broad view that the current remedies used to protect concubines were inadequate. The Court of Appeal had however adopted the narrower interpretation in that the court is precluded from using section 6 when 'any remedy is available' but that there may however be cases where quasi-contract, unjust enrichment or

Article 555 of the Code cannot be made out and in those instances the Court of Appeal would use section 6 to provide an equitable solution. [45] Considering the academic discussion as laid out above, I am of the view that the same principles should be applied in the recent increase of cases involving either the misuse of funds invested in cryptocurrency projects or the misappropriation of crypto-currency traced to platforms registered to Seychelles IBC's. The evolution of block chain-based investments has generated a growing number of disputes in which cryptocurrency investors 5 Mathiot v Mathiot sse 10511994; Florentine v Florentine SCA 4/1990, 12 April 1991; Renaud v Renaud SCA 4811998, 22 April 1999. 14 or token-holders allege that digital assets or invested funds have been misappropriated, diverted, or otherwise retained in circumstances inconsistent with the representations made at the time of investment. Many international crypto platforms are structured as Seychelles IBCs, and investors frequently contend that their assets were held "on trust" for them, or that the platform operators assumed fiduciary-type responsibilities. These cases present a novel challenge for the Seychelles courts as they fall outside the traditional categories of fiduciary law, yet the legal framework which is rooted in our civil code with limited provisions on digital assets does not always provide adequate remedies for restoring misapplied cryptocurrency or enforcing proprietary claims over tokens. [46] The analysis at paragraphs [41]-[44] above demonstrates that although the doctrine of 'constructive trusts' does not form part of Seychelles law, and although the English law of trusts cannot be imported wholesale, section 6 of the Courts Act nevertheless preserves a carefully bounded equitable jurisdiction and that this jurisdiction may be exercised only where no sufficient legal remedy exists, but where that threshold is satisfied, the Court retains the capacity to fashion equitable responses to prevent injustice. [47] In the context of cryptocurrency investments, there may be situations where contractual remedies are unavailable, insufficient, or defeated by the anonymity, decentralisation, or cross-border nature of block chain transactions. Likewise, unjust enrichment or quasi contract may not always be apt where the investor's claim is not merely personal but proprietary, i.e. that identifiable digital assets or their traceable proceeds continue to belong to the investor. Where investors have transferred substantial sums for a specific purpose, such as the creation of a DAO, the establishment of a community treasury, or the management of pooled liquidity, and the platform operator retains those assets after the project collapses or the purpose is abandoned, the rigid application of legal remedies may fail to provide restitution or proprietary recovery. I am therefore of the opinion that it would be in such circumstances that section 6 may properly be invoked. [48] The Supreme Court must ask itself whether, being consistent with the jurisprudence in Hallock, the recognition of a constructive-trust-type remedy amounts to the importation of foreign substantive trust law (which is impermissible), or whether it simply reflects the Court's equitable power to prevent unjust retention of assets in situations where the law 15 provides no sufficient remedy. The latter of which is in my view permissible in the circumstances of this case because ultimately the equitable imposition of a 'constructive trust' does not depend on adopting the English law of trusts, but rather on recognising that where property, whether fiat currency or cryptocurrency tokens has been obtained on the basis of a defined purpose, and it would be

unconscionable for the holder to retain it once that purpose fails, the Court may declare that the property is held for the benefit of the person who provided it. [49] The misappropriation of cryptocurrency or DAO-related funds therefore presents a paradigmatic instance in which section 6 may justify equitable relief. The nature of digital assets means that recovery often requires a proprietary remedy such as where the investors seek the return of their specific tokens, or the traceable value of those tokens, rather than compensatory damages alone. If the Defendant, having solicited funds on the express assurance that they would be used to establish a DAO, and operate a transparent treasury, instead retained or dissipated those assets, then the absence of an express trust does not preclude the Court from recognising that circumstances may give rise to a fiduciary duty and thus may hold the Defendant accountable for breach of these duties. [50] Thus, while the COULi must respect the limitations articulated in Hallock supra so as to avoid importing substantive English trust law into our jurisdiction, I am satisfied that the equitable jurisdiction preserved by section 6 of the Courts Act remains sufficiently flexible to address new and technologically complex forms of wrongdoing. As cryptocurrency cases continue to emerge, I am of the view that the Court may, in appropriate circumstances, recognise constructive-trust-like remedies in cases involving crypto currency specifically where no adequate legal remedy exists. We must remember as judicial officers, that equity does not expand to displace the law, but it ensures that the law does not fail where justice demands intervention. Therefore, in this instance, I am prepared to recognise that the tokens though assigned to the Plaintiff remained the ownership of the Defendant, and as such the Defendant had a fiduciary duty to Plaintiff to ensure the proper management of those tokens. Loss and damage: 16 [51] The financial evidence, including the wallet extracts (P13- P17), shows that substantial sums originally amounting to approximately US\$ 32 million in seed investments were either depleted or diverted, with only a fraction remaining. No credible accounting was provided to investors, and the Defendant failed to place the treasury funds in a multi signature wallet as requested, contrary to the transparency commitments made. As a direct consequence of the Defendant's failure to create the DAO and properly manage the project treasury, investor confidence deteriorated. The \$ITGR token, which launched at approximately US\$ 2.90, crashed rapidly and now holds a value of US\$ 0.004, representing a loss of 99.91 % from launch (exhibit P12) and the Plaintiff, whose tokens were locked for six months, was unable to mitigate his loss during the critical period of decline. [52] The Plaintiff has proven that it relied on the Defendant's representations and that those representations were material to his decision to invest. Furthermore, the Defendant failed to fulfil the promised undertaking and its non-performance amounts to a breach of contract. Additionally, the continuing assurances given despite the Defendant's apparent inability or unwillingness to establish the DAO constitute misrepresentation and a breach of its fiduciary duties to the Plaintiff as it continued to retain ownership of the tokens. [53] In the present circumstances, I am satisfied that due to the mismanagement of the protocol and funds the Plaintiff has suffered loss and damage. Article 1142 to 1149 cover damages including for failure to perform an obligation, and provides that: Article 1142: "Every obligation to do or to refrain (from doing something) shall give rise to damages if the debtor fails to perform it." Article 1147: "The

debtor shall be ordered to pay damages, perform the obligation or by reason of his delay in the performance, provided that he is unable to prove that his failure to perform is due to a cause which cannot be imputed to him and that in this respect he was not in bad faith. " if any, either by reason of this failure to Article 1149: 17 the loss that he has "1. The damages which are due to the creditor cover in general sustained and the profit of which he has been deprived, except as provided hereafter.

2. Damages shall also be recoverable (or an)! injury to or loss of (rights of) personality. These include rights which cannot be measured in money such as pain and suffering, and aesthetic loss and the loss of (any of) the amenities of life.
3. The damages payable under paragraphs J and 2 of (this article, and as provided in the following articles, shall apply)! as appropriate to the breach of contract and the activity of the victim.
4. In the case of delicts, the award of damages may take the form of a lump sum or a periodic payment. In the latter case, the Court may order that the rate of the payments should be pegged to some recognised index, such as the cost of living index or other index appropriate to the activity of the victim."

[54] After considering the uncontroverted testimony on the Plaintiff's witness, I am satisfied that the Plaintiff has proven its monetary claim for damages.

CONCLUSION:

[55] Based on the totality of the evidence, the Court finds that the Plaintiff has established, on a balance of probabilities, that a binding contract existed between the parties, that the Defendant breached its contractual obligations by failing to establish the DAO and by failing to apply investor funds for the agreed purpose, that the Defendant made material misrepresentations which induced the Plaintiff's investment, and the Plaintiff suffered loss and damage as a result of the Defendant's breach and misrepresentations.

[56] Accordingly, on a balance of probabilities I find in favour of the Plaintiff and enter judgment in its favour.

ORDERS:

[57] This Court makes the following orders:

- (i) The Defendant is ordered to refund to the Plaintiff its investment in the sum of US\$ 2,000,000-; (ii) The Defendant is ordered to pay to the Plaintiff damages in the sum of US\$ 50,000-; 18 (iii) The above sums are to be paid with interest at the commercial rate from the date of the Plaintiff's investment until the date of judgment; and (iv) costs of this suit.
- Signed, dated and delivered at Ile du Port on 13th January 2026 N. Burian J 19

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Prepared on 24 October 2026 · Esheria