

# Tech Investing: Risk Assessment

New technologies rapidly conquer existing markets. Blockchain technology, as an example of distributed ledger technology (DLT), fascinates but also bears significant risks for investors at the same time. Both sophisticated investors and consumers face the same risks. However, the legal questions and consequences differ.

We know the risks. We identify risks. We know the law and its consequences.

Follow us.

## ■ What we can do for you

Blockchain applications are manifold, extending from Decentralized Finance (“DeFi”) to (M2M) communication and dispute resolution platforms (“decentralized court”), up to B2B service networks, in which companies settle their business transactions. Yet no application has outgrown the phase of experimenting and development. Therefore many DeFi software service providers want to minimize their liability for occurring damages. Often they try to shift the compliance and responsibility to the users by employing corresponding terms and conditions. Yet it is the users who do not understand in full what is the subject of the contract(s).

In addition, there are offers that only experts can identify as “scams“: Hardly any sophisticated investor is able to tell that an endorsed technological innovation is actually impossible to realize.

Our risk assessment offer in the context of professional technology-related investment projects primarily entails the following parameters

- Technical feasibility
- Handling well-known technical problems
- Legal feasibility
- Escaping liability
- Creating fears and pressure (FOMO)
- FUD activities
- Advertisements disguised as journalistic information
- Intentional use of ambiguous language
- Violations of copy and image rights
- Deception by design

This basic selection of guidelines derives from our experience gained throughout many years of advising and observing.

If we are concerned with the trustworthiness of an offer, we will inform you. We take into account that human mistakes are part of the equation and therefore always need to be considered, instead of simply trusting pre-set parameters. Only the overall analysis shows the existing risks which need to be borne in mind.

## ■ Global coverage

At Dentons, we bring together top tier talent found at the intersection of geography, industry knowledge and substantive legal expertise. Driven to provide clients a competitive edge, and connected to the communities where our clients want to do business, we know that understanding local cultures is crucial to successfully completing a deal, resolving a dispute or solving a business challenge. By leveraging on our unique global coverage with more than 180 offices in over 70 countries, our teams provides modern, customized solutions to meet the local, national and global needs of clients of all sizes - from the private and public sectors.

What characterizes Dentons as a law firm? We are the only law firm in the world which is represented on all continents and in all economic and financial hubs. Our polycentric approach assures an identical level of service quality around the globe while at the same time the legal and cultural particularities of each jurisdiction are taken into account. Thanks to close cooperation with our global colleagues we are aware of different legal cultures and in serving your needs we always see the big picture.



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