

US regulators block Telegram from raising funds through cryptocurrency

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Messaging app Telegram has 300 million monthly users worldwide and raised more than \$1.7 billion in funds in the US and overseas through a cryptocurrency issue

US securities regulators won an emergency court order Friday to block the messaging application Telegram Group from raising funds by selling unregistered cryptocurrency to investors.

The US Securities and Exchange Commission said Telegram sold 2.9 billion digital tokens called "Grams" without registering the tokens as securities and disclosing risks to investors.

The company, whose encrypted messaging program Messenger has some 300 million monthly users worldwide, raised more than \$1.7 billion in funds from US and overseas investors.

The SEC said in a complaint filed in US District Court in New York that Telegram had planned for the Grams to be delivered to consumers by the end of October.

Purchasers of the Grams would then be able to resell them on the open market in sales that would be facilitated by Telegram and its affiliates, the

SEC said.

"Defendants plan to sell billions of securities that will quickly come to rest in the hands of US investors without providing those investors [important information](#) about their [business operations](#), financial condition, [risk factors](#) and management," the SEC complaint said.

The SEC requested a temporary restraining order saying "once Grams reach the public markets, it will be virtually impossible to unwind the Offering, given that many purchasers' identities will be shrouded in secrecy, and given the variety of unregulated markets where Grams may be sold, including platforms that promise anonymity and encryption capability to mask transactions."

The SEC in the past year has ramped up its efforts to combat companies raising funds through questionable digital currencies, which it said are ripe for potential fraud.

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