

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### Suing Celebrities for FTX Crypto Losses

By: [www.ProfitableInvestingTips.com](http://www.ProfitableInvestingTips.com)

The last year has been so bad for crypto currencies that it is commonly referred to as the [crypto winter](#). For many who have invested in cryptocurrencies or done business in the crypto realm it just got a lot worse with the [financial collapse](#) of the FTX crypto exchange and about 100 of its allied businesses, all of whom are seeking Chapter 11 protection in bankruptcy court. Not only did the FTX token, FTT, take a nosedive but Bitcoin and the rest of the crypto world fell to the [next price plateau](#) in their downward price spiral. Folks who loaned money to FTX or its subsidiaries are lining up in bankruptcy court to seek to reduce their losses. Meanwhile, folks who simply bought the FTT token are suing celebrities for FTX crypto losses.

### Celebrities Who Promoted FTX Subject to Lawsuits

So, you lose money in an investment and you can sue your favorite movie star, football players, or rock star for damages? It turns out that you can if they promoted FTX, took money or something of value for doing the promoting, and did not mention during their promotion efforts that they were paid to say the nice things they said about the cryptocurrency. *Bloomberg* reports that [celebrity promoters](#) may be liable for damages due to promoting FTX. There is even recent precedent for cases of [celebrities illegally promoting](#) cryptocurrencies. In the *Bloomberg* article they go through the specifics of what is required to succeed in one's quest to get Tom Brady, Shaq, Gisele Bundchen, or Stephen Curry to pay for your investing mistakes.

### Is There Enough Evidence to Win an FTX Lawsuit Against a Given Celebrity?

Strictly speaking, in order to win money in a lawsuit a person needs to demonstrate that first of all they were hurt, damaged, or lost money. They need to show how the person they are suing directly caused such harm. And they need to show that what the person they are suing did was wrong. In the legal world this is tort law. The University of Memphis Law Review in 2008 wrote about [The Tort of Giving Negligent Investment Advice](#). You can download and wade through the article if you like but the basis of tort law in this arenas is that a person is presenting themselves as someone with expertise who can be trusted to give honest and competent advice. When such a person is getting paid by a third party to essentially read a script, they become liable for damages if a person follows their advice. They can stay out of trouble by clearly stating that they were paid to read a script and that they lack any expertise in the matter in question. In many such promotions by celebrities they start by saying they are not an expert but that they and many of their friends have had great experiences by investing in FTX or whatever they are promoting. Then the jury gets to decide if the person seeking damages ever saw the ad by the celebrity and if there was even a grain of truth in what the celebrity said about their personal experiences.

### Real World Expectations Regarding Celebrity FTX Lawsuits

The sort of lawsuit filed against someone like Tom Brady or Shaq is typically a class action suit in which a large,

well-financed law firm takes as many cases as it can, all on a contingency fee. The lawyer only gets paid if the clients recover something. Such law firms are skillful, patient, and willing to make deals to get the most profit for as little effort as they can. The individual celebrities, however, will have to pay their lawyers every step of the way. Thus, a common outcome in such lawsuits is for the lawyers to come to a settlement before going to court and, commonly, for that settlement to include everyone who has a complaint against the celebrity who is now, hopefully, wiser for the experience. The reason that celebrities are targets is that they are expected to be rich and not to want adverse publicity. Not uncommonly the folks with the deepest pockets are included in as many lawsuits as possible in efforts to maximize recovery for injured parties even when those supposedly injured parties never saw any of the promotions mentioned and did not even like or trust the celebrity in question.

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