simpluris

Groundbreaking Legal Notice
Leveraging Web3 and Blockchain Advertising

Introduction

The Next-Generation of Internet

Today, **two out of three American adults say they are familiar with cryptocurrency**, and both consumer awareness and market access continue to grow—especially with Bitcoin surpassing $100,000. It's estimated that **28% of American adults—about 65 million people—now own cryptocurrency**[1]. As digital adoption accelerates, a parallel trend has emerged: an increase in crypto-related securities matters, particularly involving allegations of unregistered securities offerings and decentralized finance (DeFi) transactions.

With this surge in blockchain activity and litigation, legal professionals must adapt to new communication channels that reflect how people engage online. Traditional legal notice methods—like direct mail, email, newspaper ads, and static settlement websites—can be ineffective in reaching modern, decentralized communities where anonymity and peer-to-peer transactions are the norm. Enter Web3 blockchain advertising—a cutting-edge solution that enables claims administrators to reach anonymous and decentralized claimants directly on-chain. Through tools like non-transferable NFTs, token-gated portals, and smart contract-based engagement, we can now deliver secure, verifiable, and highly targeted legal notice like never before.

Simpluris was the **first to deploy this strategy** in a real-world legal settlement—**the FEI Labs case**[2] — setting a precedent for how blockchain-native legal notice can be applied.

Want to Know More About the Web3 Environment?

Learn More

Is all this new to you? Explore key term definitions and answers to common questions about blockchain, crypto, and decentralized technology.

See page 6

[1] Source: Security.org 2024 Cryptocurrency Consumer Report
[2] Shomroni v Fei Labs Inc.

The Challenge with Traditional Legal Notice

In traditional legal settlements, reaching class members can be relatively straightforward: financial institutions, brokers, or companies maintain customer contact records, allowing administrators to send direct notices via mail, email, or text.

However, Web3 communities operate differently:

- **No Central Registry** – Many Web3 participants remain anonymous, with no personally identifiable information (PII) tied to their transactions. Email or mailing addresses are often unavailable, making traditional notice impractical.
- **Wallet Visibility** – In crypto cases, the one consistent data point is that transactions occur on public blockchains so all affected wallet addresses are publicly recorded on the blockchain. This enables precise targeting but requires blockchain-native delivery methods.
- **Global and Decentralized** – Crypto users span multiple jurisdictions, making traditional legal notice methods impractical.

> **When available, we still prioritize mail or email first, but in many crypto cases, that's not an option.**

Case Study: FEI Labs Settlement

One of the first real-world applications of Web3 blockchain advertising for legal notice was the FEI Labs settlement. This case involved:

- **17,000 anonymous wallets** as potential claimants.
- No available contact information—only blockchain transaction data.
- A **Web3-native legal notice and claims process**, including:
  - **NFT-based notices** delivered directly to wallets in conjunction with Web3 Community-Based Media Strategy
  - **Token-gated claims submission** for fraud prevention.
  - **Wallet-Connected API** to seamlessly verify eligibility and facilitate claims

Results:

- **100% Digital Participation** – No paper claims were submitted.
- **Successful Notice of 17,000 Wallets** – Ensured claimants were directly reached on-chain.
- **First-of-Its-Kind Legal Notice Approach** – Pioneered the use of blockchain-native advertising for legal notice.

The Four Pillars of Blockchain-Based Legal Notice

To address these challenges, we built and successfully deployed a proven Web3-first framework, grounded in four essential pillars of blockchain-based legal notice:

1. Notice

On-Chain Transparency & Legal Verifiability

Blockchain-based legal notice offers an added layer of transparency and legal defensibility. The legal notice can be recorded directly on the blockchain, creating a permanent, public record. This means anyone—including courts and regulators—can see exactly when the notice was sent and which wallets

received it. The information is time-stamped, cannot be changed, and remains available for anyone to verify.

Administrators also have the option to require recipients to sign a transaction with their wallet to acknowledge receipt of the NFT notice. This creates an added layer of verifiability by generating an on-chain proof that the class member not only received but engaged with the notice. Courts and regulators can independently review this public record as further confirmation that the notice process was executed properly. These mechanisms bring a new level of auditability and public accountability to legal notice in the Web3 space.

The first and most critical component of blockchain-based legal notice is the delivery of the notice itself. In traditional cases, the preferred approach is always to begin with direct mail or email when contact information is available. However, in crypto-related settlements, this data is often not collected at the time of the transaction. As a result, notice must be reimagined to reach class members in the digital environments they
use most.

Targeting by Wallet Address

With blockchain, all wallet addresses involved in a transaction are publicly recorded. This presents a unique opportunity: while we may not know a class member's name or email, we can see their wallet address and target that directly. Our primary method is through the use of non-transferable NFTs. These digital tokens are airdropped to affected wallets and contain embedded case details, eligibility criteria, and links to the claim submission portal.

NFT Delivery Considerations

While highly effective, NFT delivery alone is not foolproof. There are important technical factors to consider when relying on this method alone. Some crypto wallets automatically filter airdropped NFTs into "hidden" or "junk" folders to protect users from spam. This means that even if a legal notice NFT is successfully sent to a wallet, the user might not immediately see it or may overlook it altogether. As a result, simply delivering an NFT does not guarantee that the class member will be aware of the notice. Because of this, NFT legal notice should be paired with a broader community media strategy.

Web3 Community-Based Notice Strategy

To ensure the notice reaches its intended audience, we layer in outreach across the platforms where crypto communities are most active:

- **Discord and Telegram** – In FEI Labs, we worked with the defendant to reactivate and post notice through their official Discord server, providing visibility within communities where token holders were already engaged. Telegram, another common channel for crypto communities, can be used in a similar way.
- **X (formerly Twitter) and Reddit** – Ads are promoted and shared on accounts and threads where many NFT collections and crypto projects engage their communities.
- **Crypto News Websites** – Ads are placed on a curated whitelist of top crypto news sites to target relevant users based on contextual alignment.

Taken together, NFT delivery combined with a broader community outreach plan ensures that the notice is not only technically delivered, but actually seen and understood by the greatest number of affected users.

2. Wallet and Exchange-Connected API

Simpluris' solution integrates an API connection allowing both digital wallets and centralized exchanges into the claims platform to authenticate users and verify their eligibility for the settlement. When a user connects their wallet or exchange, the API automatically retrieves relevant transaction data associated with the case, confirming whether the claimant meets the eligibility criteria.

Token-Gated Access

To further strengthen the verification process, we incorporate token-gated access. This means that only wallets that hold the settlement NFT or show qualifying transaction activity are able to proceed to the claims portal. Token-gating helps prevent fraudulent claims while respecting the privacy of blockchain users, who often operate without traditional personal identifiers.

Once authenticated, users are presented with a personalized dashboard that displays their historical activity with the applicable tokens—such as purchases, sales, or transfers. This streamlined interface eliminates the need for manual documentation or complex lookup steps.

Recognizing that some users may have lost access to their original wallets, we also provided an option for manual entry of transaction details. Through this pathway, class members could submit documentation or information to verify their eligibility, ensuring that no rightful claimant was excluded simply because they no longer controlled the wallet address associated with their transactions.

Multi-Wallet Linking

Our platform also supports multi-wallet linking, allowing claimants to connect multiple addresses that may have interacted with the tokens in question. This ensures comprehensive coverage for users who manage their assets across more than one wallet, consolidating all eligible holdings into a single claim submission experience.

3. Claims

Secure, Web-Based Claim Portals

Once a user's wallet has been verified through token ownership or transaction history, they gain access to a secure, web-based claims portal. This streamlined interface allows claimants to submit their claims entirely online without the need for traditional paperwork.

Built-In Fraud Protection

All claims are restricted to wallets that meet the established eligibility criteria. By requiring token-based verification, the system helps to ensure that only legitimate class members can participate. This reduces the risk of fraudulent filings and simplifies the review process for administrators.

Optimized for User Experience

The process is designed with user convenience in mind—there are no passwords to remember and no physical forms to fill out. Once connected, users can view their eligibility, submit claims, and receive confirmation with just a few clicks. The result is a more intuitive and accessible experience for class members accustomed to Web3 platforms.

4. Payment

The final pillar of blockchain-based legal notice is the administration of payment to eligible claimants. Our process includes a range of **flexible distribution options**, including both traditional checks and modern digital methods such as ACH, PayPal, Zelle, and—where legally permissible—cryptocurrency payments. This ensures that claimants have access to funds in a manner that is secure, traceable, and suited to their preferred method of receiving money.

Global accessibility is especially important in crypto-related settlements, as many class members reside outside the United States. For these individuals, traditional mail delivery may be unreliable, expensive, or unavailable altogether. Offering digital payment options ensures timely delivery of settlement benefits regardless of geographic location.

Compliance Screening

All payments are compliance-screened prior to distribution. This includes evaluating each wallet address for potential sanctions violations or interactions with known laundering services. In accordance with regulatory best practices, we apply OFAC compliance standards and screen wallets against government-issued sanctions lists to prevent funds from being sent to restricted or high-risk addresses. This rigorous compliance layer not only protects the integrity of the claims process but also demonstrates good faith to courts and regulatory authorities overseeing blockchain-based settlements.

The Future of Legal Notice with Web3 Advertising

The success of blockchain-based legal notice in the FEI Labs settlement demonstrates the potential of Web3 advertising for claims administration. As crypto adoption grows and decentralized communities become more prevalent, legal professionals must adapt their notice strategies to meet claimants where they are—on-chain and in Web3 spaces.

By embracing a framework built around NFT notice, wallet-connected verification, secure claims intake, and modern payout options, legal notice can become more effective, targeted, and compliant in the digital age. The future of legal notice isn't just digital—it's decentralized.

Want to Know More About the Web3 Environment?

Understanding the difference between blockchain, crypto, and other key concepts is essential for navigating legal notice in Web3 spaces. Below are some fundamental terms:

Web3

Web3 refers to the next generation of the internet, where users have more control over their data, identity, and digital assets. Unlike Web2 (the current internet, dominated by centralized platforms like Google and Facebook), **Web3 is built on blockchain technology,** enabling peer-to-peer transactions, smart contracts, and user ownership without relying on traditional intermediaries.

Blockchain

Blockchain is a digital ledger that records transactions across multiple computers. It is typically decentralized, meaning no single authority owns or controls it. Because the data is stored on many computers instead of one central server, it remains secure, transparent, and unchangeable (immutable). The blockchain is managed by peer-to-peer networks of computers running free, open-source software that anyone may use. Blockchains are the foundation for cryptocurrencies, NFTs, smart contracts, and decentralized applications (dApps).

How do I interact with Web3 applications (dApps)?

To interact with **decentralized applications (dApps)**, you need a **Web3 wallet** like **MetaMask, Trust Wallet, or Coinbase Wallet.** These wallets allow you to connect to dApps directly from your browser or mobile device.

Steps to interact with dApps:

1. **Get a Web3 Wallet** – Install a non-custodial wallet like MetaMask.
2. **Fund Your Wallet** – Purchase or transfer **cryptocurrency** (e.g., Ethereum for Ethereum-based dApps).
3. **Connect to a dApp** – Visit a dApp and click **"Connect Wallet"** to authenticate.
4. **Use the dApp** – Depending on the dApp, you can trade tokens, stake assets, play blockchain games, or use DeFi services.

Cryptocurrency (Crypto)

Cryptocurrency, or crypto, refers to digital currencies that use blockchain technology to enable secure transactions over the internet. Crypto is decentralized, meaning you can transfer value online without relying on a middleman like a bank.

Well-known cryptocurrencies include Bitcoin and Ethereum. Each cryptocurrency operates on its own blockchain, which is a continuously updated and verified digital ledger that records every transaction ever made using that currency.

Note: While the term "crypto" is often used interchangeably to describe anything blockchain-related, this is not technically correct—blockchain technology extends beyond cryptocurrencies and is also used for NFTs, smart contracts, and decentralized applications (dApps).

Decentralized

A system is **decentralized** when it is not controlled by a single authority but instead operates across a distributed network. In decentralized networks like blockchain, decisions are often made by a community rather than a central entity. This can be achieved through **governance tokens**, voting mechanisms, or consensus protocols, allowing users to collectively influence changes and updates to the system.

Who makes decisions in a decentralized network?

Decisions in a decentralized network are typically made by the community of participants rather than a central authority.

- **Proof-of-Work (PoW) & Proof-of-Stake (PoS) Networks** – Decisions are made by **miners** or **validators** who maintain the network.
- **Governance Tokens** – Some blockchains allow token holders to vote on upgrades and rules (e.g., Uniswap holders vote on protocol changes).
- **DAOs (Decentralized Autonomous Organizations)** – Fully decentralized organizations that operate based on **community voting** and **smart contracts.**

Can a decentralized system still be regulated?

Yes, governments are actively working on **regulating decentralized systems**, but enforcement is challenging due to their global nature.

- **Crypto exchanges & wallets** – Many require **Know Your Customer (KYC) compliance.**
- **Smart contract regulations** – Some governments are imposing rules on DeFi protocols.
- **Taxation** – Crypto transactions are subject to capital gains tax in many countries.
- **Blacklisted wallets** – Governments can block access to services for wallets associated with illicit activities.

Decentralization **does not mean lawless**—governments can regulate the **entry and exit points** where people **convert crypto into fiat** (traditional money).

What Are Common Enforcement Actions in Crypto and Web3?

As the crypto industry grows, regulators have increasingly taken enforcement actions against blockchain projects, exchanges, and token issuers. Some of the most common enforcement actions include:

- **Unregistered Securities (Violating the Securities Act of 1933)** – If a token is classified as a security under the **Howey Test**, it must be registered with the **SEC (Securities and Exchange Commission)**. Many crypto projects have faced lawsuits for selling tokens to investors **without proper registration**, claiming they were utility tokens instead of securities.
    - **Example**: The SEC and others have pursued cases against projects that raised money through **Initial Coin Offerings (ICOs**) or token sales without complying with securities regulations.
    - **Case Example:** Shomroni v Fei Labs Inc.
- **Fraud & Misrepresentation** – Some crypto projects mislead investors about the nature of their tokens, partnerships, or potential returns, leading to enforcement actions for fraud.

    - **Example**: The SEC and other agencies have charged projects that falsely promised **guaranteed investment returns** or misrepresented how funds would be used.
- **Failure to Comply with Anti-Money Laundering (AML) and Know Your Customer (KYC) Laws** – Crypto exchanges and financial platforms are required to follow AML and KYC regulations to prevent illegal activities such as money laundering and terrorist financing.
    - **Example**: Some DeFi platforms have faced scrutiny for allowing anonymous transactions without proper KYC measures.
- **Market Manipulation & Insider Trading** – Regulators have cracked down on **wash trading, pump-and-dump schemes, and insider trading** within the crypto markets.
    - **Example**: Individuals who trade on non-public information about upcoming token listings or protocol changes have been charged with insider trading.

As regulatory oversight increases, crypto projects must ensure compliance with securities laws, consumer protection laws, and financial regulations to avoid enforcement actions.

Wallet

A wallet is a digital tool that allows users to store and manage cryptocurrencies, NFTs, and other blockchain-based assets. Wallets can be:

- **Self-custodied** – Controlled by the user without reliance on a third party (e.g., MetaMask, Ledger).
- **Custodial (hosted by an exchange)** – Managed by platforms like Coinbase or Gemini, which hold assets on the user's behalf.

Are crypto wallets anonymous?

Crypto wallets are pseudonymous, meaning they do not reveal a person's real identity but can be traced on the blockchain.

- **Public blockchains** – All transactions are recorded and viewable by anyone.
- **Privacy coins (like Monero)** – Offer greater anonymity by obscuring transaction details.
- **Regulated exchanges** – Require identity verification (KYC), linking wallet addresses to individuals.

Authorities can trace transactions back to real identities if they **analyze blockchain data** or use legal measures against exchanges.

Token

A token is a digital asset that exists on a blockchain. Tokens can be:

- **Fungible (interchangeable)** – Like cryptocurrencies (Bitcoin, Ethereum), where each unit is identical in value.
- **Non-Fungible (unique)** – Like NFTs, which represent ownership of distinct assets such as art or virtual goods.

What's the difference between a cryptocurrency and a token?

- **Cryptocurrency** – A digital currency with its own blockchain (e.g., Bitcoin, Ethereum).
- **Token** – A digital asset that runs **on top of another blockchain** (e.g., USDC on Ethereum).

Think of a **cryptocurrency as the base layer**, and **tokens as assets that operate on existing blockchains.**

What are ERC-20 and ERC-721 tokens?

- **ERC-20** – The standard for **fungible tokens** (interchangeable, like cryptocurrencies).
- **ERC-721** – The standard for **non-fungible tokens (NFTs)**, which are unique and cannot be exchanged 1:1.

Both standards run on **Ethereum** and define how tokens behave on the blockchain.

NFT (Non-Fungible Token)

An NFT is a type of **blockchain-based token** that represents a unique digital asset. Unlike cryptocurrencies, which are interchangeable, each NFT has distinct properties and cannot be replaced with another NFT. NFTs are commonly used for digital art, collectibles, music, and even legal documents.

How Can a Legal Notice Be Delivered via NFT?

Legal notices can be delivered via **Non-Fungible Tokens (NFTs)** by leveraging blockchain technology to ensure **secure, verifiable, and tamper-proof** delivery. This method is particularly useful in **Web3 environments**, where traditional legal notice methods (email, postal mail, newspaper ads) are ineffective in reaching **anonymous, decentralized communities.**

Want to Learn More About Class Notice Using NFTs?

Our team specializes in **Web3-native legal notice solutions** designed to reach decentralized communities effectively. **Contact us today** to explore how NFTs and blockchain technology can enhance your legal notice strategy.

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