

Before the Arbiter for Financial Services

Case ASF 157/2025

EW

(‘the Complainant’)

vs

Foris DAX MT Limited

(Reg. No. C 88392)

(‘Foris’ or ‘the Service Provider’)

Sitting of 31 December 2025

The Arbiter,

Having seen the Complaint¹ made against Foris DAX MT Limited relating to alleged breaches of conduct for freezing since November 2022 of assets valued at over €5,000 without any legal grounds and explanation.

He claims that Service Provider was breaching his rights of legitimate ownership of the blocked assets and was violating his rights as a consumer.

As a remedy, he requests the Arbiter to order the full release of his blocked assets as well as compensation for €22,000 for lack of opportunity to use the frozen assets, emotional distress and hardship caused by inaccessibility to his property as well as legal and administrative costs in pursuing his rights. No evidence for such claims was provided.

¹ Pages (p.) 1 - 8 and attachments p. 8 - 134

He reported that on 18 July 2025, he received a settlement offer from Foris which he rejected.²

Reply

In their reply³ of 14 August 2025, Foris explained that due to a technical issue in November 2022, they had credited the account of the Complainant with 1351127.845 GALA token rather than same quantity of pGALA tokens.

They explained:

‘For additional context, GALA is the native utility token of the Gala Games ecosystem, a blockchain-based platform for ‘play-to-earn’ gaming and digital collectibles. pGALA was introduced as a 1:1 wrapped version of GALA to enable cross-chain functionality via the pNetwork bridge. On November 3, 2022, a critical bug in the bridge contract permitted unrestricted minting of pGALA, resulting in an unbacked oversupply. With insufficient GALA reserves to honor redemptions, market confidence in pGALA collapsed and its effective supply became unlimited. In contrast, GALA remained fully collateralised, scarce and operational within its native ecosystem, preserving its market value while pGALA’s value fell significantly.

To illustrate this further, on November 3, 2022, GALA was trading at approximately 0.029 EUR per token on the open market. In stark contrast, pGALA – which had previously been pegged 1:1 to GALA – collapsed, putting its post-incident price at approximately 0.0017 EUR per token.

Because the Complainant’s pGALA deposits were mistakenly processed as GALA, the Complainant received digital assets whose fiat value substantially exceeded the amount to which he was entitled.

The Complainant exchanged a total of 1351087.84 GALA for 424.779036 USDT (a stable value digital currency pegged to the value of the US dollar), 1.61467308 BTC (a popular peer to peer digital currency), 5896.256898 TGBP (a stable value digital currency pegged to the value of the British pound) and 0.00011836 ETH

² P. 134

³ P. 141 – 151 and attachments p. 152 - 184

(a popular peer to peer digital currency) in a series of 51 transactions made on November 3, 2022 and November 4, 2022.⁴

...

Very soon after, on November 4, 2022, the Complainant withdrew the total amount of 1.61467308 BTC and 32.433939 USDT towards external wallets addresses which he nominated. In monetary terms, the Complainant's deliberate abuse of the exploitation of the pNetwork bridge contract resulted in the inappropriate profit of roughly USD \$54,045.⁵

...

5 November 2022 – The Complainant's Wallet was temporarily disabled when the technical issue involving the pGALA token was discovered.

Additionally, the Company reached out to the Complainant via email, informing him of the pGALA technical issue and the reversal of the trades, in accordance with the Terms and Conditions of the Crypto.com App in force at the time. The Complainant was asked to repay the equivalent of \$54,045 in USDC. For additional context, USDC is a stable value digital currency pegged to the value of the US dollar.

As an additional incentive, the Company offered the Complainant to credit 20% of the \$54,045 repayment amount to his Wallet in CRO. For additional context, CRO is the native cryptocurrency token of the Cronos Chain - a decentralized open-source blockchain developed by the Crypto.com payment, trading and financial services company.

Please find a screenshot of our email appended as Fig. 60 at the end of this letter, along with a full export of the communication between the Company and the Complainant under file name 58368021527676.'

In summary, they concluded:

⁴ P. 142

⁵ P. 147

'The Complainant benefitted from an unpermitted exploitation of a technical issue which occurred on November 3, 2022, as a result of which four of his pGALA deposits were erroneously processed as GALA deposits.

At the material time, GALA commanded a significantly higher fiat value than pGALA. The Complainant utilized the GALA tokens he received erroneously in a number of transactions and ultimately withdrew the total amount of 1.61467308 BTC and 32.433939 USDT externally.

Due to the Complainant benefitting from a technical issue, the Company took steps to temporarily disable his Wallet. Kindly note that this action is fully in line with the Terms and Conditions which the Complainant acknowledged and agreed to during the registration process. For reference, I have attached the relevant part of them below:

"15. LIMITATION OF SERVICES/TERMINATION/ACCOUNT CLOSURE

15.1. Subject to Applicable Law, Crypto.com may at any time and without liability to you, terminate, suspend, or limit your use of the Crypto.com App Services or Crypto.com Web Services (including but not limited to freezing Digital Assets in your account or freezing or closing your Digital Asset Wallet, refusing to process any transaction, or wholly or partially reversing, cancelling or voiding any Transactions that have been effected) for any reason, including (but not limited to): (a) in the event of any breach by you of these Terms and all other applicable terms; (b) for the purpose of complying with Applicable Laws; (c) where Crypto.com suspects that a transaction effected by you is potentially connected to any unlawful activities (including but not limited to money laundering, terrorist financing and fraudulent activities); (d) to remedy the effects of any defect in or compromise to any information system upon which Crypto.com relies on; (e) as may be informed by its internal monitoring policy and the profile of spending reasonably anticipated for the type of consumer group you belong to; (f) in Crypto.com's opinion that an order or Transaction has been executed based on an aberrant value, or (g) in Crypto.com's opinion, you are intentionally abusing the Crypto.com Services and products, or engaging in actions to defame, abuse, harass, stalk, threaten or otherwise violate any of the rights of Crypto.com and/or its employees.

15.2. Your obligations under these Terms will continue in the event of such suspension or termination described in Clause 15.1 above.

15.3. You shall not be entitled to any payment, compensation or damages from us in relation to any suspension, reversal or termination of your use of the Crypto.com App Services or Crypto.com Web Services for any reason whatsoever. Any limitation, suspension or termination of your use of the Crypto.com App Services or Crypto.com Web Services for any reason whatsoever shall not release you from any liability or responsibility on your part, which at the time of such limitation, suspension or termination, has already accrued.”

The Company has reached out to the Complainant in order to inform him of the pGALA technical issue and asked the Complainant to repay the equivalent of the digital assets (BTC and USDT) which he withdrew externally. As an additional incentive, the Company also offered the Complainant to credit 20% of the repayment amount to his Wallet in CRO.

Due to the Complainant's refusal to cooperate, the Company took steps to liquidate the remaining balance in the user's Wallet and Crypto.com Visa Card in order to partially cover our losses.

We note that the Complainant has outlined his desired remedy as having the liquidated funds returned, along with a significant compensation. Since the Complainant has improperly benefitted the deliberate exploitation of the pGALA technical issue, such trades have been reversed by the Service Provider in accordance with the Terms and Conditions in force at the time, and accordingly the Complainant owes a significant repayment amount as of the date of this letter, the Company is of the opinion that we are unable to honor the Complainant's request.’⁶

Competence of the Arbiter

In accordance with Article 22(2) of CAP. 555 of the Laws of Malta (which Act codifies the operation of this arbitration Office for Financial Services):

‘Upon receipt of a complaint, the Arbiter shall determine whether the complaint falls within his competence’.

⁶ P. 149 - 151

The Arbiter makes reference to a Court of Appeal decision of 13 October 2021 in the case Jean Luke Azzopardi vs BNF Bank (Court of Appeal case ref 24/2020LM) where the court decreed:

‘Din il-Qorti mill-ewwel qiegħda tagħmilha ċara li mhux kull imġiba ta’ provditur tas-servizz finanzjarju tista’ jew għandha tiġi mistħarrġa mill-Arbitru, anki esklussivament, altrimenti l-Kap. 555 kien jagħti kompetenza assoluta, iżda l-għan ta’ din il-liġi ma kienx dan.’

A loose translation of the Maltese text would be:

‘This Court is immediately making it clear that not every conduct of a financial service provider can or should be reviewed by the Arbitrator, even exclusively, otherwise the CAP. 555 would have conferred absolute competence, but that was not the purpose of this law.’

In this case, the litigation between the parties is not strictly related to issues of financial conduct and regulation normally adjudicated by the Arbiter but is of a more civil nature. The question is whether the Service Provider has a valid counterclaim against Complainant to freeze his assets both in terms of civil law as well in accordance with the Terms and Conditions of the contractual relationship.

The speed with which Complainant exchanged the GALA tokens and transferred out the resultant BTC and USDT to external wallets leaves room for doubt whether the Complainant was acting in conformity with his declaration that:

‘I legally purchased GALA tokens via Binance Smart Chain and transferred them to my Crypto.com account, where I sold them lawfully.’⁷

Decision

For reasons explained above, the Arbiter considers he does not have the necessary competence in terms of CAP. 555 of the Laws of Malta, to adjudge a matter which is substantially of a civil nature.

⁷ P. 3

This is without prejudice to the Complainant's right to seek justice in a court or tribunal competent to hear his case.

Parties are to carry their respective costs of these proceedings.

Alfred Mifsud

Arbiter for Financial Services

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.