

Taylor Swift's Genius Legal Move: One Question That Saved Her from FTX Lawsuit



Taylor Swift, the global pop sensation, was nearly embroiled in a class-action lawsuit against Sam Bankman-Fried's FTX, but her careful due diligence saved her from legal troubles. In the lawsuit, the celebrities who were FTX's ambassadors are accused of promoting the sale of unregistered securities for financial gain, making them liable under state securities laws. The lawsuit seeks \$5 billion in damages from 11 celebrities and a basketball team, including Tom Brady, Shaquille O'Neal, and Seinfeld creator Larry David.

Adam Moskowitz, one of the lawyers leading the lawsuit, revealed in a podcast that Swift was "the one person" who asked whether the securities she would be promoting were unregistered. Moskowitz said that if the other celebrities involved in the lawsuit had asked this simple question before signing the contracts, they could have avoided the costly mistake.

According to the Financial Times, FTX was in talks with Swift for a \$100 million sponsorship deal before its collapse in November 2022. Swift's due diligence saved her from the legal troubles other celebrities face in the class-action lawsuit.

Moskowitz explained that those who joined FTX were automatically registered for interest accounts that the Securities and Exchange Commission (SEC) had ruled as securities. These accounts involve lending money to FTX, and individuals receive returns based on the actions of others, making them securities. Promoting these securities without registering them is a violation of state securities laws.

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Swift's financial acumen can be attributed to her family, particularly her father, Scott Swift. Scott is a managing director of the Swift Group, a wealth management company affiliated with Bank of America. He began his career as a financial advisor for Merrill Lynch Wealth Management in 1980.

According to Forbes, Swift's estimated net worth is \$570 million, and she has amassed a real estate portfolio worth more than \$150 million, according to The Wall Street Journal. Her financial success and her father's background in finance likely played a role in her decision to ask about the securities' registration status.

Taylor Swift's careful due diligence saved her from potential legal troubles in the FTX lawsuit. Her simple question about the securities' registration status prevented her from promoting unregistered securities for financial gain. While other celebrities face legal action and potential damages of \$5 billion, Swift's careful approach to her sponsorship deals exemplifies the importance of due diligence in financial matters.