



1 TSX Crypto Stock With 117% Return Potential Is in Hot Water

Description

The overall negative sentiment on the [technology sector](#) has dragged down **Voyager Digital Ltd.** ([TSX:VOYG](#)). In the last 3.01 years, this \$1.08 billion crypto asset brokerage firm has rewarded investors with a spellbinding 1,423.81% (147.51% CAGR) total return. As of this writing, however, this [crypto stock](#) is down nearly 60% year-to-date.

Voyager's share price rose to as high as \$25.17 on November 9, 2021, the same day **Bitcoin** hit its all-time high. Its free fall began when digital assets entered the [crypto winter](#) that extended until March 2022. However, the crypto stock could tank further with the latest news from across the border.

Crackdown on the TSX firm

On March 30, 2022, Voyager fell 23.4% to \$6.40 following the news of a crackdown on its crypto interest offering. Coindesk.com reports that securities regulators in seven U.S. states are scrutinizing the Canadian firm. According to Joseph Borg, Director of the Alabama Securities Commission, Voyager might be violating the law by offering interest-bearing crypto accounts.

Besides Alabama, regulators from Kentucky, New Jersey, Oklahoma, Texas, Vermont, and Washington, believe the "Earn" program accounts of Voyager Digital may be unregistered securities. Borg said these regulators coordinated to file separate legal actions against the company. One of them also filed for a cease-and-desist order.

Case precedent

A similar case was filed by five of the seven U.S. state regulators reviewing Voyager. BlockFi, a crypto lender, settled with federal and state regulators and promised to register its product as a security. The total fine reached US\$100 million, of which 50% went to the U.S. SEC and the other half to state regulators in Alabama, Kentucky, New Jersey, Texas, and Vermont.

Borg said there are minor differences between Voyager Digital and BlockFi in the order, but the

principles are the same. He wondered why the Canadian crypto asset brokerage hadn't gotten the message of compliance from the precedent-setting BlockFi case.

Not securities

Voyager confirmed receiving orders to show cause and cease-and-desist orders from state securities divisions, including Indiana. According to management, talks with the said regulators to better understand the orders are ongoing. The company wants to clarify some statements they find inaccurate.

When the orders become executory, Voyager must stop offering new accounts or accepting new assets for its Earn program. However, there's a transition period before such orders come into effect.

The company statement read, "Voyager is firmly convinced that its Earn Program and the Voyager Earn Accounts are not securities." Furthermore, it intends to demonstrate its position and defend it as necessary and appropriate. Voyager also expressed its support for appropriate regulation. Management is prepared to demonstrate to these regulators Voyager's compliance with the law.

Doubtful forecast

Voyager Digital Ltd, through its U.S. subsidiary, Voyager Digital LLC, is a fast-growing, cryptocurrency platform in the United States. Besides its easy-to-use mobile application where users can trade 100 different crypto assets, crypto payment solutions are available on Coinify ApS, another subsidiary.

Based on market analysts' forecasts, the crypto stock has an upside potential of 117% in one year. However, the price target is far-fetched if Voyager Digital remains in hot water.

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