When $400,000 Is Worth $1: Token Valuation in Li v Shen

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A dollar sign on a trading app is not a dollar. That distinction is easy to ignore while withdrawals are open, and fatal in court once they close.

In *Li v Shen; Shen v Li* [2026] NSWDC 380 (21 October 2026), Judge Andronos SC of the District Court of New South Wales addressed a problem that recurs across distressed crypto platforms: how a court values illiquid platform tokens when a counterparty breaches an obligation to return them. The plaintiff ("Susan") transferred tokens with a face value of US$400,000 on the "AEGlobalLink" platform to accounts controlled by the defendant ("Ashley") as a short-term loan. Ashley refused to return them. Susan prove d a binding contract and proved breach (para.47). She was awarded US$1.00 in nominal damages, and ordered to pay Ashley US$101,000 on a cross-claim for actual fiat loans (para. 67).

The judgment turns entirely on how common-law damages principles value non-fiat digital assets. Four legal tests governed the outcome.

1. **The "Money" Test: Liquidity Defines Classification**

Because Susan sued in damages rather than debt (para. 11), the threshold question was whether the transferred platform credits were "money" or an "asset." If they were money, the loss was US$400,000. If they were an asset, "that asset must be identified and valued" (para. 50).

Applying *Moss v Hancock* [1899] 2 QB 111 and *Re Collings* [1933] Ch 920, the Court applied a strict liquidity test. Money "confers complete liquidity on its holder" and is "that which

passes freely from hand to hand throughout the community in final discharge of debts and full payment for commodities," including bank deposits (para. 51).

Platform balances failed on every count:

"What Susan transferred to Ashley on 28 March 2023 was not money. It was not a generally accepted medium of exchange and it did not confer liquidity on its holder. It could not pass freely from hand to hand throughout the community in final discharge of debts and full payment of commodities. The Platform was not a bank." (para. 52)

Displaying a USD figure on a mobile interface (para. 21) does not convert a closed-ledger credit into currency.

2. **The Secondary-Market Test: Proof of Buyers and Price at Breach**

AE Global Link Seychelles-registered operator was dissolved in 2022, ASIC issued an unlicensed-entity warning, its web domain changed three times, and a July 2024 platform notice admitted it had been "designated as a pyramid scheme case by the mainland GA in September 2021" (para. 23). Withdrawals had been frozen since at least early 2023 (para. 24).

Notably, the Court did not rely on a finding of fraud to value the tokens at zero. Judge Andronos SC noted that "[i]f it were a scam, the Court could not ascribe any value to trading it as an asset," but proceeded on the assumption, in Susan's favour, that the platform was legitimate (para. 53). Even on that generous premise, valuation required hard market evidence as at the date of breach:

- **Internal trading price:** Where fiat withdrawals are blocked, "the tokens could only have value, as at the time of the breach, referable to the price at which they could be traded internally on the Platform. Such a price would need to be the subject of evidence" (para. 53).

- **Willing-buyer proof:** “In addition to establishing the existence of a market, Susan would need to establish the existence of a buyer or buyers willing to acquire the tokens and the price at which they might be prepared to do so, given the illiquidity of the asset. There was no such evidence” (para. 53).

Without verifiable secondary-market pricing or proof of a willing buyer, illiquid tokens carry no provable market value.

3. **The Contingent-Redemption Test: No Valuation by Speculation**

Holders of frozen platform balances routinely argue that their tokens retain value because withdrawals may eventually resume. The Court rejected speculative future-value arguments outright:

“However, if an investment’s value is entirely contingent on a highly unpredictable future event, it is impossible to assign a positive value to it without speculating.” (para. 54)

Susan and a supporting witness both honestly believed the platform remained viable (para. 21). Subjective belief is irrelevant to valuation. Because there was no evidence of “the likelihood that the funds have been retained by the Platform” or “if, and when, it might have been expected, as at April-June 2023, that tokens could be redeemable in the future for actual US dollars,” the Court refused to assign a positive figure (para. 55).

4. **Compensatory Limits: Nominal Damages and In-Specie Return**

Contractual damages are strictly compensatory: they place the claimant “in the same situation, with respect to damages, as if the contract had been performed” (para. 49). Had Ashley performed in June 2023, Susan would have received unredeemable tokens with no proven market price. Consequently, breach

produced no compensable financial loss, restricting recovery to “nominal damages, which I have assessed in the customary amount of US$1.00” (para. 57).

That valuation also decided the rest of the case. Susan’s defence to Ashley’s US$80,000 cross-claim relied on offsetting her US$400,000 token claim against the fiat debt (para. 60). With the tokens valued at zero, no set-off existed, leaving Susan liable for A$101,000 inclusive of pre-judgment interest (para. 67). To address the remote chance that the platform ever unlocks, the Court simply noted Ashley’s formal undertaking to “do what is reasonable to transfer the same Tokens back” if transfers ever become possible (paras. 58–59).

Li v Shen draws a clear line for digital asset disputes. Courts will not convert a frozen, illiquid platform balance into a fiat judgment on the strength of a screen display. Unless a claimant can prove either a functioning secondary market with willing buyers or a non-speculative path to fiat redemption, a breach of contract over locked tokens is worth one dollar.

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