

# **LEGAL OPINION**

## **THE PROJECT : METAPOTAMIANS**

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INSYIRA & CO.. LAW FIRM LLC



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## LEGAL OPINION

### THE PROJECT: METAPOTAMIANS

The material analysis needs to undergo a special authorization and/or a license in order to operate in the United States (U.S).

#### I. INTRODUCTION, BACKGROUND, AND NATURE OF BLOCKCHAIN TOKENS

Blockchain tokens come in a wide variety with various features. One form of blockchain token, for instance, might be used to support the operation of an application created for it. A utility token is that. The utility token has an underlying contractual right, in contrast to other sorts of tokens, which have no underlying assets of any kind and whose value is solely based on mass psychology. In this way, its worth is influenced not just by popular culture but also by the worth of the underlying right it is linked to.

Another type of token may be utilized as a virtual (digital) currency (protocol token) that can be used as a specific medium of exchange outside of just the particular blockchain platform. Simply explained, this token is referred to as a protocol token since the innovative or distinctive protocol it employs is what makes it unique. Its underlying blockchain is only used to preserve a record of token holders' transactions.

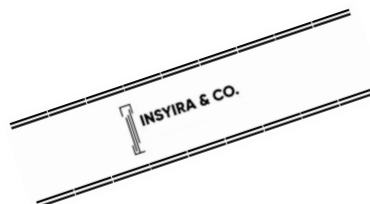
Finally, there exists a security token. That is a digital asset, the purchase of which vests the owner with a number of rights which are similar to securities such as bonds or stocks.

An inherent feature of any token is to be tradable on a "secondary market" of tokens on a cryptocurrency exchange market. That is to say, a token is free for sale and once it has been issued, a token is subject to market speculation according to the rules of supply and demand.

However, there are a number of complicated legal issues concerning tokens since some of them may fall under the definition of a security and, therefore, be subject to US federal or state securities laws. This means that the issuance or sale of such tokens may be unlawful for/to US residents.

In many jurisdictions, there may also be issues related to anti-money laundering laws and general consumer protection laws as well as to specific laws depending on the token type.

Thus, this paper is dedicated to the verification of a token (hereinafter - **"Token"** or **"Metapotamians Token"**, **"MTP"**) presented by the Founders of the Project (hereinafter also



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**"Founders"** or **"Owners"**) on their website located at [www.metapotamians.com](http://www.metapotamians.com) which is available for the general public with certain restrictions that may be imposed by the Founders from time to time (hereinafter **"the Project"** or **"MTP Project"**) as to whether such a token can be considered a security preliminary under United State Federal Securities Laws jurisdiction as stated above.

It should be noted that as the law in this subject develops, the legal analysis presented here might be revised in the future. As of right now, no instances that we are aware of and that are pertinent to the topic have been tested in American courts, thus the analysis that follows is completely theoretical.

## II. SCOPE OF ANALYSIS AND LIMITATION

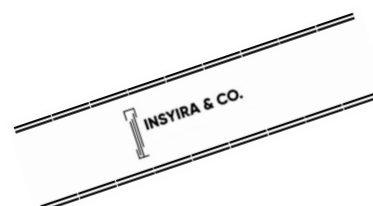
According to our understanding, the Project is building an ecosystem using blockchain technology, intended for B2B transactions, which aims to streamline business interactions, providing high transparency, traceability and productivity in transactions. Among other applications, the project allows users to optimize collaboration as well as cooperation along the supply chain, by atomizing B2B interactions with suppliers and business partners. This is relevant because it is not compulsory for each crypto project that is services based needs a license to operate.

In fact, as of the date, the Project did not engage in any sort of business activities with foreign clients from U.S. jurisdictions. Thus, this paper limitedly analyzes as per the business model or services provided by the project may require a special license from some of the above mentioned stated at the relevant crypto regulations.

Not to mention that this paper by any way is not intended to give opinions related to other aspects or issues unless the one mentioned above which makes it irrelevant to be construed as an assessment concerning all types of potential legal liability of the project or further activities related to it. Therefore, this document cannot be served as a substitute for an opinion on such a matter or problem other than mentioned above.

## III. LEGAL ANALYSIS

To emphasize, the regulations that have been passed in the analyzed jurisdictions are still in their initial phases and the respective regulating institutions announce future clarifications. As a

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result, a phenomenon of general confusion regarding the classification of crypto products as well as the method that needs to be regulated is to be taken into consideration.

In this section, we will briefly summarize types of business that require licensing for crypto related projects in the relevant jurisdiction.

It has been mentioned in *Re SEC v C.M. Joiner Leasing Corp.* 320 U.S (1943) that "*The reach of the Securities Act does not stop with the obvious and commonplace. Novel, uncommon, or regular devices, whatever they appear to be, are also reached if it be proved as a matter of fact that they were widely offered or dealt in under terms or courses of dealing which established their character in commerce as "investment contract", or any interest or instrument commonly known as security.*" To add on, "*Congress' purpose in enacting the securities laws was to regulate investments, in whatever form they are made and whatever name they are called*".

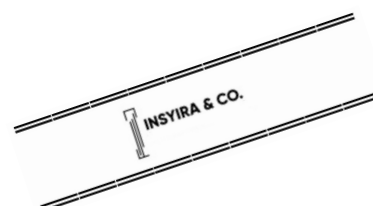
The U.S. Securities and Exchange Commission (hereinafter the "Commission" or "SEC") upholds this stance and declares that any novel forms of investments made possible by blockchain or smart contracts are subject to US federal securities laws. On July 25, 2017, the SEC released a Section 21(a) investigative report, Release No. 81207, on the investigation of the DAO case. The aforementioned SEC study makes a distinction between projects where securities are represented by tokens, among other things.

Furthermore, the political nature of a federation of states is one of the main sources of the regulatory framework of virtual currency and crypto assets in the U.S. Until the date, there is no formal laws or regulation have been passed specifically or directly to these types of currencies and assets in the federal level, it is still monitored and controlled by governmental bodies such as SEC and the Commodity Futures Trading Commission (hereinafter the "CFTC").

So, the objective of this paper is that we shall investigate and form a legal opinion as to "whether the Metapotamians Token falls within a type of investment which triggers the relevant federal security laws of U.S or not".

Thus, by understanding the model of Project's work will help us to understand the nature of MTP Token. Therefore, we start with the fact-based part of the analysis of this Legal Opinion with an attempt to delve into the matter of business, which is not possible without comprehending the difficulties the system users are trying to overcome, and to reveal solutions the Metapotamians Project itself suggests in the Metapotamians White Paper (posted on the Project website at the link: [www.metapotamians.com](http://www.metapotamians.com)). For the purpose of this analysis, we have examined the White Paper (hereinafter the "**WP**") of the Project.

In a White Paper, the Founders report how important the land of Mesopotamia, a region in the Middle East between the Tigris and Euphrates rivers, was the main reason behind the Metapotamians Project emergence. According to the Founders, "*the Metapotamians is a Web*



*3.0 project that provides digital services in a special universe. Basically, the Metapotamians project will be created as a virtual universe in which areas are able to accommodate approximately 15,000 stores, that will be related to the exact real land in the land of Mesopotamia. In this universe, users are able to experience such a real atmosphere and are able to move forward with traces of many things that have lived from the existence of man to the present day.”*

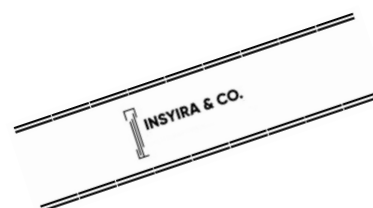
Nonetheless, need to mention that the regulation of tokens or token issuing entities by the SEC is only relevant if the project and its token organized an ICO (Initial Coin Offering) for U.S. citizens. From the discussion in the White Paper, the Founders mentioned *“...we bring together all the values of this region from the past to the future with the structure we have established. While following the traces of Mesopotamia's past, you will find the opportunity to visit and shop in the excellent shops and offices where important brands and companies are located. While experiencing all the beauties of the past and present at the same time, living in the metaverse world with beautiful messages from the future, you will live a life where you can live, shop, and reach new people in social environments just like in real life.”*

As per our observation and interpretation, the project and its token is not intended or related to U.S citizens directly or indirectly as it focused and based solely on the land of Mesopotamia and the people that are irrelevant to be connected with.

As this paper also move centered to identify whether the project and its token require a license to operate in the U.S or engage in business with US citizens, until the specified date, we found that this project is not related to any form of subject matter that may triggered the relevant federal security laws of U.S based on reasons stated below:

- (a) The project and its token is not a cryptocurrency exchanges, thus, we found it irrelevant to be connected with services which operate with the exchange of cryptocurrencies; and
- (b) The project and its token does not intended to operate as an intermediary in transaction concerning exchange of cryptocurrencies to real funds (cryptocurrency-fiat), thus, we found it irrelevant to obtain a Money Transmitter License; and
- (c) The project and its token does not intended to operate as an intermediary in transaction on exchange of one cryptocurrency to another (cryptocurrency-cryptocurrency), thus, we found it irrelevant to obtain the MSB License and examine requirements set by legislation of each state.

In the White Paper, the Founders only provides that *“...Metapotamans continue to progress with important partnerships to strengthen their own structure by the values of the environment and region. Metapotamians, which incorporates an important association such as ASKON (Anatolian Lions Businessmen's Association) to strengthen it, brings a powerful universe in front of you with the partnership of approximately 8000 companies.”* which none of it mentioned any of the subjects above but a mere association with other companies.



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To add on, the founders mentioned *“Within the metaverse universe and the NFT market, it will not be possible to trade with any asset other than the MTP token.”*

Yet, in the future if any of the subject matter mentioned above are related to such, therefore the licenses shall be acquired.

Moreover, as in U.S the regulator entities includes the Financial Crimes Enforcement Network (FinCEN) as for issuing the Application of FinCEN's Regulations to Persons Administering, Exchanging or Using Virtual Currencies, a document which clarifies the applicability of the regulations implementing the Bank Secrecy Act (BSA) to persons creating, obtaining, distributing, exchanging, accepting, or transmitting virtual currencies. In order for a subject to fall within the FinCEN's registration, it must be falls within the scope mentioned below:

- (a) An exchanger. A person engaged as a business in exchange of virtual currency for real currency, funds, or other virtual currency; or
- (b) An administrator. A person engaged as a business in issuing (putting into circulation) a virtual currency, and who has the authority to redeem such virtual currency.

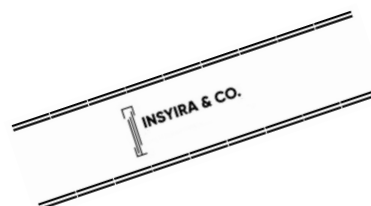
The following people are not considered to be MSBs:

- (a) Bank and foreign banks; or
- (b) Persons registered with and functionally regulated or examined by the SEC or the CFTC, or foreign financial agencies that engage in financial activities that, if conducted in the U.S, would require them to be registered with the SEC or CFTC; or
- (c) Natural persons who engage in certain MSB activities

In the White Paper, the Founders declare that *“Metapotamians universe will serve as a digital medium built on the real Mesopotamian land. In this region, a total of 15,000 hexagons (lands) will be offered for sale and will be offered to users gradually. In the universe where sales planning will be made in a way that priority will be given to the companies of ASKON and other partner associations, then investors will be able to purchase the lands they wish.”*

The founders also added that *“Other users and investors will be able to become involved in the life of Metapotamans by establishing their businesses or offices, as well as the services provided by brands in these areas.”*

*“The use of tens of different sectors and areas of art in the universe to be placed under the leadership of ASKON Association will progress and be used in a way that users can navigate in*



*the environment with their own characters. Real-life progress, social life structure and many more will be reflected here, and the use of the real “metaverse” structure will be in service.”*

“All commercial relations within the Metapotamians universe will be integrated with the NFT Marketplace structure, and the operations within the system will be instantly transferred to the accounts with the blockchain structure.”

Yet, it is important to consider the fact that a legal definition of virtual currency does not exist at all in federal states as well as varies from state to state. In fact, a number of overseas laws and regulations suffered to define it universally and precisely. Significantly, they noted that coins such as Bitcoin may fall under such various definitions of “virtual currency” or “money”, even so, it does not have legal tender status and is therefore not “currency” for legal purposes.

The following matter catch our attention, thus, in our humble opinion on legal perspective, makes the project as well as the MTP token irrelevant to be served as a “currency” for legal purposes as even though it is capable to the definition of “virtual currency” yet it also does not have any legal tender status.

As mentioned earlier in this paper, the project intends to offer the land of Mesopotamia in metaverse or “virtual reality” using blockchain technology that will allow businesses to trace the transaction lifecycle and to control economic relations created in the project within the transaction chain.

Based on our observation, the project, in any way, has not engaged with U.S citizens and in fact still in the early stage of developing the product and service that wants to be provided by them. The project does not even strived for the U.S market and does not yet know if the U.S market will show any interest for their project in the future. We have to emphasize once again that according to the laws and regulation of the U.S, licensing is only required if the legal entity engages in any sorts of way or activities in the jurisdiction or basis of the state which the project of MTP strictly did not engage with any businesses activities as of yet.

In conclusion, as per the current crypto regulation of U.S, in our observation, there is no need for the project to require a U.S license to operate as for the basis; (a) the project strictly does not yet provide any services to U.S citizens; and (b) the product or service offered by them does not falls within the scope of the existing regulation of U.S.

**THIS PAPER AND ITS ANALYSIS IS BASED ON INFORMATION OBTAINED FROM A REPRESENTATIVE OF THE PROJECT, THE WHITE PAPER OF THE PROJECT AND ITS**

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#### NOTICE TO RESIDENTS OF THE UNITED STATES

IF YOU ARE FROM THE UNITED STATES OF AMERICA, WE HEREBY INFORM YOU THAT TO THE BEST OF OUR KNOWLEDGE, THE OFFER OF SALE OF THE MTP TOKEN DOES NOT REPRESENT THE SALE OF A SECURITY. THEREFORE, THE OFFER OR SALE IS NOT REGISTERED IN ACCORDANCE WITH THE UNITED STATES SECURITY LAWS. IN CASE YOU BELIEVE OTHERWISE, PLEASE CONSULT WITH YOUR LEGAL COUNSEL AND NOTE THAT NO ACTION MAY BE BROUGHT ON THE BASIS OF THIS LEGAL OPINION.



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