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Raising US Capital in 2018 - The Fully Compliant ICO - COMPLETE PP DECK

Published on February 17, 2018

RAISING U.S. CAPITAL IN 2018 – THE FULLY COMPLIANT ICO



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“FRIENDLY” (BUT REAL) DISCLAIMER

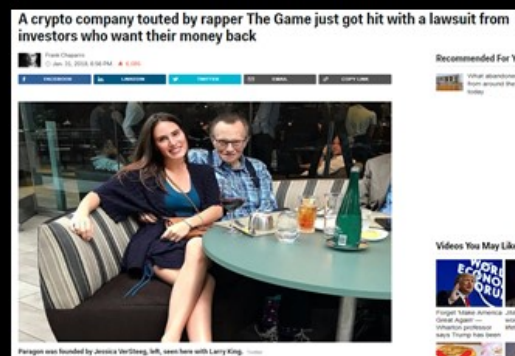
I AM A LAWYER.

I AM NOT **YOUR** LAWYER (PROBABLY).

(YET 😊)

NICE TO MEET YOU.

DON'T BE A HEADLINE – IT'S NOT GLAMOROUS



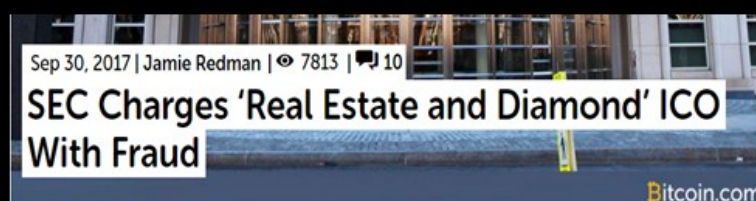
RULE 1 – DON'T LIE / COMMIT FRAUD

BASICALLY – DO NOT LIE. LYING = FRAUD.

1. A "LIE" IS A MISSTATEMENT OF A MATERIAL FACT OR THE OMISSION OF A MATERIAL FACT.
2. A "MATERIAL FACT" IS A PIECE OF INFORMATION A REASONABLE PERSON WOULD TAKE INTO CONSIDERATION WHEN MAKING A PURCHASE OR INVESTMENT DECISION.
3. EXAMPLE 1: "WE HAVE LARGE HOLDINGS OF REAL ESTATE, PRECIOUS METALS AND DIAMONDS BACKING OUR TOKENS." WHEN IN FACT YOU ARE DOWN TO YOUR LAST DOLLAR.
4. EXAMPLE 2: "OUR PLATFORM IS ALREADY BUILT AND WE HAVE THOUSANDS OF ACTIVE USERS." WHEN IN FACT YOU ARE STILL CODING THE ALPHA VERSION AND ONLY TESTERS AND FRIENDS OF THE FIRM HAVE TRIED IT OUT.
5. EXAMPLE 3 (OMISSION): "BUY OUR TOKEN - WE HAVE \$10,000,000 IN ASSETS BACKING IT UP." WHEN IN FACT THAT MAY BE TRUE, BUT YOU HAVE LIABILITIES OF \$100,000,000.

REAL CHARGES OF FRAUD

RECOIN

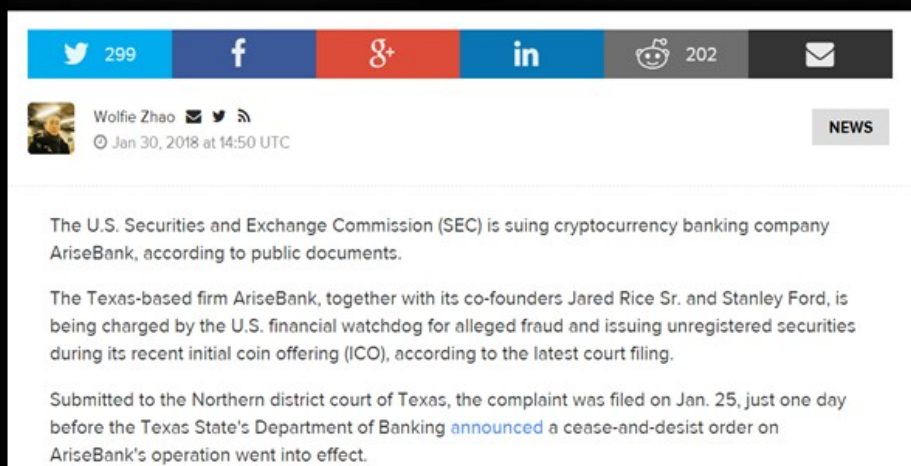


On September 29th 2017, the U.S. Securities Exchange Commission (SEC) charged an Initial Coin Offering (ICO) operator with fraud. The ICO project in question, REcoin, claimed their token was the "first ever cryptocurrency backed by real estate," and that they also invested the company's assets in diamond reserves.

Also read: [Bitcoin Software Wars: The Case Against Replay Attack Protection](#)

SEC Charges the ICO REcoin for Promising Sizeable Returns from Fraudulent Operations

ARISEBANK



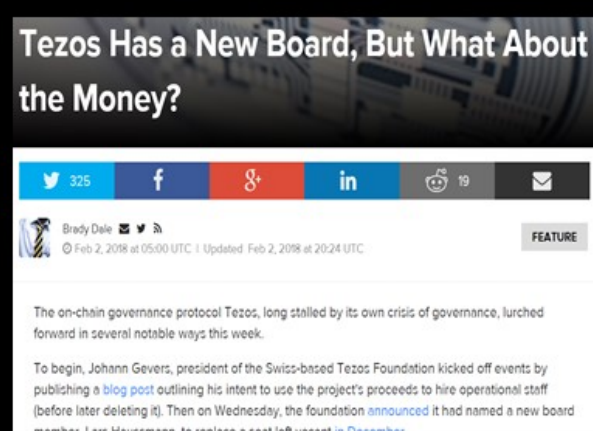
RULE 2 – TREAT YOUR STARTUP LIKE A STARTUP

YOUR FANCY NEW BLOCKCHAIN / CRYPTO ENTERPRISE IS A START-UP. SO, TREAT IT LIKE A STARTUP.

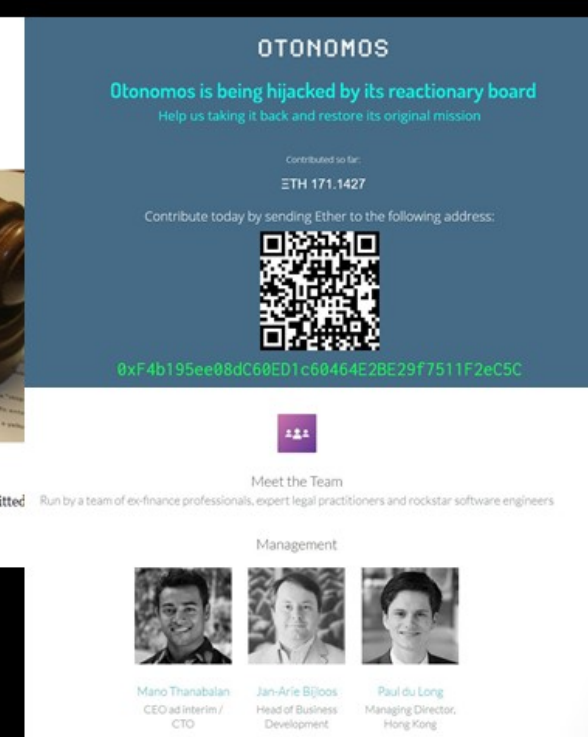
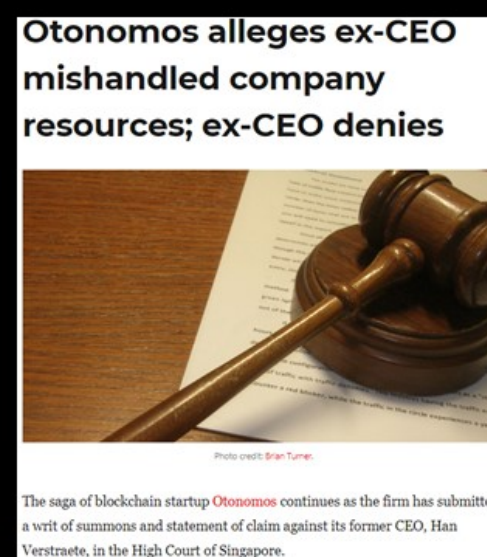
1. FORM IN THE CORRECT JURISDICTIONS.
2. HAVE FOUNDER, EXECUTIVE, EMPLOYEE, ADVISOR, BOARD MEMBER, AND CONTRACTOR AGREEMENTS IN PLACE.
3. DOCUMENT OWNERSHIP, LICENSES AND TRANSFERS RELATING TO INTELLECTUAL PROPERTY. THIS INCLUDES DOCUMENTING ALL SOFTWARE DEVELOPMENT AGREEMENTS.
4. THINK THROUGH AND GET ADVICE ON TAX ISSUES, ESPECIALLY WHEN CONTEMPLATING INTERNATIONAL STRUCTURES.
5. WHEN IT COMES TO ISSUING EQUITY IN THE UNDERLYING ENTITY, DOCUMENT THESE TRANSACTIONS WITH SUBSCRIPTION/INVESTOR AGREEMENT.
6. EVEN IF TOKENS ARE NOT SECURITIES, INTERESTS IN THE UNDERLYING ENTITY ALMOST CERTAINLY ARE.

FORMATION ISSUES BITE STARTUPS IN THE...

TEZOS



OTONOMOS



RULE 3 – DON'T SELL PRE-FUNCTIONAL TOKENS

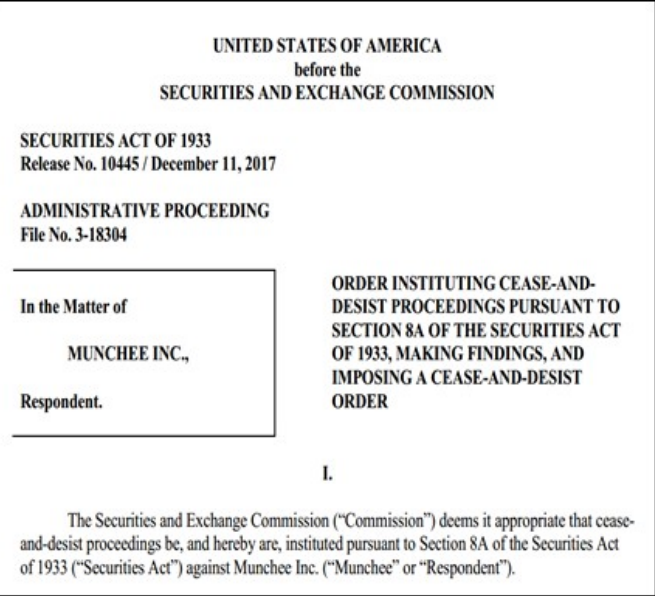
IF YOU ARE RAISING CAPITAL TO BUILD A PLATFORM, DO NOT SELL YOUR TOKENS TO THE PUBLIC VIA ICO... YET.

1. SAFT = SIMPLE AGREEMENT FOR FUTURE TOKENS. DEVELOPED BY MARCO SANTORI AT COOLEY. MARCO IS NO LONGER WITH COOLEY...
2. PREMISE IS THAT, PENDING A PLATFORM BEING BUILT, TOKENS SOLD MAY VERY WELL BE SECURITIES, EVEN IF THE TOKENS WILL BE UTILITY TOKENS ONCE THE PLATFORM IS BUILT.
3. THIS MAY NOT ACTUALLY BE CORRECT, BUT LARGE LAW FIRMS AND MAYBE THE SEC SEEM TO HAVE "DRUNK THE KOOL-AID" (I AM GOING TO FIGHT BACK... STAY TUNED).
4. RELATED PREMISE IS THAT IS MAY BE SAFE TO CONVERT SAFTs TO UTILITY TOKENS ONCE THE PLATFORM IS ACTUALLY BUILT.
5. **** SAFTs ARE SECURITIES. TREAT THEM AS SUCH! DO A PROPER REG D EXEMPTION PRIVATE PLACEMENT AND ONLY SELL THEM TO ACCREDITED INVESTORS.

SELLING PRE-FUNCTIONAL TOKENS TO PUBLIC

DON'T BE A MUNCHEE!!!

SEC ORDER



MUNCHEE WHITEPAPER – IRONY ALERT

Legal Disclaimer

Participation in a token sale can be highly speculative and could involve a risk of loss.

This White Paper does not constitute the offering of a security. Munchee Inc. has consulted with legal counsel to assess the possible regulatory treatment by the U.S. Securities and Exchange Commission and relevant foreign authorities in light of developing regulatory guidance. The primary mechanism for determining whether an instrument is a security in the United States under United States securities laws is the Howey test, articulated in SEC v. W.J. Howey, 328 U.S. 293 (1946). The Howey test posits that an instrument is a security if four factors are satisfied: (i) an investment of money; (ii) in a common enterprise; (iii) with an expectation of profits; (iv)

¹ <https://www.gpo.gov/fdsys/pkg/PLAW-104publ67/html/PLAW-104publ67.htm>

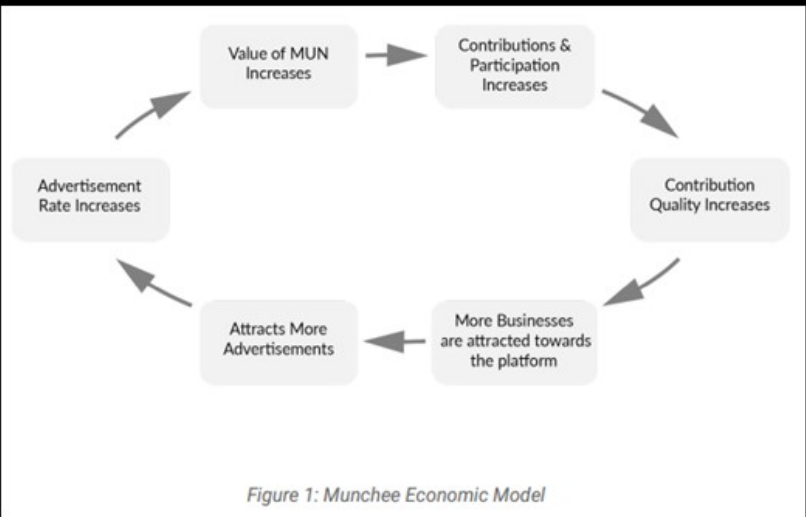
RULE 4 – DON'T TALK UP EXPECTED TOKEN ROI

IF YOU MARKET YOUR TOKEN LIKE A SECURITY/INVESTMENT – THE SEC WILL BELIEVE YOU.

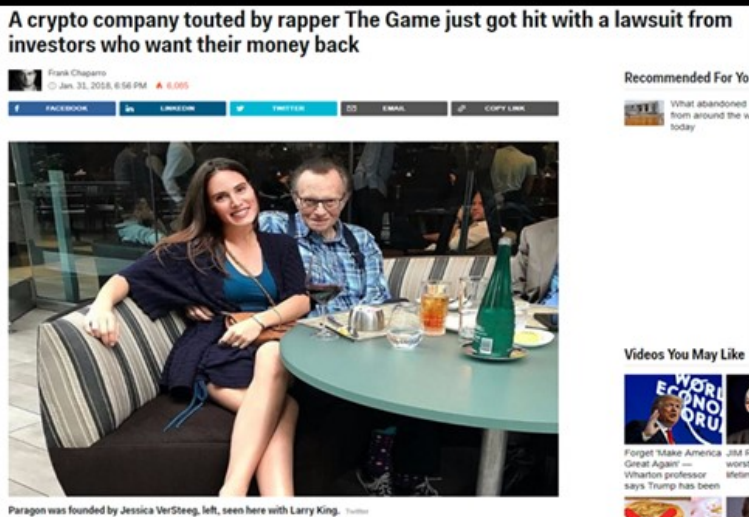
1. DO NOT DISCUSS PLANS TO LIST ON EXCHANGE(S).
2. DO NOT TALK ABOUT TOKENS INCREASING IN VALUE.
3. DO NOT SAYING ANYTHING INDICATING THAT TOKEN-HOLDERS HAVE ANY SORT OF CLAIM ON ASSETS OR EARNINGS OF UNDERLYING COMPANY.
4. IT IS NOT THAT THE TOKENS WILL BECOME MORE VALUABLE, IT IS THAT THE UNDERLYING PLATFORM WILL BECOME BETTER AND MORE USABLE.
5. WATCH OUT FOR STATEMENTS ON TELEGRAM, SLACK, TWITTER, ETC.
6. DON'T HAVE CELEBRITIES PITCH OR "TOUT" YOUR TOKEN.
7. SIDE NOTE – WATCH YOUR DISCOUNTS / BONUSES. KEEP THEM REASONABLE.

TALKING UP TOKEN ROI = BAD MOVE

FROM MUNCHEE WHITEPAPER



PARAGON – "TOUTING" EXAMPLE



RULE 5 – TAKE THE SEC, CFTC, AND IRS SERIOUSLY

THE SEC, CFTC AND IRS ARE WATCHING. SO – PLAY NICE.

- 1. RECENT SEC AND CFTC SENATE TESTIMONY IS A MIXED BAG.
- 2. BITCOIN HAS BEEN ACKNOWLEDGED AS NOT BEING A SECURITY. IT MAY BE A COMMODITY.
- 3. THE CFTC HAS ACKNOWLEDGED THAT IT DOES NOT HAVE JURISDICTION OVER SPOT TRADING.
- 4. THE MORE DISTRIBUTED AND DECENTRALIZED, THE BETTER.
- 5. ETHEREUM PROBABLY NOT A SECURITY – THE SEC COULD HAVE SAID THIS IN DAO REPORT, BUT DID NOT.
- 6. PART OF THE SEC MANDATE IS TO FOSTER CAPITAL FORMATION.
- 7. SEC CHAIRMAN IS TALKING TOUGH (ICOs BEAR THE “HALLMARKS” OF IPOs), BUT, HAS NOT ACTUALLY SHUT ANYTHING DOWN WHICH DID NOT DESERVE IT.
- 8. SEC HAS FORMED CYBER ENFORCEMENT UNIT.

PLAY NICE – AND GENERATE GOOD KARMA ☺



Daily Journal

Dec. 6, 2017

SEC Cyber Unit files its first case

Agency froze initial coin offering, alleges \$15M investor fraud

Gordon Einstein, an attorney with CryptoLaw Partners, cited an opinion the SEC wrote earlier this year addressing the Decentralized Autonomous Organization, an entity created in 2016 by cryptocurrency developers who wanted to pool investor money to invest in other virtual currency projects.

“They went out of their way to point that Ethereum is not a security,” Einstein said, referring to a virtual platform that uses tokens that can be treated like currency. “They’re sensitive to their jurisdiction.”

Einstein said this was highlighted in the SEC’s complaint against PlexCorps. He cited a passage in the brief in which the commission stated that PlexCorps’ owner “attempted to refashion the PlexCoin Tokens as a ‘cryptocurrency’ and likened them to Bitcoin” to skirt registration requirements, when in fact “PlexCoin Tokens are securities within the meaning of the U.S. federal securities laws.”

“What they’re implicitly admitting is that a cryptocurrency like a Bitcoin is not a security,” Einstein said. “They’re really trying not to say that.”

The SEC declined to comment for this story.

According to Einstein the SEC’s caution is partly rooted in its desire to not introduce any restrictions that harm the United States’ long-term competitive advantage in a developing market.

“In their announcements, they’re using the bully pulpit to put people on guard, but in terms of enforcement, they’re taking action against things that fall strictly within the realm of securities and are firmly fraudulent,” he said.


#blockchain #crypto #SEC #CFTC #IRS #token #bitcoin #ethereum #ICO #TGE
#cryptocurrency

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CEO, Pathfinder Equity

Excellent

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Paul Buijs
VP Operations at EPIC Hybrid Training | Owner at ActiveNYC.com | Scout at Wefunder

Charles Zimmerer ESQ CPA

Like Reply 2 Likes

12h ...



Gordon Einstein

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● Messaging

