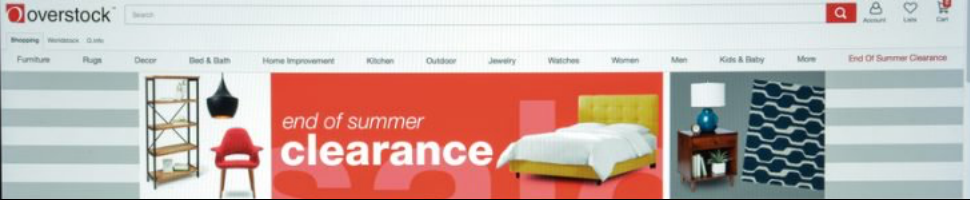

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# Overstock: \$250 Million tZero ICO Under SEC Review


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Michael del Castillo

Mar 1, 2018 at 12:32 UTC | Updated Mar 1, 2018 at 15:06 UTC

NEWS

A filing with U.S. Securities and Exchange Commission (SEC) released Thursday has revealed new details about Overstock.com's ongoing \$250 million ICO for its tZero alternative trading system.

However, most notable amid the stream of information on the sale structure and advisory board, is the public e-commerce company's confirmation that the sale has been under review by the SEC since February.

While the documents explicitly state Overstock is not aware of any legal proceedings that could have an "adverse impact," on the company, they do shed light on a [Wall Street Journal report](#) Wednesday that confirmed the agency is conducting a sweeping probe of companies and firms that have sought to raise money via the mechanism.

"In February 2018, the Division of Enforcement of the SEC informed the Company that it is conducting an investigation in the matter re: Overstock.com, Inc. and requested that the company voluntarily provide certain documents related to the Offering and the Tokens in connection with its investigation," the filing reads.

It continues:

*"The SEC is trying to determine whether there have been any violations of the federal securities laws, the investigation does not mean that the SEC has concluded that anyone has violated the law. Also, the investigation does not mean that the SEC has a*

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*negative opinion of any person, entity, or security."*

As reported by CoinDesk, much remains unknown about the ongoing fact-finding, including the number and timing of SEC inquiries, with sources speaking on background varying widely as to the details related to the probe.

The president of tZero, Joseph Cammarata told CoinDesk: "We are actually happy that the SEC is scrutinizing the space."

Still, the admission that Overstock has received such an inquiry is likely to further speculation as to what might result from the ultimate investigations, building on comments from SEC Chair Jay Clayton, who has suggested [he believes](#) legal non-compliance is rampant in the sector.

## Platform switch

Elsewhere in the filing, Overstock confirmed it has concluded its ICO pre-sale after raising \$100 million, and has initiated its subsequent fundraising round. However, this shift is coinciding with a large technical change.

In an interview with CoinDesk, tZero president Joseph Cammarata confirmed tZero will switch from SaftLaunch, a platform for managing crypto token sales, to StartEngine, a platform first developed for equity crowdfunding management.

"SaftLaunch was utilized for the presale. We're now augmenting the subsequent sale to bring on StartEngine," Cammarata said.

According to Cammarata, tZero's decision to switch platforms was not due to regulatory issues, but stems from SaftLaunch's complicated and time-consuming anti-money laundering (AML) and know your customer (KYC) process, which resulted in a bottleneck as the ICO attracted huge interest.

As such, the presale of tZero's tokens for interacting with the company's alternative trading system for blockchain securities, was extended. The sale, which was modeled under the simple agreement for future equities (SAFE) framework was initially set to end on January 18, and only concluded today.

A spokesperson for SaftLaunch confirmed there were delays in the onboarding process, saying, "Because of strong demand, there was an initial backlog in managing inquiries from interested investors but there is no backlog now, and the offering remains open."

Early investors in the pre-sale will continue to be able to use the SaftLaunch platform, but investors in the subsequent round, which kicks off today, will go through StartEngine.

## And just how much

The ICO's delay, no surprise, also brought out the skeptics.

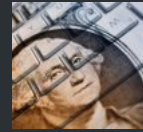
Top among the concerns around the token sale is whether or not tZero has actually raised the \$100 million it claims to have already taken in.

For instance, [a report](#) last week placed the actual number at \$49 million based on the latest SEC filings, and Cammarata said others have speculated the number is as low as \$18 million, with the rest being perhaps inflated by investments from Overstock.

Cammarata discounted those suggestions, however, telling CoinDesk that 70 percent of the ICO's investors have come from family offices, hedge funds and the people who run those institutions, with the other 30 percent coming from non-institutional investors.

And as far as Overstock inflating those numbers with its own money, Cammarata concluded:

*"One thing that I'd like to make clear is we're over \$100 million and Overstock has not put anything in the ICO at this time. They have not bought any tokens or made any investments at this time."*



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**Correction:** Language has been removed suggesting Overstock has received a direct subpoena. CoinDesk has updated the article.

[Magnifying glass over Overstock website image via Shutterstock](#)

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