

## There is light at the end of the crypto tunnel; Money2020 and CoinAgenda 2017 Report.

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Last week, I attended two payments conferences in Las Vegas, Nevada. Money2020 was a great success with 11,000+ attendees and 400+ speakers covering all things payments. On the other hand, CoinAgenda produced by Michael Terpin's Transform Group was also a great success as well with 450+ attending the conference, which was nearly twice the number from last year's event. Both conferences had great deal of buzz surrounding the Initial Crypto-currency Offering (ICO) phenomena. Overstock's CEO Patrick Byrne announced a \$500 million ICO at Money2020. While CoinAgenda's Blockchain and ICO investing centric conference introduced a plethora of ICO startups looking for funding, and investors looking for the next 1000+ return on ICO tokens.

At both conferences there was a lot of discussion on the Securities versus Utility Token conundrum, and as the ICO market continues to heat up with 10 or more ICO's being created every day, we have to wonder whether the light at the end of the crypto tunnel maybe a train headed our way, or is this just the next chapter of the crypto-currency story, as Blockchain goes mainstream and regulators get their fingers into the pie. There are now some legitimate concerns about SEC actions being applied retroactively, if they conclude that the ICO's where in fact unregistered securities offerings instead of Utility Token offerings.

Under SEC regulations and U.S. Supreme Court legal precedence, the 'Howey Test' has been where in principal a transaction is considered an investment contract if it is an investment of money, there is an expectation of profits from the investment, the investment is a common enterprise, and any profits comes from the efforts of a promoter or third party. Threading-the-eye-of-the-Howey-needle is considered to be the key to differentiating securities based ICO's from Utility Token offerings. The utility tokens are services sold in units that can be purchased, such as software licenses and API's. They are a way of funding shared infrastructure projects. Whereas Tokenized Securities are token representing shares of a business. But there is another factor that comes in to play with the Howey test, and that is whether any profits that come from the investment is outside of the investor control. There are many opposing opinions, but it appears that ICO's and ITO's are here to stay.

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