



bankthink cryptocurrency markets are a blur. sec can do something about it

American Banker

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MSK Vice Chairman Nimish Patel and Alexandra Damsker co-authored the article, "BankThink Cryptocurrency markets are a blur. SEC can do something about it," published by *American Banker* on March 21, 2018.

Mr. Patel has also been quoted in numerous recent articles related to cryptocurrencies, blockchain technology, and ICOs. The list of these media mentions can be found [here](#). Mr. Patel will also be speaking with MSK Partner Mark Hiraide at the **ICO Summit** hosted by DigitalLA and sponsored by MSK on March 27, 2018. More details on that event can be found [here](#).

*From the **American Banker** article..*

"Blockchain platforms are run by cryptocurrency tokens, either a common primary token, such as bitcoin or ether, or a newly created, specific, secondary token that works specifically for a specific platform, such as Ripple or Refereum. These newly created secondary tokens are what companies typically use when undergoing an initial coin offering — this is the first distribution of these secondary tokens, with funds raised going to the company to further develop the platform.

There's a popular assumption that these secondary tokens can be exempt from federal securities regulations if it has some level of utility on a blockchain platform or distributed application, known as DApps. Yet that appears to be wrong: Unless the token has no life outside of the platform. That is to say, if the token is not listed or traded on an exchange and merely functions entirely within the platform for in-app or in-platform use (like tools purchased for World of Warcraft or other game), the token is likely not a security. Otherwise, the token is likely purchased for some form of speculative value — the token is very likely a security and subject to the securities regulations. All related transactions should be conducted with this in mind."

attorneys

Nimish Patel

practice areas

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