

CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

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PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER



Greetings from Malta where I'm taking my annual leave and enjoying somewhat of a busman's holiday. Once again the self-styled Blockchain Island will be hosting two significant conferences this coming winter with both the DELTA Summit 2nd-4th October and the Malta A.I. + Blockchain Summit 7th - 8th November. I attended both last year and can recommend going as many interesting speakers and businesses will be there under one roof. Both companies have agreed to offer a 50% discount code (CRYPTOAM) to 100 readers each. For DELTA apply via www.delta-summit.com and for Malta AIBC apply via www.maltablockchainsummit.com

What a difference a week makes! Since last week's Crypto AM with prices tumbling across the board. Whether this is down to President Trump's openly hostile tweets (read Market Overview opposite) or not is hard to say but certainly Facebook's first move into the space continues to send shockwaves through the legacy banking world! At the time of writing, Bitcoin (BTC) is at US\$10,315.90 ETH is at US\$226.80; Ripple (XRP) is at US\$0.3131; Binance (BNB) is at US\$27.71 and Cardano (ADA) is at US\$0.05809. Overall Market Cap is down circa 17% at US\$280.37 (data source: www.CryptoCompare.com)

Over the weekend I took the opportunity to meet some of the British team behind a major new mass-adoption project called Kamari which is incorporated in Malta. They're focused on Africa, which is ripe for blockchain adoption with a young population, minimal existing infrastructure, and an economy that is expected to 10x over the coming years. Their team is impressive, with a mix of crypto veterans combined with successful entrepreneurs with huge existing, successful companies.

Kamari will begin with an international lottery and gaming platform around their token, which they plan to make available to the public through physical PoS terminals. They have existing licenses across a number of African countries that potentially gives them access to hundreds of millions of users right away. Their vision is massive and goes beyond just lotteries and gaming, and their all-star team looks like they might pull it off. No doubt Kamari will feature soon in the Spotlight feature!

Finally, in other news it was extremely gratifying to learn that Alan Turing, British icon and father of AI and modern computer science has been chosen as the face of the new £50 note. He is most famous for his contributions that led to cracking Enigma, Nazi Germany's main crypto-system, but also has a long-abiding artificial general intelligence test and design for a general-purpose computer named after him in the Turing Test and Turing Machine, respectively. Without his work it's unlikely we would be where we are today and the world would be a very different place.

Bitcoin is surging on another value roller-coaster. Facebook has announced details of its intended Libra digital currency. Investors are glimpsing a golden Unicorn future, anticipating the arrival of the long-expected cryptoeconomy. But Crypto Assets are unregulated, with few innocent investor protections. There have been an estimated \$1bn of criminal cryptocurrency theft and scams so far this year alone.

The Dragon is a legendary powerful creature – a symbol of evil, and a guardian of treasure. Killing the Dragon is the conflict between light and darkness, slaying the forces of evil. So, look out for swooping Crypto Dragons – the many and varied Financial Disputes over Crypto Assets. Complaints, disagreements, conflicts, with civil and criminal claims and legal actions, will increase, driven by the growth in crypto scams, thefts, losses and investigations.

Will your lawyers know how to slay a Crypto Dragon when you and your financial affairs are assailed by one? Is a Crypto an asset class, a currency, information, an intellectual property right, or what? When a Crypto Dragon swoops, any claim in which you may become involved, whether as Claimant or Defendant, is – for what? A promise to pay? But is it legally a contract? Can a record about something in a digitally-recorded ledger be considered a certain contract for money, property, an asset – or, indeed, for anything? Has there been any useful court judgment qualifying or defining a Crypto anywhere?

"No-one sues the internet". It's not a sue-able party, has no intrinsic financial value, and 'belongs' to no-one. A Crypto Asset fundamentally consists of zeros and ones scratched on an internet-accessed blockchain. It looks futile to seek to ascribe some tangible value to a decentralized blockchain, without any substantive, sue-able Trusted Third Party responsible for or standing behind its integrity and security.

So are Crypto Asset holdings and dealings beyond legal protection, and regulatory reach? Well, no. When a Crypto Dragon appears, the identification, location, and financial valuation of any



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UNICORNS? MAYBE NOT. BUT THERE WILL BE CRYPTO DRAGONS

Crypto Asset, access to it, holdings of it, and dealings and trading in it, will be critical. And although a Crypto Asset may essentially be 'decentralized digital vapour' a Court of Law can make a binding Order to get forensic traction on it, because of the legally well-established Obligation of Disclosure. This applies to a digital Crypto Asset just as it does to computer-held digital materials relevant to any forensic investigation, whether for a Civil Dispute or for a Criminal Prosecution.

The Federal Florida lawsuit in which Craig Wright, the Australian who claims he created Bitcoin, is testifying, has emphasised this Obligation and the readiness of a court to make an Order for Disclosure, despite the digital intangibility of a Crypto Asset. Wright has so far said that he can't comply with the Court

Order to produce a list of all his early Bitcoin addresses.

Disclosure and Valuation of Digital Assets, including Cryptoassets, is thus a significant issue arising in financial and technology legal actions, Civil or Criminal. In my years of expert witness experience I have routinely assisted lawyers in framing appropriate technical Requests for Disclosure, and at request of attorneys I recently drafted a Checklist giving practical, generally applicable wording for an effective Digital Asset Disclosure exercise.

This Checklist will assist in Financial Audits, Tax Assessments, Fraud, Fintech Due Diligence, Investment Exchange Issues/Listings, M&A Projects, Corporate Risk Assessments, Divorce Proceedings, IP Conflicts and Smart Contract Audit forensic investigations and is, in summary:

DISCLOSABLE DIGITAL ASSETS

Disclose each and every entity including but not limited to Cash, Currencies, ... any holdings or contracts denominated in: GBP, USD, Euro ... Renminbi; Cryptocurrencies including Bitcoin, Ethereum, Litecoin ...; De-materialised data having ascribable financial and/or tradeable value; physical digital storage media and devices holding value; Banking, accounting records including account numbers and names;

ACCESS METHODOLOGIES

Disclose all data, techniques and materials to identify, access, buy, sell, maintain, report on each and every such Disclosable Digital Asset, including Safe Deposit

Boxes, Bank Accounts, Wallets, User IDs, Passwords, PIN Codes, Signing Protocols, Two-Factor Authentication Protocols; All Relevant Trading, Storage and/or Other Exchanges Information; Relevant Software records, and audits as to its reliability and security and correctness; Anything signed by, or requiring signature by, a Digital Signature or other verification means;

MEANS OF REPOSITORY AND ACCESS

Disclose and confirm if any such Access Methodologies are held by one or more Trusted Third Parties and, if so, disclose all details thereof. If not held by one or more Trusted Third Parties: (i) Immediately deliver up the details not so held [Named Attorney], without alteration,

redaction, in complete and functional form; and (ii) Provide a detailed schedule of all things so delivered-up.

ASSESSMENTS AND VALUATIONS OF DIGITAL ASSETS

Disclose existing assessments, valuations and/or demands for taxes, carried out by any tax state or regulatory authorities including: In the UK, HMRC; In the USA, the IRS; Any Law Enforcement agency or entity.



Has there been any useful court judgment qualifying or defining a Crypto anywhere?

The team of litigation lawyers and experts who strive on your behalf should find this wording helpful in sharpening their Crypto Dragon-slaying swords and strengthening their defensive shields. Get ready for battle!

James Bowater in conversation with Dr Stephen Castell, acclaimed award-winning international independent forensic ICT consultant and expert, and in the 1980s a founder of the UK's OTC Share Market for new technology-based firms. In his letter 'What the ECU stands for', published in Computing magazine 20 July 1995, he predicted and proposed that "As cybertrading grows, the new, powerful, common electronic trading currency will be 'owned' by no single physical nation state, central bank institution, economic or political grouping. We could ... call it the ECU ... the Electronic Cash Unit".

IMPORTANT INFORMATION: THE VIEWS AND OPINIONS PROVIDED BY CITY A.M.'S CRYPTO INSIDER AND IN THE CRYPTO A.M. SECTION SHOULD NOT BE TAKEN AS INVESTMENT OR FINANCIAL ADVICE. ALWAYS CONSULT WITH YOUR FINANCIAL ADVISOR.

CRYPTOCOMPARE MARKET VIEW

Trump Finally Tweets About Bitcoin

Last week saw President Trump criticise bitcoin and Facebook's Libra cryptocurrency in a series of tweets. Explaining his anti-crypto stance, the president said he was "not a fan of Bitcoin and other cryptocurrencies," and that he believes they are "based on thin air." Commenting on Libra, Trump claimed they will have "little standing or dependability" and that if big tech wants to get into banking they must "become subject to all Banking Regulations."

In market news, bitcoin saw a considerable retrace for most of last week, sliding down from highs around \$13,000 to trade at the time of writing at \$10,277. Altcoins generally saw heavier losses, with ethereum (ETH) dropping from above the \$300 level to trade at the time of writing at \$225 - representing a weekly loss of over 27%.

The US SEC has greenlit a token sale that may prove to satisfy both the crypto

industry and regulators. Blockstack, a blockchain company aiming to "reconstruct the internet" received approval for a \$28 million public token offering under Regulation A+. Introduced in 2012 via the "Jumpstart Our Business Startups Act," other companies have taken advantage of this funding model, but Blockstack's sale represents the first time investors will receive a token, rather than shares in a company.

An Iranian official last week claimed that the country is set to unveil a gold-backed cryptocurrency to be mined with the central bank's permission. According to local news outlet Mehr, the official claimed that the cryptocurrency will be mined through an agreement between the Central Bank of Iran and a consortium of private IT firms in the country. The news comes as authorities in Iran have been cracking down on Bitcoin mining in recent weeks.

CRYPTO A.M. INDUSTRY VOICES

Outlier Ventures - Helping Crypto Cross The Chasm

Fresh off being awarded Europe's Hottest Blockchain Investor of the year 2019 at The Europas Outlier Ventures shows no sign of slowing down. Setup in 2014 they were one of the first blockchain funds globally and due to their unique LLP partner model, using the capital of members rather than LPs, have been able to aggressively reinvest gains back into what they call their 'venture platform'. Where they support tokenised networks life cycle from design and issuance through to their successful diffusion across industries.

"We are now looking at trebling the number of projects we work with in a given year both through our incubator but also at a wider range of stages, including a new 3 month pre-seed accelerator program and more later stage advisory with live token networks."

Undeterred by the Crypto Winter, Outlier has been doubling down on crypto assets at the protocol layer both by publicly investing in what it sees as depressed assets in the market and by committing \$30m of its own capital over the next 3 years to support those investments through initiatives like its recently launched Convergence Alliance which sees the likes of SAP, Deutsche Telekom and Land-Rover Jaguar collaborate on developing a more peer-to-peer, privacy-preserving, decentralized and open source alternative to the internet as a whole from the hardware layer up.

They call this the 'Convergence Stack', evolved from a seminal paper released in 2016 which predicted DLT would converge with IoT and AI, leading to their investments in IOTA and Fetch.ai. In fact 'The Stack' framework is what drives all their investment decisions not as a passive portfolio but a literal stack of highly synergistic technologies that when combined accelerate one another and the possibility of an open Web 3. One that puts the sovereignty of the user ahead of the shareholders of platforms. Leading them to refer to their approach as - Ven-

ture-as-a-Stack - or VaaS which they believe will become a common theme in deep tech venture.

"They believe creating an alternative to Silicon Valley's Surveillance Capitalism or the Chinese version of Digital Statism has never been such an important mission and speaks strongly to the European will of regulators to break up and contain internet giants and hold them to account on user data and privacy."

Jamie Burke their founder and CEO believes we are at an inflexion point.

"Platform monopolies lead to data monopolies lead to AI monopolies. Whole industries have been handing over their data on masse for platforms to sell back to their cognitive capabilities through their AI Cloud services. Creating an increasing dependency which has been a 'burning platform' for several years now, but Facebook LibraCoin has been like throwing gasoline on the flames. Sure Libra is perhaps only a direct threat to retail financial services but if Google or Amazon take the same approach to try and land grab a whole industries payments data to feed back into their AI that's got many companies nervous."

"This makes Outlier's support of a truly peer-to-peer, decentralised and open source software alternatives increasingly important as we try to create a third way for the Internet but that also promises to unlock trillions in new economic value. However, Burke feels there is still little correlation between actual progress, technical or commercial traction of a network and price in crypto."

"There are still a lot of underpriced networks out there. For those that can cut through the noise and perform fundamental analysis, and have kind of capital they can take long positions with this is a multi-billion opportunity over the next 5 years. And this is exactly Outlier's offering."

Jamie Burke, CEO & Founder of Outlier Ventures www.OutlierVentures.io

Crypto A.M. shines its Spotlight on De:Central Days

This week's spotlight feature focuses on the partnership between Craft Coin Company (CCC), run by CEO Florian Krueger and De:Central Days, set up by Reinhold Lang and Natascha Sacher (CEO and COO); as a series of conferences aimed to mix the best of showcasing, educating and networking for disruptive technologies.

As regular contributors to Crypto AM, many will know CCC has curated the art of disruptive tech hospitality in London at previous events. Along with De:Days, CCC have gathered London's digital tech elite to host what looks set to be the Rockstar conference of the season.

The story of the De:Days actually started with CryptoKlix, a performance ad network, specialised in crypto and blockchain projects, delivering high quality traffic for ICOs, STOs and Fintech companies looking to market their product on targeted websites. Visiting many conferences and exhibitions,

Reinhold and Natascha realised they had to organise a wider holistic event, pulling together more than just one industry. To host their inaugural event, they chose the island of Mallorca for its beauty and global accessibility.

The idea behind the De:central Days was to give attendees the opportunity to gain valuable insights from across industries – the future is not just about



Delivering high quality traffic for ICOs, STOs and Fintech companies looking to market their product



Florian Krueger, CEO of Craft Coin Company and Reinhold Lang, CEO & Cofounder of De:Central Days

blockchain, but other technologies that make up the digital economy such as AI, VR, Augmented Reality, IOT and the future of mobility.

The first event being held in Mallorca on September 23-26th, offering many networking opportunities throughout the conference, especially at tailored

side events like the 'Night of the De:Days', held on the roof top terrace.

De:Days will not only offer knowledge, experience and interesting workshops. They will also make sure, everyone involved is going to have a good time, thanks to Craft Coin Company securing 6,000 bottles of German Kraft beer (specially brewed for De:Days) and Jim and Tonic, providing the G&T's. CCC is also providing a yacht throughout the entire week and will be hosting secret events and pop ups for special guests, so stay tuned for giveaways and discounts!

Scan the QR code in the banner advert opposite in Crypto AM and get 50% off the delegate pass until the end of July and enter the code CITYAM200 at checkout.

In cooperation with CCC, they will be offering a special VIP ticket that includes the conference itself and VIP side events. The day before the conference begins with educational seminars on the basics of the technologies covered. A special visit to a bar with Mallorcan craft beer and great tapas, and the exclusive pre-event with delicious food and live performance by Art For Crypto's Vesa in a unique location. After the conference, you will be invited on a sailing trip to some of Mallorca's most beautiful bays to have a relaxing and enjoyable time!

For further information visit www.de-days.com



BLOCKCHAIN EVOLUTION

Troy Norcross, Co-Founder Blockchain Rookies

In 1991, Stuart Haber and W. Scott Stornetta wrote "How to Time-Stamp a Digital Document," a paper proposing how DLT could be used to apply practical procedures for certifying when a digital document is created or modified. In 2005, Nick Szabo launched eCash as one of the first digital currencies using blockchain technology. It wasn't until 2008 when the mysterious Satoshi Nakamoto released his blockchain protocol used for bitcoin.

While bitcoin and eCash were digital currency focused, blockchain has evolved well beyond to address a multitude of industry and enterprise challenges.

New blockchain protocols are being introduced such as EOS, Corda, Hyperledger and others. The new

protocols each apply their own approach to addressing challenges around energy utilisation, speed, scalability and privacy.

Corporate strategy is also evolving to keep up with blockchain evolution.

A growing number of consortia and industry associations are launching their own network of computers with their own ledger of information. There have been no less than five different blockchains launched for maritime shipping, at least three for tracking and tracing diamonds and at least two for providing data to support food safety.

Over the next 5-10 years, there will be three major trends. 1) As enterprises get to grips with how to use blockchain to solve industry problems, more and more

consortia will be formed with a goal of defining the winning standard with the largest group of enterprises at a global level. 2) After a period of intense competition, there will be a consolidation and one or two blockchain networks will prevail within each sector 3) Interoperability between blockchains will become the critical point to connect these cross-industry blockchains. Blockchain is a team sport. Sometimes teams compete. Sometimes teams collaborate. Enterprises who try to go-it-alone will not survive this evolution of corporate strategy and blockchain.

Get in touch with us info@blockchainrookies.com / [Twitter @igetblockchain](https://twitter.com/igetblockchain)

Scan QR Code to buy tickets to De:Central Days Mallorca in September. Use discount code CITYAM200 for £200 off delegate pass