

ACG 2018 Raleigh Durham's Capital Conference Wrap-Up:

Insights from the Blockchain Panel

This is the first in a series of articles summarizing the key ideas of the [2018 Capital Conference](#).

by [Deana Labriola](#), dl@wardandsmith.com

[Ward and Smith](#) securities attorney [Jim Verdonik](#) led a panel on what's next in blockchain technology April 10 in Raleigh.



The panel was part of the ACG Raleigh Durham 2018 Capital Conference, which focused on blockchain and cryptocurrencies, such as Bitcoin. These technologies are attracting more interest and

investment from start-ups and established companies in a wide range of industries. Because of how new they are, however, questions remain about what regulatory, tax and other legal requirements companies using this technology might need to comply with.

The panel, “Blockchain – Where to Next?,” sought to focus a skeptical eye on some of the opportunities and pitfalls that accompany the technology.

“What we’re going to be doing here is kind of looking at, from a skeptical point of view, how do you make money,” Verdonik told the assembled crowd of investors, entrepreneurs, lawyers and accountants.

The panel included [Dewey Weaver](#), an investor and entrepreneur who runs Deep River Ventures; [David Yerger](#), managing partner at RDG Funds, which focuses on blockchain, cryptocurrency and crypto-commodities; and [Robert Massey](#), a tax partner in [Deloitte’s](#) San Francisco office and a leader of company blockchain and cryptocurrency efforts.

Verdonik kicked off the panel by recounting a [Triangle Business Journal article](#) he wrote last year in which he asked readers about their blockchain strategy. There was a lot of interest in the article, he said, but “they knew extremely little about blockchain.”



One potential application for blockchain are smart contracts, which joins the binding legal power of contracts with the ability of software to logically reason and take action.

Yerger said one potential application of a smart contract might be something like auto insurance. A smart contract, with the proper information, could potentially determine if a damaged vehicle made someone eligible for an insurance reimbursement and if so, automatically issue that reimbursement.

Yerger said one potential application of a smart contract might be something like auto insurance. A smart contract,

“It has the potential to shift the balance of power between buyers and sellers,” Verdonik noted. “After the payment has been made, it will be the buyer who has the decision to try to go to court to get the money back.”

Another issue for businesses is the transparency and secrecy involved in cryptocurrencies, including Bitcoin and other lesser-known currencies. “I think this is exactly why the analytics companies are going beyond crypto and looking for other data points,” said Deloitte’s Massey.

Some cryptocurrencies, like [Bitcoin](#), are not truly anonymous, so users in the real world could be tracked. Others, however, are designed to allow truly anonymous transfer of funds from one person to another.

Beyond contracts and currencies, many businesses and start-ups are seeking way to take advantage blockchain’s data storage capacity. Yerger described it as similar to a distributed database, with information spread across many computers on a network, yet still secure and accessible. But this doesn’t mean blockchain is automatically a good idea for any application.

“I ask about the core value proposition,” Massey said. “Explain to me how you’re solving something differently with a token.”

Weaver sees a number of opportunities in industries where trusted intermediaries create high costs in a particular process, or where data needs to be stored and transmitted in a secure way. In Africa, Dewey said, 20 to 30 percent of medicines that arrive are counterfeit. A [blockchain-enabled supply chain](#) could assure that a bottle of pills actually contains what it says it contains.



“Blockchain gives us a really great opportunity to help people,” he said.

Recording ownership of and facilitating transfer of both physical assets, like real estate, and intangible assets, such as music or patents, is also a ripe area for blockchain.

Yerger talked about a blockchain project his previous employer, a company called [BitGo](#), did with [Britain’s Royal Mint](#) — the English equivalent of the [Federal Reserve](#).

“We ended up tokenizing every ounce of gold in their vaults,” he said. Once it’s rolled out, it will enable people to buy and sell gold across borders without having to worry about physically transferring it and insuring it, which are expensive processes.

Whatever the application, implementing blockchain requires collaboration, Massey noted. He said the most successful blockchain technology efforts are those that bring everyone together to work through the challenges together — “savvy business people, software technologists, solid legal counsel, and regulators.” That, plus executive buy in, is critical.

Do that, the panelists agree, and others will view your blockchain idea less skeptically.

Conference Wrap-Up sponsored by [Ward and Smith, P.A.](#)

