

Alien 91, [6/22/2021 2:02 PM]

We have delivered an NAL request to the SEC and had a meeting with a team of their attorneys a couple of weeks ago

WilliamB, [6/22/2021 2:02 PM]

The warmest welcome to you Jeremy!

Alien 91, [6/22/2021 2:02 PM]

Jorge Teneriro (or however you spell his name) was the lead attorney on the meeting with Jeremy

Jeremy Hogan, [6/22/2021 2:03 PM]

Hello All, this is att'y Hogan. I had a teleconference with the SEC on 6/11/21 in response to our request for an NAL. We asked for a no action letter to 3 actions: 1. Use of veri tokens, 2. "Rent" of veritokens and 3. sale/trade of Veri-tokens.

J J, [6/22/2021 2:04 PM]

Hello

Alien 91, [6/22/2021 2:04 PM]

So, the meeting was in response to our request for a No Action Letter in order for the Veritaseum community to have a level of comfort moving forward with the project

Chris Noonan, [6/22/2021 2:04 PM]

Welcome!

Alien 91, [6/22/2021 2:04 PM]

Jeremy delivered a very detailed request, with strong case law in support

Alien 91, [6/22/2021 2:05 PM]

At this time I am going to pass the baton to Jeremy to detail how the conversation went:

Jeremy Hogan, [6/22/2021 2:06 PM]

THanks Trey. Please excuse my typing! I spoke/argued with 4 attorneys at the SEC: Tenreiro, Villardo, Ingram and one other guy who was quiet. The short of the phone conference was that the SEC had "determined" that the Veri token was a security and it would have to be treated as a security, even by individual holders.

Jeremy Hogan, [6/22/2021 2:06 PM]

In my opinion this is contrary to the law.

Jeremy Hogan, [6/22/2021 2:06 PM]

And it got a little heated.

Jeremy Hogan, [6/22/2021 2:07 PM]

But at the end, I was not able to obtain teh NAL for ya'all and I am sorry for that.

Jeremy Hogan, [6/22/2021 2:07 PM]

The SEC's position was simple: it's a security.

Reggie Middleton, [6/22/2021 2:08 PM]

Did they give specific reasoning behind their decision?

Jeremy Hogan, [6/22/2021 2:08 PM]

Not that satisfied me.

Reggie Middleton, [6/22/2021 2:08 PM]

It appears as if the case law is clear, strong, and plentiful

Jeremy Hogan, [6/22/2021 2:08 PM]

Yes and yes

Jeremy Hogan, [6/22/2021 2:09 PM]

I was very frustrated by it all.

Reggie Middleton, [6/22/2021 2:09 PM]

What was the unsatisfactory reasoning?

Jeremy Hogan, [6/22/2021 2:09 PM]

But as you know, in an NAL request - there's no objective trier of law.

Jeremy Hogan, [6/22/2021 2:10 PM]

Without going into it too much, I assumed at the end of the call, there was more to it than just an objective application of the law.

Reggie Middleton, [6/22/2021 2:10 PM]

Surprise? :-)

Jeremy Hogan, [6/22/2021 2:10 PM]

Honestly I was.

J J, [6/22/2021 2:10 PM]

What recourse do we have from here?

Jeremy Hogan, [6/22/2021 2:10 PM]

But I suspected a problem when I heard Tenreiro on the phone. :)

Jeremy Hogan, [6/22/2021 2:11 PM]

So, the next step would be to go over the SEC's head and go to Court.

Reggie Middleton, [6/22/2021 2:11 PM]

Do you know if it is common practice for a member of enforcement to lead on a NAL request made to corporate finance? That seems a little like crossing the Chinese wall to me.

Jeremy Hogan, [6/22/2021 2:11 PM]

Ask for a declaratory judgment as to your rights and obligations.

Alien 91, [6/22/2021 2:12 PM]

They even detailed, it was Jorge who commentend "Mr. Hogan, you need to advise your clients that resale of an unregistered security is unlawful, which is section 4 / 8 clearly makes a way for Veri holders.

Jeremy Hogan, [6/22/2021 2:12 PM]

I've never heard of the litigating attorney being involved in an NAL request before...

WilliamB, [6/22/2021 2:13 PM]

How can they verbally claim the tokens a security, if they did not address it as such in the Final Judgment?

Jeremy Hogan, [6/22/2021 2:13 PM]

William, I asked that question.

Deleted Account, [6/22/2021 2:13 PM]

did u point this out in the conversation? and what was Tenreiro's response?

WilliamB, [6/22/2021 2:13 PM]

...and?

Jeremy Hogan, [6/22/2021 2:13 PM]

They tried to distinguish between internal SEC determinations and Court determinations

Jeremy Hogan, [6/22/2021 2:14 PM]

The SEC has so determined and its the SEC that brings enforcement actions.

Jeremy Hogan, [6/22/2021 2:14 PM]

Etc. etc.

Jeremy Hogan, [6/22/2021 2:15 PM]

Ned, I didn't comment on Tenreiro being involved because we went straight into it

Deleted Account, [6/22/2021 2:15 PM]

NAL=internal job... we need some external party to co-join our request

Alien 91, [6/22/2021 2:15 PM]

Jeremy even quoted Jorge's own statements on the Ripple case, which supported our NAL request

Jeremy Hogan, [6/22/2021 2:15 PM]

NEd, yes - it's a completely internal process.

Alien 91, [6/22/2021 2:16 PM]

and he said "oh, that's different"

Jeremy Hogan, [6/22/2021 2:16 PM]

:) they didn't like that.

Jeremy Hogan, [6/22/2021 2:17 PM]

So, you all have to be careful.

Reggie Middleton, [6/22/2021 2:17 PM]

Interesting. So, according to the judge in the SEC v Ripple case, those determinations are discoverable by the VERI community, correct? They should also be available via FOIA request as well, no?

Particularly since they were admitted on the record, or at least to you via a recorded line. Correct? It would be interesting to see how those determinations came about, if they have changed over time (as in with ETH, allegedly) and how they differ from Block.one tokens, etc.

WilliamB, [6/22/2021 2:17 PM]

So, VeRI is against the law according to the SEC, but not according to the court?

Jeremy Hogan, [6/22/2021 2:18 PM]

Reggie, I called Villardo back a couple days later.

Jeremy Hogan, [6/22/2021 2:18 PM]

And tried to obtain a written position but was denied - they only provide an oral opinion if they deny the request.

Jeremy Hogan, [6/22/2021 2:19 PM]

William, yes, the courts have never ruled on it. There was only essentially a consent judgment.

Jeremy Hogan, [6/22/2021 2:19 PM]

Reggie, I think FOIA requests would at least have the letter and internal memos.

Jeremy Hogan, [6/22/2021 2:21 PM]

In any case, a very frustrating 30 mins. of my legal practice. We were legally correct but...

Alien 91, [6/22/2021 2:21 PM]

I for one am in support of further action in support of the Veritaseum community !!

J J, [6/22/2021 2:21 PM]

Can you expand on this statement Jeremy?

Deleted Account, [6/22/2021 2:21 PM]

so now what do u suggest us to do Jeremy?

Jeremy Hogan, [6/22/2021 2:21 PM]

Yes, the SEC was clear that any sales or POSSIBLY use of the tokens may be a violation of securities laws.

Jeremy Hogan, [6/22/2021 2:22 PM]

Possibly use because it depends on whether there is a "transfer" of the token. IF there is, that could be a problem.

Reggie Middleton, [6/22/2021 2:22 PM]

Expound on the transfer portion

Deleted Account, [6/22/2021 2:22 PM]

does that apply to outside-USA borders?

Jeremy Hogan, [6/22/2021 2:23 PM]

Reggie, securities laws cover "sales or transfers"

Deleted Account, [6/22/2021 2:23 PM]

ok as SEC "technically" has no jurisdiction abroad

Reggie Middleton, [6/22/2021 2:23 PM]

Securities have been transferred between individuals, ie. Father gives daughter in law a bearer bond for Christmas

Jeremy Hogan, [6/22/2021 2:23 PM]

SO if there is any "transfer " of ownership the SEC views that as falling under its domain.

Jeremy Hogan, [6/22/2021 2:24 PM]

SO they say.

Jeremy Hogan, [6/22/2021 2:24 PM]

I spent a lot of time with them on that.

Jeremy Hogan, [6/22/2021 2:24 PM]

Ned, yes.

Alien 91, [6/22/2021 2:25 PM]

Well, they were not supposed to go to Jamaica or Toronto either.....

Jeremy Hogan, [6/22/2021 2:25 PM]

Reggie, if the token is used on the site - is there a transfer of possession/ownership or not...

Jeremy Hogan, [6/22/2021 2:25 PM]

the law fails us on that because it's so antiquated.

Jeremy Hogan, [6/22/2021 2:25 PM]

antiquated.

Jeremy Hogan, [6/22/2021 2:25 PM]

That's where I am not clear and the law isn't clear

Jeremy Hogan, [6/22/2021 2:26 PM]

Obviously if you do that , yes, that's a transfer

Jeremy Hogan, [6/22/2021 2:26 PM]

But what about "renting" the token for use but it remains in your wallet?

Jeremy Hogan, [6/22/2021 2:26 PM]

The SEC would NOT bend on that position.

Deleted Account, [6/22/2021 2:26 PM]

now that's interesting

Reggie Middleton, [6/22/2021 2:27 PM]

Although the SEC has not technical jurisdiction overseas, they do have jurisdiction over me and some of my properties.

Fighting the government is a losing proposition for me, even if I win, and to date not cypto has won against the SEC.

So in order for me to feel safe in imparting value to the token, either the SEC has to be more favorable or a court has to offer a favorable ruling, i.e. declarative judgement granting me safety from SEC enforcement in interacting with the tokens.

I make this statement from my personal opinion, and have not sought the guidance of legal counsel as of yet. But I am opting to be as cautious as possible.

Jeremy Hogan, [6/22/2021 2:27 PM]

I took from the conversation that the SEC would instinctively look at "renting" as a transfer. That's the default for them.

WilliamB, [6/22/2021 2:28 PM]

Will the Ripple/Xrp impact Veri should they receive a positive stttlement/judgment?

Jeremy Hogan, [6/22/2021 2:28 PM]

Reggie, yes, no jurisdiction over the person but CAN have jusrisdiction over property in U.S..

Deleted Account, [6/22/2021 2:29 PM]

have u mentioned them the Rental idea, or it's just ur feeling they have no way to deny that?

Jeremy Hogan, [6/22/2021 2:29 PM]

William, I don't think so. The only thing that would move the needle is a Judge's ruling or new SEC rules or new COngressional laws.

Reggie Middleton, [6/22/2021 2:29 PM]

The problem is that they don't need to be right to do specific harm to me or the operation. I can create a facility where there is no physical transfer, nor transfer of ownership, that would comply with this new set of "rules", but if they drag me into court, the damage will be done anyway. I don't need to be wrong to lose.

I don't want any further interaction with regulatory enforcement.

Jeremy Hogan, [6/22/2021 2:29 PM]

Ned, no, I argued with them on "rental " for 10 minutes at least..

Jeremy Hogan, [6/22/2021 2:30 PM]

Reggie, yes, sometimes it's not if you will win or lose - it's that the lawsuit will destroy you in a couple ways...

Meekseeker, [6/22/2021 2:33 PM]

Jeremy if XRP wins and is allowed use of their tokens post judgement, could that have potential implications for VERI taking court action for the same?

Reggie Middleton, [6/22/2021 2:33 PM]

@jeremy what is your recommendation for the community moving forward?

Jeremy Hogan, [6/22/2021 2:34 PM]

The only possible action for the community at this point, IMO, is a declaratory judgment action.

Meekseeker, [6/22/2021 2:34 PM]

Is it profitable to wait and ensure Ripple gets one first??

Deleted Account, [6/22/2021 2:34 PM]

the same Judge of Eastern NYC?

Jeremy Hogan, [6/22/2021 2:34 PM]

Ned, yes it would be the same judge.

Reggie Middleton, [6/22/2021 2:36 PM]

I have stated before, and have to state again, this is a community led effort and although I am extremely interested in the outcome, I have to stay separate and apart from community litigation with the SEC. Just thought I would put that out there as a refresher

Jeremy Hogan, [6/22/2021 2:36 PM]

If Ripple wins, that helps but you'd still need to go to court.

Deleted Account, [6/22/2021 2:37 PM]

yes, VERI tokenholders have started with the idea of NAL request, because of the frustration involved since the lack of info from the FJ of Nov 2019

Jeremy Hogan, [6/22/2021 2:37 PM]

Reggie, understood.

Alien 91, [6/22/2021 2:37 PM]

If we reopen the old case, we could argue the tenants that Jeremy in the NAL request

Meekseeker, [6/22/2021 2:37 PM]

The way, I see things going, I think the VERI community should wait for the XRP outcome AND THEN pursue declaratory judgement action. I expect Ripple to win.

Alien 91, [6/22/2021 2:38 PM]

and it would be made in an open court

J J, [6/22/2021 2:38 PM]

@Meekseeker agreed!

Deleted Account, [6/22/2021 2:39 PM]

isn't this more complicated than a Declarative Judgement?

Alien 91, [6/22/2021 2:40 PM]

We would have to re open the case to get the declarative judgement

Jeremy Hogan I tried very hard for those 30 minutes. Had to calm down afterwards for 10 mins. before calling Trey. :)