

Phil Lookadoo in Fortune on SEC Cryptocurrency Crackdown

May 3, 2018 Phil Lookadoo

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Fortune quoted Haynes Boone Partner [Phil Lookadoo](#) on the likelihood of the Securities and Exchange Commission cracking down on two of the most popular cryptocurrencies, Ethereum and Ripple's XRP, after a former top regulator recently told an audience that he considers the two tokens "noncompliant securities" operating outside U.S. laws.

Fortune [reported](#) that the SEC swooping down on the likes of Ripple and Ethereum would convulse cryptocurrency markets. But the chances of that happening are remote, according to securities lawyers and former regulators.

"It's highly unlikely they'll go back and impose some onerous burdens. It would be very unusual for a regulator to go back in time and say 'you should have thought three or four years ago when you started that this was a security'," said Lookadoo, a commodities lawyer in Haynes Boone's Washington, D.C., office. "To single out one or two cryptocurrencies because of the way they were formed would be picking winners and losers. It's not the sort of thing the SEC would want to be doing."

Excerpted from *Fortune*. To read the full article, click [here](#).

Lookadoo also notes separately from the article that cryptocurrency and blockchain are on the front-lines of FinTech innovations, which have great potential for (1) improved regulatory visibility into actual trades in real time, which means better market oversight by the regulators; (2) better cybersecurity protection, due to the extensive use of encryption; (3) much better commercial efficiency; and (4) possibly, improved liquidity for those products that currently trade in small ponds of liquidity.

While the SEC, the Commodity Futures Trading Commission and other regulators want to protect the markets from fraud and manipulation, they do not want to stand in the way of beneficial financial technology innovations. Here, innovators are doing their best to develop completely new FinTech products, which could revolutionize, for example, commodity trading. In that light, punishing one innovator, whose product may actually be superior, because of how that product was initially formed would be counter-productive.