

Foreword

Paul Grewal

I first came across the idea of a blockchain sometime in the early 2010s. I'm not sure the exact year, but it was when I served as a US Magistrate Judge in the federal courthouse in San Jose, California. Magistrate judges have many responsibilities, none more important than reviewing applications from federal agents for warrants to search or seize private property. The judge's task is to evaluate whether the agent had established probable cause existed to believe that what was sought to be searched or seized was evidence of a crime, contraband, or the like. As I recall that day, I was in my chambers reviewing the previous evening's applications when I came across an application to search a property for and seize a hard drive containing something built on a blockchain called ... bitcoin.

Before I could even consider whether the agent had shown the required probable cause, I realized I had a problem. Not only did I not know what blockchains or bitcoin were, I had even less of an idea what laws and regulations might apply to them. And I did not even know where to look to learn. There were no books, articles, or podcasts (were podcasts even a thing yet?) to consult. Thankfully, I did have on my government-issued desktop computer access to Google, and Google quickly took me to a simple but eloquent whitepaper titled "Bitcoin: A Peer-to-Peer Electronic Cash System," written by an author calling himself "Satoshi Nakamoto." From there, I was able to piece together the legal and regulatory framework required for my evaluation, as difficult as it was. Before I could see how a reference text on these questions might help others wrestling with similar questions, I got pulled into another matter and gave it no further thought.

Several years later, I had stepped off the federal bench and returned to the practice of law. I had just accepted an offer to join a young private company called Coinbase that offered a safe, regulated way to access Bitcoin and other blockchain-based digital assets. By this point in time, digital assets were well on their way to capturing the wider public's imagination. The public was taken not only by the meteoric rise in the value of certain assets but also by the promise many blockchain-based technologies offered as an alternative to

traditional financial technologies and services. As for me, I was mostly taken by how much American law and regulation had taken shape around blockchains. Money transmission licenses, money services business registrations, New York bitlicense and the like were now standard fare. The SEC had launched enforcement actions targeting ICOs, and the CFTC had taken action against fraud and other misconduct. And yet there still no comprehensive reference text explaining not only how blockchains worked but also how they fit with existing and potential law and regulation, especially those applying to the banking sector.

That is, until now. With this comprehensive guide to the legal and regulatory landscape of blockchain technology, Sumeet H. Chugani and Stephen T. Gannon have filled a void that has persisted to the present day. Many fine individual resources on blockchains and law now abound, but this guide offers a single reference that covers the entire landscape of relevant legal topics. You'll be able to share in all the lessons collectively that many of us were forced to learn one by one. In a certain way, I'm jealous of the experience you're about to begin as you learn all the diverse legal lessons of this revolution. I'm also hopeful that you'll quickly see the need, as I have, for legislative and regulatory reforms that protect consumers and investors while preserving the innovative potential of blockchains to transform not only banking and other financial services but many other industries.

Paul Grewal, Chief Legal Officer, Coinbase