With an unrivaled combination of regulatory and compliance, commodities, derivatives, securities, and exchange issues, tax law and policy, and government enforcement experience, Steptoe’s blockchain and cryptocurrency team is uniquely positioned to help clients develop and implement blockchain strategies and navigate the complex legal and regulatory environment surrounding cryptocurrencies and crypto-assets in the US and across the globe.

Steptoe is part of the foundation of the blockchain industry. On behalf of the Chamber of Digital Commerce and Coin Center, Steptoe helped create and serves as counsel to the Blockchain Alliance, a coalition of three dozen of the leading companies in the blockchain space. The Blockchain Alliance engages with over 40 local, state, federal, and international government agencies delivering education and helping to promote the growth of this technology. We also serve as an advisor to both Coin Center and the Chamber of Digital Commerce, two of the industry’s leading advocacy groups, and many of the industry’s leading companies.

Our team includes former high-ranking officials from the Department of Justice, the Department of Homeland Security, the Internal Revenue Service (IRS), Treasury Department, the Commodity Futures Trading Commission (CFTC), and the Securities and Exchange Commission (SEC) with extensive knowledge in cryptocurrency and blockchain technology matters. We advise individuals and entities on the suite of legal and regulatory issues from a currency, commodities and derivatives, and securities law perspective. We also have unique experience on the taxation implications for a range of crypto-related activities including trading, investing, creating and issuing tokens, and digitizing assets. Utilizing decades of experience working in and with the legislative, executive, and judicial branches of government, we engage with regulators in order to develop laws and guidance that clarify the regulatory landscape while still encouraging innovation. Our clients fall into four main categories, as further described below, but we are constantly expanding and adapting as the industry evolves.

Noteworthy

- *Chambers FinTech USA (2019-2020)*
Cryptocurrency-Related Activities

Steptoe advises merchants who accept cryptocurrency as payment for products and services. We advise on the mechanics of accepting and storing those funds, the potential risks and mitigation strategies for holding cryptocurrency, and the tax implications.

We advise individuals and entities in setting up cryptocurrency exchanges, for exchanging between cryptocurrency and fiat or between different cryptocurrencies. We also advise clients on the different business models for exchanges such as a broker, a dealer, or a custodial exchange and assist in setting them up. In addition, we advise exchanges on structuring international arbitrage, taking custody of their customers’ private keys, dealing with cyber-threats, and verifying payment, storage, or technology vendors.

We advise on how to comply with Bank Secrecy Act (BSA), Anti-Money Laundering (AML), and Know Your Customer (KYC) requirements and with sanctions regimes. We assist clients in registering as a Money Services Business with the Financial Crimes Enforcement Network (FinCEN), complying with state money transmitter laws, and developing AML policies and procedures. We advise clients on the use of blockchain analytics software for verifying customers’ funds and other software for automating AML and KYC processes and digital identity management.

We also advise on the tax implications, reporting regimes, and record collection and retention policies for merchants, exchanges, miners, and entities paying wages in cryptocurrency. We advise clients and engage with government regulators regarding fiat to cryptocurrency conversions, cryptocurrency to cryptocurrency conversions, hard-forks, and other taxable events.

Steptoe serves as legal, regulatory, and policy counsel to cryptocurrency entities and provides assistance with government inquiries, requests for information, legislative hearings, as well as investigations and enforcement actions.

Enterprise Blockchain Applications

We advise established companies and startups looking to implement enterprise blockchain applications that cross a range of industries such as energy, insurance, real estate, transportation, supply chain, and trade. Steptoe takes a holistic approach to implementing enterprise blockchain applications and developing strategic transition plans to blockchain and distributed ledger technology applications. We consider applicable laws and regulations related to compliance and sanctions, cross-border requirements, tax treatment, data security considerations, risk assessment of technology vendors and partners, while also anticipating obstacles to implementation.

We conduct impact assessments of blockchain and distributed ledger technologies, including the benefits of public versus permissioned blockchains and the differences between blockchains such as Bitcoin, Ethereum, Hyperledger, and Corda. We also advise on the legality of smart contracts and transacting digitized assets.

We assess data protection and privacy implications of these enterprise applications. We assist clients in complying with applicable US and international laws and regulations, instituting security systems and procedures to minimize the chances of a cybersecurity incident, and executing an incident response plan after a data breach or cyber-attack.
**Crypto-Asset Creation, Issuance, and Investment**

We advise individuals and entities creating or issuing tokens, commonly referred to as initial coin offerings or token generation events. We advise clients on the implications associated with their token related to currency regulation, commodities and securities law, and the taxation implications. We assess the risk of the token and business model and work with the client to develop risk mitigation strategies. Steptoe engages with federal government agencies such as the CFTC, SEC, IRS, FinCEN, and state regulators on behalf of clients to understand the evolving regulatory landscape and ensure compliance with applicable laws.

Steptoe also advises high-net-worth individuals and entities purchasing and selling cryptocurrency. We conduct due diligence on counterparties such as cryptocurrency exchanges, dealers, and brokers. We guide clients through on-boarding with these entities and assist clients in navigating key decision points when investing in cryptocurrency.

We advise clients on the different business models for establishing funds. We also serve as regulatory counsel for funds and engage with regulators such as the CFTC, the SEC, and the IRS as applicable. We assess risk and risk mitigation based on the business model. Steptoe provides analysis on the tax implications of investing in different types of cryptocurrency, what constitutes a taxable event, how to determine basis, and the reporting requirements.

**Government & Internal Investigations and White-Collar Criminal Defense**

Steptoe's team provides strategic compliance advice to help companies stay out of trouble, and aggressive defense and effective government engagement when problems arise. We have represented both individuals and entities conducting crypto-related activities such as exchanges and users who are being investigated by government agencies including FinCEN, the SEC, and the IRS, and state-level agencies. Steptoe also has extensive experience in handling investigation and enforcement proceedings relating to BSA/AML rules and sanctions regimes.

We also assist entities and individuals both before and after cyber-attacks or data breaches. We help clients develop or improve their data privacy practices and incident response plans. We also provide rapid and comprehensive incident response in the event of a breach or cyber-attack.

Steptoe also assists individuals and entities who previously created or issued a token in determining the risk of the previously issued token, responding to investigations by government agencies such as the CFTC and SEC, and developing token remediation plans.

**Representative Matters**

Steptoe regularly advises a diverse array of clients on issues relating to bitcoin and other cryptocurrencies and blockchain and distributed ledger technologies, including:

- Advising the Chamber of Digital Commerce and Coin Center on legal and regulatory issues.
- Serving as counsel to the Blockchain Alliance and the Digital Assets Tax Policy Coalition.
- Advising prominent venture capital firms and investment funds on regulatory issues involving blockchain technology and cryptocurrencies.
- Advising individuals and institutions on the tax implications, AML/KYC regulations, and process of exchanging cryptocurrency as a broker, dealer, or custodial exchange.
- Advising high-net-worth individuals and corporations on advantageous structure for converting and exchanging large amounts of digital currency.
- Advising individuals and corporations with respect to tax implications of different investment and entity structures.
- Advising on the legal and regulatory implications of developing enterprise digital asset platforms.
- Advising technology companies on the classification and implications of token creations and sale under FinCEN, CFTC, SEC, and IRS regulations.
- Advising prominent retailers on legal and business issues involved in accepting Bitcoin and other digital methods of payment.
- Representing companies in investigations by the US Department of Justice, SEC, CFTC, and other government agencies.
- Representing a large digital currency exchange in connection with an investigation relating to a cyber attack.
- Representing a blockchain analytics company in connection with government contract-related matters.
News & Publications

MEDIA MENTIONS

CoinDesk Quotes Lisa Zarlenga on PayPal’s Crypto Offering
October 27, 2020

PRESS RELEASES

Steptoe Launches Financial Services University
Video Series to Explore Financial Services Legal, Business and Regulatory Matters
October 21, 2020

PRESS RELEASES

Law360 Names Jason Weinstein an MVP in Fintech
October 19, 2020

PRESS RELEASES

Law360 Names Four Steptoe Partners to 2020 MVP List
October 5, 2020

CLIENT ALERTS

Boosting Innovation by Increased Oversight and Cybersecurity Resilience: The EU
Cryptic Way of Promoting a Digital Single Market for Finance
October 1, 2020
By: Alan Cohn, Charles-Albert Helleputte, Diletta De Cicco, Simon Hirsbrunner, Algirdas Semeta, Guy Soussan, Stefan Tsakanakis, Jason M. Weinstein

PUBLICATIONS

Are Cryptocurrency Exchanges and Other Intermediaries Subject to FATCA?
Lukka Library
March 2020
By: Lisa M. Zarlenga, Lauren Azebu

PUBLICATIONS

Making Sense of the Information Reporting Requirements for Foreign Cryptocurrency Investments
Lukka Library
March 2020
By: Lisa M. Zarlenga, Lauren Azebu

CLIENT ALERTS

Stafford Act Assistance for COVID-19 Pandemic
March 23, 2020
By: Alan Cohn, Paul R. Hurst, Caitlin Conroy

PRESS RELEASES

National Law Journal Names Three Steptoe Partners Trailblazers in Criminal Law
March 4, 2020

MEDIA MENTIONS

Decrypt Quotes Lisa Zarlenga on Crypto Donations
January 6, 2020
Events

SEMINARS & EVENTS

Investing in Cryptocurrency
Tax Implications Workshop
March 1, 2018
Speakers: Jason M. Weinstein, Lisa M. Zarlenga, Alan Cohn, John Cobb
Harvard Club of New York City
35 West 44th Street
New York, NY 10036

SEMINARS & EVENTS

Blockchain and Virtual Currency: Tax Issues Workshop
A co-sponsored event with Coin Center
September 12, 2017
Speakers: John Cobb, Alan Cohn, Aaron P. Nocjar, Jason M. Weinstein, Lisa M. Zarlenga
Steptoe
1330 Connecticut Avenue, NW
Washington, DC 20036

WEBINARS

Don’t Get Blocked by the Blockchain Webinar
October 22, 2015
Speakers: Alan Cohn, Douglas Kantor, Jason M. Weinstein

Resources

EXEMPT ORGANIZATIONS ADVISORY
Charitable Contributions of Cryptocurrency: Tax Benefits and Other Considerations for Donors and Charities
December 29, 2020
By: Lisa M. Zarlenga, Elinor Ramey, John Cobb

FINANCIAL SERVICES UNIVERSITY

Financial Services University
2020

INTERNATIONAL LAW ADVISORY

President Imposes First US Economic Sanctions Against Venezuelan Digital Currency
March 26, 2018
By: Jack R. Hayes, Brian Egan, Edward J. Krauland

INTERNATIONAL LAW ADVISORY

Significant FinCEN Action Against BTC-e, Implications for Virtual Currency Exchangers
July 31, 2017
By: Jack R. Hayes, Brian Egan, Edward J. Krauland, Jason M. Weinstein, Alan Cohn

Blockchain & Cryptocurrency
Everything You Need to Know

Explore Related
Primary Contacts
Alan Cohn
Jason M. Weinstein

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Anti-Money Laundering
Tax
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