**Eric:** [00:00:00] Today's episode, Jonathan Turnham, Partner Travis Thorpe, Cayman Islands, BVI, and Daos. Need I say more? Let's get to it. If you like it, please share it with others let other people know, and I'd love to hear your comments, as well. And with that, I bring you the episode.
Welcome to The Encrypted Economy, a weekly podcast featuring discussions exploring the business laws, regulations, security, and technologies relating to digital assets and data. I'm Eric Hess, founder of Hess Legal Counsel. I've spent decades representing regulated exchanges, broker-dealers, investment advisors, and all matters of FinTech companies for all things touching electronic trading with a focus on new and developing technologies. Super excited that I've got Jonathan Turnham.
He's a partner at Travers Thorp and Alberga I probably mispronounce that at least. I wanna say welcome to the podcast. Been really excited to do a podcast [00:01:00] on Cayman Regulation and also touching on BVI. And John's just been full of enthusiasm and has done an enormous amount of work on Cayman Foundation, though.
Excited to have you on. Welcome.
**Jon:** No, I appreciate that. No, that's great. Good to be here. Yeah, it's been it's been a long time working in this space. I lose track of how many years we've been doing this for, but yeah our background goes well before the foundation act, before foundations existed, before any crypto other than Bitcoin existed.
So right. Very early days, having lots on the first crypto funds in the space. And certainly seen the space evolve and it's now. 98% of my time is spent on largely token issuer projects, regulatory concerns around that, structuring deals, building up platforms for all types of clients from, the less dangerous end of the video game spectrum to metaverse, layer one, layer two, deep end of defi, and sort of everything in between.[00:02:00]
**Eric:** Excellent. Excellent. So, I guess that's your background. What got you interested originally in, into crypto assets?
**Jon:** The truth is, I was mining Bitcoin way back when. Not because I wanted Bitcoin, because I was hardware testing. I was over clocking computers, building my own rigs, building my own water cooled setups and Bitcoin mining.
Bitcoin is a great way to just stress test them. And at that point it was just so I could play video games with higher frame rates. And so, the Bitcoin was useless to me other than if it crashed my computer or not. Ultimately though, on the legal side of things, I was involved in launching some of those first crypto funds here in Cayman.
At a prior firm. I was the only associate that knew what Bitcoin was. And so instantly I was put on the file. And in those days it wasn't a crypto fund, it was just a Bitcoin fund cuz that was the only crypto there was at the time. Buy low, sell high ridiculous strategy given you could have done it yourself if you [00:03:00] knew how to do it.
But ultimately they were charging three and 30 or four and 40 to just buy and hold Bitcoin. But in a world where you're doing it at buy 20 and sell at 68,000, it was probably a pretty

good strategy for them and still goes down as one of the most successful hedge funds of all the most successful hedge fund of all time.

**Eric:** Wow. Yeah, to think about that it's a three and 30, huh? Wow. Yep. And how long have you been in practicing in Cayman? Have you always been, did you start off your practice in Cayman or did you start somewhere else?

**Jon:** Sure, yeah. I've been in Cayman just over 10 years now. If you haven't guessed by my accent, I was born of, born and raised in Canada, did my undergrad at University of Ottawa way back when, but then ended up moving to Sydney, Australia, and did my law degree, graduate law degree at the University of Sydney.

Practiced in Sydney with Clifford Chance for a number of years doing cross-border m and a transactional work. Working closely with our offices in Asia and Singapore and Hong Kong within [00:04:00] Clifford Chance doing a lot of investment funds, fund management stuff, which is how Cayman came on the radar originally, 11 years ago when it came on the radar of a place to move to large, get closer to home, close to family, nice weather and zero tax, and just a good place to raise a young family.

It made a lot of sense and it's certainly become home for us now 10 years on.

**Eric:** Excellent, excellent. I guess just starting to shift gears into the topic of the day. I'll start off with a softball question for you. Is Cayman a good jurisdiction for locating a digital asset business?

**Jon:** Sure. No, that's a good question. Obviously, Cayman is, and always has been very pro-business no matter what that business was. It's got a reputation going back 30, 40 years of having attracted. Early mover status in various industries, whether it's the insurance industry, hedge funds, private equity funds, family wealth, family [00:05:00] planning, structuring, et cetera.

And I think it had always done well for a number of reasons. It's a British overseas territory, so the Queen is on our money. You've got a right of appeal to the Privy Council. It's in the Caribbean, but not a typical sort of Banana Republic like some people might try and allege. There is grownups here in terms of service providers, in terms of enforcement agencies, in terms of regulators.

For small island of 70,000 people, it's about as sophisticated as you're going to get. That means that, Cayman Obviously had a leg off right from day zero in terms of being tax free and being fairly pro-business. It was not a surprise that crypto got an early threshold leg in the market here, but then also ties into the fact that a lot of the early movers in the space between some of the family offices hadn't worth individuals that were willing to back projects and invest in them.

Were already familiar with Cayman and so it was a double home turf for them. They'd already done business here [00:06:00] and most of the early crypto funds then invested in some of these projects were also formed here as well. So it was a nice alignment of the capital was here, whether it was privately held families, family offices, investment funds that had raised into space growing up service providers, I suppose like myself, that could adapt and build and help clients through this and a regulator that in the early days was hands off. Crypto is not regulated in a just jurisdiction at that time. We don't care, just, don't defraud people. It's pretty permissive in the very, very early days.

And so those alignment of those various features meant that came and had a huge leg up and just got that early kind of grab on the market. And yes, we've seen other jurisdictions come and go, whether it's Estonia's, the Lichtenstein's, the is, the Hong Kong, the Switzerland's, they've all got pros and cons and you certainly wanna weigh things off one jurisdiction versus another.

But I think the combination. A stable jurisdiction combined with [00:07:00] zero tax, combined with grownup service providers combined with global recognition as a safe place to do business means Cayman's always very high on everyone's list.

**Eric:** Great. And who are the primary regulators in Cayman, particularly as it relates to foundations and digital asset businesses?

**Jon:** Sure. We've got the Cayman Islands Monetary Authority cmo. There are regulator here. They regulate banks, funds fund administration, custody, the full range, they cover it all. Sima's role in the digital asset space up until two and a half years ago was non-existent because crypto was not regulated and came in.

We had no virtual asset service provider or vasp regime, which we speak about. And Obviously, If you were doing a token where token represented a share [00:08:00] in a company, then the fact that there was no regulation on that instrument, the token itself, the fact is the underlying product was still a security.

And yes, we've had securities laws that would regulate certain activities, whereas if you had a utility token or governance token that didn't have shared like, or equity like rights to it in the old days, and by that about two and a half years ago, it would've been unregulated hearing Cayman. If you started providing custody of certain things or making markets or dealing in certain activities, you could find yourself bumping into other regulatory laws, but ultimately it might not have been a vast activity.

And then Cayman, like I said about two and a half years ago, brought in their virtual asset service provider regime, which is an F A T F global standard. Cayman brings in global standards cuz it wants to avoid blacklists or gray lists. Like most countries should or do. And that's what brought in our first version of crypto laws here.

As part of that came and also has a [00:09:00] sandbox regime for certain people that operate arguably on the fringes, don't quite know which regime they fit in. You can have a much more interactive engagement with the regulator here if you wanna try and operate within that space. But at the end of the day, yes, same as the main regulator and on crypto projects, the reality is you could be bumping into c mine, two or three different departments depending on what that token or platform or project does.

It could just get hit by a number of regulatory laws. The one unfortunate thing is because we've got single regulator, there is scope and most of our regulatory laws to recognize that multiple regulation heads for one entity within one regulator is not very efficient. And

you could ideally, I don't wanna say pick and choose which limb you fall under, but there's usually one that's more suitable than the other and they avoid.
For example, having to get regulated as a custodian, as well as a virtual asset service provider they'll pick one that's more suitable.
**Eric:** And so what are the primary statutes or authorities or guidance that [00:10:00] you abide by for digital asset businesses and Cayman?
**Jon:** That's it. I think, like I was alluding to, are virtual asset service provider.
The vast regime is the main one that we deal with. And right there in the name Virtual Asset Service Providers, you need a virtual asset. And generally speaking, you need to be providing a service to it. And so the typical ones that are very non-con contentious would be crypto exchanges where you are providing, usually some form of custody.
If it says centralized exchange, if it is then doing transactions on behalf of clients. But you could have crypto broker dealers would get caught, crypto money transmitters would be caught. And crypto custodians are gonna get caught. And so those true service providers. Despite being an offshore lawyer I think they should be regulated, the potential damage they could do to the industry and to market participants and just customers generally, if you wanna be that grown up on-ramp, [00:11:00] off ramp in the industry, I think there should be some checks and balances in place.
And so most of that vast regime I had no issue with came in, I think, I'll be honest with you, shot itself in the foot. At the 11th hour before our basketballs came in, after our consultation periods, Cayman did add awkwardly into our vast regime, a deviation from those F A T F model rules, which was trying to regulate an issuer of newly issued virtual assets to the public for consideration.
And so vasp audits core was not trying to regulate token issuers, and then came in again, 11th hour, brought in this language to say newly issued virtual asset to the public for consideration. You may have to go within this registration category. That was not great for my book of clients. That was not great for Cayman as an industry.
There's still certainly lots of opposition to that law. There's discussions on carving [00:12:00] that back to be more aligned with the pure version of the vast regime put up of the F A T F. But the net effect of that was that at that point, and again that was two and a half years ago, I had probably 60 or 70 token issuer clients at that point.
And we were following the news very closely and had been saying to them, vast is coming, but it won't impact you. Life goes on Christmas time saying actually no, the law changed. So sorry. You've got a little bit of grandfathered period to get things in order. Either stop doing your public sales because a lot of the had already sold the number of tokens didn't need to do it, so they weren't gonna hit that sale of newly issued virtual assets to the public.
Other ones are doing airdrops, so we'd say there's no consideration and there's a few car votes. But then equally, there was probably 30 or 40 clients that we just picked up from Cayman before the law came in on the, literally stroke of midnight and moved 'em all to

our B V I office. That was done because B v I hadn't yet brought in their vast [00:13:00] regime subsequent to this, six months ago four months ago, B v I did bring in their version of VAs, but fortunately for us, it's a slightly different version.
Doesn't quite follow the F A T F model rules as closely, but most importantly, it doesn't regulate an issuer of assets. And so those clients that we'd already moved once, we didn't have to move them again, which is thankful. And then, since then, we're now 110, 120 further token issuers down the path, close to 150 altogether that we've done.
The very large majority of those issuers are now located in b. Not because they would be unable to get regulated here in Cayman, but when you ask a client, do you want time, cost, expense, overheads and complexity of regulating here in Cayman to do it? Or do you wanna still work with me and my firm and we just do it at A B V I, low cost, low expense, low drama, you guess where the market went.
**Eric:** With the Cayman BVI relationship.
It's, for a lot of digital [00:14:00] asset issuers, it could almost be one island Cayman BVI, right? Because it's
**Jon:** Yes, that's it. You don't have one without the other. And most of these structures is the reality of it. And we're fortunate as a law firm, those are the two offshore jurisdictions covered.
So that was a convenient decision made decades ago. But realistically for me. They just like the one stop shop that we can cover it all, and we just make their life easy.
**Eric:** Great. So now I have a little bit of experience in Cayman, but not enough to be the one on this podcast. So for somebody who's looking to come onto the island maybe they want to establish a physical presence on the island, probably a, not a bad idea, I would say if it's possible.
Yeah. When you talk to clients, what do you advise them with regards to contemplating physically locating in Cayman versus potentially not in what it entails? If they don't?
**Jon:** Yeah. Let's say ultimately Cayman's a nice jurisdiction for [00:15:00] a few reasons. For those of you that don't know where it is on the map, it's literally you fly south of Florida, you fly over Cuba, and then you hit Cayman.
So it's about an hour and a half from Miami. It's about four hours from New York direct flights. So, you're not far from anything is the reality of it. And we've got two choices if you want to use ca as a classic offshore jurisdiction. No, you never have to come here. You don't have to have any physical presence, you don't have to have local resident directors. And as much as I left taking clients out for dinner in person, that's an optional extra you get and not mandatory to do business here. And yeah, a lot of my clients will never step foot here and it's the classic old school offshore structure. Fun. I think to your point is it's quite an appealing place to live.
You can be close to civilization, but live, to be honest, in a tax-free jurisdiction other than for federal US taxpayers who won't get that benefit, but the rest of the world who can

sever their [00:16:00] ties and actually genuinely move. Here again, I've lived here for 10 years, wife, three kids. It's civilization for us, great schools, great opportunities.
The path for crypto clients that want to do that is we've got what are called special economic zone companies or sesc companies. What that allows is certain types of businesses can fall within our special economic zones. Some of them are totally irrelevant to crypto, but there's two, which is the technology development park, and there's a derivative trading park.
So depending where you sit in crypto space, one or two of those will accommodate that type of business. So if you want to bring your development company and one staff member or a hundred staff members, you can do that. I've got a handful of clients that have set up here, genuinely moved here, resident in the islands.
To your points of not being I resident in another jurisdiction when you're doing this business, [00:17:00] Can be critical in some structures depending on what it looks like. Other times it can be required from my side, if there's some sort of economic substance activity, depending on the type of project and what they're doing.
It may require boots on the ground. It's pretty rare that I'm gonna require it. It just depends on the case by case basis on how they've structured their deal. For most people, it's a lifestyle choice. And for other ones, they had global development teams spread all over the world. They're like, this is a great common third-party jurisdiction where we can all work together, build, develop and the cost, time and expense to actually move here.
It's very marginal. It would take you six weeks. You said today you wanted to do it. There's a few application forms. Spin up the se company introduce you to the special economic zone. You jump through some hoops. You go do some doctor tests, blood tests, medicals. Six weeks from now, your boots on the ground which is great.
And the work permits in that space are much, [00:18:00] much more affordable than what they are for others on this island. Within those special economic zones, the government's basically taken a view of, it's an opportunity for us to bring high net worth individuals and businesses that support indirect employment as a result of that to come to Cayman and live here in a world where they would never otherwise do that.
And this wasn't a reaction to the Covid pandemic people moving around. Our special economic zones been there for a number of years and so it's had quite a bit of traction. There's quite a few crypto projects that are here, which is interesting. And then cuz you've got an island of 65, 70,000 people where there's more crypto knowledge uptake intel on the street with people you run into than probably anywhere in the world is, is the reality of it.
I'm sure our friends in zoo Switzerland might disagree, but. There is a fairly high concentration here for an Caribbean island of 70,000 people.
**Eric:** Yeah, I would imagine so. [00:19:00] We are we're about 19 minutes into the podcast and I actually haven't even brought up the wordless yet.

And we dove right in, but I missed the big punchline here for those listening. Do you wanna talk a little bit about the member lessness of the foundation, why it's such an innovation and why it's such an attraction?

**Jon:** Sure. That's it. Cayman has its foundation company structures.

They get used on all sorts of different projects and we're finding still some ongoing creative ways of doing it. Whether it's more traditional sort of family wealth structuring deals where people might have used a charitable trust or some sort of family trust structure in the old days, which require a third-party trustee.

These foundation companies are a nice alternative to that. They are a company at its core, and so it's a separate legal personality, Sue and be sued. It's got a separate legal existence. It's got a board of directors, [00:20:00] so it's a company managed in a very traditional, normal, easy to understand manner.

What's unique about the foundation company is that's not required to have shareholders. And so, to your point, this or orphan ownerless structure, which just exists here in Cayman, is pretty unique. These sort of off balance sheet type structures where no one needs to own it, historically have been done through various trust structures, which.

Could theoretically work for a lot of the stuff we do in crypto, but the issue is, again, outside regulated trustees that don't understand crypto it's not a sort of organic fit. On top of that we see a lot of these in crypto projects because really for two purposes, one of them is there's gonna be an issue of virtual assets and most projects creating their tokens. And again, whether it's a utility token, governance token or some hybrid version of it, again, our laws don't differentiate between them, but let's just assume there's a token. That's the power of video game. That [00:21:00] token issuer sitting there in BVI, cuz again, BVIs got an unregulated regime for those token issuances.

Someone needs to own that. B V i company b v I doesn't have foundations. And so, you can't just orphanage an existing B V I use a B V I company to get the benefit of their more permissive VA regime. You then say, all right, who owns B V I? Where does that go? Typically, it's either directly or indirectly into a foundation company here in Cayman.

The reason for that is, is that it creates a separation financially from a risk standpoint and from a regulatory standpoint between development companies nerds for higher side of the business that may well be engaged to build a lot of the stuff versus the actual token issuer side of it. And see you've got a division there, which I think is important because to the community, when they're involved in certain projects, backing, certain tokens, want to be included in that community.

Whether again, there's governance tokens and whether it's [00:22:00] more of that sort of hybrid Dao structure, the foundation companies provide a lot of leeway to be able to do those deals. The board of directors still ultimately drives the bus on those foundations, but that board of directors can take a lot of insight, a lot of input from token holders.

You can have token holders on certain governance structures be involved in. Some version of board appointments and proposals as to who can go on the board. You can have advisory councils that take advice from the token holders and so you can really build as creative as you want, organic structure.

Ultimately still within a wrapper of a foundation company. The true hardcore crypto degens of the world will say anything with a centralized entity anywhere in it is not crypto. It's not a DAO structure. It doesn't check those boxes. I think the lawyers out there would all be like, that's a bit dangerous and you never quite know where [00:23:00] that's going to go.

I think we're seeing more and more litigation around this of the judges and regulators today, or just general partnerships deal with it. Obviously we've got Okie Dao, we've got sushi, we've got a few deals blowing up where they went with some of those more aggressive structures. And I'm.

Your clients as a lawyer in this space are pretty exposed without some legal entity that they can point to. And so a flexible foundation company that doesn't need to be owned by anyone is quite appealing. And that ownership point as well is important from very boring offshore tax structuring standpoint to not have some of those token race proceeds re domiciled back into US, Canada, Australia, UK, wherever the dev team happens to be, because it's just not their assets, the tokens and the token race proceeds.

It's not theirs. It's not on their balance sheet. They don't own it. They don't drive this bus on my side of the diagram. They're just a service provider to it. So that [00:24:00] separation aligns well with the industry in the sense of those community members that participate in it. They've got some comfort.

There is a separation between the people doing the building and the financial aspects of it. You've got greater certainty on the tax side of things. And you've got greater flexibility for this stage decentralization. Trying to go from, yes, we are heavily wrapped in this Cayman Foundation, b v i issuer, but the flexibility in those documents as more governance holders are out there involved in decision making process, you can move down that spectrum of decentralization, which for some clients it's critical.

Other ones, they won't be honest. They talk a lot about it, but don't do much to achieve it. Other ones say, thanks, that's not for us. Maybe down the road we'll revisit it. But the point is we've got such a flexible corporate structure to start with that we can accommodate that when the time comes.

**Eric:** And how would you contrast that to like foundation structures or even trust structures in other jurisdictions? Cuz the normal contenders, [00:25:00] whether it's a Gonzi trust or you raise the a Swiss foundation or a Singapore foundation I could think of half a dozen others that maybe come up maybe a little
less frequent.

**Jon:** I think this is it. I think at the end of the day, I don't want to sell people, convince them that there's things that we can do here that you can't do elsewhere. And I think that would be a disservice to the industry. I think there's probably nothing you can do elsewhere that you couldn't do here, and you just gotta pick your pros and cons.

The pros on Cayman is we've got a zero tax jurisdiction, so that's pretty tough to beat. We've got a fairly sensible regulator that you can have fairly sensible conversations with. Even though I think our position is again, not contentious, that foundation at the top owning A B V I issuer is not doing any degree of vast activity.

So you're not regulated here just cuz that foundation exists here. And I've had to [00:26:00] explain that to my regulator several times and I've not had pushback on that. There's the lifestyle choice options that yeah, if you do wanna put boots on the ground here, that foundation gonna have an s e subsidiary and go down that path and accommodate it.

If you want to build a huge team in a giant metropolitan capital city in the middle of hustling, bustling continental Europe or United States or Asia, we'll know Cayman is not that place. It doesn't accommodate that if you want to have those actual boots on the ground. So, you do have some downsides.

It's not gonna compete with the metropolitan culture of a Swiss model or a big hustling city life in Singapore. But I think you look at those structures or the ze trust model, for example. I think the trust structures, I've never been a huge fan of it just because they're misunderstood. It's just the blunt reality of it.

You're dealing with counterparties that are not familiar with trust, they don't understand the trustee, they don't understand. It's [00:27:00] not a separate legal entity for legal purposes. It's just a bit different. And it's not to say you can't walk people through and explain it, but it's the exception rather than the rule.

I think the Swiss Foundation models had some early traction. I think Ethereum Foundation Obviously drew a lot of interest in that market. And I'm trying to be friendly to my other jurisdictions. I've not had great client experiences who went down that Swiss model from a time cost complexity, expense standpoint.

It's brutal, let's be honest. But yeah, if you wanna build your own little crypto city in zoo, that's your path and you go down that model. Most clients that I've come across have been dismantling some of those Swiss structures saying it wasn't quite what we bargained for. We’re not a fan. Singapore used to be quite a popular jurisdiction.

I think we've seen much more aggressive regulator in Singapore over the last sort of six, 12 months. It's lost a bit of its gloss.

**Eric:** I actually I don't under I never understood why Singapore, like I, I [00:28:00] still hear Singapore being raised as a potential jurisdiction. My experience would suggest. I don't fully understand why.

I guess in Asia, depending on what you want to use it for, certainly if you wanna locate a business there in digital asset space. Yeah. I would caution, again, I, I would, carefully observe the psa rules there and see if you get caught up in that. If there's any, and if there's any risk of that.

Do not locate in Singapore.

**Jon:** Do not get a foundation there. I think I can hammer that point home. We have clients that are based in Singapore that have their teams there. They've still used the foundation on my side of the diagram. And yes, they can have their dev team there and it's a nice place for them to live and work.

But the foundation, the actual project, the token issuer is not in that jurisdiction. And Multiple cross-border jurisdictional structures are just the norm in the space. Yes, my typical models, there's a caman, there's a BVI, and there's some onshore devco side of it. The fact that they're in three different jurisdictions [00:29:00] isn't that uncommon in terms of a global business, global footprint, global customers.

That's not that exotic. When you get to this sort of FTX model of 150 some odd companies across multiple jurisdictions. Yeah. I don't recommend that unless there's some need for that. Basically FTX isn't exactly the shining example of global international structuring, but I've also had clients come to me halfway through a deal and our lawyers are pissing me off. They don't know what they're doing. Can you help us out? Here's our structure chart, and it's just this massive spaghetti mess of diagrams and arrows and boxes and circles. I say just walk me through this. Help me understand why this is here. What does it do, decouple all this business. And the reality is they don't understand it.

And I'm like, that's not great. Complexity for sake of complexity is not actually helping you out here. Let's pick this apart. Why is there a Panama Foundation? Why is there this B V I company? Why is there this here? What's this doing? And if it's not [00:30:00] achieving some regulatory certainty or regulatory arbitrage, if it's not achieving some tax certainty or if it's not checking some, there's people that li literally want to operate live in that jurisdiction.

Just don't do it. Just simplify your life is the gist of it. And we were brought in on a client file, four or five different jurisdictions, and you just start dismantling it. You quickly realize like either someone didn't know what they were doing or they've just resold the last structure that they did without realizing this is a different client with different needs.

Or be honest, probably just upselling clients on stuff they never needed in the first place. If the client can't explain it to you, the likelihood of them being able to explain it to a judge or a regulator is slim to none. And so I think the lawyers on those types of deals haven't done their job.

They can't even, educate their own client.

**Eric:** So, the, I think the next thing I have to bring up is [00:31:00] the US, right? Obviously it came in, has a strong lean, I would anticipate of client interest from, whether it's Canada, the US. Maybe South America. But US is Obviously, I would anticipate a big one.

How does the actions in the US and, we're not gonna go through them all because yeah, we'd be done with the podcast and we just we haven't, wouldn't have gone to it. But how do all the different US actions against the digital asset ecosystem now impact Cayman? What do you see?

What's the current impact? What do you see as the perspective impact?

**Jon:** Yeah. That's it. I think when, whether you want to go a Celsius, three ac, ftx, challenger, going down that space time continuum, the things blowing up. I kept waiting for the phone to stop ringing and the emails to stop coming and being like, all right, I gotta go back to being a hedge fund lawyer.

And remember what an equity long short hedge fund looks like. [00:32:00] I haven't done one in five years. The truth is that it went the other way. And that's probably not surprising where people thought they could possibly do deals domestically or we, there's a narrow path you might want to do it, take a risk assessed view that's just not happening anymore. Deals that might have been borderline at one point. Maybe you can do bits and pieces of this onshore. They're just coming straight to me now. Which Obviously I appreciate. Yes, it's great. We've got a bigger business than we had before and that chaotic wall behind me that was blank only a couple months ago.

So, there's a lot of deal flow going on. I think it's unfortunate though, for the broader industry as a whole to just have the US as no doubt, the biggest target market for, let's say all of these projects just have that level of uncertainty and stifling creativity and let's be blunt, hostility. It's not good for the industry.

It's not good for those trying to build and, have genuine products in that space. [00:33:00] I am no doubt a net beneficiary of that level of chaos, and I'm the first one to say it. The greatest threat to my business is a functioning US government. I then get to a position of, that's gotta be 50 years away and I'll be well retired by then before there's any hope with that.

In the meantime though, yeah, there's no doubt there's been some offshore connections in a lot of those deals, whether it's three AC being connected in B V I, whether it's FTX connected in Bahamas, whether it's sushi connected in Panama and Cayman. There are only shades of gray off of this.

And so even if it's a substantively US deal, there's no doubt some blowback on the offshore jurisdictions. Which then goes, I guess to your broader point, the idea that you could have onshore dev cos in those jurisdictions trying to do the hands off. We just get paid very well to build stuff when the rest of the project is offshore with.

Slim to no staff. I think that model's probably gonna come under a lot more pressure. And to your [00:34:00] point about viable options to move dev teams and literally exclude us as a whole? No US buyers, no US persons on the board, no US customers. It's, to be blunt, it's shit, it's just not good. It's stifling innovation and the opportunities there.

Cayman's definitely picked up some business as a result of that, and I'm still seeing that more and more now. They tend to be the spicier more complicated projects that might have originally had some narrow path in the states. Perpetual trading options, platforms like pretty ugly from a reg standpoint.

And trying to piece those even in our offshore laws, there's still some rules around some of this stuff. It's not always a slam dunk solution if you can't do it in the us. Call Jonathan and he'll fix it. I guess most of the time we can generally get there, but it's not always the case.

**Eric:** You mentioned Sushi and we'll talk about that for a little bit. [00:35:00] What are the implications? I know we just talked about maybe you have a lot of developers potentially looking in the US and, you're trying to locate in the Cayman. Good luck with that.
Or, you have that nexus in the US or there's directed selling efforts of the token or desire to have those directed selling efforts into the us. But what are your, what kind of guidance do you give to clients when they're, setting up a memberless foundation and anticipating doing a B V I structure?
**Jon:** That's it. Ultimately, the most obvious question is who are the directors on that foundation? They're the making the day-to-day decisions. They are the ones operating that foundation. And yes, the foundation can be offshore, can own A B V I entity. And so, you think, all right, no onshore nexus anywhere.
And then they say, we wanna put three guys in New York City on the board of the foundation. And I'm like, if they can pass my Kyc, [00:36:00] I'm fine with that. But you might want to call your tax lawyers because that's gonna be a terrible decision either from a controlled foreign corporation, CFC standpoint, guilty us mind management, take your pick US source income.
There's 50,000 reasons why that doesn't work, including just the regulatory questions on top of those tax points. And that's nothing unique about the us position in Canada is similar. The position in Europe, a lot of these jurisdictions is quite similar. So yes, if you're gonna go offshore, I don't think you just do the sort of lip service and do it on paper only. I think there's gonna be a lot more pressure if you wanna do it properly, embrace it as effectively a lifestyle choice, if that's the path you're gonna try and go down. If you had asked me six months ago, I think I would've been less bullish on that. On the basis that no, the sort of hybrid, onshore, offshore mix of this and that, and we've got some elements here and you've got some elements there.
We can all get along and structure these deals. [00:37:00] US lawyers are bluntly telling me it's getting pretty hard to do that. And the risk involved is just, literally in the last week or two, it's gone from level eight, level nine to level 11 in most cases.
**Eric:** Yeah. I would certainly agree with that.
What about clients that actually want to comply with the VAs regime? I've what's your mix of clients? Have you, in terms of what you've previously seen versus what you're seeing today? Like how has that changed?
**Jon:** That's it. We get a lot of clients that want to kick tires on what that vast registration would look like.
Not so much on the token issuer side. If you're a token issuer, you'll just go to BVI. That's pretty market standard. No one really wants to jump through the hoops here. And I can be honest with you, I have not registered any issuer VAPs in Cayman. Because I just don't have any in my book.
We get a lot of interest in Cayman as a vast [00:38:00] jurisdiction around some of the platforms. The true exchanges, the custodians, that sort of stuff, which makes sense. And

again, they should have been caught and they are caught. And they would get caught in B V I the same way they would get caught here if there, there's true on-ramps, off-ramp service providers.
Yes, you can get registered here, you can go through the paces with sema. You fill out the forms, you pay your fees. They say it's six to eight weeks. I would say it's probably two to three months. More and there has been handful of registrations done here. It's not to say they don't exist. The issue is that it puts no doubt some regulatory burden on that business.
It's not just jump through some hoops, pay bit of money, and you're off to the races. You are subject various degrees of prudential regulation by sema, our regulator here. You've got audit requirements, you've got inspections, you've got compliance manuals, you've got AML officers. You go from [00:39:00] little offshore, unregulated thing to kind of Coinbase in terms of scrutiny around the regulation and what that regulator does in your business, which her client in Cayman that was unregulated one day to then jump.
It's a huge gap. I think the other concern is as well, is that getting regulated in Cayman is great and you won't get shut down on your home turf. But there's no passport regime, there's no all right, you've got a Cayman registration with sema. Go forth into the world and take on any client you want. Guess what?
Gary Gensler doesn't care what I say or what SEMA says about what is an ex regulated exchange or the cftc, they've got no interest in them and you go start fishing for customers and marketing in their backyard. You gotta get regulated there. We can look at the comparables in Europe and with their MICA regime markets in crypto assets trying to do one united jurisdiction for 27 ish.
Sorry, my European colleagues will yell at me. [00:40:00] Jurisdictions all now following one set of rules. That's great, and that expands it. You don't have to theoretically get 27 separate registrations in each of those states and Europe. But ultimately, I don't have any clients that are happy being big in Europe only.
They wanna go beyond that. They want international ones. And so, this is when you then see, those exchanges and you look at Binance for example, they've got trouble in the US but we'll put that aside for now. They've got, I dunno, 15, 20 different regulated exchange operators across a whole number of jurisdictions.
That's because getting regulated in one doesn't help you with their neighbor across the street in another jurisdiction. And so, the Cayman registration, the reality is while there's 70,000 people here in Cayman, they're not your customer base. You're not trying to attract them. And so you then end up in a world of Cayman can operate as the jurisdiction for customers that are basically don't fit in any of the other jurisdictions.[00:41:00]
And all right, your UK customers, guess what? You probably have to have a UK regulated exchange, one for the us, one for Canada, et cetera, et cetera. If you've geofenced to your customers and you've got that other category of a guy from Mongolia, probably not regulated in Mongolia, yes, he can use the Cayman one.

You're not likely to get in trouble in that jurisdiction, but you just end up in this world of, that's a lot of pain and misery to go through for a fairly small footprint. Yep.
**Eric:** Fair enough. Fair enough. I wanna also delve into something that, that you had shared with me. Your different takes between the two paths of the Dao the, what you call the true web three Dao and what we know near and dear the Wrapped Dao.
**Jon:** That's it. I think, we could probably do another 90-minute podcast on this at another time, so I'll keep it to the slightly shorter version of it. There's a lot of DAOs and what people mean by a Dao.
Obviously decentralized autonomous [00:42:00] organization means at least a hundred different things to a hundred different people. They are at its core trying to be centralized, autonomous organization. Cayman has typically played a large part in a lot of those structures because you do have what we describe as a wrapped Dao, and that very much is the foundation company or its subsidiaries or it's group of companies under that foundation is the Dao in the sense of yes, it is centralized, it's got that centralization risk. Yes, there is a board of directors on it. But you get the benefit of 400 years of companies law and the fact that it is a separate legal personality and that the thing itself, the business is operated by that company you don't have, or at least you certainly mitigate the risk on that wrapped down structure of governance, token holders, all being general partners in some gen large general partnership.[00:43:00]
If you can say no, they don't make decisions and execute on their own simply by being a governance token holder. They can PR proposals forward, they can vote on things, they can make recommendations to the board or an advisory council. They are basically a digital version of the suggestion box in the hotel lobby.
Breakfast was too late, the pillow was too soft. It's a way for them to communicate with the organization, which is ultimately that foundation company. And so you're trying to split that needle between the Naked Bear True Web three Dao, which we'll speak to in a moment, and something that's heavily centralized and trying to find that right balance.
And I guess I would say hopefully the best of both worlds in that you can have a very engaged community holding token holders that have certain rights, duties, roles, responsibilities around how that business is operated. But without this potential violence of becoming a general partner in a partnership which they're not [00:44:00] aware of.
You can look at the Okie Dao stuff. There's lots of press on it. There is a risk that regulators on the true web three unwrap Dao, that's the path will go down. Now it's not the, you exist nowhere. You exist everywhere. There's nothing we can do about it. He'll just start beating anyone that holds a governance token.
And it's not just whether you actively vote it, just, even merely holding it. There's some risk around those sorts of things. So the Cayman solution has been, yeah, let's do this sort of hybrid wrapped Dao version of it with very permissive articles, with a path to decentralization where the board who ultimately still makes the decisions and ultimately still accountable to a judge or a regulator.

And if that board of directors on that foundation tried to say, I only did what the community told me to do, the judge is gonna laugh at them and say you can't fit your discretion and I don't give a shit what those token holders told you to do. It's still your choice. And so yes, you will put off the true crypto [00:45:00] degens cause that's not a true Dao to their mind.

The flip side of that is the true Dao model that we do see in Cayman. I say in Cayman, it doesn't exist here, it doesn't exist anywhere. It's the sort of internet version of a legal entity which is not a legal entity. The true unwrap Dao is something that we come up quite often here in Cayman and I think where we come across it is because they're already operating. They're already in existence, they're already in place, but they've realized that the business that they're trying to operate doesn't work very well without some sort of legal structure. Cuz there's some asset that has to be owned. There's some property they want to own. They wanna buy domain name, they want to protect IP rights, they want to do more web two type things in a appear web three structure.

And then what are you gonna say? Go to the community. All right. If someone go pay some Amazon web services hosting, go buy a domain name, go register a trademark, things that, that, that true web three Dao cannot [00:46:00] do, none of those community holders are gonna wanna step up and take that responsibility, role risk of, dosing themselves.

All right. I will go and do that. So, what we've seen on some of those structures, and truth is some of 'em are multi-billion-dollar businesses operating in various jurisdictions in that very much naked unwrapped Dao model. Where we do still tend to see the Cayman Foundation come into it is that Cayman Foundation is not the Dao, it's not wrapping that legal entity.

It's not trying to shield it. But what that Dao can do is it can take a grant of tokens from that community and effectively operate as a service provider to help it be, I describe it, the arms and legs of that organization. It's still separate and it is just a service provider here in Cayman with board of directors and usually very limited purposes.

Clause I support the DAOs, support the protocols, support this dwy thing over [00:47:00] here. And that might mean that it gets an allocation of tokens. It might then run grants programs, right? Run education campaigns. It might hold trademarks, patents, it might hire staff. It might do all the things that true Web three Dao cannot do.

And so this thing here becomes a very valuable service provider to plug some of those gaps and I guess, ultimately be the bridge between Web two World to the web three, where that Dao is already operating. And again, take a bunch of different forms and different roles and risks and responsibilities.

But yeah, the idea that a Dao could get a bank account is never going to happen. The foundation could and it could hold that bank account. Not on trust or for the benefit directly of that Dao, but it could hold it with its limited purposes to help support, encourage, nurture, educate the purposes of the Dao.

And so you get a nice sort of symbiotic relationship between those two while still maintaining [00:48:00] that it's not a centralized dao, it's still separate, it's just now got a right hand man to kinda be the arms and legs to help it achieve its goals.

**Eric:** And how do you actually before we pass on that, any other any other points you wanna make in terms of the distinction between the web three down model and the wrapped out?

It seemed like you're actually on some level you believe that the wrap down model works parti particularly well for a Cayman Foundation, is

**Jon:** that Oh, I, I do because ultimately I'm a lawyer first and Crypto degen second. And so to just be selling my clients hardcore Kool-aid of yeah, let's just do nothing or do everything with no legal structure and no ring fencing, no corporate organization, no blast shield is pretty dangerous territory.

And yeah, there's probably some crypto lawyers out there that think I'm a sellout and I'm not towing the line. No, I'm trying to give my clients the best advice. And I'll talk to them at ours [00:49:00] this path where this is that path and the pros and cons and the other. There isn't a one size fits all model.

If you come to me and say, I want to do a property Dao, it's gonna go and buy Midtown Manhattan apartment building and then turn it into some sort of Dao incubator, I'd say that sounds pretty cool, but the likelihood of you being able to buy a Midtown Manhattan office building with a Dao, a true web three Dao is nonexistent.

It's just not going to work because you can't own anything with that structure. Or, and this goes back to sort of these links, Dao and Constitution Dao, and who's actually gonna own that stuff? I still don't actually know how those structures work. And so yeah, if your Dell is around a true defi protocol or some sort of yield aggregator, a truly code based business with no real world tangible assets needing to be owned by a legal entity in a centralized register, [00:50:00] then yeah, go for it.

And that can work well. And some of those deals up there are very much for types of those projects. Because that business lends itself well to that activity, it can scale well. It's got a good path of decentralization and governance holders holding governance tokens can make all sorts of decisions around how defi protocols operate and which pools are made available, and the returns on them, the questions that need to be answered.

Around that business can very easily be answered by an active community holding those tokens. And so it's a really nice organic fit there. But I think you know this, the first question I ask my client is, what's your project protocol platform thing? What are you trying to build? Video game metaverse, layer one, layer two defi stuff.

It's gonna lend itself to one structure or the other. I like to let the client get there by themselves. Sometimes I have to push them or tell 'em, I think you're going down the wrong path. You might wanna reconsider.

**Eric:** And so, when somebody is approaches you about setting up a [00:51:00] foundation how do you approach the topic of independent directors?

Sure, sure.
**Jon:** Starting point, it's not required. Second point, Cayman law doesn't required any local resident directors, and I'm sorry, all the director shops here that have possibly been misleading clients all these years. That's what the wall says. It is what it is. You can send me angry emails. That's fine.
We see a lot of these independent directors come on these because it's trying to ensure that there's not that tax nexus to some onshore jurisdiction. Again, putting the three guys in New York on the foundation is not going to be a good idea. It also then ensures that there's some separation between the sort of for-profit devco building stuff versus the project that can stay independent and have that degree of separation between it, which, let's be honest, three, four years ago wasn't that important.
No one really asked questions. I think as the communities have become more informed, it is relevant and they'll pick apart these [00:52:00] structures and they'll be the sort of crypto web three internet sleuths that are digging through these corporate structures, wanting to understand this. Having that some degree of separation is quite important for that onshore devco team.
Yeah, the risk of being on the board is very real. Again, for those tax reasons. Consolidation of their onshore business with the offshore business, there would be. Fatal to these businesses on multiple different fronts. Some clients say we don't need to hire an independent director, or the foundation doesn't need to hire one.
We'll put my girlfriend who lives in choose your tax free jurisdiction. I'm like, fine, they can pass my K Y c, I'm fine with that, but I hope you've got some sort of girlfriend prenup on this thing because you're driving the bus on the foundation. Guess what? You can go your own way. And there's not a lot of checks and balances on what they want to do.
And so what we have seen, again, to throw a bone to my independent directors here [00:53:00] in Cayman, some very specialized shops that are very advanced in the space can have as grown up, if not more grown up conversation as I'm having with you around what they do and the services that they can offer. It's.
Sort of, we're on mostly hedge funds, but we do the odd crypto foundation on the side. It's just two totally different worlds. You go from a regulated investment fund with regulated investment manager with a regulated auditor, with a regulated administrator. There's so many checks and balances on that system.
The risk profile people that take those on, they just do not have the appetite, desire, understanding to sit on these foundation boards. It's just a totally separate business, which is meant that, yeah, there's been some very fresh up and coming young dynamic teams that are developed here in Cayman. I can think of three off the top of my head that are just great for this space and building a lot of the ancillary services.
Understand it, understand grants programs, [00:54:00] understand the technology things are built. It's not just a cost to the business, they can genuinely add value. They've got

relationships, they've got their own networks. It really is quite a nice fit, putting aside the tax points. Putting aside the separation, they're actually quite valuable.

And I work with all of them is the reality of it. Having done 110 some odd foundations, we've worked with all of those guys.

**Eric:** And what are some other common considerations that, whether it's physically locating there or independent directorships, things like that, that you might raise to a potential foundation prospect?

**Jon:** Yeah, I think all those things are secondary based around just personal choices made by some of the founders involved in the project. Do they want to stay on. Pure nerds for hire, devco side of the diagram? Or do they want to be public facing, heading the foundation leading that charge?

[00:55:00] I think it's a tough world to try and do both. And so I tell them, all right who's gonna sit where, how do you wanna divide this business? And I think the other question is just what is the risk profile around the project? I've got some very big metaverse clients. I don't consider the metaverse ones to be particularly dangerous.

And so, some of the structuring that we do for them might be a bit less intense and demanding than some of the other projects. And it's just this whole idea that, the token is actually the easy part. The token, I don't have to think about. We know how to do it. That's not complicated. It's the platform.

The thing, the defi, the game, whatever it is, has just such a huge risk spectrum and that's gonna. How publicly you can be behind it, whether you fully dox yourself, whether you're going to consensus and buying a space that finance is no longer presumably going to be using, Hey, that could be us now. What do we wanna do?

Can you actually back that [00:56:00] project? Really picking that apart. And that's where, I jump on a call with the client. The first hour of that call is intense. Cause I'm like, hi, nice to meet you. Bam let's get into it. Let's pick this apart. Tell me what you're building. What is this thing? Trying to figure out that spectrum.

I think all those secondary points, independent directors, physical location, tax considerations, they've fall into place pretty quick. And, it might be all totally foreign to the client, but I know the answers is the reality. Once we start peeling back the layers, you think, I've seen this before.

I've got these things you. Not a US tax lawyer. I'm not an any foreign lawyer outside of Cayman and BVI. I am formerly qualified in Australia way back when, but I've been on countless calls with smart people like yourself, tax advisors, and many other jurisdictions as well. And I think that's where we can really add value to the client.

We can tell them the things that they don't know what to think about. I'm not going on risk, I'm not giving commercial advice. I'm saying go speak to people, we know them. If you need someone, we can introduce [00:57:00] you. But it's having that sort of holistic view of understanding, not just the token, not just the development shop, not just the protocol or platform, but how it all fits together.

And I think we've seen, we've picked up clients, to be honest, have been incredibly upset with certain lawyers that have focused on one area or the other cuz it was the low hanging fruit. It was the one easy part of it, charging ridiculous fees to do sort of one third or maybe two thirds of the project.

And to be blunt, left their clients hanging up to dry on the prickly part, which is not usually the development shop that's just. Fairly straightforward. It's usually not, how do we get this token out there into the wild? It's that platform protocol. Where that sits, is it on my side of the diagram? Your side, is it a dao?

Is it this, is it that, products council pushing that product out there into the world, the idea that you could guide a client in crypto web three world down a path and not turn your mind and give advice on what that thing is. It just, it boggles my mind. But I've seen it happen time and time again where [00:58:00] I've got a perfectly compliant token up there into the wild, the thing that plugs into empowers.

No lawyer has touched it. I'm like, how did that get left so far behind? This is all gotta be connected. I can't do one without the other. And it might be fine. The tokens come up first and the platform will come out a day, a week, a month, a year later, not great for your securities law analysis.

That certainly can happen, but you should have a pretty good view on where the other pieces on the diagram are going to land. And I think being able to pick that apart and speak about the different aspects of the business is pretty important.

**Eric:** And then how does that in terms of the protocol, how does that factor into the like economic substance rules?

**Jon:** That's it exactly. Great question. You don't get to ask economic substance rules if there is no legal entity doing it. And so yeah, you've got some dwy true Web three Dao clients that are doing lending, boring staking protocols. Pretty dangerous stuff from a regulatory standpoint. [00:59:00] But if it's not a Cayman or b i company, Justin, it is, it's not my client.

I can't act for that dwy thing. It's over there for foundation that might be servicing it, doing certain aspects of it. So, I think you're talking more sort of traditional centralized businesses around certain activities. Yes. If you are a financing or leasing business, so boring lending protocols in a centralized entity on my side, that's gonna get caught by substance shipping, business insurance, business fund management business, eight or nine of these categories largely irrelevant to most clients.

I think it's that financing and leasing stuff around lending protocols is very dangerous from an economic substance standpoint. And this is where you get into this world of, you might be doing a token thing, so you've got vast considerations to look at. But if that token is related to a lending or boring protocol, you may well have economic substance considerations to look at.

And if you're doing a lending business, you've [01:00:00] also doing relevant financial business, which is the queue for our A M L K Y C regime. And so you might get hit on all three of those depending on what that structure looks like. But yeah, to the extent there is any substance activity, again, picking apart the business and telling them, Hey, knowing at the outset, there's this thing here, you gotta think about that.

Whether you just embrace it, put boots on the ground here, or outsource to people here on the islands to do that. Manage your loan portfolio and hire people to do that. If those people are here in Cayman, you've solved your substance problems, you don't have an issue. Or if your lawyers are smart enough, let's be honest, if there's a little bit of leeway in terms of how they run that business, probably nine times outta 10, you can structure your way through it.

It might mean you can only do A, B, and C that X, Y, and Z, but most clients will often jump at that and say hey, if I can get this thing off the ground right here, right now, those version two features that I want to add on, I'll consider those down the road. Let's get going here. And now [01:01:00] that doesn't just go to substance, that goes to, will it be regulated?

Some of that business would be, some of that won't be, take your pick. Do you want to get it all or no? Let's get started. We can scale that up and cross that. Bluntly, when there's money in the structure, they're can afford to do it or there's market demand for it. And again, trying to get clients to focus on the sort of the day, one week, one month, one year one goals and where that's trying to go.

And understanding that what your minimum viable product versus your final thing, that's the spectrum. And what works today may not work tomorrow because the regulatory laws could change, or because the nature of the product you're building goes outside of the boundaries that we've been able to build for it.

And so, we tend to have very interactive relationships with our clients because they just keep building, every time you pick up the call, they're doing more than what they were yesterday. In a perfect world, we know what they're doing before they do it. I'm sure you can attest to the fact that's not always the [01:02:00] case.

And you're sometimes trying to dial back bits and pieces and say let's pump the brakes on that. Let's not go live on that. For this ranked reason or that just doesn't work. You've got a gaming gambling protocol business that's not gonna work well from CA or B V I because of our fairly antiquated gambling laws.

But yeah, you wanna add on a kyc, a gaming thing or something outta of Cyprus, all right, we've got a foundation, we've got this, we've got that, we've got this, we can do this business here. That it goes back to those very complicated structure charts. I don't require it, but if there's a rationale for doing it because it takes certain degrees of risk or regulation or activity can be done here, but not there gluing it all together, that's where, that's the lawyer's job to make sense of it.

I find myself acting no doubt is, Causel GC to most of my clients, managing their lawyers and other jurisdictions, bringing them up to speed, trying to make sure we're all speaking

the same language. Doing that with clients in every continent means 7:00 AM to probably midnight.
I'm on some [01:03:00] version of client calls somewhere.
**Eric:** It's a 24 by seven space, so you do get those few hours of sleep. So good for you. Yeah, there,
**Jon:** there, there's a few there. But yeah, I think to your point, it is a very exciting space. I don't have a dull day in the office. We've got a great team that we are growing.
It's committed to this. I think we’re; we are the only group in Cayman that's committed full-time to it. Which is great. Now I'm fortunate that I've been able to get there and build my practice that big, that I don't do this as a side hustle. I don't do equity long shorts and VC funds on the side and then do this space.
It tends to be 99% of what I do, which means I get to speak with people like you. I know the latest, greatest, we can see what's going on the jurisdictions and just the kind of finger on the pulse, which I think is not strictly a legal task, but just such an important part of the space to be able to give clients that guidance of this is fine now, but.
This is gonna be short-lived because there's some [01:04:00] laws changing, there's something coming down the pipeline and I know more about foreign laws than I do about Cayman laws in some respects because just for the nature of where the clients are and where they operate. But having that awareness that, this isn't like a client coming to you saying, I wanna open a grocery store down the street.
Like you're gonna have international clients, international business, international customers, international footprint. Unless you can figure that out, make it work you're probably not doing your job.
**Eric:** Awesome. Before we break, is there anything that you wanna touch on that maybe we didn't cover?
I think we've had a
**Jon:** pretty good sort of coverage on it. I think my best advice for clients, and I said this to a lot of them are potential clients, is try to get the legal advice before you not start building, but certainly before you go public, the idea of, yeah, we can come in and save you and unbundle this thing and dial time back a bit.
There's some things we can do and we can generally almost put a line [01:05:00] in the sand of saying that was version one. This is the grownup version two. You just, you never get that skeleton out of the closet. It'll always be that legacy risk. And whether it's a day, a week, a month, or a year, or the greatest defi thing ever that everyone knows now coming to me saying we're shooting ourselves.
We need a structure around this. Can you help us? Yeah, we can do some things to mitigate it. But we're not magicians at the end of the day. Trying to come up with the right structure here and, the blank slate is my perfect client where I can work with them and work with people like you or other jurisdictions and just piece it together.

This doesn't mean it takes six or 12 months. This is not necessarily incredibly complicated in every respect because we've done so many of these and no deal that comes on my plate now is very few of them, completely foreign. Something we've never seen or never done before. And I think that's the sort of the benefit of working with I guess some of the old [01:06:00] school lawyers in the space.

There's not much, we haven't seen Shades of Gray off of other projects or reasons why deals didn't work out. Being able to give clients that guidance. But I think it's that sort of plan ahead. Anticipate, yes, there's gonna be some legal work involved. They don't always take that advice, but I try to get them to do it.

I think work with grownups, whether it's legal side tax, advisors, whoever it may be, clients will be able to pick up very quickly if they're speaking to someone who's native in the space. And if and you get through an hour long conversation and you're still smiling at each other speaking the same language, they're probably gonna be a client for life cuz they trust you and you trust them and you understand.

And it's not this constant friction of having to explain everything and trying to lift the bar and awkwardly trying to jam them into projects. I think I was there at one point, but that was like seven years ago when no one knew what the hell they were doing. And so that was market standard.

We're all just bumbling together, trying to figure this world out. But [01:07:00] I'm always surprised when I jump on calls with clients and they're like, wow, you understand what we're doing? It's shouldn't I like, yes, it's unique and novel and something different, but now we've seen this. It's your version of that.

It's some hybrid, this, that and the other. But ultimately, I speak your language because I've been working in the space and that's why you're paying a premium to work with grownups that understand this stuff. Oh, we spoke to another expert and we had to explain this, that and the other. And I'm like, they might have been an expert in something, but probably not crypto.

Some of the smartest people I've ever had in terms of other lawyers I've worked with and client side as well. There's just cool people that do cool stuff that are just brilliant in the space and I think that's where it's not, doesn't feel like a job for me. I quite enjoy the people I get to speak with, interacting with them and.

I'm feeling like I'm actually adding some value. If, crypto ever blows up when I need to go back to being an equity long, short hedge fund lawyer of just doing riders in a [01:08:00] 300 page subscription agreement, I think I'll probably quit, is the reality of it. That might be my pertinent advice to the world.

**Eric:** Yeah. You

**Jon:** and

**Eric:** me both, right? Good stuff. Thank you so much for joining the podcast. This was illuminating. I've been meaning to do a Cayman memberless Foundation podcast for some time. So, thank you.

**Jon:** No, it's been a lot of fun. No, I really appreciate it. I'm sure our paths will cross again imminently and there'll be a bunch of randoms on the internet trying to chase us down, but that's part of the fun of it.
**Eric:** That's right. Alright, thanks so much.
**Jon:** Awesome. Take care. Appreciate it. [01:09:00]