

The Blockchain Ledger

LINKING ASSETS INC.




A Jaisan Recovery Corp.

February 17, 2021



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Linking Assets Inc. publishes *The Blockchain Ledger* with articles and information regarding blockchain, cryptocurrency, virtual currency, digital assets, etc. and their intersections with state unclaimed property laws. Keeping you informed of pertinent unclaimed property implications and related developments.

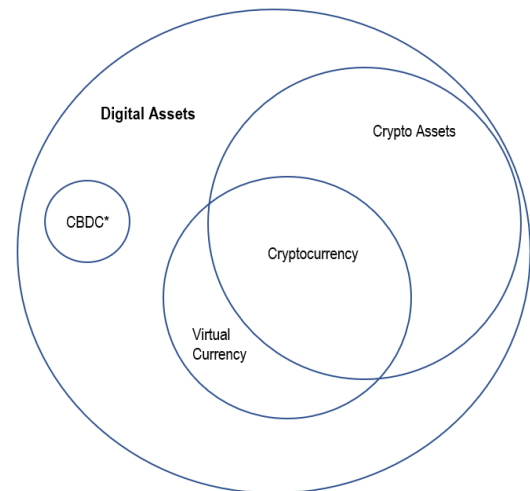
What is Virtual Currency, Part 4

By [Christa DeOliveira, CIA, CCEP](#) & [Ari Mizrahi, CISSP, OSCP](#)

States are updating unclaimed property laws to include virtual currency. Virtual currency is the term used in those statutes; although, more commonly we actually hear about cryptocurrency. In Part 4 of this series, we focus in on cryptocurrency as a subset of virtual currency. (Parts 1-3 are available on Linking Assets' [NEWS](#) page.)

Cryptocurrency is a virtual currency where public-private key pairs are used to prove ownership, encryption algorithms and other cryptographic techniques are used to safeguard value and transactions, prevent counterfeiting, for funds/value transfer, etc.

To further explore the relationship between virtual currency and cryptocurrency, let's zoom out and work inward. As noted in the following graphic, digital assets make up the universe and crypto assets are a subset of digital assets. The intersection of virtual currency and crypto assets yields cryptocurrency.



*Central Bank Digital Currency

This graphic is provided to depict the relationships and category crossover; scale is not representative of size.

A traditional definition of digital assets was “anything that exists in a digital format and comes with the right to use.”¹ This historical view of digital assets includes digital documents, pictures, audio content, movies, etc. Today the term digital assets has exploded beyond this classic view and instead digital assets have emerged as a new asset class.

Two pivotal components behind this expansion are blockchain and tokenization. Simply put, tokenization is converting items, things, concepts, etc. into discrete tradable units known as tokens, while blockchain is a type of ledger to track the tokens. (Blockchain and tokenization will be discussed in further detail in upcoming articles.)

Reflecting back to Part 2 of the *What is Virtual Currency* article series, the Revised Uniform Unclaimed Property Act (RUUPA) of 2016 defines virtual currency in §102(32)

¹ https://en.wikipedia.org/wiki/Digital_asset#cite_note-1

as “a digital representation of value used as a medium of exchange, unit of account, or store of value, which does not have legal tender status recognized by the United States.”² Naturally, cryptocurrency shares all of these features with virtual currency. In addition, cryptocurrency leverages cryptography and can be the actual vehicle of the exchange too.

In the case of Bitcoin, the abstract of *Bitcoin: A Peer-to-Peer Electronic Cash System* begins with describing “A purely peer-to-peer version of electronic cash... allow[ing] online payments to be sent directly from one party to another without going through a financial institution.”³

The peer-to-peer transfer within Bitcoin is succinctly summarized on <https://bitcoin.org/en/>:

Bitcoin uses peer-to-peer technology to operate with no central authority or banks; managing transactions and the issuing of bitcoins is carried out collectively by the network. Bitcoin is open-source; its design is public, nobody owns or controls Bitcoin and everyone can take part.

The distinction of allowing for peer-to-peer payments and a store of value makes cryptocurrency unlike any other type of property regulated by unclaimed property laws. In upcoming articles, we will explore the blockchain technology that makes cryptocurrencies possible and unclaimed property more complicated.

If you would like more information on blockchain, virtual currency, or unclaimed property, contact the authors, [Christa DeOliveira, CIA, CCEP](#) or [Ari Mizrahi, CISSP, OSCP](#).

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Highlights: News & Developments

With the proliferation of events and news in this sector, this section simply seeks to contain a few relevant

² <https://www.assetlink.cloud/update-newsletter/The%20Blockchain%20Ledger%2001.07.2021.pdf>

³ <https://bitcoin.org/bitcoin.pdf>

⁴ https://www.sec.gov/ix?doc=/Archives/edgar/data/1318605/000156459021004599/tsla-10k_20201231.htm

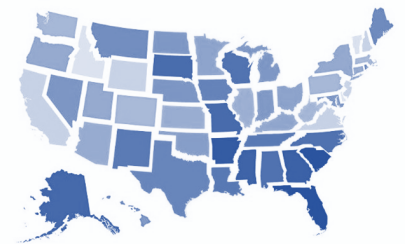
highlights. We also include information on our [NEWS](#) page and [LinkedIn](#) and invite you to follow us.

Tesla purchased \$1.5B in Bitcoin, according to its annual report.^{4,5} Tesla’s investment policy to include “alternative reserve assets including digital assets, gold bullion, gold exchange-traded funds and other assets.”⁶ Tesla also plans to begin accepting bitcoin payments for its products “in the near future.” Initially, this would be on a limited basis and Tesla “may or may not liquidate upon receipt.” Acceptance will be “subject to applicable laws”.

Andrew Yang would make NYC “a hub for BTC and other cryptocurrencies” according to his tweet.⁷ The Democratic front-runner in the New York City mayor’s race pledges he would transform New York City to broadly accept cryptocurrencies.



States & Virtual Currency



Pending state unclaimed property legislation containing virtual currency provisions:

State	Bill	Introduced
IL	HB 854	02/10/2021
IN	SB 188	01/04/2021
ND	SB 2048	01/05/2021
NV	SB 71	01/05/2021
SC	HB 3849	02/09/2021

Please contact [Christa DeOliveira, CIA, CCEP](#) for further details on unclaimed property legislation related to virtual currency.



⁵ <https://www.coindesk.com/tesla-invests-1-5b-in-bitcoin-plans-to-accept-crypto-payments>

⁶ https://www.sec.gov/ix?doc=/Archives/edgar/data/1318605/000156459021004599/tsla-10k_20201231.htm

⁷ <https://twitter.com/AndrewYang/status/135999221186843649>