

Article Information

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Blockchain Bites: BlockFi blocked from offering interest products to US customers, NFL hands out NFTs to Super Bowl attendees, Russia agrees to treat crypto as currency, Crypto businesses make a blitz play: Ranking the Superbowl LVI crypto advertisements, Colorado announces it will accept Bitcoin for tax payments, How the stables have turned, US Bill seeks to mandate 100% cash reserves for stablecoins

Michael Bacina, Jade McGlynn, Luke Misthos and Jordan Markezic of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

BlockFi blocked from offering interest products to interested US customers

The world of CeFi (Centralised Finance offerings based on blockchain) has been growing significantly, and centralised exchanges, which hold substantial amounts of customer's crypto, have been increasingly excited at offerings of yield on crypto loans which can be passed through to customers, or offered as an outright product, prompting media to warn these are [not 'bonds'](#) and highlighting they can be [high risk](#).

The US Securities and Exchange Commission is considerably less excited at the prospect and has announced investigations into [Gemini](#), Celsius Networks and BlockFi, focusing on these kinds of yield products.

Now BlockFi is reportedly a party to a settlement agreement with the SEC under which it will pay USD\$100M in fines, split USD\$50M to the Federal SEC and USD\$50M to various State SECs (likely including [New Jersey](#), Texas, Kentucky, Alabama and [Vermont](#) which had also announced investigations). BlockFi will also cease offering interest to customers as part of the orders.

It's worth noting that the USA maintains a system of both state and federal securities regulation whereas countries like the UK and Australia use a federated model with one regulator overseeing all securities and licensing.

These "yield products", which come in a variety of forms, can sometimes be legitimate technical assistance for customers into staking mechanisms, but often look like they involve pooling and management of customers crypto, are sure to remain a hot area for regulators as crypto and blockchain continue to rewrite financial systems.

NFL hands out NFTs to Super Bowl attendees

The National Football League (NFL) handed out a unique non-fungible token (NFT) to all fans who attended Super Bowl LVI between the Los Angeles Rams and the Cincinnati Bengals.

The NFTs have been customised to include each section, row and seat for each of the 100,000 expected fans as a way to commemorate gameday. The digital keepsake is designed to engage with fans but also test the NFT waters, as described by Bobby Gallo, Senior Vice President of Club Business Development, [in a statement](#):

offering customized Super Bowl NFTs allows us to enhance the gameday experience, while also enabling us to further evaluate the NFT space for future ticketing and event engagement opportunities.

These NFTs are the next generations equivalent of collecting a ticket stub and have garnered great success when offered during the regular season:

We witnesses great success with this one-of-a-kind fan experience, which provided the momentum to continue this program throughout the postseason and ultimately at Super Bowl LVI in Los Angeles.

Over 250,000 complimentary NFTs have been released this season, not including the 100,000 set to be offered at the Super Bowl. The NFL is also releasing club specific NFTs for the participating teams and plans to release a final NFT of the Super Bowl winning team later this month.

The NFL, and its players, have been heavily involved in digital assets in recent months. Odell Beckham Junior, a wide receiver for Super Bowl contestant LA Rams is currently being paid his salary in bitcoin while Tom Brady's NFT marketplace, Autograph, raised USD\$170m in funding.

Super Bowl LVI will be the first major international sporting event to offer NFT's, or non-fungible ticket stubs, to its fans.

Russia warms up to crypto - agrees to treat crypto as currency

The government and bank of Russia are hard at work drafting a new law which will define crypto as an "analogue of currencies", set to be launched as soon as 18 February. The move, [announced last Tuesday](#), seems to have arisen from Russia's desire to avoid the risk of stifling innovation and risks to the country's financial system by keeping cryptocurrency unregulated.

According to a [rough translation](#) by Blockmedia, the [draft document](#) accompanying the announcement reads:

The establishment of rules for the circulation of cryptocurrencies and control measures will minimize the threat to the stability of the financial system and reduce the use of cryptocurrencies for illegal purposes since a complete ban on the segment of operations related to their circulation is impossible.

This is a refreshing position accepting that peer-to-peer cryptocurrencies are in practice unbannable, a position that Western regulators have not been so quick to admit. This reality is an important factor in considering regulation, as regulation which supports and encourages businesses to come within a regulatory perimeter is essential, if it is too onerous then businesses will move operations to ensure their competitive advantage remains strong.

Today in Russia, crypto-assets can only really be used as currency if the counterparty to a transaction is happy to accept payment directly, or where a digital currency exchange is involved with KYC/AML checks having been performed. More than that, crypto transactions in Russia of more than 600,000 rubles (roughly \$8,000 USD) require declaration or are otherwise considered as a criminal act.

Russia's attitude is certainly a reversal from the Bank of Russia's earlier but [recent proposition](#) to ban miners and several cryptocurrencies over concerns the industry was too speculative.

Perhaps Russia's change of opinion has been sparked by Russian Ministry of Finance's [public opposition to the proposed ban](#) or word that President Vladimir [Putin supports moves to regulate the crypto mining sector](#)? The reason for the change could also be part and parcel of increasing numbers of countries recognizing cryptocurrency's value and use cases.

Crypto businesses make a blitz play: Ranking the Superbowl LVI crypto advertisements

It's a long held tradition - businesses paying an obscene amount of capital to get a mere few seconds of airtime during the big dance - and this year's Superbowl LVI was no different.

Crypto businesses sought to try a blitz play in terms of advertising this year, and managed to break through the defensive line to score a touchdown and steal the spotlight.

Let's do a play-by-play and rank this year's crypto ads, as well as tackle consumer engagement and response.

4. Coinbase's 'DVD' logo stunt

We've all been there - whether it was Sunday family movie time, or that long intrastate bus ride - waiting patiently for that pesky DVD logo to hit the corner. Coinbase - one of the most popular crypto exchange platforms in the U.S. - capitalised on our collective lament and yearning for that watershed corner moment.

Coinbase released a [minimalist ad](#) with a yellow 'C' mimicking the DVD logo. The letter promptly changed to a QR code in a throwback to a famous episode of The Office, which redirected users to Coinbase's landing page promoting a free Bitcoin giveaway.

Suffice it to say, the website promptly crashed due to an unexpected spike of visits and the whole stunt cost Coinbase \$14 million and is a bit embarrassing.

While clever, the execution of the play led to the Coinbase quarterback being sacked.

3. [eToro and Old Blue Eyes](#)

How many times have we heard this question - 'Where to start?' with respect to cryptocurrencies and stocks. The eToro offensive co-ordinator (marketing team) really stressed the community aspect of crypto-asset investment, coining the slogan 'FlyWithUs.'

Of course, there would have been a flag thrown on the field if that slogan wasn't ably assisted by Frank Sinatra's timeless classic 'Fly Me to the Moon.'

eToro also released an [unofficial half-time bingo card](#) that punters could play along to. However, there were no \$10 house drink vouchers or free coin offerings available to punters who played along.

Unfortunately, there wasn't as much hype surrounding this ad as much as the subsequent ones on this list, but we're giving them a Distinction for their use of Cranky Franky.

2. **The next episode - Crypto.com**

If the return of CGI Luke Skywalker in the Mandalorian TV Series (spoilers!) wasn't an indication of how prevalent the use of computer-generated characters would be in films, then I'm sure [a de-aged LeBron James](#) may be enough to convince you.

Crypto.com drafted both 2022 LeBron and 2003 LeBron to co-star in the thirty-second ad. The two legends had a conversation between themselves, with the 2003 LeBron eager to know what the future looked like.

2022 LeBron responds simply with a poignant but wise response:

I can't tell you everything, but if you want to make history, you gotta call your own shots.

This ad was well received by consumers, considering LeBron became the highest-scoring player in NBA history within the week leading up to the Superbowl. Bits of Blocks has also [previously reported on LeBron's engagement with the crypto environment](#).

1. **Curb your enthusiasm for FTX**

Taking out number one on our list - the social assassin himself, Larry David. [FTX's rather clever advert features David](#) - who some will know as the co-creator of Seinfeld, and the star of his very own show Curb Your Enthusiasm - dismissing key inventions throughout history.

David promptly shoots down a Mesopotamian trailblazer after he is shown the wheel. David politely tells a budding scientist by the name of Edison that electricity 'stinks.' David also complains that if he is unable to get a tuna salad without celery, NASA would also be unable to land a man on the moon.

This all leads to the ad's crescendo, where David is presented with the FTX app and immediately says in true Larry David fashion:

Ah, I don't think so.

Self-deprecating humour is always well received, and subtly reminding consumers to not miss out on the next big thing is

clever. Given the heat given to Matt Damon and Crypto.com's "Fortune Favours The Brave" ad, this placement is going to age well. It takes out our number 1 slot for the crypto NFL ads for 2022.

Show me the money crypto! Colorado announces it will accept Bitcoin for tax payments

In [a recent interview with CNBC](#), Colorado Governor Jared Polis has signalled Colorado's intention to accept crypto-assets for payment of state tax obligations. Polis also said that Colorado would be positioning themselves to accept crypto payments for other government fees.

Per Governor Polis:

We expect by this summer, pretty soon, to accept crypto for all of our state tax-related purposes, and then we plan to roll that out across all of state government for things [that] could be as simple as a driver's license or hunting license.

The primary caveat to this announcement is that Colorado is seeking to only focus on those crypto-assets that are less volatile like Bitcoin. The key reason for this being that the state's expenses still primarily take the form of U.S. Dollars – a centralised currency.

This is yet another move towards governments becoming increasingly confident in terms of their interaction with crypto-assets. This announcement follows from other U.S. jurisdictions who have developed their own cryptocurrency. In August 2021, the city of Miami in Florida launched [MiamiCoin in partnership with crypto development firm CityCoins](#). The profits the city makes from this donation could be [redeployed to other public policy issues such as public safety and addressing homelessness](#). Perhaps in the future we may end up seeing SydCoin or MelCoin, but for now this experiment serves as a timely reminder of the confidence regulators and governments are gaining in terms of their interaction with ever expanding crypto-asset markets.

How the stables have turned: US Bill seeks to mandate 100% cash reserves for stablecoins

A new [bill recently tabled to U.S. Congress](#) has sought to provide much needed legislative clarification on stablecoins. Briefly, stablecoins are a form of cryptocurrency backed by an asset class which does not oscillate as much as cryptocurrency that is backed by some asset class which does not oscillate as much as cryptocurrencies usually other cryptocurrencies usually do.

The new Bill allows financial and non-financial institutions to issue stablecoins, however, imposes a mandate on them to have their digital assets backed with reserve assets consisting of U.S. dollars and government issued securities.

The proposed legislation would define qualified stablecoins, and distinguish qualified stablecoins from more volatile cryptocurrencies. The Bill also vests oversight of the mandate with the Office of the Comptroller of the Currency; as well as placing a mandate on non-financial institution stablecoin issuers to hold the reserve collateral in a separate Federal Deposit Insurance Corporation-insured account.

While the bill is a product of recent lengthy discussions and debate among U.S. Congressional legislators, [the urgent need for stablecoin legislation has been stressed by U.S. Treasury](#). Per U.S. Treasury Undersecretary for Domestic Finance, Nellie Liang:

This is an urgent issue given the rapid growth of this market.

With the recent increase in discussions among members of the Australian legislature, it may only be a matter of time before similar legislation is considered domestically.