

Article Information

Authors: Michael Bacina, Tom Skevington

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Personal Token Sales on a Roll

In what is fast becoming a growing trend, well-known DeFi community member Kerman Kohli recently announced his Initial \$KERMAN Offering - raising USD\$30k by issuing tokens on issuance platform Roll. This marks the third recent well known Personal Token Sale being launched by Roll, and we thought it warranted a closer look at what Personal Token Sales are, what the \$KERMAN Offering purports to be offering, and some of the legal issues.

The \$KERMAN Offering has followed the recent [NFT-backed \\$WHALE](#) offering, which itself followed the [Initial \\$ALEX Offering](#) a few weeks prior. While each of these offerings differ in various ways, they are similar in that they:

1. were launched using Roll, a self-described “social money” platform which facilitates the creation of ERC20 tokens unique to users online presence, allowing users to own, control and coordinate the value they create across platforms; and
2. derive their underlying value from an individual, and the services they can or will provide, rather than an entity, business or decentralised protocol.

Using the \$KERMAN Offering as an example, Roll is facilitating the issue of up to 10 million \$KERMAN tokens, with the initial offering being up to 1,500,000 tokens at \$0.02 per token. Holders of the token will be able to use it to:

1. obtain coverage in Kohli’s popular newsletter DeFi Weekly;
2. get direct consultation from Kohli;
3. purchase subscriptions to DeFi Weekly;
4. get Kohli to retweet them on twitter; or
5. Holders with more than 15k \$KERMAN (\$300) receive access to an exclusive Telegram group and the ability to participate in early rounds of any future ventures.

Separately from being a direct pre-purchase of services, \$KERMAN has the following more experimental features:

1. 5% of the revenue earned from DeFi Weekly and the other direct uses above are used to buy and burn \$KERMAN;
2. Holders can purportedly signal their thoughts or vote on Kerman’s life decisions such as future employment and DeFi Weekly content choices.
3. The \$ALEX token entitles its holders to a proportional share of 15% of Alex Masmej’s income for the next three years, capped at \$100,000, distributed quarterly in Dai (DAI) or an equivalent stablecoin. Alex has described his tokens as “*a blend between a small Income Sharing Agreement and a human IPO*”.

In short, these Personal Token Sales are being used as a way to leverage the reputation of prominent individuals to raise money, in response for a niche value proposition. More than fairly, there is ongoing debate within the broader digital currency ecosystem as to the legal status of these offerings.

Of course, in Australia, calling it a human IPO, Personal Token, or anything else won’t help the issuer if ultimately, the underlying token being issued is a financial product, whether it be a security, interest in a managed investment scheme, or otherwise.

While the small nature of some personal token offerings could fall within some limited disclosure exemptions, these are unlikely to apply in most circumstances. As with ICOs, while the tokens may be advertised as having particular “utility”,

there is no legal definition of that word in relation to digital currency.

If the underlying value assumption is based on speculative increases in value, or involves the pooling of money to be managed by a third party for mutual gain, then these offerings are likely to be unlawful in Australia. To that end, sharing future revenue/income or offering mechanisms designed to support/increase token prices

However, how the law applies will always depend on the unique circumstances of the offering, and if Personal Token Sales continue to rise in popularity, we may find ASIC and other regulators taking a different view altogether.