

See: <https://twitter.com/JasonCoombsCEO/status/1183252710906138624>



## Thread



**JasonCoombs.CEO** ❤️🧐💰  
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A Short Thread for @Telegram \$GRAM About Crypto Securities  
Whether \$BTC or \$BSV or \$BCH or \$ETH or \$ETC or  
@VentureCurrency \$VC the thing that makes a crypto coin or  
token a security is how it is marketed, what the buyer is led to  
expect. [en.wikipedia.org/wiki/SEC\\_v.\\_W...](https://en.wikipedia.org/wiki/SEC_v._W...) #cryptoeconomics

### *SEC v. W. J. Howey Co.*

From Wikipedia, the free encyclopedia

*Securities and Exchange Commission v. W. J. Howey Co.*, 328 U.S. 293 (1946),<sup>[1]</sup> was a case in which the [Supreme Court of the United States](#) held that the offer of a land sales and service [contract](#) was an "investment contract" within the meaning of the [Securities Act of 1933](#) (15 U.S.C. § 77b) and that the use of the [mails](#) and [interstate commerce](#) in the offer and sale of these [securities](#) was a violation of §5 of the Act, 15 U.S.C. § 77e. It was an important case in determining the general applicability of the federal securities laws.

The case resulted in a test, known as the **Howey test**, to determine whether an instrument qualifies as an "investment contract" for the purposes of the Securities Act:

"a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party."<sup>[1]</sup>

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<b>Securities and Exchange Commission v. W. J. Howey Co.</b>	
	
Supreme Court of the United States	
Argued May 2, 1946 Decided May 27, 1946	
Full case name	<i>Securities and Exchange Commission v. W. J. Howey Co.</i>

SEC\_News and 2 others

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When the buyer is led to expect a profit solely from the efforts of others, then the decentralized common enterprise is, from that buyer's perspective and legally with respect to that buyer's [#crypto](#) asset [#HODL](#) legally the issuer of a crypto security. Full stop. [#cryptoeconomics](#)

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When a HODLer resells securities they must do so using a securities broker/exchange. [@SEC\\_Enforcement](#) said there is an unwritten Rule for un-HODLing HODL'ed crypto-securities after a crypto is "decentralized" if buyers are not led to expect profits solely from efforts of others.



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Nobody knows now what the unwritten Rule is for un-HODLing a crypto securities [#HODL](#) the SEC refuses to provide guidance about what that process might look like. They know it when they see it, like pornography, but they can't define it. This situation must be fixed. [@HesterPeirce](#)