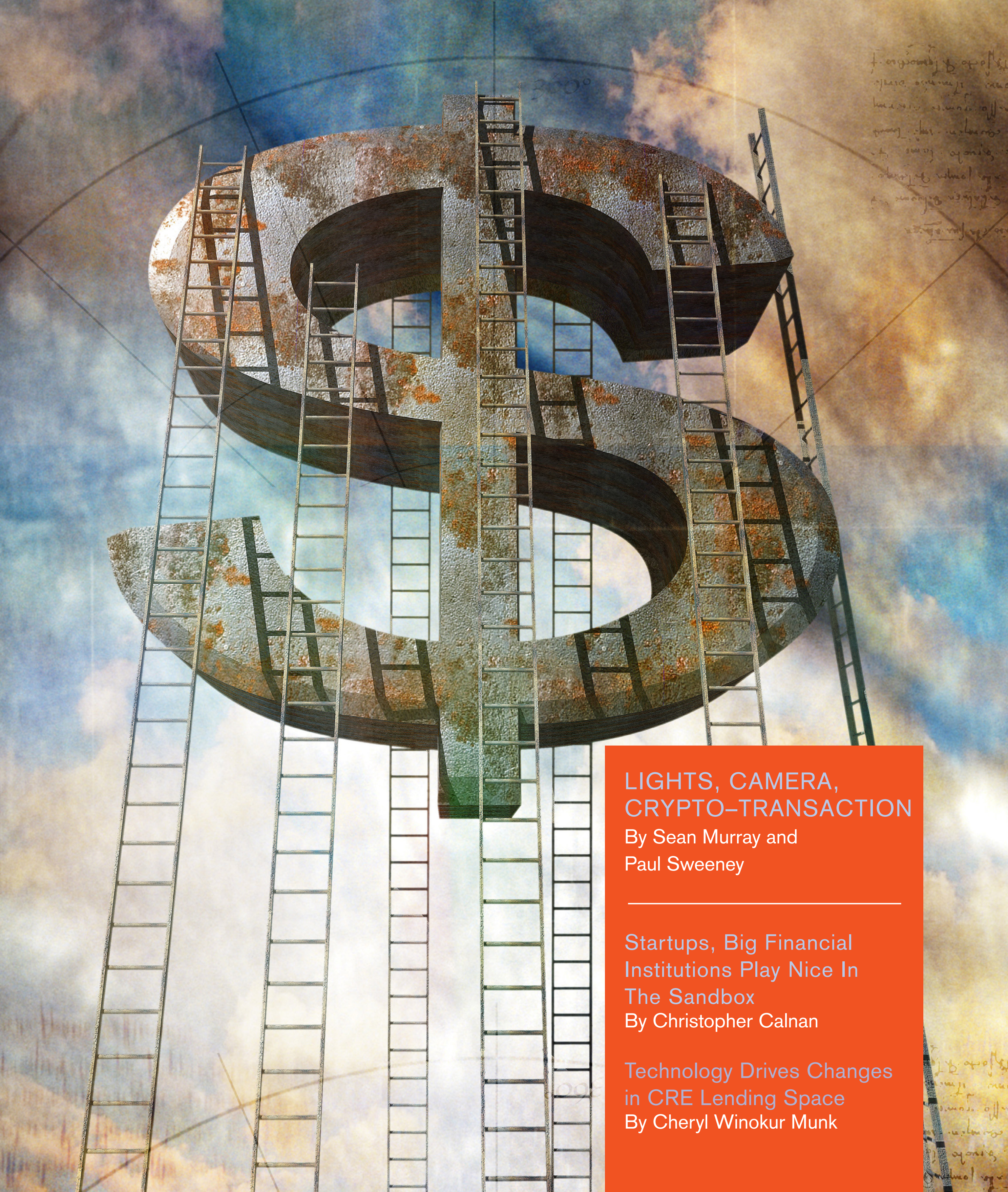
deBanked

November/December 2017



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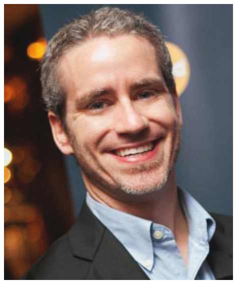
Letter From the Editor



BY
SEAN MURRAY

It was a year to remember, our sources declare
'Twas the Jan/Feb issue I wrote about my loan from Square

Through March into April salespeople closed deals via text
As banks looked to fintech as their plan for what's next

We went to Texas a nexus for finance and lending
It was May, maybe June when Bizfi's final days were pending

Merchants talked, banks adjusted, it was a summer of learnings
For the pressure was on to produce solid quarterly earnings

September, October, liens and judgements were removed
But the world hardly noticed and deals still got approved

Winter coats and furry hats meant the year would end soon
But by golly 10k, no 11k! Bitcoin went straight to the moon!

And so boys and girls the story of '17 has been told
What a time for finance, for money, and a world to behold

See you in '18, in '19, and the roaring twenties my friend
We'll be right there, whether you deal in receivables or lend

–Sean Murray

LIGHTS, CAMERA, CRYPTO–TRANSACTION — HOW A LENDING JOURNALIST RAISED MILLIONS TO BUILD MAGIC LAMPS THROUGH THE MURKY WORLD OF INITIAL COIN OFFERINGS

by SEAN MURRAY AND PAUL SWEENEY

This past July, the winner of the Best Journalist Coverage category at the 2017 LendIt Conference Awards, announced that he would be stepping outside of his journalistic endeavors to raise money for a futuristic lamp company. The product, dubbed Lampix, is described as a lamp with a projector, a camera, specifically placed light–emitting diodes (LEDs), and a cloud–enabled computer. On the company's "Medium" blog, Lampix promises that the product is "designed to transform any flat horizontal surface into an interactive computer."

The man behind Lampix, George Popescu (whose Lending Times news site competed against and beat out fellow finalist deBanked at the LendIt Awards), makes for an interesting case study in alternative finance. That's because Lampix shunned traditional capital–raising methods by relying on an Initial Coin Offering (or ICO), an unregulated blockchain–based corporate event which is similar to an initial public offering. Rather than purchasing shares, as is the case in an IPO, investors in an ICO receive digital tokens instead of shares. In August, Lampix raised $14.2 million through its ICO*.

Popescu's name popped up again a few months after the LendIt award on a regulatory blotter in the UK.

In case details published by the UK's Insolvency Service on August 1st, the agency announced that Popescu was disqualified from serving as a company director.

Mr Popescu breached his fiduciary duties to act in the best interest of Boston Prime Limited ("Boston Prime") and/or failed to ensure that both Boston Prime, as the regulated firm, and him individually, as the approved person, complied with the Financial Conduct Authority ("the FCA") rules and guidance.

$6.2 million was transferred out of the company to a company named FXDD. Boston Prime's receiver is presently suing FXDD seeking the return of the funds to the company. Proceedings are ongoing. Mr. Popescu is not under investigation and there are no legal proceedings at this time against Mr. Popescu.

It's an inauspicious beginning for someone financing the "lamp of the future" using an unregulated and controversial strategy. Even so, when its ICO concluded on August 19, Lampix declared its gambit a success after raising $14.2 million through the sale of its digital tokens, which are known as PIX.**

By mid–November, the market value of those digital tokens, which exist on the Ethereum blockchain, had dropped by 50%, causing Lampix investors to suffer losses of $7 million. Unlike shareholders in publicly traded companies, token buyers have few investor protections. It's not clear they are even considered to be actual investors at all. Buried in the fine print of Lampix's 85–page "white paper" – a convenient way to avoid the label of prospectus – is a disclaimer. "Buyer should not participate in the [PIX] Token Distribution or purchase [PIX] Tokens for investment purposes. [PIX] Tokens are not designed for investment purposes and should not be considered as a type of investment."

Additional disclaimers, moreover, declare that the white paper is not a prospectus, that the tokens "are not securities, commodities, swaps on either securities or commodities, or a financial instrument of any kind."

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But the distinction has not deterred people from joining in the frenzy of buying digital tokens like PIX. So much so, TechCrunch reports companies employing this strategy had raised nearly $800 million by means of ICOs in the first half of 2017.

And the SEC is not exactly excited about ICOs. "Fraudsters often use innovations and new technologies to perpetrate fraudulent investment schemes," a July 29 directive by the SEC states. "Fraudsters may entice investors by touting an ICO investment 'opportunity' as a way to get into this cutting–edge space, promising or guaranteeing high investment returns. Investors should always be suspicious of jargon–laden pitches, hard sells, and promises of outsized returns. Also, it is relatively easy for anyone to use blockchain technology to create an ICO that looks impressive, even though it might actually be a scam."

On September 29, moreover, the SEC brought an enforcement action against REcoin Group, charging Los Angeles businessman Maksim Zaslavskiy and two companies he controls with defrauding investors "in a pair of so–called initial coin offerings (ICOs) purportedly backed by investments in real estate and diamonds," an SEC press release said.

The SEC alleges that Zaslavskiy and his companies – REcoin Group Foundation and DRC World (also known as Diamond Reserve Club) — have been selling unregistered securities, and that "the digital tokens or coins being peddled don't really exist."

Meanwhile, telephone calls and an e-mail to the SEC seeking the federal regulator's view on Lampix's ICO drew a terse response from Ryan T. White, a public affairs specialist, who replied that the agency would "decline comment."

Deborah Meshulam, a partner in the Washington office of law firm DLA Piper and a former SEC enforcement official, told deBanked: "Regarding the lack of equity ownership, Lampix is seeking to establish that the tokens are not securities. Whether the SEC would agree should it decide to look into the offering depends on the facts and circumstances. The SEC staff would look past form to substance to assess whether the sale of the tokens constitutes an investment contract under legal standards. If so, then the SEC would view the Lampix offering as a securities offering. It may be that Lampix (or its lawyers) already vetted the offering with the SEC but I don't know the answer."

Popescu tells deBanked in an e–mail interview, "We had to respect all securities rules and regulations of course, respect the Howey test and so on. There were no hoops to jump through as we are not trying to avoid anything or prevent anything. We honestly built a token to build a community to help us crowdsource (mine) pictures for all applications among which, Lampix."

"Each PIX token," the Lampix website explains, "will be used as a form of payment to picture image miners, voters and app developers or to purchase a Lampix, cloud computing and apps."

"THE ICO STUFF IS SO UP-IN-THE-AIR"

Meshulam also notes that the June, 2017 date of the Lampix white paper pre–dates the SEC's enforcement activity in this area. She adds, "The statement that 'token sales or ICOs are not currently regulated by the U.S. Securities and Exchange Commission may be very literal in the sense that there is not a specific regulation, but the SEC has stated that, in the right situation, ICOs are subject to the US federal securities laws."

Erin Fonte, an attorney in the Austin, Texas, office of Dykema Cox, and the leader of the firm's regulatory & compliance group, says, "The ICO stuff is so up–in–the–air. The SEC is looking at it closely. But it's fairly new. And some of them (ICO's) have been tied to fraud and Ponzi schemes. If a client came to us (seeking advice), we'd want to vet the people behind the offering."

But what of Lampix, the company that won the Augmented and Virtual Reality category of the South by Southwest (SXSW) Accelerator Pitch Event earlier this year in March – and put a pretty feather in the cap of Popescu?

Popescu's resume is no doubt impressive. He holds a trio of master's degrees in various scientific and technological disciplines, including one from Massachusetts Institute of Technology. And he is a serial entrepreneur who lays claim to having founded 10 companies: they include, according to his LinkedIn profile, online lending, a craft beer brewery, an exotic sports car–rental space, a hedge fund, a peer–reviewed scientific journal, and a venture–debt fund.

He's charmed journalists like Forbes contributor Roger Aitken, who declared: "The founders (of Lampix) …believe that Lampix will impact humans as much as computers or smart phones in the future…

Think Tom Cruise in Minority Report. Imagine your room in five years: you will be able to use any surface around you as if it was a computer. The ability to transform any surface into an interactive computer (augmented reality) is going to unleash applications we have not even conceived of."

The Lampix website hyped its ICO with the aid of an infographic listing "active product inquiries" the company has in its pipeline, the likes of which includes Amazon, Apple, Samsung, Microsoft, Sony, IBM, BMW, Bloomberg, PwC, and the Aspen Institute. With all of these names seemingly lining up, it begs the question: Why did Lampix choose the controversial route of an ICO to raise capital?

But it's hard to determine the seriousness of these corporate relationships. Florin Mihoc, Lampix's Strategic Partnerships & Development Advisor, said he could not assist us with confirming any of them, citing the slow and cumbersome bureaucracy of dealing with Fortune 500 companies. He did invite us to try reaching out to some of them on our own, which we did.

Bloomberg is one of the few acknowledging a relationship with Popescu's company. Chaim Haas, head of innovative communication at Bloomberg, told deBanked that the New York–based media and financial communications company "collaborated" with Lampix. Bloomberg, he says, "has used Lampix hardware in its fellowship program (Bloomberg AR Fellows) as a prototype for augmented reality applications." But Haas declined to elaborate on whether Bloomberg's relationship with Lampix was more than an experimental one.

Edward Caldwell, director of public relations for East Coast markets and sectors at Pricewaterhouse Coopers, the Big Four accounting firm, declined to comment about Lampix. "We can't discuss individual companies, clients or engagements," he reports.

Douglas Farrar, senior manager for communications and public affairs at the Aspen Institute, told deBanked that he could find no business relationship between Aspen and Lampix. "I have gone down quite a few rabbit holes here," he said in an e–mail, "But I'm coming up empty."

When Popescu was directly confronted about this, he wrote, "The companies would only figure [in the infographic] if they actually themselves reached out to us and we exchanged emails with somebody from that entity. Most of these entities have many people and most of the companies' people will have no idea [that] somebody else in the company is talking to us."

Telephone calls and e–mail requests for comment to Microsoft were not returned.

A spokesperson using BMW of USA's official twitter account, however, responded to an inquiry by saying they were a customer of Lampix, "but only for office usage."

Meanwhile, George Popescu has been on the sales trail. A case in point was his October 5, Youtube interview conducted by Ian Balina, a self–described influential investor in blockchain technology and cryptocurrency – and someone with a reputation as an industry promoter and evangelist. (Balina caters to the get–rich quick crowd and publishes how–to guides trumpeting promises like "How ICOs can make you a millionaire in 3 years" and "make millions with bitcoin.")

Balina asked Popescu the softball question, could he show viewers a demonstration of the product? Popescu admitted he wasn't prepared to do that and when he attempted to set one up on the fly, it didn't work. The incident is notable because Lampix has been promoting the video through its social media network.

Popescu corroborates a number of details about the ICO, however. He confirmed the ICO price of a PIX token to be 12 cents, the US dollar price people had to pay per token. Cryptocurrency exchanges, where token speculators can buy and sell tokens online, show the trading value of a PIX token currently hovering around 6 cents, which translates into roughly a 50% loss in value.

Investors feeling cheated by such a loss can't contest the purchase of PIX tokens with their credit card issuers. That's because of a requirement that token sales had to be purchased with ether (ETH), the currency of the Ethereum blockchain. While ether is arguably similar to Bitcoin, it operates on an entirely different blockchain.

To participate in the ICO, in a Youtube video, Lampix also explained to purchasers, for example, how they could first buy ether with dollars through an online exchange known as Coinbase** before forwarding the ether to a digital wallet. Next, investors were instructed to send the ether from the digital wallet to a specially designated PIX address. An automated "smart contract" would then release the appropriate amount of tokens to the buyers' digital wallets 31 days after the ICO was consummated.

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especially for those who are not exactly tech–savvy – the rigmarole makes it nearly impossible for them to recover their money should they feel buyer's remorse. Neither the video nor the Lampix white paper mentions any buyer restrictions. Indeed, Lampix's white paper specifies that "anyone" in the global market can participate. That means that an investor could theoretically be underage or a citizen of Iran or North Korea. (When asked what steps Lampix took with regards to KYC/AML, Popescu said, we "implemented the standard ones with partners specialized in it.") Investors could even be citizens of the UK where Popescu is banned from being a company director.

And global they are. deBanked interviewed Rudy (whose last name we are withholding), a graduate student who lives in Singapore that says he bought approximately $2,200 worth of PIX tokens during the ICO. The drop in value has gotten him so frustrated that he's contacted securities regulators in the United States to investigate Lampix. Despite the caveat in the white paper that tokens are not an investment and should not be used for investment purposes, Rudy said he considered himself to be an "investor" and that his reason for buying the tokens was to sell them in the future for a profit.

Popescu, who wasn't asked about Rudy's experience specifically, told deBanked that Lampix is not selling PIX tokens as an investment but rather to primarily build a community. "What people do with the tokens is their choice and we cannot prevent them," he asserted.

English is not his first language but Rudy said, "I think that [the] SEC should regulate ICOs in the USA. There are no rules currently, teams can promise anything before the ICO and forget everything after the ICO. Things have to change, there should be legal pressure on crypto teams."

Rudy added that he was "so enchanted" by Lampix's ideas that he had promised himself not to sell the tokens for at least two years even if they were losing value. He conceded that he was not a tech expert. But, he says, the award at the SXSW competition was an important milepost to him.

"PIX WILL BE THE REAL ALADDIN'S MAGIC LAMP"

deBanked found 700 more people interested in Lampix on the company's official Telegram channel. The chat history since September 20, which we were able to obtain, has been dominated by talk of the PIX token's trading value. Those bemoaning the low price regularly use the term "investors" to describe themselves – never mind that the white paper specifies that PIX tokens are not supposed to be an investment or to be used for investment purposes.

The chat's administrator, who uses the nickname Chester, identifies himself as a "community manager" at Lampix. At one point he too refers to PIX holders as investors. "Hey guys," he wrote in the channel on October 1, "Lampix is a company, not a single person, we don't do things that quick, but pretty quick and we try not to confuse our investors by telling you unconfirmed news. Be patient, things will be just fine."

Laura Toma, another community manager for Lampix, responded to complaints about the depressed price in the channel by saying, "The issue is that people want to get rich in a month."

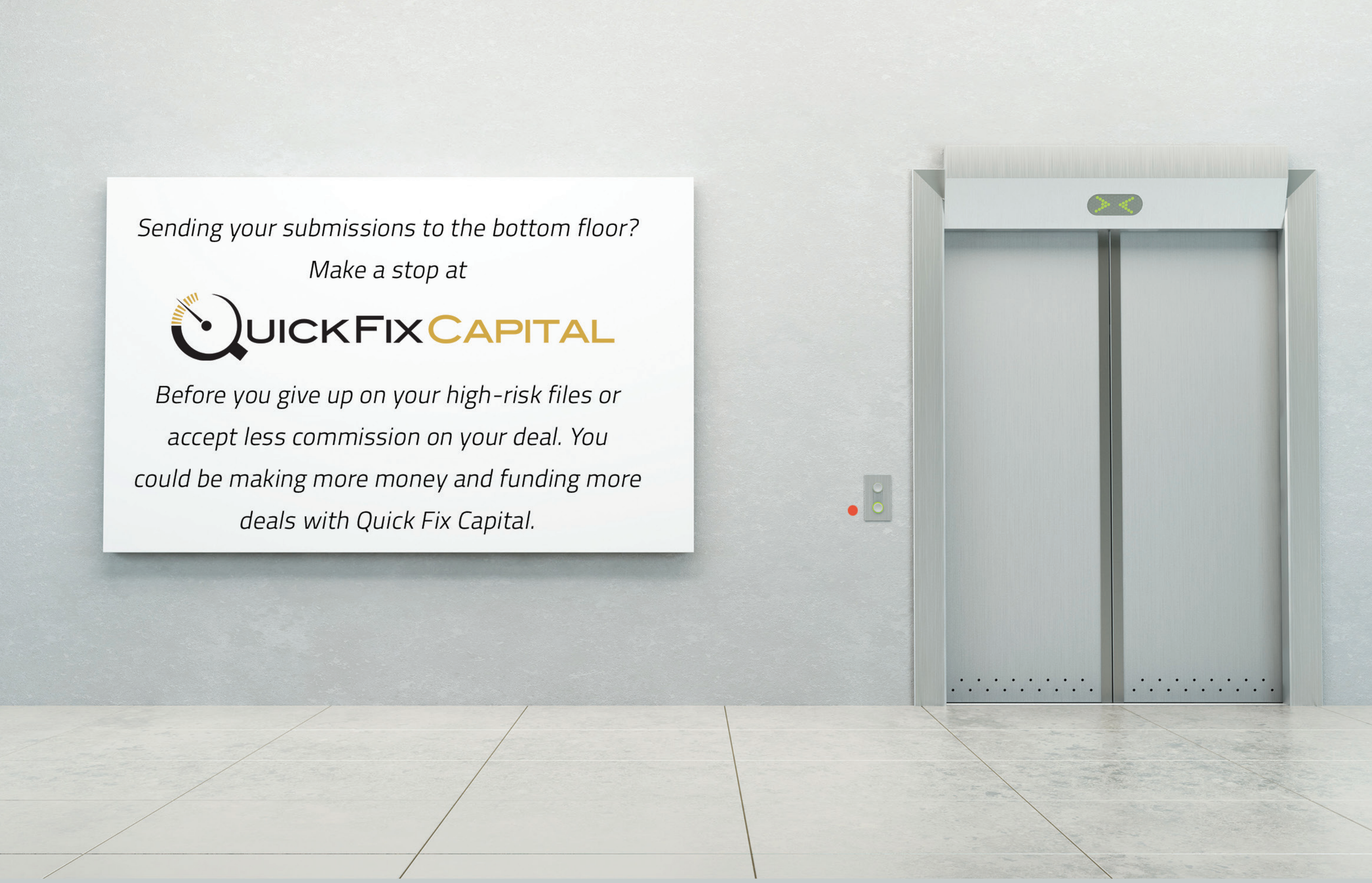
Indeed, investors hound not only the community managers, but also Popescu himself, who frequently joins in on the chat and fields questions about the trading price of PIX. "You should care more about the company revenue, clients, users." Popescu replied to one user.

"Are you serious?" a user calling himself Dante fired back. "We are investors, and we care about the return on investment." Another user with rough English tells Popescu, "As you know, most people come to ICOs for short–term profit. We cannot deny it."

Others keep the faith. "PIX will be the real Aladdin's magic lamp," writes one user. Another hyperbolically predicts the price will "fly out of the earth, fly to the moon, and finally fly out of the galaxy."

There is very little discussion about the use of the product itself while numerous inquiries are written in Mandarin. "Lampix has a lot of Chinese investors," writes one. Other users self–identified as citizens of Russia, Romania, and France. Meanwhile, Toma writes, "Yes, there are investors from USA as well."

Despite the losses that investors have so far experienced with Lampix, among other concerns, Popescu isn't limiting himself to just one ICO. According to his online statements, Popescu is connected as an "advisor" to another company engaged in an ICO. AirFox, a Boston–based start–up launched



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by two Google alumni, provides free data to mobile phone users in return for eyeballing advertising. In early October, Airfox's ICO raised $15 million. But a month later its AIR tokens, which sold for two cents apiece during the ICO, had lost 75% of their trading value. That means investors in AIR, the company's ICO ticker symbol (which is becoming an increasingly ironic moniker) have seen more than $11 million go up in smoke almost overnight.

Popescu says in their defense, "The AIR tokens are meant to solve a real problem, of remunerating people who watch ads in exchange of getting more data and minutes on their mobile phone. The ecosystem is still being worked upon, the product is not live. Once the ecosystem is live we will see what really happens. Until then the token is mostly being handled by speculators. The price can therefore vary widely and it doesn't reflect their true value."

Even as Lampix and AirFox have been racking up massive losses for investors, Popescu announced on November 5 in a LinkedIn post that he would be involved in five more ICOs.

Among them is DropDeck Technologies, at which Popescu is listed as the chair of the advisor board; its ICO is scheduled for November 21. Another company, Factury, for which he is listed as an advisor, is initiating its ICO on December 15.

He's an ambitious man.

"I FIND IT STRANGE YOU ARE DIRECTING 5 OTHER ICOS"

And his ICO familiarity hasn't escaped the scrutiny of PIX investors. "I find it strange that you are directing 5 other ICOs," writes one user in the Telegram chat on November 4. "To make Lampix big, this will require a CEO [who is working] full time working on the project."

Popescu responds personally. "I am working full time on the project but people have asked me to advise on their ICOs and this grows Lampix's notoriety a lot in the crypto space," he writes. He offered further assurances that he wouldn't be advising those companies' projects beyond their ICOs.

In an email to deBanked, he writes, "I run right now Lending Times, Lampix and Block X Bank only. The ICOs are just customers of Block X Bank. I have built about a dozen companies in 9 years, sold a few, closed a few. Each company has a team to help me, I am not doing this alone. For the ICOs I am more or less involved as an advisor / helping them project-manage their ICOs. How to run 3 companies? It's about being effective, organized, delegating, partnering and being productive. Oh and I don't watch TV, so maybe I have a few more hours per day than the average person. I do work long hours."

Block X Bank, through which Popescu extends his efforts toward other ICOs, is described on the company website as "a boutique investment consulting company specializing in connecting blockchain projects with funding."

In all of these ICOs, money is seemingly being created out of thin air. A consultant who was hired by deBanked to help analyze the technical aspects of both ICOs and smart contracts determined that Lampix raised much more than just the $14.2 million in token sales. In addition to the 114 million PIX tokens sold to investors, our consultant explained, the company also issued 220 million tokens to itself. At the ICO price of 12 cents apiece, those tokens would theoretically be worth $26.4 million – a huge piece of the total ICO pie that Lampix could sell on cryptocurrency exchanges if it wanted to rake in even more money.

There's a kicker too. At scheduled intervals over the next four years, the smart contract that made PIX tokens possible in the first place is slated to automatically create – and allocate – 330 million new tokens to Lampix. Thus, when Lampix raised $14.2 million in August, the company reserved $66 million worth of PIX tokens for their corporate use.

Popescu said in his e-mail to deBanked that these company tokens are for "corporate usage like employee incentives, M&A, other company investments...etc."

It's a mind-boggling sum of money for the development of a futuristic lamp whose followers mostly seem to reside on internet chats like Telegram, reddit, and bitcointalk.org.

And this has occurred despite the company's withholding any information regarding Popescu's status in the UK. Balina, who interviewed Popescu on Youtube, told deBanked he wished he had known about his disqualification in the UK. "This is definitely a big issue and I wish I would have known about it so that either my audience or I could have asked him this directly on the live stream," he said.

deBanked asked Paul Savchuk, Co-founder, CEO, and Chief Product Officer at Cryptocurrency Capital

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LLC, a US–based hedge fund that only invests in utility tokens as commodities, if Popescu's ban in the UK would have been relevant information in the Lampix ICO. "Yes, that might be a red flag for us in some cases and require us to perform additional research," he wrote in an emailed response. "We look at management very seriously – especially since a lot of projects are treated like startups and management is a key component to whether or not many of these ICOs can make it. We try to find such events and spot red flags whenever we conduct our due diligence research on ICOs. The reason: each project has something that needs to be improved. 'Red flag' – sometimes conversely can lead to a great opportunity when other market participants ignored it or were too skeptical."

Mr. Savchuk further said, "Lampix is a perfect example of a coin that on the surface looks very promising, but when you dig a little deeper, you do find red flags that can dampen the excitement for this investment."

And yet Savchuk spoke rather positively of the Lampix product after reading their white paper. "We believe the project is looking to change the current AR/VR tech industry," he said, referring to augmented reality/virtual reality. "The project is promising for two reasons. First, they have multiple companies in their pipeline. Second, they have a legitimate product which they will manufacture and sell. They are one of the few blockchain products to offer a tangible product with the ability to disrupt the market."

"Third," he went on, "most companies have gaps in building a strong structure at the outset of their existence. Some have bugs in initial code that cause breaches in cybersecurity. Others release product with a low level of usability – the ones who are aware of such problems have a greater chance of success. We would prefer to see publicly known strengths and weaknesses of such companies. Management has to be transparent about their team and product no matter what. Whenever possible, we want to be in touch with the management team."

With regard to the price drop, Savchuk said, "This is a danger for all purchasers of ICOs. Sometimes it's caused by token purchasers (swayed by) fear and greed and (hoping for) easy money and fast money. I doubt somebody sold Apple Inc.'s stock right after its IPO. It is also very difficult to restrict exchanges from allowing massive pump and dumps. That's not even mentioning the difficulty of measuring the value of tokens," Savchuk concluded. "Consequently, such projects are struggling with low credibility. However, it also creates a possibility for those who believe in the idea and product on a long–term run."

Popescu downplays the significance of the UK issue. The root of the debacle, he says, is the result of Boston Prime – the company he previously ran – being forced into bankruptcy by the actions of a company he is now suing called FXDD. "FXDD bought the companies and then bankrupted them and that's why Boston Prime [went bankrupt]," he writes. "Myself personally and each company separately are suing FXDD for this. UK has archaic laws where if you are a director of a bankrupted company you get disqualified from being a director again for a time. Attorneys charge about 40,000 GBP to defend this automatic case and I weighed the pros and cons and decided to ignore it as I have no plans to be a director in the UK for time being."

Investors unhappy with underperforming ICOs may be willing to challenge their legality. On October 25, for example, a class action lawsuit was filed against Tezos, a computer networking project that raised $232 million in one of the largest ICOs ever. In a complaint, the lead plaintiff alleges that, among other things, Tezos unlawfully engaged in the unregistered offer and sale of securities and fraud in the offer or sale of securities. "In July 2017, Defendants conducted an ICO in which they sold 607,489,040.89 tokens (dubbed 'Tezzies' or 'XTZ') in exchange for digital currency worth approximately $232 million at the time," the complaint reads. The plaintiff, who purchased 5,000 Tezzies, feels he was misled about the company and the offering.

Internal squabbling at Tezos which has delayed the release of its product and the sheer amount of money at stake have put the company on the map with the mainstream media and business press. The New York Times, Wall Street Journal, and Fortune as well as news services Reuters and Bloomberg have all covered the allegations of fraud.

The day before the class action lawsuit was filed, moreover, a deBanked reporter attended an explosive session at Money2020 in Las Vegas that saw Tezos co–founders, Arthur and Kathleen Breitman, attempting to give a status report of the company. A crowd that had gathered outside prior to the doors opening had attendees speculating whether the Breitmans "would actually show their faces" in the midst of all the drama.

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To date, no lawsuits have been filed against Lampix despite the drop in the token's value.

At a cryptocurrency/ICO meetup in NYC in October, a deBanked reporter met with executives at one company preparing an ICO who said they would not allow American investors to participate because of securities–enforcement fears. Pressure is mounting in the Far East as well. Citing their illegality, Chinese regulators in September issued a blanket cease–and–desist order on all ICOs in their country. What that means for Lampix's Chinese investors bears watching.

Popescu says that Lampix supports regulation in China. "Of course, all Chinese people have to follow Chinese regulation," he writes.

"WE ARE HERE FOR 5–10 YEARS TO BUILD A $100 BILLION COMPANY AND COMPETE WITH APPLE"

Meanwhile, on the product front, Popescu says that right now a Lampix lamp can be purchased for $10,000, a tidy sum because they must be hand–made. "We plan to improve the manufacturing costs and then we're planning to do a kickstarter early next year for around $500 [per] Lampix," Popescu told deBanked in his e–mail interview.

But for investors, it always comes back to the trading value of PIX. On October 25, one investor asks Popescu if the company will buy back its own PIX tokens at the ICO price to pump up their market price. "If you want a pump and dump please go to other companies," Popescu responds. "We are here for 5–10 years to build a $100 billion dollar company and compete with Apple."

And it all began with an ICO.

"ICOs also help with bootstrapping the user base – breaking the chicken and egg problem," Popescu also explains in his e–mail to deBanked. "In addition, given that Lampix is looking to crowdsource images, we prefer many different people hold PIX tokens rather than 2–3 VC funds. And last but not least I think tokens are better rewards for the community (liquid, mark to market, etc.) than illiquid instruments."

Not everyone agrees that PIX is the most liquid instrument to grow the community. US Dollars come to mind, for example. "Let's say I'm a customer," one investor poses to Chester, a Lampix community manager. "I want to use the cloud computing service but then I see I have to pay with PIX. I have no experience in crypto and have no idea how to do that. I just want to use your service fast and don't want to buy PIX coins first before I can make use of it. Will there be a fiat option?"

Chester is awed by the idea. "Well, you are so professional," he writes. "Man, you are good. You are good, the question you threw just hit the spot seriously. I guess there is always something Lampix needs to figure out and choose the best solution. Technically speaking they are jolly good at this point, but it doesn't mean it's perfect."

Chester, who assures him that he isn't being sarcastic, goes on to refer to the investor who asked that fairly elementary question as a "big shark" that is "born to bite."

It remains to be seen if the PIX "user base" shares the same philosophy as Lampix. Ian Balina, who interviewed Popescu on Youtube, separately asked his social media followers: "What's the first thing you're going to do once you hit your goals in cryptos?"

The responses fly in:

"Buying my Lambo"
"Travel to Paris"
"Buy an island"
"Buy my mum her dream home"
"Quit my job and start up something for me"
"Pay off mortgage and be financially free"
"Buy house in Miami, buy Lambo, enjoy life"
"Retire"
"Easy. Buy more crypto"

Meanwhile on Telegram, where investors continue to engage Lampix management on a daily basis, Dante offers a sobering reminder of what they've bought into, "We don't have equity, we only have tokens," he writes. "And we are taking a big risk."

* The amount of tokens sold multiplied by the 12 cent ICO price doesn't exactly match the dollar amount Lampix says they had raised. That's because Lampix not only issued bonus tokens to buyers at each stage of their ICO but also because the market value of ether, which users had to convert to from dollars to buy PIX, had fluctuated when they reported how much they raised. Like Bitcoin, the value of ether is volatile.

** The smart contract Lampix wrote to launch Lampix's tokens into existence specifically named them PIX tokens and dubbed their publicly identifiable symbol to be PIX.

*** Coinbase is a respected digital currency wallet platform based in San Francisco.


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STARTUPS, BIG FINANCIAL INSTITUTIONS PLAY NICE IN THE SANDBOX

By *CHRISTOPHER CALNAN*

Data is the lifeblood of financial technology and more established companies frequently supply data to fintech startups for free as part of their growth model.

A Boston business incubator is basing its operations on that dynamic.

FinTech Sandbox, a non–profit group, launched two years ago and now claims more than 30 data sources that it calls partners for the startups going through its six–month program that benefits both data providers and users.

Testing new technology under a load of data is an important factor facing fintech startups so there's a tradeoff: established financial services companies are providing data in exchange for a glimpse of the latest tech tools being developed.

FinTech Sandbox participants get to test drive their technology with large amounts of free financial data, which can be a crucial step before taking on customers real time, Executive Director Jean Donnelly told deBanked.

"In order to be taken seriously, you have to test. That's why we came about," she said. "It's for beta testing, to get feedback."

Without partnerships, startups would need to buy data or scrape it from the Internet. However, providers generally don't want to deal with the small amounts startups need versus larger paying customers. As a result, programs such as FinTech Sandbox's can play an important role in the fintech ecosystem.

To date, four FinTech Sandbox portfolio companies have been acquired by larger companies. Most recently, machine learning company DataRobot Inc. bought software maker Nutonian in May.

Data sources for FinTech Sandbox's startups include Fidelity Investments, F–Prime Capital, Thomson Reuters and Silicon Valley Bank.

Several banking and financial services companies operate accelerator programs and gain access to the latest technology by doing so. They include Deutsche Bank Innovation Labs, Barclays Accelerator and the Wells Fargo Startup Accelerator.

Earlier this year, Pricewaterhouse Coopers reported that the demand for data analytics is fueling the trend of traditional financial institutions folding fintech startups—and the tools they develop—into their companies.

"FinTech companies create an ecosystem that fosters the collection of vast amounts of data and builds trusted relationships with clientele. Financial institutions have realized the importance of these ecosystems and are attempting to engage with and bring innovation inside their companies.

Partnering with FinTech companies is up from 32 percent in 2016 to 45 percent this year on average, but large discrepancies by country do exist."

Ninety–eight startups have participated in FinTech Sandbox's six–month program. They've raised a combined $380 million in funding, Donnelly said.

Artificial intelligence may be the hottest trend in the technology industry. But tech tools related to environmental, social and governance, also called ESG or socially conscious business models, are fueling the strongest growth trend with fintech entrepreneurs, she said.

One such startup, California–based Data Simply Inc., went through the FinTech Sandbox program in fall 2015 and now provides data to sustainability–focused companies.

The financial technology sector has changed over time to become one in which legacy and startups regularly team up, Data Simply CEO Michelle Bonat told deBanked.

"It used to be more of a competitive environment, but it's now more collaborative," she said. "Each realizes they can gain more from the other."

FinTech Sandbox also collaborates with 11 accelerator programs such as Techstars, Startup Bootcamp and FinTex Chicago. Partnering with larger fintech companies turbo charges the growth of a business, Bonat said.

"It started so many useful discussions and it happened so much faster than it would have happened otherwise," she said. "It's all about an ecosystem and accelerating that in different ways."

In July, Boston–based investment analytics startup FinMason Inc. disclosed that it was making its enterprise software available to FinTech Sandbox participants.

The software is a suite of investment analytics with access to more than 700 analytical data types, including risk and performance metrics, aggregate factor exposures, scenario analyses and stress testing.

CEO Kendrick Wakeman told deBanked FinMason is partnering with the accelerator's portfolio companies with a plan that such startups are prospective customers in the future.

Startup partnerships are more common in the financial services industry because an aversion to risk has slowed the adoption of innovation. Now, the industry is playing catch up and working with startups and young entrepreneurs is one way to close the innovation gap faster than developing products in house, Wakeman said.

"Institutions know they have to innovate. Consumers demand it and regulators demand it," he said. "They have a long ways to go."

MCA ON THE HILL: MERCHANT CASH ADVANCE WAS THE SUBJECT OF A HOUSE SUBCOMMITTEE HEARING

On October 26, 2017, Katherine Fisher, testified before a subcommittee of the House Committee on Small Business on behalf of the Commercial Finance Coalition (CFC). Fisher is the association's counsel and an attorney at Hudson Cook, LLP.

An excerpt of it is below:

"MCA has many advantages for small businesses. MCA injects funds into a business without the business incurring debt, as the agreements do not contain an obligation of repayment. MCA has transparent costs for the small business: the MCA company will receive the amount of revenue that it purchased from the business. The incentives of the MCA company and the business are aligned because the MCA company's compensation is contingent on the continued success of the business. Addressing a key concern with traditional financing, MCA companies quickly fund businesses by offering efficient and timely underwriting. Additionally, in MCA, the business owner does not enter into a partnership or give up control of the business.

MCA, however, is not suitable for businesses at every stage of development. MCA depends on the future revenue of the business and is generally provided to companies that already have a proven source of revenue. Startups that do not expect substantial revenue for an extended time would not be ideal candidates for MCA."

Read her full prepared testimony at:
http://dbnk.news/1j

Watch the full video of the hearing at:
http://dbnk.news/1k

Dan Gans, the executive director of the CFC, told deBanked, "She presented a very good case as to why the industry is currently adequately regulated. We don't feel there is a need for federal regulation. In some cases, less regulation would allow our members to deploy more capital and help more small businesses."

"Unfortunately, because MCA uses the term cash advance in its product name, uninformed people will often confuse MCA as some form of payday lending. And so that has been one of our biggest challenges, educating members of congress and committees that there is absolutely no correlation between MCA products and what their views of consumer payday loans is," said Gans, adding that the CFC has had to communicate that MCA is a version of factoring and that factoring has been around for more than 1,000 years.

Fisher told deBanked she received a "positive" response to her testimony from funders.

HOW I FAILED AT BECOMING A BITCOIN MILLIONAIRE

By *SEAN MURRAY*

This past Fall, an industry colleague congratulated me on my newfound wealth. "What newfound wealth?" I reply. "What are you talking about?"

"Aren't you a bitcoin millionaire now?" he says, smiling brightly, with a look in my direction that suggests he can see through my deceptively coy demeanor. "You were talking about it for years. You were right about it!"

"Oh, yeah... Bitcoin," I say back while looking at the ground, embarrassed by what I am about to tell him. "I spent nearly all my Bitcoins well before the price jump," I reveal.

He didn't believe me, but it didn't matter. I had no regrets up until that moment when I decided to look back and see how much my Bitcoins would've been worth had I just held on to them until then. Doing the math ultimately turned out to be a bad idea.

$500,000.

That's the rise in value I missed out on by spending the Bitcoins I had been acquiring in 2014–2016. It's not a million dollars, but it's enough to sit back and think, *what if*.

Bummer.

But why spend or sell them if I was a supposed true believer? I never cared much for speculating. I liked and still like Bitcoin because it's a payment methodology that exists outside the purview and control of banks and government. It is the ultimate way to de-bank. And hey, that's what all the fuss of this publication is about.

I started reporting on Bitcoin here in deBanked as early as 2014, mainly to an audience that didn't know what they were and didn't care to know. I couldn't blame you all. Talk of digital currency, mining, and block sizes doesn't exactly go hand-in-hand with things like online lending, merchant cash advance, and brokering deals.

A handful of diehard Bitcoin fans at the time told me they were happy to see Bitcoin legitimized through our coverage. Others told me it was complete garbage, a ponzi scheme even, that didn't deserve any attention whatsoever.

In those days, I took a tour through the whole ecosystem by mining Bitcoin, buying it, selling it, paying people with it, and accepting payment with it. I read books about it, attended seminars on it, and watched documentaries about it. I even experimented with turning my computer into a node in the Bitcoin network to keep the ecosystem itself running smooth. I repeatedly heard critics argue that it was all a scam and I walked away every time remaining unconvinced.

Bitcoin allows users to carry their money across borders without hassle and to retain possession of their funds even if a bank or government agency wants to seize it. Perhaps these benefits appeal to criminals, but surely they also do to law–abiding citizens.

I didn't like the volatility of it so much back when I was acquiring them. It wasn't a very good store of value and it still isn't. The fact that a Bitcoin I acquired for $300 is now worth $10,000 is amusing but also terribly unnerving. What good is Bitcoin to legitimately use as money if the value can swing massively in an hour? And what to do if I bought 1 Bitcoin now at $10,000 and it retreated back to $300?

In a way, I may have been more excited to have held all those Bitcoins for another year without them experiencing any increase in value, rather than to have accidentally profited handsomely thanks to speculators who do not care about the underlying utility of Bitcoin bidding the price up.

Maybe I'm an idealist. Or maybe I'm just rationalizing why I shouldn't cry myself to sleep over having missed out on 500k in profit. I personally believe Bitcoin will be at its most valuable when its price is stable. If we can get to that point and the world economy becomes more accepting of it as a form of payment, well then I'd be very interested in holding on to Bitcoin indeed.

I wondered, of course, if the me of three years ago would've agreed with my philosophy now. A blog post I wrote in November 2014 answers that question (http://dbnk.news/1l ←*that's a 1 followed by a lowercase L at the end*).

Below are some of the points I made then:

"Bitcoin is more than a currency. It's not the Euro, the Yen, or the Peso. It's a detachment from governments and banking. It's self–control. Without the private key, your bitcoins can't be seized."

"I'm not necessarily speculating though. I spent almost half my bitcoins shopping on Overstock on Black Friday."

"A 5% swing might be acceptable for an investment but it's quite ugly for a currency."

"It's the lack of transaction fees and governance by mathematics rather than actual governments that have me hooked."

"Your money is not really yours. You have rights to it, but only to an extent. It can be garnished, frozen or confiscated. That's the price of liquidity and relative stability. If you can afford to color outside the lines, where you can remove [bankers] and their control, why not experiment? There's something pure about [Bitcoin], liberating. And when you add in the fact that it's governed by math, it's more than that, it's beautiful."

"There are indeed those holding [Bitcoin] and not spending. Rampant speculation is both a cause of volatility and an argument for its long term unsustainability. Speculators are hoping the digital currency will appreciate and make them filthy rich. If that day never comes, a big sell off will cause its value to drop."

And so it was in 2014, I was interested in the utility of Bitcoin while concerned about the volatility of it. The value has since shot up to the moon, largely due to speculation. Along the way my views caused me to miss out on becoming a Bitcoin millionaire.

And I couldn't care less. Wake me up when the price stabilizes.

Q&A WITH NOAH BRESLOW ON REPLACING ACH FOR REALTIME FUNDING AND MORE

By *SEAN MURRAY*

An announcement by OnDeck, Ingo Money and Visa this week at Money2020 may be more consequential than it appeared. That's because the partnership enables OnDeck to actually fund a merchant's bank account (not their debit card) on days, nights, weekends, and holidays. Such a feature is not possible in the realm of ACH where funding typically takes place on the next business day and only if the transaction is submitted before a predetermined cutoff time. deBanked got to learn more about how this works in an interview with OnDeck CEO Noah Breslow on Tuesday as well as the opportunity to pick his brain about a few other things. Below is a curated excerpt of the interview that has been edited for brevity.

deBanked: For this real time funding you announced, do you have to have a Visa debit card?

Breslow: You do not, but you have to have a debit card. 70% of small business owners have debit cards. And this will work with Visa or Mastercard.

deBanked: So you're not actually funding a merchant's debit card, you're funding their bank account but using the Visa network as the mechanism?

Breslow: It's the rails, it's the way to get the money into a small business owner's checking account. My prediction is that every funder in the industry is going to be doing this in a couple of years. It's going to be faster and small businesses will start to expect it. Now instead of waiting 2 days to get the money into someone's account, it can be done on nights, weekends, holidays, 365 days a year.

deBanked: So you can fund a merchant's bank account on the weekend?

Breslow: Yes, it's real time. And to be clear we partnered with Ingo Money, Visa has the rails. Ingo is our interface point, they do the PCI compliance and the rest. We looked at a bunch of different players in the market and Ingo was unique in that they had covered small business checking accounts. Some of this stuff is happening in consumer already. We're the first lender to use these rails for either consumer or small business in the US.

deBanked: Has this already gone into effect?

Breslow: No, it's coming out in a couple months. Early 2018.

deBanked: Does this system work with every bank already?

Breslow: It doesn't work with every bank yet. It works with most of them, all of the major ones.

deBanked: Speaking of payments... Square. PayPal. They're both payments companies first that went into lending. Is there a potential reverse play for OnDeck to go into payments?

Breslow: Right now our product expansion stuff is very focused on additional lending products. I still feel like we haven't lived up to our full potential there. There's a couple other product categories that we've looked at and thought about. Equipment finance is one, invoice factoring, small business credit cards. And so we look to be the best small business lender in the world with the best set of products. And then we can partner with a lot of the payments companies. But right now, no we're not going to sell merchant processing. Never say never, but not in the near future.

deBanked: Any news on the Chase front?

Breslow: We re-upped our agreement with them

in early August. The customer experience is amazing, our platform is scaling, and we're making progress. I can't tell you a lot of other details about it.

deBanked: I've heard from folks in the industry about merchants who are being debited by Chase either daily or weekly. Is that you?

Breslow: That would be our platform. Chase's product is more or less like the OnDeck product but cheaper obviously. It's a daily or weekly collected loan. It goes up to 24 months for $200,000.

deBanked: I want to ask you about brokers, or as you call them "funding advisors." Do you anticipate reliance on them increasing or decreasing?

Breslow: Stable. I don't anticipate it moving up or down. We really like the funding advisors that we have and we're continuing to grow with them. We're also adding some new ones.

deBanked: What makes a good broker? What can they do to do things right?

Breslow: The value equation between the merchant, the lender and yourself has to be in balance. They should also be efficient and know the credit box of the lender they're working with. They should invest in their employees, train them, and they should become more sophisticated about their online marketing and CRMs, which we've been seeing.

deBanked: Everyone's talking about blockchain at this conference. Is there a way that blockchain fits into online lending and possibly OnDeck?

Breslow: I love the technology, I'm very intrigued by it. But we're not actively using it and it's not like I have a secret blockchain project in the works.

deBanked: Is there a universe in which OnDeck considers making an acquisition of a company?

Breslow: So we're not totally opposed to that. They're might be an opportunity for a complementary product or a complementary team. I think you're going to see a lot of consolidation in the industry in the next 3–5 years.


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TECHNOLOGY DRIVES CHANGES IN CRE LENDING SPACE

By *CHERYL WINOKUR MUNK*

Online technology, which paved new paths for consumer and small business lending, is making similar inroads with the commercial real estate industry.

Over the last few years, several online marketplaces have been established to try and match commercial real estate borrowers with lenders quickly and efficiently using technology. In the past, commercial real estate lending depended heavily on having local connections, but online platforms are blurring these lines—making geographical borders less relevant and opening doors for new types of lenders to establish themselves.

While banks remain the largest source of commercial real estate mortgage financing, non-bank players—including credit unions, private capital lenders, accredited and non-accredited investors, hedge funds, insurance companies and lending arms of brokerage firms—have become more formidable opponents in recent years. Online platforms offer even more opportunity for these alternative players to gain a competitive edge.

At present, most of these commercial real estate marketplaces are purely intermediaries—they're matching borrowers and investors, not actually doing the lending. Certainly, it's an easier business model to develop than a direct lending one, but things could change over time, as borrowers become more comfortable with the online model and develop confidence that these platforms can perform, industry participants say.

"You have to be viewed as credible with a certainty of funding for borrowers to come to you. You can't just put up a flag and say 'Hey we're making loans' because borrowers won't trust you and they won't have the confidence that the loan is going to close," says Evan Gentry, founder and chief executive of Money360, one of the few online direct lenders in this space. "However, once you develop a reputation of strong performance, the tide turns very quickly and that confidence is established," he says.

For now, however, many of the marketplaces say they are content to remain intermediaries and offer business opportunities to lenders instead of competing with them. The sheer size of the market— commercial/ multifamily debt outstanding rose to $3.01 trillion at the end of the first quarter, according to data from the Mortgage Bankers Association—and the fact that is an enormously diverse industry with no plain vanilla product makes it more likely that several platforms can co-exist without completely cannibalizing each other's business, observers say.

Each of the online marketplaces has a different business and pricing model. Some marketplaces focus on small loans, while some have larger minimums; some focus on just debt; some focus on a mixture of equity and debt. Some sites cater to institutional lenders and accredited investors to help fund loans. Other sites invite non-accredited investors who meet certain criteria to participate in loans, opening doors to a segment of the population which previously had minimal access to commercial real estate deals. While the sites differ in their approach, the upshot is clear: banks—while still formidable competitors in commercial real estate lending—are no longer the only game in town for funding these deals.

The struggle for lenders is how to work most effectively with these marketplaces. "If you can acquire customers through only your own channels, then of course you're going to do that," says David Snitkof, chief analytics officer at Orchard Platform, which provides data, technology and software to the online lending industry. Otherwise, these marketplaces present a viable opportunity to expand distribution, he says.

GROWTH OPPORTUNITIES ABOUND

The surge of new companies acting as marketplaces between borrowers and lenders of all kinds comes as the commercial real estate industry is finally coming up to speed with respect to technology. The commercial real estate business has been static for decades in terms of how loans are processed and originated, according to industry participants.

"The use of technology is going to be an enormous disrupting force in that space," says Mitch Ginsberg, co-founder and chief executive of CommLoan, one of the newer marketplaces for

commercial real estate lending. Commercial real estate lending is "probably one of the last industries that hasn't been touched by technology, and it's ripe for massive disruption," he says.

CommLoan of Scottsdale, Ariz., was founded in 2014, but the marketplace has only been fully operational since 2016. The platform targets borrowers seeking $1 million to $25 million of capital for all types of commercial real estate loans. It works with more than 440 lenders—including banks, credit unions, commercial mortgage companies, private money lenders and Wall Street firms. Altogether, CommLoan says it has processed more than $680 million in commercial transactions.

Online marketplaces can help make the commercial real estate industry more efficient and transparent, says Yulia Yaani, co-founder and chief executive of RealAtom of Arlington, Va., another new online commercial real estate marketplace. "People are tired of paying huge fees as a result of the market being so opaque," she says.

RealAtom began operating in 2016 and targets borrowers who are seeking commercial real estate loans from $1 million to $70 million. The lenders on the platform include banks, alternative lenders, insurance companies, pension funds, hedge funds and hard money lenders.

COMMERCIAL REAL ESTATE LENDING IS ***"PROBABLY ONE OF THE LAST INDUSTRIES THAT HASN'T BEEN TOUCHED BY TECHNOLOGY, AND IT'S RIPE FOR MASSIVE DISRUPTION"***

The company processed $468 million in commercial loans in its first 11 months of operating, according to Yaani.

Another benefit of online marketplaces is that they "create a liquid, national marketplace where lenders all across the U.S. can bid on a borrower's business," says Ely Razin, chief executive of commercial real estate data company CrediFi, which operates the upstart CredifX marketplace. Historically people who own commercial real estate have only been able to get financing through a local relationship with a bank or broker. "For borrowers, this means more certainty of obtaining a loan and optimized capital not limited by the relationship with the local lender," he says.

CredifX started operating earlier this year to match commercial real estate borrowers, brokers and lenders including banks, finance companies, mortgage companies, hard money and bridge lenders. The platform is for loans of $1 million to $20 million across all major property types in the commercial space. It matches borrowers with appropriate lenders using the information that parent company CrediFi collects and analyzes. The company declined to disclose how much it has processed in commercial transactions.

To be sure, it's hard to say how the marketplace model will evolve over time and which players will withstand the test of time. Certainly a similar model has faced challenges on the consumer and small business lending side.

"I think the pure marketplace will become more rare as time goes on," says Peter Renton, founder of Lend Academy, an educational resource for the P2P lending industry. "There are examples of successful companies with a pure marketplace, but they are rare and difficult to scale. The only well-established company that seems completely wedded to the pure marketplace is Funding Circle; pretty much all other companies have switched to a hybrid model of some sort," he says.

COMMERCIAL VS RESIDENTIAL

While much of the recent growth has been within commercial real estate, there are also some marketplaces that cater to residential borrowers or offer a mix of commercial and residential opportunities.

Magilla Loans, for instance, started out in 2016 as a solely commercial marketplace, but expanded outside this silo because customers were asking for residential and other types of loans, says Dean Sioukas, the company's founder. The company now connects borrowers with lenders for a whole host of loan types—commercial, residential and others like franchise loans and equipment loans. Lenders on the platform include roughly 130 banks, mortgage loan originators, accredited investors, credit unions and online non-depository institutions. The average loan size is $1.4M for business loans and $500K for home loans. Nearly $4 billion in loans has been channeled through the platform since January 2016; of that 70 percent is tied to commercial real estate, according to

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the company.

While there are marketplaces that focus on residential mortgage lending, some industry participants say that side of the business isn't as appealing to new online entrants in part because the cost to acquire customers is really high and there are more challenges to working on a national scale.

"It may not be that commercial is more attractive. It may just be easier. Going directly to borrowers in the residential space has proven harder than many companies expected," says Brett Crosby, co-founder and chief operating officer of PeerStreet, a marketplace for accredited investors to invest in high-quality private real estate backed loans. Experience seems to suggest that for residential mortgage origination, "it's much better to have a good ground game and know your local market," he says.

To be sure, as the online market for real estate matures, it's not so surprising that companies would shift business models to find their own sweet spot. RealtyMogul.com is one example of a company that has morphed over time. The online platform began operating in 2013 in both the residential and commercial space, but has since moved away from the residential business. Accredited investors, non-accredited investors and institutions can use the platform to find equity or debt-based commercial real estate investment opportunities, and borrowers can apply for private hard money loans, bridge loans and permanent loans.

Money360 is another example of a company that has shifted gears. It started out as a pure marketplace, but changed its business model to become a lending platform in 2014. Now the online direct lender in Ladera Ranch, Calif., provides small-to mid-balance commercial real estate loans ranging from $1 million to $20 million. It's one of the only companies targeting the commercial real estate space in this way and has closed nearly $500 million in total loans since 2014.

Gentry, the company's founder, says he would expect to see more industrywide changes as the online commercial real estate business continues to evolve. The key to success, he says, is executing well and "knowing when to pivot when you realize something's not working just right."

Ultimately, Gentry predicts more online lenders will target the commercial real estate space. He says technology-based alternative lenders have an advantage because they can operate more quickly and efficiently while still being very competitive from a pricing perspective.

"You put all those things together (speed, efficiency and competitive pricing) and that's what borrowers are looking for," Gentry says.


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Directly following Money2020 in Las Vegas, deBanked's Sean Murray spoke at the International Factoring Association's (IFA) fintech training course. For information about more upcoming IFA events,

visit: **https://www.factoring.org/index.cfm?page=events**

On January 25th, deBanked's next stop on its Connect tour will be held at The Gale Hotel in South Beach. (You can check out photos from our first event at: **(http://dbnk.news/H)**

Entry is free and open only to those employed by lenders, funders, and ISOs. An RSVP is required to be permitted entry. RSVP here: **http://dbnk.news/1i**

The next tentative stop on the deBanked Connect tour will likely be Orange County, California.

On May 14, 2018, deBanked is hosting Broker Fair 2018 at The William Vale in Brooklyn, NY, The Inaugural Conference for Merchant Cash Advance and Business Loan Brokers. Make sure you buy a ticket before it sells out at **https://brokerfair.org**. This conference is a must–attend for sales reps in the MCA and small business lending industry.

INDUSTRY *NEWS*

9/25 – The CTO of SoFi, June Ou, announced that she was stepping down from the company. Ou is the wife of former SoFi CEO Mike Cagney who resigned after a streak of bad publicity.

9/26 – Equifax CEO Richard Smith resigned. The move came three weeks after the company disclosed that the personal information of 143 million Americans had been hacked.

9/27 – Morgan Stanley CEO James Gorman said at an event held by the Wall Street Journal that Bitcoin is “certainly something more than just a fad.”

10/3 – YieldStreet added three new members to its advisory board; Ron Suber of Prosper Marketplace, Alexandra Wilkis Wilson of Gilt, and Mitch Jacobs of OnDeck.

10/4 – PeerStreet surpassed over $500 million in loans funded

– Navient announced that they would be acquiring Earnest

10/9 – Former UK Prime Minister is hired by electronic payments company First Data

10/12 – American Express announced a new online unsecured business loan program. Loan offers range up to $50,000.

– CoverWallet, an insurance tech startup, secured a $18.5 million Series B round led by Foundation Capital to expand their small business insurance platform

– P2Binvestor partnered up with New Resource Bank to quickly deliver lines of credit to small businesses

10/13 – SoFi completed their largest loan securitization ever, $776.7 million

– SoFi withdrew their bank charter application

10/16 – The Innovative Lending Platform Association (ILPA), appointed Scott Stewart as CEO

– Louis Nees joined PeerStreet as Head of Capital Markets

– Michael Kennedy, former CFO of Bizfi, joined Platinum Rapid Funding Group as CFO

10/17 – BlueVine raised $130 million in debt financing

– LendingHome announced infusion of $457 million in capital

10/19 – Lendio joined the Innovative Lending Platform Association (ILPA)

10/20 – Bitcoin surpassed $6,000

10/23 – OnDeck announced collaboration with Info Money and Visa to enable real–time funding to small businesses

10/24 – OAREX secured a $10 million line of credit

– ING (a global bank) partnered with Kabbage to expand small business lending into France and Italy

– Congress voted to reverse the CFPB’s rule that limited companies’ ability to impose arbitration agreements on customers in financial contracts

10/25 – Canada-based lender Lendified secured $60 million from ClearFlow to increase its small business lending capacity

10/26 – LendingTree announced Q3 consolidated revenue of $171.5 million, up 81% year over year, and GAAP net income from continuing operations of $10.1 million.

– Enova announced Q3 revenue of $217.9 million, up 11.2% year over year, and a net loss of $3.4 million.

10/27 – CommonBond closed a $248 million securitization

– Jeff Bezos became the richest man in the world with a net worth of $90 billion

10/30 – An SEC filing revealed that when PayPal acquired Swift Capital, the purchase price was $183 million

10/31 – StreetShares reported a $6.2 million loss for fiscal year 2017 on $2.1 million in revenue

11/1 – Orchard Platform announced that their online lending industry data would be made available to Bloomberg terminal subscribers

– Fundera surpassed $500 million in loans funded since inception

– Kabbage co–founder Kathryn Petralia named 98th most powerful woman by Forbes

– 6th Avenue Capital, an MCA funder, secured $60 million commitment to fund deals

11/2 – Bitcoin surpassed $7,000

11/6 – OnDeck reported Q3 revenue of $83.7 million, up 8% year over year, and a $4.5 million net loss

11/7 – Intuit launched QuickBooks Capital, a lending product for small business

– Lending Club reported Q3 revenue of $154 million, up 34% year over year, a net loss of $6.7 million.

– Bill Donnelly joined LendUp as CFO

11/9 – Blue Bridge Financial surpassed $200 million in loans originated

– The Federal Reserve Bank of Cleveland published a report that peer–to–peer lending was predatory

11/13 – Prosper reported Q3 transaction fee revenue of $37.2 million, up 164% year over year, and a net loss of $26.9 million

11/14 – Goldman Sachs’ consumer lending arm Marcus, surpassed $2 billion in originations

– Fundation purchased select assets from defunct Able Lending

11/15 – Avant opened an office in Knoxville, TN

– CFPB Director Richard Cordray announced that he would be stepping down at the end of November, presumably so that he could run for Governor of Ohio

11/16 – Bitcoin surpassed $8,000

11/20 – The Federal Reserve Bank of Cleveland retracted their report on peer-to-peer lending after admitting they used faulty data

11/21 S&P 500 surpassed record high of 2,600

– Lendistry, a small business lender, secured a $500,000 commitment from Pacific Western Bank

11/24 – CFPB Director Richard Cordray announced his sudden expedited resignation and attempted to appoint his own replacement, Leandra English. Meanwhile President Trump appointed OMB Director Mick Mulvaney to replace Cordray.

11/25 – Bitcoin surpassed $9,000

11/27 – Both Leandra English and Mick Mulvaney showed up to the CFPB office on Monday believing that each of them was the sole director. The CFPB sued for a temporary restraining order to block Mulvaney’s appointment to allow English to serve as the director.

11/28 – A US district court rejected the CFPB’s challenge, solidifying Mulvaney’s position as interim director

– DataMerch.com, an online underwriting database for the alternative finance industry, surpassed 10,000 records

– CFG Merchant Solutions announced that their line from i2B Capital had increased from $4 million to $8 million

11/28 – Bitcoin surpassed $10,000

11/30 – Bitcoin surpassed $11,000