

```
Abacus, 67
                                                        digital, 130, 130-131, 133, 138
Abood v. Detroit Board of Education case, 145
                                                        stripping, 102
Accredited investors (AIs), 10, 78-80, 94, 157,
                                                      Asymmetric cryptography, 119
                                                      Automated quotations (AQ), 89
     161, 165
Activist investors, 100
Adams, John T., 16, 170
                                                      Bain Capital, 94
                                                      Baltimore and Ohio Railroad (B&O), 26
Adams, Samuel, 16
Adelphia Communication Corporation scandal
                                                        preferred stock proposal, 28-29
                                                      Band of Angels, 80
     (2002),92
Advanced Research Projects Agency Network
                                                      Bank of New York (BNY), 10, 15, 18
    (ARPANET), 91
                                                      Banking corporations, 15
Agency costs, 36, 62, 64, 163
                                                      Barnett, Randy B., 94, 150
  in index funds, 62-63
                                                      Base 58, 119
  and misaligned interests, 56-59
                                                      Base64, 119
Aguilar, Luis A., 171
                                                      Beauty.com, 93
Alshamrani, Mohammed Saeed, 149
                                                      Behavioral costs, 58, 62
Altcoins, 143
                                                      Benebit scandal, 135
American Research & Development Corporation
                                                      Berkshire Hathaway, 27
     (ARDC), 69-70, 75
                                                      Bill of Rights, 16
Ames, Oakes, 25
                                                      Binary digit (bit), 119
Anachronism, 99
                                                      Bitcoin, 38, 112, 115-116, 118, 119, 120, 123-124, 130,
Angel Capital Association, 80
                                                           132, 133, 142, 147, 149, 170
Angels, 74, 75, 80, 165
                                                        Genesis Block, 118
  groups, 80-82
                                                      Bitcoin Cash, 130
  investor, 68
                                                      Blockchain technology, 98, 112, 120, 122-123, 140,
  super, 83-84
                                                           See also Cryptocurrencies
  syndicates, 80, 82
                                                        hash problem, 122-123
                                                        proof-of-work, 122
Anonymity, 112, 116-117, 123
Apple, 71, 149
                                                        solving double spend problem, 121
Application (App), 1, 114
                                                        startups, 134
Applied Materials, Inc., 71
                                                      Boston Stock Exchange (BSE), 33, 34
Arab Spring, 98, 102
                                                      Bots, 91
ArtistShare, 154
                                                      Bounded rationality, 58
As You Sow (non-profit foundation), 103
                                                      Brandeis, Louis Dembitz, 46
                                                      Brandeisian regulatory theory, 46-47
ASCII, 119
Asset(s), 16
                                                      Breakeven, 72
  class, 70
                                                      Brokers, 13, 32, 33, 34, 38, 90, 107
                                                      Brown v. Bullock case, 63
  cryptocurrency, 170
```



192 Index

Brown, Duncan, 104 mistakes, 63 mutual funds, 53-54 Brute force hacking, 120 Bry, Charles, 118 pre-regulation investment advice, 52 Bucket shops, 7, 34-37, 38, 53, 54 transaction costs, 56 Budd, Ted, 136, 138 Computational technology, 64 Buffett, Warren, 28 Computer evolution, 67 Bulldog Investors, 102 Computer power, 59, 61 Burr, Aaron, 15 ENIAC Project, 60 Bush, George W, 93 Integrated Circuits (ICs), 60 Buttonwood Agreement, 7, 14 logarithmic increase in processing power, 61 VFINX, 61 Buying on margin, 106-107 ByteDance Ltd, 88 Contractual control rights, 10 Coolest Cooler, 154 Canadian Securities Exchange (CSE), 34 Corporate Cantor Arts Center, 25-26 direct democratization of corporate govern-Capital. See also Venture capital (VC) ance, 98 to entrepreneurs, 158 externalities, 9 formation for entrepreneurs in crowdfunding, fraud, 11-13 gadflies, 103 170-171 investors, 9-10 Capitalism, 1, 3, 7-8, 19, 31 limited liability, 8-9 Cardano blockchain platform, 130 Casey, John P., 34 risk and reward, 10-11 Chesapeake & Ohio Canal Company (C&O), Corporate America, 8 26, 27 Corporate finance, 1, 3, 80, 153, See also Stock China Banking Regulatory Commission, 140 market China Insurance Regulatory Commission, 140 crowdfunding and, 169 China Securities Regulatory Commission, 140 and currency markets, 29 Churchill, Winston, 134 development, 16 Churning, 36 future of, 189 Cisco Systems, 71 NYSE in, 15 Citizens United v. Federal Election Commission securities regulators, 170 technological innovation in, 26 case, 144 Classic activism, 102 Corporation of Georgetown, 28 Clayton, Jay, 132 Corporations, 7–9, 22, 34, 78, 79, 96, 98, 133 Clinton, George, 16 banking, 15-16 Coffey v. Ripple Labs Inc. case, 132 for-profit, 15 CoinMarketCap data, 144 growth in America, 15-16 Comcast Corporation, 141 issues with, 9 Commodity Futures Trading Commission nature of, 8 (CFTC), 130, 136, 137 payment for stockholders, 27 regulation of cryptocurrencies, 137-138 reasons for failure, 10 Compaq Computers, 71 and Web 2. 0, 98 Cost(s) Competitive regulation, 1, 3, 170 Compression, 119 agency, 36, 56-59, 62-63, 64, 159, 163 Computational asymmetry, 51 behavioral, 58, 62 Computational investing information, 56 agency costs, 56-59, 62-63 opportunity, 12 computer power, 59-61 transaction, 56 Creative destruction. See Schumpeterian diversification, 54-56 index fund, 61, 62 entrepreneurship Crimean War, 21 information costs, 56 Investment Advisers Act (IAA), 52-53 Crowd science theory, 164 Investment Company Act of 1940 (ICA), 52-53 Crowdfunding, 151, 153 misaligned interests, 56-59 avoiding crowd failures, 165



care about, 169 crowd-lending, 155–156	asymmetric, 119 Cypherpunks, 113–114
crowdsourcing, 165	and freedom from self-incrimination, 148–149
donative, 154	and freedom not to speak, 144–145
· · · · · · · · · · · · · · · · · · ·	
equity, 156	as natural right, 150 origins of, 112
failure of, 157–159	
fixing, 169	regulation and freedom of association, 145–14
forming capital for entrepreneurs, 170–171	symmetric, 119
gamification, 167–169	Cyberspace, 147
investors, 163, 164	Cypherpunks, 2, 113–114, 116
JOBS Act, 157	intentions to use cryptocurrencies, 123
lack of resale options, 160–162	Nakamoto's emails to, 118
limited fundraising, 159	D 1 1 (
origins in dot-com era, 153	Dark pools, 161
pre-purchase, 154–155	Data technology, 1
protecting investors, 169–170	Davidson, Warren, 138
rational apathy, 165–167	Dearie, Raymond, 135
reputational effects, 167	Debt, 9, 26–27, 28
rewards-based, 154	crowdfunding model. See Crowd-lending
SPVs, 162	investment, 156
wisdom of crowd, 163–164	national, 17, 18
working strategy, 162–163	obligations, 183
Crowd-lending, 155–156	Debt Slavery, 102
Crowdsourcing, 65, 165, 168	Decacorn companies, 75, 88, 89
Crypto Wars, 113	Decentralized Autonomous Organization (Đ),
Cryptocurrencies, 2, 30, 119–120, 129, 130, 137, 145,	170
See also Blockchain technology	Decryption, 113, 119
Bitcoin. See Bitcoin	DeepFuckingValue, 106, 108
Commodity Futures Trading Commission	Defense Advanced Research Projects Agency
(CFTC) regulation, 137–138	(DARPA), 91
congressional regulation, 136–137	Defined-benefit plan system, 169
constitutional questions, 144	Delaware Bridge Company, 20
Ethereum. See Ethereum	Demo days, 81
Federal Bureau of Investigation (FBI)	Democracy, 114
regulation, 137	shareholder, 98, 101, 103
Federal Trade Commission (FTC)	Democratization
regulation, 138	of access to stock exchange information, 33
foreign governmental agencies (FGAs)	direct democratization of corporate govern-
regulation, 140	ance, 98
and freedom from economic slavery, 150–151	Digital assets, 138, See also Cryptocurrencies
Internal Revenue Service (IRS) regulation, 138	regulation, 130, 130–131
investing in, 123–124	Digital wallet, 123
Litecoin. See Litecoin	Disclosure, 48, 49, 52, 58, 64, 88, 93, 94, 100, 142
market share (2021), 115	157, 159
marketplace, 87–88	Distributed ledger, 121
markets, 112, 142–144	Distribution Act (1836), 18
mining, 139	Diversification, 54–56, 68, 76
Office of the Comptroller of the Currency	Dividend, 26, 28
(OCC) regulation, 139	Dodd-Frank Act (2010), 67
private regulation, 140	Dogecoin, 143
search and seizure, 147–148	Donative crowdfunding, 154
sovereign, 140	Doriot, Georges, 69
white papers, 135	Dot Com Bubble, 52, 70, 89, 91–93
Cryptography, 112, 114, 147, 151	NASDAQ and, 89
O17PtO514P117, 114, 114, 14/, 151	1 11 10 11 10 and, 09



194

Cambridge University Press 978-1-107-15340-0 — A History of Financial Technology and Regulation Seth C. Oranburg Index More Information

of preferred stock, 24, 26-28, 29 Dot Com Bubble (cont.) penny stocks and, 89-91 Financial law, 2 Sarbanes-Oxley Act (2002) and, 93-94 Financial markets, 1, 2, 157, See also Stock market Double spend problem of digital currency, 121-123 evolution of, 67, 84, 129 Dow Jones Industrial Average (DJIA), 43, 54, 62 fraud in, 12 Dr. Suess, 93 social media impact in, 100 Due diligence, 81 technological innovation in, 61 Financial preferences, 28-29 Early-stage financing, 71-72 Financial regulation, 1, 14, 131 Financial revolution, 1, 100 E-commerce, 67, 92 Economic slavery, freedom from, 150-151 Financial Services Agency of Japan, 140 Economics, 11, 38 Financial Services Regulatory Authority (FSRA), 140 Keynesian, 45 Financial technology (FinTech), 70, 143 trickle-down, 51 Edison, Thomas A., 32 Financing Electric Boat Company, 54 early-stage and seed-stage, 71-72 Electron tunneling, 61 expansion stage, 72-73 Electronic Arts, 71 later stage, 73 Electronic Numerical Integrator and Computer First Amendment of U.S. Constitution, 129, 145 Fix Crowdfunding Act, 159 (ENIAC), 60 Flash Crash, 63, 64 Encryption, 113, 114, 119, 129, 147, 149, See also Foreign governmental agencies (FGAs), 130, 136 Cryptography patents, 118 regulation of cryptocurrencies, 140 via cryptography, 146 Foreign Intelligence Surveillance Act (FISA), 146 Fourteenth Amendment of U.S. Constitution, Enhanced Surveillance Procedures, 146 Enron Corporation, 10, 92, 93, 162 150-151 Entrepreneur(ship), 68, 69, 151, 162-163, 170 Fourth Amendment of U.S. Constitution, 147-148 positive impact in social welfare, 171 Franklin Delano Roosevelt (FDR). See Roosevelt, Equity crowdfunding, 156, 157-159, 164-165 Franklin Delano Ether, 133 Fraud, 11, 48 Ethereum, 38, 130, 132, 142, 143, 170, 185 bucket shop, 36 E*Trade Financial Corporation, 87, 142 consequences of, 12 Expansion stage financing, 72-73 corporate, 11-13 External cost. See Negative externality in financial markets, 12 ICO, 135-136 ExxonMobil, 101 risk of, 11

Index

Federal Reserve, 169 Friends, family, and fools (FFF), 71 Regulation T, 107 Funding portals, 157, 158 Federal Trade Commission (FTC), 130, 136 regulation of cryptocurrencies, 138 Gabbard, Tulsi, 138 Gambling on stock markets, 35, 38, 54 Female computer at Langley, 59 Fifth Amendment of U. S. Constitution, 147-149 GameStock Short Squeeze, 108 Financial Crimes Enforcement Network GameStop Episode (GME), 105–106, 108 (FinCEN), 138 Gamification, 167-169 Gekko, Gordon, 51 Financial ecosystem, 51, 67 Financial Industry Regulatory Authority General Electric Corporation (GE), 32 (FINRA), 158 General Theory of Employment, Interest, and Financial innovation, 14, 26, 53 Money, The (Keynes), 45 Genesis Block, 118, See also Bitcoin penny stocks, 89

Free banking era in American banking, 19-20

Free incorporation, 16-17, 19

Freedom of association, 145-147

Free riding, 100

Freenet, 153

Facebook, 80, 97, 99, 100, 102, 123, 171, 187

regulation of cryptocurrencies, 137

Federal Bureau of Investigation (FBI), 136, 141, 146

Farook, Syed Rizwan, 149

Federal laws, 2



Genesis Investments Limited, 79	Information, 7, 36, 99
Gilmore, John, 113	accessibility, 147
Gnutella, 153	asymmetry, 162
GoFundMe, 154	asymptotic, 164
Gold standard, 29–30, 73, 88	cascade, 164
Gold Standard Act (1900), 29	costs, 56
Golden Spike, 24–26, 67	cryptography, 149
financial preferences, 28–29	decryption, 120
financing railroads, 26	democratic, 33
gold standard, 29–30	digital, 122
preferred stock, 26–28	encryption, 113, 120, 147, 148
replica of, 25	exchange in bucket shops, 34–36
Goldstein, Phil, 102	financial, 31, 32, 33, 47, 97, 168
Google, 71	limitations on dissemination of, 166
Goose Chase, 167	networks, 171
Gottheimer, Josh, 138	overload, 49
Gottlieb, Mark, 102	sharing, 90, 96, 116, 121, 163
	stock exchange, 33
Grassroots shareholder activism, 101–102, 103	9 77
Great Depression, 1, 2, 31, 44, 51, 53, 54, 64, 69 Great Recession (2008), 184	in stock markets, 34
	Initial Coin Offerings (ICOs), 132–135
Greenbacks, 21, 29	fraud, 135–136
Greylock Ventures, 70	Initial public offerings (IPOs), 67, 73, 88, 133
Griswold v. Connecticut case, 148	Instantaneous multilateral worldwide communi-
Gut instinct, 62	cation networks, 171
II 'lı Al 1 (Integrated circuits (ICs), 60
Hamilton, Alexander, 10, 15, 16	Internal Revenue Service (IRS), 136, 148
Harrison, William Henry, 18	regulation of cryptocurrencies, 138
Hash function, 119	International government agencies (IGAs), 130
Hashing, 122	Internet, 1, 2, 67
Hastings, Reed, 99	bubble. See Dot com Bubble
Hayes, Nick, 104	development, 91
Hectocorn companies, 75, 88	shareholder voting, 98–99
Hells Fargo protests, 101–102	shopping. See E-commerce
Henry, Patrick, 16	Internet service provider (ISP), 91
Herding, 164	Investment, 2, 17, 21, 36, 76
Hewlett, William, 68	advising, 52
Hewlett-Packard (HP), 68–69	angel, 80
garage in Palo Alto, 69	automated, 53
Hexadecimal digits, 119	contract, 47, 143
Hitler, Adolph, 44	in cryptocurrency, 123–124
Hoover, Herbert, 44, 106	early-stage, 72
Howey Test, 131, 136, 143–144	equity, 156
Hughes Telegraph, 32	in expansion phase, 73
Hughes, Eric, 113	fever, 37–38
Human analysis, 62	later stage, 72
	in mutual funds, 62
Icahn, Carl, 100	opportunities, 2
Idiosyneratic risks, 54–55	as preferred stock, 82
Illiquidity discount asymmetry, 160, 161	pools, 53, 62
Index funds, 51, 53, 62, 64, See also Mutual funds	relatively safe, 169
agency costs in, 62–63	syndicate, 165
regulation of, 63–64	Venture Capital, 70, 73, 75, 82–84
IndieGoGo, 154	Investment Advisers Act (IAA), 43, 48, 52–53
Individual risks See Idiosyncratic risks	attempt to reduce agency 58



196 Index

Investment Advisers Act (IAA) (cont.) LimeWire platform, 153 Limited fundraising, 159 designed to resolve agency problems, 63 Investment Company Act (ICA), 43, 48, 52-53, 79 Limited liability, 8-9 attempt to reduce agency, 58 Limited liability companies (LLCs), 166 designed to resolve agency problems, 63 Liquidity events, 71, 73-75 Litecoin, 38, 130, 133, 142, 143 Investors, 34, 35, 142, See also Accredited investors (AIs) Lobbying, 12 activist, 100 Local regulation of cryptocurrencies, angels. See Angels corporate, 9-10 Mac OS, 91 crowdfunding, 163, 164, 169-170 exotic and risky investments, 170 Madison, James, 16 long, 107 Main Street investor, 34, 36 margin, 43, 106, 107 Malik, Tashkent, 149 non-accredited, 75, 94, 158 Maloney, Carolyn, 157 opportunities for, 87 Margin ordinary, 109, 163, 169, 170 call, 17, 18, 107, 108 professional, 163 investing, 17 share of, 10 investors, 43, 106, 107 short, 107, 108 Massachusetts Investors Trust, 53 startup, 162 May, Timothy, 113 McFarland, Billy, 104 Jackson, Andrew, 16, 17, 19, 29 McKenry, Patrick, 157 Jay, John, 16 Median market capitalization, 88 Jiaozi, 20 Mega rounds, 76 JPM Coin, 130 Melvin Capital, 108 JPMorgan Chase, 15 Meme investing, 108-109 Jumpstart Our Business Startups Act (JOBS Act), Meme stock, 108 Merger and acquisition event (M&A event), 153, 157-159, 165, 171 JUUL Labs, 88 Michigan's Act to Organize and Regulate Banking Karpeles, Mark, 137 (1837), 19Keynes, John Maynard, 45, 46 Micro-celebrities. See Social media - influencers Keynesian economic theory, 45-46 Microsoft Corp. (MSFT), 143, 160 Kickstarter, 154 Miniaturized Electronic Circuits technology, Kilby, Jack St. Clair, 60 60 King, Brayden, 103 Mini-IPO, 157 King, Neal, 118 Mint Act (1792, 1873), 29 Kirzner, Israel, 171 Miranda v. Arizona case, 148 Kirznerian entrepreneurship, 171 Miranda warning, 148 Kleiner Perkins Caufield & Byers, 71, 84 Misaligned interests, 56-59 Kleiner-Sequoia model of staged investment, 73 Mochizuki, Shinichi, 118 Kodak (KODK), 96 Modern startup lifecycle, 83 price spike, 97 Modern telegraph, 31 Modern venture capital, 75-77, See also Venture Langley Memorial Aeronautical Laboratory, 59 capital (VC) Large private companies (LPCs), 87, 88 Money Trust, 47 Later stage financing, 73 Moore, Gordon, 60 Layering, 63-64 Moore's law, 61, 64

Morse code, 31

Morse, Samuel, 31

Mt. Gox, 137, 141

Multiplier factor, 45

Mosaic web browser, 91

Ledger, 121

Lee, Robert E., 22

Leveraged investing, 17

Legal Tender Act (1862), 21-22

LendingClub company, 155-156



Munition, 113	Office of Inspector General (OIG), 137
Mutual funds, 53-54, 56, 58, 70, See also Index funds	Ohio Life Insurance and Trust Company, 20–21
	Oksman, Vladimir, 118
Nakamoto, Satoshi, 113, 115, 116, 118, 121, See also	Open-source code, 114
Bitcoin	Oppenheimer, Robert, 60
emails, 118	Opportunity cost, 12–13
Napster, 153	Oracle, 71
NASDAQ, 9, 89, 90, 133	Ordinary investors, 89, 90, 163
capital market, 90	Other People's Money and How the Bankers Use
digital features, 90	It (Brandeis), 47
National Association for Advancement of Colored	
People (NAACP), 145	<i>\</i>
National Association of Securities Dealers	Packard, David, 68
(NASD), 89	Palo Alto, 163
National Bank Act (1864), 21	Panic of 1837 in US, 17–19, 22, 24
National Banking Act (1863), 21–22	Patents, 7
National Labor Relations Acts (1935), 43	Penny Stock Reform Act (1990), 90
National Quotation Bureau (NQB). See Pink	Penny stocks, 89–91
OTC Markets	People's Bank of China, 140
National Science Foundation (NSF), 91	Perkins, Frances, 46
National Security Agency (NSA), 141, 146	Perry, Scott, 138
National Security Association. See National	Petro (₽) (sovereign cryptocurrency of
Security Agency (NSA)	Venezuela), 140
Nat'l Ass'n for Advancement of Colored People	Pets.com, 92, 93
v. State of Ala. ex rel. Patterson case, 145	Petscore.com, 92
Negative externality, 11	Philadelphia Stock Exchange (PHLX), 33, 34
Nelson, Willie, 154	Physical stock certificate, 160
Netflix, 99, 100	Pink OTC Markets, 90
Network effects in stock market, 33–34	pink sheets, 89–90
New Deal, 43	Pink Sheets LLC. See Pink OTC Markets
disclosure rules, 48–49	Pitch, 81
Securities Exchange Act (1934), 47–48	Planned Parenthood of Se. Pennsylvania v. Casey
securities regulations, 47	case, 151
New York and Mississippi Valley Printing	PlexCoin, 135
Telegraph Company. See Western Union	Ponzi schemes, 57
New York Stock Exchange (NYSE), 2, 9, 15, 32, 33	
	Preferred stock, 24, 26–28, 29, 80, 82, 162
34, 51, 90, 133 increasing membership, 43	Pre-purchase crowdfunding, 154–155
initial listing fee, 90	Pre-regulation investment advice, 52
loss of DIJA, 43	Principal, 27, 28, 57, 62
origins of, 13–15	Privacy, 114, 115, 146, 148, 151
purchasing seat on, 38	Private Financing's Safe Harbor. See Regulation
regulations, 37	D (Reg D)
Ninth Amendment of U.S. Constitution, 150	Private keys, 119–120, 147, 149
Node(s), 118, 123, 163	Private regulation of cryptocurrencies, 140
Non-accredited investors, 75, 94, 158	PRNET, 91
Non-governmental organizations (NGOs), 103, 130	
Nonymity, 116, 117	Proof-of-work, 121–123
NSFNET, 91	Pseudonymity, 116, 117
, 91	Public Company Accounting Oversight Board, 92
Obama, Barrack, 157, 158, 171	Public corporation, 96, 98, 183
Occupy Wall Street movement, 98, 101	Public keys, 119–120
Office of Comptroller of Currency (OCC), 136	Public offering, 77
regulation of cryptocurrencies, 139	Public/private dichotomy, 87
	, pa.c a.c, , o/



Index 198 Pullman Sleeping Car, 24 SEC regulation of crypto-securities, 131, See also Cryptocurrencies; Securities and Exchange Pullman, George, 24 Commission (SEC) Qualified Institutional Buyers (QIBs), 161 Coffey v. Ripple Labs Inc. case, 132 Qualified purchases (QP), 78-79, 161 ICO fraud, 135-136 initial coin offerings, 132-135 Quantum computers, 61, 120 Quantum Corporation, 71 SEC v. Howey case, 131-132 Qume company, 71 Second-order effects, 37 Securities Act (1933), 43, 47, 52, 156, 158 Railroad Era, The, 24 registration requirements, 77 Rational apathy, 80, 100, 165-167 Securities and Exchange Commission (SEC), 2, Rational ignorance, 100 43, 47, 48, 77, 130, See also SEC regulation of Ravikant, Naval, 80 crypto-securities Regulation D Rule 501, 78 Reddit, 97, 168 Regulation, 1, 14, 130, See also SEC regulation of Regulation D Rule 506(b), 78 Regulation D Rule 506(c), 77, 157, 159, 165–166 crypto-securities competitive, 1, 3, 170 Rule 14a, 99 of cryptocurrencies, 136-142 SEC-mandated disclosure, 100 of digital assets, 130, 130-131 Securities Exchange Act (1934), 43, 47-48, 138 NMS, 63 Security Tokens, 135 Seed valley of death, 72, 84 regulatory standards, 77 Seedfunding. See Seed-stage financing T call, 107 Regulation Crowdfunding (Reg CF), 157, 158, Seed-stage financing, 71-72 Self-incrimination, freedom from, 148-149 Regulation D (Reg D), 83, See also Securities and Self-regulation, 34 Exchange Commission (SEC) self-regulated stock markets, 13 Regulation Fair Disclosure (Reg FD), 77-78, 96, Self-regulatory organizations (SROs), 14, 34 Sellers/selling, short, 106 99-103 Relevance assessment, 168 Sequoia Capital, 71, 84 Sequoia Fund X, 79 Rent-seeking theory, 12, 13 Reputational effects, 57 Series A fundraising round, 83 in crowdfunding, 163 Series AA. See Early-stage financing Resale options, lack of, 160-162 Series Seed. See Early-stage financing Shareholder(s), 11, See also Social media share-Rewards-based crowdfunding, 154 Ripple, 88, 130, 132 holder activism Roaring Twenties, 43, 53, 68 collective action, 99-103 RobinHood (free stock trading app), 88, 108, 142, communication rules in SEC, 99 167, 168 democracy, 103 Roe v. Wade case, 151 direct democracy, 98 Roosevelt, Franklin Delano, 2, 43, 44, 93 Shark Tank, 76, 171 Roulette game, 54 Shelly, Mary, 116 Shirking, 57, 93 Rule, Ja, 104 Ryan, Harris, 68 Short squeeze, 106-108 Ryzen 7 3700X chip, 61 Silicon Valley, 2, 51, 87, 158, 170, 171 AIs, 78-79 San Bernardino County Department of Public angel groups, 80-82 Health, 149 angels, 80 Sapien, Brendan, 38 early-stage financing, 71-72 Sarao, Navinder Singh, 63 expansion stage financing, 72-73 Sarbanes-Oxley Act (2002), 67, 93-94, later stage financing, 73 182 liquidity events, 73-75 SATNET, 91 QP, 78-79

Reg D, 77-78

seed-stage financing, 71-72

Schumpeterian entrepreneurship, 171

Scytale, 112



startup model, 68–69	BSE, 33, 34
venture capital, 69–71, 75–77	bubbles, 89
venture capitalists, 82–84	bucket shops, 34–37
Silk Road, 116, 137	crash, 44–45
Smith, Adam, 13	doldrums, 105
Social media, 96–8	investment fever, 37–38
impact in financial landscape, 97	modern telegraph use, 31
influencers, 2, 104–105, 108	network effects, 33–34
investing, 109	NYSE, 32, 33, 34
lending platform, 156	PHLX, 33, 34
Social media shareholder activism. See also	SRO, 34
Shareholder(s)	ticker technology, 31–33
corporate gadflies, 103	wash sale technique, 37
direct democratization of corporate governance,	Stockholders, 10, 27–28, 161
98–99	securities regulations, 156
GameStock Short Squeeze, 108	SPV, 162
GameStop Episode, 105–106	traditional, 36
internet shareholder voting, 98–99	Stop Wells Fargo, 102
meme investing, 108–109	Stumpf, John, 102
Reg FD, 99–103	Sub-prime mortgage crisis, 67
shareholder collective action, 99–103	Sun Microsystems, 71
short squeeze, 106–108	Super angels, 83–84
Social utility, 11–12	Supply-and-demand graph, 37
Solicitation	Symmetric cipher system, 113
for sale of stock, 156	Symmetric cryptography, 119
general, 78, 79	T 1 0 .
Song Dynasty of China, 20	Tandem Computers, 71
Soto, Darren, 136, 138	Terman, Frederick, 68
Soulseek, 153	Thiel, Peter, 80
Sovereign cryptocurrency, 140	Ticker technology, 31–33
SOX. See Sarbanes-Oxley Act (2002)	TikTok app, 114
Special purpose entities (SPEs), 167	Token Taxonomy Act (2019), 138
Special Purpose Vehicles (SPVs), 159, 162, 166	Tokens
Speculation, 52	digital, 121, 138
Spoofing, 63–64	Security, 135
Stanford University, 67	Tali, 121
Startup(s), 71, 72, 74, 88	Utility, 135
blockchain, 134	XRP, 132
Coolest Cooler, 155	Tor network, 116
financing lifecycle, 83, 84, 88	Trading, 17
investing in, 81, 162	algorithmic, 53, 59, 65, 67
Kickstarter, 154	crypto-currency trading platforms, 38
LendingClub, 155–156	discretionary, 62
model, 68–69	electronic, 89, See also E-commerce
policy goal of democratization, 158	fees, 36
Statis Group, 135	technology-driven trading schemes, 64
Stellar, 130	volume, 33
Stock, 10	Traditional Startup Financing Timeline, 74
earnings, 27	Traditional startup lifecycle, 88
manipulation schemes, 109	Transaction costs, 56
portfolio, 53	Transcontinental Railroad, 24, 25, 27
preferred, 26–29, 82	Transmission Control Protocol and Internet
Stock market, 54, See also Corporate finance;	Protocol (TCP/IP), 91
Financial markets	Trevithick, Richard, 24
- manetan manketo	



200

Index

Trustless systems, 117 Twitter, 96, 100, 102 Two and Twenty formula (2 and 20 formula), 166, 167 U.S. Virtual Currency Market and Regulatory Competitiveness Act (VCMRCA), 136, Ultimate beneficial owners (UBOs), 79 Ultra-safe investments, 169 Unicorn companies, 75, 84, 88, 89 Union Pacific line, 25 United Stated Congress, 136 United States of America (USA), 7 impact of Great Depression, 44-45 panic of 1837, 17-19 return to national banking, 20-22 rise of corporations in, 15-16 United States v. Gratkowski case, 148 University of Pennsylvania, 60 Unlocking shareholder value, 103 USA Patriot Act, 146 Utility Tokens, 135 Van Buren, Martin, 18 Vanguard, 142 Vanguard 500 Index Fund (VFINX), 61

Van Buren, Martin, 18
Vanguard, 142
Vanguard 500 Index Fund (VFINX), 61
Venture, 68
Venture capital (VC)
evolution, 70–71
firms, 69–72, 73–74, 75–77, 78–79, 82, 83
fundraising, 135
investment, 70, 75, 82–83
modern, 75–77
origins of, 69–70
transactions, 77

Venture capitalists (VCs), 75, 82–84, 163 Ver, Roger, 123 Virtual Asset Commission (VAC), 141 Virtual Currency Consumer Protection Act (VCCPA), 136, 137, 140 Voluminous prospectus, 134

Wall Street, 14, 34, 100

investment opportunities, 36 investors, 106 stockbroker, 34 Wall Street Crash (1929), 44 Wash sale technique, 37 Washington v. Gluckberg case, 151 Web 2.0 technologies, 65, 97, 98 Webvan company, 71, 93 Wells Fargo annual shareholders meeting, 101 Western Union, 31 Ticker Model, 32 White papers, 116, 134-135 Whitney, Richard, 43 Wikileaks, 96 Wildcat banks, 20 Wilson, Woodrow, 47 Windows, 91 Winklevoss twins, 123 WorldCom, 92, 93 WorldCom scandal (2002), 92

XRP tokens, 132, 143

YouTube, 106, 108, 164

Zero-sum game, 13, 55 Zietzke v. United States case, 148 Zillow (Z), 89