

FDCC 2019 Winter Meeting

Austin, Texas

March 24-27, 2019

Plenary Program

March 26, 2019

Blocks of Authenticity: Chains Forevermore – *Blockchain, what it is, its promise and likely disruptive future in practical use*

Moderator:

R. Matthew Cairns, Textron Inc., Providence, RI

Speakers:

Jagruti Solanki, Aprio, LLP, Atlanta, GA

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How does Blockchain work?

- Blockchain technology is all about trust and transparency.
- The current model of commerce is based on “assumed trust.”
- In the blockchain ledger model, transactions are stored in multiple computers that are connected to a network. Once a transaction is recorded and accepted by all the computers, it cannot be changed.
- Any accepted change to record results in an additional record instead of replacing the old record, thus retaining the transparency.
- Each record is a block, and when multiple records are linked together, they form a blockchain.

Smart Contracts:

- From all the signs - it looks like Blockchain is here to stay and thrive. That means, more and more transactions will happen on Smart Contracts. If Law deals with contracts - isn't it first thing that lawyers need to understand how these contracts work?
- Comparison of Traditional and Smart Contracts

Comparison Of Traditional And Smart Contracts	
Traditional Contract	Smart Contract
Presence of third party acting as trust	Blockchain consensus protocol acts as 'trustless' mediator
Settlement with help of third party	Settlement via consensus protocol once conditions are met
Time-consuming	Instant
Mostly restricted by geographic boundaries	Not restricted by geographic boundaries
Cross-border transactions and multiple currency issue is not addressed	
Human intervention required to execute and confirm	
Does not support IoT and smart device settlements	

- Types of Smart Contracts
 - On-Chain Smart Contracts
 - Off-Chain Smart Contracts
- What are the vulnerabilities and shortcomings?
 - Human error
 - No execution without computing (hash) power
 - Cost and speed
 - Known issues
- How Can You Make Smart Contracts Smarter?
 - Know the risks
 - TestNet
 - Select the right blockchain protocol
- Smart Contract audits and impact on financial statement audits

How can you trust a smart contract?

- What is a 51% attack?
- What is the back up?
- Lag between blockchain technological progress vs. Government bodies upgrading: *Does law recognize contracts entered on smart contracts?*
- UK said they will use blockchain to lodge/maintain police records. *What will this mean for a future criminal law?*

How can reporting functionalities add value the Company?

- Better transaction tracking and forecasting through double-entry accounting
- Distributed ledgers for real-time transactional transparency
- Streamlined trade and supply chain finance through blockchain banking
- Verification of performance and enforcement of negotiations using smart contracts

Why is Blockchain important to law firms?

- While blockchain can impact different industries differently - all these industries will have a common thread that will be impacted the most - Law/legal aspects
- Without law/contracts - there is no business transaction
- It is not a question of how does Blockchain impact law, it is a question of HOW CAN LAW BE AN ENABLER FOR THIS TECHNOLOGY?
- Contracts are probably going to be much bigger 'transition' when it comes to a blockchain future for legal side of things.
- More of the same benefits that Blockchain offers other industries will be available for Legal industry as well but more than any other industry - the readiness and transformation of law/legal systems will impact the pace of this technology seeping into mainstream.

Future vision of Blockchain in legal:

- The snail pace of adoption shouldn't deter us from this revolutionary technology - the changes are coming.
- We will see more and more e-Governance and what Blockchain offers is going to act as the backbone for such a e-Governance future in building trust.

Closing

- But remember, Blockchain is still a technology - and with any technology - GIGO rules (Garbage in Garbage Out)