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## **Blockchain Could Cut Middleman Costs, If It Catches On.**

FORT MYERS, Fla. — Blockchain technology has the potential to cut costs for municipal bond issuers by reducing the need for some intermediaries in transactions and it is here to stay, a distributed ledger and cryptocurrency expert told bond lawyers Thursday.

At a National Association of Bond Lawyers conference in Florida, Stevie Conlon, vice president and tax and regulatory counsel at Wolters Kluwer spoke about the potential effects of cryptocurrency and blockchain on the public finance sphere. While Conlon urged the attendees to accept the changes blockchain and cryptocurrency may bring to public finance, some lawyers in attendance continued to be skeptical of blockchain's ability to flourish in the muni space.

A blockchain system could allow investors to buy bonds directly and standardize documents, therefore it could cut fees normally paid out to lawyers and underwriters, she said.

A member of the audience asked Conlon about the effect of blockchain on smaller investors, using \$100 bonds as an example.

"I'm skeptical as to whether it's real for mom and pop investors, who will they trust, blockchain or underwriters?" he asked.

Conlon said blockchain could work and be used by younger generations who are more apt to use their phones to bank and avoid fees.

"Those small quantities that weren't attractive in a hundred dollars before, it's just the opposite now," Conlon said.

In the corporate world, blockchain and cryptocurrency caused some concern due to a multitude of security issues. There have been some high-profile hacks, and cryptocurrency still carries a negative stigma among some people for having served as a defacto coin of the realm for illegal online activity.

In a blockchain, every block has to have a consensus from 50% of the other blocks, making it less likely to be obstructed by hackers. Hackers can become more apparent in smaller blockchains, where people can buy the computing power to gain that 50% and commit fraud, Conlon said.

"Anyone involved, whether it's the finance attorneys or whether it's the underwriter or whether it's the issuer — all of those people have to say, am I comfortable with the related risks of the complete process?" Conlon said.

Lori Lea Shelley, a partner at law firm Mickes O'Toole LLC, said the conversation as a whole is interesting but is hesitant on whether blockchain and cryptocurrency would take off. Hacking and the use of blockchain for illegal activities taints the practice, Shelley said.

"I feel like a lot of that underworld activity or illegal activity is being financed that way and it just might sabotage the whole idea for legitimate business reasons," Shelley said. "So I have a hard time buying into it."

By Sarah Wynn

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