

THE  
NATIONAL LAW REVIEW

---

## Rescinding Initial Coin Offerings Under California Law

---

Thursday, March 7, 2019

John Jenkins at the The Mentor Blog [wrote](#) this morning about the Securities and Exchange Commission's relaxed approach to remedying unregistered initial coin offerings (aka ICOs). According to John, the SEC is allowing an unregistered ICO to remedy itself by conducting an unregistered rescission offer. Historically, the SEC has required registration of rescission offers under the conceit that they represent a new offer of securities.

California has a statute permitting (not requiring) rescission offers with the approval (as to form) of the Commissioner of Business Oversight. Cal. Corp. Code § 25507. Those seeking the Commissioner's approval must use the form of application set forth in 10 CCR § 260.507. Additional guidance concerning what the Commissioner will and will not accept can be found in Commissioner's Release 36-C.

Note that if accepted a rescission offer also involves a *sale* of a security. If made in California, that sale must be qualified with the Commissioner unless exempt.

© 2010-2019 Allen Matkins Leck Gamble Mallory & Natsis LLP

**Source URL:** <https://www.natlawreview.com/article/rescinding-initial-coin-offerings-under-california-law>



Allen Matkins  
CHALLENGE. OPPORTUNITY. SUCCESS.

Article By  
[Keith Paul Bishop](#)  
[Allen Matkins Leck Gamble Mallory & Natsis LLP](#)  
[California Corporate and Securities Law](#)  
[Communications, Media & Internet](#)  
[Financial Institutions & Banking](#)  
[Securities & SEC](#)  
[California](#)