Lowenstein's Tech Group Podcast: Crypto Innovators

Episode 7 –

Tax Hygiene Part 1: How Bitwave Helps Crypto Companies with Accounting

By Eric Swartz, Leah Satlin, Pat White

DECEMBER 2022

Kevin Iredell: Welcome to the Lowenstein Sandler podcast series. I'm Kevin Iredell, Chief Marketing Officer at Lowenstein Sandler. Before we begin, please take a moment to subscribe to our podcast series at lowenstein.com/podcasts. Or find us on iTunes, Spotify, Pandora, Google podcast, and SoundCloud. Now let's take a listen.

Eric Swartz: Welcome to the Crypto Innovators podcast, presented by Lowenstein Sandler's Crypto Practice. I'm your host, Eric Schwartz, senior counsel and vice Chair of Lowenstein Crypto. We're speaking with the most innovative founders and operators in Web3 to shine light on the technologies that fascinate us all. I'd like to introduce you to our other host, Leah Satlin.

Leah Satlin: Hi, I'm Leah Satlin Tech Group counsel specializing in IP and commercial contracts.

Eric Schwartz: Today we welcome Pat White, CEO at Bitwave for part one.

Pat White: Thank you so much for having me. This should be a lot of fun.

Eric Schwartz: Thank you so much for joining us.

Leah Satlin: Yeah, thanks for being here, Pat. We want to start with a little bit about the history of Bitwave. If you could tell the viewers.

Pat White: Yeah, so the history of Bitwave is kind of intimately tied to my history. So my name is Pat, I'm the CEO. My background is enterprise software. My first job out of college was with Microsoft. I've been at Microsoft and Intuit and Fortify software, did Soft Security, did a long stint doing CRM and ERP implementations for companies. I got into crypto early on. I got a version of the white paper. I actually got the white paper delivered to my inbox and immediately loved it. I'm an engineer by trade, computer engineer, so the white paper was a really clever solution to a very difficult computer science problem. So I loved it essentially right away, I ended up doing a little bit of mining back in the day, nothing to write home about. I think I spent all my Bitcoin paying my rent one month actually as it just so happened, worst ROI ever.

I ended up sort looking around in 2010, 2011 if there was a startup to do in crypto, because I'm sort of a startup guy. There was not an enterprise startup to do in crypto and so I kind of put my head down, my current co-founder and I went and we started another company, sold that to Cisco and when we were coming out of Cisco, we sort of looked around and it was around 2017, 2018 and there finally were companies, there was this funny point where you went from no companies in the world touching crypto to companies with US addresses and domiciled in the US and Delaware C Corps are going to actually pay taxes. I don't say that because we started out to build a tax product, but just because it sort of shows the maturity of the industry when it's all just kind of fly by night people. You can't build an enterprise software business on a bunch of avatars with git names and that's it. There has to be a US company that's going to do something that cares about security or accounting or the actual infrastructure, whatever it is.

So about 2017 is when that started happening. You saw Chainlink, Galaxy, NYDIG, all these companies popping up into existence that were all real companies with real headquarters doing real stuff with digital assets. And so my co-founder and I basically sat down and said, well right, let's figure this out. We basically put together a spreadsheet and we just at the top said, "What problems will businesses run into with crypto?" I think back then we probably said Bitcoin, but that's really the heart and soul of Bitwave is we are here to enable the next 10,000 businesses getting on to digital assets. There's companies like MetaMask that are saying how do we get the next 10 million users and next 10 million retail users. That's all good. We love those companies because that's a very important part of the story.

But we focus on how we get the next 10,000 businesses and what are all the enabling technology that they need. Obviously, day one is tax and accounting. You cannot touch digital assets without accounting for it and I often will say it's really accounting then tax because with businesses accounts, you know have to close your books every single month. You pay your taxes quarterly or yearly. So it's one of those funny things that everyone in the retail space, you talk about a retail company doing this, tax is what everyone talks about because individuals don't care about accounting. They don't account for their staking revenue on a month over month basis. They do it once a year and the only reason they do it is because of taxes. But businesses are very, very different. I always like to say the difference between accounting and tax in some ways is everyone kind of hates tax because you're paying the government, it's giving the government their share and no one's really happy writing that check.

People actually like accounting because accounting tells you how much money you're making. It's one of those fun things that it is really good to know how much money you're making. People love making money, you want to know, accountants tell you how much money you're making. So it's a good thing. So people tend to the accounting side almost more than the tax side.

So we have this whole list of different problems the business are running into between how you orchestrate complex transactions. We talked a little bit about self custody. We think businesses are eventually going to be doing a lot of self custody and what that looks like. And of course then at the top of the list was accounting and tax. And so we started building that product up, had our first sale sometime in early 2018 and have just been going gangbusters since. And now we have over almost 300 clients. We process about 5% of all crypto transactions. Literally about 5% of all crypto transactions get accounted for through Bitwave, which is billions and billions of transactions a year and it's really, really fun.

Leah Satlin: That's awesome, thank you for that. I was hoping you could go into a little more detail on the specific services that you provide to businesses in the crypto space. You've already kind of touched on a lot of it.

Pat White: Yeah, absolutely. So Bitwave is an entire back-office solution for businesses that use digital assets. If you have a business that's using digital assets, you end up with a lot of complexity around those digital assets as it relates in particular to accounting and tax. The example I always like to give that will resonate with people. Let's say for being on this podcast today, there was no money that changed hands here, but let's say I was going to send you guys both one Bitcoin for letting me on this podcast today. So I go to my wallet, I send you one Bitcoin, it takes me seven seconds to do that. From that one single transaction, I've essentially created four obligations for my business. This is also where individuals don't really care about this stuff, but businesses care very deeply because obligations tend to have either governmental oversight or fees or jail time or whatever relates to the particular obligation your business has.

So I send you one Bitcoin takes me seven seconds. There's four obligations created. So first and foremost I need to account for that. So I just disposed of today it's what, $19,000 worth of company property. That's going to go into my general ledger as credit digital assets, debit marketing expense for this today. That's me. I fair market valued Bitcoin and I booked that. Second I just disposed, of even though it was sending the treatment is the same. So if I'm sending it or if I'm just selling it on the open market, it's basically the same treatment, I just disposed of one Bitcoin for $19,000. I did not acquire that Bitcoin at 19, I acquired it 20 or 50 or five, whatever it is I got it at. So the delta between those two is my tax obligation, that's my gain loss for tax purposes. Third, I might have a compliance obligation.

I just sent you guys $20,000. In the US that requires me to do a 1099-MISC or some sort of like W-9, whatever it is, company to company. There is a reporting requirement in 2024. I'll have to do an 8300, you'll have to do an 8300 form on this. There is some sort of compliance obligation gets picked up by me sending that much money around the world. And then fourth, if I am a US company following US GAAP, I actually pick up an obligation that is I might have a separate accounting treatment than tax treatment, and this is sort of where things get really, really crazy about crypto is it's really common for someone to have for accounting purposes to use an inventory relief methodology like FIFO every once in a while. This is first in first out. So you'll use for accounting purposes you'll use FIFO with impairment, which is a methodology where you actually mark the asset down but never mark it back up.

So you basically take a P&L expense and then that P&L expense gets offset by a larger realized gain when you dispose of the asset. We can get into that more if anyone's interested, but it's a fun product. But in tax you don't do that tax. Tax, whatever you sell the coin for is your cost as you're disposed. Whatever you bought it for is your cost basis. There is no modification of the cost basis and with tax you can use something like spec ID. So we will often see people with spec ID for taxes, FIFO for accounting purposes. And as soon as you do that you've essentially bifurcated your tax and accounting books and you actually have to keep track of two separate realized and unrealized gains and losses that you might have me put in your system. So there's these four obligations that come up and what Bitwave does is we basically go to the blockchain, we track all of your transactions on blockchain, on exchanges, on anywhere that you might have a transaction, we help you account for it.

So we give you a bookkeeping interface that says, "Hey, you got one Bitcoin deposit", this would be you guys, “you got one Bitcoin deposit today,” “what was it?” “Oh it's Pat White gave me some marketing revenue, our sales services revenue.” By doing that one action, which is that one sort of thing of categorizing that transaction, we then give you all of the other components as a happy side effect.

So getting more technical on the accounting side, we sort of help you build a base ledger from this sort of day to day bookkeeping. So you build up a base ledger and then we help you project that into multiple adjusting ledgers. So from the base ledger we project it into a tax adjusting ledger that gets you your tax realized gains or losses. A US GAAP adjusting ledger gets you US GAAP realized gains and losses and impairment expenses and then anything else you need. DeFi adjusting ledgers, management reporting, all of those things are quite easy in Bitwave. There's a whole bunch of other stuff around treasury management and DeFi and all these crazy things. But that is the heart and soul of what we do is basically make it very easy for you to account for your digital assets.

Leah Satlin: Amazing. Not to be redundant because it sounds like these accounting and tax issues are probably the biggest challenges that businesses are facing when they start operating this space, but do you want to elaborate on any specific challenges that you see businesses facing and that they should be thinking about when they enter into the crypto space?

Pat White: A lot of the challenges tend to be, as with all things in human society, they tend to be human problems, not technology problems per se. I mean some of the tech is tough, but you have solutions like Bitwave out there so that any business that wants to do this can get into it. It's more like different companies have different levels of how powerful their CFO is. I know it's sort of a funny way to say it, but if you're a startup, your CFO doesn't exist so he's not very powerful at all. If you're a Fortune 500 company that reports quarterly earnings and you don't have a charismatic CEO like Elon Musk, your CFO is probably the single most important person in the company.

And so you end up in this situation where if you are, let's take General Electric, I have no inside information, so this is purely hypothetical, but GE is, they're sort of split between a very large finance org because they do all the loan servicing and all that kind of stuff. And then their kind of product side, their CFO is an incredibly important human being, incredibly influential at GE. If GE's like, "Hey Bob, we're going to buy a billion dollars at Ethereum", he's going to be like, "Ha ha ha, no, no, no we're not. No, we're not going to do that today." You end up in this sort of person issue of getting it over both your CFO as well as then in a lot of situations you actually have to get approval from your board. If you're a public company, you'll have an audit committee on the board, the audit committee on the board has to approve you putting any significant portion of your treasury into digital assets.

These are people problems. These are problems that people just don't necessarily understand the technology, they don't believe in the technology, they don't know about things like Bitwave that'll make it easy to sort of handle it. So that's sort one of the challenges that we see public companies running into is just how you get this past your audit committee and all that piece of it.

The other side that's really interesting that we see is once you get into digital assets you realize very, very quickly, there's this world that everyone kind of thought digital assets would make accounting easier and over the long term that very well might be the situation. But today that's not the case. Maybe five years from now accounting will be completely automated and it'll be really, really cool world we live in today. That's not the situation. And so you basically, as opposed to a bank account where when you make a transaction you see a line item text on that bank account transaction, Wendy's, McDonald's, GoDaddy buying that and you basically can give a lot of autonomy to your accounting team because they can look at McDonald's on the line of a bank account or a credit card statement and they know that that was an employee meal or a travel meal or whatever it is.

Crypto's not like that. Crypto, you see two addresses that are 32 characters, 24 character random strings and you have to basically turn that into some sort of knowledge. So you end up having this feedback loop that you need to have between your accounting team and your ops team, the people spending the money and the people accounting for the money that you actually don't always have in the real world.

Now there's a lot of stuff you can do to get better at that. One of the things that we talk about is something called wallet hygiene, which is it's, I think it's a term we coined or maybe one of our partners coined it. The idea is if you're really good about segregating use of wallets, so you have one wallet where you always pay marketing expenses. So when I pay you guys for this meeting today, I promise no money changed hands for this, I have a wallet that's called podcast marketing expenses and I pay from that wallet and then my bookkeeper can write a rule in Bitwave that says, hey, anytime you see money going out from this wallet, automatically categorize it as podcast marketing expenses.

So we call this idea wallet hygiene where if you're really good about segregating your expense wallets, your revenue wallets, all the different things that you want to do and you take that very seriously, you can make your life a lot easier. And that's something that we end up doing a lot of process work with folks and how you define that, how you segregate those wallets, all that kind of stuff. The other piece of that that I'll mention is a lot of our clients come to us without necessarily thinking about a lot of the controls like crypto because you are controlling your own money, you should be thinking about it like you have a bar of gold sitting in your laptop bag or in the back of your room or something.

So if you thought about that you would immediately, your brain jumps to Fort Knox, we're going to have guards, we're going to have contingency plans, all this kind of stuff. People tend to come in and not think that way. We've seen clients come in that have one, their co-founder has a MetaMask on their laptop with $10 million on it. It is a fundamental risk to the business. It's a risk from a fiduciary controls perspective, it's a risk from if you were to ever go public, you could never have anything like that. There's SOX issues, there's control issues, there's monitoring issues, all this kind of stuff. And so it's one of the things I also think about is there is an OPSEC piece of this of how do you properly secure all of your various keys? How do you make sure that you have access to the funds that you think you have access to, all that kind of stuff. And again, we're Bitwave, we have some solutions around there that we kind of help with some of that stuff.

That's my advice, wallet hygiene. If you take nothing else from this podcast as you get into crypto, just think about segregating wallet usage for different activities.

Eric Schwartz: That's some incredible advice Pat. I think folks at home should definitely take it super seriously because I know from our perspective those are some of the biggest hurdles in representing startup companies in this space and projects all across the world. They really need help with those things and typically those are the sort of first hurdles they have with respect to accounting for digital assets on their balance sheet or as revenue. So we couldn't agree more.

Next question we have for you, we know that you provide some optionality on the counting of receipt tokens issued by lending protocols. Can you tell us a little bit about that?

Pat White: Yeah, this is a great one. So I'll set this out by just of setting the stage with Bitwave in general is that we take optionality very seriously. It's one of our catch phrases, it's one of the things that helps us win deals and all that kind of stuff is that it is the difference between a retail product and an enterprise product, to be quite honest. You don't tell enterprises how to account for their stuff. Like enterprises tell you how to account for their stuff and you make your system work with that. And so one of our first customers used cost averaging. This was before the IRS had released a lot of guidance and I didn't think it was right, to be honest. Even back then, this was like 2018, even back then. I'm like, ah, this is kind of squishy. It doesn't seem like you should be doing cost averaging on digital assets.

Really this seems more like stocks than Forex, but whatever they were doing cost averaging and you know have two options. You either tell them pound sand and walk away or you say, all right, we'll support that. And so very early on we support FIFO cost averaging. We added spec ID on the accounting treatment. We were the first people to ever have impairment. I mean we basically do whatever our clients kind of ask for. So where that gets super fun is DeFi because, so there's a few different places where there's a ton of open questions in the space that our kind of mentality comes into play. So the first one I'll talk about which sets the stage is ETH to WETH. So this is one of the biggest debates, I don't know if you would call this a debate or just a lively conversation or what in the crypto accounting world and the crypto tax world is when you convert Ethereum to WETH, which is wrapped Ethereum for people that aren't familiar, it's ETH that is smart contract controlled to be linked to an ERC 20 token.

That might not make any sense to you. But the important part to remember is there is no counterparty. It is a conversion of a token to another token that has no counterparty. The counterparty is the Ethereum network. It's all run off of a smart contract. And so the question is, is when I do this conversion from ETH to WETH is that a taxable event or not and about half of the big four say yes, half the big four say no. And even within the big four you'll have different groups in the Big four actually disagree on this. So we've gotten two different customers that have the same big four auditor that have different advice on how to do the treatment here, which is just part of the fun of the crypto world here. So you have to be able to set is that taxable or not?

So we have this whole process where you can basically, you go in and the bookkeeper always does the same thing. The corporate accountant just goes in and sets it as a trade. But then you as the tax manager can go in and you can set up wrapping treatments behind the scenes. So you can say, okay, ETH to WETH is taxable, ETH to WETH is accounting, gain loss or whatever you want to do. That sort of sets the stages that we tend to think about this in terms of you are going to get sometimes conflicting advice from different people. So you have to be able to support whatever it gets into. DeFi is the same way. So when I go into a DeFi liquidity pool, let's say I'm going into a Uniswap pool, if people aren't super familiar with that, the way it works is that you go in with two tokens and you get a liquidity pool token back.

The underlying mechanism is that you have to put in two tokens that approximately have the same USD value behind them. So I'm going to put in, let's say one Bitcoin and 10 ETH is about, that's about what the ratio is today. So I go to a liquidity pool, I put in one Bitcoin one 10 ETH, and I get out an LP token. There are a lot of questions about how to do that treatment and honestly is completely an utterly unsettled law in every form of the term. So what you might want to do is you might want to do a very, very simple tax treatment, which is I'm disposing of the BTC, the ETH and the fee. That's super important because there's also a fee component. I'm disposing of those three assets and I'm acquiring that LP token. I want to transfer that. I want to carry forward that cost basis.

By itself that's something that Bitwave does that I don't think anyone else really does. But that by itself is actually super, super hard work. No one does that. When you go to TD Ameritrade, you don't trade like two Microsoft, one Tesla for one Apple. That's not how it works. You dispose to cash and then you buy back to cash. So actually the way our gain loss matcher works is you can have any number of assets on the disposed side, any number of assets on the acquired side and we'll like make it work. We will look at all the fair market values, we will figure out which has the larger market cap and then we'll either carry forward a cost basis or carry backwards a cost basis and then apply it proportionally across the assets based on their fair market value. I know that was a real quick hit on that, happy to go into it deeper, but suffice to say our gain loss metric can handle these really crazy things like multiple assets on both sides of a trade there.

So that's one way to do it. And actually to be quite honest, there's a very real world where that is the tax treatment that you always use. So for your tax books you always use a full disposal and reacquisition and an acquisition, the LP token for it. Okay, that's step one.

Step two is where things get complicated as though they're not yet complicated. So I'm going to go into liquidity pool with this BTC and this ETH and I don't want to remove this off of my balance sheet. So I want to take the accounting position that in fact the BTC and the ETH are still on my balance sheet for accounting purposes. Maybe for tax purposes I do want that disposal, but for accounting purposes I don't. So we'll help you track that deposit into the liquidity pool. There's a lot of different ways you can kind of handle this, but the way you can think about a liquidity pool, it's a big bucket of these assets and anyone can kind of add or subtract assets at any time and moving the bucket into alignment with kind of a target of half of the assets are the BTC, half are the ETH, you want to make sure those two values are the same.

So those prices are constantly changing. So what we can do is we can track your deposit into liquidity pool, potentially pick up any trades that happen along the way. So there's a lot of ways that you get into these liquidity polls. You might actually execute a trade for like let's say USDC into ETH to get into this pool. So what leaves your wallet could be BTC and USDC. What hits the liquidity pool is going to be BTC and ETH. So you've already picked up a trade there. So our system will pick up that trade. We'll then look at your balance at the end of the block you might have picked up another trade due to movements within the block. So as other people are trading on that liquidity pool, they call it a permanent loss, but your position in that pool might have already changed.

Then once you're actually in the pool, there's kind of different ways you can do the recognition. We can pick up a daily transaction that re-balances your holdings on your wallet to what your holdings in the pool are. So let's say the price of ETH 10 Xs and so suddenly it's one ETH to one BTC, the pool will reflect that. So your holdings in the pool actually go from 10 ETH to one BTC to one ETH, one BTC. That's what you physically have rights to remove from the pool. And so we can actually pick up a trade that says, you just disposed of 10 ETH and acquired one BTC, something like that. And then we'll actually pick up that trade to keep your balance in the pool lined up with reality.

You can also do some even more complicated, which is you can look at the full flow through of the pool at the time. So depending on your big four auditor, this is where it gets fun. Your big four auditor might have the opinion that you are a general partner in a liquidity pool. So if you are a general partner in a liquidity pool, then essentially you have full exposure to your assets as part of movements within that pool. You are essentially participating directly in that pool with your own assets. That's how general partnerships work in America.

And so if that's the situation, then essentially any trade on that pool is a trade is a proportionate trade against your assets, in which case you need to track a very large number of trades and you're churning through your own inventory as part of it and we can create that transaction as well. Finally, if you're doing something, so this was all about liquidity pools, which is really complicated.

If you're doing something a little bit simple like compound, you're going into a compound pool and you're earning interest on it, we'll just pick up that interest event. So you'll just see a deposit into this count that you can control that just shows the interest that you're accruing every single day. And there's a lot of complexity there, but it's pretty easy to do. So I know that was the 100, 200, 300, 400 level class of these things. That's how much complexity there is once you get into DeFi accounting, there's so many different knobs to turn. There's so many different people to make happy. You're making your tax auditor happy, your advisors happy, your accounting auditor, everyone has to be happy on this stuff. There's a lot of conflicting and competing advice that you have to balance.

Eric Schwartz: That makes a lot of sense. And I think what's crucial to take away is just the optionality that Bitwave is able to provide because frankly, I mean that's something that we offer as part of our services as well and I think that's how you can be a helpful advisor and service provider within the crypto space because optionality is key. It's an ever changing and ever evolving regulatory environment. So I think it's suffice to say that we try to provide the same types of solutions and also look forward to see what is the most likely outcome of these evolutions that are occurring simultaneously. And we couldn't agree more that optionality is crucial. It is everything.

Pat White: Yeah, I mean it's honestly what makes it so fun, to be quite honest. A few months ago, one of our customers is a Canadian customer following US GAAP and so they're doing cost averaging, but they wanted to do impairment. I don't think anyone in the entire world has ever built impairment for a cost averaging solution. It's really, really fun to do this. Maybe someone on your side in one of an Excel book or something like that, but from an actual productized solution that is running by thousands of users and stuff, I don't think anyone's ever built that. So it's fun to be on the cutting edge, defining these things that no one has ever contemplated before. How do you impair cost average assets? I mean normally impairment is lot by lot. And so when you apply that to cost averaging, it's kind of a bit of a mind twister, brain twister, but that's what we deal with every day. It's super fun.

Eric Schwartz: Agreed. I mean that's definitely our lives as well. And then we love the opportunities to do it and it keeps us on our toes and it also keeps us really excited about what's next because we get that next project in and we get to think about a whole new world and a whole new place and really help drive forward what the project's trying to accomplish. And then with that, so can you tell us just a little bit, and obviously I think what's most important is we want to lay out the full services that you guys provide and one of the latest avenues that folks have become really interested within the crypto space and that we've been working with clients on extensively is NFTs. So can you tell us a bit about Bitwave's NFT accounting solutions and offerings?

Pat White: Absolutely. So fundamentally we are an enterprise SaaS product. So at the base level it's a software product that you sign up for and you pay for on a monthly year, yearly basis from that perspective. So that's kind of the entry point. We have kind of the base user license, which gets you access to a lot of what we're talking about today. We have something called the advanced accounting module that gives you access to SOX level controls for roll based access. We have a pricing module that gets you really, really fine grain control over pricing. So that's what, we haven't even talked about pricing, it's like every part of crypto that you like. They're like these scratch and sniffs that you like, scratch it a little bit and suddenly you're in this black hole discussion. But pricing is incredibly complicated. The idea of how you determine your principle market on an asset by asset basis and then how you actually use that to price assets and how you handle that changing month over month.

We have a whole pricing engine that enables that. So that's under the pricing rules engine. We then have ability to do impairment and all that sort of stuff as part of other modules. So it's per user per month with modules on top of it.

The other piece of course is we do have an implementation group that helps. We have not set out to be a process defining company and implementer and all that kind of stuff, but at the end of the day, there's not that many people who can do this stuff. There really is very, very few people who can walk you through how to create FBO and treasury processes for custodians with their accounting books today. And that's something that we can do. So we have an entire solutions team that can both implement Bitwave, but can also help guide you through a process of defining your wallet hygiene, defining your flows, figuring out certain accounting treatments.

We don't tend to make recommendations, we don't write memos, but we can tell you, hey, here are 10 different ways that people handle these really, really complex accounting issues. Pick one and we'll make it happen. So we have a full solution scene that can help with all that kind of stuff. And then we have an engineering team that in addition to sort of supporting the product can help get data from difficult to reach places including internal blotters, blockchains that no one else has integrated with. We support 20 to 30 blockchains at this point that no one else in the world does. I mean Mina, Casper, ImmutableX, we have full crawls of all that data and can do really complex roll up reporting on it. A lot of our customers doing 40, 50, 100 million transactions a month. So you can't just stick that into NetSuite.

You can't go from Bitwave to NetSuite with 40 million transactions. I mean probably nothing would make your NetSuite rep happier. I think they charge by the thousand transactions. So you can make your NetSuite rep really, really happy trying to do that. But we have a lot of tools for how you actually roll that up between point A and point B that you will do through our implementation journey. So that's us in a nutshell. It's sort of a SaaS product that has everything from the accounting tax. We have an operations product where you can do bulk bill payments in crypto, not trying to compete with the people doing the on ramping off ramping from Fiat. But really if you pay your contractors where you hold crypto and they want to get paid in crypto, we have a really easy way where you can automatically pay them in bulk from the UI, automatically categorize everything. And this is one of the ways you make your accountant's life a little bit easier. If you use a wallet that pre categorizes transactions, suddenly you actually don't have to worry as much about wallet hygiene.

So it's kind of like if you actually use our ops product, you can pre-categorize your transaction, which then means it gets picked up by your accountant as categorized and they just have to approve it and you're ready to go that way. So lots of products up down the stack. We have a lot of stuff coming out in the treasury world right now. I love the term treasury because crypto treasury is sort of this really fun Rorschach test of what everyone thinks is a little bit of a different discipline, but we have a lot of stuff to help you monitor your treasury, monitor yield, do cash flow projection, all that kind of stuff. So lots of different products up and down the stack and modules within the system.

Eric Schwartz: Thank you again, Pat, for joining us today for Part One.

Leah Satlin: And for all of our listeners. Before you go, if you enjoy today's episode, please be sure to subscribe and hit the like button.

Kevin Iredell: Thank you for listening to today's episode. Please subscribe to our podcast series at lowenstein.com/podcasts, or find us on iTunes, Spotify, Pandora, Google podcasts, and SoundCloud. Lowenstein Sandler podcast series is presented by Lowenstein Sandler and cannot be copied or rebroadcast without consent. The information provided is intended for a general audience and is not legal advice or a substitute for the advice of counsel. Prior results do not guarantee a similar outcome. The content reflects the personal views and opinions of the participants. No attorney-client relationship is being created by this podcast and all rights are reserved.