



## People Moves

# William E. Turner II Joins Steptoe's Chicago Office

Jan. 31, 2019

By Robin L. Barton, *Hedge Fund Law Report*

Steptoe & Johnson announced that William E. Turner II has joined the firm's Chicago office as a partner. Turner brings more than two decades of experience in corporate and securities law, primarily with application to mergers and acquisitions; fund formation; investment transactions; and cryptocurrency. He will reside in the firm's corporate group and also work in the blockchain and cryptocurrency practice.

For another recent addition to the firm, see ["Former SEC Deputy Director of Trading and Markets Gary Goldsholle Rejoins Steptoe"](#) (Dec. 6, 2018).

Turner is well-versed in securities offerings, Investment Advisers Act of 1940 (Advisers Act) work and corporate governance matters. He also handles matters involving capitalizations, project finance, restructurings and joint ventures. Additionally, Turner advises clients on distribution, sales, technology and financial services commercial agreements. He has also represented a number of European companies and investors in their acquisitions; investments; and commercial and regulatory matters in the U.S.

"Blockchain is an industry that some of my clients are in, but my practice is really a corporate and securities-transaction one," explained Turner. "I will continue to represent companies – in all kinds of industries and holding all kinds of investments – with respect to fund formation, joint ventures and acquisitions that take place in the U.S."

See our three-part series on blockchain and the financial services industry: ["Basics of the Technology and How the Financial Sector Is Currently Employing It"](#) (Jun. 1, 2017); ["Potential Uses by Private Funds and Service Providers"](#) (Jun. 8, 2017); and ["Potential Impediments to Its Eventual Adoption"](#) (Jun. 15, 2017).

In terms of [fund formation](#) trends, Turner said, "At the beginning of 2018, I saw substantial demand for hedge funds with cryptocurrency trading strategies, although I don't see as much demand for that now. There is continued interest in crypto and blockchain investments, but not necessarily as strong for hedge fund strategies." He opined that market conditions were the cause of this change, noting that "the cryptocurrency market did not perform well in 2018, which put a lot of pressure on fundraising."

See ["Business and Legal Issues in Raising Capital for Cryptocurrency Funds"](#) (Apr. 19, 2018).

Among the biggest challenges for private funds that want to invest in crypto assets is the issue of custody, observed Turner. "Funds that are managed by a registered investment adviser are required to have a qualified custodian hold client funds and securities. It is not at all clear how custody should be interpreted in this context," he explained. "Some people had taken the

position that tokens are not securities and therefore should not be subject to the custody rule. It is very hard, however, to take that position now for tokens other than bitcoin and Ether.”

See “[HFLR Cryptocurrency Webinar Examines Regulatory Developments, ICOs, Cryptocurrency Sweep, Custody and Other Compliance Issues](#)” (May 3, 2018).

“Of course, prudent investment advisers should have good custody solutions for their funds regardless of whether there is a regulation requiring it,” added Turner. “Frankly, I have been in a number of investor meetings where investors ask fund managers about their custody solutions.”

“I do expect the SEC to provide more guidance on custody, although I don’t expect the guidance to be bright-line. In other words, I expect the SEC to take a cautious approach to any sort of regulatory guidance,” remarked Turner. “In addition, custody has a distinct meaning under many different bodies of laws. Thus, a crypto fund manager must consider not only what constitutes custody under the Advisers Act, but also under state laws for every state where it has clients.”

See our two-part series “[Avoiding Common Pitfalls Under the Custody Rule](#)”: [Inadvertent Custody, Delivery Failures and GAAP Compliance](#) (Mar. 23, 2017); and [Custody Determination, Auditor Independence and Liquidation Audits](#) (Apr. 6, 2017).

According to Turner, custody may also be one of the issues preventing institutional investors from becoming more comfortable investing in crypto assets. “It would also be helpful to have further guidance on how entities such as FINRA-regulated broker-dealers could appropriately interact with cryptocurrencies. Right now, there are more questions than answers on that front,” he noted. “As regulators have had some time to digest the implications of the technology, they are providing some guidance. The SEC, for example, has provided a potential path forward for early [initial coin offerings](#) that may not have had valid exemptions from registration.”

See “[NFA Mandates New Disclosures on Certain Virtual Currency Activities](#)” (Sep. 20, 2018); “[As Cryptocurrencies Advance, CFTC Commissioner Encourages Formation of an SRO to Oversee Customer Protection](#)” (May 31, 2018); and “[SEC Halts Registration of Cryptocurrency Mutual Funds, Calling for Dialogue Regarding Valuation, Liquidity, Custody, Arbitrage and Manipulation Risk](#)” (Feb. 15, 2018).

“Cryptocurrency and blockchain are new technologies, but that fact shouldn’t lead to the expectation that the law would be different for them,” clarified Turner. “Instead, we need to look to the application of established laws and traditional principles to this new technology.” He added, “I certainly get the sense that the SEC continues to believe that, for its purposes, there don’t need to be new regulations; the existing regulatory scheme provides the necessary tools. It’s just a question of how to apply those tools to the technology and assets themselves.”

See “[SEC Enforcement Division Annual Report Emphasizes Continuing Focus on Retail Investors, Individual Accountability, Cyber Misconduct and Digital Assets](#)” (Dec. 6, 2018).

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