

## In Case You Missed It: *Rensel v. Centra Tech* Uses *Howey Test* To Find Cryptocurrency Is A Security

On June 25th, a Florida magistrate judge provided a roadmap for treating cryptocurrency as a security using the *Howey Test*, which requires an investment contract to be (1) an investment in money (2) in a common enterprise (3) with an expectation of profits (4) derived primarily from the efforts of others.

**Read the *Rensel* case and the authorities used to support the magistrate’s *Howey Test* analysis:**

***Rensel v. Centra Tech, Inc.*, 2018  
U.S. Dist. LEXIS 106642**

**Review *Rensel*’s Table of  
Authorities**

**PRACTICAL GUIDANCE: SEC Cyber  
Unit Brings First Enforcement  
Action for Initial Coin Offerings**



### **Howey Test: 3 Out Of 4 Prongs**

Absent from Judge Simonton’s report was any discussion of Howey’s expectation-of-profits requirement. When performing a Howey analysis, courts typically include a finding that the purchaser had a reasonable expectation that they would receive a profit or benefit in exchange for their investment. However, Judge Simonton appears to have been satisfied that the Howey test was met absent a specific analysis of whether Rensel had an expectation of profits.

[The 1st Judicial Finding That Digital Tokens Are Securities Law360, July 11, 2018.](#)