

Reportercast August 2022 with Tom Spiller

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Transcript

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M.R.: Hello and welcome to the third edition of report to cast for August 2022. We have with us a man who is almost ubiquitous in three very important British power bubbles, that of Westminster as he is a long-standing Conservative Party activist, then that of the legal profession, he is a solicitor and director with Rosenblatt Law dealing with a lot of international and complex corporate cases. And lastly, a City of London finance industry insider by virtue of his job and his passion for cryptocurrency. And he's also an OBE, which is the Order of the British Empire, which was awarded to him by the Queen herself. Unusually, however, thanks to his discrete nature, he is not well known outside of these three circles, and he is not on social media either, though he probably deserves to be. If you want to find him in his natural habitat, look for a guy in red Congress sneakers walking somewhere along the strand. Alternatively, he may be in a private member's club somewhere around the Mall with a sharp suit on or in court. Now that the lock downs are finished. The name of our special guest for today is of course Tom Spiller. Tom, thanks for joining us.

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T.S.: Thank you very much for that very kind introduction, Matty.

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M.R.: And before we get into the questions, I would like to briefly say many thanks to H5 Strategies, an executive and political advisory group based in Bucharest, and specialised in the regions of Eastern Europe, Central Asia and Africa. Now, Tom, before we start talking about current affairs and stuff, would you give us a bit of personal background? How did you end up working in the law? How did you end up looking at crypto and caring about crypto? And how did you become a Conservative Party activist?

02:16

T.S.: Thank you very much. So I suppose it's a natural journey from my perspective. So when I was a kid, I always had a very strong sense of public service and duty. And was very proud of my country, its history and its institutions. And I suppose that's what led me to study the subjects that I wanted to study at school. And one of those was politics. It turned out that I was relatively good at politics, and history. So I continued studying it at A levels and university after that. And one would say, I've been studying it ever since really, mainly because of its sort of basis in group psychology and individual psychology. And, of course, this country's history. And so, from that space, it's only natural that I wanted to study the laws of this country as well. And that's kind of led me into the law. One thing I probably should say about my sort of apprenticeship in politics in my early years, I found it very, very easy to speak to the Office of my local MP, which is Kenneth Clark, and Nottingham, Nottinghamshire, MP and of course, great sort of beast of, of politics from this sort of 80s and 90s. And, and yeah, it's all a virtuous circle, I

suppose. My love of cryptocurrency, which I refer to as my only real hobby, really, it's just so interesting. And I see it as an enormous opportunity for people in my generation. And perhaps one of the few opportunities left, really. But there we are, it's a bit of a rambling journey, but that's how I think I went from A to B to C.

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M.R.: Right? Well, that's quite interesting. And just clarifying what generation is that. What year were you born?

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T.S.: Yes, exactly. How young slash old am I? Well, I would say millennials. So I believe the term is geriatric millennial. I was born in the sort of early 80s.

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M.R.: Oh, right. Okay. I was born in the late 80s. And your OBE, how did you get that?

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T.S.: Yeah, I was awarded that, my official citation is for public and political services. I received that I think as a result of recognition of the fact that I've been involved in grassroots politics in this country since I was 16 years old. So it's, it's quite a long time now. And I think it was more of a recognition of the organisations and the grassroots elements of the Conservative Party that I was so proud to be part of and to represent as well. I stood for election in an internal party competition, and I was elected to the board of the party, which I was sat on from 2016. So shortly after Mrs. May became prime minister, right up to Boris, in 2019, Boris just being elected as leader of the Conservative Party, they were relatively, let's say, eventful years in British politics. And I had a firsthand view as a sort of volunteer, and it was, it was quite the education. There was nothing in any of the textbooks that I'd read before that that prepared me for that.

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M.R.: Right? Well, I can already see a memoir coming down the road, but you're just much too young for any of that. So let's move on to the next question. The cryptocurrency market is not doing very well, unfortunately. And you said to me in a previous chat, that this is the fourth crypto winter. Now, should I take this, that the market might be rebounding, that your opinion is that the market might be rebounding? Are you one of those people who sees Bitcoin reaching \$100,000? Because I'm a sceptic, although I can see a limited purpose for this asset class. And unlike some Financial Times columnists I'm not in the Ponzi scheme camp either. I just think it's not a true Ponzi scheme.

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T.S.: Lots to unpackage. There. Yes, there have been previous winters. How many you agree sort of have already been and gone depends on your definition of it. But you know, everybody knows there are ups and downs in crypto. And I firmly believe that as time progresses, there'll be more adoption, both in this country and overseas. And crypto will survive and thrive and have its future winters as well. And that's the fun of the fair, really, when it comes to crypto. I think anyone who gets involved in it, thinking it's only ever going to go up hasn't done their research really and probably shouldn't be in crypto in the

first place. In terms of the Bitcoin reaching 100k I personally am not that excited about Bitcoin. I am excited about everything else. I think that the Bitcoin phenomenon is driven by two things really, first of all, the American almost pathological distrust of the state and all things emanating from the States, you've seen that recently, and in relation to just the enormous amount of commentary that comes with, you know, the current phenomenon of inflation in America. And that's sort of here to stay, I think. And then the second part of the Bitcoin story really is people from the traditional world of finance, seeing something that they can speculate on it and sort of piling into that. I don't think, personally, you know, I know that there's a significant number of ATM machines in America where you can walk into a Walmart, plug in your bitcoin address and withdraw dollars and then go and do your daily shop. But I do think, I do think that will be fairly limited to America, I can't see a lot of appetite for that here, the Bitcoin alternatives I see [are] much more useful. They deploy smart contracts, which means you can use it to do stuff, such as ticketing, membership credentials, and you know, what's loosely termed as unregulated securities. So, for example, you could start a business that's entirely online and issue participation rights in that although I know, the law around that is, is a little controversial. But yeah, I just see crypto as having a bright future, frankly.

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M.R.: That's quite interesting. And I have noticed, commercials, adverts are on the tube network in London selling concert tickets and theatre tickets via blockchain enabled apps. So you can see changes in society already from this world. It is interesting,

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T.S.: I think it'd be enormous, an enormous boost for the world of the arts as well. I mean, a lot has been said about the democratisation of the art world by allowing art, in particular, to mark it straight to a global audience, rather than having to depend on whether or not they're fashionable enough to appear in, in particular galleries. So I agree with what you're saying, I think that the cultural impact of this new technology is potentially huge. I mean, a lot of what gets people excited about crypto and, you know, the world of traditional finance sort of eyes, eyes, the increases in value of crypto, greedily. I think a lot of that is based on the fact that ordinary payments, and settlements seem to take a long time. So it's settlement of equity shares, from the world of sort of share dealing, seems like a long time to do with existing technology, whereas with Blockchain technology, it will be fairly quick and instantaneous. I mean, you, you tell me whether or not speeding up the world of trading shares will make things better or worse. But in terms of the speed at which, you know, it could power and speed up existing technologies, I think, I think that's a really big impact that it will also have, and that that sort of draws in another tribe of people that are interested in crypto if you like,

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M.R.: Yeah, that's interesting. Also, because it would increase productivity, I suppose, make things cheaper and more efficient. And the economy is a little bit stuck in the West, at least, because it just can't seem to boost productivity. So that could, it could help. But all of this is outside of, of the speculative bubble, as you say, this is more about technology and, and incremental gains. Now, one thing I noticed about crypto, that I wasn't expecting that I found quite surprising, was the positive role it played in Ukraine's resistance against the Russian invasion, everybody, in my line of work in journalism was expecting crypto to be the vehicle for Russian money laundering to avoid sanctions. And to be fair

that is possible. But we haven't seen big stories around that. The biggest stories were that the Ukrainian resistance was raising money using crypto and they were issuing an NFT. And there was also this sort of crypto inspired movement of the NAFO Fellas, the dogs that, that certain people online used to make fun of Russian propaganda. So all of that I thought was, broadly speaking, a good thing for Ukrainians and a good thing for the crypto community. I just wonder if you heard any, any commentary around that?

13:04

T.S.: Yeah, absolutely. Absolutely. Again, again, lots of interesting stuff there to unpackage. So I think it's really interesting that crypto's wild adolescence has given it this bad reputation. Such that as you say, you know, the knee jerk reaction from media is to look for the bad things in particularly this idea of money laundering, you know, somehow, perhaps through a lack of understanding of the technology, and how it interfaces with the existing banking system, that somehow it can only be used for bad. Whereas, you know, the reality is, from the beginning of, you know, modern banking till today, you know, you tell me, which financial system has facilitated more and larger criminal money movements, the world of crypto or HSBC? What I'm sorry, I probably shouldn't name a bank.

14:08

M.R.: That's a right to reply. Yeah.

14:09

T.S.: All the modern world banks. I of course mentioned HSBC because they were particularly reprimanded over what was seen to be their facilitation of movement of money for Mexican drug cartels.

14:22

M.R.: Yeah, with the Mexicans, I know that's true. That's well documented. So I think we can get away with it.

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T.S.: Yeah, I didn't mean to pick on them. My point is that, you know, it is ridiculous, to say to a new, a new market, a new technology, a new sub sector of the economy, you must be, your standards must be far higher than the standards of the essential banking system, which the state props up, facilitates, and allows to take enormous rewards from the economy for its position in society. It is, it is ludicrous To expect the world of crypto to be wholly whiter than white, when we don't ask those standards of people who are far more part of society. I think in terms of, you know, Russians trying to evade sanctions, using crypto or looting, I'm afraid it's ludicrous, you know. As an idea that the liquidity in the world of crypto is not sufficient to justify any one of you know, the top 20 or 50 richest men in Russia or richest people on the sanctions list. Allowing them to somehow liquidate their holdings, their real life cash or assets into crypto and then get it out somewhere into the Western banking system that that simply Fantasy Island. In terms of the positive role that crypto is played in Ukraine. You're absolutely right. And I for one was very, very proud to have donated some Eethereum to the Ukrainian army's official donations address. And Ukrainians are very far ahead, though. They are a tech forward country. And they have been raising crypto for many years. And they were able to demonstrate in terms of you know,

ration packs, radios, helmets, what those crypto donations had done for their army, for their country. So that was, that was just fantastic. And again, that goes back to what I was saying about speed, frankly, of the way these things can operate and the underlying blockchain technology as a as absolutely, potentially dominant payment system. It just shows how much good it does. But I think a broader point there is that crypto and particularly stable coins, which I hope your readers will have heard of. I'm sorry, the listeners of course, this is an audio format. You know, these stablecoins are used the world over particularly in developing countries, particularly in countries where there is economic failure. on a mass scale. These stable coins exist in spaces of state failure. So for example, Argentina, terrible, terrible currency inflation, stablecoin, very, very popular there. In Ukraine, the stable coin USDC was so popular and its value is \$1. So it was so popular and people needed it to replace the financial system that had been destroyed by the Russian invasion so badly that they were prepared to buy it for up to \$1.10. And where the local financial system had crumbled because of hostile Russian action the world of crypto stepped in and helped those people. You know, it's the same in Turkey. It's the same in Nigeria is the same in in all these countries. There is this phenomenal sort of grassroots democratising aspect to it. I mean, you know, I could go on forever about this, I'll stop, you get my point. But yeah, I think there's, there's another very interesting point you made just, which is a crypto inspired movement. So crypto is inherently cultural. And I would just say there are, there are sort of three tribes in my view that are attracted to crypto. The first is the international sort of element, the unbanked of the world, the people who need something that is not their native currency. There are the bankers of the world who want better technology so as to do whatever they're doing with it positive or, or otherwise, faster, at higher speeds, and then there is everyone else, frankly, and I think crypto itself is effectively a form of social media, the community aspect to it and the sort of social interaction. Part of it cannot be overstated. And for that reason, I do think crypto is very different. And I don't think it should be treated the same as a currency or a share or any financial instrument that's come before it. So that's another very long rambling answer made but hopefully, I've hopefully answered the question and says something of interest.

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M.R.: No, no, you did. And it's actually something that I want to expand a little bit on because there's a fourth tribe being attracted to crypto and that's central bankers and regulators now, but not for the same reasons. And I think mostly they're looking at these speculative versions of crypto, rather than, you know, the fixed version stable coins but of course, there are proposals for regulating stable coins as well. Now CBDC Central Bank Digital Cash: We're gonna see it under consideration by all the major central banks at least at sort of rhetorical level at the moment. What do you think? good idea or the end of crypto as we know it?

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T.S: I don't know, I, I think that CBDCs will never replace crypto. I don't think they can compete, or should compete with stablecoins either. And I would describe myself as a sceptic in terms of are they necessary at all? The reason why I think stable coins are good, is that they provide, you know, to the extent that electronic money electronic banking and transfer of cash isn't, you know, that we have today is not sufficient. I mean, it demonstrably is, right, it's been, it's been used for years and years and years to very, very high degrees of success. The extent that's not, you know, no longer acceptable can be improved upon, then stable coins do that, and that is the private sector, getting enormous levels of

investment, from sources of wealth, and they can provide that service, you know, on a private basis, and, you know, the population will benefit from that, and the government can regulate it, and benefit from tax revenues and the rest of it. That's, that would seem to tick all the boxes that you would need to tick. In terms of cbdc, I don't think we need a cbdc. As someone who, as I said, was born in the early 80s and I've seen various infrastructure projects commissioned by the state, I really, I really don't see why we would try and take on those projects on a public basis when they've already been done privately. I don't see that is demanding to be gained there. I don't, I don't think the state would do it more effectively, than what's already been done. In terms of my general scepticism about it, I can see how there's a lot of talk at the moment about central banks wanting to use it at a macro level as between themselves and the banks that they licence. But I just you know, perhaps it's my political biases, which are very much on the record. I just don't think that the government will be able to stop there. I think we've seen already and this is extreme example, of course, but the totalitarian state in China is already using programmable money to effectively reduce people to serve them. And I really, I'm not saying that would happen here or actually in any other country. But it only takes, you know, it is a slippery slope, and I can see how the state would you know, will there be another event on the scale of COVID? I can see how voices in Whitehall would quite reasonably say, we need a stimulus we needed to get out there. Now, let's use programmable money issued by us that would then create a system where, you know, it is spread a lot wider than it was originally touted, you know, to be used for. And at that point, the genie's out of the bottle and you could potentially have all kinds of interference in, in people's access to their own money.

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M.R.: Right. Well, that's interesting. It's a very interesting point, the mission creep of cbdc, inherent really in cbdc, because it's programmable. But isn't there a counter argument that precisely because all of these totalitarian dictatorship-style governments are doing it, shouldn't we be doing it in a democracy just not necessarily to implement it straightaway but just to have it as a technology ready to go in the back pocket in case you know, the yuan becomes the cbdc of the world somehow because their economy is so big and important for global trading. So I suppose that would be rational wouldn't it?

24:17

T.S.: That is a very big idea there. Matty. Let me think about that. So potentially, I mean, I don't want to come across as someone who is overly sceptical or paranoid but I just am sceptical of it because I can see how mission creep might happen. Do we need it to counter a potential dominance of a digital Yuan? This is interesting, I mean, as of right now, no. And as all these, you know, rise of China narratives go, actually we're okay today, doesn't mean we'll be okay tomorrow. As of right now, crypto was originally born in America, and the dollar is effectively its currency really, despite the fact that it's enormously popular in, in Southeast Asia, but that that is effectively derived from the ubiquity of the American dollar. You know, if things would continue, China has continued to rise, in America continue to have relative decline, then yeah, I can, I can see how you might argue that. And I don't I don't have a slick, all encompassing answer. But I do just say I start from a point where I'm slightly sceptical of institutional mission creep in, in any state apparatus.

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M.R.: Totally. Fair enough. And now about another side of cryptocurrency that you're involved in. Unfortunately, a lot of this cryptocurrency gets stolen by hackers. And when this happens, investors tend to go to the private sector, IT specialists and specialised law firms. And you've been involved in a couple of these recovery initiatives. I just wanted to ask, have you seen much progress on the part of the state authorities trying to help people recover those stolen coins? And if the police isn't helping, what should be done about that?

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T.S.: So So yeah, that's something that I come across in my practice, as a lawyer, think the reason why so that there is hacking, you're absolutely right, those ingenious software designers who can find a backdoor in practically anything and use it to transfer monetary value in crypto from the rightful holders to themselves. But actually,, far more of it is simple social engineering, frauds, which, which, you know, it's just so much easier to do it because crypto is internet inherent, right? So sorry, internet native. And, really, it's just people who are taken in by incredibly sophisticated scams, who actually perhaps just don't, don't really understand what they're getting involved in. In terms of law enforcement in this country, there's an enormous amount of knowledge as chap called Nick Furneaux, who literally wrote the book, who provides a lot of training to every security service in this country that is interested in making recoveries. But it does seem to me that the internet is effectively currently being policed by the American authorities and to a lesser extent, the Australian authorities as well, who both dedicated significant resources to this. I don't really, I'm not really in the position of sort of advocating policy, but I just say, you know, crypto is different. Crypto is not money, crypto is so you know, beware people who tell you that it is, frankly, and crypto is high risk, because it takes place in this incredibly abstract environment of the Internet where you can't speak to someone you can't verify their bona fides. I mean, the technology is trustless. So that's not where problems occur. The problems occur inside your head effectively, when, when you're duped into doing something, and I'm afraid fraud very much predates crypto, by a very long way. Indeed. So it's, it's our inherent ability to be fooled by bad actors. I'm afraid that generates the bad headlines.

29:01

M.R.: Well, certainly. But you know, when you lose your money from a bank due to fraud, and a lot more fraud happens in the traditional banking sector than in the crypto sector. So as you say, fraudsters would steal whatever they can get their hands on. But at least the banks have funds to compensate people for the losses or part of the losses. D'you think the crypto community should start helping people who are victims of fraud as well somehow.

29:34

T.S.: So I have two answers to this. Right. So part A and part B. So so first of all, yes, the community does do a significant amount to self police and try to help people so you will see this when there's a big hack. As soon as it's discovered, you will see an exchange tweet addresses that have had money stolen from, and the addresses where the money has gone to, you will see the community of exchanges and custodians react to that and freeze those accounts, and do whatever is in their power to return those funds. And actually to an extent, it's not perfect, but to an extent the community is quite good at self policing, and I don't know if the traditional world of banking can act as quickly as that or as effectively as that. But separately? No, I don't I don't think there should be any safety net, I think the

important thing about crypto is that it is very, very different. And when you step over the threshold from, you know, the real life world, the world that you know, and that has existed for many, many years into this new world of crypto, there is no safety net and the FCA is very clear, insists on, you know, very high risk warnings being placed on all things crypto. And that's correct, I would say. And one should not expect levels of protection in that world. It's all going to be about self-education. We can't think, I heard someone say this. I can't remember who it is, but I am I am stealing it, because I'm not crediting them with it. But they said, you know, we can't do much if we're going to democratise money in the payment system in this way. It won't be a good democracy without significant levels of education of the participants. And that, and that is my view, I have to agree with it.

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M.R.: Learn by Doing, tough love that sort of thing.

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T.S.: Yeah, yes, absolutely. Right.

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M.R.: Right. Well, let's see. Let's see, because I have to say sometimes I'm, I'm totally on board with that. But some other days, I see some tragedies. And I think, you know, this just breaks your heart. But you know, it's not my place to judge. So the next question is, would you talk a little bit about a specific scam or caper that you saw, were involved in [investigating] and what happened and how much money was stolen? How much was recovered? And all of the spiciest details, please?

32:16

T.S.: Okay, okay, a very understandable request. So obviously, I have to give a very boring sort of preface to this and say, you know, I have to respect the confidence of my clients. So I can't really talk about things that aren't in the public domain, I think probably the best and most interesting answer I can give you is to talk about pig fattening Have you heard of this?

M.R.: I have not, right? Except the Romanian version, mind, which is the literal sense.

32:45

T.S.: So it is a business model of the international criminal community, which is new, so you will be aware of, you know, I think Netflix popularised the tinder swindler. So that is known as a romance scam. So the pig fattening is the next iteration of that business model, which uses crypto as well. So again, very much behavioural very much psychological and tapping into the state of mind that people, you know, the open state of mind that people have, when they're on the internet, is less guarded than they would be in in normal life. And basically, in this scenario, there's a romance scam initiated. So contact is initiated between the organisation and potential victim. There's lots of promises of the future and a golden life together. You know, the criminal organisation sort of proves itself to exist as an individual, which is just not the case. Often it's, they run through call centres with specific desks that sort of maintain relationships with specific targets. And then slowly, slowly, the organisation starts saying, Oh, wow, I've just had some amazing successes, trading crypto. This is so great, we're going to have this this golden future out for us, and I'm going to pay with it with my crypto gains, and hey,

anyone can do it. I don't really have any expertise in crypto. And it's just sort of slowly slowly salted in, there's no push. There's no traditional requests to transfer funds on the basis of some spurious sort of, you know, personal reason. And then over time, they introduce them to the website. So there's a fake website has been set up to appear as a trading platform. That you know, the fake lover sort of says they've been using successfully it's, of course, just a total fraud, but the victim then starts trading small bits of crypto, the website tells the victim that they've been incredibly successful and made enormous amounts of profit. And then basically, that the criminal will wait for the victim to suggest cashing in. And at that point, they will say, yes, great, let's go off, let's sail off into the sun together and start this life we've been dreaming up. And at that point, the victim will be charged an enormous amount of money to withdraw the funds that they believe they have accumulated. And often, you know, the gains that let's say, they've been told they've accumulated \$1 million of gains in crypto trading. You know, if you believe a lot of the hype on social media, that's quite easy to do, you could do that over a short period of time. So they are then asked to pay a fee of \$100,000 say, in order to receive the money, and of course, they pay the money and everything goes silent, it's all gone. So that's a very sad story, of course. But perhaps the most interesting one that I can think of to tell you, and one for your listeners to be very, very wary of.

M.R.: That is quite interesting, in fact, because it it's, as you say, it's emotional manipulation. It's a personal relationship and the promise of easy money, easy riches, and all of that is based on human flaw, not necessarily technological flaw. But what legal recourse will the victim of that sort of scam have. If they approach you, Tom help me I've been scammed. I'm a, I'm a fattened pig, what would you say?

36:45

T.S.: Yes, it's very unfortunate terminology, and the iteration is from China rather than Romania. What would I say? Well, straightaway, I would get the full facts, get an Analytics report, identify where the money has been sent to, you know, be it be it cash or be it crypto. At that point, I head straight to court. And the English courts have shown themselves very, very, very willing to be of assistance to victims of these types of scams, particularly involving crypto, I would relatively quickly obtain freezing orders, and Bankers Trust orders that will allow me to trace the source of the funds. And as in, in one particularly famous case, the English courts, the case of Ion Sciences. A victim that had acted very, very quickly, was able to freeze assets that remained on I believe it was Kraken, if not Kraken, it was Coinbase. It was certainly a household name crypto exchange, they're able to freeze that money and obtain judgement for the return of that money. And they got their money back. So that's the best case scenario, of course. However, you know, in some cases, there'll be a lack of some kind of information or perhaps a delay in acting, which renders it impossible. So it's not it's not all gravy, as they say. But the quicker you move, the higher your chances of recovery.

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M.R. Right. So as you feel like you've been scammed, nevermind the shame, and never mind the hope that it's just going to fix itself, just run to someone who knows and try to get the money back.

T.S.: Absolutely. Right.

M.R.: Right. Good. Now it's time to give another little thanks to H5 strategies, an executive and political advisory group in Bucharest, specialised in Eastern Europe, Central Asia and Africa. And also worth mentioning, there is no interference from them in the content of the podcast. And there will never be from any commercial partners of Reported dot London or ReporterCast. Now back to the questions and the legal stuff. We were talking before. And you said there was some sort of judicial decision in the UK that was quite unique and important. Recognising that people in the UK or people in general have a legal claim on the crypto asset in the wallet or on their computer. Could you elaborate that a bit and say what it means for people who hold crypto?

T.S. Yeah, absolutely.^{39:23} So as I said that there's been numerous examples of the courts in this country, being of assistance to victims of scams. I think the very first case I think would be the EAA case. Where it was it was simply recognised. That you know, if it walks like a duck and talks like a duck and quacks like a duck, it's a duck. Crypto didn't easily fit into any of the categories of property that we have in English law, you know, it's not a real estate asset. It's not tangible goods. It's not IP. It's monetized code, which is very difficult, actually for textbooks to get its head around the fundamental legal level, however, the flexibility of our law meant that the judges are [also] so we were able to use an apply the duck analogy. And here we are, I mean, most recently, Professor Sarah Green, who again, wrote the book on the law of crypto and is a law commissioner in this country, has recently made some proposals for a new category of property that would recognize not just crypto, but other you know, new technologies that have yet to be born, you know, would fall within that category of effectively digital property, and that's recognising the importance of the services sector, you know, the online e commerce, internet economy and the Internet native economy. And it is, it is, you know, I sincerely hope by people such as me, you, who are fans of UK PLC that, that actually, this, this legal step, these signals that, you know, Parliament's, the judiciary and our financial sector are all ascending is enough to make Britain a very, very pleasant and sort of appealing place to do business. If you are part of the crypto sector at the moment, we are rather sitting on the sidelines with a huge amount of activity going on in America. But it does strike me that as the single European country with the largest amount of investment into our FinTech sector, that actually whilst it has been frustrating waiting for these developments, they do seem to be here now. And it does feel as though that tide is turning and actually Britain is likely to be a major player in the crypto sphere within the next few years.

42:17

M.R.: Well, I wouldn't mind that because God knows we need economic growth. But one problem with with crypto in general is that so far, the regulators and the government and so forth just don't seem to be happy with the extent to which the source of crypto funds can be proven for the purposes of money laundering checks. And that sounds like a pretty major issue, because there's just no way you're going to be allowed, you know, maybe in the future to buy a house or carry out a serious transaction with crypto, unless you can just prove where you got it. And I just wonder, you know, I've heard a lot of talk about some hosted wallets, unhosted wallets, and so forth. And what's the situation what, what can be done here?

43:10

T.S.: I referred a bit earlier to the wild, teenage adolescent years of crypto. And in my view, they are they are over, almost over. I see now a time of middle age for crypto every time I speak to someone at

a crypto exchange or, you know, a significant actor in the sector. They seem to be people with enormous credentials, and experience at Blue Chip banks. In terms of governance, in terms of risk management, in terms of, you know, investment, sort of capital requirements, the rest of it, I do feel like crypto's grown up very quickly as a result of the money that poured into it over the last few years. And yeah, I think most people at the FCA or Treasury will have first heard of crypto in the context of ransomware. And potentially money laundering. I believe it certainly in my view, the first time it was ever really made famous was in relation to Silk Road, you know, the criminal marketplace where people were able to buy illegal goods using crypto as payment. But I do see a change in that attitude. The Treasury have indicated that they won't, they won't impose sort of unreasonable levels of regulation on hosted wallets just because they are not hosted by a well known crypto exchange in terms of in terms of how can we gain legitimacy See, while you know, the state is slowly moving and slowly getting his act together, but what it needs to do is what it does with the banking sector, you need to regulate the major players, you need to say, you know, in in political terms, you know, for the right to receive all this money in fees. And believe me, Mattie, it's a lot of money in fees. You know, you have certain responsibilities, and we expect you to do X Y Zed, and it's not really fair to tarnish an entire sector with sort of a bad reputation if you're not asking anything of it. I think the time has come. I think there are very sophisticated actors in the space now. And I believe that they will behave in the best interest of the market and consumers and the British public if they're allowed to do business.

45:54

M.R.: Right. Okay. Well, things to look forward to them. And I'm going to ask you an uncomfortable one now. In your experience, what jurisdictions in the world are the most permissive or lax in terms of anti money laundering regulations for crypto,

46:12

T.S.: I mean, there's it's the usual suspects, I'm afraid there is of course, you know, there's the famous example of Iran using embargoed oil to mine Bitcoin. Russian crypto exchanges in Moscow are the centre, you know, the financial lungs of the International Criminal industry of ransomware. I think where else in terms of the real the real worst case? I mean, North Korea is a major player in the in the hacking industry, as you would expect, you know, it's in, it's involved in lots of different kinds of crimes. So why should why should it not get on the crypto bandwagon? You know, there are various offshore island jurisdictions as well, that really, that really are not interested in, in policing any activity, they just want the income. I won't name them. But right, like, you probably know who they are.

47:14

M.R.: Okay, fair enough. So I suppose it's these off-shores, offshore islands, as you put it, that might be tricky for our companies, because I don't see licensed British banks doing business in North Korea anytime soon.

47:32

T.S.: That's right. I mean, we need when the authorities put up the regulatory perimeter, you know, they will be able to exclude them - it is not beyond the wit of man to exclude these jurisdictions. And it is not, you know, basically, when they put up their perimeter, it has to be appealing for people to stay within it. But also, it would be very easy, because of the nature of the blockchain, to identify where people are,

what jurisdictions are sort of receiving bad money if you like, and, and yeah, they'll be able to, hopefully, filter the bad actors. The big problem that arises with the blockchain is, it's transparent, but anonymous, but it's only anonymous if you want it to be. So for example, at one end of the spectrum, you can actually buy a wallet address, which is your name, you know, you can choose to identify yourself. Also, within, you know, a crypto institution's own commercial analysis, it could decide that actually, it wants to collect, you know, a significant amount of KYC on every person that that operates, that opens an account with them. And the same for anyone that their client wants to send funds to is absolutely possible for that to happen. It only has been anonymous to the extent there has been in the past because of a lack of regulation or lack of engagement. So there's really no reason why these classic sort of risks for money laundering should should persist in the future.

49:19

M.R.: Right. And just to be clear, KYC means know your customer. So things like things like address, source of funds, occupation and so forth.

49:30

T.S.: Absolutely. That's right. I'm not talking about fried chicken. It's all about the sorts of documents that frankly, someone like me or someone in the police force needs when they're trying to help someone.

49:41

M.R.: Okay, good. Good. Next chapter. Now, you knew we would be coming into this. Tory politics. You're Tory, you're in the party, you're a regular at the Carlton Club, which is an exquisite, an exquisite club among really nice clubs in that part of town. And I suppose at this point we could say pretty certainly that Liz Truss is going to be the next prime minister, although you never really know. But you know, I'm not going to be a bad sport and ask you how you voted. More broadly, though, it feels to me there's, there's a fundamental split on the right, just the same as on the left between the manager type of politician and the visionary type of politician as Lord Frost has put it. And we have managers with Rishi Sunak, and Keir Starmer, and visionaries with Liz Truss, Boris Johnson, and whatever you think of him, as a politician, also Jeremy Corbyn. Now, do you agree with this, and is a visionary really the kind of leader that the country needs

50:53

T.S.: quite, quite interesting. So I suppose what Lord Frost is talking about really is the distinction between sort of charismatic individuals, and, you know, everyone else effectively is in that you do need someone to articulate a full view of politics. I mean, it, you know, recently, we've had, you know, the Brexit event. And that is very much a turn of the page and starting a new chapter. So when we say actually, someone needs to take step back, look at the country from a very strategic geopolitical perspective, and work out what can be done differently. And I suppose I suppose that's what he means when he says visionary. He's talking about someone who can articulate a full sort of place, place for Britain in the world, and a way of running our economy, effectively, effectively a new version of a social contract. Sometimes that is necessary. And sometimes that is not, I think, you probably I think someone once said this, about reforming the NHS, you can propose all the reforms that you want, there has to be a period of stability, in order to consolidate and enact. So it won't always be a case that we need a

firebrand on a soapbox, or whatever the social media modern day equivalent of that is. But I do think that in times of crisis, things matter more to people, sort of leaders, and their narratives are very important in giving people hope, and things to look forward to, and to justify, you know, actions if they're going to be painful or not. So, so yeah, I suppose I suppose I would agree with that. I mean, one thing that we've always had in this country is cabinet is cabinet government. And I do think that history tells you, the fewer the people that are effectively enfranchised in that cabinet, the worse it goes. So I think that it is important to have what David Cameron used to refer to as a deep bench, you know, a lot of talent in government, because that will only improve the outcome, and that will only improve the work that the state can do in any particular parliament.

53:34

M.R.: Right. Right. Okay. And another thing I want to ask is about implementation, because there's no shortage of visions and proposals and Boris Johnson was full of ideas and optimism and proposals, but he didn't get most of them over the line. He got a good few, but not most of them. And it's all well and good to blame the woke academia, you know, the obstructive Deep State or whatever, you know, whatever the cliché might be, but in the end, you had Tony Blair and Lady Thatcher who had vision and were able to implement it and why does it seem so hard these days to bring about changes?

54:19

T.S.: Wow, Matei, this, we're getting really deep. That's a big one. Yes. Wow. Well, God, so I suppose there's two bits to that. The first is there is this ubiquitous feeling that I think nothing's happening for the better? And I do that, I was always told never bash the media to the media. But I, and that's probably a very wise rule, but I do think that there's a media business model these days. Yeah, angry people click more as they say and you know, catastrophizing, again draws attention to things. And I think that derives from the new nature of the media, you know, the internet, social media. I mean, the importance of Twitter now to journalists cannot be overstated. And I do think that, you know, from around 2015 2016, which coincides with various political events, the pitch and tone of the media has only gone one way. And I do think that that will always certainly make people think that there is no progress in terms of implementing visions. I mean, you're absolutely right, Boris had this enormous vision, which would have taken a long time to implement I think he's been, he's had his time cut short. But, you know, Tony Blair, his vision was more education, of one certain kind, will absolutely boom, the economy, basically. And I'm from Nottingham, I can tell you that the money that was pumped into the universities in Nottingham brought about an enormous positive change in life in that town in the Midlands, you know, I'm not saying I agree with it, as far as the, in fact, I disagree with it, you know, in terms of some of the ambitions that he had, but that took a really long time to implement. And Boris, his ambition was effectively certainly as I took it, to be to rely less on the southeast of this country, and try and redistribute opportunity so that people in the North of this country in the Midlands have a better shot at things, but not just that, you know, deprived sort of coastal areas as well. So I suppose I'm kind of as, as I'm sort of articulating what he's doing, what his ambition was, I'm starting to realise just how ambitious he was. I mean, how many years would it have taken to implement that? Sadly, more than he got the chance to do but I can see places like Ipswich places like Teesside, you know, Darlington around there, I can see how he has had an enormous positive impact, even in a short time. So yeah, perhaps Boris has achieved more in a short period of time than we've given him credit for?

M.R.: Well,57:28 let's say he has. But also another question about about the Tories. Now, the polls are not looking that great. And you know, you're on the inside of the party. You have meetings and stuff. And I just want to ask, is the party as a whole aware of the uphill battle it faces in the coming election, which is not that far into the future? And does this make the current leadership contest a bit self indulgent? Is it the case that public battles such as this might be detrimental actually to the Tories?

58:06

T.S.: Well, I might have received an OBE, but I'm still a private citizen. So these are these are my views as a fan, rather than someone who's authorised to speak on behalf of the party. But I would, I would say, it is to be expected that given the macro economic and macro political background of today that the party of government would be down in the polls. Is it self indulgent, or some way negative to have a leadership competition now? I mean, there's a significant number of people inside and outside of the party that wanted a change in leadership. And there is only one way to affect that change. It's via the rules. And, you know, the only question really, once you've accepted that premise is, how long does it go on for how much scrutiny do you want to subject the candidates to? And I think, you know, every time I now read a news report, from the, from the political media about the competition, their main comment seems to be it feels like it's been going on forever. Well, good. You know, I mean, these are the same people that would be complaining of not enough scrutiny if we were doing anything different. So I don't know. I mean, it wouldn't have been my choice of timing, Matty. But, you know, I'm not the one who made it or the only the only thing, that the only thing I say is that, it is good that the candidates are being subjected to such a public, you know, such a public competition and such high levels of scrutiny,

59:54

M.R. Right. Well, fair enough. Well, that was very diplomatic. Anyway, one last shout out to our sponsor. H5 Strategies, an executive and political advisory group in in Bucharest, specialising in Eastern Europe, Central Asia and Africa. And finally, the final question. We're running a bit over time anyway. Thanks again for your patience. Kemi Badenoch, I was hugely, hugely impressed both by her style and the intellectual rigour and the directness and the sort of thick skin and lack of lack of fear, really, on her part, and I just wanted to ask, is she huge with the Tories now? Is everybody banding around her as the next prime minister? Well, next after the current one?

T.S.: Obviously,1:00:47 yes, absolutely prematurely unseated the next leader. So yeah, you're absolutely right. She captured the imagination of an enormous number of people in this country inside and out of the party. She's a very promising intelligent lady. And I sincerely hope and believe that she has a very bright future ahead of her. And I would be, I'd be shocked if she wasn't given a prominent role in the next government.

M.R.: So 1:01:15 we'll be seeing a lot more from her.

T.S.: Let's hope so.

M.R.: Right. Well, on that note, Tom Spiller. Thanks very much. 1:01:21

T.S.: Right, Mattie. Thank you for having me.