



Overstock chief explores sale to fund blockchain venture

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Patrick Byrne, the controversial entrepreneur who runs Overstock.com, is exploring options to sell the online retailer, whose stock has soared amid cryptocurrency mania, and plans to use the money to create a digital global property registry.

Mr Byrne's family owns 40 per cent of Overstock, which includes an ecommerce arm that accepts bitcoin and a venture fund that invests in blockchain, the technology behind cryptocurrencies. Its shares are up 219 per cent this year giving it a market capitalisation of about \$1.4bn.

Mr Byrne, best known for his campaign against short selling, is joining forces with Hernando de Soto, a well-known Peruvian economist who argues that formalising land rights is key to alleviating poverty. They plan to use blockchain to gather local informal ownership records into a distributed online ledger system, making the records easier to trace and harder to forge.

Their non-profit venture called De Soto, Inc expects to start a pilot project in early 2018.

"One of the possibilities is I sell the [Overstock] business and we have all the capital we need" to fund the new venture, Mr Byrne told the Financial Times.

He said he planned to recruit a dozen Overstock employees to take over to De Soto by late January.

To fund the scheme, Mr Byrne has hired Guggenheim Partners to explore options for selling Utah-based Overstock, which has 2,000 employees. Recommended Opinion: Bitcoin and cash cast a shadow over banks Blockchain could clean up messy shareholder registers Blockchain Man and Woman will have to wait.

The possibilities include selling the entire company to a private equity firm or an investment firm.

Mr Byrne could also sell just the retail business Overstock.com, which offers everything from discount furniture to watches, to a bricks-and-mortar company seeking a strong online presence.

That move would capitalise on growing fears of disruption by Amazon. "Really, since this summer there's a mass freak-out in corporate America," Mr Byrne observed. That would leave

the company with Medici Ventures, which invests in blockchain technology companies. Its most closely watched bet is tZERO, an exchange geared towards initial coin offerings, which has been touted as Wall Street meets blockchain. It will launch its own much-hyped initial coin offering to raise funds next week.

Mr Byrne said Overstock had already received an approach from a multibillion-dollar investment fund that does not “want to cede the earth to Amazon”. He would not name the fund, but hinted that interest from Asia was especially strong.

Mr de Soto, a recipient of the \$500,000 Milton Friedman Prize from the Cato Institute, a conservative think-tank, was linked to a Land Registry blockchain project with the Republic of Georgia in April 2016. But he says that after the inauguration ceremony, he was not consulted further.

Mr Byrne said he planned to spend at least five years on the De Soto project. “I feel a great moral obligation to refocus my life around this,” he said.