

**Jim Burns**

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**From:** Jim Burns  
**Sent:** Wednesday, March 01, 2006 10:38 AM  
**To:**  
**Subject:** Idaho Correspondence

Dear M

We are in receipt of your letter dated February 23, 2006 and thank you for that communication.

We are interested in knowing if you have had direct contact with Washington regulators regarding this matter and the outcome of any such communications.

Secondly, do you anticipate any changes to your website that will further advise the public that your services are not available at this time? When we visited your website some months ago it did not appear to disclose that your services were not actually being made available at that time.

Regards,

Jim Burns  
Investigations Chief  
Idaho Dept. of Finance  
Boise, ID

(208) 332-8080  
Idaho Toll Free 1-888-346-3378

February 23, 2006

Department of Finance  
700 West State Street, 2nd Floor  
Boise, ID 83702

RECEIVED  
FEB 27 2006  
DEPT. OF FINANCE  
STATE OF IDAHO

Dear Sir or Madam:

I am writing on behalf of [redacted] We are an internet startup that will soon be entering in the money transmission business. We hope to enable U.S. customers to send and receive money using their cell phones. Our company is incorporated in the State of Washington. We are aware that there are state and federal level regulations, compliance and licensing procedures before we can conduct money transmission business in the State of Idaho. I am writing to inform you that we are currently conducting beta testing of our system. I also would like to take this opportunity to give you a background on the company and the current status of our operations.

[redacted] was founded four months ago by me and two other colleagues. The three of us are the only employees of [redacted] We had left our previous computer programming jobs at Microsoft and Lockheed Martin to fulfill our vision of enabling people to use their mobile phones to send money to each other. [redacted] was conceived when we were at dinner and are constantly running into the situation where one of us would not have enough cash to pay for dinner, promises to pay back later and forgets. All the times we did not have cash, we would have our mobile phones. We decided that our problems would be solved if we can send money to each other using our mobile phones.

We spent 3 months developing the system and it is now at the beta testing stage where we invite people to help test out our system. We want to test our system fully to ensure that it is scalable, easy to use, and ready for the launch. Of course we will launch only if we have the appropriate money transmitter licenses. Beta users who sign up for our system are aware that we are in Test mode. They are also given five free credits for the purposes of testing our system so they do not have to use any actual money. They are encouraged to send the credit to their friends to help test the scalability and usability of our system. Through this testing process, we have received much constructive feedback on how to improve and stabilize our system.

There are several characteristics of this beta test period that I would like to bring to your attention:

- We have NOT transmitted any real money in the state of Idaho.
- We do NOT charge any fees for conducting transmissions of these free credits to help us test our system.
- Our beta users are completely aware that [redacted] is in beta mode, they understand fully that we are not a licensed money transmitter; and they are encouraged to help us test the system by sending the free credits to their friends and give us feedback.

February 23, 2006

This beta period is only temporary. We are fully aware that we will need a money transmitter's license once we exit our beta mode and start transmitting real money (with or without fees).

The company, with only the three of us, does not currently have enough resources to acquire the appropriate license. We are in the process of seeking venture financing, partly to fund our money transmitter license application costs. We hope to close our round of financing very shortly. Our immediate priority after receiving financing is to mobilize a team of professionals to submit money transmission applications. We will also hire professionals to ensure that our system is in compliance with all state and federal regulations before we exit our beta mode.

We take this matter very seriously and would like to have complete transparency and disclosure with your agency. If you have any questions, please feel free to contact me at \_\_\_\_\_ at any time. You can also contact me via email at \_\_\_\_\_

Sincerely,

CEO

## Jim Burns

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**From:** Nancy Page  
**Sent:** Friday, January 06, 2006 7:49 AM  
**To:** Jim Burns  
**Subject:** FW: Inquiry about paying via cell phone

-----Original Message-----

**From:** Jim Burns  
**Sent:** Thursday, December 22, 2005 8:57 AM  
**To:**  
**Cc:** Nancy Page  
**Subject:** FW: Inquiry about paying via cell phone

Dear M

Several states, including Idaho, are of the view that the funds delivery service offered by \_\_\_\_\_ may fall within the ambit of state money transmission and/or sale of checks laws. More directly, this means that a number of states might require that a license be obtained in order for \_\_\_\_\_ to conduct business in that state. Currently, I am not aware of any state that has licensed \_\_\_\_\_ as a money transmitter or check seller.

I hope this helps answer your question. If not, please feel free to contact me directly.

Can you tell me if you are an Idaho resident, and if so, do you know of anyone who has conducted business through \_\_\_\_\_

Regards,

Jim Burns  
Investigations Chief, MBA, CFE  
Idaho Department of Finance, Securities Bureau  
P.O. Box 83720  
Boise, ID 83720-0031  
(208) 332-8080  
fax (208) 332-8099

-----Original Message-----

**From:**  
**Sent:** Tuesday, December 20, 2005 7:09 PM  
**To:** Banking Internet Mail  
**Subject:** Inquiry about paying via cell phone

Hi:

I'm interested in using this service, which seems to be like PayPal using cellphones, but someone told me it might not be legal to use it to send money in or between states. Is this a legitimate business?

Thanks,