

August 12, 2002

RECEIVED
AUG 19 2002
DEPARTMENT OF FINANCE

James A. Burns
Idaho Department of Finance
700 W. State Street, 2nd Floor
P.O. Box 63720
Boise, Idaho 63720-0031

Re: Idaho Activities of

Dear Mr. Burns:

Thank you for your correspondence of May 16 and your clarification of July 12.

You asked us to describe in detail our Idaho business activities, in connection with the Idaho Department of Finance's concerns that our business model may require us to obtain a license in Idaho as a money transmitter. A description of our business activities in Idaho is set forth below.

is a privately held Delaware corporation with its principal place of business in . The company is a developer of payment and loyalty applications for financial institutions and retail merchants.

Presently, activities in Idaho are extremely limited. We are testing a new transaction processing system at a number of Boise-area restaurants. Separately, we are testing the same system in vending machines at a single Boise-area location. The transaction processing system being tested enables retail merchants to accept small payments from their consumers electronically. Once a consumer establishes a relationship, the consumer is provided with a radio frequency device (usually a small wand like that used by the Mobil SpeedPass system and similar to a pre-paid gift card offered by many merchants).

Based on the clarification of terms that you kindly provided, we do not believe that our activities in Idaho constitute a "non-proprietary" product, as each of the Idaho installations of the new transaction processing system is for the purchase of goods and services at "one corporate retailer".

We place the utmost importance on complying with federal and state regulations applicable to our business. Please contact us if you need further information about the company or its activities in the State of Idaho.

Sincerely,

DIRK KEMPTHORNE
GOVERNOR



GAVIN M. GEE
DIRECTOR

STATE OF IDAHO
DEPARTMENT OF FINANCE
700 W. STATE STREET, 2ND FLOOR
P.O. BOX 83720
BOISE, IDAHO 83720-0031
Website: finance.state.id.us

July 12, 2002

Re: Idaho Activities

Dear Mr. _____

Thank you for your letter of June 11, 2002.

In regards to your request for a clarification of terms, we provide the following:

In the context of your business model (at least as we understand it at this time), a proprietary, pre-paid instrument might include pre-paid cash-cards/gift cards (including "wands" and other payment devices) that are good for the purchase of goods or services at only one corporate retailer (e.g., a Home Depot Gift Card). Conversely, if an electronic _____ instrument can be used for purchases at a variety of businesses, then we would presume that the product is non-proprietary to the establishment that honors the payment instrument.

It is our view that the electronic medium used by _____ whereby cash can be "loaded" to the electronic medium for later use to purchase goods or services, would be one example of a pre-paid purchase instrument.

Your prompt attention is greatly appreciated and we again request production of the information identified in our correspondence of May 16, 2002.

Sincerely,

James A. Burns
Idaho Dept. of Finance

Banks & Savings Banks (208) 332-8005
Credit Unions (208) 332-8003
Securities (208) 332-8004
Money Transmitters (208) 332-8004

PHONE: (208) 332-8000
FAX: (208) 332-8098
Director's Fax: (208) 332-8097
Securities Fax: (208) 332-8099

Supporting Services (208) 332-8001
Mortgage Companies (208) 332-8002
Finance Companies (208) 332-8002
Collection Agencies (208) 332-8002

EQUAL OPPORTUNITY EMPLOYER

June 11, 2002

James A. Burns
Idaho Department of Finance
700 W. State Street, 2nd Floor
P.O. Box 63720
Boise, Idaho 63720-0031

RECEIVED
JUN 12 2002
DEPARTMENT OF FINANCE

RE: Idaho Activities of

Dear Mr. Burns:

We have received your letter to us dated May 16, 2002 in which you requested that we describe our Idaho business activities in detail. Please understand that _____ fully intends to cooperate with your request for information, and as such, we respectfully ask for clarification of terms used in your letter.

In your letter, you state that the Idaho Department of Finance is of the formative view that "non-proprietary, pre-paid purchase instruments" fall within the context of a payment instrument as defined under the Idaho Money Transmitters Act.

We have not been able to find the definition of the terms "non-proprietary" or "pre-paid purchase instruments" in the Idaho Money Transmitters Act, and we have not been able to determine the intended meanings of these terms as they are used in your letter.

We respectfully request that you advise us as to the meanings of these terms, so that we can appropriately respond to your letter.

Sincerely,

DIRK KEMPTHORNE
GOVERNOR



GAVIN M. GEE
DIRECTOR

STATE OF IDAHO
DEPARTMENT OF FINANCE
700 W. STATE STREET, 2ND FLOOR
P.O. BOX 83720
BOISE, IDAHO 83720-0031
Website: finance.state.id.us

May 16, 2002

Re: Idaho Activities

Dear Sir or Madam:

Based on our review of your website and other materials, we are concerned that _____ business model may require licensure in Idaho as a money transmitter. As it pertains to the statutes that this Department administers, we provide the following:

Idaho Code §26-2902(11) defines money transmission as the "sale or issuance of payment instruments or engaging in the business of receiving money for transmission or the business of transmitting money within the United States by any and all means..." Further, Idaho Code §26-2902(13) defines payment instrument to include any check, draft, money order, or other instrument or written order for the transmission or payment of money, sold or issued to one or more persons.

We are of the formative view that non-proprietary, pre-paid purchase instruments falls within the context of a payment instrument as defined under the Idaho Money Transmitters Act. As such, the offer, sale and use of such instruments in or into Idaho would require licensure as a money transmitter.

We hereby request that you respond in writing and describe your Idaho business activities in detail. You are invited to present any information that you are relying upon for not obtaining a money transmission license under the Idaho Money Transmitters Act.

Your prompt attention is greatly appreciated and your response is requested not later than June 14, 2002. Should you have any questions or need additional information, please feel free to contact the undersigned directly at (208) 332-8080.

Sincerely,

James A. Burns
Idaho Dept. of Finance

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