

**Jim Burns**

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**From:**  
**Sent:** Tuesday, December 31, 2013 9:33 PM  
**To:** Jim Burns  
**Cc:**  
**Subject:** Re:

Dear Mr. Burns,

Thank you kindly for your preliminary note concerning our client .

As you complete your review of our letter concerning this client, we wish to emphasize that the sender of money or virtual currency never knows the identity of the ultimate recipient thereof. Traditional money transmission involves the intermediary sending money from a known sender to a specific and known recipient. The model, in contrast, de-couples senders and recipients each of whom deal only with . It is for this reason, and those detailed in our letter, that we believe is distinguished from traditional money transmission.

Thank you again for kindly reviewing our letter.

Very best wishes for the New Year,

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Attorney at Law

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On Wed, Dec 18, 2013 at 2:10 PM, Jim Burns <[jim.burns@finance.idaho.gov](mailto:jim.burns@finance.idaho.gov)> wrote:

Dear M

It may take some time to fully process your letter of December 3, 2013 which was received by us on December 17, 2013. However, the Department has issued a bit of guidance in this area.

If your firm accepts U.S. Funds from Idaho customers and holds those funds to later pay for a virtual currency purchase, it seems intuitive that when a transaction is completed that then forwards or otherwise transfers funds to the seller of the virtual currency. Although delays between receipt and delivery (due to order entry and matching) occur, funds are ultimately transmitted to a 3<sup>rd</sup> party.

It has been our formative view that the activity described above is money transmission and regulated pursuant to the Idaho Money Transmitters Act.

I hope this helps with your planning. Information on licensing in Idaho can be found at <http://finance.idaho.gov>

I am happy to discuss this with you in further detail if you would like.

Ultimately, it will be sometime during January 2014 that we hope to provide additional clarification on other issues associated with your business model. For example, is a depositor and ultimately seller of a virtual currency regulated under the Idaho Money Transmitters Act.

Regards,

Jim Burns, MBA, CFE, CRCP

Securities Investigations Chief / Money Transmitter Program Mgr.

Idaho Dept. of Finance

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