



IDAHO
DEPARTMENT OF FINANCE

BRAD LITTLE
Governor

PATRICIA R. PERKINS
Director

February 11, 2021

RE: – Inquiry regarding applicability of the Idaho Money Transmitter Act

Dear _____ :

The Department of Finance, Securities Bureau, ("Department") is in receipt of your email dated December 8, 2020 wherein you request guidance regarding the applicability of the Idaho Money Transmitter Act ("the Act") to the business model of _____ .

Based solely upon the facts outlined in your correspondence and supporting documentation provided to the Department, which included a flow of funds description, and business model outline, the Department is of the opinion that _____ 's business activities do not constitute money transmission as defined by the Act. As such, _____ is not required to license in Idaho as a money transmitter¹.

Please be advised, should _____ 's business activities deviate from the facts outlined in your correspondence and supporting documentation, it is possible the Department would take a different position than the one noted in this letter.

If you have questions regarding this correspondence, or if I may be of further assistance, please contact me at annamarie.harden@finance.idaho.gov.

Sincerely,

Annamarie Harden
Financial Examiner / Investigator
Securities Bureau

¹ This decision is based solely on the unique circumstances of the activity described. This letter should not be construed as a finding that licensure is not required in other jurisdictions where other users or recipients may reside.

SECURITIES BUREAU
Bureau Chief - Patricia Highley
800 Park Boulevard, Suite 200, Boise, ID 83712
Mail To: P.O. Box 83720, Boise ID 83720-0031
Phone: (208) 332-8004 Fax: (208) 332-8099
<http://www.finance.idaho.gov>

Mary Harper

From:
Sent: Tuesday, February 2, 2021 12:11 PM
To: Jennifer Biretz
Cc:
Subject: Re: FW: ID money transmission
Attachments: _ComplianceProgram_and_DigitalAssetManagement_v20190506.pptx

Hello Ms. Biretz, attached is a short slide show of our cash cycle. Our business model is unchanged from what was reported on by the Florida Department of Financial Regulation in 2017.

As for your question relating to the sell side of our model, we have very few kiosks with this capability. The process for the kiosks that do have the sell functionality is simply reversed from the buy side. Our sell capable machines store USD in anticipation of a user wishing to sell their bitcoin for USD. The user sends us the bitcoin to our own wallet, once the blockchain confirms the amount sent the machine dispenses the USD to the user.

At no time is _____ in custody of our users funds.

Best regards

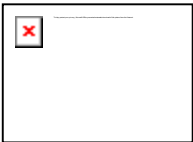


This e-mail and any files transmitted with it are confidential and intended solely for the use of the recipient(s) only. Any review, re-transmission, dissemination or other use of, or taking any action in reliance upon this information by persons or entities other than the intended recipient(s) is prohibited. If you have received this e-mail in error please notify the sender immediately and destroy the material whether stored on a computer or otherwise.

On Tue, Dec 8, 2020 at 2:33 PM

> wrote:

Will you help with this request please?



This e-mail and any files transmitted with it are confidential and intended solely for the use of the recipient(s) only. Any review, re-transmission, dissemination or other use of, or taking any action in reliance upon this information by persons or entities other than the intended recipient(s) is prohibited. If you have received this e-mail in error please notify the sender immediately and destroy the material whether stored on a computer or otherwise.

----- Forwarded message -----

From: **Jennifer Biretz** <Jennifer.Biretz@finance.idaho.gov>

Date: Tue, Dec 8, 2020 at 2:26 PM

Subject: FW: ID money transmission

To: >

Ms. –

Thank you for contacting the Idaho Department of Finance. While the representations and information supplied were helpful in assessing the consumer purchase function of _____'s virtual currency ATMs, can you please confirm the operations for the purchase functionality remain unchanged since 2017 or outline any changes that have occurred in that service since the opinion from the Florida Office of Financial Regulation? Additionally, the Department will require additional information for the sell functionality. Please provide the Department with your company business plan as well of a flow of funds diagram with any explanation necessary to explain ownership interest and any obligation the company has to dispense or remit funds.

Please let me know if you have any questions regarding this request. Thank you.

Jennifer Biretz, Supervisor

Securities Bureau

Phone: (208) 332-8081



From: >
Sent: Tuesday, December 8, 2020 6:28 AM
To: Finance Internet Mail <Finance.InternetMail@finance.idaho.gov>
Subject: ID money transmission

Good Morning,

I was hoping you could help shed some light on the money transmission laws as they relate to cryptocurrency or direct me to the correct department.

Our company is a bitcoin ATM operator in the State of Florida. We are registered with FinCEN (federal) as an MSB and are fully compliant. We have reviewed the Idaho Laws regarding Money Transmission and believe that they permit our business model without the necessity of a Money Transmitter License.

Currently, we are not required to register as a money transmitter in Florida, North Carolina, Mississippi, and many other states due to our operational policies. I am attempting to understand what the licensing requirement is in Idaho, again based on our operational model. I have also attached the Florida Office of Financial Regulation's summary of our demonstration directly with the Senior Attorney, the Tampa Region Manager and the Financial Control Analyst in order to help answer any questions that may arise.

This is a summary of how we transact bitcoin...

- 1) we buy bitcoin from an exchange for our own inventory.
- 2) a customer will come to our machine and register with us (ID and some other information is required to register, OFAC testing is completed)
- 3) the customer will then feed USD into our machine and we will transfer bitcoin directly to the customer's "wallet" (held by an entity other than) from our owned inventory.
- 4) our policies do not allow a customer to use our machine to transfer bitcoin to any third party.
- 5) we do not hold any currency (fiat or crypto) for the benefit of any of our customers and they do not have an "account" with us (they are simply a registered user).
- 6) the transaction is instantaneous.
- 7) We are not the issuer of the virtual currency

If you have any other questions or if there is any additional information you need to help answer our question, please do not hesitate to contact me. We are only seeking an opinion, not legal advice.

Thank you for taking the time to help us understand and comply with Idaho Laws.

Best regards,



This e-mail and any files transmitted with it are confidential and intended solely for the use of the recipient(s) only. Any review, re-transmission, dissemination or other use of, or taking any action in reliance upon this information by persons or entities other than the intended recipient(s) is prohibited. If you have received this e-mail in error please notify the sender immediately and destroy the material whether stored on a computer or otherwise.