

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****MEDIA RELEASE****For Immediate Release**

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**California Department of Business Oversight Issues
Advisory on Virtual Currencies**

SACRAMENTO, CA (April 30, 2014) – The California Department of Business Oversight has issued an advisory regarding the risks associated with virtual currencies, also known as crypto-currencies, virtual money, or digital cash.

“Virtual currencies have piqued the interest of many consumers and investors, while at the same time raising concerns about risks among regulators and consumer advocates,” said Commissioner of Business Oversight Jan Lynn Owen. “While the Department determines whether virtual currency exchanges fit into a traditional currency regulatory framework, this advisory provides important warnings.”

The document provides advice to consumers and investors on the risks of using or investing in virtual currencies, including:

- Virtual currency exchanges are unregulated and transactions are considered high-risk due to the vulnerability of exchanges to cyber-attacks.
- Some virtual currencies have been associated with criminal enterprises and the potential for investment loss is significant.

In February 2014, Commissioner Owen from California was asked to join the Conference of State Bank Supervisors (CSBS) Emerging Payments Task Force, made up of nine state banking regulators. The Task Force will study changes in payment systems to determine the potential impact of emerging technology in financial services on consumer protection, state law, and banks and non-bank entities chartered or licensed by the states.

The consumer advisory on virtual currency may be viewed at http://www.dbo.ca.gov/Consumers/Advisories/Virtual_Currencies_0414.pdf. Consumers are encouraged to thoroughly research any and all investment opportunities before making a transaction.

On July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to become the Department of Business Oversight. California consumers should contact the Department of Business Oversight to check on the licensing and standing of the companies, investments or other financial services they are considering at www.dbo.ca.gov or by calling 1-866-275-2677.

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