



STATE OF CALIFORNIA

Department of Business Oversight

GOVERNOR **Gavin Newsom** • COMMISSIONER **Manuel P. Alvarez**

August 1, 2019

Re: _____

Dear _____:

Thank you for your emails dated June 4, 2019, June 27, and July 16 to the Department of Business Oversight. Your emails request confirmation that _____, dba _____ ("_____") is not currently required to obtain a license under the California Money Transmission Act in connection with its business activities.

You explained that _____ operates ATMs that facilitate cash transactions in exchange for cryptocurrency. Your correspondence states that when a customer wishes to purchase cryptocurrency, the customer inserts cash and immediately receives cryptocurrency that _____ owns. The cryptocurrency is transferred from _____'s own wallet to the customer's wallet, which is not issued by _____.

If a customer wishes to sell cryptocurrency, the customer sends the cryptocurrency from their own wallet to _____'s wallet. Once the cryptocurrency is successfully received, _____ immediately dispenses cash from the ATM to the customer.

You have stated that these transactions are directly between _____ and the customer and there are no third parties or exchange wallets involved in the transactions. You also verified that customers cannot use one type of cryptocurrency to purchase another type of cryptocurrency. Your correspondence also states that _____ does not promise to make the cryptocurrency available at a later date and does not hold customer accounts.

Financial Code section 2003, subdivision (q) defines "money transmission" as selling or issuing payment instruments; selling or issuing stored value; or receiving money for transmission. Here, _____ is not performing any of these activities. Instead, it is directly selling cryptocurrency that it solely owns to customers in exchange for cash, or purchasing cryptocurrency from a customer in exchange for _____'s cash. As such, _____'s activities do not constitute activity subject to the Money Transmission Act.

This opinion is based solely on the facts presented in your correspondence. Any changes in the facts or circumstances, as we understand them, could lead to a different conclusion.

August 1, 2019

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You may call me at _____ with any questions.

Sincerely,

Manuel P. Alvarez
Commissioner
Department of Business Oversight

By

Senior Counsel