



STATE OF CALIFORNIA

Department of Business Oversight

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

IN REPLY REFER TO:
FILE NO. [REDACTED]

October 4, 2019



Re: [REDACTED] – Opinion Request

Dear Ms. [REDACTED]

Thank you for your letter to the Department of Business Oversight (“Department”), dated April 25, 2019. As Senior Counsel for the Legal Division, I have been asked to respond to your request, which you submitted on behalf of your client, [REDACTED]. Your client requests a determination by the Department regarding whether its anticipated business activities are subject to licensure under the Money Transmission Act.¹

According to your letter, [REDACTED] plans to operate a “membership-based online platform . . . that seeks to enable non-profit organizations to receive cryptocurrencies as donations from individuals by providing tools to generate non-custodial cryptocurrency wallets, associate non-custodial existing wallets, and provide interfaces for placement on members’ website[s] to allow donors to easily initiate cryptocurrency donations.” [REDACTED] is also in the process of qualifying a Tier 2 Regulation A offering of [REDACTED] tokens with the U.S. Securities and Exchange Commission with the intention that the token serve “as a widely used cryptocurrency for charitable giving.” Aside from a membership fee, no fiat money (e.g., U.S. Dollars) is exchanged in or in relation to the online-donations platform.

The Department continues to study the cryptocurrency industry closely. Whether cryptocurrencies are a viable form of money or a speculative non-money asset is widely debated. Given this ongoing debate, the Department has not concluded whether cryptocurrencies are a form of money. Likewise, the Department has not determined whether services based solely on cryptocurrency transactions trigger the application of California’s banking or money transmission laws.

Accordingly, the Department is not requiring [REDACTED] to be licensed and supervised under the aforementioned laws at this time. Please be aware, however, that this is subject to change. At

¹ Fin. Code § 2030, subd. (a).

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any time, the Department may determine that [REDACTED]'s activities are subject to regulatory supervision. The Department may also adopt regulations or issue interpretive opinions that significantly restrict [REDACTED]'s business operations. If [REDACTED] chooses to operate in California, it would do so subject to these risks.

Nothing in this letter should be interpreted to relieve [REDACTED] from any obligations under any other state or federal laws not discussed in this opinion.

If you have any questions, please feel free to contact me at [REDACTED] or [REDACTED].

Sincerely,

Manuel P. Alvarez
Commissioner
Department of Business Oversight

By

[REDACTED]
Mark Ahn
Senior Counsel

cc: Robert Venchiarutti, Department of Business Oversight, San Francisco (via email)
[REDACTED], Principal, [REDACTED]
(via email: [REDACTED])