



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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

IN REPLY REFER TO:

FILE NO: _____

October 1, 2020

VIA EMAIL ONLY

Re: _____ – Opinion Request

Dear _____:

Thank you for your letter dated September 17, 2020 and your email dated September 21, 2020 to the Department of Financial Protection and Innovation (“Department”). You request confirmation that _____ (“_____”) is not required to obtain a license under the California Money Transmission Act in connection with its business activities in California.

According to your letter, _____ is registered as a money services business with the U.S. Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”). _____ operates 39 Bitcoin ATMs in the greater Los Angeles area. The Bitcoin ATMs are one-way, sell-only machines and operate in the following manner: A customer walks up to a machine. The customer scans a driver’s license or identification card and then scans a bitcoin wallet QR code. The customer inputs money into the machine and Bitcoin is immediately dispatched into the customer’s digital wallet. The Bitcoin sold to customers at the ATMs come from _____’s own inventory. _____ does not support the sale of any other cryptocurrency. The Bitcoin ATMs have a sales limit of no more than \$3,000 per machine per 24-hour period.

A Bitcoin ATM which does not support any other types of transactions does not meet the definition of “receiving money for transmission.”¹ Therefore, _____’s activities in connection with its Bitcoin ATMs are not subject to licensing under the MTA.

While not the subject of your inquiry, if in the future _____ offers customers the ability to purchase or sell cryptocurrencies other than Bitcoin, to the extent that any of those other

¹ Fin. Code, § 2003, subd. (u) (defining “receiving money for transmission” to mean receiving money or monetary value in the United States for transmission within or outside of the United States).

cryptocurrencies are securities, _____ may have obligations under California's broker-dealer laws. The Department reserves the right to take administrative action against _____ if it is later determined that _____ is trading securities in violation of California law.

The Department's determination is limited to the activities described herein and does not extend to any other activities in which _____ may engage. Any change in the facts and circumstances or the products or services that _____ provides could lead to a different determination.

Nothing in this letter should be interpreted to relieve _____ from any obligations under the laws administered by FinCEN or any other agency of the federal government.

Please contact me at _____ or _____ if you have any questions.

Sincerely,

Manuel P. Alvarez
Commissioner
Department of Financial Protection and Innovation

By

/s/

Counsel