



## COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

### DIVISION OF BANKS

1000 Washington Street, 10<sup>TH</sup> Floor, Boston, MA 02118-6200

(617) 956-1500 · Fax (617) 956-1599 · TDD (617) 956-1577

[www.Mass.Gov/DOB](http://www.Mass.Gov/DOB)

**CHARLES D. BAKER**  
GOVERNOR

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

**JAY ASH**  
SECRETARY OF HOUSING AND  
ECONOMIC DEVELOPMENT

**JOHN C. CHAPMAN**  
UNDERSECRETARY

**TERENCE A. MCGINNIS**  
COMMISSIONER

March 9, 2018

Andrew E. Bigart, Esq.  
Venable LLP  
Rockefeller Center  
1270 Avenue of the Americas, 24<sup>th</sup> Floor  
New York, NY 10020

Dear Mr. Bigart:

This letter is in response to your correspondence dated February 2, 2018 to the Division of Banks (Division) in which you request an opinion relative to the licensing requirements for your client, CreditCoin, with regard to its online operations involving cryptocurrency sales to customers in Massachusetts.

As described in your correspondence, CreditCoin intends to sell cryptocurrency to customers through its website. As part of its business plan, CreditCoin plans to partner with a third-party supplier who will provide CreditCoin with a supply of cryptocurrency available on credit. A buyer intending to purchase a specific amount of cryptocurrency can initiate a purchase through CreditCoin's website using a credit card. Before the buyer's funds for the purchase have settled to CreditCoin's bank account, CreditCoin receives from its cryptocurrency supplier the amount of cryptocurrency requested by the buyer. Once the buyer's credit card transaction has settled, CreditCoin will then provide the buyer with the private keys in order to access the purchased cryptocurrency. Separately, out of its sales proceeds or other operational funds, CreditCoin will provide periodic payments to its supplier for the cryptocurrency that the supplier has advanced pursuant to the terms of their separate credit line agreement. As noted in your correspondence, the buyer and the cryptocurrency supplier have no relationship or any reason to know the other's identity. Further, once the purchase is complete, the cryptocurrency is solely the responsibility of the buyer; CreditCoin does not hold or transfer the purchased cryptocurrency on behalf of the buyer at any point.

Massachusetts General Laws chapter 169 requires that all persons who engage, or are financially interested in, the business of receiving deposits of money for the purpose of transmitting the same or equivalents thereof to foreign countries obtain a foreign transmittal agency license from the Division. In the transaction described, CreditCoin receives the buyer's funds not for the purpose of transmission to a foreign country, but rather solely for the purpose of selling such cryptocurrency to the buyer. CreditCoin will be selling cryptocurrency to the buyer from its own stock, separately obtained from its cryptocurrency supplier pursuant to a distinct credit agreement. CreditCoin does not take possession of the buyer's funds or purchased cryptocurrency for later transmission. As described by CreditCoin, there is no relationship between the buyer and CreditCoin's cryptocurrency supplier. Accordingly, based on the facts presented, CreditCoin is not required to be licensed as a foreign transmittal agency by the Division.

Andrew E. Bigart, Esq.

March 9, 2018

Page 2

The conclusions reached in this letter are based solely on the facts presented. Fact patterns which vary from those stated above may result in a different position statement by the Division.

Sincerely,

A handwritten signature in black ink, appearing to read "Merrily S. Gerrish". The signature is written in a cursive style with some capital letters.

Merrily S. Gerrish  
Deputy Commissioner of Banks  
and General Counsel

O18002