



COMMONWEALTH OF MASSACHUSETTS

DIVISION OF BANKS

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June 28, 2023

Justin C. Steffen, Esq.
Barack Ferrazzano Kirschbaum & Nagelberg LLP
200 West Madison Street, Suite 3900
Chicago, IL 60606

Dear Mr. Steffen:

This letter is in response to your correspondence dated March 28, 2023 on behalf of Virgo US, LLC (Virgo) in which you request an opinion that the described activities of Virgo do not require a foreign money transmission license under Massachusetts law pursuant to M. G. L. c. 169. Your correspondence also includes a copy of Virgo's proposed Terms of Service.

Virgo is a Delaware company that seeks to offer cryptocurrency over-the-counter trading services to retail, corporate, and institutional clients in select states, including Massachusetts. According to your correspondence, Virgo is a wholly-owned subsidiary of VirgoCX Global Holdings Inc., a Canadian company. Virgo's employees are primarily based in Canada.

Virgo will engage in both purchases of cryptocurrency from customers, as well as sales of cryptocurrency to customers. Prior to conducting any transactions, all prospective customers must first complete Virgo's Know Your Customer (KYC) and onboarding process. This process includes the completion of Virgo's KYC forms, identity verification, and a background check, as described in your letter. Your correspondence further notes that the onboarding process will also utilize Chainalysis, a blockchain forensics technology provider, to further reduce money laundering risks. Virgo will utilize Chainalysis to screen all incoming and outgoing virtual currency wallet addresses. Your letter also confirms that Virgo will conduct ongoing monitoring of all customers. Once a customer completes this process, Virgo will issue the customer a registered user account allowing the customer to access the Virgo's services, subject to compliance with Virgo's Terms of Service.

For purchase transactions, Virgo will purchase digital assets directly from the customer.¹ To complete the purchase transaction, the customer will transfer the cryptocurrency directly to Virgo's digital wallet address. Once received, Virgo will either wire U.S. currency to the customer's U.S.-based bank account or send cryptocurrency to the Customer's designated virtual currency wallet address, which will have already been screened by Chainalysis as part of the onboarding process, as previously noted. Similarly, for sales by Virgo, the customer will either wire U.S. currency to Virgo's U.S.-based bank account or send cryptocurrency to Virgo's designated virtual currency wallet address. Once the proceeds are received, Virgo will transfer its own digital assets directly to the customer's designated virtual currency wallet address. The transactions will be conducted manually through Virgo employees and will not be automated. As part of its submission, Virgo has included a copy of the Terms of Service to which customers are required to agree in order to utilize Virgo's services.

¹ Your correspondence notes that Virgo will deal only with certain digital assets, such as Bitcoin and Ethereum.

As further noted in your correspondence, Virgo will not take custody of customer assets. All transactions will be immediately settled and at no point will Virgo take possession of funds or virtual currency for later transmission. In addition, your correspondence confirms that Virgo will not offer leverage trading to its customers, will not offer any lending products or services to its customers, and will not offer any staking services to its customers.

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. Your submission confirms that Virgo's business model permits customers to purchase virtual currency from Virgo's own supply and allows customers to sell their virtual currency to Virgo in exchange for fiat or other virtual currency. In the transactions described Virgo either receives funds or receives virtual currency from a customer. Virgo's receipt of funds or virtual currency is not for the purpose of transmission to a foreign country; rather, it is for the purchase of virtual currency from a customer or the sale of virtual currency to a customer. Each transaction consists of the customer engaging in a sale or purchase transaction solely with Virgo; its business operations are designed to be a two-party transaction between Virgo and a fully-onboarded Virgo customer. Virgo's acceptance of funds or virtual currency through the described purchase or sale transactions is not designed to facilitate the transmission of funds or virtual currency to any third party. *See* Division of Banks Opinions 22-002, 20-002, 19-008, and 18-002. Based on the facts presented, Virgo is not required to be licensed as a foreign transmittal agency by the Division.

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. Please also note that the Division's determination that licensure is not required on a particular set of facts should not be construed as a review or endorsement of a company or business model. Likewise, the Division's review and opinion is limited solely to the question of whether a foreign money transmission license is required and is not an evaluation of any other licensing, registration, or permissibility questions under Massachusetts law.

Sincerely,

A handwritten signature in blue ink that reads "Barbara Keefe". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Barbara Keefe
Deputy Commissioner of Banks
and General Counsel