



Jonathan Solomon & Marc Grens, Co-Founders
Red Leaf Chicago, LLC., d/b/a DigitalMint
321 N Clark St. Ste. 2550
Chicago, IL 60654

January 18, 2017

Illinois Department of Professional and Financial Regulation
100 West Randolph, 9th Floor
Chicago, IL 60601

DigitalMint Comments regarding IDFPR Digital Currency Regulatory Guidance

DigitalMint would like to thank the IDFPR for proposing clear guidance and requesting comments regarding the regulation of digital currencies in Illinois. Founded in 2014, DigitalMint is a Chicago-based company and a federally-registered Money Services Business, and one of the nation's largest exchangers of virtual currencies, namely Bitcoin, through its network of point-of-sale and kiosk-based locations. As of today, DigitalMint provides access to Bitcoin at over 50 locations nationwide and processes millions of dollars annually.

DigitalMint is proud to be a member of the Midwest fintech ecosystem, supporting Illinois in establishing our state as a focal-point of financial and technological innovation. Chicago has a long-standing tradition of financial innovation, and we are pleased to see the IDFPR considering such a forward-thinking position to allow companies working on these technologies here to thrive.

Digital currencies — primarily bitcoin — have steadily emerged as an important tool for financial access and inclusion. According to the FDIC, nearly 28% or 90 million U.S. residents live in a household that is considered either unbanked or underbanked. It is more likely for these individuals to have an internet-connected phone than a bank account. Because of the decreased barriers to entry (no minimum-balance requirements, ease-of-access, no recurring maintenance fees), many of these underbanked consumers are turning to Bitcoin as a useful tool for accomplishing everyday financial transactions. By providing this regulatory guidance, we believe the IDFPR is establishing a clear path for digital currency companies to provide such critical financial services to the people who need them most.

Specifically, we applaud the IDFPR for articulating clear guidance regarding the implication of the State of Illinois' Transmitters of Money Act, as it applies to the business of exchanging decentralized digital currencies. We support the IDFPR's position that the exchange of digital currency for money directly between two parties (e.g., between a Consumer and a Company such as DigitalMint), does not qualify as money transmission. We agree with the IDFPR that when a consumer purchases Bitcoin *directly* from the operator of a virtual currency business, no money transmission has taken place as it is defined by the Transmitters of Money Act.

Furthermore, we believe that classification of Digital Currency Companies as Money Services Businesses by the United States Department of Treasury, specifically FinCEN, provides sufficient safeguards against money laundering and other prohibited activities (<https://www.fincen.gov/sites/default/files/shared/FIN-2013-G001.pdf>). However, we believe that companies engaged in the business of exchanging digital currencies directly with consumers — while not implicating the Illinois Transmitters of Money Act — must still be held accountable to abide by the Bank Secrecy Act (BSA), other anti-money laundering (AML) laws, and the economic sanctions administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC).

We encourage the IDFPR to impress upon existing institutions such as banks that digital currency companies are welcome in Illinois, and that firms able to demonstrate compliance with federal requirements for Money Services Business should not be discriminated against when applying for depository accounts. Access to banking services by fintech companies is critical to continued innovation in the financial technology industry. When banks provide digital currency companies with access to depository accounts, these companies can, in-turn, use technology to provide valuable access to financial services and increase financial inclusion.

We are pleased to be given this opportunity by the IDFPR to comment on the proposed regulation and applaud the innovative approach taken by Illinois with regard to the business of digital currencies. Please do not hesitate to reach out to our organization, as we are enthusiastic to offer up our collective knowledge and experience operating a digital currency company since 2014.

Sincerely,

Jonathan Solomon
Chief Executive Officer
DigitalMint

Marc Grens
President
DigitalMint