



ALAN WILSON
SECURITIES COMMISSIONER

December 5, 2018

Re: Request for Interpretative Opinion under South Carolina Anti-money Laundering Act

Dear Mr. :

In your letter dated June 15, 2018, you requested that the Money Services Division of the South Carolina Attorney General's Office (the "Division") issue an interpretive order as to whether certain of s activities would constitute activity for which a license is required under the South Carolina Anti-Money Laundering Act (the "Act"). More specifically, you request information on the Divisions view of activities involving virtual currency.

The Act does not explicitly address activity involving virtual currency. The Act defines money transmission as "selling or issuing payment instruments, stored value, or receiving money or monetary value for transmission."¹ The Act further defines monetary value as "a medium of exchange, whether or not redeemable in money."²

An important characteristic of virtual currencies is that they have no intrinsic or set value per unit. Additionally, virtual currencies are not generally accepted as payment throughout the entire economy. As a result, the Division finds that virtual currencies lack the characteristics of mediums of exchange. Therefore, it is the view of the Division that virtual currencies alone do not qualify as monetary value. However, to the extent that virtual currency transactions also involve the transfer of fiat currency, they may be subject to money transmission regulations under the Act.

¹ S.C. Code Ann. §35-11-105(12).

² S.C. Code Ann. §35-11-105(9).

You have stated that _____ offers a suite of services allowing customers to engage in transactions involving virtual currency, including the trading of virtual currencies, and does not permit trading in, or allow deposits or withdrawals of, fiat currency. Based on the foregoing, and the entirety of representations made in your June 15, 2018 letter, the Division finds that _____'s activities as they relate to virtual currencies do not require a license under the Act.

This letter is provided pursuant to Section 35-11-815 of the Act and S.C. Code Regs. Section 13-2801. The foregoing position is based solely on the representations and facts presented in your June 15, 2018 letter. Any different facts or circumstances may require a different response. It is also important to note that the characteristics of virtual currencies may evolve over time, and the Division reserves the right to reassess this issue in the future.

Sincerely yours, _____

J. Louis Côté III _____
Assistant Attorney General

June 15, 2018

**CONFIDENTIAL
VIA OVERNIGHT COURIER AND EMAIL**

Mr. Alan Wilson
Attorney General
Office of the Attorney General
Money Services Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, SC 29201

Re: Interpretive Opinion Request Regarding the South Carolina Anti-Money Laundering Act

Dear Attorney General Wilson:

On behalf of [redacted] a [redacted] (" [redacted] "), we are writing to request an opinion from the South Carolina Office of the Attorney General, Money Services Division (the "Division") as to whether certain of [redacted]'s activities would constitute activity for which a license is required under the South Carolina Anti-Money Laundering Act (the "Act").

[redacted] offers a suite of services that allows customers to engage in certain types of transactions involving virtual currency. [redacted] only permits the trading of virtual currencies on its platform, and does not permit trading in, or allow deposits or withdrawals of, fiat currency. Confidential Exhibit 1 sets forth additional information regarding the services offered by [redacted].

While the Act does not explicitly address activity involving virtual currency, the Act defines "*money transmission*" as "...selling or issuing payment instruments, stored value, or receiving money or monetary value for transmission."¹ Further, "*monetary value*" means "a medium of exchange, whether or not redeemable in money."² As the definition of "*monetary value*" under the Act could be interpreted to include various types of virtual currency, it would appear that [redacted]'s activities could fall within the Act's definition of "*money transmission*."

We understand that the Division plans to publish further guidance in the near future regarding the regulation of the transmission of virtual currency.³ By this letter, we respectfully request the Division's confirmation as to whether the services offered by [redacted] fall within the purview of the Act, such that [redacted] should pursue licensure under the Act.⁴ We would welcome the opportunity to meet with the

¹ S.C. CODE ANN. § 35-11-105(12).

² S.C. CODE ANN. § 35-11-105(9).

³ See *Money Services Frequently Asked Questions*, Office of the Attorney General, available at: <http://www.scag.gov/money-services-frequently-asked-questions>.

⁴ Additionally, to the extent that the Division determines that a license is required in order to offer the services described in Confidential Exhibit 1, [redacted] respectfully requests an extension to submit a license application to the Division until a reasonable period of time after [redacted] has received such determination. In the interim and during the licensing review period, [redacted] respectfully requests the ability to continue offering its services to residents of South Carolina.

Mr. Alan Wilson
June 15, 2018
Page 2

Division, in person or by telephone, to discuss this matter further and answer any questions that you may have.

* * *

We respectfully request confidential treatment for the information set forth in this letter and the information contained in Confidential Exhibit 1 pursuant to S.C. Code § 35-11-530(B)(6), which provides that, "when a record is required to be filed . . . as part of an application for license, annual renewal, or otherwise, the record . . . must be public information unless sections of the information are bound separately and are marked [']confidential['] by the applicant, licensee . . . upon filing." This request is being submitted to the Division to ascertain § licensure obligations, if any, under the Act. Accordingly, Confidential Exhibit 1 should be afforded confidential treatment to the same extent as if it were being submitted as part of an application for a license. If, notwithstanding the foregoing, you should decide to make any of this information available to the public, please inform me prior to doing so.

* * *

We sincerely appreciate your time and consideration with respect to this matter. Should you have any questions or require any additional information, please do not hesitate to contact me at

cc: Pamela Kirkland, Office of the Attorney General, Money Services Division