



STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
MONEY SERVICES DIVISION
ORDER NUMBER MSD-19003
VIRTUAL CURRENCY AND AUTOMATED MACHINES

WHEREAS, the South Carolina Attorney General is the Commissioner tasked with enforcing the South Carolina Anti-Money Laundering Act (the “Act”); and

WHEREAS, S.C. Code Ann. § 35-11-815 grants the Commissioner the authority to issue orders to assist licensees in interpreting and complying with the Act; and

WHEREAS, the Money Services Division of the South Carolina Attorney General’s Office (the “Division”) has previously issued guidance in the form of a letter dated December 5, 2018, stating that virtual currencies lack the characteristics of mediums of exchange, and that virtual currencies alone do not qualify as monetary value. The letter further states that virtual currency transactions that also involve the transfer of fiat currency may be subject to money transmission regulation under the Act; and

WHEREAS, the Division continues to receive licensing inquiries regarding the use of virtual currencies or cryptocurrencies and automated machines (“ATMs”); and

WHEREAS, the Commissioner finds that this order is necessary to further assist licensees in interpreting and complying with the Act;

NOW THEREFORE, IT IS HEREBY ORDERED that:

A. The exchange of virtual currency for fiat currency through an ATM that acts as a third party exchanger that facilitates contemporaneous exchanges of virtual currency for fiat currency, such as where the operator of the ATM receives the buyer’s fiat currency in exchange for a promise to make it available to the seller, is money transmission and requires a license under the Act.

B. When an ATM does not act as a third party, and only facilitates a sale or purchase of virtual currency by the ATM operator directly with the customer, there is no money transmission because at no

time is fiat currency received in exchange for a promise to make it available at a later time or different location, and therefore no license is required under the Act.

IT IS SO ORDERED,

9/6/19
Date

Alan Wilson
Alan Wilson, Commissioner