



STATUS REPORT

# DIGITAL CURRENCY INNOVATION LAB (DCIL)

MARCH 2020 - AUGUST 2021



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# Digital Currency Innovation Lab (DCIL)

is a 2-year pilot program formed through a partnership between the Division of Financial Institutions (DFI) and Hawaii Technology Development Corporation (HTDC).

The program was created to determine whether regulation of digital currency companies is appropriate for consumer protection and, if regulation is appropriate, what it should look like. Through the DCIL, transactions-based data is collected from participating companies to provide guidance for possible legislation.

Additionally, the lab functions as a platform to explore the economic development potential of this new class of finance through go-to-market initiatives.

15 companies offering digital currency services have been admitted into the DCIL to serve Hawaii's residents.

The program is scheduled to end on June 30, 2022, and participating companies are given until December 30, 2022, to wind down operations.



DFI ensures the safety and soundness of state-chartered and state-licensed financial institutions, as well as the regulatory compliance by state-licensed

financial institutions, money transmitters, escrow depositories, mortgage servicers, mortgage loan originators and mortgage loan originator companies, by fairly administering applicable statutes and rules, in order to protect the rights and funds of depositors, borrowers, consumers and other members of the public.



is a state agency attached to the State Department of Business, Economic Development and Tourism (DBEDT), responsible for diversifying Hawaii's

economy through tech enablement. The agency provides capital, building infrastructure and go-to-market resources dedicated to economic growth, talent development and innovation.

# Context

In 2017, the Division of Financial Institutions (DFI) within the Department of Commerce & Consumer Affairs (DCCA) provided guidance to clarify that companies engaging in digital currency activities would be subject to Hawaii's money transmitter law. Some requirements of Hawaii's money transmitter law proved to be problematic for digital currency companies. In particular, digital currency companies could not meet the permissible investments, bonding and trust account requirements of the law. Consequently, digital currency related businesses exited and avoided the Hawaii market, an outcome that is currently being addressed through the Digital Currency Innovation Lab (DCIL).

In 2017 and 2018, the DFI introduced two pieces of legislation to address the concerns raised by digital currency companies. One proposal allowed digital currency to be accepted to meet the permissible investments requirement, allowed for a different method of bonding, and removed the trust account requirement. The other proposal exempted digital currency companies from the money transmitter law. In 2019, the Uniform State Laws Commission also proposed to regulate digital currency companies. None of these proposals were passed by the legislature in Hawaii.

In 2019, Commissioner Iris Ikeda approached the Department of Business and Economic Development and Tourism (DBEDT) to propose a partnership to study digital currency companies. Len Higashi, Acting Executive Director of the Hawaii Technology Development Corporation (HTDC) welcomed the partnership, resulting in the establishment of the DCIL. To enable digital currency transactions to take place while ensuring consumer protection, Commissioner Iris Ikeda issued a "no action" statement to allow participating companies in the DCIL to engage in activities that would be considered money transmission without a license. In return, these companies abide by the reporting guidelines to share transaction data.



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# Executive Summary

The establishment of the DCIL coincided with the beginning of the COVID-19 pandemic in March 2020, inevitably dampening the development of the program. Interest among digital currency companies in the opportunity to conduct business in Hawaii, however, was strong. Acceptance into the DCIL stood at approximately 50%, with a total of 16 digital currency companies admitted from 33 applications across two application rounds. Participating companies vary in size, ranging from startups to large enterprises; and type, encompassing exchanges, brokerages, kiosks, payment platforms, as well as integration services.

In addition to providing data, participating companies were actively solicited to share their experiences related to obtaining licensure to operate in other states. They were also tapped on their expertise to provide education to Hawaii's residents, businesses and non-profits. A total of 9 webinars covering a variety of digital currency topics have been held in 2021, with more scheduled in the coming months.

The DCIL also facilitated a pilot project on the practical use application of digital currencies, in the context of non-profit fundraising. A case study highlighting Hawaii Theater and its foray into digital currency acceptance as part of its fundraising strategy is available in this report.



## key takeaways

- Legislation on digital currencies lacks consistency and uniformity on both federal and state levels
- Digital currency companies encourage regulation on specific types of digital currency services to ensure consumer protection
- Services offered by digital currency companies closely resemble services offered by traditional financial institutions
- Hawaii's residents need a neutral source of educational resources to learn about digital currencies
- Digital currencies bring about economic diversification opportunities for non-profits

# Program Milestones

## Developments within the DCIL

**MARCH 17, 2020**

1st Call for Participation

The DCIL announced its [call for applications](#) from digital currency companies on March 17, 2020. Only US-based companies are allowed in the program. In this round, early-stage companies or startups were given due consideration since there was enough runway for these companies to establish its operations and introduce its services to residents in Hawaii before the program ends.

19 companies applied for admittance with 12 being accepted into the program to form Cohort 1.

**AUGUST 19, 2020**

Cohort 1 Announcement

The [official start](#) of the first cohort began on August 19, 2020, when the DCIL hosted a virtual kick-off meeting to welcome the participating companies into the program. These companies are Apex Crypto, bitFlyer USA, BlockFi Trading, CEX.IO, Cloud Nalu, Coinme, ErisX, Flexa Network, Gemini Trust Company, Novi Financial, River Financial and Robinhood Crypto

**JANUARY 25, 2021**

2nd Call for Participation

A [second call](#) for participation was announced on January 25, 2021, with this round geared towards established digital currency companies. Since the length of participation is shorter, companies are expected to start operations in Hawaii upon admittance into the program. 14 companies applied to be considered, with 4 being accepted into the DCIL to form Cohort 2.

**JUNE 18, 2021**

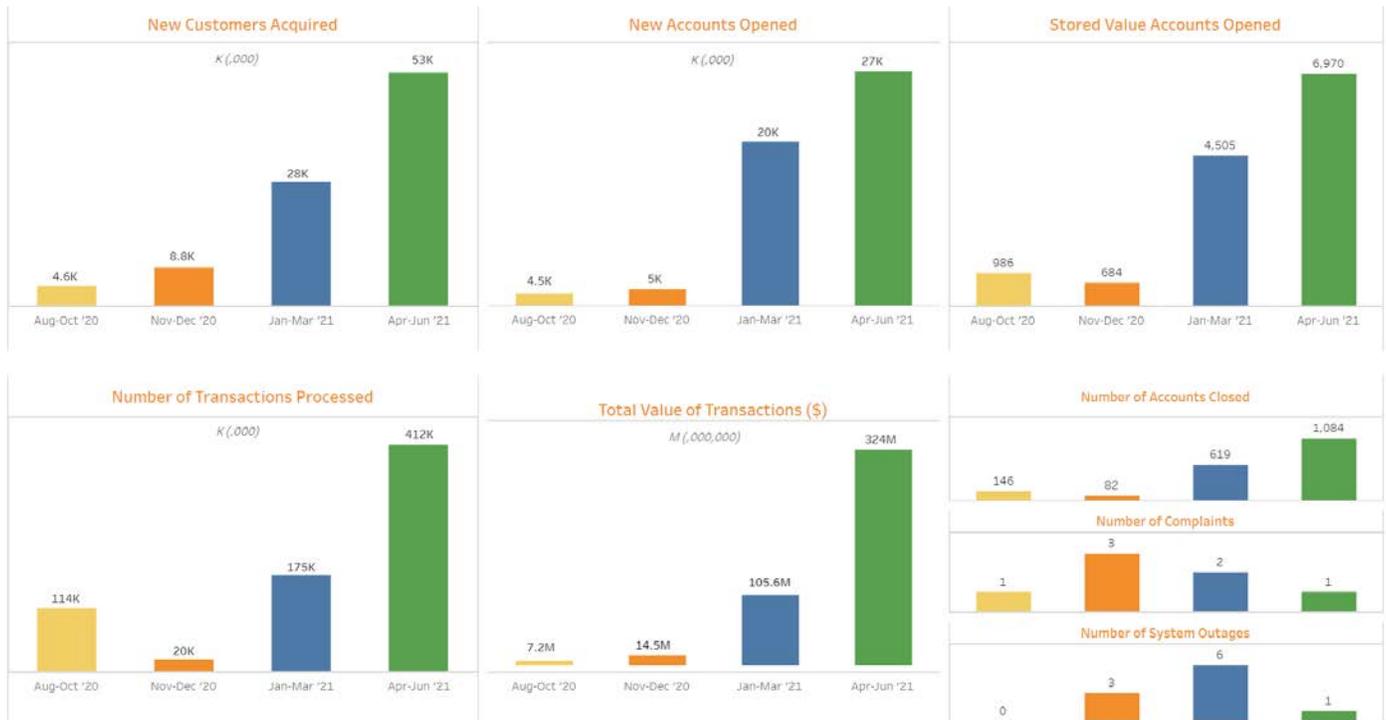
Cohort 2 Announcement

The 4 companies were [officially admitted](#) into the DCIL on June 18, 2021 – joining 11 companies\* from Cohort 1. These companies are BitStop, Provenance Technologies, SoFi and Uphold.

*\*As of January 13, 2021 – Robinhood is no longer a participant of the Digital Currency Innovation Lab.*

# Economic Activity

Data submitted have not been validated.



## Aug - Oct, 2020

Data was submitted by nine of the eleven participants; two participants were not in operation during the reporting period. Transactions involved AAVE, AMP, BAL, BAT, BCH, BTC, COMP, CRV, DAI, ETC, ETH, FIL, GUSD, KNC, LINK, LTC, MANA, MKR, OXT, PAX, PAXG, REN, SNX, STORJ, UMA, UNI, USDC, XRP, YFI, ZEC, ZRX.

## Nov - Dec, 2020

Data was submitted by eight of the eleven participants; three participants were not in operation during the reporting period. Transactions involved AAVE, AMP, BAL, BAT, BCH, BTC, BTG, COMP, CRV, DAI, DASH, DRK, ETH, FHA, FHM, FIL, GHS, GUSD, IXC, KNC, LINK, LTC, MANA, MKR, NMC, OXT, PAX, PAXG, REN, SNX, STORJ, UMA, UNI, USDC, XLM, XRP, YFI, ZEC, ZRX.

## Jan - Mar, 2021

Data was submitted by nine of the eleven participants; two participants were not in operation during the reporting period. Transactions involved 1INCH, AAVE, AMP, BAL, BAT, BCH, BNT, BTC, BUSD, COMP, CRV, DAI, DOGE, ENJ, ETC, ETH, FIL, GRT, GUSD, KNC, LINK, LRC, LTC, MANA, MKR, OXT, PAX, PAXG, REN, SAND, SKL, SNX, STORJ, UMA, UNI, USDC, XLM, XRP, YFI, ZEC, ZRX.

## Apr - Jun, 2021

Data was submitted by twelve of the fifteen participants; three participants were not in operation during the reporting period. Transactions involved 1INCH, AAVE, ADA, ALCX, AMP, ANKR, BAL, BAT, BCH, BNT, BOND, BTC, BTT, BUSD, COMP, CRV, CUBE, DAI, DASH, DOGE, ENJ, ETC, ETH, FIL, FTM, GRT, GUSD, INJ, KNC, LINK, LPT, LRC, LTC, MANA, MATIC, MIR, MKR, OXT, PAX, PAXG, REN, SAND, SKL, SNX, STORJ, SUSHI, UMA, UNI, USDC, XLM, XRP, XTZ, YFI, ZEC, ZIL, ZRX.

# Engagement

The DCIL is heavily focused on engagement with multiple stakeholders of the program, including:

- Participating Companies
- Legislators
- Community



# Engagement

## Participating Companies

### Roundtable

JUNE 22, 2021

VIA ZOOM

Hosted by Commissioner Iris Ikeda, the purpose of the roundtable was to solicit input with regards to regulating digital currency services and activities. A large focus centered on the need for distinction between types of activities engaged in by the digital currency companies, which would guide legislation, requirements, level of consumer protection etc.

The general sentiment from most participants is that there is still confusion across the states between digital currencies and money transmission. Most states apply traditional financial services supervisory requirements to digital currency services while some states take no action at all. Most of the companies concur that, in its entirety, digital currencies should not be considered money transmission. However, the various types of activity should be carefully reviewed to determine if the activity should be considered money transmission.

Other thoughts shared by the participants pertaining to regulation around the digital currency industry include:

- AML/KYC requirements would vary across different types of digital currency businesses. For instance, withdrawals via a bitcoin kiosk compared to transactions over the Internet

- State laws should also consider B2B type services within the digital currency industry; current regulation focus is very much B2C
- Custodial services – companies relying on external custodial services vs. self-custodial should be subject to different requirements
- Cost of attaining a license should match the financial opportunity of doing business in the state. More specifically, fees should be determined on the actual activity levels (transaction volumes) executed by the company, not market opportunity

Overall, participants agreed that regulation is good for the industry. Innovation must come hand-in-hand with safeguarding consumer's assets. Most companies voiced appreciation for Hawaii's proactive approach to figuring out the complexities of regulating digital currencies while balancing the need for consumer protection.

22 participants from 12 companies and 2 law firms servicing these companies were in attendance.



# Engagement Legislators

Raised as an emerging issue in DFI's annual report since 2014, with legislation required

## Proposed Legislative Bills

2017

**HB1481** | Establishes a working group to study the uses of and determine best practices regarding blockchain technology

2018

DFI provided a legislative informational briefing of the digital currency regulatory landscape

**HB2257 / SB3082** | Allows digital currency companies to operate as money transmitters

**HB2345 / SB2772** | Addresses laws related to digital currency companies

**SB2225** | Allows digital currency companies to act as money transmitters

**SB2853** | Clarifies the requirements of permissible investments

2019

**SB1364** | Allows digital currency companies to engage as money transmitters

THE DCIL HAS RECEIVED INTEREST FROM  
STATE AND FEDERAL LEGISLATORS

*All sessions conducted over Zoom*

STATE

**MARCH 29, 2021**

Representative Patrick Branco

**JUNE 28, 2021**

Representative Sam Kong & constituents

FEDERAL

**JULY 14, 2021**

Stephen Voljavec, legislative aid for  
Senator Marsha Blackburn (Tennessee)

**AUGUST 3, 2021**

Ishan Mehta, legislative aid for  
Senator Brian Schatz (Hawaii)

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# Engagement

## Community



**RYAN OZAWA**  
COMMUNITY ENGAGEMENT  
CONSULTANT

The DCIL believes that strong community engagement is critical in laying the foundation of digital currency development in the state. To bolster our efforts in this endeavor, we hired Ryan Ozawa as our Community Engagement consultant.

Ryan Ozawa is the Communications Director for Hawaii Information Service, a local real estate technology company, where he has worked since 2006. Outside the office, Ryan covers science, technology, startups, entrepreneurship, and the arts for a variety of media outlets, including KITV, Hawaii News Now, Hawaii Public Radio, Civil Beat, and the Honolulu Star-Advertiser.

As the Community Engagement consultant, Ryan will be leading the community roundtables while assisting with educational webinars for the DCIL.

Our approach to community engagement is three-fold:

01

CONSUMER EDUCATION

02

FEEDBACK GATHERING

03

PILOT PROJECTS



# Engagement Community

## 01

### Consumer Education

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With soaring Bitcoin prices and tech companies such as Tesla promoting digital currency for mainstream usage, public interest in this new medium of exchange has never been greater. However, consumer awareness and knowledge in digital currencies is nascent. One of the key aspects of the DCIL's community engagement efforts is educating the public about digital currencies, its use applications, and potential implications from adoption.

To date, the DCIL has hosted 9 webinars covering a range of topics. Guest speakers included representatives from participating companies as well as local experts. For details, refer to the "Event Recap" section.

## 02

### Feedback Gathering

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Another area of focus for community engagement is to gather perspectives from a wide variety of consumer segments and entities that could be impacted by digital currencies. This includes investors, businesses, non-profits, creatives, and others. The DCIL will be hosting roundtables targeting these segments to elicit feedback and ideas for the future of digital currency development use in Hawaii.



# Engagement

## Community

### 03 Pilot Projects

The purpose of pilot projects is to explore practical use applications of digital currencies beyond investing and identify lessons that can be shared broadly with other stakeholders in the community. There are 2 areas of focus for the DCIL: firstly, digital currency as a mode of payment for products and services; and secondly, as an alternative means for non-profit fundraising

#### *Payments in Digital Currencies*

The use of digital currencies, particularly bitcoin, for payments has been growing since its inception but 2021 has seen an exponential growth in activity within this space. Despite the skepticism, major companies including Microsoft, Expedia, and Whole Foods have started accepting this alternative to fiat currency for its products and services. Refer to the [list of companies](#) currently accepting digital currencies as payment for goods and services.

In February 2021, Mastercard announced that it would be supporting a selected number of cryptocurrencies on its network. The move came about after the card network found that its debit card users were purchasing digital currency (crypto) assets and using crypto-based cards. DCIL participant, **Gemini**, will be issuing its own credit card on the Mastercard network in late summer of 2021. On the other hand, **BlockFi**, also a DCIL participant, partnered with Visa to roll out its credit card offering. The Visa network announced its foray into digital currency support in late March, sharing that the network will accept the USD Coin, a stablecoin.



A stablecoin is a cryptocurrency pegged to a fiat currency or a basket of fiat currencies to reduce volatility in the value of the cryptocurrency, in turn making it a viable option as a means of payment. The USD Coin is tied to the US dollar, with a \$1 to \$1 match.



# 03 Pilot Projects

# Engagement Community

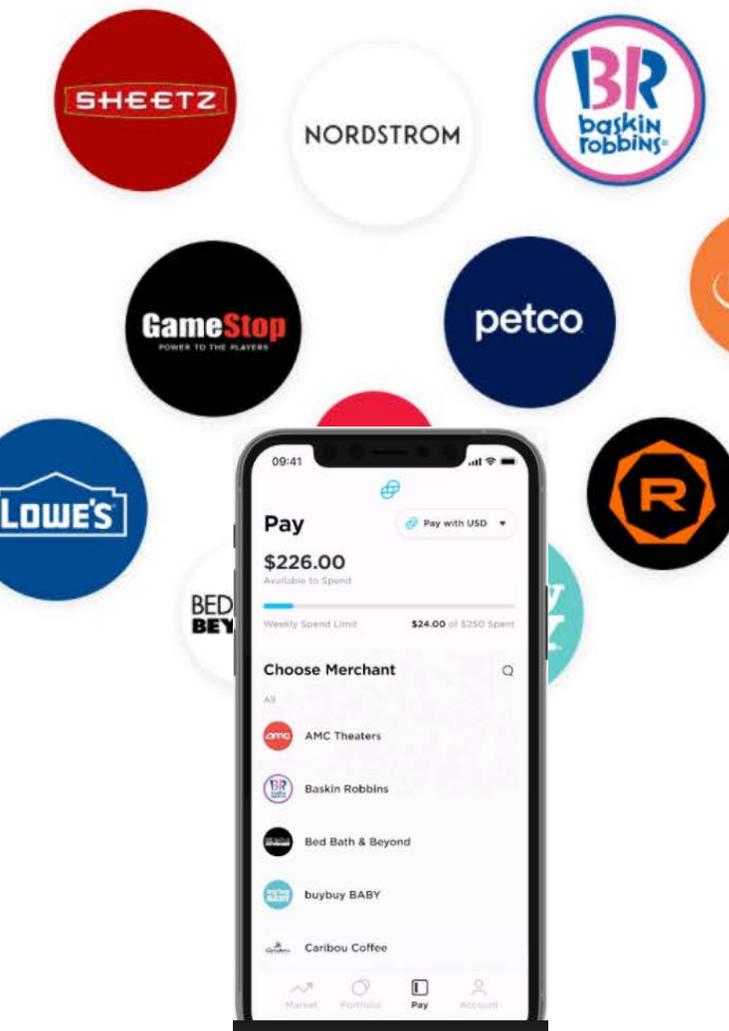
DCIL participant, Novi Financial (a Facebook subsidiary) is spearheading the Diem project and will be releasing its own USD-backed stablecoin. The early vision of the Diem project was to enable global payments within the Facebook ecosystem. Due to tightening regulations worldwide however, the project has been scaled back, with a focus solely on the US market.



Another challenge to digital currencies being adopted as a method payment is the fact that it is classified as property by the [Internal Revenue Service](#). This means any purchase using digital currencies is a reportable and possibly a taxable event, which could also be a hindrance to adoption.

Digital currencies have been perceived as a more efficient medium to facilitate cross-border transactions, most notably in a recent move by Paypal. The payments company now enables US customers to pay merchants around the world in a variety of digital currencies, which are converted into local currency during the transaction. This provides flexibility for consumers and reduces the risk for merchants.

Within the DCIL, participating company **Flexa**, provides a network to enable pure, fraud-proof digital payments through integrations with POS systems and other online platforms, including Citcon, Aurus, Clover and InComm Alt Payments. Flexa's platform can be used by consumers to make payments in digital currencies in selected national retail stores here in Hawaii, including Baskin Robbins, The Coffee Bean & Tea Leaf, Bed Bath & Beyond and Office Depot.



# 03

## Pilot Projects

# Engagement Community

### *Fundraising with Digital Currencies*

The world of philanthropy is intersecting with digital currencies, driven by non-profits exploring innovative ways of engagement with younger, tech-savvy potential donors. By doing so, they increase the size and longevity of their donor base. Additionally, there is a benefit to donating appreciated digital currencies directly to a nonprofit. Since digital currencies are classified as property for tax purposes, capital gains taxes are incurred if an investor sells appreciated digital currencies; donating them, however, may enable the donor to forgo the capital gains tax and deduct the fair market value from tax returns\*.

With the pandemic, Hawaii's non-profits are experiencing extreme financial difficulties with the loss of revenue, lack of funding and decrease in donations. This is layered on an already limited market opportunity for fundraising, especially for local non-profits (without a parent on the mainland). It is critical however, with the philanthropic sector making up 8% of the state's workforce, to ensure the survival of our non-profits. Therefore, through the DCIL, non-profits are encouraged to consider digital currencies as part of their fundraising strategy within the duration of the program.



Following a webinar hosted by the DCIL featuring The Giving Block, a digital currency fundraising platform for non-profits, the Hawaii Theatre signed up for an annual membership with the platform and kickstarted its fundraising in late June 2021.

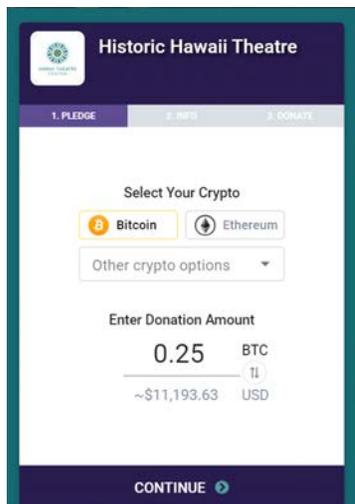
## Case Study >

*\*Disclaimer: This does not constitute tax advice. Nonprofits and donors should consult with tax professionals.*

# Hawaii Theatre

*"there is a bit of a pride in seeing new dollars coming back into the state and providing a conduit for people to donate money to us locally."*

*- Gregory Dunn, CEO & President*



The screenshot shows a web interface for 'Historic Hawaii Theatre' with a dark purple header. Below the header are three tabs: '1. PLEDGE', '2. INFO', and '3. DONATE'. The 'DONATE' tab is active. Underneath, there's a 'Select Your Crypto' section with two radio buttons: 'Bitcoin' (selected) and 'Ethereum'. Below that is a dropdown menu for 'Other crypto options'. The 'Enter Donation Amount' section shows '0.25 BTC' with a small Bitcoin icon, and below it, '~\$11,193.63 USD' with a small dollar sign icon. At the bottom of the form is a 'CONTINUE' button with a right-pointing arrow.

Gregory Dunn, President and CEO of the Hawaii Theatre explains that while tech-savvy non-profits may be able to set up their own independent system of collecting digital currencies; the plug-and-play nature of The Giving Block made receiving digital currency donations an easy process for the organization.

"Cryptocurrency is considered property by the IRS, very much like receiving a donation of stocks or bonds or if someone is going to donate a painting for us to sell, it falls under the same gift receipt guidelines that we already have."

As soon as a donation is received, it is liquidated to US dollars and placed in the bank account.

The first phase of its fundraising campaign centered around the live premiere of the Spongebob Squarepants musical in the historic venue on July 27, 2021. The goal was to raise USD\$10,000 in digital currencies via donations through The Giving Block. While the campaign fell short of its target, 100% of donations came from out of state.

Over a span of 2 months, there were 10 donations that came through The Giving Block with each donation between \$100-\$500. Most of these donations culminated through social media and email campaigns driven by the Hawaii Theatre. Despite the slow up-take, Dunn is optimistic that this a phenomenon that will take a turn:

"...it would take several years before Hawaii's population catches up with the mainland and we would see local donors. But this would give us the opportunity to engage in a different way with the international and mainland folks that we have attracted through our livestreaming activities over the last year and a half. And since many of them are in the Bay Area and Las Vegas, we have several international core groups that watch our programming so we felt this would be a smart bet for us to set up."

The Hawaii Theatre has embarked on the next phase of its fundraising campaign, with an appeal to the broader community for donations. To learn more, visit [here](#).

# Event Recap

## Webinars

The webinars featured participating companies sharing their opinions on various subjects of digital currency and its uses. To re-watch any of the webinars, please visit our [webpage](#):



### Bitcoin 101 (May 5th, 125 Registrants)

The DCIL hosted Alex Leishman, Co-Founder and CEO of River Financial (a participating company in the DCIL) who did an introduction to bitcoin through sharing its origin story, as well as the economics behind the world's most popular digital currency to explain why bitcoin is so valuable today.

Alex brings his deep expertise in software engineering, information security, and bitcoin to River where he oversees investor relations, corporate strategy, and engineering. Prior to co-founding River Financial, Alexander most recently served on the investment and engineering teams at Polychain Capital and Polychain Labs focusing on bitcoin-related venture investments. He first got deeply involved in the Bitcoin industry as an early engineer at MaicoIn, Taiwan's largest digital asset exchange.



### Crypto for Non-Profits (May 26th, 40 Registrants)

The DCIL hosted Alex Wilson, co-founder of The Giving Block who gave an overview of the landscape for non-profit fundraising using digital currencies. He also shared how the non-profits could utilize the platform. Non-profits that have a strong focus on sustainability expressed concern about the potential environmental damage brought forth by digital currencies and therefore, not keen on leveraging it for fundraising.

Alex's background is in management consulting where he worked with Fortune 500 companies to develop strategies around emerging technologies like artificial intelligence, Internet of Things, blockchain and digital currencies. As he went down the digital currency rabbit hole, he began investing in and advising early-stage digital currency startups. Now, he has turned his attention to the nonprofit world where he equips non-profits to accept bitcoin and other digital currency donations.

# Event Recap

## Webinars

The webinars featured participating companies sharing their opinions on various subjects of digital currency and its uses. To re-watch any of the webinars, please visit our [webpage](#):



### Cryptocurrency Wallets (July 15th, 65 Registrants)

The DCIL hosted Liam Grist, President of Maui-based Cloud Nalu (a participating company in the DCIL) who taught the audience about the different types of digital currency wallets and the pros and cons of each. The speaker also gave a live demonstration on how to set up a wallet and the best practices to managing it.

Through Cloud Nalu, a design & development group, Liam builds a suite of bitcoin & blockchain applications for Hawaii-based residents, businesses, and institutions. He is focused on providing quality education, resources, and financial services to people interested in joining the growing bitcoin network.



### Intro to Crypto (July 21st, 60 Registrants)

The DCIL hosted the Gemini team (Jamie Chapman, Lead Product Manager and Jake Schlessinger, Lead Application Support Engineer in Business Operations) to lead this webinar. The pair shared about bitcoin and other digital currencies, the current and future state of the digital currency ecosystem and how to buy, sell, store and use digital currencies worldwide; a short section about non-fungible tokens (NFTs) and their use cases was also covered.



### Intro to Crypto (July 21st, 39 Registrants)

The DCIL hosted Liam Grist, President of Maui-based Cloud Nalu (a participating company in the DCIL) shared how to make an informed choice before becoming a digital currency investor. The focus was on the decision-making process an investor should undertake, such as best practices for research, investment amounts, selecting an exchange or brokerage etc.

# Event Recap

## Webinars

The webinars featured participating companies sharing their opinions on various subjects of digital currency and its uses. To re-watch any of the webinars, please visit our [webpage](#):



### Bitcoin, Energy and Hawaii (July 28th, 67 Registrants)

The DCIL hosted Nathaniel Harmon, founder of Blockchain Solutions Hawaii who presented why bitcoin and cryptocurrency mining is resource intensive, while addressing why the environmental impact may not be worth the benefits of digital currencies. He also shared how those impacts can be mitigated, and how Hawaii is uniquely positioned to be part of the solution.

Nathaniel has been involved with bitcoin since 2013, and founded Blockchain Solutions Hawaii (BSH) in 2018, with the goal of creating "Hawaii's Blockchain Helpdesk", combining his passion for digital currencies with his M.S. degree in Marine Geology and Geochemistry from the University of Hawaii at Manoa. Through BSH, Nathaniel provides consulting and educational services to businesses, individuals, and legislators alike. He has pioneered a Zero-Knowledge on-boarding security service and developed commercial grade software ecosystems for second-layer Bitcoin solutions using sidechains and the Lightning Network.

Nathaniel believes that Hawaii's geographical location makes it the ideal location for Bitcoin-based industry to reduce Hawaii's reliance on tourism and finance its transition to 100 percent renewables. In 2020 Nathaniel and his wife, Kristen Harmon, founded the Hawaiian Islands Conservation Collective in an effort to harness locally educated scientists to restore native ecosystems.

# Event Recap

## Webinars

The webinars featured participating companies sharing their opinions on various subjects of digital currency and its uses. To re-watch any of the webinars, please visit our [webpage](#):



### Bitcoin & 9,000 Cryptocurrencies (August 12th, 77 Registrants)

The DCIL hosted Liam Grist, President of Maui-based Cloud Nalu (a participating company in the DCIL) who did a deep-dive into the major cryptocurrencies including bitcoin, ethereum, link, dogecoin and dot. He also shared about the bitcoin network and why bitcoin is still the cryptocurrency most worth investing in.



### Using Bitcoin for Business (August 19th, 20 Registrants)

The DCIL hosted Liam Grist, President of Maui-based Cloud Nalu (a participating company in the DCIL) who shared how businesses could accept bitcoin for products and services as well as the tax and accounting implications for doing so. The speaker also provided a primer on the bitcoin Lightning Network.



### The Bitcoin Lightning Network (August 26th, 20 Registrants)

The DCIL hosted Liam Grist, President of Maui-based Cloud Nalu (a participating company in the DCIL) who did a deep-dive into how the bitcoin "mainnet" (main network) works. The speaker also shared more about the bitcoin Lightning Network and how you can get started with a bitcoin lightning node.

# Glossary



## AML (Anti-Money Laundering)

"AML rules" are regulatory practices undertaken by financial institutions in compliance with the Bank Secrecy Act. This includes detecting and reporting suspicious activity such as securities fraud and market manipulation, and in doing so, deter criminals from disguising illegally obtained funds as legitimate income.

## Blockchain

A shared, immutable ledger for recording transactions, tracking assets and building trust

## Digital Currency

Digital currency is a form of currency that is available only in digital or electronic form. It possesses the same utility as physical currency since it can be used to purchase goods and services; however, broadly, it can represent a transfer of value, for instance, in the case of a gaming network token or digital art piece. Cryptocurrencies, virtual currencies and central bank digital currencies can all be regarded as digital currencies.

## Fiat Currency

This form of currency is issued and backed by a country's government, and often regarded as legal tender. An example of a fiat currency is the US dollar.

## KYC (Know Your Customer)

Refers to a set of standards within the broader scope of AML rules that are used within by financial institutions to verify customers, build their financial profiles and determine their risk profiles.

## Non-Fungible Token (NFT)

Leverages the power of blockchain technology to create a unique identifier that can cryptographically assign and prove ownership of digital and physical goods including art, music and even real estate. "Non-Fungible" means "one-of-a-kind" and therefore, irreplaceable. Therefore, each NFT may only represent one asset and possess a unique value (unlike a bitcoin, where the value of one is the same as the other). NFTs can be sold or traded, with each transaction captured in the digital ledger (blockchain).

## Point of Sales (POS)

A technology platform that facilitates a transaction between the seller and buyer, and where information about the exchange is being logged. An example of a POS system is the cash register where a customer pays for items at a grocery store.

# Companies Accepting Digital Currency Payments

*As of September 7, 2021*

This a list of companies that are currently accepting or planning to accept digital currency as payment for goods and services in the U.S.:

## AT&T

2019 | First telco in the U.S. that allows customers to pay bills through BitPay, an online digital currency payment processor.

## AMC Entertainment

Upcoming | The national theater chain shared during an earnings call in August 2021 that its IT systems will be poised to accept bitcoin by the end of the year.

## Baskin Robbins

2019 | Accepts payment in digital currencies through the SPEDN wallet within the Flexa network.

## Bed, Bath & Beyond

2019 | Accepts payment in digital currencies through the SPEDN wallet within the Flexa network.

## Dallas Mavericks

2019 | Accepts bitcoin through BitPay as payment for tickets and merchandise. In March 2021, started accepting Dogecoin as another digital currency option for payment.

## Home Depot

2019 | Accepts payment in bitcoin through the Flexa network.

## Microsoft

2014 | Early adopter of bitcoin but has since limited its use due to volatility. Still allows customers to use bitcoin to fund their Microsoft account but will not accept the digital currency as payment for games, movies, or apps.

## NewEgg

2014 | Started accepting bitcoin for purchase of products including electronics and computers.

## Overstock

2014 | First major retailer to accept bitcoin as payment on its platform.

## Paypal

2021 | U.S. based customers (except Hawaii) can buy, sell, hold, and pay at checkout with 4 different cryptocurrencies: Bitcoin, Ethereum, Litecoin, and Bitcoin Cash

# Companies Accepting Digital Currency Payments

*As of September 7, 2021*

This is a list of companies that are currently accepting or planning to accept digital currency as payment for goods and services:

## Shopify

2020 | The e-commerce platform enables its merchants to accept payments in 300+ digital currencies including Bitcoin, Ethereum, and Litecoin

## Sotheby's

2021 | Accepted bitcoin and ethereum as payment for large value auction items including a Banksy art piece (USD3M-5M) in May or 101-carat diamond in July auction (USD10M-15M)

## The Coffee Bean & Tea Leaf

2020 | Accepts payment in digital currencies through the Gemini Pay app supported on the Flexa network

## Whole Foods

2019 | Accepts payment in digital currencies through the SPEDN wallet within the Flexa network.

## Wikipedia

2019 | Accepts donations in Bitcoin, Bitcoin Cash and Ether through BitPay

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