

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
www.dfr.vermont.gov

For consumer assistance
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547

November 17, 2014

Via certified mail

Mr. Emilio Pagan-Yourno, Executive
PYC
341 Raven Circle
Wyoming, DE 19934

Via certified mail

Mr. Daniel Riley, President
Blu-Bin
70 South Winooski Ave. #311
Burlington, VT 05401

Re: Bitcoin Kiosk in Vermont

Dear Messrs. Pagan-Yourno and Riley:

The Department recently learned that you opened a bitcoin kiosk in Vermont.

The operation of a bitcoin kiosk requires a license under the Vermont Money Services Act, 8 VSA Chapter 79. If we understand your business model correctly, PYC needs a money transmission license and Blu-Bin needs to be appointed as an authorized delegate of PYC.

Please contact the Department by December 2, 2014 to set up a time to discuss your business and Vermont's licensing requirement. You may contact Sue Clark, Director of Regulatory and Consumer Affairs, at 802-828-3307 to set up a time for a conference call.

We look forward to hearing from you.

Sincerely,



Thomas J. Candon
Deputy Commissioner of Banking

Cc: Sue S. Clark, Director



SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Mr. Emilio - Young, Executive

PVC

341 Raven Circle
Wyoming, DE 19934

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
[Signature] Addressee

B. Received by (Printed Name) C. Date of Delivery
JEFF COLE

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
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4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label)

7013 0600 0001 3417 3240

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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December 4, 2014

Mr. Emilio Pagan-Yourno, Executive
PYC
341 Raven Circle
Wyoming, DE 19934

Mr. Daniel Riley, President
Blu-Bin
70 South Winooski Ave. #311
Burlington, VT 05401

Re: Bitcoin ATM in Vermont

Dear Messrs. Pagan-Yourno and Riley:

We previously sent you a letter requesting that you contact the Department by December 2, 2014 to discuss the operation of your bitcoin ATM in Vermont. We have not heard from you.

Operation of a bitcoin ATM requires a money transmitter license under Vermont law, 8 VSA Chapter 79. Operation of a bitcoin ATM without a license could result in monetary penalties of \$1,000.00 per day, plus the Department's costs and expenses for investigation and prosecution, including attorney's fees. 8 VSA §2548.

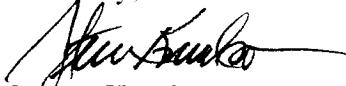
Also, knowingly engaging in a money services business without a license carries potential criminal penalties of a \$10,000.00 fine plus up to 3 years in prison. 8 VSA §2549.

We would prefer to meet with both of you to discuss your business model and the necessary license requirements in Vermont. Please contact Sue Clark, Director of Regulatory and Consumer Affairs, **before December 18, 2014** to set up a time for a meeting or a conference call. You can contact Ms. Clark at **802-828-3307**.

If we do not hear from you by December 18, 2014, we may file formal administrative charges that could result in a cease and desist order along with monetary penalties.

We look forward to meeting with you.

Sincerely,



Steven Knudson
Assistant General Counsel



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January 12, 2015

Via certified mail

Mr. Emilio Pagan-Yourno, Executive
PYC
341 Raven Circle
Wyoming, DE 19934

Via certified mail

Mr. Daniel Riley, President
BLU-BIN
70 South Winooski Ave. #311
Burlington, VT 05401

Re: Administrative Charges - Bitcoin Kiosk in Vermont

Dear Messrs. Pagan-Yourno and Riley:

We previously sent you letters on November 17, 2014 and December 4, 2014 requesting that you contact the Department to discuss the operation of your Vermont bitcoin ATM and Vermont's licensing requirements. You have not done so.

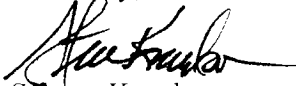
Operation of a bitcoin ATM in Vermont requires a money transmitter license under 8 VSA Chapter 79. Neither PYC nor BLU-BIN holds a Vermont money transmitter license. Consequently, you are currently operating in violation of Vermont law.

Among other penalties, operation of a bitcoin ATM in Vermont without a license could result in a monetary penalty of \$1,000.00 per day. Given your October 25 start date, you are already facing an administrative penalty over \$75,000.00.

Additionally, knowingly engaging in a money services business without a license carries potential criminal penalties of a \$10,000.00 fine plus up to 3 years in prison. 8 VSA §2549.

Administrative Charges are enclosed. If you do not answer the Administrative Charges within 30 days, a default judgment may be entered against you.

Sincerely,



Steven Knudson
Assistant General Counsel



**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

In Re:	PYC, Inc.)	Docket No. 15-004-B
	BLU-BIN, Inc.)	
)	
)	

ADMINISTRATIVE CHARGES

This is an action to stop PYC, Inc. and BLU-BIN, Inc. from engaging in money service activities without a license.

Respondents

1. PYC, Inc. is a Delaware corporation. Emilio Pagan-Yourno and Julio Enrique Cabrera are the principals of PYC.
2. BLU-BIN, Inc. is a Delaware corporation. Daniel Riley is the principal of BLU-BIN.

Jurisdiction and Authority

3. The Commissioner of the Department is charged with administering and enforcing 8 V.S.A. Chapter 79, which governs the conduct of money servicers in the State of Vermont. 8 V.S.A. §§11, 12.

Facts

4. PYC owns a bitcoin ATM located and operated at BLU-BIN's location in Burlington, Vermont. The bitcoin ATM was installed at BLU-BIN on or about October 25, 2014.
5. The bitcoin ATM sells bitcoin to consumers.

6. Bitcoin is a so-called digital currency or crypto-currency.

7. Bitcoin falls within the definition of “stored value” under the Vermont money services statute, 8 V.S.A. §2500 (20).

8. “Money transmission” includes the “selling or issuing of stored value.” 8 V.S.A. §2500 (11).

9. No person may engage in the business of money transmission without first obtaining a license under 8 V.S.A. Chapter 79 or being an authorized delegate of a person licensed under Chapter 79. 8 V.S.A. §2502 (a).

10. Neither PYC nor BLU-BIN is licensed as a money transmitter in this state.

11. Neither PYC nor BLU-BIN is an authorized delegate of a money transmitter licensed in this state.

12. The Department sent letters to both PYC and BLU-BIN on November 17, 2014 and again on December 4, 2014 informing them that their actions require a money services license. The letters requested that PYC and BLU-BIN contact the Department and set up a time to discuss their business model and the state’s licensing requirements. PYC and BLU-BIN have not done so.

13. In addition to other remedies, the Commissioner may impose an administrative penalty of \$1,000.00 per day for each day the violation continues, plus the state’s costs and expenses for the investigation and prosecution of the matter, including attorney’s fees. 8 V.S.A. §2548.

Alleged Violations of Law

Count 1

PYC Engaged in a Money Services Business without a License

14. PYC's operation of a bitcoin ATM in Vermont without a money transmitter license is a violation of 8 V.S.A. §2502 (a) and constitutes grounds for the Commissioner to issue an order to cease operating the bitcoin ATM in this state, to cease violating the Money Services Statute, 8 V.S.A. Chapter 79, to impose monetary penalties, and to or take any other action or remedy the Commissioner deems necessary or appropriate.

Count 2

BLU-BIN Engaged in a Money Services Business without a License

15. BLU-BIN's operation of a bitcoin ATM in Vermont without being a licensed money transmitter or an authorized delegate of a licensed money transmitter is a violation of 8 V.S.A. §2502 (a) and constitutes grounds for the Commissioner to issue an order to cease operating the bitcoin ATM in this state, to cease violating the Money Services Statute, 8 V.S.A. Chapter 79, to impose monetary penalties, and to or take any other action or remedy the Commissioner deems necessary or appropriate.

RELIEF REQUESTED

16. The Department requests that the Commissioner:
- a. Find as fact the allegations stated above;
 - b. Order PYC and BLU-BIN to cease operating a bitcoin ATM in this state;
 - c. Order PYC and BLU-BIN to cease violating the Vermont Money Services Statute, 8 V.S.A. Chapter 79;

- d. Impose an administrative penalty in the amount of \$1,000.00 per day for each day PYC and/or BLU-BIN operated the bitcoin ATM in this state, or otherwise violated the Vermont Money Services Statute, 8 V.S.A. Chapter 79;
- e. Order that PYC and BLU-BIN pay the states costs and expenses for the investigation and prosecution of this matter, including attorney's fees.
- f. Take such other actions and issue such additional orders as the Commissioner is authorized to take and deems necessary or appropriate in addition to or in lieu of the foregoing.

NOTICE OF HEARING RIGHTS

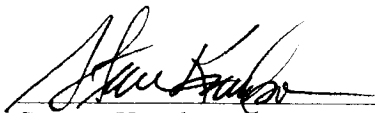
Pursuant to 8 V.S.A. § 2551, 3 V.S.A., Chapter 25, Department Regulation No. 82-1 (Revised), and other applicable law, **you are entitled to have a hearing on these charges, provided you file an answer and request a hearing within thirty (30) days of the receipt of these charges.**

Your administrative hearing rights are more fully set forth in the above statutes and regulation.

If you fail to file an answer and request a hearing within 30 days, or if you request a hearing but fail to appear or to otherwise defend the charges, a decision by default may be rendered against you, whereupon the Commissioner may issue any applicable order.

Dated at Montpelier, Vermont this 12th day of January 2015

Department of Financial Regulation

By: 
Steven Knudson
Assistant General Counsel
89 Main Street
Montpelier, Vermont 05620

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1. Article Addressed to:

Mr. Emilia Pagan-Younis, Executive
PYC
341 Raven Circle
Wyoming, DE 19934

2. Article Number

(Transfer from service label)

7013 0600 0001 3417 3394

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*

- Agent
 Addressee

B. Received by (Printed Name)

JEFF C. WILSON

C. Date of Delivery

1-17-15

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes