STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3000 • Sacramento, CA 95811
(916) 322-5660 • Fax (916) 322-0886

To: Chair Miadich, Commissioners, Baker, Wilson, and Wood

From: Dave Bainbridge, General Counsel
Zachary W. Norton, Senior Counsel

Subject: Cryptocurrency Regulation

Date: May 9, 2022

Executive Summary

At the Commission's request, staff presents research providing an overview of cryptocurrency, the traceability of cryptocurrency transactions, and the approaches that other jurisdictions have taken concerning campaign contributions in cryptocurrency so that the Commission may be informed should it wish to reconsider the current prohibition on cryptocurrency campaign contributions.

Background/Overview

The Political Reform Act ("Act")[1] prohibits persons from making, and committees from receiving, cash contributions of $100 or more. Committees are also prohibited from making expenditures of $100 or more in cash. Section 84300 provides:

> "(a) No contribution of one hundred dollars ($100) or more shall be made or received in cash. A cash contribution shall not be deemed received if it is not negotiated or deposited and is returned to the contributor before the closing date of the campaign statement on which the contribution would otherwise be reported. If a cash contribution, other than a late contribution, as defined in Section 82036, is negotiated or deposited, it shall not be deemed received if it is refunded within 72 hours of receipt. In the case of a late contribution, as defined in Section 82036, it shall not be deemed received if it is returned to the contributor within 48 hours of receipt.
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> "(b) No expenditure of one hundred dollars ($100) or more shall be made in cash.
>
> "(c) No contribution of one hundred dollars ($100) or more other than an in-kind contribution shall be made unless in the form of a written instrument

[1] The Political Reform Act is contained in Government Code sections 81000 through 91014. All further statutory references are to the Government Code. The regulations of the Fair Political Practices Commission are contained in sections 18110 through 18997 of Title 2 of the California Code of Regulations.

containing the name of the donor and the name of the payee and drawn from the account of the donor or the intermediary, as defined in Section 84302.

"(d) The value of all in-kind contributions of one hundred dollars ($100) or more shall be reported in writing to the recipient upon the request in writing of the recipient."

Additionally, Section 85201 provides that all contributions or loans made to a candidate, or the candidate's controlled committee, shall be deposited into a single campaign bank account. This is typically, referred to as the "one-bank account" rule.

The Commission voted to prohibit the making and receipt of cryptocurrency contributions with the adoption of Regulation 18215.4 in September 2018.[2] In adopting the current regulation, the Commission expressed concerns about the traceability of cryptocurrency and how, as a result, cryptocurrency might be utilized to circumvent contribution limits and prohibitions, or by foreign entities to contribute to campaigns.

Bearing in mind these restrictions on cash contributions and expenditures, as well as the one-bank account rule and the existing prohibition on cryptocurrency contributions, we examine some of the fundamentals of cryptocurrency, the feasibility of tracing cryptocurrency transactions, and the different approaches towards cryptocurrency campaign contributions in other jurisdictions.

Cryptocurrency

Currency (also referred to as "real" currency) as defined by federal regulations is "the coin and paper money of the United States or of any other country that is designated as legal tender and that circulates and is customarily used and accepted as a medium of exchange in the country of issuance."[3] In contrast to real currency, "virtual" currency is a medium of exchange that operates like a currency in some environments, but does not have all the attributes of real currency. Virtual currency incudes cryptocurrencies, such a Bitcoin. In particular, virtual currency does not have legal tender status in any jurisdiction, is not backed by a governmental body, and is entirely digital.[4] For tax purposes, the Internal Revenue Service has determined that virtual currencies that can be converted into traditional currency are property, and a taxpayer can have a gain or loss on the sale or exchange of a virtual currency.[5]

As of April 7, 2022, there are 18,753 different virtual currencies, with more being created regularly. (There were approximately 2,200 in September 2018, when the Commission last addressed the issue of cryptocurrency contributions).[6] At the end of 2021, the market was adding

[2] Regulation 18215.4 states "[n]o contribution may be made or received in cryptocurrency."
[3] 31 CFR § 1010.100(m).
[4] Department of the Treasury, Financial Crimes Enforcement Network, FIN-2013-G001.
[5] IRS Notice 2014-21.
[6] Listing of actively traded cryptocurrencies. https://coinmarketcap.com/all/views/all/

about 1,000 new cryptocurrencies every month.[7] Of these many virtual currencies, Bitcoin is perhaps the most well-known, although there are also other cryptocurrencies that are now being more widely used. According to a recent Pew Research Center survey, 16% of Americans say they personally have invested in, traded or otherwise used cryptocurrency.[8] Cryptocurrencies remain subject to extreme price volatility. By late January 2022, Bitcoin's value had declined since its peak in November 2021, losing more than $600 billion in market value, and over $1 trillion has been lost from the aggregate cryptocurrency market in the same time period.[9]

Bitcoin

Perhaps one of the most well know cryptocurrencies, Bitcoin is a privately issued cryptocurrency created in 2009.[10] Bitcoins are purely digital, "exist[ing] only as a long string of numbers and letters in a user's computer file." Bitcoins "act as real world currency in that users pay for real goods and services . . . with bitcoins as opposed to U.S. dollars or other government issued currencies." A user transfers Bitcoins from the user's online "wallet" (essentially, an encrypted computer file) either to other users, to merchants who accept Bitcoins as payment, or through "[t]hird-party exchanges [that] allow Bitcoin users to exchange their Bitcoins back to government-issued currencies."[11] The value of Bitcoins is established by exchanging them for goods or services or for U.S. dollars or other currency. There are numerous online exchanges on which potential buyers and sellers of Bitcoins post "bid" and "ask" prices akin to those on securities or commodities exchanges. Although a single Bitcoin is currently valued in the thousands of dollars (approximately $40,398 as of February17, 2022), Bitcoin can be divided into smaller amounts, up to 8 decimal places (0.00000001), to facilitate lower value transactions.[12]

Blockchain

All Bitcoin, and most cryptocurrency transactions, are public in that they are added to a "blockchain," a decentralized, inalterable, permanent, public ledger, with no single controlling entity or person, of all transactions ever made. When a transaction is initiated, it is shared with participants on the network associated with the particular cryptocurrency, whereupon special users (often called "miners") verify that the units have not already been spent, and validate the transaction by solving a complex algorithm. The transaction is then added to the blockchain, with each block consisting of a group of reported transactions in chronological order. In exchange for participating in this community validation process, miners generate and receive a payment in the

[7] https://www.fool.com/investing/stock-market/market-sectors/financials/cryptocurrency-stocks/how-many-cryptocurrencies-are-there/

[8] https://www.pewresearch.org/fact-tank/2021/11/11/16-of-americans-say-they-have-ever-invested-in-traded-or-used-cryptocurrency/

[9] https://www.bloomberg.com/news/articles/2022-01-21/crypto-meltdown-erases-more-than-1-trillion-in-market-value

[10] U.S. Gov't Accountability Office, GAO-13-516, Virtual Economies and Currencies 5 (2013), available at: https://www.gao.gov/assets/660/654620.pdf.

[11] FEC Advisory Opinion 2014-02.

[12] *Frequently Asked Questions*, Bitcoin. https://bitcoin.org/en/faq.

cryptocurrency itself—a process known as "mining."[13] Since Bitcoin launched in 2009, there are now billions of transactions recorded on the blockchain, which anybody can view and analyze at any time.[14]

However, the blockchain only identifies the addresses[15] to and from which cryptocurrencies are transferred. Blockchain's primary purpose is to accurately track payments and to prevent double-spending and counterfeiting by recording every transaction. The true identities of individuals making transactions are not provided. Blockchain identifies the parties to each transaction only by alpha-numeric identifiers known as addresses. Indeed, a cryptocurrency user's personal identity, IP address, and even country of operation "cannot be reliably traced to a real human by an auditor of ordinary technical skill."[16] Moreover, a user may control any number of addresses.

As such, the addresses contain no information about the real life identity of either party documented in the exchange. This pseudo-anonymity is further enhanced by users' ability to generate a limitless number of addresses, and a user may use a new address for each and every transaction. Ultimately, "[k]nowing that a given Bitcoin transaction comes from a specific person depends primarily on asking them and just trusting their response."[17]

Cryptocurrency Transactions: Peer-to-Peer, Exchanges, and Payment Processors

Cryptocurrency can be exchanged in two ways; either directly, person to person, as a "peer to peer" transaction, or through an intermediary such as a cryptocurrency exchange or payment processor. Peer-to-peer refers to the exchange or sharing of information, data, or assets between parties without the involvement of a central authority. This approach has been used in computers and networking (peer-to-peer file sharing), as well as with trading virtual currencies. Truly peer-to-peer cryptocurrency transactions generally do not require the involved parties to provide identification.[18]

Anyone with a computer and an internet connection can download the software, which comes with something called a wallet, a place to store a cryptocurrency balance. That wallet has an address - a long string of numbers and letters, called the public key - that lets people find the account on the network. Wallets can interface with blockchains and generate and/or store the public keys (which are roughly akin to a bank account number) and private keys (which function like a PIN or password) that are used to send and receive cryptocurrency. Cryptocurrency wallets can be housed in a variety of forms, including on a tangible, external device ("hardware wallets") and downloaded as software ("software wallets"). While anyone can send cryptocurrency into a

[13] Report of The Attorney General's Cyber Digital Task Force. https://www.justice.gov/archives/ag/page/file/1326061/download

[14] https://www.fnlondon.com/articles/why-hackers-use-bitcoin-and-why-it-is-so-hard-to-trace-20200717

[15] A *Bitcoin address* is an identifier of 26-35 alphanumeric characters, beginning with the number 1 or 3, that represents a possible destination for a bitcoin payment.

[16] FEC Advisory Opinion 2014-02.

[17] FEC Advisory Opinion 2014-02.

[18] https://www.investopedia.com/terms/p/ptop.asp

wallet, taking money out of that wallet requires control of the private key, another long string of letters and numbers.[19]

A cryptocurrency exchange is a platform on which you can buy and sell cryptocurrency. Exchanges can be used to trade one crypto for another — converting Bitcoin to Litecoin, for example — or to buy cryptocurrencies using regular currency, like the U.S. Dollar. Exchanges reflect current market prices of the cryptocurrencies they offer. Exchanges can also be used to convert cryptocurrencies back into the U.S. Dollar or another currency on an exchange, to leave as cash within an account or withdraw to a user's regular bank account.[20]

A cryptocurrency payment gateway is a payment processor for digital currencies, similar to a payment processor for a credit card. Cryptocurrency gateways enable clients to accept digital payments and receive fiat currency immediately in exchange. They pay the client an amount equal to the digital currency's fair market value at the time of the transaction, and the cryptocurrency payment service instantly converts the payment into the currency of the client's choice, such as U.S dollars. The money is added to that account with the payment processor and is deposited to the client's designated bank account in intervals decided on in the client's service contract. The client does not need a cryptocurrency wallet, and does not need to handle any cryptocurrency conversions when using a payment processor.

While the cryptocurrency network operates outside of the purview of regulators, cryptocurrency service providers, like exchanges and payment processors, do not. This means that most of these services are required to implement some degree of know-your-customer ("KYC"), therefore linking a real-world identity to addresses and transactions.

Most domestically operated crypto exchanges and payment processors have increased their anti-money laundering and KYC rules. KYC rules are a procedure for verifying a customer's identity. This is standard practice for financial institutions and financial service businesses, including banks, stockbrokers, and is now applicable to cryptocurrency exchanges. The point of KYC is to confirm that a customer is who they claim to be and to prevent illegal activities, such as money laundering, funding terrorism, and tax evasion.[21]

Customers typically need to provide during the KYC process: date of birth, Social Security number, and physical address. In addition, exchanges and payment processors also generally ask for a photo of valid government-issued identification, such as a driver's license, state ID, or a passport. After a user provides the requested information, the exchange or payment processor will use that to verify the user's true identity. This can take anywhere from minutes to several business days depending on the exchange and how busy it is.

[19] https://www.fnlondon.com/articles/why-hackers-use-bitcoin-and-why-it-is-so-hard-to-trace-20200717

[20] https://time.com/nextadvisor/investing/cryptocurrency/what-are-cryptocurrency-exchanges/

[21] https://www.fool.com/the-ascent/cryptocurrency/articles/what-is-kyc-and-why-do-crypto-exchanges-require-it/

Traceability of Transactions

One of the explicit purposes of the Political Reform Act is that [r]eceipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited. (Section 81002(a).) In order to effectuate this policy, campaign contributions and expenditures are required to be disclosed. (Section 84100, et seq.) Ensuring that disclosure is accurate and truthful requires that the true source of funds for contributions of $100 or more be verifiable, though sources such as cancelled checks, bank records, and other third party documentation.

The nature of cryptocurrency presents challenges for ensuring full and truthful disclosure of campaign contributions made using cryptocurrency. Anyone can conduct rudimentary tracing of Bitcoin and most other cryptocurrency using standard blockchain explorers. However, these tools are not suitable for tracing suspicious transactions. Criminals tend to go to great lengths to obfuscate their trail by using multiple wallet addresses.[22]

For example, users who want to evade scrutiny can pool their cryptocurrency into "mixers," a wallet address that combines the coins with other transactions, making them harder to trace.[23] Hackers can also store their cryptocurrency keys in "cold" wallet devices that do not connect to the Internet and are thus more secure. They transfer the digital tokens in online wallets to addresses linked to their desktops or save account information and private keys on thumb-drive-like devices.[24]

If cryptocurrency is held in a hardware wallet, "the security is pretty bulletproof," said David Sacco, a practitioner in residence at the University of New Haven's finance and economics departments. Despite a host of innovations in tracking technology, cryptocurrency still remains extremely difficult to track. Many cybercriminals transfer the assets among online wallets through difficult-to-trace transactions to conceal or launder funds.[25]

Tracking cryptocurrency users has proven difficult for the Internal Revenue Service (IRS) as well. According to United States Department of Treasury report issued last May, cryptocurrency "poses a significant detection problem by facilitating illegal activity broadly including tax evasion." [26] The IRS has taken a number of actions in recent years to address the unreported income. For example, beginning with 2020 tax returns, all filers must answer a "yes or no" question regarding cryptocurrency transactions. [27] Additionally, the IRS has contracted

[22] https://coinflip.tech/blog/is-bitcoin-traceable
[23] https://bitblender.io/guide.html
[24] https://www.washingtonpost.com/technology/2021/09/22/stolen-crypto/
[25] Ibid.
[26]Cryptocurrency Poses a Significant Risk of Tax Evasion, https://www.cnbc.com/2021/05/31/cryptocurrency-poses-a-significant-risk-of-tax-evasion.html and *Treasury Calls for Crypto Transfers over $10,000 to be Reported to IRS,* https://www.bloomberg.com/news/articles/2021-05-20/treasury-calls-for-crypto-transfers-over-10-000-reported-to-irs
[27] *The IRS is Cracking Down On Cryptocurrency Tax Reporting*. https://www.jdsupra.com/legalnews/the-irs-is-cracking-down-on-1083611/

with third-party software vendors in an attempt to track and analyze Bitcoin transactions.[28] Beginning in tax year 2023, cryptocurrency exchanges will be required to send taxpayers 1099-B forms, also known as tax-reporting summaries, which are commonly required for investment brokerages.[29]

To trace suspicious cryptocurrency activity, law enforcement agencies typically partner with private firms that specialize in tracking and investigating activities that involve cryptocurrencies to conduct investigations. These investigations usually start with digital breadcrumbs left behind in cyber hacks or online scams used to track down a wallet's owner by utilizing criminal's past internet history and cross-referencing with KYC information from cryptocurrency exchanges.[30]

Cryptocurrency Contributions in other Jurisdictions

Federal Election Commission

In 2014, the Federal Election Commission ("FEC") issued an advisory opinion regarding the issue of political campaigns accepting Bitcoin contributions. Make Your Laws PAC, Inc. ("MYL") requested an advisory opinion from the FEC concerning the PAC's proposed acceptance, purchase, and disbursement of Bitcoins under the Federal Election Campaign Act of 1971. In the FEC Advisory Opinion 2014-02, May 8, 2014, MYL proposed to accept up to a total of $100 worth of Bitcoins as contributions to its contribution and non-contribution accounts and accept the Bitcoins through an online form on which each bitcoin contributor, regardless of the proposed contribution amount, would have to provide his or her name, physical address, occupation, and employer. MYL also requested that each Bitcoin contributor affirm that he or she owned the Bitcoins that he or she will contribute and to affirm that he or she is not a foreign national. MYL noted that only after the Bitcoin contributor had provided identity and ownership information, and associated affirmations, will the committee send that contributor a one-time only "linked address," a Bitcoin address that identifies the individual transaction, to use to send the Bitcoins.

The FEC decided the proposed contribution of Bitcoin valued at $100 or less was permissible under federal law. The FEC opinion did not address larger Bitcoin contributions. In addition, the FEC could not reach a consensus regarding whether MYL may purchase goods and services with Bitcoins it receives as contributions.

As a result of FEC Advisory Opinion 2014-02, under current federal campaign rules:

- A committee can receive Bitcoins as contributions. The Federal Election Campaign Act defines a "contribution" to include "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of

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[28] *IRS Now Has a Tool to Unmask Bitcoin Tax Cheats*, Daily Beast (August 22, 2017), https://www.thedailybeast.com/irs-now-has-a-tool-to-unmask-bitcoin-tax-cheats.

[29] *Yes, taxpayers must report their cryptocurrency trading to the IRS. Here's how.* https://www.cbsnews.com/news/cryptocurrency-trading-taxes-irs/ and *How the IRS is Trying to Nail Crypto Tax Dodgers,* https://www.cnbc.com/2021/07/14/irs-new-rules-on-bitcoin-ethereum-dogecoin-trading.html.

[30] https://www.nytimes.com/2021/06/09/technology/bitcoin-untraceable-pipeline-ransomware.html

influencing any election for Federal office." The FEC concluded that Bitcoins are "money or anything of value.".

- Bitcoins may be received into and held in a wallet or converted to cash. Holding Bitcoins in a wallet does not relieve the committee of its obligations to return or refund a Bitcoin contribution that is from a prohibited source, exceeds the contributor's contribution limit, or is otherwise not legal. The initial receipt of bitcoins as contributions should be reported like in-kind contributions. The FEC recommends to include a notation or memo text indicating the number of bitcoins that the committee received and that the bitcoins were not liquidated.

- However, committees cannot use Bitcoins to purchase goods or services. Committees must sell the Bitcoins and deposit the proceeds into the campaign depository before using the funds to make disbursements for goods and services.

- If the committee sells the Bitcoins through an established market mechanism where the purchaser is not known, the purchaser is not considered to have made a contribution to the committee. If the committee sells the Bitcoins directly to a purchaser, and therefore knows the identity of the purchaser, the purchaser is considered to have made a contribution to the committee.[31]

- A political committee that receives a contribution in Bitcoins should value that contribution based on the market value of Bitcoins at the time the contribution is received.

<u>State Approaches to Cryptocurrency Campaign Contributions</u>

<u>Prohibited</u>

Nine states, including California, prohibit cryptocurrency contributions.[32]

<u>Permitted</u>

Twelve States, as well as the District of Columbia, expressly allow cryptocurrency contributions in some form.[33] Some of these states treat cryptocurrency in the same manner as a cash contribution. As an example, Washington law states that Bitcoin and other cryptocurrency should be treated as the equivalent of cash and limited to $100. The cryptocurrency must be converted to legal tender and deposited in the campaign depository within five business days of receipt and timely reported. The Iowa Ethics & Campaign Disclosure Board issued an advisory

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[31] These rules are consistent with the FEC requirements for reporting other in-kind contributions with appreciated value, such as stocks.

[32] These include California, Kansas, Kentucky, Michigan, Missouri, Nevada, North Carolina, Oregon, and South Carolina.

[33] These include Arizona, Colorado, Georgia, Iowa, Massachusetts, Montana, New Hampshire, Ohio, Tennessee, Vermont, and Washington. The Texas Ethics Commission is of the position that cryptocurrency contributions are permissible under existing law, is in the process of adopting regulations to govern the reporting of cryptocurrency contributions.

opinion in February 2022 stating that cryptocurrency contributions are permissible as in-kind contributions, and that a recipient committee must report the fair market value of the contribution as of the date of the contribution. The recipient committee should include a note in its report to also note the specific amount and type of cryptocurrency that was received and whether or not it was liquidated. If the committee pays processing fees, that should be reported as a separate expenditure and not deducted from the value of the contribution.

The Texas Ethics Commission has proposed a rule to require reporting cryptocurrency as in-kind contributions. Campaigns would be required to liquidate any cryptocurrency before spending the proceeds; they would not be permitted to use cryptocurrency to make an expenditure. The value of a cryptocurrency contribution would be the fair market value of the cryptocurrency upon receipt, and the recipients must verify specific information about the contributors.

The Ohio Elections Commission issued an advisory opinion in December 2021 allowing cryptocurrency as an in-kind contribution. The opinion noted that cryptocurrency is more fungible than other "in-kind contributions" and is both volatile and highly valued in the marketplace, and requires the attributed value to be properly reflected on the date that the cryptocurrency is accepted as an "in-kind contribution." When that exchange is completed, any cost involved in the exchange must be shown as an expenditure for the campaign committee.

Most of these jurisdictions also prohibit any expenditures in cryptocurrency, do not allow committees to hold cryptocurrency in a wallet, and require timely conversion to U.S. dollars. Montana requires cryptocurrency contributions to be converted to U.S. dollars at the prevailing rate within twenty-four hours of receipt, while Ohio specifies that any cost involved in the exchange of cryptocurrency to U.S. dollars must be shown as an expenditure for the campaign committee.

No Formal Position

Other states have not taken a formal position on cryptocurrency contributions. In some jurisdictions, this is because existing regulations neither expressly allow nor expressly prohibit them.[34] For example, in Illinois, cryptocurrency is not mentioned anywhere in statute. In theory, it is not restricted but it must be accurately reported. They advise that cryptocurrency contributions be reported as in-kind contributions, valued in U.S. dollars on the day of the contribution.

Regulatory Options

Option One: Maintain the existing prohibition.

[34] Several other jurisdictions are in the process of adopting a formal position. The Wisconsin Ethics Commission referred the matter to the Legislature because it found a contribution in cryptocurrency "does not appear to fit" the acceptable categories spelled out in statutes, while the Oklahoma Ethics Commission is considering an advisory opining that could allow Cryptocurrency contributions. Legislation pending in Minnesota would prohibit cryptocurrency contributions.

This option maintains the existing prohibition on contributions and receipts in cryptocurrency. As a complete prohibition eliminates any concern over the traceability of cryptocurrency contributions.

[OPTION 1]

No contribution may be made or received in cryptocurrency.

Option Two: Regulate cryptocurrency contributions as cash contributions.

This option restricts cryptocurrency contributions to less than $100 per source. This option also requires cryptocurrency contributions to be converted to U.S. dollars and deposited into the campaign bank account.

In allowing cryptocurrency contributions not exceeding the $100 cash contribution limit, this option would be consistent with FEC's Advisory Opinion 2014-02. Option Two also lessens issues with traceability because only small cryptocurrency contributions may be received and the contributions must be converted to cash upon receipt and deposited into the campaign bank account.

[OPTION 2]

(a) A cryptocurrency contribution shall be considered a cash contribution for purposes of the Act. Under Section 84300(a), a person may not make and a committee may not accept a contribution in cryptocurrency, of $100 or more. The amount of the contribution is the fair market value of the cryptocurrency at the time the contribution is made.

(b) A cryptocurrency contribution must be converted to U.S. dollars at the prevailing rate of exchange and deposited into the committee's campaign bank account prior to expending the funds and within 2 business days of the receipt.

Option Three: Permit cryptocurrency contributions as in-kind, or non-monetary, contributions requiring committees to convert contributions to cash upon receipt.

Under this option, cryptocurrency contributions may be accepted in any amount not exceeding any applicable contribution limit. Option Three also requires that cryptocurrency contributions are facilitated by a third-party payment processor, which must take appropriate steps to verify the identity of the contributor, collect required contributor information, and convert the contributions to U.S. dollars upon receipt and transfer the funds to the campaign bank account.

Like Option Two, this option is consistent with the "one bank account rule," which generally requires all contributions to be deposited in, and all expenditures must be made from, a single designated campaign bank account. Requiring cryptocurrency contributions to be made through a third-party payment processor, the use of KYC protocol, and not allowing committees to hold cryptocurrency or maintain a wallet, alleviates some traceability concerns helping to ensure that campaign expenditures are "fully and truthfully disclosed" and that "adequate enforcement mechanisms" exist to verify that expenditures are properly reported.[35]

[OPTION 3]

(a) A person may make and a committee may solicit a contribution in cryptocurrency as an in-kind contribution. Any cryptocurrency contribution must be made and received through a cryptocurrency payment processor or other service which utilizes know your customer (KYC) protocols for all contributors, collects the name, address, occupation, and employer of the contributor at the time the contribution is made, and transmits this to the committee within 24 hours of the time the contribution is made. Any charge incurred or discount received in the exchange process must be reported in the same manner as credit card transactions.

(b) A cryptocurrency contribution must be converted to U.S. dollars by the payment processor at the prevailing rate of exchange and deposited into the committee's campaign bank account within two business days of receipt. The amount of the contribution is the fair market value of the cryptocurrency at the time the contribution is received by the payment processor. If the liquidated amount exceeds contribution limits, any amount exceeding the contribution limit must be refunded to the contributor.

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[35] Section 81002.