

October 19, 2014

Mr. Dana Syracuse
DFS Office of General Counsel
New York State Department of Financial Services
One State Street
New York, NY 10004

Subject: Comments to Proposed Bitlicense Regulatory Framework for Virtual Currencies

Dear Mr. Syracuse:

I would first like to compliment you and the Department of Financial Services for the extensive and open review conducted before issuing the proposed regulatory framework as well as Superintendent Lawsky's continuing outreach on the subject. The proposed rules are clearly a reflection of a thorough analysis of an exciting and challenging frontier of payments. The proposal effectively couples market innovation with well-established policy concerns in a clear and executable manner. The draft rule affords ample opportunity for emerging ideas and businesses to develop while setting out essential requirements to protect consumers, ensure robust anti-money laundering compliance, and maintain safety and soundness.

Our entry into this market, the Global Standard System, was briefly introduced to the DFS at your hearings in January through the testimony of our attorney Carol Van Cleef and later in a meeting with your department. In the current vernacular, the Global Standard System is a centrally administered system that issues a currency, the Global Standard Currency which is 100 percent reserved by gold. It is not a crypto currency but it is a privately issued currency in digital form and, based on the definitions set forth in the BitLicense proposal, would be subject to this regulation. Since the DFS's hearing in January, the Global Standard System has applied for state money transmitter licenses in a number of states, and has received licenses from several, including its home state of Florida.¹

The Global Standard System has been designed to meet or exceed all applicable state and federal rules for anti-money laundering compliance, safety and soundness, and consumer protection. Our anti-money laundering compliance program includes robust identification and verification of all parties to a transaction, enhanced due diligence in accordance with customer risk factors and strong transaction monitoring. This program exceeds that of any money services business and compares favorably to banking industry standards. We appreciate the importance of having appropriate information on both parties to a transaction. Without such information, it is impossible to have an effective anti-money laundering program.

Consumer assets in the Global Standard System are safeguarded with a 100% reserve of physical gold backing the System currency. The System also provides a high level of transparency and disclosure for consumers. It has consumer-friendly policies for complaints and dispute

¹ We received our Money Transmitters Part II license on September 25, 2014 from Florida's Office of Financial Regulation.

resolution. A comprehensive cyber security program has been implemented to protect customer value and information at the system level as well as to support individual account integrity. Thorough records are maintained to support consumers as well as regulatory review. Key personnel are designated including an AML Compliance Officer and a Chief Information Officer. The System is well documented with an AML Anti-Money Laundering Manual, a complete set of operational Policies and Procedures and a Business Continuity Plan. The Global Standard System can both satisfy the requirements of the regulatory framework proposed by the DFS, and provide an efficient and low cost method for making payments on the Internet.

In short, we believe the Global Standard System is fully compliant with the Proposed Bitlicense Regulatory Framework for Virtual Currencies in its current form and look forward to applying for and receiving a license in New York.

We note that we have recognized our System, in facilitating the transfer of value between persons, is engaged in a money service business. This opinion is based upon the FinCEN virtual currency guidance released in 2013 and prior legal precedent. In discussions with many state regulators, it is also clear that transfer of value via a digital or virtual currency facilitated over a platform such as that maintained by the Global Standard System constitutes money transmission. As such we understood that it is a regulated business and, unlike crypto-currency related exchanges and other ventures, we have not commenced operations pending identification and receipt of the proper licensure required in each jurisdiction. Given New York's apparent decision that virtual currencies are outside its current money transmission regulatory framework we intend to launch our system in New York in the near future and with the finalization of the proposed BitLicense, we will submit an application for a BitLicense consistent with the specifications of the final regulation to ensure compliance with this new regulatory framework.

We welcome any questions you may have and look forward to bringing an innovative and fully compliant payments solution to the people of New York.

Sincerely,



William A. Cunningham
Chief Executive Officer
CCEPTIS

1680 Hwy A1A, Suite E
Satellite Beach, Florida 32937


www.coeptis.com

Also transmitted via email: dana.syracuse@dfs.ny.gov

CCEPTIS

EMERGING INSTITUTIONS FOR A GLOBAL ECONOMY