



Financial Crimes Enforcement Network
U.S. Department of the Treasury

Washington, D.C. 20220

May 24, 2021

VIA ELECTRONIC MAIL

Damon D. Danner
Owner & Sole Member
Pyramidion Cryptocurrency LLC
9314 Horse Shoe Bend Rd.
Baton Rouge, LA 70817

Re: Request for an Administrative Ruling

Dear Mr. Danner:

This responds to your request for an administrative ruling on behalf of Pyramidion Cryptocurrency LLC (the “Company”), submitted to the Financial Crimes Enforcement Network (FinCEN) on November 8, 2019 and the supplemental information you provided on November 27, 2019 and January 31, 2021 (collectively, the “Request”). The Request generally asked FinCEN for an administrative ruling on the application of certain Bank Secrecy Act (BSA) requirements with respect to the Company’s activities.¹

According to the Request, the Company issues a stand-alone and non-convertible token to be utilized for barter exchange. The Company accepts virtual currencies for purchases of its tokens, which are issued from the Company’s unhosted wallet. Each token is issued in phases of \$1 increments until the phases reach \$10 or the supply of tokens is depleted. The Request further states that the tokens are not converted or traded on exchanges; instead, the tokens have barter credit and can only transfer between peer-to-peer unhosted wallets.

The regulations administering the BSA, including those related to money services businesses (MSBs), are codified at 31 CFR Chapter X. Pursuant to FinCEN’s regulations, MSBs include persons doing business as money transmitters. The term money transmitter is defined as either (i) a person that engages in the acceptance of currency, funds, or other value that substitutes for currency from one person *and* the transmission of currency, funds, or other value that substitutes for currency to another location or person by any means, or (ii) any other person engaged in the transfer of funds.²

¹ We encourage you to contact FinCEN if you have any specific questions relating to the application of any BSA requirement that is not addressed in this ruling. We decline to answer any questions beyond the application of those requirements.

² 31 CFR § 1010.100(ff)(5)(i).

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FinCEN has previously clarified that an administrator or exchanger that (1) accepts and transmits a convertible virtual currency (CVC), or (2) buys or sells CVC for any reason, is a money transmitter under FinCEN's regulations, unless a limitation or exemption from the definition applies to the person.³ Further, the guidance stated that CVC either has an equivalent value as currency or acts as a substitute for real currency.⁴

In subsequent guidance, FinCEN clarified that transactions involving CVC are subject to FinCEN's regulations "regardless of whether the CVC is represented by a physical or *digital token*, whether the type of ledger used to record the transactions is centralized or distributed, or the type of technology utilized for the transmission of value."⁵

As described in the Request, the Company confirmed that the token, which the Company describes as barter credit, is acting as a substitute for currency, and that the Company's acceptance of various forms of CVC in exchange for the tokens would constitute acceptance and transmission of value that substitutes for currency. The Request does not articulate any applicable exclusion from the definition of a money transmitter. Accordingly, it appears that the Company's acceptance of CVC in exchange for the tokens would make the Company an exchanger, and, therefore is a money transmitter. Therefore, the Company is required to register as an MSB, implement an effective anti-money laundering program, and is subject to the recordkeeping and reporting requirements applicable to MSBs.⁶

This ruling is provided in accordance with the procedures set forth at 31 CFR Part 1010 Subpart G. In arriving at the conclusions in this administrative ruling, we have relied upon the accuracy and completeness of the representations you made in your communications with us. Nothing precludes FinCEN from arriving at a different conclusion or from taking other action should circumstances change or should any of the information provided in your letter prove inaccurate or incomplete.

We reserve the right, after redacting your name and address, to publish this letter as guidance to financial institutions in accordance with our regulations.⁷ You have 14 days from the date of this letter to identify any other information you and the Company believe should be redacted and the legal basis for redaction.

³ [FIN-2013-G001](#), "Application of FinCEN's Regulations to Persons Administering, Exchanging, or Using Virtual Currencies," (March 18, 2013) at 3.

⁴ *Id.* at 1.

⁵ [FIN-2019-G001](#), "Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies," (May 9, 2019) at 7 (emphasis added).

⁶ *See, generally*, 31 CFR Part 1022.

⁷ 31 CFR §§ 1010.711-717.

Damon D. Danner
Pyramidion Cryptocurrency LLC

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If you have questions, please contact the Office of Regulatory Policy, Regulatory Interpretation Section, by email at administrative.rulings@fincen.gov.

Sincerely,

James Martinelli
Acting Director, Office of Regulatory Policy
Policy Division