

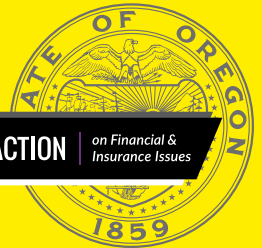
# Digital or virtual currencies

## What are they?



ANSWERS &amp; ACTION

on Financial &amp; Insurance Issues



### What are digital currencies?

These are electronic forms of money, usually with the purpose of transferring from person-to-person (P2P exchange), stored or traded electronically. They can be virtual or cryptocurrencies. In either case, the transactions using these forms of "money" are not regulated by a US federal or state agency. Some countries permit its use, but not as an official government monetary unit or supported by a country's central bank, while in other countries its use is discouraged or are banned altogether.

### What are examples of virtual currencies?

The most widely available are Bitcoin. Although there are other forms of virtual currencies such as Ethereum, Dogecoin, Dash, BitConnect, Litecoin, among others that often are intended for specific usage.

### Are there risks or concerns associated with these currencies?

Virtual currencies are extremely volatile and its value can have sudden increase or decrease in value. They are subject to loss, can be stolen, hacked, and can be used for illegal

activities, such as money laundering, terrorism and other obscure purposes. In the US virtual currencies are not insured by a federal agency such as money deposited on a federally insured financial institution (banks or credit unions). There are also tax liabilities when some of these currencies are being able to be converted into US dollars, and used to pay for goods or services.

### Virtual currencies and companies dealing in virtual currencies may or may not be regulated.

State and federal regulators are evaluating and developing approaches to regulating virtual currencies and companies that deal in virtual currencies.

An administrator or exchanger is a money transmitter under federal regulations and should be registered with the [Financial Crimes Enforcement Network \(FinCEN\)](#) as a money services business (MSB).

## Virtual currency transactions may be taxable

For federal tax purposes, the IRS has announced that virtual currency is treated as property. General tax principles applicable to property transactions apply to transactions using virtual currency. This includes determining the fair market value of virtual currency in U.S. dollars as of the date of payment or receipt, as well as any gain or loss incurred. You are encouraged to consult with a tax advisor. [For more information, click here.](#)

Be sure to understand your risks and benefits.

### CFPB

**Oregon Money Transmitters:** Oregon law requires virtual currency businesses to obtain a money transmitter license from the Division, and Oregon consumers can look up these businesses to determine whether it has complied with Oregon law.

Under the Oregon Money Transmitter Act, ORS chapter 717, those who are selling or issuing virtual currencies or engaged in the business of operating virtual currency exchange within the U.S. or to locations abroad by payment instrument, wire, facsimile, electronic transfer, or any other means is required to

obtain a money transmitter license. ORS 717.200(10) defines "money" as "a medium of exchange that: (a) The United States or a foreign government authorizes or adopts; or (b) Represents value that substitutes for currency but that does not benefit from government regulation requiring acceptance of the medium of exchange as legal tender."

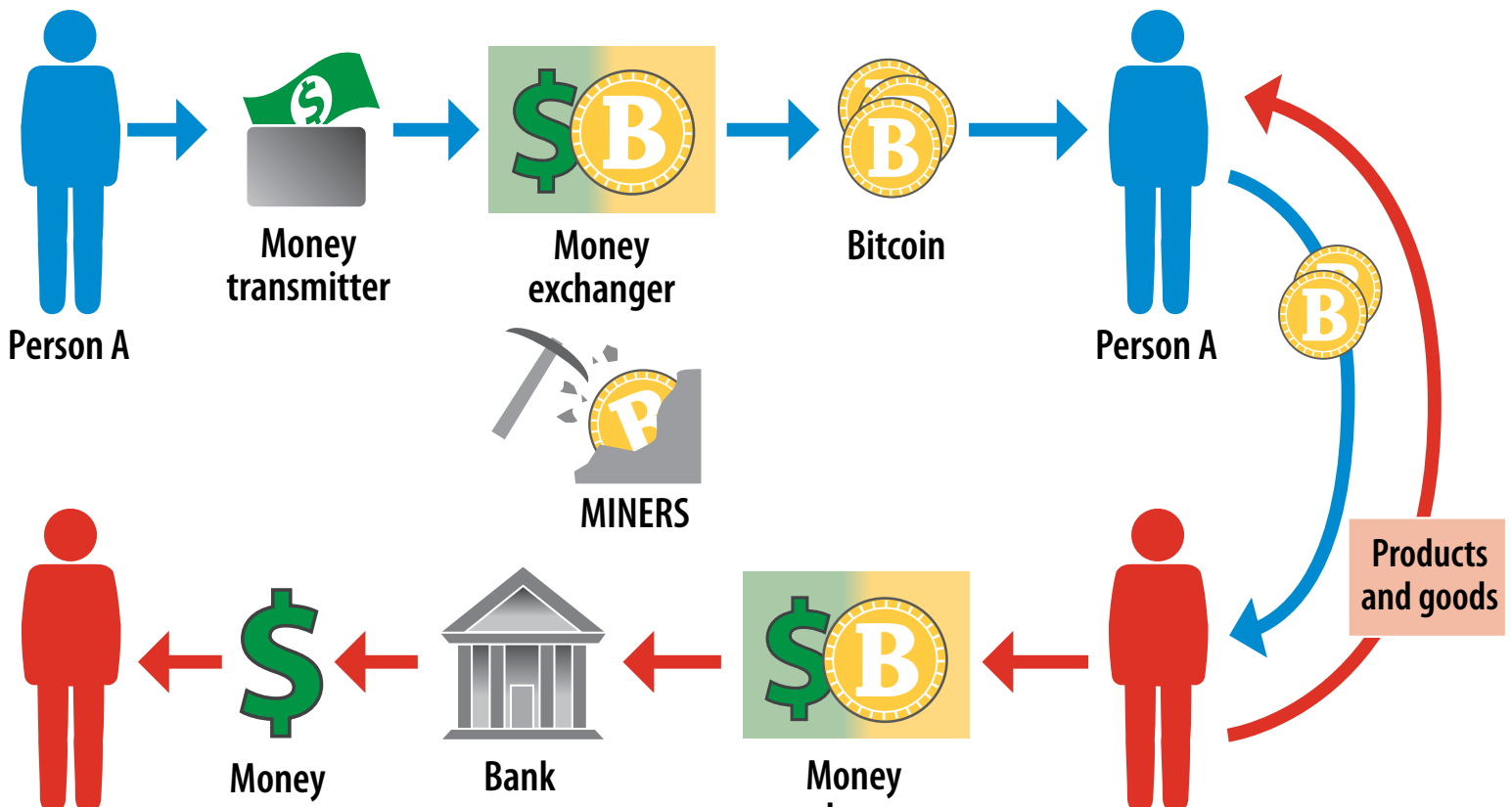
The statutes and licensing information can be found on the Division's website at the [DFR Licensee main search page.](#)

## Federal and Oregon Securities Laws:

Virtual organizations and associated individuals and entities using distributed technology to offer and sell virtual currency or digital tokens to raise capital are subject to federal securities law regardless of the form of the organization or technology used to affect the offer or sale. Additionally, the sale of Bitcoin and other virtual currencies may be considered a security under federal and Oregon law.

### [Financial Industry Regulatory Authority](#)

### [Security and Exchange Commission](#)



For more information, contact the Division of Financial Regulation at 866-814-9710 (toll-free) or visit [dfr.oregon.gov](http://dfr.oregon.gov)