

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

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

**SETTLEMENT AGREEMENT**

**Background**

1. Pursuant to 8 V.S.A. Chapters 1 and 79, the Commissioner of the Vermont Department of Financial Regulation is charged with administering and enforcing Vermont law as it pertains to money services in the State of Vermont.

2. PYC, Inc. is a Delaware corporation. Emilio Pagan-Yourno and Julio Enrique Cabrera are the principals of PYC.

3. BLU-BIN, Inc. is a Delaware corporation. Daniel Riley is the principal of BLU-BIN.

4. PYC sold bitcoins to consumers at a kiosk located at BLU-BIN's place of business in Burlington, Vermont.

5. The bitcoin kiosk is owned and operated by PYC.

6. The Department sent letters to both PYC and BLU-BIN on November 17, 2014 and again on December 4, 2014 requesting 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 did not do so.

7. The Department filed Administrative Charges in this matter on January 12, 2015.

8. Bitcoin is a so-called virtual currency, digital currency, or crypto-currency.

9. Bitcoin and other virtual or digital currencies fit within the Vermont definition of "stored value" as a medium of exchange, which may or may not be redeemable in money, and which is evidenced by an electronic record. See, 8 VSA §§2500 (8), (20) (definitions of "monetary value" and "stored value"). There is no tangible bitcoin. Bitcoin and other virtual or digital currencies only exist as an electronic record.

10. The business of "money transmission" includes selling stored value, which includes selling bitcoin or other virtual currencies. 8 VSA §2500 (11), see also 8 VSA §2500 (8), (20).

11. The Vermont Money Services statute provides that no person may engage in the business of money transmission without first obtaining a license under 8 VSA Chapter 79. 8 VSA §2502 (a).

12. PYC is not licensed as a money transmitter in the state of Vermont.

13. The Department has alleged that PYC engaged in the business of money transmission by selling stored value (bitcoins) in the state of Vermont without a license in violation of 8 VSA Chapter 79.

14. In response to the Department's allegations, PYC voluntarily shut down its Vermont bitcoin kiosk on or before February 2, 2015.

15. The Department also alleged that BLU-BIN engaged in the business of money transmission without being licensed, or without being appointed as an authorized delegate of a licensee, in violation of 8 VSA §2502 (a). Based upon additional information received by the Department, it no longer appears that BLU-BIN engaged in money services activities. The Department has dismissed the Administrative Charges against BLU-BIN in a separate pleading filed in this matter.

16. PYC neither admits nor denies the Department's allegations. To the extent any violation may exist, PYC denies any intentional wrongdoing. PYC is entering into this Settlement Agreement to settle a dispute with the Department.

17. The Department contends that there is a substantial legal and factual basis for the Department's allegations and entering into this Settlement Agreement is not a concession by the Department that its allegations are not well-founded.

18. The parties wish to resolve this matter without the expense and uncertainty of administrative or judicial proceedings.

19. PYC and the Department expressly agree to enter into this Settlement Agreement in full and complete resolution of the alleged violations described herein.

#### **Stipulation and Agreement**

PYC and the Department stipulate and agree as follows:

20. Although PYC neither admits nor denies the Department's allegations, PYC does not dispute that there is a factual basis for the Department's allegations in this Settlement Agreement.

21. PYC agrees that it will not sell bitcoin, or any other virtual or digital currency, or

otherwise engage in any other money services business in Vermont without first obtaining a money transmitter license from the Department.

22. In the event PYC elects not to obtain a Vermont license, or is not granted a Vermont license, PYC will immediately remove any and all bitcoin (or any other virtual or digital currency) kiosks from their Vermont location(s).

23. PYC will pay the Department an administrative penalty in the amount of \$2,500.00 for its operation of a bitcoin kiosk in Vermont without a license prior to February 2, 2015, which administrative penalty shall be paid to the Department on or before March 13, 2015. The Department reserves the right to impose additional administrative penalties for any unlicensed activity that took place, or takes place, after February 2, 2015.

24. The Department shall retain continuing jurisdiction in this matter until PYC has complied with the terms and conditions of this Settlement Agreement.

25. This Settlement Agreement shall not prevent any person from pursuing any claim he or she may have against PYC, nor shall it be understood as determining whether any such claim may or may not exist in law or equity.

26. Nothing contained in this Settlement Agreement shall restrain or limit the Department from responding to and addressing any actual complaint filed with the Department involving PYC and the Department reserves the right to pursue restitution in connection with any complaint filed with the Department.

27. PYC knowingly and voluntarily waives any right it may have to judicial review by any court of these matters by way of suit, appeal, or extraordinary relief resulting from entry or enforcement of this Settlement Agreement.

#### **ORDER**

#### **NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

28. PYC shall comply with all agreements, stipulations, and undertakings as recited above, including, without limitation, payment to the Department of an administrative penalty in the amount of \$2,500.00, which payment shall be made on or before March 13, 2015.

29. In the event PYC fails to pay the administrative penalty, or fails to comply with or violates any provision of this Settlement Agreement, the Commissioner may, upon request from the Banking Division of the Department, issue an Order imposing additional administrative penalties, issuing a cease and desist order, or imposing any remedy available at law or in equity.

The Department's failure to exercise this option shall not constitute a waiver of the right to exercise such option at any other time.

30. This Order shall not prevent any person from pursuing any claim he or she may have against PYC.

31. Nothing contained in this Order shall restrain the Department from responding to and addressing any complaint involving PYC filed with the Department or shall preclude the Department from pursuing any other violation of law.

32. This Order shall not be construed as an adjudication of any violation of any Vermont law or federal law, except as specifically set forth herein.

**Vermont Department of Financial Regulation**

Susan L. Donegan  
Susan L. Donegan, Commissioner

Dated this 11<sup>th</sup> day of March, 2015

**CONSENTED AND AGREED TO:**

PYC, Inc. Emilio Pagan - Yourno  
By: Emilio Pagan - Yourno  
Emilio Pagan-Yourno, Executive

Dated this 5<sup>th</sup> day of March, 2015

STATE OF New York )  
~~Dutchess~~ ) SS  
COUNTY OF West )  
Dutchess

On the 5<sup>th</sup> day of March, 2015, personally appeared Emilio Pagan-Yourno, being the Executive and duly authorized representative of **PYC, Inc.**, signer of the foregoing Settlement Agreement and acknowledged the same to be his free act and deed and the free act and deed of **PYC, Inc.**

Before me, Barbara J. Tarcelew  
Notary Public  
My commission expires Notary Public, State of New York

Barbara J. Tarcelew  
Notary Public, State of New York  
Commission Expires on or before 31, 2017