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July 30, 2014

Sent via email: apvitale@dps.state.oh.us

RE: Bitcoins 7.17.14.pdf

Dear Anne Vitale,

Thank you for your email, and for your time and consideration in this matter.

I understand your department is not in a position to provide legal opinions or rulings, although it is responsible for enforcing the State's liquor laws and rules. We seek to understand the auspices of your enforcement, and to understand what circumstances would trigger an investigation. We aim to make the safest informed decisions for the livelihood of our businesses, our community, and our families. We seek guidance so we can continue to conduct business lawfully, without the fear of reactionary investigations, and without the potential for costly citations.

Your letter is a step in the right direction for us, so thank you. The first position taken by the ODPS, according to the [Cleveland Plain Dealer](#), stated as follows:

"Bitcoin cannot be accepted as payment for alcohol in the State of Ohio."

As you explain in your letter, ODPS now maintains the following posture:

"The State of Ohio has not taken a position regarding the use of Bitcoins."

While this evolution is a welcome step in the right direction, our businesses are hopeful for more clarity regarding the state's position for accepting Bitcoin as payment. We also seek the opportunity to provide the state with educational resources and information on Bitcoin technology. Importantly, the IRS's designation of Bitcoin as "property" for tax purposes is not the controlling federal definition of Bitcoin. It is merely the approach that one regulatory authority is taking toward this technology for tax purposes. The Ohio Department of Public Safety is currently free to treat Bitcoin in a different, and hopefully innovative, way.

Realistically, small businesses will decline to utilize the Bitcoin innovation under the open and ongoing potential for citation. It is in our interest to continue this discussion in a collaborative spirit with our State government, including the ODPS. It is important that our small businesses and entrepreneurs receive more detailed guidance from the ODPS regarding the specific actions and mechanisms that may trigger an investigation.

Agent Greg A. Croft in your Cleveland division has taken the time to learn about the technology, and has indicated his support of our project by the Cleveland ODPS office. This is a statewide issue, however, so we look for official word from Columbus.

We are happy to work with you to demonstrate how we have deployed this technology, as we did with Agent Croft. For instance, do Ohio liquor laws indicate appropriate methods for accepting non-US foreign currencies for alcohol sales? Bitcoin sales are optionally converted to USD at the point of sale using a third-party payment processor, similar to foreign currency credit card processing. In other words, the proprietors utilizing this technology receive USD, not Bitcoin. [BitPay](#) is the service we use to process payments from Bitcoin customers, at far less a cost to the merchant when compared to credit card processing fees.

As for Ohio, there is no better time than the present to embrace digital methods of payment. [Texas](#) did not reciprocate Ohio's position, explicitly citing Ohio law in its final ruling. [California](#) is also displaying leadership on this emerging issue. New York's financial authorities recently announced the [draft of a comprehensive regulatory framework](#) for the use of Bitcoin in business transactions. This could be an opportunity for Ohio to demonstrate similar leadership, and its commitment to small business innovation.

The longer we wait, the more likely it is that Ohio small businesses will continue to lose money and opportunities for global exposure. The goal of our project is to raise awareness of this incredible technology and encourage entrepreneurship and innovation within Ohio, and that includes serving as a resource for state regulatory authorities. I look forward to working with my state government in a collaborative and informed fashion. If there is someone you think may be more appropriate for our endeavor, are you able to share that individual's contact information?

If you have not seen our resources, please visit our websites and read our press to learn more about how important this project is to our small business community.

Best regards,

Nikhil Chand, Founder, CoinNEO, LLC.

www.coinneo.com

Bitcoin Boulevard US: Lee Road

www.bitcoinboulevard.us

CC: Sharon Mull, Associate Legal Counsel, Division of Liquor Control

Attachment: Bitcoins 7.17.14.pdf (1 page)