

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations)

§ 18421.2. Cryptocurrency Contributions.

(a) A person may make, and a committee may solicit, a contribution of cryptocurrency as an in-kind contribution if the cryptocurrency is converted to dollars upon the making of the contribution. Any cryptocurrency contribution must be made and received through a U. S. based cryptocurrency payment processor registered with the U.S. Department of Treasury, Financial Crimes Enforcement Network which utilizes know your customer (KYC) protocols to verify the identity of the contributor for all contributions.

(b) A committee may only receive a contribution made in cryptocurrency pursuant to subdivision (a), if the payment processor:

(1) Has KYC procedures that enable it to know the identity of each contributor.

(2) Collects the name, address, occupation, and employer of each contributor at the time the contribution is made and transmits this to the committee within 24 hours of the time the contribution is made.

(3) Immediately converts the contribution to U.S. dollars at the prevailing rate of exchange at the time the payment processor obtains possession of the contribution and deposits the funds into the committee's campaign bank account within two business days of receipt.

(c) In reporting cryptocurrency contributions:

(1) The amount of the contribution is the fair market value of the cryptocurrency at the time the payment processor obtains possession of the contribution.

(2) Any amounts charged or withheld by the payment processor must be reported by the committee as expenditures at the time the fees are deducted or charged.

NOTE: Authority cited: Section 83112, Government Code. Reference: Sections 82015, 82025, 84211 and 84306, Government Code.

HISTORY

1. New section filed 8-22-2022; operative 9-21-2022 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2022, No. 34). For prior history, see Register 2020, No. 38.