

1 Adopt 2 Cal. Code Regs., Section 18421.2 to read:

2 **§ 18421.2. Cryptocurrency Contributions**

3 (a) A person may make, and a committee may solicit and receive, a contribution in
4 cryptocurrency as an in-kind contribution. Any cryptocurrency contribution must be made and
5 received through a U. S. based cryptocurrency payment processor or other service amenable to a
6 subpoena for records, which utilizes and rigorously enforces know your customer (KYC)
7 protocols to verify the identity of the contributor for all contributors at any amount.

8 (b) For any contribution in cryptocurrency received by a committee under subdivision
9 (a), the committee must ensure the payment processor:

10 (1) Has adequate procedures that enable it to form a reasonable belief that it knows the
11 true identity of each contributor.

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

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

18 (c) In reporting cryptocurrency contributions:

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

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

3 (d) A committee may not accept any contribution in cryptocurrency if the payment
4 processor does not comply with the provisions of this regulation and has not verified the identity
5 of the contributor and provided the required contributor information to the committee.