



CoinValidation

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For Regulators

Overview

Coin Validation, a private company founded in 2013, seeks to help businesses, regulators, and banks innovate with the emerging regulatory landscape of virtual currencies. Specifically, BSA compliance and the technical issues surrounding KYC, CIP, and Enhanced Due Diligence for virtual currencies.

Coin Validation seeks to make the United States the focal point for the world's "next generation" of financial innovation.

What is Bitcoin?

Bitcoin is a decentralized digital currency. It uses peer-to-peer technology to manage and track transactions, issue currency, and enforce security with robust cryptographic procedures. Bitcoin is based on open source technology that cannot be influenced by any one person, but is instead maintained and managed by the entire community of Bitcoin users. It provides for a democratic process which operates with checks and balances, as well as a strictly defined system for making any necessary amendments.

Many legitimate companies and entrepreneurs around the world have started accepting Bitcoin as a form of payment, ranging from small coffee shops and pizzerias to internet giants such as Baidu (China's largest search engine), Wordpress (which powers more than 70 million websites worldwide), Reddit, Namecheap, Etsy, and Shopify. These brands are just a few of the many

thousands of successful and respected businesses currently engaging in the Bitcoin ecosystem.

While Bitcoin is inherently anonymous (as it does not ask for any personal or user-identifiable information when creating a new address), **every transaction on the Bitcoin network is written to a publicly visible ledger** called the blockchain. In a well defined and regulated environment, it is possible for businesses to operate with a greater level of transparency when receiving bitcoins compared to receiving traditional fiat currency.

As of 3:30PM on November 11th, 2013, the market cap for all existing bitcoins was approximately **\$4.46 billion**. While this number does fluctuate based on market movements, according to the public blockchain data, one year ago on November 11th, 2012, the market cap was only \$116 million. With more than 50,000 Bitcoin transactions taking place every 24 hours, and the transactional volume of the ecosystem reaching **\$40billion+ per year**, at a growth rate of ~33% per month, Bitcoin is an impressive emerging technology with real world utility and ever increasing adaptation worldwide.

Bitcoin Market Cap: 2,964% Increase (Dec. 2012 to Nov. 2013)

* Graph represents the peak value of the bitcoin market capitalization in USD for each month



The Issue

Due to an uncertain regulatory climate in the United States, it has been very difficult for legitimate tax-paying Bitcoin companies and entrepreneurs to either launch new businesses or operate existing Bitcoin companies in the US. Many successful startups that either act as bitcoin exchanges or send/receive the currency as a form of payment from end users have been forced to shut down or move overseas after having their US bank accounts closed, or simply by virtue of experiencing extreme difficulty navigating and understanding the legal climate surrounding digital currency operations in the US.

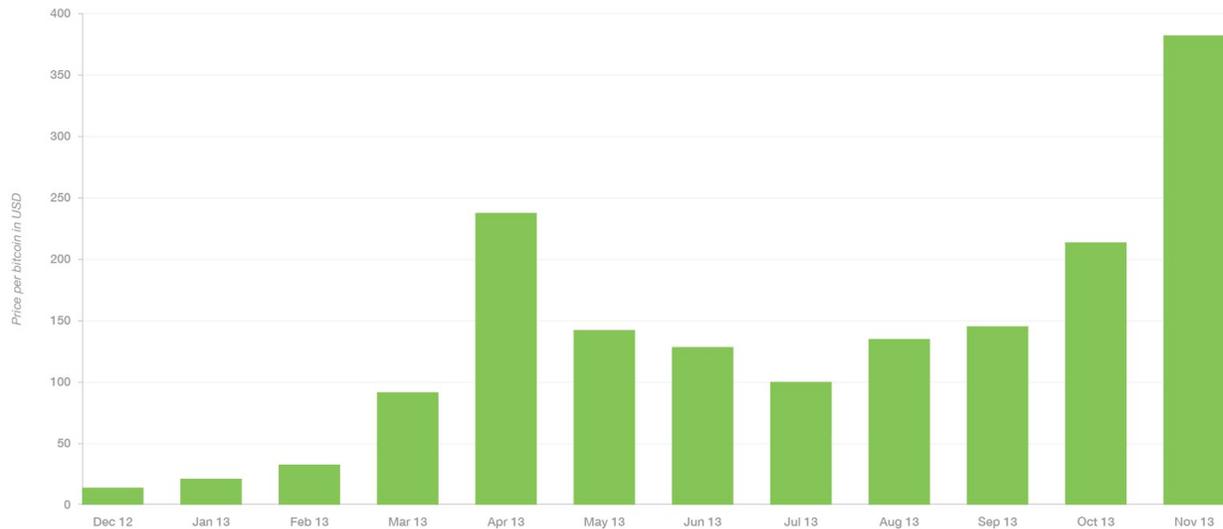
As a result of this lack of clarity, it has become nearly impossible to operate a Bitcoin business in the United States. In turn, this has resulted in many entrepreneurs and **billions of dollars of taxable commerce to move overseas**. Countries such as England, Germany, and China have

become the more friendly operating environments for Bitcoin businesses, and as such, have drawn billions of dollars of revenue out from America's financial ecosystem.

Rather than ignore Bitcoin, or worse, pass legislation making it increasingly difficult for Bitcoin businesses to operate in the United States, Coin Validation believes firmly in partnering with state and federal agencies to help US-based Bitcoin companies achieve regulatory compliance. In doing so, Coin Validation seeks to help bring billions of dollars of revenue back into the United States of America.

Value of a bitcoin: 2,650% Increase (Dec. 2012 to Nov. 2013)

* Graph represents the peak value of a bitcoin in USD for each month



The Solution

Coin Validation has developed a one-stop compliance suite for Bitcoin institutions, and seeks to work closely with US regulators to satisfy state and federal compliance requirements.

Coin Validation has built innovative software and technology providing Bitcoin businesses with “know your customer” functionality, and has assembled the information and advanced programs necessary to satisfy the compliance requirements of the US regulatory agencies. This package can enable Bitcoin businesses to operate without the legal and cost liabilities typically associated with Bitcoin, and will also **empower the US government to create a safe, self-regulated operating environment for Bitcoin companies in the United States of America.**

We are actively seeking new partnerships with US regulatory agencies. Please contact us for more information.