

COMMISSIONER OF
POLITICAL PRACTICES



STATE OF MONTANA

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January 23, 2014

Eric Fulton
116 S. 10th Ave.
Bozeman, MT 59715

Scott Fretheim
PO Box 8824
Missoula, MT 59801

COPP-2014-AO-001

Re: Bitcoin use

Dear Mr. Fulton:

You asked for an administrative advisory opinion regarding the use of Bitcoin as campaign currency. Specifically you asked for the following:

Written approval to accept Bitcoin donations as part of my political campaign, the ability to maintain a bitcoin wallet with donations in it to be converted into US Dollars at my choosing to reduce exchange fees, and for the ability to pay for services in bitcoin so long as I report incoming donations and expenditures with Bitcoin in the same manner as is required by Montana law for the use of the USD to conduct campaign activities.

Your request is approved in part and disapproved in part. The reasoning and decision is set out below.

ADVISORY OPINION

Montana law does not allow a candidate to maintain a bitcoin wallet for accumulation of resources and to pay for services. Montana law requires “one primary campaign depository for the purpose of depositing all contributions received and disbursing all expenditures made by the candidate...” §13-37-205 MCA. The C-1 (candidate filing form) you filed on September 19, 2013 designates Big Sky Western Bank in Bozeman as that depository. A proper depository is limited to a “bank, credit union, savings and loan association, or building and loan association authorized to transact business in Montana.” *Id.* The bitcoin wallet does not qualify as such a depository.

Montana law does allow acceptance of a bitcoin contribution by a campaign, as a contribution includes “anything of value.” §13-1-101(7) MCA. The bitcoin, however, must be valued and converted to US Dollars or used to purchase some service or product (the value of the service or product is then reported as “in-kind” value) upon receipt. This must be done in order to provide a definite value for the purpose of disclosure and measuring conformance to campaign contribution limits. Once a bitcoin is converted to US Dollars those US dollars may be placed in the depository. A bitcoin contribution must follow all rules applicable to contributions including timely disclosure, timely reporting, adherence to the applicable limitation on amount contributed and conformance to the prohibition on corporate contributions. Your campaign treasurer is required to keep “detailed accounts of all contributions received and all expenditures made.” §13-37-208 MCA.

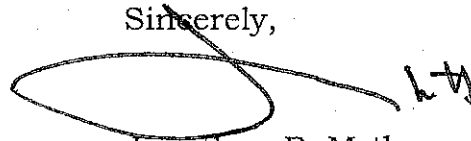
Please keep in mind that the purpose of a campaign account and campaign reporting is to provide timely disclosure and reporting. A bitcoin wallet and any possession of bitcoin by the campaign works against that purpose because Bitcoin is a flexible peer-to-peer payment system that lacks the established, fixed value system of a US Dollar. In order to fix value and time for reporting and disclosure purposes it is therefore necessary to convert bitcoin to US Dollars when received and report the US Dollar value.

LIMITATIONS ON ADVISORY OPINION

This letter is an advisory opinion based on the specific written facts and questions as presented above. This advisory opinion may be superseded, amended, or overruled by subsequent opinions or decisions of the Commissioner of Political Practices or changes in applicable statutes or rules. This advisory opinion is not a waiver of any power or authority the

Commissioner of Political Practices has to investigate and prosecute alleged violations of the Montana laws and rules over which the Commissioner has jurisdiction, including alleged violations involving all or some of the matters discussed above.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right, ending in a small flourish.

Jonathan R. Motl

Commissioner of Political Practices