ASA HUTCHINSON
GOVERNOR

ERIC MUNSON
COMMISSIONER

1 COMMERCE WAY, SUITE 402
LITTLE ROCK, ARKANSAS 72202
TELEPHONE: (501) 324-9260
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# ARKANSAS SECURITIES DEPARTMENT

VIA REGULAR U.S. MAIL

May 21, 2020

River Financial, Inc.
c/o Rafael Yakobi
1041 Market Street, #340
San Diego, CA 92101

Karyn H. Tierney
Arkansas Bar No. 2003120
karyn.tierney@arkansas.gov

RE: River Financial, Inc.
20-NA-0004

Dear Mr. Yakobi:

The Arkansas Securities Department ("Department") is in receipt of your letter and subsequent information provided thereafter, requesting that the Department issue a no-action letter concerning River Financial Inc.'s ("River Financial") claim of exemption from the licensing requirements of the Arkansas Uniform Money Services Act ("UMSA") as codified at Ark. Code Ann. § 23-55-101 through 1006. A copy of the request letter is attached for reference.

Based upon the specific facts contained in your request the Staff will not recommend that the Arkansas Securities Commissioner take an enforcement against River Financial if it does not obtain a license from the Department prior to engaging in the activities detailed in your request letter.

Please note that the position of the Staff of the Department is based solely upon the representations made in your request letter and information provided and applies only to the facts as set out therein. Different facts or circumstances might and often would require a different response or opinion from the Staff of the Department. The position of the Staff of the Department expressed in this letter only deals with anticipated enforcement action by the Department. Further, the position of the Staff of the Department does not purport to be and should not be interpreted to be a legal opinion.

Sincerely,

Karyn H. Tierney
Arkansas Securities Department

THE CRYPTO LAWYERS

1041 Market Street #340, San Diego, California 92101 USA
+1 (619) 317-0722 | info@thecryptolawyers.com | www.thecryptolawyers.com

**VIA EMAIL**

Arkansas Securities Department
1 Commerce Way, Suite 402
Little Rock, AR 72202
ATTN: Dustin Hill, Karyn Tierney

***Re: Request for No Action Determination — Money Transmitter License***

Dear Mr. Hill and Ms. Tierney:

On behalf of our client River Financial ("River"), we write to confirm that River's proposed virtual currency–related activity, as described below, does not require a license under the Uniform Money Services Act (the "UMSA").

**River's Business Model:** River proposes to buy and sell Bitcoin from its own inventory, through the use of its website, www.river.com.

After initial registration and collection of personal information as required by federal law, a River customer may choose to place an order to buy or sell Bitcoin through the River website.[1]

When a customer buys Bitcoin from River, they initiate a transaction of US dollars via the ACH network from their bank account to River's bank account. After the payment has cleared, River provides the customer with the Bitcoin, at which point the customer may choose to withdraw or store the Bitcoin on the River platform.

When a customer sells Bitcoin to River, the customer transfers their Bitcoin to River, who initiates the appropriate payment (based on the market price of Bitcoin at the time), to the customer via the ACH network, from River's bank account to the customer's bank account.

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[1] River is registered as a Money Services Business with FinCEN and possesses MSB registration number 31000165164918. This can be verified by searching the FinCEN database at https://www.fincen.gov/msb-registrant-search. River has developed and implemented an anti-money laundering compliance program, which includes monitoring of customer transactions for suspicious activity, the appointment of a chief compliance officer, and other actions necessary to comply with the requirements of the Bank Secrecy Act.

Based on our review of the UMSA, we believe it is clear that River's activities do not fall within the realm of the UMSA because River does not receive money for transmission to other places or persons, or facilitate the sending of money from a customer to a third party, only to the customer themselves. Further, River only sells Bitcoin from its own supply, does not post orders on third-party exchanges on behalf of customers, or receive funds, whether fiat or virtual, for the purpose of third-party transmission.

We believe the above conclusion is consistent with the definition of a money transmitter as set forth in *AR Code §§ 23-55-102(12)(A)* and *(12)(B)* of the UMSA, in that River's activities as described would not fall under the definition of "money transmission" under those sections.

Based on these same facts, River has received confirmation to the same effect from several other states, and has not received any denials of similar requests from other states.

We appreciate your review and response. If you have any questions or require any additional information in your review, please do not hesitate to contact me at +1 (619) 317-0722 or rafael@thecryptolawyers.com. We look forward to your response.

Thank you for your consideration.

Sincerely,

Rafael Yakobi

Rafael Yakobi, Esq.
The Crypto Lawyers
www.thecryptolawyers.com

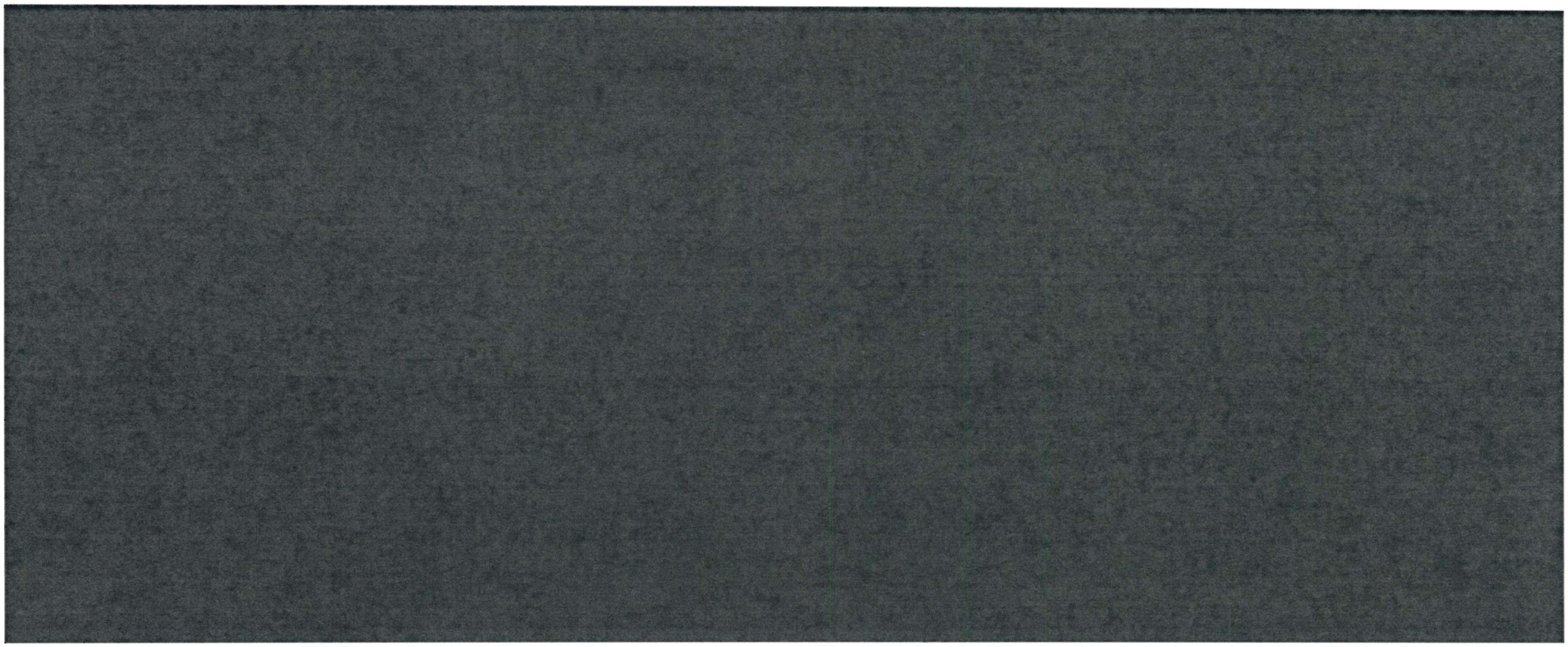
**FLOW-OF-FUNDS BEGINS ON NEXT PAGE**

RIVER FINANCIAL

# Flow of Funds Diagram

Updated December 19, 2019

# Bitcoin Buys



RIVER FINANCIAL

# Bitcoin Sells

**RIVER** FINANCIAL

# Bitcoin Deposits

[redacted]

RIVER FINANCIAL

# Bitcoin Withdraws

[redacted]

[redacted]

RIVER FINANCIAL