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April 10, 2019

MEMORANDUM

TO: The Commission

FROM: Lisa J. Stevenson *LJS*
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Subject: AO 2018-13 (OsiaNetwork LLC) Draft B

Attached is a proposed draft of the subject advisory opinion.

Members of the public may submit written comments on the draft advisory opinion. We are making this draft available for comment until 9:00 am (Eastern Time) on Thursday, April 11, 2019.

Members of the public may also attend the Commission meeting at which the draft will be considered. The advisory opinion requestor may appear before the Commission at this meeting to answer questions.

For more information about how to submit comments or attend the Commission meeting, go to <https://www.fec.gov/legal-resources/advisory-opinions-process/>

Attachment

1 ADVISORY OPINION 2018-13

2

3 Jonathan S. Sack, Esq.

4 Brian A. Hunt, Esq.

DRAFT B

5 Morvillo Abramowitz Grand Iason & Anello P.C.

6 565 Fifth Avenue

7 New York, NY 10017

8

9 Dear Messrs. Sack and Hunt:

10 We are responding to your advisory opinion request on behalf of OsiaNetwork LLC
11 (“OsiaNetwork”) concerning the application of the Federal Election Campaign Act, 52 U.S.C.
12 §§ 30101-45 (the “Act”), and Commission regulations to OsiaNetwork’s proposal to provide
13 services to political committees to enable individuals to use the processing power of their
14 internet-enabled devices to mine cryptocurrencies to benefit the political committees. The
15 Commission concludes that although the proposal is permissible under the Act and Commission
16 regulations, it does not fall within the volunteer internet activities exception, and would result in
17 contributions from the individuals to the participating political committees. OsiaNetwork, as a
18 commercial vendor providing a service to the recipient political committees for a commercially
19 reasonable fee, would not make any contribution to those political committees.

20 **Background**

21 The facts presented in this advisory opinion are based on your letter received on
22 September 10, 2018, and your email received on September 20, 2018.

23 OsiaNetwork is a Delaware limited liability company.¹ Advisory Opinion Request at
24 AOR001. OsiaNetwork proposes to provide services to political committees that would enable
25 individuals to pool the processing power of their internet enabled devices to mine
26 cryptocurrencies, with the political committees receiving the mining rewards. AOR004.

¹ OsiaNetwork will not be treated as a corporation for tax purposes. AOR014.

1 The process of mining cryptocurrency involves using large amounts of computer
2 processing power to solve complex calculations “using cryptographic hash functions.”
3 AOR002.² The completion of these calculations results in the mining of a “block,” which allows
4 transactions between users to be authenticated and generates a new cryptocurrency unit for the
5 miner as a reward for creating the block. AOR003-04. In return for authenticating transactions,
6 cryptocurrency miners are also paid a transaction fee, the size of which often determines the
7 priority with which a transaction will be completed. AOR003. Solving the complicated
8 mathematical problems to create blocks requires enormous amounts of computing power, and
9 “can take centuries to generate a valid ‘block’” by a single miner. AOR004.³ Therefore,
10 cryptocurrency “miners often join forces in so-called ‘pools’ to work together and share the
11 reward.” *Id.*

12 Under OsiaNetwork’s proposal, “[i]f a federal political committee would like to allow
13 their individual supporters to volunteer the processing power of their internet enabled devices,
14 OsiaNetwork will provide the tools necessary to create a webpage on that committee’s website
15 that provides the methodology to pool the processing power of these volunteers’ internet enabled
16 devices.” AOR005. Once a political committee has set up such a webpage, an individual who
17 wants to participate in a mining pool would visit the page and allow the political committee to
18 use the processing power of the individual’s device by (1) accepting the terms of service,
19 (2) designating the percentage of their device’s processing power they wish to use for the

² A more detailed explanation of cryptocurrency mining can be found at Francois R. Velde, *Bitcoin: A Primer*, CHICAGO FED LETTER, No. 317, Dec. 2013, available at <https://www.chicagofed.org/publications/chicago-fed-letter/2013/december-317>.

³ Quoting Nat Drake, *The best mining pools of 2018 for cryptocurrency*, TechRadar, Aug. 23, 2018, available at <https://www.techradar.com/news/the-best-mining-pools-of-2018>.

1 cryptocurrency mining pool, and (3) keeping that webpage open for as long as they would like to
2 continue using their device's processing power as part of the cryptocurrency mining pool.
3 AOR005.

4 Individuals will be able to use their computer processing power for more than one
5 political committee at a time, as long as each of the political committees is a client of
6 OsiaNetwork. *Id.* OsiaNetwork's platform will be used to pool the processing power from
7 individuals supporting multiple political committees as well as non-political non-profit clients of
8 OsiaNetwork. AOR006. OsiaNetwork will receive the mining rewards generated by the pooled
9 processing power of all individuals' devices; individuals who allow their devices' processing
10 power to be pooled will not have an ownership interest in or any rights to the mining rewards
11 generated. *Id.* OsiaNetwork will maintain a separate account for each of its clients, tracking the
12 amount of cryptocurrency rewards generated by individuals providing their computer processing
13 power to that client. *Id.* OsiaNetwork will allocate the mining rewards it receives among its
14 clients "proportionately to the number of hashes that each committee's volunteers generate in
15 order to solve the block that generates the mining reward." *Id.* OsiaNetwork will then subtract
16 its processing fee and transfer to each political committee funds in United States currency
17 equivalent to the cryptocurrency value allocated to that committee. *Id.*

18 A political committee that participates in OsiaNetwork's proposal will contract with
19 OsiaNetwork for the provision of the necessary infrastructure and the receipt of mining rewards,
20 and may enter into a separate contract with the individuals who wish to allow their devices'
21 processing power to be used for the benefit of that committee; the individuals will not have a
22 direct contractual relationship with OsiaNetwork. AOR007. The political committee will enter

1 into terms of service with OsiaNetwork pertaining to their business relationship,⁴ and
2 OsiaNetwork will provide sample terms of service that the political committee may use on its
3 webpage to govern the relationship between the committee and the individuals who participate in
4 the mining pool to benefit the committee.⁵ *Id.*

5 Under the contractual arrangement between OsiaNetwork and its political committee
6 clients, OsiaNetwork will charge a processing fee for its service that will be a percentage of the
7 mining rewards generated, a percentage that will remain the same regardless of how much
8 cryptocurrency is mined. AOR008. The fee will cover the costs of the services provided by
9 OsiaNetwork to the political committee as well as a reasonable profit. *Id.* The services provided
10 by OsiaNetwork to a participating political committee will include the infrastructure necessary
11 for the political committee to enable individuals to allow their devices' processing power to be
12 used to mine cryptocurrency, running the servers necessary to administer the mining pool, and
13 converting mined cryptocurrency into United States currency. *Id.* All transfers to political
14 committees would be in the form of United States currency. AOR005. The infrastructure
15 provided by OsiaNetwork will include computing resources, servers, webpage design, and

⁴ Terms of service between OsiaNetwork and political committees will include the following provisions: (1) OsiaNetwork will be pooling the resources of such political committee's individual volunteers together with the individual volunteers of other OsiaNetwork clients; (2) OsiaNetwork will not be required to disclose to a political committee the names of its other clients; (3) OsiaNetwork will subtract its fee(s) before transferring funds; (4) OsiaNetwork will not guarantee the uptime of its services; (5) OsiaNetwork will not be not liable for any damages caused directly or indirectly to the committee's computing equipment or its individual volunteers' computing equipment as a result of using OsiaNetwork's services. AOR007. Note that the Commission does not consider participants in this service to be "volunteers" within the volunteer internet activities exception.

⁵ Sample terms of service that political committees may use include the following provisions: (1) A participant must be acting as an individual and not on behalf of a corporation; (2) A participant must not use this platform for any illegal purposes; (3) A participant must not attempt to "hack" or reverse engineer any programs contained on the webpage so designated by the political committee; (4) The political committee will not be responsible for any damage caused directly or indirectly to an individual's internet enabled device as a result of engaging in this activity; (5) An individual will not receive any mining rewards in exchange for engaging in this activity. AOR008.

1 connectivity of the various components required for the platform to function. AOR009. The
2 infrastructure will be provided to the political committee only for the duration of its relationship
3 with OsiaNetwork, and will not be of use to the political committee other than to facilitate its
4 participation in OsiaNetwork's platform. *Id.*

5 OsiaNetwork also anticipates providing similar services to non-profit entities, whereby
6 individuals will be able to pool their devices' processing power to mine cryptocurrency for the
7 benefit of such organizations. *Id.* OsiaNetwork does not anticipate offering such services to for-
8 profit entities. *Id.*

9 **Questions Presented**

10 1. *Is it permissible under the Act for individuals to volunteer the processing power*
11 *of their internet-enabled devices, through services provided by OsiaNetwork in the manner*
12 *described in this request, in order to mine cryptocurrencies in support of a federal political*
13 *committee?*

14 2. *Under the Act, who may support a federal political committee by volunteering the*
15 *processing power of their internet-enabled device through services provided by OsiaNetwork in*
16 *the manner described in this request?*

17 3. *Does OsiaNetwork and/or a federal political committee contracting with*
18 *OsiaNetwork, have any reporting requirements under the Act with respect to the funds raised as*
19 *a result of supporters of federal political committees volunteering the processing power of*
20 *internet-enabled devices?*

1 4. *Are there any restrictions on how OsiaNetwork may sell cryptocurrency mined*
2 *through the “pooling” of processing power of federal political committees’ volunteers’ internet-*
3 *enabled devices?*

4 5. *May OsiaNetwork transfer funds in United States currency equivalent to the value*
5 *of the cryptocurrency mined through the “pooling” of the processing power of the federal*
6 *political committees’ individual volunteers’ internet-enabled devices to such federal political*
7 *committees without it being considered a contribution from OsiaNetwork and without it being*
8 *subject to any contribution limits under the Act?*

9 **Legal Analysis and Conclusions⁶**

10 1. *Is it permissible under the Act for individuals to volunteer the processing power*
11 *of their internet-enabled devices, through services provided by OsiaNetwork in the manner*
12 *described in this request, in order to mine cryptocurrencies in support of a federal political*
13 *committee?*

14 5. *May OsiaNetwork transfer funds in United States currency equivalent to the value*
15 *of the cryptocurrency mined through the “pooling” of the processing power of the federal*
16 *political committees’ individual volunteers’ internet-enabled devices to such federal political*
17 *committees without it being considered a contribution from OsiaNetwork and without it being*
18 *subject to any contribution limits under the Act?*

19 The Commission concludes that although the proposed cryptocurrency mining pool as
20 described in the request is itself permissible under the Act and Commission regulations, the

⁶ The Commission is addressing the questions in a different order than they were presented in the request, due to overlap in the analysis of questions 1 and 5.

1 activities of the individuals do not fall within the volunteer internet activities exception, and
2 would therefore result in contributions from them to the participating political committees.
3 OsiaNetwork, as a commercial vendor providing a service to the recipient political committees
4 for a commercially reasonable fee, would not make any contribution to those political
5 committees.

6 The Act defines a “contribution” as “any gift, subscription, loan, advance, or deposit of
7 money or anything of value made by any person for the purpose of influencing any election for
8 Federal office.” 52 U.S.C. § 30101(8)(A)(i); *see also* 11 C.F.R. § 100.52(a). For purposes of
9 this definition, “anything of value” includes all in-kind contributions and, unless specifically
10 excepted from the definition of contribution, “the provision of any goods or services without
11 charge or at a charge that is less than the usual and normal charge for such goods or services is a
12 contribution.” 11 C.F.R. § 100.52(d)(1). “Usual and normal charge” for any services means the
13 charge for those services “at a commercially reasonable rate prevailing at the time the services
14 were rendered.” 11 C.F.R. § 100.52(d)(2). In this instance, the individuals who participate in
15 the cryptocurrency mining pool will be providing something of value to the political committees:
16 the money transferred to the political committees through OsiaNetwork’s cryptocurrency mining
17 pool platform.

18 Commission regulations except certain activities from the definition of a “contribution.”
19 One such exception provides that, if an individual or a group of individuals engages in
20 uncompensated internet activities for the purpose of influencing a federal election, neither the
21 uncompensated personal services provided by the individual nor, generally speaking, the
22 individual’s use of equipment or services for the uncompensated activity will be a “contribution”

1 by that individual or group of individuals. 11 C.F.R. § 100.94; *see also* 52 U.S.C.
2 § 30101(8)(B)(i) (excluding “the value of services provided without compensation by any
3 individual who volunteers on behalf of a candidate or political committee” from the definition of
4 “contribution”); 11 C.F.R. § 100.74 (same).⁷ The regulation defines “Internet activities” as
5 including, but not limited to, “sending or forwarding electronic messages; providing a hyperlink
6 or other direct access to another person’s Web site; blogging; creating, maintaining, or hosting a
7 Web site; paying a nominal fee for the use of another person’s Web site; and any other form of
8 communication distributed over the Internet.” 11 C.F.R. § 100.94(b). The regulation defines
9 “equipment and services” as including, but not limited to, “computers, software, Internet domain
10 names, Internet Service Providers (ISP), and any other technology that is used to provide access
11 to or use of the Internet.” 11 C.F.R. § 100.94(c).

12 OsiaNetwork’s proposal is not one of the types of activities or services explicitly
13 mentioned in either the regulation or the Commission’s explanation of the regulation upon its
14 adoption. *See* Internet Communications, 71 Fed. Reg. 18,589, 18,603 (Apr. 12, 2006).
15 Recognizing that it could not anticipate every means of using the internet that might
16 appropriately be covered by the volunteer internet activities exception, the Commission adopted
17 the exception with the intention that its definition of “internet activities” would “cover
18 technology that has not yet been developed.” *Id.* at 18,605. However, the Commission did not
19 intend the definition to be so broad as to encompass every activity that might make incidental use
20 of the internet, and thus the definition of “Internet activities” includes the enumerated forms of

⁷ An analogous provision excepts volunteer internet activity from the definition of “expenditure.” 11 C.F.R. § 100.154.

1 activity “and any other form of *communication* distributed over the Internet.” 11 C.F.R.
2 § 100.94(b) (emphasis added). Each of the activities listed in the definition includes a
3 communicative element, whether by directly expressing a message (*e.g.*, sending an email or
4 blogging) or amplifying another person’s message (*e.g.*, forwarding an email, providing a
5 hyperlink to another person’s website, or creating a website). *See also* Advisory Opinion
6 2011-14 (Utah Bankers Association) (concluding that sending or forwarding email solicitations
7 qualifies for volunteer internet activities exception). Individuals’ participation in cryptocurrency
8 mining pools as described in OsiaNetwork’s proposal would not involve any expressive activity
9 or distribution of any other person’s communication, only the passive provision of processing
10 power to generate funds for political committees, and would not constitute a “form of
11 communication distributed over the Internet” as encompassed by the definition of “Internet
12 activities.”

13 The exception does provide that an individual’s “use of equipment and services for
14 uncompensated Internet activities” is not a contribution, 11 C.F.R. § 100.94(a)(2), but this part of
15 the exception extends only to the use of equipment “for . . . Internet activities.” Because
16 participation in OsiaNetwork’s cryptocurrency mining pool does not constitute an “internet
17 activity” as defined in the regulation due to the lack of a communicative element, the use of an
18 individual’s computer and internet access to participate in the mining pool would not fall within
19 the exception regardless of the fact that computers and means of internet access are included in
20 the definition of “equipment and services.” Accordingly, the Commission concludes that the
21 proposed cryptocurrency mining pool does not fall within the volunteer internet activities
22 exception to the definition of a contribution.

1 Because no exception applies, the money received by a political committee from the
2 cryptocurrency mining pool will be a contribution, equal to the value, in U.S. dollars, of the
3 cryptocurrency that is mined by the pool for the committee's benefit. It is the individuals
4 participating in the mining pool that generate that value and choose to do so for the benefit of a
5 particular political committee, so the contribution must be attributed to those individuals.
6 OsiaNetwork must use a reasonable method of allocating the contribution proportionally among
7 the individuals who participate in generating the funds.⁸ One such reasonable method would be
8 to allocate the contribution to the individual contributors proportionately to the number of hashes
9 that each individual generates in order to solve the block that yields the mining reward. The
10 contributions will be subject to the amount limitations, source prohibitions, and reporting
11 requirements of the Act.

12 The request also asks whether the proposed activity will result in contributions from
13 OsiaNetwork to the political committees. The Commission concludes that it would not because,
14 similar to other advisory opinions considered by the Commission, OsiaNetwork, assuming it
15 satisfies all criteria described below, would be acting as a commercial vendor in providing its
16 services to the political committees. The Commission has previously determined that the
17 provision of contribution-processing services to a political committee by a commercial vendor
18 does not constitute a contribution to the political committee. *See, e.g.*, Advisory Opinion 2018-
19 05 (CaringCent LLC) at 4-5; Advisory Opinion 2016-08 (eBundler.com) at 6-7; Advisory
20 Opinion 2007-04 (Atlatl) at 3-4. In these advisory opinions, the Commission recognized three

⁸ *See* response to Question 3, below, regarding contributor information that OsiaNetwork must provide to the political committees.

1 qualities characteristic of commercial vendors: (1) they rendered services in the ordinary course
2 of business and at the usual and normal charge; (2) they forwarded contributions through a
3 segregated account to candidates and political committees; and (3) they employed adequate
4 screening procedures to ensure that they were not forwarding illegal or excessive contributions.
5 *See, e.g.*, Advisory Opinion 2018-05 (CaringCent LLC) at 4-5; Advisory Opinion 2016-08
6 (eBundler.com) at 6-7; Advisory Opinion 2007-04 (Atlatl) at 3-4. The first two criteria arise
7 from the definition of an in-kind contribution, 11 C.F.R. § 100.52(d), and the contribution
8 forwarding requirements. 52 U.S.C. § 30102(b); 11 C.F.R. § 102.8. The third criterion does not
9 relate to a statutory or regulatory provision that applies directly to the vendors, but enables
10 political committees to fulfill their obligations concerning illegal and excessive contributions.
11 *See* 11 C.F.R. § 103.3(b).

12 Here, OsiaNetwork satisfies the first two criteria. First, OsiaNetwork will be providing
13 its services in the ordinary course of its business as a for-profit limited liability company that
14 offers tools for cryptocurrency mining pools to political committees and non-profit entities. In
15 providing its services, OsiaNetwork will charge a commercially reasonable fee at the “ordinary
16 and usual charge” for its services that will cover its costs and generate a reasonable profit.
17 Second, so long as OsiaNetwork transfers contributions from an account segregated from its own
18 treasury funds within ten days of receipt, it will satisfy the contribution forwarding requirement.
19 *See* 52 U.S.C. § 30102(b); 11 C.F.R. § 102.8.

20 Regarding the third criterion, OsiaNetwork has not indicated whether it would screen
21 contributions to ensure that they are not excessive and that they are not from prohibited sources.
22 OsiaNetwork argued that its proposed activity would not result in a contribution, which would

1 render the screening of contributions irrelevant. The Commission, however, has not adopted this
2 argument, concluding instead that the proposed activity would be a contribution to a political
3 committee. As the Commission previously explained, to provide contribution-processing
4 services to political committees as a commercial vendor, the entity must satisfy all of the above
5 three criteria, including the requirement to provide adequate screening. *See, e.g.*, AO 2012-09
6 (Points for Politics) at 5 (concluding that the requestor “must satisfy [the three] criteria”). Thus,
7 to act as a commercial vendor under this proposal, OsiaNetwork must also adequately screen
8 contributions to ensure that they do not exceed the applicable contribution limits and that they
9 are not from prohibited sources. *See, e.g.*, Advisory Opinion 2018-05 (CaringCent LLC) at 5
10 (contributors were required to affirm their eligibility under federal law to make contributions,
11 and vendor would not allow contributors to exceed contribution limits through its platform);
12 Advisory Opinion 2016-08 (eBundler.com) at 7 (same); Advisory Opinion 2012-09 (Points for
13 Politics) at 6 (same). Assuming OsiaNetwork does so, OsiaNetwork will satisfy all three criteria
14 for a commercial vendor.

15 Accordingly, because the proposed cryptocurrency mining pool does not fall within the
16 volunteer internet activities exception and, assuming it provides adequate screening of
17 contributions, OsiaNetwork will be acting as a commercial vendor, the entire amount of any
18 funds transferred to a recipient political committee will constitute a contribution from the
19 individuals who participated in generating those funds, and OsiaNetwork’s provision of
20 contribution-processing services to its political committee clients will not result in contributions
21 to them from OsiaNetwork.

1 2. *Under the Act, who may support a federal political committee by volunteering the*
2 *processing power of their internet-enabled device through services provided by OsiaNetwork in*
3 *the manner described in this request?*

4 Any individual who may make contributions to political committees may participate in
5 OsiaNetwork's proposed cryptocurrency mining pool to support a political committee.

6 As discussed above, an individual's participation in the proposed cryptocurrency mining
7 pool would result in a contribution to the political committee. Certain categories of persons are
8 prohibited from making contributions to political committees generally or to some types of
9 committees, or may do so only if certain conditions are met, and therefore individuals must
10 satisfy these requirements in order to participate in the proposed cryptocurrency mining pool.

11 Namely, foreign nationals may not make contributions in connection with any federal,
12 state, or local election, nor may they make contributions to any political party committee. 52
13 U.S.C. § 30121(a); 11 C.F.R. § 110.20(b)-(c). Federal contractors may not make contributions to
14 any political party, political committee, or candidate for federal office, or to any person for any
15 political purpose or use. 52 U.S.C. § 30119(a); 11 C.F.R. § 115.2. Corporations and labor
16 organizations are prohibited from making contributions, 52 U.S.C. § 30118(a) and 11 C.F.R.
17 § 114.2, except that they "may make contributions to nonconnected political committees that
18 make only independent expenditures, or to separate accounts maintained by nonconnected
19 political committees for making only independent expenditures." Note to 11 C.F.R. § 114.2(b).
20 Minors may make contributions to candidates or political committees only if certain conditions
21 are met. 11 C.F.R. § 110.19.

1 Therefore, the Commission concludes that any individual who is not a foreign national or
2 federal contractor, and who is not using corporate or labor organization resources if the recipient
3 political committee is not an independent expenditure-only political committee (*see* 11 C.F.R.
4 §§ 114.2(f), 114.9(d)), may participate in the proposed cryptocurrency mining pool subject to the
5 applicable contribution limits, and minors may participate if they meet the conditions set forth in
6 section 110.19.

7 3. *Does OsiaNetwork and/or a federal political committee contracting with*
8 *OsiaNetwork, have any reporting requirements under the Act with respect to the funds raised as*
9 *a result of supporters of federal political committees volunteering the processing power of*
10 *internet-enabled devices?*

11 No, OsiaNetwork will not have any reporting obligations with respect to its proposed
12 activities, although participating political committees must report each contribution received.

13 The Act requires political committees to file reports of all receipts and disbursements. 52
14 U.S.C. § 30104(a), (b); see also 11 C.F.R. §§ 104.1, 104.3(a). Specifically, political committees
15 must report the identities of contributors and the amounts and dates of contributions. *See* 11
16 C.F.R. § 104.3. Any person or entity who receives and forwards contributions to political
17 committees must also collect and forward certain information about the contribution and the
18 contributor, depending on the amount of the contribution and the type of political committee. 11
19 C.F.R. § 102.8.

20 As discussed above, OsiaNetwork's proposed activities will result in contributions from
21 the individuals to the participating political committees, and therefore the political committees
22 will be required to report the contributions received from each individual. OsiaNetwork, as a

1 vendor forwarding contributions to political committees, must collect and report to the
2 committees the information required under 11 C.F.R. § 102.8. In addition, because contributors
3 will not know the actual amount transmitted to the political committees, OsiaNetwork is advised,
4 but not required, to provide information to the individual contributors allowing them to track
5 their contributions to a given political committee for purposes of complying with the
6 contribution limits.

7 The Act and Commission regulations also require intermediaries or conduits of
8 earmarked contributions to report the original source of such a contribution and the recipient
9 candidate or authorized committee. 52 U.S.C. § 30116(a)(8); 11 C.F.R. § 110.6(c)(1).
10 Commission regulations clarify, however, that “a commercial fundraising firm retained by the
11 candidate or the candidate's authorized committee to assist in fundraising” is not a “conduit or
12 intermediary.” 11 C.F.R. § 110.6(b)(2)(i)(D). Because the requestor will act as a commercial
13 vendor when it provides its services to its political committee clients, the requestor will also
14 qualify as a “commercial fundraising firm” for purposes of that regulation. *See* Advisory
15 Opinion 2016-08 (eBundler.com) at 8 (concluding that limited liability company providing
16 contribution-forwarding services to political committees would be acting as commercial
17 fundraising firm rather than conduit). As a commercial fundraising firm, the requestor will not
18 be subject to the reporting requirements applicable to conduits and intermediaries for its
19 proposed activities.

20 4. *Are there any restrictions on how OsiaNetwork may sell cryptocurrency mined*
21 *through the “pooling” of processing power of federal political committees’ volunteers’ internet-*
22 *enabled devices?*

1 No, neither the Act nor Commission regulations restrict OsiaNetwork from selling at fair
2 market value cryptocurrency mined as described in the request to individuals, through an
3 exchange, or in any other way.

4 The Commission has established several limitations on cryptocurrency transactions by
5 political committees in order to ensure compliance with the Act and Commission regulations.
6 *See* Advisory Opinion 2014-02 (Make Your Laws PAC). However, these limitations were
7 considered in the context of political committees — which are subject to contribution amount
8 limitations and source restrictions, reporting requirements, and restrictions on investment
9 activities —transacting in cryptocurrency. These limitations do not apply to OsiaNetwork’s
10 proposed cryptocurrency mining pool, which would result in contributions being made in United
11 States currency, not in cryptocurrency. Accordingly, OsiaNetwork may sell mined
12 cryptocurrency without adhering to the specific guidelines on cryptocurrency transactions and
13 valuation set forth in Advisory Opinion 2014-02 (Make Your Laws PAC).

14 This response constitutes an advisory opinion concerning the application of the Act and
15 Commission regulations to the specific transaction or activity set forth in your request. *See*
16 52 U.S.C. § 30108. The Commission emphasizes that, if there is a change in any of the facts or
17 assumptions presented, and such facts or assumptions are material to a conclusion presented in
18 this advisory opinion, then the requestor may not rely on that conclusion as support for its
19 proposed activity. Any person involved in any specific transaction or activity which is
20 indistinguishable in all its material aspects from the transaction or activity with respect to which
21 this advisory opinion is rendered may rely on this advisory opinion. *See* 52 U.S.C.
22 § 30108(c)(1)(B). Please note that the analysis or conclusions in this advisory opinion may be

1 affected by subsequent developments in the law including, but not limited to, statutes,
2 regulations, advisory opinions, and case law. Any advisory opinions cited herein are available
3 on the Commission's website.

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On behalf of the Commission,

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Ellen L. Weintraub,
Chair

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