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Comptroller of the Currency  
specialpurposecharter@occ.treas.gov.

Thank you very much for this opportunity to comment.

I am an attorney with experience in the nascent fields of crypto-currency, the “blockchain,” and other emerging developments in the world of fintech. I formerly represented Ripple Labs as its first general counsel, and currently represent Bitstamp Ltd., a London-based trading platform that won the first-ever license to operate throughout Europe. I also represent and am a principal in a new start-up called “GateHub,” based on the Ripple ledger, which intends to soon launch a subsidiary to conduct business in the USA.

We are also working closely with another firm, Global ID, in developing an identity solution which will provide consumers with trusted credentials that they can use to hold, send, receive, convert and spend money in a way that prevents fraud, money laundering and terrorist financing, and complies with applicable laws and regulations, particularly those rules and regulations generically known as Anti-Money Laundering/Know Your Customer rules (“**AML/KYC Rules**”).

My clients and I strongly approve of the proposed establishment of a Special Purpose National Bank Charter and accompanying regulatory framework. We believe that regulation by the OCC will ensure uniform and “fair” treatment, reduce costs, and greatly increase the regulatory “bang for the buck.” I am delighted at the opportunity to work with and provide comments to the staff of the OCC, and to address concerns they may have regarding my clients’ business and technological models -- and how they fit existing law.

My client Bitstamp, based in Luxembourg, will likely pursue a bank charter. Bitstamp is primarily a crypto-currency exchange, and its bank partners hold and transmit all fiat funds. It has applied for a New York Bitlicense but held off seeking state licensing until

the field clears a bit more. Bitstamp is registered with and works closely with FinCEN and currently has a payments license to operate throughout Europe.

The Luxembourg-based GateHub is pioneering a new means of transferring digital assets called “Interledger,” a network-agnostic protocol for orchestrating transfers on independent ledgers including ACH, the blockchain, card networks, mobile wallets, and so forth, to facilitate secure, “multi-hop” payments. We have signed up two European telecoms and four banks at this point, and are in a trial stage. GateHub is positioned to offer solutions to both consumers and traditional financial institutions as they comply with the “big bang” of PSD2, a far-reaching initiative that will transform the EU financial sector.

We expect the PSD2 experience to provide us – and regulators in the USA -- something of a preview of changes we expect are coming to the USA, including the “access to account” rule, and other liberalizing provisions that we believe will put more control into the hands of consumers, and will significantly expand competition, lower costs and increase safety.<sup>1</sup>

As a technology developer, we are incorporating an extremely robust AML/KYC program into our workflow, including an automated transaction monitoring and alert system that will flag suspicious transactions until we resolve them. We are also developing a robust system for instantaneously sharing identity “attestations” (*not credit reports*) with accredited partners at the transactional level to prevent fraud. Our payments wallet app will incorporate state of the art biometrics, device ID, location confirmation and other identity solutions that will free up consumers from having to enter passwords and other clumsy and easily-hacked “security” features, while protecting them much better.

In the United States, where we are just now setting up a GateHub affiliate, that will utilize the same technology “platform” and adapt practices to the regulatory environment here. I am preparing to design a business plan that – we hope – complies with the requirements of a Special Purpose banking charter, and I welcome the

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<sup>1</sup> And as you are no doubt aware, on November 17, 2016 the Consumer Financial Protection Bureau (“**CFPB**”) announced it was launching an inquiry into the challenges consumers face in assessing, using and securely sharing their financial records with fintech companies, signaling that it generally supports the PSD2 approach to opening up the provision of new products and services aimed at making it easier, cheaper or more efficient for consumers to manage their financial lives. The CFPB has stated that their goal is to: “foster an environment where competing providers can securely obtain, with consumer’s permission, the information needed to deliver innovative products and services that will benefit consumers.” See <http://www.consumerfinance.gov/about-us/newsroom/cfpb-launches-inquiry-challenges-consumers-face-using-and-securely-sharing-access-their-digital-financial-records/>

opportunity to make this process work well and smoothly. We plan to start fairly small in order to test out various features and services, while providing a detailed financial and technological/security plan for scaling up. As in Europe and other regions of the globe, GateHub USA intends to offer a fully transparent, fully compliant Ripple-based ledger system for use by our partners, including community banks, which will allow the safe, instantaneous, and low-cost transfer of funds.

The GateHub ledger system (and its Interledger API connectors) will allow participants to instantaneously transfer funds of any type, and verify and “true up” against other legacy ledgers, such as bank accounts, ACH, credit and debit card systems, etc. and with appropriate legal authority, even allow regulators to look over our shoulders in “real time” to monitor a transaction.

GateHub will provide backend services for merchants and financial institution providers, and also offer branded services directly to consumers, primarily for use on mobile devices, including (1) hosted “wallets” that will link up to stores of value (whether USD, bitcoin, or other assets) in different “silos,” and allow transfers and payments to merchants or trusted individuals, (2) access to a crypto-currency trading platform, (3) associated services that we will offer in partnership with established FI partners, such as debit cards.

I very much hope that we will find an enthusiastic regulatory partner in the OCC, and look forward to working with the OCC to successfully implement the Proposal. We are convinced that if we get this right, the Proposal will significantly contribute to the public policy goal of increasing financial inclusion for the unbanked, and assist consumers that are already participating in the financial system by reducing the costs of financial products, increasing transparency, and giving consumers more control over their financial affairs.

Very truly yours,

George Frost, Esq.



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