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Entrepreneur sentenced to probation for bitcoin crime



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U.S. District Court Judge Douglas Harpool today sentenced Nixa entrepreneur Jason Klein to five years of probation and ordered him to pay a \$10,000 fine.

Klein, the founder of technology firms Logic Forte and Datality Networks, **pleaded guilty in May** to conducting an illegal money transmitting business by exchanging bitcoin for cash without a license. In his guilty plea, Klein admitted he met with two undercover federal agents on numerous occasions between Feb. 6, 2015, and July 27, 2016. He was acting with an unnamed person, whose name also was not released during court proceedings today.

For his work, Klein or the other person received \$2,122 in fees to make the exchanges. Klein has since paid back that amount in restitution, according to court proceedings today.

Casey Clark, assistant U.S. attorney for the Western District of Missouri, today said the undercover officers inferred or mentioned multiple times they sold cocaine, which should have led Klein to know they were laundering money through bitcoin, a decentralized form of electronic currency.

“That’s significant because I think it provides a lot of context,” Clark said.

Clark and the federal government sought a prison sentence of 13 months as a deterrent to others who might commit similar crimes.

“There’s a real and urgent need,” Clark said. “There’s an opportunity to get in front of these crimes before they happen.”

Speaking before Harpool, Klein said he should have stopped doing business with the undercover agents after being told the money they were exchanging came from illegal drug sales.

“I don’t have an excuse for that,” said Klein, who had several friends and family members come out in support. “I’m filled with enormous regret.”

Klein said his activities started as a hobby and grew from there. Since he wasn’t making much money from the venture, he said he didn’t feel the need to consult an attorney regarding bitcoin transactions. He said he was unaware of what types of licensure requirements existed.

Klein’s attorney, Mark Milton of Husch Blackwell LLP, argued Klein’s reputation already has suffered irreparable harm, which in itself acts as a deterrent. He also noted Klein got caught up in a new, exciting technology without “nefarious intent.”

“Jason was living in a fantasy world during these meetings,” Milton said. “He obviously should have walked away.”

Before delivering his sentence, Harpool said he weighed letters of support from members of the community and considered Klein’s background. Beyond his May guilty plea, Klein doesn’t have a criminal background to speak of, Harpool said.

The judge ultimately ruled against prison time.

“We need citizens like you to stand up and do the right thing,” Harpool said.