



Staff Report for Committee of the Whole Meeting

Date of Meeting: December 4, 2019

Report Number: SRCFS.19.049

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.19.049 Cryptocurrency Update**

Purpose:

To provide an update on the progress of negotiations with Coinberry to accept Cryptocurrency as a method of payment for Property Tax Bills.

Recommendation(s):

That report SRCFS.19.049 be received for information purposes and request Council direction on how to proceed with Cyber Insurance requirement.

Contact Person:

David Dexter, Director of Financial Services/Treasurer, extension 2484.

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

Page 2

Background:

At the July 9, 2019 Council meeting, staff were directed to enter into negotiations with Coinberry Limited to introduce cryptocurrency as a property tax payment option (SRCM.19.08 motion attached).

In general, the negotiations have gone well. However, there is one point of concern with respect to Insurance provisions. Staff have requested proof of Cyber Insurance coverage, initially for \$5 million but reduced to \$2 million as negotiations have progressed. City staff have yet to receive the requisite proof of Cyber Insurance coverage. Representatives for Coinberry have indicated that premium costs for such insurance is very expensive given the sector of the business, and that it is a preference that it not be a requirement of an agreement.

It is standard and expected by the City's insurer to request Cyber Insurance from all vendors that have access to the City's website or systems, and take payments on our own behalf. Over recent years there has been a greater number of cyber attacks on Public Sector organizations and thus the concern of potential risks when the City engages services of relevant third-party vendors.

If there was a breach through the Coinberry site and they had no Cyber Insurance coverage, City staff have been advised by our insurer that there would be no coverage under the City's Cyber Insurance policy for expenses incurred (including potential claims for breached information).

Financial/Staffing/Other Implications:

The next tax installment due date will be March 2, 2020 for which potential cryptocurrency payments would be accepted.

Relationship to the Strategic Plan:

Providing an update on Coinberry negotiations reflect the overall use and wise management of resources but also touches on the other goals in the Strategic Plan:

- a) Stronger connections in Richmond Hill to improve access to local information and services; and
- b) Wise management of resources in Richmond Hill to serve as a role model for municipal management.

Page 3

Conclusion:

Negotiations with Coinberry Limited are progressing well except for the Cyber Insurance Coverage requirement. In light of the foregoing, staff are requesting direction from Council.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format please call the contact person listed in this document.

- Appendix A – SRCM.19.08 Digital Currency Motion

Page 4

Report Approval Details

Document Title:	SRCFS.19.049 Cryptocurrency Update.docx
Attachments:	- SRCFS.19.049 Appendix A SRCM.19.049 Motion.pdf
Final Approval Date:	Nov 26, 2019

This report and all of its attachments were approved and signed as outlined below:

David Dexter - Nov 26, 2019 - 1:22 PM

MaryAnne Dempster - Nov 26, 2019 - 1:35 PM

Neil Garbe - Nov 26, 2019 - 2:02 PM