

# Moscow cryptocurrency 'boutique' in legal grey area

October 23 2018, by Andrea Palasciano

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Moscow's first cryptocurrency store is a physical portal to the virtual realm of bitcoin

First you ring, then push through heavy doors past a suspicious security guard before arriving at Moscow's pioneering cryptocurrency store—a

physical portal to the virtual realm of bitcoin.

Russia has been at the forefront of the cryptocurrency revolution and the ultra-modern "DeeCrypto" shop, spread across two floors in central Moscow, attempts to navigate the legal grey area around the innovation in the country.

"Clients come to us and say, 'I want [bitcoin](#) but I don't know what it is'," said founder Denis Onatsik.

"Here it's a bit like the Apple Store, we explain to them that they can buy the equipment to make it themselves or even come to install their own 'farm'".

Screens mounted on white walls allow visitors to follow in real time the value fluctuations of currencies such as bitcoin and ethereum and allow them to decide which to invest in.

Display cases line the room, holding gadgets like "virtual currency wallets" as well as t-shirts bearing the dollar-like bitcoin symbol.

"In Russia we need 'offline' shops, real places," Onatsik told AFP.

"Because people trust things more when they see it on the shop floor, where they can come in, look at it, touch it, see it, when a salesperson explains to the buyer what the equipment does, how it functions," he said.

"There's a big risk factor when you buy online. There has been plenty of fraud in the sector—the machines that never arrive, bitcoin that you pay for but never get," he added.

The Muscovite, a forty-something businessman wearing a white shirt and

gold rings on his fingers, works primarily in the building sector but two years ago began opening bitcoin farms in abandoned sites.

Onatsik conceived of "DeeCrypto" as something between a shop and a club—anyone can buy the products but only members can buy, sell and trade [virtual currencies](#) between themselves.

There are now around 100 members, mainly businessmen, who buy into the virtual currency using cash and so rely on security and confidentiality offered by the store.



Machines to mine Bitcoins cost between 35,000 and 50,000 roubles (\$535-\$765, 470-670 euros) in Moscow

## **Crypto revolution over?**

Onatsik's shop also offers equipment to "mine" the currency, for those who wish to produce their own.

These devices, humming in a corner of the store, only require electricity and an internet connection to function.

But the pricing of certain brands suggests that the peak of the cryptocurrency revolution might have already passed.

"Today, these cost between 35,000 and 50,000 roubles (\$535-\$765, 470-670 euros)," whereas when the shop opened in February the price was many times higher, the owner said.

Having peaked at \$20,000 at the end of December 2017, the global price of bitcoin collapsed early this year and has only just begun to recover.

According to a study published at the end of last year by Ernst and Young, Russia was the third largest producer of cryptocurrency behind the United States and China.

"Today, cryptocurrencies and a set-up like ours are neither forbidden, nor explicitly authorised," said Onatsik of the innovation's current legal status.

The boutique was however granted a license by the FSB security service to open its doors.

But the founder's expectations that Russia would pass a law fully legalising cryptocurrencies in the summer were dashed.

And while the cost of the equipment has dropped, the corresponding fall

in the value of the currencies has brought the viability of mining them into question.

"People were interested in opening franchises in other (Russian) cities," Onatsik said of the situation pre-crash.

"We were sure there would be a queue in front of the shop, like in front of Lenin's mausoleum during the Soviet era."

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