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Dana,

The recently proposed bitcoin regulations are a mistake, and will cause New York to lose its place as a leader in the financial world. Specifically, prohibiting bitcoin companies from holding retained earnings in bitcoin will cause most bitcoin entrepreneurs to go elsewhere. Holding earnings in bitcoin would actually be far more transparent than holding them in fiat. This section of the law appears to be an attempt to protect fiat currency, while unabashedly shackling bitcoin.

My second concern with the proposed regulations involves the substantial obstacles put in place to be licensed as a bitcoin dealer. Please understand that the new world of bitcoin doesn't require antiquities of this nature.

If you want to regulate bitcoin institutions, there is a simple way to do it: If a bitcoin institution wants to obtain a NY license to sell bitcoins or store bitcoins for others, simply require that all customer deposits be held in reserve. There are methods which allow for complete accountability of all bitcoins held in reserve, using the blockchain.

The blockchain can incontrovertibly prove the existence and accessibility of bitcoins held in financial institutions, and enables these entities to be infinitely more accountable and secure than legacy financial institutions.

Bitcoin is the future of the financial sector, and I wouldn't want to see New York fall behind.

Thank you

David E. Johnson, Attorney at Law