Bitcoincenter

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[redacted]

August 4, 2014

Ms. Dana Syracuse Esq.
Deputy General Counsel
Department Financial Services
1 State Street
New York City, New York 10004

Dear Ms. Syracuse,

Nick Spanos founded the Bitcoin Center earlier this year because he knew that New York City is the financial capital of the world and that there has to be a place where technically savvy people in the crypto currency community could meet people of like mind. The Bitcoin Center plans to play many different parts.

The Bitcoin Center of New York City- has created an eco-system to promote small startups of digital currency companies that span many fields. The Center also has created an environment to encourage digital currency entrepreneurs that understand the technical forefront of any crypto currency: We are striving to create a brain trust in a new community

The Bitcoin Center of New York is in the process of making itself the center of the digital currencies expansion into the main stream. Bitcoin is changing finance like the web is changing publishing. Our startups range from Gamerholic, a company that has developed a gaming platform to play a variety of games to play for Bitcoin. We are working on Livery Cab for Bitcoins which will concentrate its efforts with people coming into the country from foreign countries so they don't have to go to money exchangers before entering America. This is just to name two.

Many of our Bitcoin entrepreneurs run a wide range of experience and talent. Some have business plans that are 50 pages long while others don't know what one is. We try to

assist where we can. The Bitcoin Center is trying to sculpt an environment that fosters any business that can or could use digital currency.

The Bitcoin Center does a variety of things to promote the Digital coin community. This last week Vericoin used our Center to have its coming out party. There were just under 100 people there. On our Thursday night event our guest speaker was Perianne Boring who just started a new organization called the Chamber of Digital Commerce. She explained that the digital community had to take a higher profile in Washington and the different states across the country. The CDC has already engaged Thorsen French Advocacy to lobby for them. This led to the announcement that they were going to start fund raising. Each week we have two to three events like this

The use of the digital currency faces many hurdles: One which was mentioned in the staff report to the Congressional Committee for Small Business of March 31, 2014 that there were only 12,000 merchant users whereas Visa had 36 million merchant locations worldwide. The Bitcoin Center is trying in its way to promote the outreach for merchants and vendors. Bitcoin is just starting that climb. Just this last month three major vendors announced that they were going to use bitcoin. On July 15th Google Inc. added Bitcoin to its money converting tools. On July 17th 2014, Bitplay, a leading bitcoin payment service provider, added a new app on Facebook to help facilitate trading of digital currencies. The biggest thing this month was Dell's announcement on the 18th of July that it would start accepting bitcoin as payment.

I mention these because they are the big players in the digital coin movement. The big players can afford the high priced lawyer to navigate the future rough waters of digital currency. It's the medium and small players in the Bitcoin world that don't have that cushion to afford to enter the playing field of big money. Earlier in this letter I mentioned there were entrepreneurs who were wizzes with computers and ideas that required a great deal of hand holding. They are equipped to develop some exciting innovation but they feel priced out of the profession due to regulation. The Bitcoin Center feels that it needs to be a lobbing entity for the so called small guy.

The Department of Financial Services (DFS) announced its plans for instituting licensing requirements and some new guidelines on July 23, 2014 and it was met with mixed emotions. Nick Spanos the founder of the Bitcoin Center said that it took the breath out of the digital coin community. Many of its members felt that it was too heavy handed and directed at those small players. This made them to feel left out of the process. They felt that they were being shut out of a verging industry. We at the Bitcoin Center feel laws can't be so over reaching. Why should we have regulations that are more stringent than current bank regulations? Yes it is important to know that people have clean records. If we are going to handle people's cash background checks is just the right thing to do. The Bitcoin Center is concerned about restrictions on ATM machines. If a cap on the size of a transaction was in place, it would it would make the ATM a poor tools to laundry money. If bars and restaurants are going to accept bitcoins for their food and liquor then you can't make it more difficult for customers to buy bitcoins. The same is true for the merchants who accept bitcoins. They have to have the

means to redeem them. Just because credit cards are against the use of bitcoins because it undercuts their use, government shouldn't take sides in this matter. If businesses want to compete they would have to provide a cheaper product to stay competitive. Banks have debit cards which acts similar to bitcoin and they are accepted. If one of the many tourists who come to New York City wants a night out on the town, don't they have the right to buy their bitcoin in their home land and use it here? Why shouldn't they be allowed to save some money instead of spending it at exchange shops? What about the young adult who comes to this country and overspends. Why shouldn't his parents or friend be allowed to save up to 20% in sending money? I still remember my father sending me money when my car broke down in Canada. He had to send money twice. Western Union's fees and exchange rates were outrageous. If Bitcoin existed back then I would only need the first payment.

Another troubling point in the Bitcoin community is the 45 day period provided by the DFS to field questions and make comments. We at the Bitcoin Center believe that this needs to be longer. We are surprised everyday by the new ideas that are generated on how to make something work better or faster. Bitcoin as part of a digital crypto currency community is not politically connected but that is changing very fast. If you were to ask anyone under the age of 25 they would find it hard to think of the world without internet. I venture to project that 10 years from now it will be hard to visualize a world without bitcoin. Good laws and regulations will serve our community in the long run because it will give the general population more confidence in using crypto currency. There is no need to rush into regulations that will only cause more people to think how they will get around the law instead of work with it.

The Bitcoin Center would like to assist the DFS in forming a panel to help examine how these new regulations would affect the different types of digital currency startups. This cooperation could only serve to improve the relationship between the regulatory agencies which will work with us and help those new people who are entering this community. Please feel free to contact me at the Bitcoin Center or you can email me at [redacted]

Sincerely,

Raymond W. Cline
Executive Director
Bitcoin Center New York City