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Dear Superintendent Lawsky and General Counsel Syracuse,

I'm writing you today to express my deep concerns about the "BitLicense" proposal. The current framework deeply threatens the privacy of virtual currency users, business and process innovators, and researchers in many fields. To wit:

- - The BitLicense is extremely broad, requiring licenses for far more than just money services. Data analysis projects and companies would require licensing, even for something as simple as scanning the blockchain to read the graffiti that other users have left there.
- - It infringes on the privacy rights of individual users. Companies that are licensed under the terms of BitLicense could be forced to collect PII (personally identifying information) on account holders and end users, including full names and physical addresses. This information will be kept on file for 10 years on the off chance that someone goes looking for it. So while individual users may not need a BitLicense, their privacy will be seriously affected. Additionally, the state of information security being what it is, these datastores would be a treasure trove of new paydata to sell on the underground identity theft and money laundering markets.
- - It forces virtual currency innovators to undergo rigorous background checks and submit fingerprints to state and federal law enforcement.

This creates a barrier to entry for start ups and inventors looking to create new services. This even makes online toys like BitListen

(<http://www.bitlisten.com/>) impractical, because people looking to write code to have a bit of fun (in this case, turning transactions into music) would have to undergo background investigations. Just to write a toy.

It is entirely premature to craft regulations for an industry that is still in flux, especially when there are more pressing concerns in other industries that have yet to be addressed. Bitcoin and similar virtual currencies are still in their infancy and we do not yet know what new tools and services might be created, or how these technologies can be applied to every day life. BitLicense, if passed could terminate innovation all across the board before we have a chance to see the potential societal and financial benefits.

The NY DFS is letting the fear of money laundering drive a massive regulatory proposal forward that would affect users who are doing nothing wrong while ignoring active threats in motion at this time.

NY DFS should respect the privacy of technology users and innovators, and limit its regulation to what is proportionate to the actual threats at hand.

Sincerely yours,

Eric Edward Grejda,
Software engineer, security practitioner, analyst

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Eric Grejda
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