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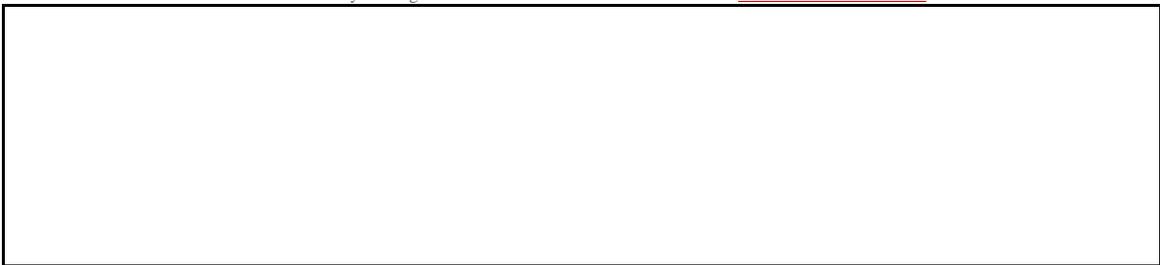
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Hi, what worries me is a program I saw recently about places awash with drugs because the barons were using untraceable bitcoins for their business transactions world wide, how would you put a stop to that and other criminal goings on?    Regards    SteveW

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This is a friendly message from the Electronic Frontier Foundation. [View it in a web browser.](#)

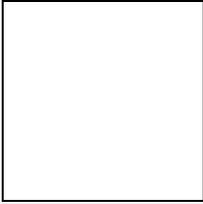


## Dear Steve,

What if you picked up a cup of coffee on your way to work and paid \$2.00 in cash, only to have the man behind the counter request your home address?

"My home address?" you might ask.

"Yes," he might reply. "And your full legal name. I'm keeping it in a file for the next 10 years, just in case the government wants it."



Sound ridiculous? Substitute bitcoins for cash, and that's might happen in the near future at businesses that accept digital currency in New York and elsewhere.

The State of New York has proposed BitLicense, a sprawling regulatory framework that would mandate licenses for a wide range of companies that interact with digital currencies. The proposal creates expensive and vague new obligations for startups and infringes on the privacy rights of both Bitcoin businesses and casual users. And we have only four days before public comments on the proposal close. [Speak out now](#).

This isn't just about Bitcoin. Any future digital currency protocol would be affected, even if it's not being used for financial services. As the proposal is currently drafted, innovators who want to use these protocols for smart contracts, to track digital assets, or for any other purpose would still be affected.

BitLicense extends well beyond the state of New York. The regulations impact any business "involving" New York or a resident of New York, which is pretty much any online service. And the proposal as written wouldn't just affect big digital currency exchanges; it would sweep up software developers and other entrepreneurs designing creative services for the digital currency environment. There are also no carve-outs for academics or security researchers.

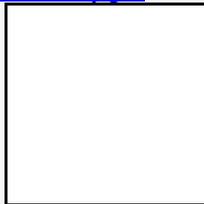
What the proposal would do:

- BitLicense requires digital currency innovators to get a license. They would need to undergo a background check and submit their fingerprints to state and federal law enforcement.
- Even technology users just dabbling in Bitcoin could be affected. All the companies who obtain a BitLicense may be forced to collect personal data on consumers—including full name and physical address—and keep that data for 10 years, no matter how small the transaction.

Think back to the coffee shop at the beginning of this article. If this coffee shop were using a Bitcoin payment provider to process transactions, that payment provider would need to obtain a BitLicense from New York. While the coffee shop and its customers would not need to get a license, every digital transaction processed by the payment provider would have to follow the BitLicense record-keeping requirements, including identity information about all parties to a transaction.

Virtual currencies like Bitcoin have the potential to be privacy-protective and censorship-resistant, but the proposal from New York could undermine all of that. Perhaps worst of all, it could stifle a fledgling privacy-enhancing industry before we even know what potential societal benefits may develop.

We have until October 21 to submit comments to the state of New York about their proposal. Please help us educate New York about how BitLicense would affect privacy and innovation. Send in comments today using [this suggested text](#) or by emailing [dana.syracuse@dfs.ny.gov](mailto:dana.syracuse@dfs.ny.gov).



Defending your digital rights,

Rainey Reitman

EFF Activism Team

[Support our work](#).

**Learn more:**

From Deeplinks: [Beware the BitLicense: New York's Virtual Currency Regulations Invade Privacy and Hamper Innovation](#)

Marco Santori's [What New York's Proposed Regulations Mean for Bitcoin Businesses](#)

Harley Geiger's [NY's Proposed BitRegs a Threat to Privacy and Innovation](#)

Read the [BitLicense proposal](#)

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