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Dana,

I run a small internet company that accepts CC, PayPal, Checks by Mail, Bank Wires and Bitcoin for products. My company resides outside of NY, however we do have customers that order products from NY.

This BitLicense I keep hearing about seems outrageous.

Is it your intention to make people's lives more difficult by choking the digital currency advances in NY to keep banks from losing profits from money transfer fees that they promote?

Currently a wire runs between \$20 to \$45 or more, between banks. While in Mexico it costs \$0 (yes a big fat zero) to transfer money between accounts. Heck you can simply call someone on the other side of the country, asking them to deposit money for a product, they will then get on the internet to do it, call their bank, even walk to the local "Oxxo" or "7-eleven" and tell the person at the counter they want to deposit cash to xyz account... and it happens without showing any form of ID.

Does NY really want to lag behind Mexico? Seriously?

You may say anything you want about the war on cartels and drugs, however we all see what happens to banks that break laws for laundering money. HSBC was a classic example as one of the largest money laundry organizations in the world, and no one went to jail... not a single person.

While some bitcoin guys pleads guilty to a money transfer and gets thrown in the can.

It appears the Justice system is attacking the technology (or making it very difficult) and jailing those that are trying to make it useful (and jailing them) rather than attacking the real criminal enterprises like HSBC that launder drug money into the United States (and not jailing a single damn person).

This BitLicense idea is a farce, as dollar bills do not require a license from the state to have, or earn... not even an ID. It is the banks and 3rd party financial institutions that need rules and regs... not small business or people. We already pay our taxes and abide by laws regarding currency without needing a license of any kind.

You need to step back and consider it again, specially when you have no defense when stating it is because of the possibility of "money laundering". That is just baloney.

We have seen what happens to banks like HSBC.

If you really want to make an impact about money laundry and its prevention... through the HSBC executives in a cell and forget about them for a dozen years.

That my friend, will make a bigger impact on large scale money laundry in banks... then all this BitLicense rubbish.

Here is some more...

1) New York should remove the requirement that all digital currency services record the identity and physical address of every party involved in every transaction. This would require services to routinely share the identifying information of their users, to the detriment of user privacy and control, and may be a very difficult technical mandate for companies to fulfill securely. If this requirement must exist at all, it would be better relegated to transactions involving a high dollar amount, high risk parties, or high risk goods.

2) New York should reconsider applying its customer identification and transaction tracking requirements to every type of digital currency wallet. New York's regulations would cover services that "store" or "maintain control" of digital currency on behalf of others. Wallets are crucial to users of digital currency since the currency (or, more accurately, the credentials that indicate the user's ownership and control of currency) must reside somewhere. The regulations would cover wallets that store the user's currency/credentials in the cloud, locally on a user's hard disk, or even physically via a paper printout. Even if a wallet is created solely by the user (not on behalf of others), the wallet could be subject to the regulations if the wallet "transmits" the digital currency to another person – a fundamental feature for many e-wallets, because a wallet is of limited use if you can't transfer money out of it.

Users should not be required to provide identifying information and submit to transaction tracking to use a wallet software product that the user downloads to a local machine and that stores the user's digital currency or credentials locally. Reporting requirements for high value or high risk transactions could still apply. For custodial accounts accessible to or controlled by third parties holding funds or credentials on behalf of users, the BitLicense should be no more intrusive or onerous than current federal requirements for money transmitters.

3) New York should clarify its rules to exclude services that are incidental to digital currency exchanges, storage, and transactions. New York's proposed regulations cover businesses that "secure" digital currency on

behalf of others. Does this mean cybersecurity or antivirus software vendors must identify digital currency users whom they protect? The proposed regulations would also cover businesses that “transmit” digital currency. Does this include Internet service providers, like Comcast or Sky Broadband, whose networks transport digital currency credentials?

New York’s proposed regulations should include clarifying language to prevent such unreasonably broad interpretations. For example, current federal anti-money laundering regulations include an important list of exemptions to the definition of money transmitters that New York’s proposed rules lack.

4) New York should widen its exception for video game currencies. New York’s proposed regulations include an exception for online video game currency, but only if the currency has no market outside of the gaming platform. Yet game currencies and rare items for most major online games are often sold in online marketplaces for fiat money. For example, Eve Online’s Interstellar Kredit is readily available from unauthorized sellers, at least one exchange openly trades Second Life Linden Dollars for Bitcoin, and Diablo 3’s Wand of Woh is currently for sale for *only* \$168 on eBay. Given the external markets for such gaming currencies and artifacts, it would seem many gaming companies – as issuers of digital currency – may not be protected by the proposed regulations’ exception for video game currency.

Such activities are generally not authorized by the gaming company, but New York’s proposed regulations do not make that distinction. If video game currencies must be regulated by the “BitLicense” at all, it may make the most sense to include video game companies only to the extent that the currencies they issue have company-authorized marketplaces outside of the game.

Now that you have read this, do what is right for people and stop thinking that the prevention of "money laundry" is the reason any license to carry funds is necessary.

It is not, and we can see that with the example of the real criminal banks like HSBC that are, and should be the ones that need better rules and regs... some with mandatory jail times.

Why go after the user of a bitcoin transaction of \$20... when you really need to jail execs at the bank that laundered Billions?

Seriously.... what will give you the bigger bang for your law making dollar?

Anthony Loera
RevGenetics

