

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A core value of Bitcoin is that parties can keep fungible stored value safe from theft or devaluation by state money-pool actions, and a core service of the state's regulation of money is that after creating the money the state exercises responsibility over its taxation, investment in securities, and the state uses its best tools to prevent money's use in crime.

Regulating dollar transactions is the starting purpose. Regulating transactions involving the dollar with such bitcoin related receivables as mining equipment, bitcoins, and amount-related instruments built on bitcoin (hedging, leveraging, etc.) is under the purview of state regulation up to where the dollar ends and the bitcoin begins. Where the dollar came from, or where the dollar goes, is in the jurisdiction. Where the bitcoin goes is, roughly, outside of a scope that can be managed.

I do believe that bitcoin transactions can be reviewed and analyzed to relate a great deal of information. However, in many cases the tools of network surveillance and asking dollar/bitcoin exchanges for personal information and transaction info will be the most expedient way to deliver decisive information about how bitcoin was used. They handle dollars, so this info is present. The government organizations which are empowered to use such means will find complete answers about specific flows of bitcoin, much more easily than with any other form of exchange such as cash or goods moved during money laundering. The computations necessary for this, looking at the blockchain data, which is always fully public and never altered, will become well developed and regularly used in very little time.

Regulation of the dollar now, and government searches as needed later, will provide reliable law enforcement.

Regulation of bitcoin transfers not involving the dollar are outside of the scope of what can be regularly enforced by one government.

It is seen that bitcoin maintains its value in equilibrium with the trade of all fiat currencies and goods. No one government can create or destroy or alter the size of an amount or the ownership of an amount of bitcoin.

Although bitcoin can be technically seized, should the private keys be obtained, the case where a person memorizes a brain wallet mnemonic series of words is one simple example that shows government cannot seize an amount of bitcoin. Should they not utter their wallet private key's data, there is no way to seize it.

I do not say that government should not regulate bitcoin in itself, but that, given all the governments of the world, some regulatory actions cannot be performed effectively. If you say to pay a tax, why here, and not in some other country? And why not multiple times for each country? And so on. If a bitcoin is traded for a book, what if the sale of that book is a crime elsewhere? In the case of a book, there would need to be local laws about the purchasing of the book, should it be offensive to the state. And these would be enforced locally.

I use bitcoin for obtaining household goods, and I obtain bitcoins by maintaining some miner gear I received and whose output I reinvested in more bitcoin mining gear.

I consider bitcoin as a fledgling interchange currency which could serve as a store of value should an alternative be necessary. It needs exercise to do so. I exercise purchasing in bitcoin, not because I must, but because I can, and it is no loss to me to do so.

If anything, I think that dollar regulators need to become expert in the reconnaissance methods needed to track transactions entering the ledger of the bitcoin blockchain before formulating legislation. Also they ought to consider the search methods currently used on Internet networks. For my own part I have gathered information from academic papers and graph database theory that persuade me to believe that it is possible for authorities to follow what they need to in the blockchain to learn the who, what and when of bitcoin transfers. I imagine in the long run that much of the talk of regulating bitcoin to prevent crime is brought on by unfounded worries about untraceable transactions where there has never been a clearer evidence trail in hand. Don't trust me. Know the methods, practice, and know the public is safe.

I do, sheepishly, applaud the notion that bitcoin is a valuable asset and that regulating the storing and trade of bitcoin does indeed need to be done in the same way as banks hold assets or stocks are held for investors. It feels a little early for that, and also, as above, it is hard to say what jurisdiction bitcoin governance belongs in. In any case, carry on, as long as it doesn't outlaw bitcoin businesses who cannot pay hundreds of thousands of dollars of expenditures a year to have financial professionals on staff, IT security experts on staff, and procedures followed. Maybe it's getting to be time to count the chickens, but it seems to be a nascent store of value, yet. In any case, it's very flattering that bitcoin is seen as such an important asset that the public needs regulation of companies that store bitcoin. I couldn't ask for so much.

-Mike Escola

