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Dear Superintendent Lawsky and General Counsel Syracuse,

Firstly, I would just like to say that it is commendable that you're actually trying to give some legislative oversight on this intense field of innovation. My name is Jeff Haley, and I am a 19 year old business entrepreneur who has started a digital currency company to rival Visa, among others. Below you will find the copy/pasted EFF letter that has been drafted for you, but I thought I might give this a personal touch as well. If anyone actually reads this letter, I would really love to talk to you to get some guidance on what I should be doing -- please help me help billions of people. Here's my side of the story.

My business is a money transmitter by normal standards. We help merchants accept digital currencies safely, give them fiat currencies in return, and usher in a new era of technology to honestly do a lot of good for a lot of people. Of all the things that I think about on most evenings, misguided or blanket legislation like the BitLicense is, by far, my biggest concern. I've been working with some incredibly intelligent people (fortunate in that regard), but when a lawyer of 20 years who has provided council to some of the biggest names in the world at the most prestigious of law firms tells you as a start up that that there is no particular right answer, so we're going to have to take measures to do all of it, slowing us down, costing us dollars -- dollars that we could have used to compete against businesses internationally -- it stifles progress. The problem with these regulations, or even proposed regulations is that they're literally not even possible to comply with, specifically KYC.

In the United States of America, we don't have customers write their contact information down when they want to pay for something in cash. Credit is a different animal, and it will come to this industry someday, but until then, you cannot confuse a cash like transaction with regulations that were built for an entirely separate industry like credit. Not only can you not do it for misguided regulatory purposes, but you cannot do it for technical reasons. My background is in computer security; I'm a computer hacker... Don't worry, I'm a good guy who's been working for the US government for the past couple years building their cyber security. I realize this is literally the most perfect vehicle for laundering money ever invented. The government is going to have very very significant problems with digital currencies, because cryptographic anonymity can stop any aggressor in their tracks... But don't destroy an entire technology because someone might do something bad with it. While developing the cure for cancer, could someone not also put their skills toward developing a militarized pathogen that could kill millions of people? Absolutely, but that doesn't stop us from trying to save millions and millions of people -- we cross those bridges, as a race, when we come to them. Digital currencies are another technology with these kinds of massive tradeoffs. On one hand, potentially you can save hundreds of billions of dollars for average people like you and I every year... and on the other, bad people can use that technology to make billions. Proposed legislation like the BitLicense only stifles innovation while focusing on the wrong areas of regulation for a totally different kind of problem. If I could give your offices one piece of advice, it would be to hire a hacker -- someone who understands how these currencies are made, just how they can and cannot be used, and what kind of things, regulatory wise, are even possible. The first draft of this proposed legislation is literally not technically possible. As a business owner being regulated, I would love to help you catch your criminals, but the things you ask for literally cannot be done.

I've gotten off topic a bit in my passion for the subject... All I could ask for is, please, talk to the people, like me, who are building these technologies. Work WITH us instead of open for comments. Let us help you, because at the end of the day, we know how to regulate these industries because of our technical understandings (which you absolutely must rely upon, less learning it for yourself). I'm more than happy personally to answer questions, give any guidance I can, not on political or regulatory matters, but on technical security matters... What information do you have access to, how can someone get around your regulations, how is it done currently, can a government actually stop a digital currency, where are their weak points to identify criminals.

These people have the technical capabilities to help you, yet they do not have a voice to speak with... help them, help us. Thank you for your time, and please call me anytime if you'd like to talk more, but I am highly doubtful this message will ever be read.

START MESSAGE

I'm writing you today to express my deep concerns about the "BitLicense" proposal. The current framework threatens the privacy of virtual currency users, innovators, and researchers. In particular:

1. The BitLicense is extremely broad, requiring licenses for far more than just money services.
2. It infringes on the privacy rights of individual users. Companies that obtain a BitLicense could be forced to collect identifying data on account holders and end users including full name and physical address. This information will be kept on file for 10 years in case the government seeks it. So while individual users may not need a BitLicense, their privacy will be seriously affected.
3. It forces virtual currency innovators to undergo rigorous background checks and submit fingerprints to state and federal law enforcement. This will create a barrier to entry for start ups and inventors looking to create new services.
4. The proposal as written raises First Amendment concerns.

It's premature to craft regulations for an industry that's so new and still in flux. Bitcoin and similar virtual currencies are still in their infancy, and we don't yet know what new tools and services might be created. This regulatory proposal could cut that innovation off at the knees, before we have a chance to see the potential societal 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. NY DFS should respect the privacy of technology users, and limit its regulation to what is proportionate to the real threat at hand.

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Sincerely,

Jeff Haley
[redacted]