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Superintendent Lawsby and General Counsel Syracuse
New York Department of Financial Services

Re: Comments in Opposition to the BitLicense Proposal

I'm writing to express deep concerns about the a 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 is premature to craft regulations for an industry that is so new and still in flux. Bitcoin and similar virtual currencies are still in their infancy, and we do not 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 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 appropriate to the real threat at hand.

Thank you for the opportunity to bring these remarks to your attention.

Yours sincerely,
Robert E. Rutkowski

cc: House Minority Leadership

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