2530

Dear Superintendent Lawsky and General Counsel Syracuse,

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.

In addition to the above concerns with which I agree and were brought to my attention by the Electronic Frontier Foundation, I would like to add the following four concerns:

5. In relation to the 2nd and 4th concerns, tracking this information will jeopardize the press's ability to meet at and publish articles from undisclosed locations, and will set a very dangerous international precedent that could lead to more censorship not just domestically but also globally.

6. While the intent is likely related to preventing illicit use of BitCoin, such a proposal would not eliminate these nefarious dealings. Those criminals intent on engaging in nefarious dealings would then resort to other schemes or perhaps more likely provided falsified information that the point-of-sale could not verify without seriously compromising private information of all users. Thus, such a proposal would infringe upon legitimate users while being little more than an annoyance for illegitimate users.

7. Legitimate foreign businesses my find such tracking intrusive and thereby reduce business activity and slowing economic growth. While this is not a certainty, it is a risk that should be considered.

8. Domestic tourists who attempt to avoid such invasions of privacy (such as myself) will likely chose alternative destinations for their tourism thereby slowing New York's considerable tourism industry. Again, while this is not a certainty, it is a risk that should be considered (though I can personally say that I myself would choose another destination if I knew that as a tourist I would have to provide personal information to the point-of-sale for every purchase I made).

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.

Sincerely,

Devin Goddard

[redacted]

Please do not sell, rent, trade, or share my contact information for any reason other than that which is required by law. Please do not use my contact information for marketing purposes or mailing lists.