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Dear Superintendent Lawsby and General Counsel Syracuse,

I want 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. Cash over the counter has no similar requirements. Until present, credit cards and checks have, but only because their model for personal security requires it. Validation for most digital currencies does not require personal information; the technology typically requires passcodes and encryption. There is no need to require personal information for transactions which do not require it for personal security... the only possible purpose would be to obtain awareness of the private transactions for other reasons, which would seriously threaten crucial First Amendment rights.

It's premature to craft regulations for an industry that's so new and still in flux. Bitcoin and similar virtual currencies are in their infancy, and we don't yet know what new tools and services might be created. This regulatory proposal could cut off the process of innovation, before we have a chance to see the potential societal benefits or even understand better the ultimate form the medium will take.

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 (who will very soon be nearly everyone), and limit its regulation to what is proportionate to the real threat at hand. Total information awareness is a tempting tool for any regulatory or law enforcement entity - but it is a tool that cannot be used within or by a country which is based on the kinds of rights the First Amendment upholds.

Emphatically,

Nicholas Muir

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