

2972

Dear Superintendent Lawsky and General Counsel Syracuse,

I'm writing you today to express my deep concerns about the "BitLicense" proposal, its implications for the future of digital currency and the ramifications of regulating our privacy rights away. 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.

Although it is premature to craft regulations for an industry that is new, developing and has unknown possibilities, it is clear that this proposal attempts to violate the privacy of users who would not be able to opt out of personally identifiable information gathering. 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.

It's bad policy -- and setting bad policies that exchange our rights for forensic omnipotence effects more than New Yorkers. We can not legislate to fight the potential for criminal activity to the exclusion of well established civil liberties of everyday law-abiding people. 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,
Jennifer Mercede
Sherman Oaks, CA

Sent from my iPad