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Dear Superintendent Lawsky and General Counsel Syracuse,

I'm writing you today to express my deep concerns about the "Bit License" 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. Transactions using cash have no such restrictions nor reporting requirements. I do not need to ask
a person's name and address, and to keep that information for 10 years, to receive a $5.00 cash bill.
Yet, Bitcoin (and litecoin, worldcoin, dogecoin, mycoin, etc) are electronic CASH transactions have these
restrictions. Bitcoins should be treated the same as a cash transaction. The IRS ruling states "Bitcoins
are treated as property where a person can treat Bitcoins with a profit gain or a loss."

5. The IRS acknowledges that Bitcoin do not have legal tender status in any jurisdiction.
(see Financial Crimes Enforcement Network (FinCEN) Guidance on the Application of FinCEN's Regulations

to Persons Administering, Exchanging, or Using Virtual Currencies
(FIN-2013-G001, March 18, 2013)).

6. If you institute reporting requirement for Bitcoins or its
equivalent, you must do the same for cash transactions.
Bitcoins and its equivalent is electronic cash.

7. Get the US government (US clearinghouse system) into the "Bitcoin
(BC)" business and have all BC transactions
centralized instead of distributed. Once you have reporting requirements
for BC, you have instantly validated
that BC are "cash equivalents" and can be used. I believe it is a
Federal Law that only the US government
can issue "print" currency -- including "any (not currently issued by
the US) US government Bitcoin currency
equivalent". Get rid of physical cash altogether and have the US
government issue "US eCoins". The IRS and
FinCEN will instantly know how much cash you are carrying at any instant
in time. The IRS can instantly transfer
any appropriate "sales tax" at the time of transaction into the Federal
or State treasury instead of waiting
a week or 2 weeks for the merchant's check to clear. (Hence, no one will
be anonymous during any transactions.)

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. ==> move bitcoins from the developers'
hands into the hands and regulations
of the US government (problem solved).

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,

Frank J. Kyc, Jr.
[redacted]

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