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Dear Superintendent Lawsky and General Counsel Syracuse,

I am deeply concerned about the “BitLicense” proposal. The current framework threatens rights of virtual currency users, innovators, and researchers that are given them in the U.S. Constitution. Here are a few examples:

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’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 allowing money laundering hysteria push forward a regulatory proposal affecting citizens who are doing nothing wrong. NY DFS should respect the privacy and constitutional rights of citizens using technology, and limit its regulation to what is proportionate to the real threat at hand.

Sincerely,

William B. Moore

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