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To The Department:

This comment is submitted on behalf of Blockchain Technologies Corporation and its subsidiary entities which engage in the development of blockchain-related technologies and applications.

We are cautiously optimistic that the blockchain technology industry can work within and comply with the "BitLicense" regulation which was recently revised and resubmitted to the public for comment and review. Yet, valid industry concerns remain.

The revised regulation has made significant progress in recognizing the difference between digital currency (a more appropriate term than "virtual currency" which is used in the draft regulation) and the technology underlying it, and in further recognizing that regulation of non-currency uses would serve no public purpose while stifling a new wave of technological innovation.

On the other hand, the regulation threatens to impose serious compliance obligations on industry participants which hold, exchange or trade in digital assets such as Bitcoin. These obligations are not expressly mandated. However, they are for all intents and purposes compelled by the regulation's requirements that companies have trained compliance personnel and systems for deterring money laundering, identity theft or identity fraud, and safeguarding any digital assets entrusted by customers.

We believe compliance with regulations designed to protect consumers and the general public are useful, certainly insofar as these regulations promise to encourage greater public awareness and use of Bitcoin (and other digital currencies) in commerce, and foster greater consumer and merchant adoption of digital currency as an additional means of exchange. We further believe that a mature blockchain industry can and should welcome regulation, even if just to raise potential consumers' comfort level with the new technology.

We do, however, repeat our concern that the costs and demands of the initial application plus ongoing compliance requirements may drive less well-capitalized, but still valuable innovative industry players, out of New York. We fear such a development is likely to have an unintended consequence of reducing choice for New York consumers, including many small businesses struggling to attract and retain existing customers, as well as giving an advantage to industry participants in other states or offshore.

New York is the world's financial capital. There is no reason it cannot also be the world's Bitcoin capital. We urge further refinement of the BitLicense to reduce the burdens on smaller industry players while keeping its commitment to protecting consumers and fostering a free, equal and level playing field on which all industry members, both large and small, can compete fairly.

Sincerely,

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