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## **FAX COVER SHEET**

To:	See Distribution List	From:	Pierre Ciric
Fax:	See Distribution List	Pages:	8 (7+cover)
Phone:	See Distribution List	Date:	05/02/2018
Re:	<b><u>Attached Letter</u></b>	cc:	

This fax contains 8 page(s) (including this cover sheet). If you have any questions, please contact Pierre Ciric, by phone at: 212 260 6090 or by email at [pciric@ciriclawfirm.com](mailto:pciric@ciriclawfirm.com).

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The Bitcoin Foundation, Inc.  
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[llew@bitcoinfoundation.org](mailto:llew@bitcoinfoundation.org)

May 1, 2018

Congressman Emanuel Cleaver, II  
2335 Rayburn HOB  
Washington, DC 20515  
Ph: (202) 225-4535  
Fx: (202) 225-4403

**VIA TELEFAX TRANSMISSION**

**RE: Letter from Congressman Emanuel Cleaver, II dated February 8, 2018 to the Bitcoin Foundation**

Dear Congressman Cleaver:

I am the Executive Director of the Bitcoin Foundation, Inc. (“the Foundation”). The Foundation is a non-profit organization founded in September 2012. Comprised of senior leaders in the Bitcoin community, the Foundation coordinates joint efforts of the Bitcoin community, helping to create awareness of the benefits of Bitcoin, its use and its related technology requirements. The Foundation’s audience includes technologists, regulators, and the media, and its reach is global. The Foundation has been at the forefront of campaigning for an unimpeded economic system for the future.

In November 2013, Patrick Murck, general counsel of the Foundation, testified before a United States Senate committee convened to assess digital currencies. After engaging with federal regulators and lawmakers, a near-unanimous consensus that the federal government needed to be careful to avoid hampering the growth of the world’s first completely decentralized payment network resulted.

Unfortunately, our office never received your letter dated February 8, 2018, addressed to Chairman Brock Pierce, attached as Exhibit A. We only became aware of your letter on March 14, 2018 during a hearing entitled “Examining Cryptocurrencies and ICO Markets,” held by the Subcommittee on Capital Markets, Securities, and Investment.

During the hearing, Representative Carolyn Maloney referred to a letter sent to the Foundation seeking any information that the Foundation may have about any links between the



use of cryptocurrencies and terrorism financing. Upon finding out about this statement, our attorney contacted Representative Maloney's office who forwarded your letter to our attorney. Upon receiving this letter, the Foundation decided to respond based on the misconstrued issues which were raised in the February 8, 2018 letter.

We want to note that the Bitcoin protocol is not owned by any given individual or entity, and that it is a decentralized protocol. No individual or group owns the Bitcoin network or technology. "Satoshi Nakamoto" designed Bitcoin and the original implementation. Nakamoto is an unknown person or group of people. Nakamoto published a paper titled "Bitcoin: A Peer-to-Peer Electronic Cash System" in October 2008. Then in 2009, the software platform was launched and the first unit of Bitcoin was created. Bitcoin is not controlled by a single administrator, individual, or group. The blockchain technology is based on cryptographic proof allowing parties to transact without a third party like a financial institution. Transactions are stored on a public distributed ledger.

The Foundation's mission is to coordinate the efforts of the members of the Bitcoin community, helping to create awareness of the benefits of Bitcoin, how to use it and its related technology requirements, for technologists, regulators, the media and everyone else globally. The Foundation does not own or control Bitcoin or the blockchain technology that it runs on.

The Foundation regrets that you have assumed our organization or its members condone the use of Bitcoin by hate groups and criminals any more than the committee on which you serve condones criminal activity paid in dollar bills. To be clear, we do not advocate for the use of Bitcoin in criminal activities. In fact, the technology is used for many legitimate purposes and many people have come to use it. Major companies such as Overstock and Expedia accept Bitcoin as payment now. Additionally, many companies have launched either blockchain protocols or cryptocurrency-based technology for applications that are unrelated to a function of money.

The Foundation has not done its own independent research about bitcoin or other cryptocurrencies being used by alt-right or hate crime groups. Some groups have made claims that hate groups have used cryptocurrency for fundraising, but we have no knowledge as to how "successful" these hate groups have been in fundraising through cryptocurrency in relation to fundraising through traditional means like cash. It is possible that law enforcement knows of such groups using cryptocurrencies to further their frightening goals, but the Foundation is not aware of this nor have we dedicated resources to this type of research since it is not part of our mission. Therefore, we cannot provide any insight as to this question.

However, the Foundation would be more than happy to sit down with you and with members of the Financial Services Committee about how the technology works and the potential for the positive use of the technology in the future.



Yours sincerely,

Llew Claasen  
Executive Director  
The Bitcoin Foundation

Cc:

Geoff Jolley  
Chief of Staff for Rep. Emanuel Cleaver, II  
Email: [geoff.jolley@mail.house.gov](mailto:geoff.jolley@mail.house.gov)

U.S. House Financial Services Subcommittee on Capital Markets, Securities, and Investment  
Bill Huizenga  
Randy Hultgre  
Carolyn B. Maloney  
Peter T. King  
Patrick T. McHenry  
Sean P. Duffy  
Steve Stivers  
Ann Wagner  
Luke Messer  
Bruce Poliquin  
French Hill  
Tom Emmer  
Alexander X. Mooney  
Thomas MacArthur  
Warren Davidson  
Ted Budd  
Trey Hollingsworth  
Brad Sherman  
Stephen F. Lynch  
David Scott  
James A. Himes  
Keith Ellison  
Bill Foster  
Gregory W. Meeks  
Kyrsten Sinema  
Juan Vargas  
Josh Gottheimer



Vicente Gonzalez  
Maxine Waters  
Jeb Hensarling

# EXHIBIT A

EMANUEL CLEAVER, II  
FIFTH DISTRICT, MISSOURI

FINANCIAL SERVICES COMMITTEE  
HOUSING AND INSURANCE SUBCOMMITTEE  
RANKING MEMBER

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE



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**Congress of the United States**  
**House of Representatives**

February 8, 2018

Mr. Brock Pierce  
Chairman of the Board  
The Bitcoin Foundation  
PO Box 3354  
Belfair, WA 98528

Dear Chairman Pierce:

As technology evolves, bad actors are provided with opportunities to exploit platforms, misuse services, and commit crimes – sometimes before the private or public sectors are made aware of such capabilities. The rapid pace of technological change, and constantly evolving technological possibilities, means that laws and approaches are constantly evolving in response. Government, with all of its procedures and complexities, may move slower than the pace of technology at times, but does and will continue to rely on the private sector to implement timely responses to matters of technological concern. Financial technology has the potential to increase financial inclusion and access, improve efficiency, stimulate competition, and contribute to the stability of the financial services system.

Following the deadly course of events at the “Unite the Right” rally in Charlottesville last year, fintech companies, including online payment systems, tightened rules against using technology to fund hate and violence. Major crowdfunding platforms discontinued fundraisers on accounts linked to violent white supremacy groups, and a major transaction services company reiterated that its platform will not be used for “activities that promote hate, violence or racial intolerance”. In the aftermath of the tragedy in Charlottesville, fintech companies – acting in the best interest of society and industry – refused to facilitate the success of prejudicial campaigns.

Unfortunately, however, the actors that violated the terms and conditions of the aforementioned online payment systems have found an alternative in cryptocurrency. Troubling reports that extremist groups are soliciting funding through bitcoin have now come to our attention. The Center for Investigative Reporting, for example, publicized that a well-known white supremacist has received over \$1 million in bitcoin. Additionally, a review of several white supremacist websites, which contain links for bitcoin donations, confirms that extremists have turned to less regulated corners of finance in order to further their operations. In March of last year, a nationally known neo-Nazi tweeted that “Bitcoin is the currency of the alt right”. In light of these facts, it is clear that the corporate cryptocurrency community should take the necessary steps to deter these troubling activities.

PLEASE REPLY TO:

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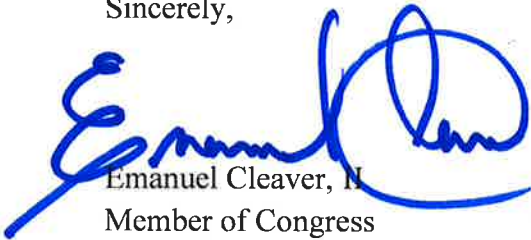
PRINTED ON RECYCLED PAPER

I would like to know what steps your members are taking to ensure that the bitcoin services they provide are not being used to facilitate radical campaigns of abuse, harassment, and/or violence against Americans. As a member of Congress serving on the Financial Services Committee, I am concerned both that the bitcoin ecosystem may be providing a welcoming environment for the funding of campaigns of hatred and hostility, and that the movement of funds among anonymous white supremacist accounts will be increasingly difficult to monitor. I would be pleased to learn that your members are adopting terms of service that would result in restrictions or closure of accounts that facilitate such reprehensible uses, but, more importantly, I am eager to know where your organization stands.

Cryptocurrency is a technology with tremendous potential that should not be dismissed, and the opportunity it provides should not be stifled. The cryptocurrency movement is driving valuable technological innovation. However, it is clear that bitcoin, and related cryptocurrencies, will either mature as vehicles of tremendous social importance, or implore unnecessary intervention attributable to an inability to self-police its use by hate groups, terrorists, human traffickers, drug dealers, and other nefarious actors. It is my sincere hope that the bitcoin community is implementing responsible solutions to these matters of national concern and will look to seriously address any vulnerability that provides assistance to dangerous elements on crypto-platforms.

I look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Emanuel Cleaver, II". The signature is stylized and fluid, with a large loop at the end.

Emanuel Cleaver, II  
Member of Congress