

September 19th, 2018

Fair Political Practices Commission
Los Angeles City Hall
Edward R. Roybal BPW Session Room, #350
200 N. Spring Street
Los Angeles, CA 90012

Chair Germond and Commission Members:

The Blockchain Advocacy Coalition respectfully submits these written comments to the Fair Political Practices Commission regarding agenda item 42.

Thank you for your timely and thorough look into cryptocurrency's utility as a political contribution. We represent dozens of business owners, investors and innovators in the blockchain and cryptocurrency industry who are actively advocating for informed legislation that supports innovation using this technology and protects consumers.

Blockchain is already improving security, trust and efficiency for many industries like logistics, payments, record keeping, supply chain and IOT. Companies in California use blockchain to record land titles, offer credit to the unbanked, and improve supply chain management to name a few. There are over 300 California blockchain businesses that have already generated over \$3 billion in economic activity. Total economic size of the industry in Q1 of 2018 exceeded all of 2017 combined. We are excited to see the FPPC consider cryptocurrency as campaign contributions, and believe the enhancements to security and traceability offered by blockchain technology aligns closely with your organizational mission.

We firmly oppose option 1- which would disenfranchise the industry and keep California behind the regulatory curve. In the same vein we also oppose option 2- limiting contributions using virtual currency to \$100 minimizes the engagement of the industry to an almost meaningless level. Equating cryptocurrency to cash contributions also ignores the fundamental properties of blockchain technology. The transfer of cryptocurrency creates an immutable record, and this technology offers the public benefits in terms of transparency of political contributions.

Given that traceability is a feature of blockchain technology, we urge the committee to consider options 3 and 4. Option 3 is straightforward for campaigns to comply with, though a 2 day turnaround time to convert cryptocurrency to cash might not adequately consider processing times of various platforms. We ask that you consider extending the time to convert from crypto to fiat currency.

Option 4 presents an opportunity for California's \$3 billion cryptocurrency market to fully engage with policymakers. It presents a path for California to lead the nation in using blockchain to create a fully transparent and compliant political contribution system. With over half of the nation's cryptocurrency businesses headquartered in state, we are well positioned to do so. The Blockchain Advocacy Coalition would offer technical and educational resources in developing regulation that fully utilizes the potential of blockchain in adding transparency to the political process.

Thank you for your consideration of options 3 and 4. We are happy to provide industry experts to answer technical questions about blockchain and cryptocurrency if the Commission would find that helpful in the creation of these regulations. Please contact me at 916-743-1099 or ally@blockadvocacy.org if you have any further questions.

Best,

Ally Medina
Executive Director