

DEALBREAKER

The Bitcoin Bugle: The Race is On

By Jon Shazar, 13 Mar 2014

To [regulate](#) a certain sullied sort-of currency (or [commodity?](#)), that is.

On Tuesday, Benjamin M. Lawsky, superintendent of financial services, officially asked for proposals to create regulated virtual currency exchanges....

Mr. Lawsky's office, the Department of Financial Services, said it was working on a "BitLicense" for companies operating in New York, but it has not yet unveiled the regulatory framework that would ultimately guide any proposals. In a statement, the office said it intended to do so "no later than the end of the second quarter of 2014."

But until other states and countries put their own guidelines in place, registration in New York can go only so far since companies operate across state lines and international boundaries.

The Commodity Futures Trading Commission is looking at whether the agency has jurisdiction over bitcoin and other virtual currencies, the agency's top official said....

Mr. Wetjen said staff are weighing whether the agency can use its broad authority to crack down on market manipulation in the commodity markets to regulate bitcoin. He cautioned the analysis is "not complete" on whether bitcoin fits the legal definition of a commodity.

This was, of course, inevitable, now that bitcoin is [officially super dangerous](#), per a certain [self-regulatory organization](#).

"Investors looking to get in on the ground floor of a Bitcoin-related company should realize that fraudsters may see the latest digital currency trend as a chance to steal their money through old-fashioned fraud," said Gerri Walsh, Finra's senior vice president for investor education.

The regulatory agency also said platforms that buy and sell bitcoins can be hacked and can fail, and unlike U.S. banks and credit unions, there are no safeguards for bitcoins.

Whatever would make them say such hurtful things. Oh right, this (apparently preventable) [disaster](#):

Two months before Mt. Gox filed for bankruptcy it was sued by a customer seeking the return of funds in a case that highlights some of the red flags raised in the run-up to the collapse of what was once the world's biggest bitcoin exchange....

“Rather than leave my money at Mt. Gox as required by their expensive, extremely slow and uncertain withdrawal procedure, I decided to move the funds as soon as possible,” Simovic wrote in a brief that was part of the court file and dated December 18. “This was the only way I could get my money back quickly. Moreover, I was concerned there might be a run on Mt. Gox....”

In a September 11 letter to Mt. Gox's chief marketing officer Gonzague Gay-Bouchery, Simovic's lawyer expressed concern that Mt. Gox may be in violation of investment and banking laws that prohibit unlicensed companies from receiving deposits and engaging in currency exchange services.

All of which is a long way of saying that it's time bitcoin's boosters brought in the (bipartisan) [spin doctors](#).

The Bitcoin Foundation, a trade group, on Tuesday said that it has hired Jim Harper, an official at the Cato Institute, a libertarian policy organization, to “identify political impediments to bitcoin adoption, and build confidence in bitcoin among governments around the world....”

The foundation also said it is hiring Amy Weiss, a former White House deputy press secretary under President Bill Clinton and owner of her own public-relations firm, as a consultant to work on the foundation's global communications and media efforts.

The hiring of Mr. Harper will raise the foundation's full-time employee roster to eight. Mr. Harper and Ms. Weiss will receive their pay in bitcoin, the foundation said.

Perhaps they'd like to use them to place a long bet on bit at BTC.SX, which is [available for bitcoin derivatives trading once again](#) after a Mt. Gox-inspired break.

Derivatives trading site BTC.SX has resumed trading after a few weeks of downtime induced by the Mt. Gox collapse. The company has signed Bitstamp as its new exchange partner, said BTC.SX CEO Joseph Lee.

BTC.SX suspended its operations until further notice on February 25, after Mt. Gox imploded....

When Mt. Gox imploded, BTC.SX lost all of the bitcoins that it had stored in the exchange's wallet. However, Lee had begun withdrawing some funds earlier and reducing his exposure to the exchange based on worries about its future....

BTC-SX used its downtime to perform some upgrades that would ensure its ability to scale as a business. It more than doubled its server capacity, Lee said, and introduced more bookkeeping updates on the back end.

Indeed, the world's bitiotis seem to be putting the whole Mt. Gox thing [behind](#) them, as befits [cult members](#).

It's been just a few weeks since CoinDesk dumped Mt. Gox from its bitcoin price index, but it already has found a new exchange to take its place.

The London-based bitcoin news provider plans to announce on Thursday that it is adding Bitfinex to its price index, which currently includes Bitstamp of Slovenia and BTC-e of Bulgaria. Bitfinex is incorporated in Hong Kong.

Take Zhenya Tsvetnenko, a Perth-based technology entrepreneur. He aims to raise 9.1 million Australian dollars (US\$8.2 million) via a reverse takeover of Macro Energy Ltd., an Australia-listed company that has struggled to turn a profit since a series of investments in oil and gas soured.

Mr. Tsvetnenko wants to turn the company into a provider of bitcoin services such as trading, digital wallets and "mining" – harvesting transaction fees and newly created coins from making computer hardware do calculations for the bitcoin network. As part of that plan, Macro Energy will be renamed digitalBTC.