

# Cato Institute Opposes Former NYDFS Head's Move Towards Bitcoin Consulting

Sarah Jenn

May 26, 2015

Just recently, New York Department of Financial Services (NYDFS) superintendent Benjamin Lawsky announced his decision to step down from office to start a business consulting firm. Lawsky has been known for his strict implementation of financial regulation in the state and for BitLicense.

[BitLicense](#) is a framework of regulation designed to oversee activities in the bitcoin industry in particular. This has drawn a lot of opposition, [particularly from bitcoin startups](#), who might wind up incurring too many costs in acquiring the necessary licenses to offer their products and services in New York.

## Bitcoin Consulting Move

Lawsky plans on starting a consulting business aimed at giving advice for companies to comply with regulation. According to [a report from the New York Post](#), he will be advising companies on financial matters such as cybersecurity and bitcoin.

This move has been publicly denounced by Cato Institute, which is a public policy research organization with a libertarian orientation. “Ben Lawsky will be able to use the name he made attacking Bitcoin to wend his way into the bitcoin business world,” [warned Cato Senior Fellow Jim Harper](#).

“Because of the contacts he made as a regulator, he can hire himself out to Bitcoin companies wanting to signal to other regulators that they have the approval of the regulatory establishment,” added Harper.

Harper also mentioned that Lawsky violated New York’s Freedom of Information Law, as he refused to release the research and analysis claims to validate BitLicense. “The BitLicense

proposal does not meet those high standards,” said Harper. “The evidence that it will produce net benefits is weak, and the likelihood that it will have greater costs than benefits is high.”

For the Cato Institute, businesses should refrain from taking Lawskey’s services as an advisor for bitcoin-related and cybersecurity matters, although some might have no choice but to seek his advice on the stricter regulation about to be put in place.