



# Feds approve bitcoins for campaign contributions

Fredreka Schouten

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WASHINGTON — Bitcoin, the fast-growing digital currency, is coming to political campaigns.

The Federal Election Commission (FEC) unanimously approved its use as a political donation Thursday, after months of debate on the issue.

Commissioners imposed several conditions. Among them: No anonymous bitcoin contributions will be allowed, and campaign treasurers must scrutinize the donations for "evidence of illegality."

Jim Harper, global policy counsel of the industry's Bitcoin Foundation, said the FEC's move lends further legitimacy to the computer-generated currency. "It's another part of the growing body of regulation that establishes bitcoin as a co-equal part of the financial services system," he told USA TODAY.

Rep. Jared Polis, a liberal Democrat from Colorado and a bitcoin backer, immediately announced his campaign would begin accepting the digital money. He praised the FEC for its "forward-looking stance" to recognize "the rights of individuals seeking alternatives to government-backed currencies to participate in our democratic political process."

However, it's not clear how quickly the currency will spread through the election landscape. Officials with the campaign committee working to elect House Democrats said they had no immediate plans to begin accepting bitcoin. Other Democratic and Republican committees did not immediately respond to interview requests.

Political observers say they expect bitcoin's use to be embraced first by candidates cultivating voters in libertarian-leaning and tech-savvy circles where the currency first gained acceptance. "You may not see a lot of establishment candidates in the parties" rushing to accept the currency

just yet, said Michael Toner, a Washington campaign-finance lawyer and a former FEC chairman.

Even without the formal approval of regulators, the Libertarian Party began accepting bitcoin about a year ago and has collected the equivalent of about \$10,000, party executive director Wes Benedict said Thursday. Many Libertarians would prefer a gold-backed currency and contributing bitcoin "shows a little bit of protest against Federal Reserve policies," he said.

At the state level, Texas' Republican attorney general Greg Abbott announced last month that he would accept the virtual currency as an "in-kind" contribution to his bid for state governor. A fellow Texas Republican, Rep. Steve Stockman, accepted the currency in his failed Senate bid.

The commission is the latest federal agency to offer guidance on the digital currency, which operates independently of governments and banks. The IRS recently said it would tax bitcoin as property, not currency.

The FEC's action came in response to a request brought by a single political action committee, Make Your Laws PAC, which pledged to accept no more than \$100 worth of bitcoin from each contributor per election.

The commissioners, who often are sharply divided along party lines, issued dueling statements after the vote in which they disagreed about the size of bitcoin contributions that will be allowed.

Democrats on the panel said bitcoin donations should not exceed \$100, the current cap on cash contributions in federal campaigns. Lee Goodman, a Republican who serves as commission chairman, said bitcoin contributions are more like in-kind donations, such as securities or a painting, and are subject to higher contribution limits.

Toner said he expected more back-and-forth on the matter from the commission.

Dan Backer, a conservative lawyer who unsuccessfully asked the FEC to approve bitcoin use last year, said he's not waiting for a final answer. He intends to start making contributions larger than \$100 to House and Senate candidates through BitPAC, a political action committee he founded.