

# BITCOIN MAGAZINE

## **itBit Hires Former NYDFS General Counsel Daniel Alter, Pushes Ahead with Blockchain Project**

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In April, Bitcoin Magazine reported that Bitcoin exchange itBit had filed for a banking license in New York. Later in May, itBit was granted a trust charter by the New York Department of Financial Services (NYDFS) under New York State banking law, the first such charter granted to a digital currency company by the NYDFS. ItBit also announced the successful completion of a \$25 million Series A funding round.

On September 2, itBit announced the appointments of Daniel “Danny” Alter as the company’s new general counsel and chief compliance officer, and Kim Petry as chief financial officer. Petry was previously CFO of global operations and technology at Broadridge Financial Services and, before that, served as CFO and vice president of global commercial/corporate card payment at American Express.

Alter joined itBit after stepping down in February from his most recent post as general counsel of the New York State Department of Financial Services (NYDFS), where he served as principal counsel and strategic adviser to the New York state superintendent of financial services.

The former New York State Superintendent of Financial Services Benjamin Lawsky left the NYDFS after releasing the controversial Bitlicense regulations for digital currency businesses operating in New York. Lawsky’s move to a consulting business was strongly criticized by the libertarian Cato Institute.

“Because of the contacts he made as a regulator, [Lawsky] can hire himself out to Bitcoin companies wanting to signal to other regulators that they have the approval of the regulatory establishment,” noted Cato Senior Fellow Jim Harper.

It seems likely that Alter's move to itBit might be criticized on the same grounds.

“The New York State Public Officers law requires that I have a two-year recusal before I can appear before the New York Department of Financial Services on behalf of the company,” said Alter in a pre-emptive statement reported by Reuters. “And it will certainly apply to itBit. I will not step near or have any communications with the New York Department of Financial Services. Those will be handled by outside counsel or qualified compliance people within the company.” “Between Danny's deep expertise in financial services and virtual currency regulation and Kim's demonstrated track record as a successful CFO of global financial organizations, I'm confident that itBit will continue to grow and develop innovative blockchain-based solutions to address the financial industry's greatest pain points,” said itBit co-founder and CEO Chad Cascarilla.

“Danny and Kim possess a deep understanding of how to grow and run a successful business within the regulatory framework of the financial services industry, and their expertise will be invaluable as we work toward the launch of our new permissioned distributed ledger product – Bankchain.”

Bankchain, a new high profile project still held under wraps by itBit, will be a closed, “permissioned blockchain” owned and operated by banks and financial institutions – in other words, a private blockchain without bitcoin and anonymous miners. According to itBit claims, Bankchain will automate, accelerate and simplify post-trade processes across the financial services industry, saving institutions time and money.

Bankchain is “the first consensus-based ledger system exclusively for financial institutions,” states the still very basic Bankchain website. “Bankchain is a new clearing and settlement network that leverages blockchain technology to reimagine how financial institutions execute post-trade. The decentralized network is powered by itBit but fully governed by the member participants that join the platform.”

“[Bankchain] is a proprietary itBit protocol, not blockchain based, but is derived off of blockchain,” itBit head of global operations Steve Wagertold Coindesk in August. “We will also not be using bitcoin as the native token; it will be an itBit proprietary token.”

Reddit users strongly criticized the “Sinister Bankchain Project,” but it appears that the trend toward private, permissioned blockchains is here to stay, with strong support expressed, among others, by Accenture and Digital Asset Holdings CEO Blythe Masters.