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Federal Regulators Aren't Ready To Crack Down On Bitcoin Because They Still Don't Really Know What It Is



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Bitcoin is safe from federal regulators for now — mostly because they're still not quite sure what it is.

Yesterday, law



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enforcement officials led by the Treasury Department's Financial Crimes Enforcement network met with representatives from the Bitcoin Foundation, a California-based group that serves as the unofficial custodian of the digital currency, to discuss how Bitcoin works.

The meeting was reported by the Washington Post's Brian Fung.

Bitcoin Foundation counsel Patrick Murck attended the meeting, and told us it was basically an instructional session for the officials:

"It was more high level — understanding Bitcoin as a value exchange protocol ... how it works. We weren't there to discuss specific policy, that'll come later, this was to establish an open dialogue."

In its earliest days, Bitcoin, which is essentially a series of unique computer codes that can be transacted, was frequently used to purchase illicit items.

It has since become an accepted medium of exchange on countless websites, as well as a safe-haven asset of sorts, especially in countries with troubled sovereigns.

But it's now grown so big that it's caught the attention of the government — the SEC recently brought a case against a Texas man who attempted to execute a Ponzi scheme using Bitcoin.

We recently explained [why Bitcoin may lose its luster as it gets more attention from regulators](#) — basically, the scrutiny undermines the whole purpose of conducting business via a medium other than the dollar.

Murck said it was too early to say what new regulations might be coming down the pike — but that if and when something does, the Bitcoin community can now avoid getting "blindsided" by it.

"Everybody was there to learn, understand the issues," he said. "That's all you can ask for — come together, have a dialogue, when issues come up solve them together. That's the message we had going on, and hopefully message they took away. **It wasn't the time or place for people being hostile**; frankly I wouldn't understand why you would be hostile to a protocol for the Internet."

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