Subject: File No. S7-04-23
From: Annonymous

Title: Addressing Regulatory Concerns in the Cryptocurrency Market, Media Representation, and Legal Actions I wanted to express my warm appreciation for your efforts in promoting transparency and combating tax evasion. However, I have some reservations regarding the recent rules on reportable transactions. Specifically, I believe the inclusion of stable coin transactions and decentralized finance (DeFi) activities in the reporting requirements may pose challenges. The dynamic nature of these emerging technologies and their vast user base make it difficult to accurately track and report every transaction. Values change consistently on a minute by minute basis. Until the assets are converted into a lawful US Fiat, no taxable event has occurred. The US laws are based on US currency for taxable transactions. DEFI is not US currency. If I trade a pig for 1/2 a cow, this is not a taxable event. While I understand the importance of pursuing tax cheats, I urge you to consider the practicality and feasibility of enforcing such detailed reporting requirements. Striking a balance between transparency and the burden on everyday taxpayers is crucial. The cryptocurrency market has witnessed exponential growth and innovation over the past decade, attracting a diverse range of investors, from institutions too small, individual traders. This dynamic landscape has given rise to differing opinions and concerns about regulatory oversight, particularly in the context of the U.S. Securities and Exchange Commission (SEC). While it is essential to acknowledge the SEC's role in maintaining market integrity and investor protection, there are legitimate concerns among some members of the crypto community regarding the agency's approach. One of the core principles upon which the cryptocurrency ecosystem was founded is the belief in financial freedom, freedom of speech, and freedom of movement. These principles have been instrumental in driving innovation and democratizing access to financial markets for individuals from all walks of life. It is understandable that some small, low-income investors in the crypto space are concerned about the potential impact of regulatory actions on their ability to participate in this innovative and evolving sector. Moreover, it is important to highlight another concern within the crypto community: the media portrayal of cryptocurrency investors. Some media outlets have sensationalized stories, including narratives that suggest crypto investors are enthusiasts of unconventional practices, such as insect consumption. It is essential to clarify that such portrayals do not accurately represent the broader community of cryptocurrency investors, who are primarily driven by financial and technological innovation. In addition to these concerns, we also note that ongoing legal actions, such as the lawsuit involving Richard Heart, have raised concerns within the crypto community. Some investors believe that such lawsuits can directly impact the valuation of their cryptocurrency holdings, potentially leading to market volatility and uncertainty. We respectfully request that regulators consider the potential consequences of their legal actions on cryptocurrency markets and strive for resolutions that prioritize market stability and investor confidence. To address these concerns effectively, it is important for the SEC to engage in an open and transparent dialogue with stakeholders in the cryptocurrency community. This dialogue can help strike a balance between investor protection and the preservation of the core principles that underpin the crypto space. Clear and consistent guidance is essential to provide regulatory certainty and foster innovation while minimizing unintended consequences for small investors. In conclusion, it is critical that we promote a constructive and collaborative approach to cryptocurrency regulation. It is not productive to label any government agency as corrupt without substantial evidence. Instead, we encourage open communication between regulators and market participants to ensure that the evolving crypto landscape remains a place where all investors, regardless of their financial background, can participate while upholding the rule of law. Additionally, we call on regulators to carefully consider the potential ramifications of legal actions on cryptocurrency markets to maintain stability and investor confidence. I would like to raise a significant concern regarding the extensive reporting requirements outlined in the proposed regulations for cryptocurrency transactions. As established in the United States v. Miller case (425 U.S. 435, 1976), individuals have no reasonable expectation of privacy in information voluntarily shared with third parties like banks (425 U.S. at 442-43). However, these proposed regulations go beyond the limited, specific information considered in Miller. Requiring comprehensive tracking and reporting of customer cryptocurrency transactions by trading platforms, payment processors, and hosted wallets without any specific suspicion of wrongdoing amounts to an overly broad intrusion into digital privacy, akin to a digital "fishing expedition" that raises Constitutional concerns (Carpenter v. United States, 138 S.Ct. 2206, 2222, 2018). Furthermore, I contend that these regulations place an unconstitutional burden on the First Amendment-protected speech of cryptocurrency developers and users, as highlighted by Justice Thomas in Citizens United v. FEC (558 U.S. 310, 2010). When a law burdens political speech, it must undergo strict scrutiny, with the government having to prove that the restrictions are narrowly tailored to serve a compelling interest (558 U.S. at 340). The broad reporting rules in these proposed regulations do not meet this stringent standard and risk stifling innovation and adoption within the cryptocurrency space. In conclusion, the proposed regulations appear to infringe upon privacy and free speech rights while pursuing tax compliance. A more balanced and targeted approach that minimizes Constitutional concerns should be explored. The SECâ€™s over zealous blanket targeting of certain crypto protocols and creators has had a chilling negative effect on my and many other investors personal portfolios. As an example, one protocol I am involved with went down 97% as a result of a lawsuit from the SEC. In reading the lawsuit itself showed how inept and uniformed the affiant of that lawsuit was in writing and filing that said lawsuit. The SEC itself has inflicted fraud on these investors by its handling of the these cases. With the current revelations of the FTX discovery, it is apparent that certain entities of the SEC were involved in illegal manipulation of the cryptocurrency market. Thank you for your attention to these concerns. I trust that you will carefully evaluate the implications of these rules and work towards a fair solution that effectively targets tax evasion while minimizing unnecessary complexities for taxpayers.