

**New York City Council
Committee on Technology
Oversight - Cryptocurrency and Blockchain Technology in New York City
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Testimony of:

***Alan Rechtschaffen, Chair Wilson Center Digital Assets Forum & Lab
Prepared Remarks***

Good afternoon, Honorable Members of the Committee, Chair Gutierrez, those watching remotely, I am honored to have the opportunity to appear before you today to provide testimony on the subject of responsible oversight of cryptocurrency and blockchain technology in New York City.

My name is Alan Rechtschaffen, while the thoughts I share today are my own personal opinions, I have extensive experience in understanding the issues surrounding cryptocurrency and blockchain technology.

I am the Chairman of the Digital Assets Forum and Lab at the Wilson Center in Washington, and a senior lecturer of Laws at New York University.

The Wilson center, as you may know is the think tank created by Congress.

The Digital Assets Forum & Lab has been at the forefront of analyzing the implications and opportunities presented by this rapidly evolving technology. Our work has found that cryptocurrency and blockchain technology may have the potential to provide numerous benefits, including increased financial inclusion, improved financial security and privacy, and greater efficiencies for recording information, in a decentralized way.

Cryptocurrencies are a use case for blockchain technology.

However, it is vital that we are sensitive to the fact that the promise and potential use cases for blockchain go far beyond financial instruments and transactions.

Indeed, blockchain has been heralded by some as a technology that might be implemented to reboot the very infrastructure of the Web.

So called Web 3 technology.

I am happy to discuss this more during the question and answer period.

it is equally important to recognize the potential risks associated with this technology, including illicit activities not the least of which being the potential for bad actors to take advantage of consumers who want in on the game.

In recent years, digital assets such as cryptocurrencies have rapidly gained popularity. As the use cases for the blockchain grow, it is important for municipalities to consider the role this evolving technology will play in the lives of all its citizens.

Local regulation of digital assets presents a unique challenge because these assets exist in a decentralized and global network.

This makes it difficult for a single municipality to regulate digital assets in isolation, as its actions can have unintended consequences for individuals and businesses located outside its jurisdiction.

Indeed, in 2022 the President of the United State issued an Executive Order calling on the government to outline standards for regulating digital assets. Congress is also considering how to regulate this technology.

The SEC and CFTC are taking positions.

The field is crowded with those looking to control and regulate this technology and its use cases.

However, municipalities, and in particular New York City, can play a key role in protecting their residents and promoting the responsible use of digital assets and the adoption of the technological innovations.

Specifically, for New York City, I would recommend the establishment of a Blockchain commission whose purpose will be to understand and share with New Yorkers the latest information on the potential of this game changing technology.

This Commission might produce a report on the state of the debate, identifying the risks and rewards of the technology- helping New Yorkers see where they might benefit and what the future holds.

This commission should be headed up by a non-political, academic who can provide reliable information for council, the administration, and all New Yorkers on the evolution of blockchain technology and its potential.

This can be achieved through a combination of education, outreach and consumer awareness. It would also help business understand what is possible and those in the work force to explore new careers.

In conclusion, I would like to emphasize the importance of balancing the need for regulation with the need for innovation and growth in the digital asset industry.

By working together with other levels of government, New York City can help ensure that we are aware of the risks and the rewards and the benefits to all stakeholders, including consumers, businesses, and the broader economy.

I am happy to take your questions.