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INTRODUCTION

Our world is becoming more interconnected day by day, particularly due to the evolution of technology. This evolution has transgressed to include postal services, documents and most recently, currency. What is this newest form of currency? Bitcoin. The question remains, however, whether the same rules that govern traditional currency apply to Bitcoin. Does Bitcoin even adhere to the rules of the physical world?[1] Bitcoin is a perfect example of this technological phenomenon. Today, more and more people are using Bitcoins as their main or alternative form of currency, even going to the extreme of relying solely on Bitcoin and other virtual currencies. "Bitcoin is (some believe) world-changing tech with the potential to transform how money works in the 21st century."[2]

Currently, the United States has no uniform standard for virtual currencies, such as Bitcoin.[3] As a result, there is significant disagreement regarding the treatment of virtual currencies under the law. Should virtual currencies be treated as a commodity or as a medium of exchange?[4] Accordingly, there should be uniform legislation regarding Bitcoins and all other virtual currencies. The passage of such legislation will provide clear notice to all federal agencies, improve the international handling and moving of currencies, and provide a standard basis of uniformity around the world. Moreover, such legislation will regulate Bitcoin and other virtual currencies among American citizens who are already converting their American dollars to Bitcoin. Ultimately, the passage of a uniform Bitcoin legislation will resolve America's virtual currency dilemma: should the government classify virtual currency as (1) currency, (2) a medium of exchange, (3) a security, or all of the aforementioned classifications?

The passage of a uniform Bitcoin legislation will enable the United States to (1) establish standards when dealing with Bitcoin and other virtual currencies; (2) have better enforcement standards to assist in the prosecution of those individuals using Bitcoin for criminal purposes while still protecting the right of American citizens using Bitcoin for legitimate purposes; and (3) limit the jurisdiction of Bitcoin legislation to American citizens. In a perfect world, Bitcoin would be the most logical currency solution: one universal currency for every country to trade, buy and use.[5] However, the reality is much different and more complex than proponents of virtual currency initially expected.

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[1] *See* JAMES GRIMMELMANN, INTERNET LAW: CASES AND PROBLEMS 52, 653 (Semaphore Press ed. 6th ed. 2016).

[2] *See* Mark Serrels, *Dogecoin: A Cryptocurrency Joke that Somehow Turned Real* (February 21, 2018, 12:00 PM), https://www.cnet.com/news/dogecoin-a-cryptocurrency-joke-that-somehow-turned-real/?ftag=CAD-03-10aaj8j.

[3] *See* Natasha Turak, Hadley Gamble, *U.S. Government is Nowhere Close to Regulating bitcoin, White House Cybersecurity Coordinator says* (February 16, 2018, 1:21 PM), https://www.cnbc.com/2018/02/16/munich-security-conference-us-government-nowhere-near-regulating-bitcoin.html.

[4] *See* Tara Mandjee, *Bitcoin, Its Legal Classification and Its Regulatory Framework*, 15 J. OF BUS. & SEC. LAW 157, 167 (2015).

[5] *See* Daniela Sonderegger, *A Regulatory and Economic Perplexity: Bitcoin Needs Just a Bit of Regulation*, 47 WASH. UNIV. J. OF LAW & POL'Y 175, 175 (2015) (explaining some of the benefits of regulating Bitcoin).

Part I of this article introduces the concept of Bitcoin and other virtual currencies by explaining the intended function of virtual currency and its current use. Part II summarizes the current virtual currency regulation in the United States and the potential long-term consequences of such regulation. Part III discusses the benefits of having a uniform Bitcoin legislation in the United States and how it would help private individuals, businesses, and the government. Part IV explains what regulations other countries have employed to address the virtual currency problem and whether the United States should follow these approaches or implement different policies. Part V concludes this article by suggesting that Bitcoin legislation would be beneficial to the United States and will serve as a legislative example to other nations around the world.

I. BACKGROUND: WHAT IS BITCOIN AND HOW IS IT BEING USED?

Bitcoin generally works in a peer-to-peer network and is completely decentralized, meaning that no government has officially supported the virtual currency.[6] There are many advantages and disadvantages for the use of bitcoin. Overall though, it has potential gains with one of the main advantages being its accessibility. In other words, anyone can use this virtual currency.[7] In theory, Bitcoin allows two users to trade without intervention and permits both parties to trade on only each other's terms without regulations governing the transaction.

However, there are several disadvantages to using Bitcoin. For example, Bitcoin is not a centralized currency, which makes investing in the currency risky due to its volatile nature.[8] Furthermore, since anyone can use Bitcoin, there is pure anonymity: total secrecy when trading with other users.[9] The users or parties to the transaction are unknown to each other.[10]

The entire premise of Bitcoin is decentralization. Bitcoin only works in a peer-to-peer network, which raises interesting cyber security concerns.[11] For example, it is extremely difficult for a hacker to infiltrate the network and create Bitcoin out of nowhere. A user cannot add herself to the network and create Bitcoin because there is no centralized ledger like those used in banks or other financial institutions. Users in the Bitcoin network are all part of the "Bitcoin ledger" and as such, all have some form of control in the process.[12] Also, if a hacker successfully cracks the system she would need to hack every single user who is a part of the ledger and cover herself quickly enough to avoid detection by the users. A hacker would have to overcome one particular hurdle: not all users are always connected to the network and when these users do connect, they would immediately notice a discrepancy on their ledger, which verifies each step of the transaction.[13] Thus, it is extremely difficult to successfully alter the amounts on the Bitcoin network.

Additionally, the number of Bitcoin users stands in the millions and continues to grow. The number of Bitcoin users is supported by the fact that the number of Bitcoin is capped at twenty-

[6] GRIMMELMANN, *supra* note 1, at 652.
[7] *Id.* at 653.
[8] Mandjee, *supra* note 4, at 159.
[9] *Id.*
[10] Sonderegger, *supra* note 5, at 182.
[11] GRIMMELMANN, *supra* note 1, at 651; *United States v. BTC-e* (2017), https://www.justice.gov/usao-ndca/press-release/file/984661/download. (last visited Feb 18,2018).
[12] *See* BANKING ON BITCOIN (Periscope Entertainment 2016).
[13] Sonderegger, *supra* note 5, at 182.

one million coins.[14] This cap will make it unlikely that Bitcoin users are subject to inflation issues. Bitcoins, like gold and silver, are finite resources and have a foreseeable end.[15]

Proponents have argued that the decentralized nature of the Bitcoin network nearly removes the possibility of corruption and greed that usually accompanies centralized money systems like banks. Moreover, because Bitcoin is not centralized there is no major concern that the government can intervene and shut down the Bitcoin system. A better explanation of how Bitcoin function is based on the following:

> Suppose that Alice sends Bob two bitcoins. Alice would make the transfer to Bob by appending this new transaction to the blockchain … What keeps Alice honest? It is only possible for Alice to make a transaction giving Bob Bitcoins if there are previous transactions giving Alice enough Bitcoins . . . [I]f Alice has the Bitcoins to spend, other Bitcoin users will agree to add the transaction to the blockchain. When Bob sees that the blockchain has been extended to include Alice's payment, he knows that the payment has succeeded.[16]

On the other hand, Bitcoin transactions are traditionally irreversible. Essentially, when two Bitcoin users participate in a transaction and one of the users overpays the other user, there is no way to void the transaction–the user that overpaid must bear the loss.[17] Hacking a user's Bitcoin account while difficult, is not entirely impossible. A user can hack another account by acting as that account's owner and sell the other person's Bitcoins. The sold Bitcoins would be registered on other user's ledgers, but those Bitcoins are unreclaimable to the victim.

II. CURRENT REGULATIONS AND ISSUES REGARDING BITCOINS

On July 26, 2017, the U.S. Federal Bureau of Investigation raided a Bitcoin Exchange's ("BTC-e's") data center and seized all equipment in the center, including servers, which contained extensive database information from users all over the world.[18] The U.S. is claiming that because of BTC-e's substantial business in the United States, it has jurisdiction over BTC-e.[19] Additionally, BTC-e never registered with the United States Department of Treasury's Financial Crimes Enforcement Network ("FinCEN") as a money services business pursuant to federal law.[20]

The law has been rather inconsistent regarding this topic because numerous cases have labeled Bitcoin's data center as falling under the FinCEN's regulatory arm,[21] yet the federal government does not consider Bitcoin as currency. Many have argued that Bitcoins should not

[14] See BANKING ON BITCOIN (Periscope Entertainment 2016).
[15] *See* Stephen Small, *Bitcoin: The Napster of Currency*, 37 HOUS. J. INT'L L. 581, 590 (2015) (explaining the characteristics that Bitcoins must show similarity in other goods used).
[16] GRIMMELMANN, *supra* note 1, at 651.
[17] *Id.* at 652.
[18] Stan Higgins, *BTC-e pledges to Return Customer Bitcoin Days After Police Seize Domain* (July 31, 2017, 14:00 UTC), https://www.coindesk.com/btc-e-pledges-to-return-customer-bitcoin-days-after-police-seize-domain/.
[19] United States v. BTC-e (2017), https://www.justice.gov/usao-ndca/press-release/file/984661/download. (last visited Feb. 17, 2018) (explaining how the United States has the authority to raid and effectively shut down an international exchange center).
[20] *Id.*
[21] Sonderegger, *supra* note 5, at 189.

fall under the current currency laws because it is not fully currency, but rather a commodity[22] or security.[23]

Bitcoins are a special issue because they exist primarily in cyberspace, but have legal implications occurring all over the world. Cases that deal with the Bitcoin problem in the United States usually originate from the defendant establishing a money service business, as required by the federal government, but then using the Bitcoin network to fund criminal activities with Bitcoins.[24] It is difficult to identify which source of law prevails in regulating Bitcoins because there is no uniform legislation. The United States is not the only country dealing with this cyber issue. Countries such as India[25], Russia, England, and Germany have also taken legislative actions to combat growing concerns the Bitcoin network presents to the physical world.[26]

Notwithstanding, one of the main issues regarding virtual currency is how to effectively classify Bitcoin because it and all other virtual currencies cannot be classified into one category. Not only is it considered an alternative form of payment but also a commodity, a means of exchange and possibly a security. Additionally, placing Bitcoin into one of our existing regulations on currency, commodity and securities undermines consistency in these laws.

By having at least some kind of uniform legislation, the United States could further regulate Bitcoin by charging the proper parties and limiting regulation to only individuals in the United States. Individuals who conduct extensive business in the United States would also be subject to U.S. jurisdiction. Uniform Bitcoin legislation would also protect individuals with no ties to the United States from prosecution. However, many supporters of legislation argue that it should not be as extensive as New York's BitLicense[27] as it can undermine the concept of the Bitcoin network and prevent continuing economic growth.

Due to the lack of unvarying legislation, the United States does not have a consistent legal standard to address issues relating to virtual currency. With that said, regulating virtual currency is no easy task[28] as the United States did not create the Bitcoin network single-handedly, but neither did any other country. Since beginning my research, the Bitcoin problem has reminded me of a concept proposed by Thomas Hobbes[29]: Bitcoin is like a new "state of nature." Bitcoin is free from rules, government regulations, and is equal to other virtual currency.

Additionally, without proper Bitcoin legislation, Bitcoin and other virtual currencies are in a state of ambiguity and unpredictability. "The biggest issue for regulators is determining exactly how to regulate this form of currency because it is uncharted and differs drastically from the traditional forms of currency regulated today."[30] Virtual currencies can be classified as commodities, a means of exchange, or possibly securities and currencies. Lack of legislation creates disorder for individuals, businesses, and governmental agencies.

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[22] United States v. Faiella, 39 F.Supp. 3d 544, 545 (S.D.N.Y. 2014).
[23] SEC v. Shavers, No. 4:13 CV-416, 2013 U.S. Dist. LEXIS 110018, at *4 (E.D. Tex. August 6, 2013).
[24] *Faiella*, 39 F.Supp. at 545–46; United States v. BTC-e (2017), https://www.justice.gov/usao-ndca/press-release/file/984661/download. (last visited Feb. 17, 2018).
[25] SS Rana & Co., *Bitcoin in India and its Legality* (February 16, 2018, 2:00 PM), https://www.lexology.com/library/detail.aspx?g=7705641e-e5b1-4400-8fd2-b559254907ce.
[26] Mandjee, *supra* note 4, at 211.
[27] *See* Samantha J. Syska, *Eight-Years-Young: How the New York BitLicense Stifles Bitcoin Innovation and Expansion with its Premature Attempt to Regulate the Virtual Currency Industry*, J. OF HIGH TECH. L., 313, 315 (2017).
[28] *See* Turak and Gamble, *supra* note 3.
[29] *See* THOMAS HOBBES, LEVIATHAN 88-9 (Richard Tuck ed., Cambridge Univ. Press 2010) (1651) (explaining how when man was in this "state of nature," there were no government, nor rules).
[30] *See* Syska, *supra* note 25, at 322.

III. BENEFITS OF UNIFORM LEGISLATION

As of January 2018, the United States does not have any form of regulation in place, nor are there any current plans for creating legislation.[31] Part of the problem stems from the notion that Bitcoin and other virtual currencies are a new concept, making it difficult to understand and even more challenging to regulate.[32] Although the United States lacks uniform legislation, there is still some form of Bitcoin rules that users must follow. Currently, there are regulations through the Commodity Futures Trading Commission ("CFTC")[33], the Securities and Exchange Commission ("SEC")[34], FinCEN[35], and some state regulations providing a skeletal framework of Bitcoin regulation. "Until Congress clarifies the matter, the CFTC has concurrent authority, along with other state and federal administrative agencies, and civil and criminal courts, over dealings in virtual currency."[36]

As to the CFTC, the agency has claimed some form of authority over Bitcoin because the "virtual currencies are commodities subject to the Commodity Exchange Act ("CEA") and CFTC regulations."[37] Alternatively, the SEC has stated that Bitcoin have the same characteristics as a security, and the Eastern District Court of Texas stated that Bitcoin could be securities, meaning that the virtual currencies may be regulated under the SEC.[38] When dealing with FinCEN, this agency categorizes Bitcoin as a form of money, making Bitcoin subject to its regulations.[39] Because there are different ways to categorize Bitcoin, it is challenging at times to regulate the currency and the question has been posed: Should the government attempt to regulate Bitcoin? The answer is resoundingly clear, the government must clear up confusion and resolve the problem of whether Bitcoins are commodities, as a securities, currency, a means of exchange, or all of the above.

Many have argued that Bitcoins do not need to be regulated[40] and that the "Blockchain" or ledger system in place is all that is needed for Bitcoin to flourish in this economy.[41] Others speculate that because Bitcoin, as a virtual currency, is too new in the economic market, we do not fully grasp Bitcoin's capabilities and thus, creating legislation will negatively impact economic markets.[42] However, the need for regulation would create some uniformity concerning the classification of Bitcoin, positively impacting the market while still allowing people to use Bitcoin as efficiently as it was originally intended. More specifically, it allows for individual protection, considerable cybersecurity and adequate protection for small businesses dealing exclusively on bitcoin.[43]

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[31] *See* Turak and Gamble, *supra* note 3.
[32] *Id.*
[33] CFTC v. Patrick K. McDonnell, 18-CV-361, 2018 U.S. Dist. LEXIS 36854, *1 (E.D.N.Y. Mar. 6, 2018).
[34] *See Shavers*, 2013 U.S. LEXIS 11001, at *6.
[35] *See Faiella*, 39 F.Supp. at 546.
[36] *McDonnell*, 2018 U.S. Dist. LEXIS 36854, at *1.
[37] *Id.* at 17.
[38] *See Shavers*, 2013 U.S. LEXIS 11001, at *6.
[39] *See Faiella*, 39 F.Supp. at 546.
[40] *See* Syska, *supra* note 25, at 344.
[41] *See* Michael Sherlock, *Bitcoin: The Case against Strict Regulation*, REV. OF BANKING & FIN. L. 975, 994 (2016) (discussing the benefits of not regulating bitcoin as the innovative technology because it is detrimental to small business owners and to the economy in total).
[42] *See* Turak & Gamble, *supra* note 3; Sherlock, *supra* note 38, at 994.
[43] BANKING ON BITCOIN (Periscope Entertainment 2016).

A. INDIVIDUAL BENEFITS

Uniform legislation for Bitcoin allows American citizens to know what laws apply to Bitcoin. It removes ambiguity and permits others to use and trade the coin freely without the notion that the government will take the coins away. Moreover, having consistent legislation will provide individuals the consumer confidence needed to raise the coin's market share, lessening its volatile nature. "[A] definitive categorization of Bitcoin as a specific financial instrument is necessary for market confidence in terms of legal certainty and clarity regarding applicable statutes and regulation."[44] Without uniform legislation it is difficult to discern which regulations apply to Bitcoin and which do not. Even the courts have difficulty regarding the classification of Bitcoin; because the coin has so many uses, it easily may be categorized as different financial exchanges.[45] The benefit of having uniform legislation with Bitcoin shows people what laws must be observed when dealing with Bitcoins. It provides notice to anyone using Bitcoin and offers confidence in the individual to use the coin, particularly because the person would know what laws to adhere to and the possible consequences of breaking the law.

B. BUSINESS BENEFITS

By having a uniform legislation, businesses will confer the same benefits as individuals to effectively use the coins as allowed. The blockchain, which allows people to exchange the coin freely and efficiently, has been one of the reasons businesses are attracted to Bitcoin.[46] Compared to using the traditional method of wire transfers used by centralized commercial banks, the blockchain trades at a faster rate.[47] For example, a wire transfer between two businesses could last two to three days, whereas transferring Bitcoin could last a couple of hours.[48] This has led many businesses and merchants to begin accepting Bitcoin as an alternative form of payment. The creation of uniform legislation for Bitcoin and other virtual currencies will provide businesses and merchants with the ability to comply with the law and to prevent random government involvement. It also provides even greater consumer confidence in businesses because of how much capital could potentially be used in Bitcoin investment. This will allow for even greater economic growth between businesses and ultimately between nations.

C. GOVERNMENT BENEFITS

So far, the United States is one of the leading nations attempting to regulate Bitcoins and all other virtual currencies. "The lack of a central Coin issuing authority forces FinCEN to take a 'multiplayer' regulatory approach in their attempt to regulate the transmission of coins."[49] The lack of uniform legislation has led to numerous court cases ruling inconsistently on just what a

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[44] *See* Fiammetta S. Piazza, *Bitcoin and the Blockchain as Possible Corporate Governance Tools: Strengths and Weaknesses*, 5 PENN. ST. INT'L L. REV. 262, 273 (2017) (discussing one of the benefits of having uniform regulation has the possibility of allowing Bitcoins in becoming an effective reliable governance tool).
[45] *Id*. at 265.
[46] *See* Small, *supra* note 13, at 630 (explaining the history of Bitcoin, the problems the currency has without any regulations and the benefits of having regulation on bitcoin).
[47] See BANKING ON BITCOIN (Periscope Entertainment 2016).
[48] See *Id.*
[49] *See* Shahla Hazratjee, *Bitcoin: The Trade of Digital Signatures*, 41 THURGOOD MARSHALL L. REV. 55, 75 (2015) (discussing how different agencies have attempted to regulate the virtual currency).

Bitcoin is, with one court ruling it is a currency and another ruling it otherwise.[50] Since the government does not have any uniform legislations, it is up to the states and federal agencies to attempt to regulate the coin. States such as New York, California, Colorado, New Hampshire, New Mexico, and Texas "have moved in the direction of regulating Bitcoins and cryptocurrencies through a license systems [and other favorable regulation of the Bitcoin.]"[51] Having Congress create a uniform Bitcoin legislation will (1) provide all agencies with notice as to which agency would have superior authority to regulate Bitcoin in the United States, (2) allow Bitcoins to be handled seamlessly in the United States and (3) provide consumer confidence in the virtual currency.

However, having too strict governmental regulation would hinder economic growth in all businesses using Bitcoins.[52] For example, New York, in 2015, created "BitLicense for Virtual Currency Business Activity."[53] The regulation:

> [R]equires New York business or residents that (1) receive or transmit virtual currency; (2) store, hold or maintain virtual currency for customers; (3) buy and sell virtual currency as a customer business; (4) perform currency exchange services; or (5) control, administer or issue virtual currencies are required to register and comply with the rules and regulations."[54]

Because New York implemented this law, many bitcoin exchange services and businesses using Bitcoins or other virtual currencies have either left the state for Bitcoin-friendly locations, or halted using any form of virtual currencies.[55] Arguably, this New York regulation is deemed too burdensome and, in the eyes of businesses, does not allow companies dealing in Bitcoins to make money.[56] Many have argued that should the United States adopt the New York model of regulation, it would prevent many companies from using Bitcoins and possibly repel any future business from expanding in the United States. Consistent legislation should be implemented to resolve these issues, given all the potentials that Bitcoin has to offer.

IV. OTHER COUNTRIES APPROACH TO REGULATION

The United States is not the only country attempting to regulate Bitcoin or other virtual currencies. "[A] comprehensive study examined the regulatory responses of forty nations to Bitcoin and concluded that only a few countries have officially addressed the currency from a regulatory standpoint."[57] One of the main reasons why is because Bitcoin is unique in its design and many nations have different opinions as to how to best regulate the virtual currency.[58] So far,

[50] *See* Fiammetta Piazza, *Bitcoin in the Dark Web: A Shadow Over Banking Secrecy and a Call for Global Response*, 26 S. CAL. INTERDISC. L.J. 521, 532 (2017) (discussing the inconsistencies that courts have found regarding Bitcoins even with some form of agency guideline).
[51] *See* Piazza, *supra* note 41, at 287.
[52] *See* Sherlock, *supra* note 38, at 978.
[53] *See* Syska, *supra* note 25, at 329.
[54] *Id.*
[55] *Id.* at 335.
[56] *Id.* at 338.
[57] *See* Small, *supra* note 13, at 612.
[58] *See* Kevin V. Tu & Michael W. Meredith, *Rethinking Virtual Currency Regulation in the Bitcoin Age*, 90 WASH. L. REV. 271, 304 (2015) (discussing some of the different aspect countries have taken for Bitcoin, through extensive regulation, light regulation, no regulation or banning Bitcoins all together).

no country has taken the same approach as the United States, and regulations in foreign countries have ranged from applying existing tax laws on the coin, such as in the United Kingdom, to a modern, broad approach taken in Germany, and finally, banning Bitcoin from the country altogether in China. [59]

A. UNITED KINGDOM'S APPROACH

The United Kingdom's approach towards regulating Bitcoins has been lax compared to the United States. While not actually having any regulations, there are "proposals and tax treatments"[60] used on Bitcoins. "Most notably Her Majesty's Revenue and Customs ("HMRC") developed a provisional tax regime that supports Bitcoin's use as a currency by exempting transfers between fiat currency and Bitcoin from [Value Added Taxes] and applying existing tax rules for foreign currency transactions to Bitcoin exchanges."[61] This type of regulation shows that the United Kingdom is attempting to regulate Bitcoin only in the realm of investments. This attempt might raise the trading value of Bitcoin in the United Kingdom, providing Bitcoin companies with a beneficial market to grow outside of the United States.[62] It does not seem likely that the United States would mirror the United Kingdom, however, as it does not achieve the same goals the United States seeks: prevent Bitcoin from being utilized in money-laundering schemes and to protect the consumer in using Bitcoin.

B. GERMANY'S APPROACH

"Fueled by both robust consumer and investment markets, Germany represents the country with the most progressive opinion of Bitcoin."[63] So far, Germany is the first country to fully embrace and accept Bitcoins.[64] It is also the first country to issue regulations[65] on Bitcoin.

Germany has categorized Bitcoins as an "economic asset," which allows Germany to classify it as part of an individual's gross income. Additionally, Germany classified Bitcoins as a "unit of account."[66] This allows the country to further protect its consumers from fraud and money laundering organizations, while promoting better consumer confidence in using Bitcoin, which will allow it to grow in Germany. "[T]he anti-money laundering programs require the Bitcoin exchanges to identify their customers, obtain information about the purpose of the business relationship, monitor their clients' accounts for suspicious activity, and implement a document retention program that ensures all information on accounts are retained for a reasonable amount of time after their creation."[67] Many have opined that the United States should follow Germany's approach to regulating Bitcoins because of consistent economic growth and consumer confidence.

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[59] *See Id.* at 302.
[60] *See* Gregory V. Ficcaglia, *Heads or Tails: How Europe will Become the Global Hub for Bitcoin Business if the United States does not Reexamine its Current Regulation of Virtual Currency*, 40 SUFFOLK TRANSNAT'L L. REV. 103, 123 (2017) (explaining what the United Kingdom has implemented to attempt to regulate virtual currencies).
[61] *Id.*
[62] *Id.*
[63] *See* Small, *supra* note 13, at 615.
[64] *Id.*
[65] *See* Ficcaglia, *supra* note 55, at 125.
[66] *See* Small, *supra* note 13, at 615.
[67] *Id.* at 617.

Germany's approach to Bitcoins is feasible in the United States and would resolve many of the disputes with Bitcoins and ultimately, provide uniform legislation in the United States.

C. CHINA'S APPROACH

The Chinese government is one of the few governments that has completely banned Bitcoins from the country.[68] When Bitcoins first came into the Chinese market, there was no regulation on it and it appeared that this trend of non-regulation was to continue as Bitcoin became more and more popular to exchange.[69] Bitcoin experienced economic growth due to the lack of regulation and public support of the Chinese government in November 2013.[70] This was shown by Bitcoin's value drastically increasing by over 500 percent, with many Chinese individuals investing heavily on the coin and many other foreign investors and companies coming into the country to benefit from the lack of regulation.[71]

However, the Chinese government began implementing regulations on Bitcoins due to the fear that Bitcoin could disrupt the value of the Yuan, making it less valuable and weaken China's influence around the world.[72] As time progressed, the Chinese government added more and more regulations and laws restricting the use of Bitcoins until finally the government completely banned banks from trading in Bitcoin.[73] Many have argued that the United States should stop all current regulations on Bitcoins and let it grow on its own, without government regulation and intervention. The United States should not take this approach as it will lead to the continuation of Bitcoin's volatile state, reduce consumer confidence and continued use of Bitcoins in all types of cybercrimes.

CONCLUSION

In sum, the United States should implement uniform legislation as it will foster more economic stability in Bitcoin, produce more consumer confidence in trading with one another, and provide businesses and federal agencies with much-needed guidance on governing laws. "Regulation of these market entry points across jurisdictions will also provide a degree of stability to the volatile Bitcoin ecosystem by giving Bitcoin a modicum of acceptance into the traditional banking structures and regulations already in place."[74] Ultimately, Bitcoins are too new to the market and popularity in it is still growing as people discover new uses for the virtual currency. Many have argued that because Bitcoins and all virtual currencies are too new to the market, regulating them seems counterintuitive because we, as a society do not understand the full capabilities Bitcoins and all other virtual currencies offer.[75]

However, the United States government should provide a uniform definition to Bitcoin, categorizing it either as a currency or a "unit of account" as Germany defined it. Achieving a uniform Bitcoin legislation provides a framework not only to the American people, but to the rest of the world that Bitcoin can be regulated. Bitcoin could have the potential to become a new form

[68] *See* Piazza, *supra* note 41, at 538.
[69] *See* Small, *supra* note 13, at 613.
[70] *Id*. at 614.
[71] *Id*. at 613.
[72] *Id*.
[73] *See* Piazza, *supra* note 41, at 539.
[74] *See* Ficcaglia, *supra* note 55, at 132.
[75] *See* Tu & Meredith, *supra* note 54, at 302.

of universally accepted currency, but it must first be regulated before everyone can accept and use it as a new, alternative form of currency.