

# US political campaigns may be able to accept Bitcoins

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A pile of Bitcoin slugs sits in a box ready to be minted in this April 26, 2013 file photo in Sandy, Utah.

Candidates running for US federal office may be allowed to accept Bitcoin donations but not spend the digital currency, according to a proposal by regulators.

Created or exchanged using complex software, the four-year-old [currency](#) is increasingly used to make online transaction payments.

"Bitcoins are not 'money'" but "the requestor may generally accept Bitcoins as in-kind contributions," the Federal Election Commission (FEC) said.

"The requestor may not, however, make disbursements using Bitcoins directly from a Bitcoin wallet" because these must come from a campaign bank account, it added in a response Thursday to an advisory opinion request from the Conservative Action Fund.

The proposal, to be discussed Thursday, still needs to be signed off on by the full commission.

Bitcoins are not money under the commission's regulations because they "are neither the currency of any country nor negotiable instruments," the FEC said in reference to checks and cash.

Therefore, it added, "a political committee that receives Bitcoin contributions may not treat them as monetary contributions."

However, it said, "nothing in the (Federal Election Campaign) Act or Commission regulations ... prohibits a political committee from accepting Bitcoins as in-kind contributions."

The FEC also noted that the value of Bitcoins has been very volatile, ranging between \$5 and \$237 between May 2012 and May 2013.

"Bitcoins are not 'money,' have no fixed value in any nation's currency, and might appreciate or depreciate over time," it said, likening them to stocks, bonds and even art objects.

The equivalent dollar amount for Bitcoin contributions would have to be deposited into a campaign account within 10 days, it added.

A form of "e-money," Bitcoin is made of strings of dazzlingly complex code created by raw computing power—a process called "mining."

Once mined, Bitcoins are stored on a user's hard drive in a virtual wallet, and can be sent directly to another person, bypassing banks and remaining largely anonymous.

It was created in 2009 in the wake of the [global financial crisis](#) by an anonymous programmer who wanted a currency independent of any central bank or financial institution.

The currency, which can be transferred directly between smartphones or any other type of computer, has developed a certain notoriety because it can potentially be used to finance criminal activity.

Last month, for example, US authorities shut down the Silk Road website—a black market for drugs and other illicit wares—that used Bitcoins.

Prosecutors said they seized approximately \$3.6 million worth of the [virtual currency](#) in the largest ever seizure of its kind.

Earlier this year, Germany became the first country in the world to declare bitcoins a "private currency," which enables it to tax such transactions.

Tom Carper, chairman of the Senate Homeland Security and Governmental Affairs Committee, welcomed the FEC's proposal, saying it recognizes that virtual currencies are not going away.

"Their emergence has potentially far reaching implications for the federal government and society as a whole," he said. "I applaud the FEC for acting quickly to recognize this and develop a thoughtful policy that

gives donors and committees rules of the road to utilize this emerging technology."

His committee will hold a hearing on "potential risks, threats and promises of virtual currencies" on November 18.

There is an estimated \$1.5 billion in Bitcoins on the market.

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