

Good Morning News

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KNOW YOU DONOR



Modern California is a place built upon technological innovation. Starting with inventions born from the Gold Rush and oil boom in the mid-to-late 19th century, to Hollywood and then Silicon Valley, California's leading-edge enterprises have helped it become one of the largest economies in the world.

Although it's estimated that 1/4 of all U.S.-based crypto companies are based in California, the state has not been fully welcoming of crypto. In 2018, for example, California banned the sending and receiving of cryptoassets for political purposes within the state.

At the time, California Fair Political Practices Commission (FPPC) were concerned that crypto would be used to get around election finance laws. Never mind, of course, that cash is the world's best and oldest anonymous payment method.

The ban has now been lifted, but the use of crypto for political donations comes with know-your-customer (KYC) requirements. Political campaigns must obtain the donor's name, address, occupation, and employer, and only those

donations with the donor details will be considered valid.

While it's no surprise that there are KYC requirements for political contributions, there is one outlier in the new regulations. The FPPC is requiring political campaigns to immediately convert the crypto into USD. The only logical rationale is that regulators want to make sure that campaigns don't remit crypto to third parties. While this might seem like a small step forward, it's nonetheless an important step. California will be leaving the small minority of states that prohibit crypto donations in politics, a practice which is permitted at the federal level.

California is known to lead in many industries, and it may become the first state to provide comprehensive crypto regulations. If it does, many states will use them as a model template, as they currently do with a number of regulations, including auto emissions. In the future, let's hope that California is known for sun, beaches, and crystal-clear crypto regs!! One can dream.

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