



CRYPTO FOR CONGRESS TOOLKIT

How to Leverage Blockchain Technology to Expand Participation in the Political Process

With a Step-by-Step Guide on Accepting Cryptocurrency Contributions
and FEC FAQs for Campaign Committees



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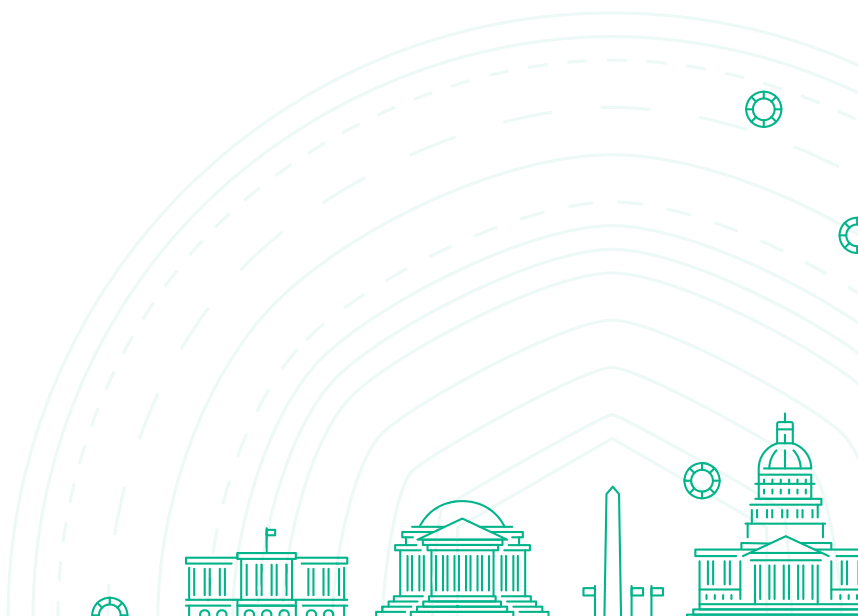
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This document provides information to understand the benefits of the Crypto for Congress initiative, how campaign committees may accept cryptocurrency contributions, and their FEC reporting obligations. The information provided in this document is for general information purposes only and is not intended to be relied upon as legal or financial advice.



INTRODUCTION

Crypto for Congress is an educational initiative of the Chamber of Digital Commerce that seeks to provide Congressional candidates, regardless of party, a hands-on experience with blockchain technology. The purpose of Crypto for Congress is to raise awareness of and expand access to blockchain technology while broadening participation in the political process.

Over the past six years, the Chamber of Digital Commerce has spent thousands of hours acting as a dedicated resource supporting the public policy community on issues related to blockchain technology.

As part of Crypto for Congress, the Chamber of Digital Commerce PAC is contributing a small amount of bitcoin, the first and largest cryptocurrency by market capitalization, to the campaign of every Member of Congress. We are excited to offer some of our nation's most senior elected officials the opportunity to experience the power of blockchain technology in their own hands. **We believe blockchain technology is the most important technological innovation we will see in our lifetime.** Education is key for Members of Congress to make informed decisions about this technology.

As with any technology, the deepest form of learning happens when we actually use the innovation at hand. This personal experience breaks through the ice - just like when Members sent their first email or used their first smartphone.

We invite every Member of Congress' campaign to participate in Crypto for Congress.

This is an opportunity to learn about blockchain technology and better understand its enormous potential for innovation and economic growth. For campaigns that are not quite ready to accept cryptocurrency contributions for their campaigns, we understand — this is a journey. We encourage you to begin that journey today by donating our contribution to a charity of your choice. You can follow the exercise in this toolkit to donate your bitcoin so you still have the opportunity to use blockchain technology.

For those campaigns that are ready to accept cryptocurrency as a campaign contribution, we have a step-by-step guide available to enable your campaigns today.



WHAT IS CRYPTOCURRENCY AND BLOCKCHAIN TECHNOLOGY?

Cryptocurrencies are digital assets that enable novel and more efficient ways to send and store value online; they can be another option for payment, similar to credit cards, Apple Pay, PayPal, or Venmo. You can pay for goods and services with cryptocurrency from businesses such as AT&T, Microsoft, and Overstock, or you can trade it for investment purposes just as you would a currency or commodity. And - as you'll learn about in this Toolkit - cryptocurrency can be used for online political contributions, much like a debit card.

Cryptocurrency transactions are recorded on a blockchain or its equivalent technologies, more broadly defined as distributed ledger technology (DLT), but referred to in this document as 'blockchain' for simplicity. Think of it as a spreadsheet that records debits and credits between accounts, similar to bank statements, except the ledger is viewable publicly to promote transparency and each transaction is encrypted so it is resistant to tampering.

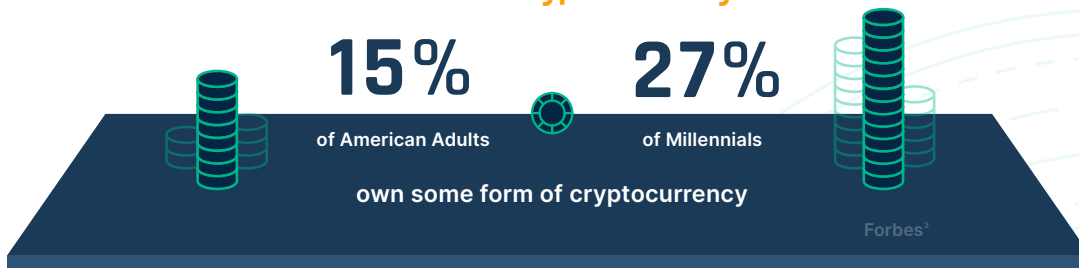
How are Cryptocurrencies Being Used?



The Cryptocurrency Opportunity: How Your Campaign Can Benefit

Accepting cryptocurrency contributions is an additional way for campaigns to engage key demographics, spur political engagement, and reach an untapped source of contributions. The 2018 election cycle saw \$5.7 billion in political contributions, two-thirds of which came from individual contributions.² That's \$3.7 billion from individual donors, a large part of this growth can be attributed to the rise of online donation processors and the ability to reach new audiences over the internet.

Who Owns Cryptocurrency?



¹ "HSB Survey Finds One-Third of Small Businesses Accept Cryptocurrency" 15 Jan. 2020. <https://www.businesswire.com/news/home/20200115005482/en/HSB-Survey-Finds-One-Third-Small-Businesses-Accept>.

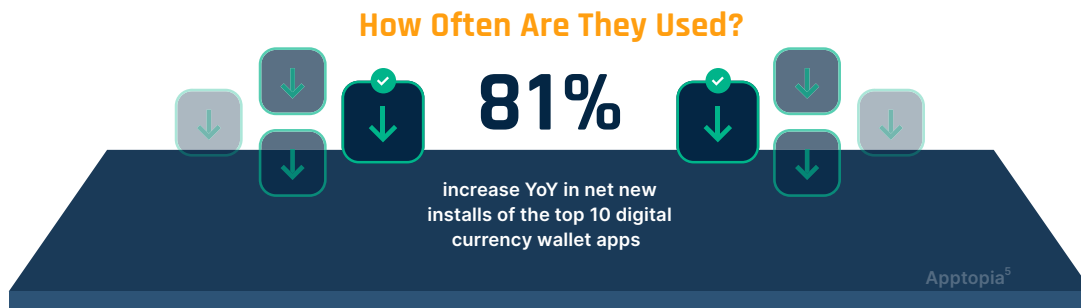
² "Most expensive midterm ever: Cost of 2018 election" 9 Aug. 2020, <https://www.opensecrets.org/news/2019/02/cost-of-2018-election-5pnt7bil/>.

³ "The Coronavirus Cryptocurrency Craze: Who's Behind The Bitcoin Buying Binge?" 27 Jul. 2020, <https://www.forbes.com/sites/ronshevlin/2020/07/27/the-coronavirus-cryptocurrency-craze-whos-behind-the-bitcoin-buying-binge/>.

Increase Political Engagement with Key Demographics. 49% of Generation Z and 41% of millennials say they plan to donate to a political campaign in 2020.⁴ To include younger generations in the political process, you have to speak their language. Just as campaigns use social media to target different demographics, campaigns rely on different payment methods to reach different communities. Imagine if you told direct mail donors they had to give only by credit card, or donors over the phone they had to go to a website. If donors are not able to give and engage in the way they prefer, they likely won't.

Allowing supporters to make contributions in cryptocurrency signals to those who hold it that your campaign is open-minded, forward-thinking, and up to speed on innovation.

Blockchains are Cheaper, Faster, and More Secure. Traditional payment processors using credit cards charge transaction fees that range between 2% and 4%, plus other associated fees. New competitors in the cryptocurrency space charge up to 75% less. Campaigns that accept cryptocurrency can keep more of their contributions, receive them faster, and in a more secure environment.



Demonstrate Leadership in Innovation. Blockchain technology offers immense possibilities for business, government, and consumers. These include the opportunity for extraordinary economic growth and a safer, more secure Internet. The ability to improve processes, increase cost-efficiency, and promote transparency in numerous industries is revolutionizing the ways in which companies conduct business. For example, blockchain technology can provide services and access to those that currently do not have them – the unbanked and underbanked – through faster and cheaper remittances and digital identity solutions. Its potential, however, is being felt in many industries beyond financial services, such as healthcare, supply chain management, energy, transportation, insurance, and many others.

In order for the United States to maintain its technological preeminence globally, we must be at the forefront of advanced technologies. Blockchain is the financial infrastructure of the new digital economy. Already, China and the European Union - among many others - understand this and have strategic plans to be global leaders in the development of blockchain technologies.

Accepting cryptocurrencies is a clear demonstration of a commitment to innovation and its impact on the economy, national security, and American leadership.

4 "Nearly Half of Gen Z and Millennials Plan to Donate to a" 10 Feb. 2020, <https://www.comparecards.com/blog/half-of-gen-z-and-millennials-plan-to-donate-political-campaign-2020/>. 9 Aug. 2020.

5 "Crypto apps see highest growth on record in July 2020" Aug. 20, 2020. <https://blog.apptopia.com/crypto-apps-see-highest-growth-on-record-in-july>.



HOW TO RECEIVE CRYPTOCURRENCY CONTRIBUTIONS FROM YOUR SUPPORTERS

For campaigns who want to accept cryptocurrency contributions from their supporters, Crypto for Congress sponsor, BitPay, provides an easy entry-level solution for accepting cryptocurrency payments.

View the [Getting Started with a BitPay Business Account](#) video on the Crypto for Congress Support Page.

Instructions to Set Up a BitPay Account

Step 1: Sign up for a Business Account. You may sign up at bitpay.com/signup. You will need to provide the following information to create an account: Campaign EIN Number, Campaign EIN Issuance Document, PDF of Statement of Organization (FEC Form 1). If you intend to accept cryptocurrency contributions on your website, you must also have a photo ID of the account owner/principal (the candidate in most cases), and Proof of Business Address.⁶ Further instructions from BitPay can be found [here](#).

After you've completed sign up, continue to step 2.

Step 2: Connect your bank account

- 1 In your BitPay account, navigate to Settings and select the "Settlements" page. [This link](#) should take you directly there.
- 2 Add your bank account by clicking the "Add Settlement Currency" button on the top right of the page.
- 3 Set settlement details - choose where your donation proceeds will go:
 - a You can set it so all or some of your proceeds will be automatically converted to USD and sent to your bank account.⁷
 - b If you would like to hold cryptocurrency and not convert to USD, you can also add cryptocurrency payout addresses to collect your proceeds in one of BitPay's supported cryptocurrencies.

Step 3: Add a donation button to your website. BitPay offers instructions [here](#) and, for developers, a useful GitHub code repository is [here](#).

Step 4: Report your contributions to the FEC. Download the CSV export of your transaction history and follow the instructions in the FEC Compliance FAQs section of this document. Details on downloading the CSV report from BitPay can be found [here](#).

⁶ Please reach out to the Crypto for Congress team if you would like assistance with the onboarding process. We can connect your campaign team with BitPay to walk you through setup and integration.

⁷ You are allowed to hold bitcoin on your campaign's balance sheet. See the [appendix](#) for a detailed explanation.



FEC FAQs FOR CAMPAIGN COMMITTEES

The Chamber of Digital Commerce is committed to providing education about campaign finance best practices for accepting and managing cryptocurrency contributions. Below are some frequently asked questions campaigns may encounter.⁸

What is the FEC Guidance on Reporting Cryptocurrency Contributions?

A campaign committee can receive up to the regular contribution limit in cryptocurrencies as contributions, currently \$2,800 per election from individuals and non-multicandidate PACs, and \$5,000 per election from multi-candidate PACs. The Federal Election Campaign Act (“FECA”) defines a “contribution” to include “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.”⁹ In Advisory Opinion 2014-02, the Federal Election Commission (“FEC”) concluded that bitcoin is “money or anything of value” within the meaning of the FECA.¹⁰

What Information Do Committees Need to Collect from Contributors?

Committees do not need to collect any additional information for FEC reporting purposes other than what the campaign is already otherwise required to collect for any other online contribution, such as the name and address, and if from an individual, their employer and occupation.

What are the Legal Limits / Caps for Cryptocurrency Contributions?

Committees may only accept contributions from permissible sources and are subject to the standard contribution limits, and this applies equally to cryptocurrency contributions. Committees may currently accept up to \$2,800 per individual per election.

Do Committees Need to Record Exchange Fees?

Yes. Exchange fees are reported as operating expenditures in the same ways credit card processing fees are handled. If cryptocurrencies are taken as an in-kind contribution, the fee, which is recorded when going from paper to digital wallet, should be entered as a memo transaction to reduce the value of the in-kind contribution.

For campaigns using a payment processor like BitPay, fees are incurred on each transaction. BitPay takes a 1% merchant fee on all transactions. Campaigns should report the usual and normal fees and commissions that it pays to an online processor as an operating expenditure.

How Do Committees Handle Fraud Protection?

Cryptocurrency payment processors operate similar to traditional campaign fundraising platforms. The donor must first fill out the required information, including name, address, employer, and occupation, before they can submit payment. Committees should review and refund suspicious contributions the same as any other online contributions. There is little difference in the fraud risk of accepting cryptocurrency versus the risk of accepting credit card donations online.

⁸ The information provided below is for general information purposes only and is not intended to be relied upon as legal advice. For legal questions related to FEC compliance, please consult your legal counsel.

⁹ 52 U.S.C. § 30101(8)(A)(i).

¹⁰ While the FEC’s guidance specifically considered bitcoin (which is a type of cryptocurrency), our materials apply that guidance to cryptocurrency generally.



What If a Committee Needs to Refund an Excess or Unwanted Contribution? How are Refunds Processed?

The FEC offers guidance on handling [disgorged contributions](#):

If a committee deposits a contribution that appears to be legal and later discovers that it is prohibited, the committee must refund the contribution to the original contributor (if known) within 30 days of making the discovery. Alternatively, the committee may disgorge the funds to the U.S. Treasury.

If an inappropriate contribution is received, it must be properly refunded according to the above guidance. Committees using the cryptocurrency payment processor, BitPay, can process refunds using the dashboard in its BitPay Business account. Learn more about that process [here](#).

The following FAQ's only apply to committees who are holding cryptocurrencies across reporting periods. [The questions below do not apply to committees that are using a cryptocurrency payment processor, like BitPay, and converting 100 percent of their cryptocurrency contributions into USD immediately.]

Are Committees Required to Liquidate (Sell) Contributed Cryptocurrencies Immediately? Should Committees Hold or Liquidate (Sell) Their Cryptocurrency Contributions?

This is a decision each campaign must make for themselves. Committees do have the ability to hold cryptocurrencies across reporting periods in a committee-controlled digital wallet. It does not need to be immediately liquidated and deposited into the bank. However, we strongly suggest that each committee establishes a standard process for all cryptocurrency contributions. See the section on [How Should a Committee Report Cryptocurrency Contributions?](#) below.

In Advisory Opinion 2014-02, the Commission concluded that committees cannot use bitcoin to purchase goods or services. Committees must sell bitcoin and deposit the proceeds into the campaign depository before using the funds to make disbursements for goods and services.

How Should a Committee Report Cryptocurrency Contributions?

If a committee plans to hold, and not liquidate, cryptocurrency contributions, the initial receipt should be reported as an in-kind contribution, which automatically generates a corresponding in-kind disbursement if using electronic filing software. These offsetting entries allow the committee's reported cash-on-hand to remain unchanged while holding cryptocurrency outside of a campaign's bank account (known as a depository). Include memo text indicating the amount of cryptocurrency received and that it has not been liquidated.

The line number used to report a cryptocurrency contribution depends on who the contributor is. Use Line 11(a) if the contribution is from an individual, Line 11(b) if it comes from a party committee, and Line 11(c) if it comes from another type of political committee, such as a political action committee (PAC).

A political committee that receives a contribution in cryptocurrency should value that contribution based on the market value of cryptocurrency at the time the contribution is received. For information on how to value a cryptocurrency contribution, see [How Can a Campaign Determine the Value of a Cryptocurrency Contribution?](#)



The following example is a campaign that is accepting a bitcoin contribution and holding it across multiple reporting periods.

STEP 1: BITCOIN REPORTED AS A RECEIPT

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 11a <input type="checkbox"/> 12 <input type="checkbox"/> 11b <input type="checkbox"/> 13a <input checked="" type="checkbox"/> 11c <input type="checkbox"/> 13b <input type="checkbox"/> 11d <input type="checkbox"/> 14 <input type="checkbox"/> 15		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Satoshi for Congress					
Full Name (Last, First, Middle Initial) Chamber of Digital Commerce PAC					
Mailing Address 1667 K Street NW, Suite 640					
City Washington		State DC	Zip Code 20006		
FEC ID number of contributing federal political committee. C 0 0 5 6 7 4 1 2		Date of Receipt M / M / D D / Y Y Y Y 1 0 / 0 5 / 2 0 2 0			
Name of Employer		Occupation		Amount of Each Receipt this Period 50 00	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify) 2020		Election Cycle-to-Date 50 00		Memo Item <input type="checkbox"/> Memo Item In-Kind; 0.005 bitcoin, not liquidated	

In this example, Chamber of Digital Commerce PAC gives the campaign committee 0.005 bitcoin, valued at \$50. The committee itemizes it as an in-kind contribution on Schedule A, line 11(c) for PACs. The committee reports the PAC's mailing address, employer, and occupation. It also reports details about the bitcoin contribution, including its value, the date it was received, and for which election. (Aggregate election cycle-to-date totals from the contributor automatically propagate in all known electronic filing software.) The committee also includes a notation that 0.005 bitcoin was received and that the committee has not liquidated the bitcoin.

STEP 2: BITCOIN REPORTED AS A DISBURSEMENT

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input checked="" type="checkbox"/> 17 <input type="checkbox"/> 18 <input type="checkbox"/> 19a <input type="checkbox"/> 19b <input type="checkbox"/> 20a <input type="checkbox"/> 20b <input type="checkbox"/> 20c <input type="checkbox"/> 21		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Satoshi for Congress					
Full Name (Last, First, Middle Initial) Chamber of Digital Commerce PAC					
Mailing Address 1667 K Street NW, Suite 640					
City Washington		State DC	Zip Code 20006		
Purpose of Disbursement In-Kind; 0.005 bitcoin received, not liquidated		FEC Identification Number C 0 0 5 6 7 4 1 2			
Candidate Name		Category/Type		Amount of Each Disbursement this Period 50 00	
Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify) 2020		Memo Item <input type="checkbox"/> Memo Item	
State: District:		Full Name (Last, First, Middle Initial)			

The entry of an in-kind contribution automatically generates a corresponding disbursement to avoid inflating cash on hand. The payee is the contributor's name, in this case, "Chamber of Digital Commerce PAC". The purpose of disbursement clearly states "In-Kind; 0.005 bitcoin not liquidated."

How Should a Committee Report Cryptocurrency that has Been Converted to U.S. Dollars?

If **liquidating shortly after receipt**, the contribution would be entered on Schedule A, Line 11 ((a) for individuals, (c) for PACs), as the example above, but NOT as an IN-KIND contribution. By entering a regular contribution, this affects cash-on-hand based on the value received. The committee will then enter a disbursement on Schedule B to the exchange being used to account for transaction fees.

The example below pertains to a committee that liquidated a bitcoin contribution on a cryptocurrency exchange.

STEP 1: BITCOIN REPORTED AS RECEIPT

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 11a 12	<input type="checkbox"/> 11b 13a	<input checked="" type="checkbox"/> 11c 13b
				<input type="checkbox"/> 11d 14	<input type="checkbox"/> 15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Satoshi for Congress					
Full Name (Last, First, Middle Initial) Chamber of Digital Commerce PAC					
Mailing Address 1667 K Street NW, Suite 640					
City Washington		State DC	Zip Code 20006		
FEC ID number of contributing federal political committee. C 00567412		Date of Receipt 10 / 05 / 2020			
Name of Employer		Amount of Each Receipt this Period 50.00			
Occupation		Memo Item 0.005 bitcoin, liquidated			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) 2020		Election Cycle-to-Date 50.00			

STEP 2: DISBURSEMENT TO EXCHANGE FOR FEES AND VALUE ADJUSTMENT

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 17 20a	<input type="checkbox"/> 18 20b	<input type="checkbox"/> 19a 20c
				<input checked="" type="checkbox"/> 19b 21	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Satoshi for Congress					
Full Name (Last, First, Middle Initial) Cryptocurrency Exchange					
Mailing Address					
City		State	Zip Code		
Purpose of Disbursement Network, exchange fees, market value adjustment		FEC Identification Number C			
Candidate Name		Amount of Each Disbursement this Period 2.00			
Category/Type		Memo Item			
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) 2020			
State: District:					

If liquidating after having held the cryptocurrency for a period of time, a new receipt would be created on Schedule A, Line 11, for the funds received from the exchange. This would include the name and address of the exchange, the date of liquidation, the amount received, and include text for the amount of cryptocurrency sold and that the “purchaser is unknown.”

Then, a transaction split or memo entry transaction (depending on the filing software) would be appended to that transaction, which would include the original contributor’s information, the original value of cryptocurrency received, the number of cryptocurrency originally given to the committee, and that the “contribution previously disclosed.”

The committee may add transaction level memo text to explain the difference in value further: “Bitcoin contribution previously disclosed: 0.005 received 4/25/2020 at \$37.65 USD per BTC, See Tran.ID# SA.11C.1134. Difference in value of \$16.07. Sold via Cryptocurrency Exchange, purchaser unknown.”

By reporting both the receipt and liquidation of cryptocurrency as a contribution, as described above, the committee is reporting any change in value between the time of receipt and liquidation.

The example below pertains to a committee that liquidated a bitcoin contribution on a cryptocurrency exchange.

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE OF
			<input type="checkbox"/> 11a <input type="checkbox"/> 12 <input type="checkbox"/> 11b <input type="checkbox"/> 13a <input checked="" type="checkbox"/> 11c <input type="checkbox"/> 13b <input type="checkbox"/> 11d <input type="checkbox"/> 14 <input type="checkbox"/> 15	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Satoshi for Congress				
Full Name (Last, First, Middle Initial) Cryptocurrency Exchange				
A. Mailing Address 123 Main Street		Date of Receipt M / M / Y Y Y Y 9 / 28 / 2020 Transaction ID : SA11C.4109		
City New York	State NY	Zip Code 10001		
FEC ID number of contributing federal political committee. C		Amount of Each Receipt this Period 53 71		
Name of Employer		Occupation		
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify) 2020		Election Cycle-to-Date 53 71		
Full Name (Last, First, Middle Initial) Chamber of Digital Commerce PAC				
B. Mailing Address 1667 K Street NW, Suite 640		Date of Receipt M / M / Y Y Y Y 04 / 25 / 2020 Transaction ID : SA11C.4109		
City Washington	State DC	Zip Code 20006		
FEC ID number of contributing federal political committee. C 00567412		Amount of Each Receipt this Period 37 64		
Name of Employer		Occupation		
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General Other (specify) 2020		Election Cycle-to-Date 37 64		
Memo Item 0.005 BTC sold via Cryptocurrency Exchange, purchaser unknown.				
Bitcoin contribution previously disclosed: At time of receipt, 0.005 BTC was valued at \$37.64 USD.				

Can a Committee Spend Cryptocurrency on Operations?

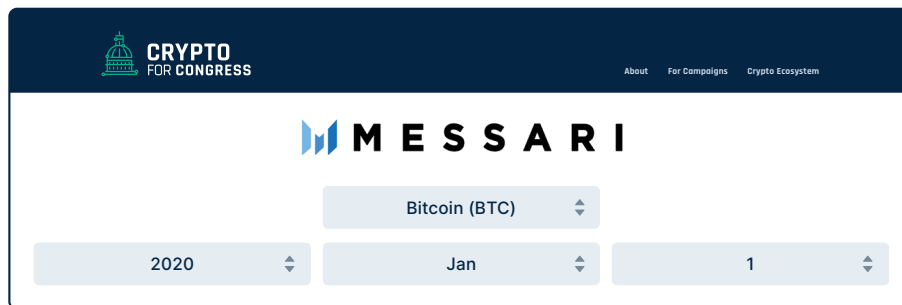
Not directly. Because the law is not settled on whether cryptocurrency may be spent directly on committee operations, the safest approach is to liquidate cryptocurrency and spend the resulting cash on operations. In Advisory Opinion 2014-02, the FEC did not provide any response regarding how or whether a committee could purchase goods or pay for services with bitcoin it received as contributions. However, in guidance relative to other investment assets, such as stocks, received by a committee, such contributions are required to be liquidated and funds returned to a campaign depository prior to being used for campaign expenditures.

How Can Committees Be Sure They Are Not Breaching Campaign Finance Limits with Cryptocurrency Price Fluctuations?

Campaigns should report receiving the full amount of cryptocurrency at the time of the contribution. For example, if a PAC contributes \$100 in bitcoin, that amount should be reported. When cryptocurrency is held as an in-kind contribution, the value changes so it does not affect the FEC report anyway. When Cryptocurrency is treated like an investment, and not as a receipt, the committee will need to report any gains or losses on the relevant report (see next FAQ).

How Can a Committee Determine the Value of a Cryptocurrency Contribution?

Should a committee need to look up the USD price of a cryptocurrency on a particular day, Crypto for Congress data sponsor, Messari, offers a reliable reference rate for reporting purposes.



The screenshot shows the Messari website interface. At the top, there is a dark blue header with the "CRYPTO FOR CONGRESS" logo on the left and navigation links "About", "For Campaigns", and "Crypto Ecosystem" on the right. Below the header, the "MESSARI" logo is centered. Underneath the logo, there is a dropdown menu currently set to "Bitcoin (BTC)". Below this, there are three date selection fields: "2020", "Jan", and "1", each with a small downward arrow icon.

To look up cryptocurrency values, visit CryptoForCongress.com

Do Committees Need to Report Increase in Value for Tax Purposes on Cryptocurrency Holdings?

If a committee is holding cryptocurrency and the value appreciates from the time received to liquidated, this may be a taxable event for federal tax purposes where committees treat the liquidated funds as investment income. Generally speaking, committees may be subject to taxation of investment gains on appreciated securities, as well as bank interest or dividends. Based on the FEC's treatment of purchased bitcoin in AO 2014-02, it is expected – but not settled – that the appreciated value may be subject to investment income tax under federal tax rules. Please consult your legal and compliance provider for details.

Are There Any Other Considerations to Be Aware Of?

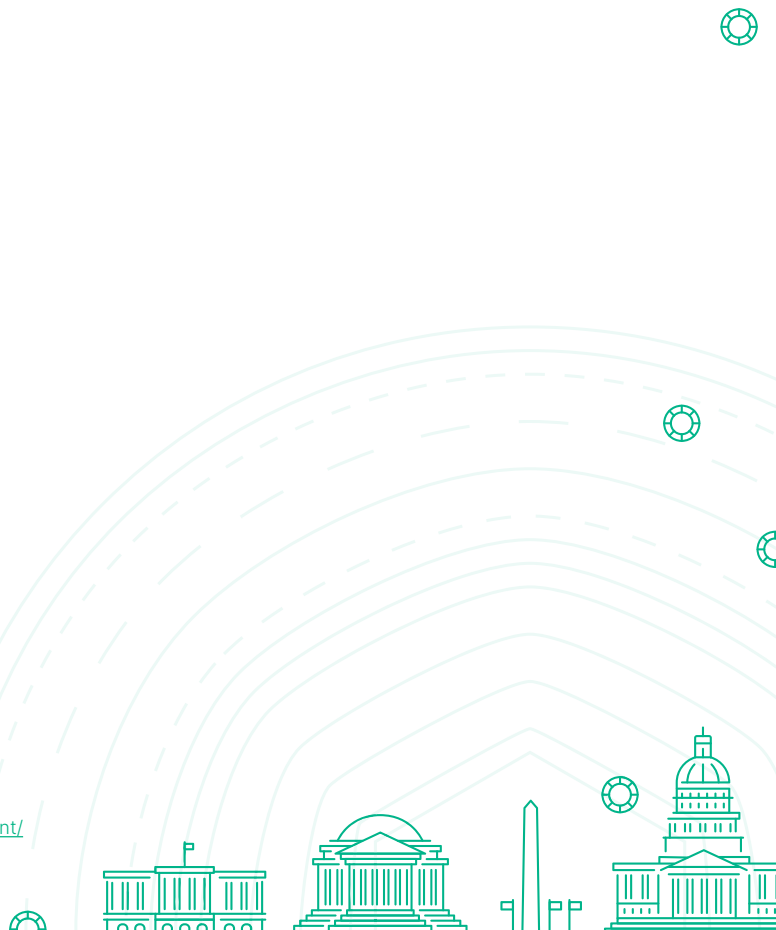
Bitcoin and ether are the two most prevalent cryptocurrencies by market capitalization. After these, thousands of cryptocurrencies exist. Their legal status may be unclear - some are considered cryptocurrencies, others may be deemed securities due to evolving interpretations in current SEC regulation (a public policy consideration on which we would welcome the opportunity to brief you¹¹). If you are uncertain of the status of a cryptocurrency you receive, you should consult counsel in order to report and handle appropriately.

Federal Election Commission Reporting Tips

See below for official FEC guidance that pertains to cryptocurrency contributions and this initiative:

- [Bitcoin contributions](#)
- [Making charitable donations](#)
- [Bitcoins as an investment](#)
- [Investment income and loss](#)
- [Disgorged contributions](#)
- [Liquidating Bitcoins](#)
- Make Your Laws PAC Advisory Opinion: [AO 2014-02](#)

¹¹ "Understanding Digital Tokens" Jan 2020, <https://digitalchamber.org/wp-content/uploads/2020/02/Understanding-Digital-Tokens.pdf>



A JOURNEY INTO THE NEW DIGITAL ECONOMY

Over a decade ago, the birth of Bitcoin sparked a revolution in the digital world — now cryptoassets have evolved beyond digital money, offering solutions to meet the complex needs of modern financial markets.

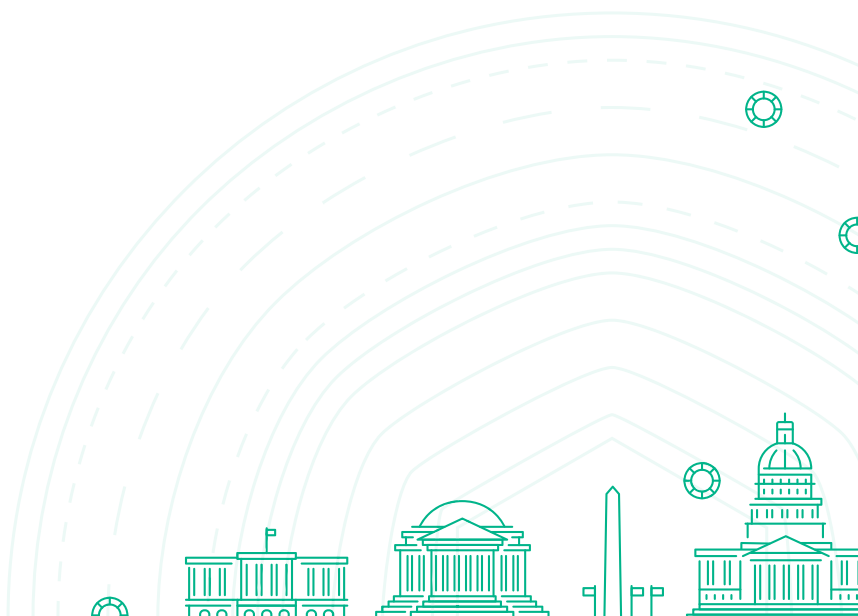
Cryptoassets are adding both value and utility to the digital economy. Many of the sponsors of Crypto for Congress are the early innovators and industry leaders and their solutions play a key role in the growth, expansion, and transformation of the future of finance.

We invite you to take a journey with us into the new digital economy and learn more about how our partners are strengthening the ever-evolving blockchain industry through real-world services and applications.



Blockchain payment processing using cryptocurrency solves real pain points for global businesses. It helps companies attract new customers, reduce the cost and time associated with cross-border transactions, and nearly eliminate credit card fraud chargebacks. Cryptocurrencies also serve as a critical bridge between fiat currencies and digital financial networks. As the new digital economy grows, blockchain payment processing allows businesses to convert cryptocurrencies to fiat while offering convenient and borderless payment options for customers.

BitPay pioneered blockchain payment processing with the mission of transforming how businesses and people send, receive, and store money. BitPay accepts cryptocurrency for purchases, confirms the transaction and deposits fiat into the business' account the next business day. BitPay, founded in 2011, is a regulated money services business with offices in North America, Europe, and South America, and is a trusted payment partner for companies and nonprofits like Microsoft, AT&T, Twitch, and the American Red Cross.



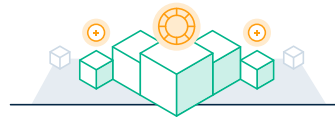



Trading Platform

As the blockchain industry matures and grows, one of the most important requirements for growth is to encourage more people to participate by understanding, owning, and transacting in digital assets. eToro is on a mission to consumer adoption by removing barriers and making online trading and investing more accessible to the everyday user.

eToro is a social trading and investment marketplace that allows users around the globe to trade currencies, commodities, indices, and stocks and has launched in the US with cryptocurrency available trading to US customers. For over a decade, eToro has been an innovator and a leader in the global fintech revolution.

Today, eToro's trusted cryptocurrency trading platform empowers over 14 million users with easy access to award-winning investment tools in an engaging, collaborative trading community. eToro allows users to copy the trades of top-performing traders on the platform automatically, and, if they're not ready to invest, they can explore the market using a virtual portfolio.

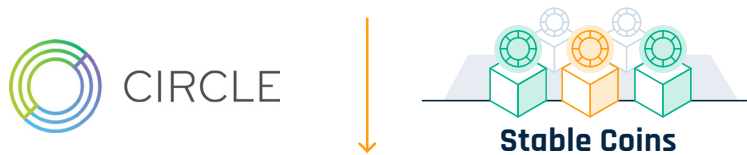



Blockchain Infrastructure

In order to build the blockchain-based future that has ignited the imaginations and impassioned interests of business and technology leaders, organizations require infrastructure. This means delivering the foundational basis upon which industries both reimaged and yet-unimagined can start, grow, and thrive.

Founded in 2015, Bloq delivers the most comprehensive infrastructure for building the next generation of blockchain applications. Led by some of the field's earliest innovators and evangelists, the company's expanding suite of infrastructure services presents a single source for building on multiple blockchains — providing a powerful foundation for startups, enterprises, DeFi projects developers, and protocols that de-risks the development process and scales as its customers grow.





Digital dollar stablecoins are here today and surging in popularity around the world, driven by dollarization, distributed workforces and business demand for instant, global settlement of funds. While US technology firms are leading the way, global competition is heating up with Central Bank Digital Currency effort and private sector initiatives preparing to launch around the world. ECB President Christine Lagarde recently acknowledged two trends in payments innovation: the first is changing consumer preferences toward digital payments; and the second is the competition to dominate payments on a global scale. This change is here, and Circle is helping to shape it.

Circle is a global financial technology firm that enables businesses of all sizes to harness the power of stablecoins and public blockchains for payments, commerce and financial applications worldwide. Circle's platform has supported over 100 million transactions worth tens of billions of dollars, with nearly 10 million retail customers, over a thousand businesses, while storing and securing more than \$5 billion in digital currency assets. Circle is also a principal developer of USD Coin (USDC), which together with Coinbase and the Centre Consortium oversees the standards and protocol for what has become the fastest growing, regulated, fully-reserved stablecoin. USDC now stands at a 2 billion market cap and is adding nearly 200 million net new digital dollars in circulation every week. Today, Circle's transactional services, business accounts, and platform APIs are giving rise to a new generation of financial services and commerce applications that hold the promise of raising global economic prosperity for all through programmable internet commerce.



The early days of cryptocurrencies have necessitated many holders to become experts in the arcane aspects of securing their private keys (like passwords) that access their crypto assets. At the same time, many crypto holders fear that stolen personally identifiable information could be misused to steal their private keys and to commit identity fraud. Crypto's next millions of users are not going to tolerate a complex and nerve-wracking experience just to own and use their digital currencies. Further, they want to protect their identities from bad actors. Fortunately, companies in the blockchain ecosystem have risen to the challenge and created products that are both familiar and secure for users of all stripes.

Civic Technologies, a leading innovator in digital identity solutions, is one company solving these issues. Civic Wallet offers a safe and easy way to pay friends and family around the world and privately share health status verification. Civic Wallet holders are able to send and receive funds to usernames, addresses, and even QR codes after creating a verified identity. Health Key by Civic™, which resides inside Civic Wallet, allows travelers, employees, students and anyone else to privately share their health status verification in daily life and across borders.

Civic Wallet holders can immediately bring in their digital currency and start protecting it with the company's \$1 Million Cryptocurrency Protection Guarantee, provided by Coincover and insured by Lloyd's of London underwriters. All verified Civic Wallets are automatically covered by this protection that offers account and key recovery.

Because Civic Wallet is non-custodial and offers multisignature verification, users not only have more control over their digital identities and currency, they may also easily restore their account if they lose their phone. Civic Wallet is built to comply with international GDPR, CCPA and HIPAA data privacy regulations.



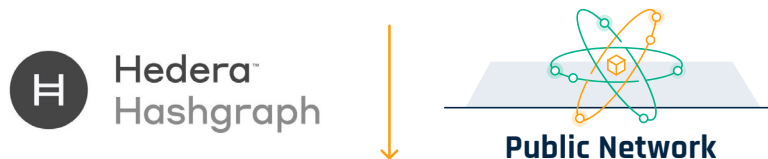


Typically, when funds are transferred between two parties, a financial institution acts as an intermediary between both parties to conduct the transfer. However, bitcoin transfers are different, because they do not require an intermediary to perform this function; instead, they rely on miners or computer servers to verify transactions. With participation from miners all over the globe, the U.S. is quickly emerging as a major region for Bitcoin mining. Importantly, it is now estimated that 14% of total Bitcoin mining occurs within the United States.

Core Scientific, Inc. ("Core Scientific") is a leader in infrastructure and software solutions for Artificial Intelligence and Blockchain. In an increasingly distributed and digital world, we believe Blockchain and AI are changing the way information is processed, shared, and stored across a range of industries.

Core Scientific's current operational footprint consists of over 655,000 square feet of ready-to-use hosting infrastructure, designed and built by engineering alumni of Google and NASA across facilities in three states, specifically, Dalton, Georgia, Calvert City, Kentucky, and Marble, North Carolina. Over these 3 sites, Core Scientific operates five facilities and has 670 mW of power under contract and options secured for expansion to more than 1 gW in the United States.

With an experienced leadership team, led by former COO of Microsoft Kevin Turner, the Core Scientific team, has over 20 years of experience in managing data centers and continues to transform the world through AI and blockchain for real-world use, today.



Hedera Hashgraph offers a decentralized public network upon which software developers can build applications. This network satisfies a growing need for faster, more efficient transaction processing times and lower transaction fees, with the transparency and accountability benefits of a distributed public network. It has handled over 284 million transactions since September 2019, when it became openly accessible for anyone to build, test, and deploy applications. HBAR is the native cryptocurrency of the Hedera Hashgraph platform. Hbars are used to power decentralized applications, build peer-to-peer payment and micropayment business models, and protect the network from malicious actors.

The platform is owned and governed by a council of the world's leading organizations including Avery Dennison, Boeing, Deutsche Telekom, DLA Piper, FIS (WorldPay), Google, IBM, LG Electronics, Magalu, Nomura, Swirlds, Tata Communications, University College London (UCL), Wipro, and Zain Group.

Hedera's distributed ledger technology is currently being used by companies such as Acoer and SAFE Health Systems to help test large populations and track the spread of the deadly coronavirus, along with Armanino, one of the top 25 largest independent accounting and business consulting firm in the United States, to provide a reliable source of transaction and account data for financial auditors. Hedera has also recently announced a partnership with Deepak Chopra's Chopra Foundation, called the Never Alone Initiative, to offer freely accessible online resources that support mental health awareness. The platform will host a verified set of resources for a global community to deliver secure access to science-backed research, work from mental health and wellness experts.

and pragmatic tools for everyday use.



One of the primary benefits of cryptocurrencies is the ability to move virtual assets globally, instantly. This can serve as the basis for a new, open financial system. Paxos is building new financial market infrastructure as a gateway between traditional finance and the digital future.

Paxos is a regulated financial institution building infrastructure to enable movement between physical and digital assets. Since its founding in 2012, the company has been building solutions that enable the movement of assets, starting with its exchange, itBit. In 2015, the New York State Department of Financial Services granted Paxos a limited-purpose trust charter, thus establishing it as the first company approved and regulated to provide custody and offer crypto products and services.

Paxos has since continued to operate within established regulatory frameworks to create innovative new products. It is the largest issuer of regulated digital assets including the dollar-backed Paxos Standard (PAX) stablecoin, the gold-backed PAX Gold (PAXG) token and Binance USD (BUSD), a white-labeled stablecoin. Paxos also offers enterprise-grade solutions, handling tech and regulatory complexities so that multinational companies can easily integrate blockchain technologies. These solutions include Paxos Crypto Brokerage, which enables enterprises to add crypto to their applications at scale, and Paxos Settlement Service, the first live application of blockchain settlement in US securities.



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ABOUT THE CHAMBER OF DIGITAL COMMERCE

The Chamber is the world's largest blockchain trade association. Our mission is to promote the acceptance and use of digital assets and blockchain technology, and we are supported by a diverse membership that represents the blockchain industry globally. Through education, advocacy, and close coordination with policymakers, regulatory agencies, and industry across various jurisdictions, our goal is to develop a pro-growth legal environment that fosters innovation, job creation, and investment. Visit www.digitalchamber.org to learn more.

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