Opening Statement
Ranking Member Sherrod Brown
"Virtual Currencies: The Oversight Role of the SEC and CFTC"
February 6, 2018

Thank you Chairman Crapo, and welcome to Chair Clayton and Chair Giancarlo.

Virtual currencies, and Bitcoin specifically, have captured the attention of investors, speculators, computer programmers, and regulators all over the world. I don't know how many people imagined how quickly and broadly Bitcoin, and the technology it is based on, would spread. It is nothing short of remarkable.

To be sure, it is critical for our regulators to understand innovation and technology so that markets can grow and evolve, while investors and consumers are protected. Understanding the risks of emerging technologies is no easy task, but we are relying on you to maintain the integrity of these new markets and minimize the risks to hardworking Americans who want to participate in them.

The volatility of Bitcoin is as off-the-charts as its price, defying attempts to think of it as a traditional currency. But, that growth has shown us the intersection of ingenuity and, too often, greed. Sometimes it appears that scam artists and hackers may understand more about the technology than most market participants. That deeply concerns me.

I hope our witnesses today can help us understand the evolution of the markets related to virtual currencies, raise awareness of the many threats involved, and identify the regulatory gaps.

Each of you has made several public statements recently explaining the threats to investor protection and the potential for abuses in virtual currency markets.

I understand that neither the SEC, nor the CFTC has sufficient authority to police all aspects of virtual currencies, but you must make the most of the authority that you have.

As you noted in *The Wall Street Journal*, Bitcoin mania has some analogies to the dot-com bubble of the late 1990s. I hope there are lessons from that era that you can draw on to do your part to protect investors.

In addition to the investment risk, virtual currency may be used to be used to fund illicit activity, especially outside the U.S. I know the regulatory framework in many other countries is still in development, and I'm pleased that the U.S., and FinCEN, in particular, has been a leader. But more can be done.

I hope the Chairman agrees with me that this Committee needs to look closely at the gaps in regulation in this area and to review your agencies' ability to get ahead of the curve.

As you begin to adapt to the unique enforcement and regulatory demands posed by virtual currencies, I call on both of you not to forget your day jobs—to pursue and punish misconduct wherever it appears.

That means Main Street, but also Wall Street.

I am concerned that it is business as usual when it comes to violations by the big banks.

Just last week the CFTC imposed penalties on three big banks for market manipulation, but then decided that those firms deserved waivers from bad actor provisions under the securities laws. That might make sense if this was an isolated incident. But the banks in question have something like 68 violations over the last 10 years.
Too often, we see big banks pay fines and move right along. Recidivist violators won't stop breaking the law if your agencies serve as sanctuaries. I've raised the issue of waivers over the years and am disappointed in your unwillingness to pursue every avenue available.

It is clear that virtual currencies are bringing us into a new age, but that doesn't mean we can overlook the basic principles of going after the bad guys and being tough when they are repeat offenders.

Thank you Mr. Chairman.