



February 22, 2023

**California Joint Oversight Hearing
Senate Committee on Banking and Financial Institutions
Assembly Committee on Banking and Finance
Harmful Innovation: What FTX's Collapse Means for Consumers and California's Approach to
Crypto.**

Oral Testimony

Good morning Chair Grayson and Chair Limón and members of the committees.

My name is Tepring Piquado speaking on behalf of Chamber of Progress, a tech industry association working to ensure that all Americans benefit from technological leaps.

Thank you for providing the opportunity to hear and inform the state's proposed approach to regulating digital financial asset products and services.

The past year was a turning point for the digital asset industry, as bad actors like FTX, Terra/Luna and a handful of others exited the marketplace due to fraud, bankruptcy, and improper business models. It is clear after these major collapses this industry needs thoughtful regulation that gives companies clear rules of the road and gives consumers more confidence.

We thank you for your continued leadership in establishing regulatory rules of the road and setting a precedent for thoughtful crypto policy. Cryptocurrency and other digital assets will benefit from regulatory clarity seeking to stimulate innovation and increase workforce development in blockchain technology and protect consumers from the risks of cryptocurrency scams, using a combination of legislation, regulation, education, and enforcement.

Cryptocurrency offers several potential benefits, including decentralization, security, anonymity, accessibility, lower transaction fees, and innovation. More specifically, cryptocurrency is accessible to anyone with an internet connection, regardless of location or socioeconomic status. And, transactions can be cheaper, faster, and more efficient than traditional financial institutions. Cryptocurrency has the potential to spark innovation in a wide range of industries, with blockchain technology being explored by many companies, including traditional banks.

Banks – recognizing the promise of blockchain technology – are [investing](#) in digital asset companies, and JP Morgan Chase created their own cryptocurrency called [JPM Coin](#) that allows customers to move money between their accounts.



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Although it is true that people in the United States currently use digital financial assets primarily as a speculative activity, how California regulates today will shape the way the crypto industry evolves over the next few years. Regulations such as those that require the appropriate recordkeeping, risk mitigation, anti-money laundering (AML) standards, disclosures, and requirements regarding adequate reserves to prevent loss in cases of a bank run, will be important as the industry moves from speculation to utilization.

While cryptocurrencies are not without their challenges and drawbacks, as we have heard today, they do offer a number of potential benefits and have the potential to transform the way we think about, and interact with money.

Thank you for your effort on this issue.