

Does asset forfeiture
threaten bitcoin ?



Kim Dotcom and six people working with him were indicted by a court in Virginia. This is another step towards prosecuting Kim Dotcom, an attempt which has been going on for quite some time now.

The charges against Kim Dotcom include money laundering, Copyright Infringement, Racketeering and Wire Fraud. These accusations were placed forward by several attorneys from Virginia.

As a result of all those accusations, the law enforcement was compelled to carry out a raid in Dotcom's home in New Zealand in the year 2012. They discovered nothing short of a treasure trove.

The highly expensive and luxurious assets that were seized included 17 million USD in extravagant automobiles, televisions and fine works of art.

The point of the story is that in the United States of America, asset forfeiture is not frowned upon and is an acceptable legal practice.

The idea is that the government officials have the right to take away your property unless you can prove that you have rightful ownership of those assets that have been seized.

In other words, it is pretty much a guilty till proven innocent situation which is quite contradictory to the general notion of presumption of innocence of the American law. Technically the government isn't charging the person, it charges the property.

As stated before, luxury items and cash can be seized by the government. Losing out on cash can have horrendous consequences as it is nearly

impossible to prove that cash lawfully belongs to you once it has been seized.

Now here lies the question. If Kim Dotcom had been a Bitcoin miner, could the government have laid hands on his bitcoins? Or in more general terms, does Bitcoin provide the security and protection that conventional currency fails to provide. If you are a Bitcoin enthusiast, you are probably looking for a positive answer.

Unfortunately, it seems as if the US government and its legal system have the right to take bitcoins into their possession.

This could pose a great threat for Bitcoin. The government is yet to fully embrace the digital currency. If there comes a time in the not so distant future when bitcoin is in a position to topple the conventional payment methods, then the government may crack down on Bitcoin miners and use their asset seizure abilities in effect to withdraw bitcoins from these people.

This could have a negative impact in the Bitcoin community. The value of the bitcoin itself could suffer greatly. Ultimately, by extension the worse would be that the Bitcoin mining could become centralized, and thus the basic principles of the Bitcoin algorithm and the blockchain would no longer be in effect. However, this appears relatively unlikely and very theoretical.

The following statement from the United States Department of Justice Asset Forfeiture Program, Strategic Plan makes it very clear that the future of the Bitcoin can be easily jeopardized by the government.

“ The foregoing history illustrates that, contrary to the misconception held by some, civil forfeiture is not a novel process, but is rather a powerful tool with deep roots in America’s law enforcement tradition.”