

Hackers discuss Bitcoin, Litecoin, Alternative Cryptocurrencies at HackMiami 2013 Hackers Conference

Regulation, compliance, and increased government scrutiny shines spotlight on digital currencies as hackers issue warnings about cryptocurrency during global economic unrest.

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Cryptocurrency technologies such as Bitcoin and Litecoin could be a double edged sword, warned a panel of hackers at the annual [HackMiami 2013 Hackers Conference](#) that took place last week in Miami Beach, FL. The panel concluded that the free market economic advantages of cryptocurrencies and the potential for transaction anonymity can be completely destroyed by improper use of the technology by the end user. Furthermore, increasing government regulation and recent law enforcement actions against electronic currencies indicates there is a possibility of increased scrutiny on all commodities that are deemed competitive with government backed fiat monetary systems.

The panel was moderated by [Alexander Heid](#), president of HackMiami, and featured an array of white hat hackers and information security professionals, some of whom are operators of cryptocurrency mining operations and merchants that accept Bitcoin as a form of payment. The panel featured James Ball, treasurer of HackMiami, Travis Tolle, professional cryptographic hardware consultant, Chris Snyder, a network security specialist and operator of a mining pool server, and Bryce Case, also known as [YTCracker](#), the famed nerdcore rapper who accepts Bitcoin in exchange for his music and donations to his forum, [DigitalGangster.com](#).

“The general public needs further education on the concept of 'mining' Bitcoin,” stated James Ball. “It is not the creation of cryptocurrency out of thin air. 'Mining' is slang for the use of large amounts of computational processing power to process the completion of transactions on the Bitcoin network.”

Ball went on to explain that when a block of transactions is completed, those who assisted in processing the transactions are rewarded for their efforts with transaction fees that are collected along the way by the decentralized network. The peer to peer infrastructure relies on individuals to process transactions ensuring that there is no central authority. The value of Bitcoin, Litecoin, and all cryptocurrencies are determined by marketplace supply and demand.

“In true open source spirit, the original code of both Bitcoin and Litecoin has been forked repeatedly resulting in alt-coins of many shapes and sizes,” stated Travis Tolle. “Most of the newer altcoins have been created as classic pump and dump scams, but a few offer true innovations on an already brilliant concept, such as the use of alternative encryption algorithms.”



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- Bryce Case, a.k.a YTCracker

Tolle went on to state that Litecoin is currently the second strongest currency in terms of market cap and user base, and interesting competitors such as P2PCoin and BitBar are slowly gaining traction.

The scrutiny and regulation that is being applied to Bitcoin is in response to the hyped threat of the potential for illegal transactions taking place over the unregulated network, such as the sale of drugs. “It is much more efficient for criminals to make use of cash or other standard fiat methods of payment than to rely on Bitcoin,” stated Chris Snyder.

Snyder stated the the rapid and unpredictable marketplace fluctuations combined with the complete transparency of every transaction on the Bitcoin blockchain creates an economic environment that is unattractive to digital criminals. “The reason we are seeing crackdowns on e-currencies is because digital currency is outside the reach of government, decentralized cryptocurrencies are the only wallets government can't stick their hands into,” said Snyder.

YTCracker, real name Bryce Case, discussed the potential for governments to maliciously utilize cryptocurrency technology for controlling populations through a cashless economy. Case stated that if the US government regulations require extensive documentation of transactions that are over a certain limit, when Bitcoin or any other alt-coin reaches that amount per coin, the government has essentially regulated that cryptocurrency.

“A permanent public record is kept on the transaction network blockchain, and if a user correlates identifiable information with a unique payment address, that person is forever associated with every payment that goes in and out of that address. In the event the US government decides to go cashless and replaces the paper dollar with a cryptocurrency, they will have a much easier time documenting every single transaction over the network, especially as mandated compliance regulations have been incrementally implemented over a long period of time,” stated Bryce Case.

“Even more frightening,” elaborated Case, “is the concept that the cashless cryptocurrency solution would be implemented by consent, not force, as the enthusiasts such as the participants on this panel are the ones who may be unwittingly acting as eager participants and early adopters of a potentially oppressive technology.”

About HackMiami

HackMiami is the premier resource in South Florida for highly skilled hackers that specialize in vulnerability analysis, penetration testing, digital forensics, and all manner of information technology and security.

HackMiami seeks to develop and harness the participation of the information security community through regular events, presentations, labs and competitions. These events allow the hacker community a forum to present their research, develop new techniques and methodologies, and at the same time provides valuable a networking resource for contracting opportunities.

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