

## Blockchain Working Group (BWG)

Meeting Minutes

**September 20, 2019**

10AM—2PM

400 R Street Sacramento, CA 95814

### 1) SWEARING IN OF NEWLY APPOINTED BLOCKCHAIN WORKING GROUP MEMBERS

Camille Crittenden (Chair) opened the meeting and introduced Julie Lee (Acting Secretary of the Government Operations Agency) to give the Oath of Office to the Working Group Members. Members were asked to give signed Oaths to Gabby at the end of the meeting.

### 2) CALL TO ORDER

Chair Crittenden called the meeting to order at approximately 10:02 a.m., 400 R Street, First Floor Hearing Room, California Victim Compensation Board, Sacramento California.

### ROLL CALL: Quorum Established

#### Working Group Members Present:

Camille Crittenden, Chair

Assemblymember Ian Calderon Designee – Voleck Taing

Senator Robert M. Hertzberg Designee – Freddie Quintana

Benjamin Bonte, Kem Musgrove, Sergio Gutierrez, Amy Tong, Ted Ryan, Arshad Noor, Sheila Warren, Jason Albert, Liz Chien, Michele Neitz, Anne Neville-Bonilla, Ben Bartlett, Meredith Lee, Brian Behlendorf, David L. Tennenhouse

#### Working Group Members Participating Remotely:

Kai Stinchcombe, Audrey Chaing, Radhika Iyengar-Emens

Public comment welcomed– state your name for the record and limit your comments to two minutes. No public comment at this time.

Camille introduced Orit Kalman, Senior Facilitator.

### 3) BLOCKCHAIN WORKING GROUP MEMBERS INTRODUCTIONS

Key themes from introductions: Equity, accessibility, trust, partnerships, engagement.

#### 4) OVERVIEW OF ONBOARDING MATERIALS

Agenda, Member handbook, two handouts for Bagley-Keene Open Meeting Act Presentation, Table of Contents working draft for the report.

Orit: Working Group Guidelines: conversational courtesy; all ideas and point of view will have value; honor time; be open minded; welcome new ideas; no acronyms or explain them; speak your name for record-keeping.

Gabby will email three documents to the Working Group for them to review, sign and return to Gabby (Nondiscrimination Policy and Acknowledgment form, Authorization to use Privately-Owned Vehicles, and Payee Data Record)

Orit: We are interested in the diversity of viewpoints represented by the BWG, so we can learn from each other. This will create more robust discussions and comprehensive work product.

#### 5) INFORMATION ON BAGLEY-KEENE

Julia Zuffelato from the Attorney General's Office gave a presentation to the BWG members on the Bagley-Keene Open Meeting Act and the Public Records Act.

[See handouts for Bagley-Keene and the Public Records Act]

Julia: The AG's Office has determined that collaborative writing is not in compliance with Bagley-Keene (BK). BWG counsel is working with the AGs Office to come up with guidance.

Viana Barbu (BWG Legal Counsel): Some suggestions for collaboration for the report: do first draft to share with full BWG; comments from individual BWG members are sent back to staff to incorporate into the draft and discuss at next full BWG meeting. Or form subcommittees of 2 members to work on the draft; and share this with one-way communication with the BWG, and discuss and get comments at the next full meeting.

Julia: The BWG needs to be careful of discussions of items under their jurisdiction with other BWG members outside of the meetings. A BWG member can ask staff to distribute articles, etc., to the full BWG. Have staff send the e-mail with the BWG Bcc'd so there is no option for a Reply-All.

Brian Behlendorf: Some collaborative documentation approaches are open to the public. Can this be a safe harbor?

Julia: On-line forums are not compliant with BK even if they are open to the public.

Viana: BK must accommodate the Americans with Disabilities Act; this is another consideration for in-person open meetings.

Orit: With such a broad topic you will need help from legal counsel to provide guidance, and need to check-in regularly to provide boundaries. Viana will attend every meeting; also the AG's office can provide guidance.

David Tennenhouse: Question re: rule of two?

Julia: A subcommittee of three or more is subject to BK. "Rule of 2" is a cautious approach where conversations on BWG business is limited to just one other member. A pattern of meeting with three or more BWG members could be interpreted as a subcommittee. If your discussion is only about your own organization you should be o.k., but your counsel can advise.

David: We attend lots of public meetings that are not directly related to the BWG. These are public events where Blockchain is being discussed.

Julia: Be mindful of conversations particularly if those topics could be in the report. BWG members participating in meetings where one is speaking and the others members are in the audience, this is o.k. BWG members can also appear together on a panel open to public.

Amy Tong: It sounds really restrictive, but it's really just common sense. Limit off-line discussions that relate to the BWG and report.

Audrey Chaing: We are all actively working in this field. Topics such as digital identity, or privacy/security are commonly discussed in Blockchain forums, and may involve two or more BWG members. Are we constrained in our discussions outside of the BWG meetings?

Julia: If a topic is part of a recommendation you should avoid talking about it. If it's more generic and only peripherally mentioned in report but not affecting recommendations in report, then it should be o.k. This BWG seems to have a lot of contact outside of the meetings. You want to avoid the appearance of trying to build consensus outside of a public meeting. If you are not sure then check with your BWG counsel.

Liz Chien: Are on-line collaborations allowed as we produce the report? Tools like Google-docs for real-time edits?

Julia: You can send out a draft and staff can receive individual comments from the BWG. No blogs, etc., are allowed under BK. It is not permissible under BG to make real-time edits even if it's available to the public.

Sheila Warren: Some of us are on panels and could be involved in panel preparations calls with three or more of the BWG. The goal of these call is to stake out discussion points, etc., but not specifically talking about the report or being responsive to questions as representatives of the BWG. Is this o.k.?

AG: You can participate fully on panels in open meetings and conferences. But be mindful of conversations; ask yourself if this will affect the work I'm doing in the BWG? Will the public want to be part of this discussion?

Arshad Noor: I can suggest an open process used by industry: a staff member can create documents and post online to a public forum, and the BWG can send comments to the staff member. It's a very public process.

Viana: Comments should not be shared by the BWG until it's presented at the full BWG meeting. Otherwise you are starting to build consensus before the BWG is convened.

Arshad will investigate and suggest options and e-mail to Gabby to discuss with Viana, AG, etc., for their opinion.

Orit: Resources: articles, studies, etc., can be sent to Gabby to share ahead of the BWG meeting, as long as they are also posted on the website.

Viana: There are concerns re: consensus, but if the topic is put it on the agenda for discussion in the full meeting you can also vote at the end of the discussion. Deliberations can be as robust as needed as long as they are done in an open meeting.

Stuart Drown (GovOps): Working with staff we are confident we can come up with a collaboration tool that will meet BK and will be serviceable and successful.

-----Break-----

## 6) WORKING GROUP CHARGE, TIMELINE AND PROCESS

Camille: Any public comments? None at this time.

Camille: Suggested a series of BWG meetings in Dec, Feb, April for 4 hours each. In-between the meetings we could establish subcommittees.

Jason Albert: Given the short amount of time do we want to meet more frequently?

Arshad: The frequency is challenging so we may need longer blocks of time with the constraints of BK.

Brian: If Stu's collaboration tool can be utilized between meetings, we can discuss the drafts during the full meeting.

Liz: We will need more than three additional meetings. The four-hour duration is a good amount of time, but let's do monthly meetings with a dial-in option.

Camille: We need 11 BWG members in-person for a quorum.

Sheila: Can we use "noticed" subcommittee meetings to meet more regularly and by phone?

Viana: Two BWG members meeting is not subject to BK; three or more is subject to BK so the meetings will need to be noticed and agendicized.

Orit: Balance smaller subcommittee discussions to be brought to the full BWG. You need to be clear how the subcommittees will be used.

Camille: We'd like to use the Table of Content (TOC) draft to guide the subcommittee work. We may not have to have 100% consensus; dissenting views can be accommodated and recorded.

Camille: Can we use a conference call if no vote is anticipated?

Viana: Any open meeting requires an in-person quorum.

Camille: Is a combination of in-person and on-phone BWG members work for consensus? Viana will get back to you on this.

Orit: To promote efficiency she will be scheduling one-on-one meetings with the BWG, to help develop a foundation of understanding. What is your role? Perspective? Blockchain definition? Blockchain applications, opportunity, challenges? Where you fit in the process and the development of the final report. She will meet with you for an hour and summarize these meetings for the entire BWG.

Public: You touched on issues with BK; you can propose a set of tools. Use the consensus tools in Blockchain. The BWG can suggest protocols.

Public: Other states passed similar legislation; my organization can offer suggestions. We would like a 60-day public comment period to help steer the conversation and move forward. There will be vast implications on whether companies work in CA or Switzerland.

Kai Stinchcombe: Scheduling will become clear after working together. Let's ask people to pair off to share outlines, we will find out if the process and timelines are working or not. Need check-in meeting sooner than December.

Radhika: We need a combination of more meetings (remote participation will help with coordination and achieving quorum) plus more sub-groups to successfully achieve our goals as a Working Group.

Camille: We are trying to respect your workload and be productive. Good input on frequency and length of meetings. Orit and I will incorporation your suggestions and get back to the BWG.

-----Lunch-----

## 7) WORKING GROUP REPORT CONTENT

Add Regulatory processes: (David and Sergio volunteered for this Subcommittee)

Amy: The topics should be listed by functional category and not separated out by oversight entity.

Brian: Blockchain definition: Need decision tree, guidance on when it's appropriate to use Blockchain and what type. Digital Identity – include what is going on in other countries.

Radhika: I agree with Brian Behlendorf that digital identity is a key topic. It is foundational to many key use cases across key sectors, and certainly applicable to the use case themes identified in the current TOC.

Jason: Digital identify crosses functionality. Can be government based or private based. How do we incorporate this without being duplicative?

Ben: Add government payments, public finance, infrastructure, cannabis, cybersecurity, privacy, overarching government efficiency.

Anne: Identifying applications (real world and potential) would be useful. (Unemployment insurance, SNAP, etc.)

Arshad: Risk is shown a sub-bullet, Raise security as a full bullet and a major part of the report. Need full understanding of risks.

Ben: Workers Compensation has many parties involved and is an example of a subject that crosses topics.

Orit: Show examples in report of best practices – we need to be inclusive as we can.

Meredith: Some topics are more granular than others. How deep is one given area? We need to figure out a rubric as to the maturity of the application. Also, include examples of not deploying because and it ended up not being the right solution.

Sheila: There could be a lot of overlap, so we need a decision tree and/or matrix of use cases, benefits, challenges. This will help enable government agencies to implement.

Brian: When listing potential applications, include that there is no use case that couldn't also be resolved with central data; it's a matter of trust. Use examples and explain why Blockchain was chosen. Crypto currency is not trusted –most federal regulators believe the state has a role to play

Amy: Between section 2-3 we need a section on topics that apply to all program areas: security, payment, transactions. We need a section of foundational building blocks and readiness; what is best done by government and best done by industry. This will provide a playbook to government agencies to see if it can be implemented.

Orit: The report needs to include evaluation methodologies.

Liz: It would be useful to include in the report the importance of data and reliability. If you have bad data, it can be permanent. We need to include how to address and how to prevent bad data.

Radhika: This is what blockchain consensus models ensure, that bad data and the sources of bad data are identified and, if necessary, taken out of the system. Bad actors are also held accountable and disincentive from being part of the network through effective governance models.

In certain use cases where data can be input with the use of sensors and IoT devices there is an opportunity to avoid inputting bad data and mitigating fraud at the source. Examples include: supply chain, cold chain, logistics, remote monitoring of health data, power sector, voting mechanisms and anywhere that sensors can produce real-time data.

Arshad: Using a building analogy, we should be discussing how sound is the foundation, beams, etc. We need the foundation discussion first. I agree with Amy. Need to establish the foundation before you can move forward with potential application areas.

Sheila: The regulatory response could shepherd or crush Blockchain applications– this needs to be addressed. What regulations could staunch or enable Blockchain's potential.

Brian: Include a description of how it is used now in CA. How does it align with the Privacy Act? Will the recommendations in the report apply to only CA or should they be for the entire industry?

Camille: The report is forward-looking for CA using information from other places.

Sheila: We can include a reading list and recommended resources for further information. Also acknowledge that it's a fast moving field.

Michelle: Information can be put on a website that can be modified and updated, but that is a lot of work.

Public: How do you see yourself working within federal law on cryptocurrency?

Kai: The risk and benefit will be different for different topics. We need to include case studies of successes and failures. As we bullet out a section we may want to add major sections that are in common (i.e., security).

Amy: Already too much reading material that becomes stale once it's public. For the report, could cite other cases in the reference material. There needs to be some thought on how to structure the report so it's more of a living document. We need short-term vs longer-term suggestions.

Anne: It would be more useful if the recommendations are actionable and specific. If we identify really good use cases and readiness, within our statutory purview or current law, the report could enable this use. We need to be specific and explain our recommendations.

Public: Suggestions of additions to the report: the CCPA and GDPR currently offer the right to be forgotten. Some but not all exceptions are included in the TOC. Distributed ledger – when it should be used and not used and who is it distributed to. There are many different definitions of “distributed”. Security vs. privacy. Nine months is not much time to draft this report but you absolutely have to have a privacy rule and security rule.

Camille: The introduction should cover the full spectrum, pointing to existing literacy. What gets decentralized and distributed. We need to cover how to do digital identity that is compliant with federal law, to advance its understanding and use.

Radhika: Decentralized frameworks achieve something that centralized systems cannot do which is ensuring that competing interests and entities can share data across an ecosystem on a shared ledger. Blockchain does this well. Blockchain ensures that an entire ecosystem including competing entities can agree on a minimum set of shared or shareable data. Thus transparency is just not currently possible with centralized systems because every entity keeps their own data siloed so there are multiple versions of the truth that conflict with each other. Added to this is ownership of data. In a centralized system, ownership of data stays with one entity which has complete access and control of all data. This causes information and power asymmetries in centralized models. Permissioned blockchain systems can preserve privacy of data and simultaneously enable sharing and transparency of key data across ecosystems, which is something centralized systems cannot currently handle.

Fred Quintana: The legislature has been working on this for two years. The legislature will want: what do we observe in each area – risks or benefits, good fit or not. The legislature will want good guidance on the different topics and actions. You can assume some report recommendations will result in new laws.

Liz: We need a clear regulatory framework or guidance - add this as a topic area. The opportunity is for CA to put forth a clear regulatory framework to keep opportunities and jobs in CA.

Camille: Most of these applications are more focused on the public sector.

Liz: The technology is used by governments but created in the private sector. There is not consistency between state, countries, industries. Need CA to weigh in on this.

Michelle: I have a research assistant pulling state statues – I can send these to Gabby to share – this will be useful for BWG to see.

Liz: Please include other counties also.

Fred: Is it possible to pull definitions from other states also for BWG consideration.

Brian: There is legislation in development – should the BWG have an opinion?

Fred: The legislature usually waits for BWG to finish their business.

Ben: Can we comment on current regulations and provide guidance?

Orit: This is one of the charges of BWG.

Anne: Most legislation takes multiple cycles to get through. We can add related legislation and opinions as an appendix. We can recommend that more time is needed to deliberate, etc.

Camille: How to accomplish getting the report written? Create subcommittees? Which? Who? We will try to calibrate the workload.

Jason: Opportunities for subcommittees: **Digital identity policy recommendations (Jason volunteered)**; cybersecurity, definitions of BC. Need diversity of views on each subgroup.

**Arshad – I volunteer for the cybersecurity subcommittee.**

Viana: The subcommittee can conduct research and present their writing to the BWG.

Brian: I would like to engage the public to get examples. We can set up a template for examples, with recommendations for the state of CA. We can leverage public input to help write report.

Camille: We need to decide what examples to include – how to develop templates to collect examples. How does the legislature get its information?

Voleck Taing: Public forums and input directly from public

Sheila: Many case studies exist. We can get the authors or SME to present to the BWG.

Camille: We can use SMEs but need to limit it to topics included in the report. Foundational principals, cases studies, then recommendations at the end.

Meredith: What do we do if we are approached by the media?

Camille: You can direct them to me.

Arshad: What if we are asked for our opinion?

Viana: If you are speaking as a representative of your company, this is o.k. if asked about BWG opinion – defer to Camille.

*Note: The following are updates (shown in red) to the originally proposed Table of Contents:*

- I. Introduction
  - A. Legislative charge and statement of need
  - B. Working group process and approach to recommendations
- II. Definition of Blockchain, Appropriate Use Cases, **Vision**
- II-III **Decision tree/Evaluation Criteria Matrix/ Risk/ Benefits/ Security/ Language/ Guidance**
- III. Potential Application Areas
  - **Description (Best Practices Examples)**
  - **Risks & Benefits**
  - **Legal Implications**
  - **Costs**
  - A. Health records
    - 1. Records Management
    - 2. Standards and Interoperability
    - 3. Patient choice
  - B. Supply chain
    - 1. Food and beverage
    - 2. Weapons
  - C. Property
    - 1. Real estate
    - 2. Vehicles and parts
  - D. Utilities
    - 1. Energy, electricity, carbon
    - 2. Groundwater
  - E. Finance and financial inclusion
    - 1. Benefits
    - 2. Taxes
    - 3. Remittances
    - 4. Banking
    - 5. Fundraising/campaigns
  - F. Justice and civic participation
    - 1. Chain of evidence, video testimony
    - 2. Voting
  - G. Education
    - 1. Academic institutions
    - 2. Learner training credentials

IV. Evaluation and Application Recommendations  
Blockchain Regulation

- A. Benefits and Risks
- B. Cautions and Legal Implications
- C. Costs

V. Recommendations for Government, Businesses, Individuals

Recommendations for Other Legislation

8) CLOSING REMARKS AND NEXT STEPS

Camille: A reminder about the signed documents that need to be sent to Gabby. The draft TOC will be updated with the input from today's meeting. Give any suggestions about Subject Matter Experts (SMEs) to Gabby, and she will coordinate.

Orit: She will be in touch with the BWG members to schedule one-on-one meetings, to discuss the schedule of the BWG meetings/sub-committees, etc. These assessment interviews will be important for forging a more well-defined process.

9) ADJOURN: 1:53pm