

**DIGITAL COUNTERFEITING: STATES REGULATION OF FEDERAL, FOREIGN & DIGITAL FINANCIAL INSTRUMENTS USED AS CURRENCY**

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**ABSTRACT**

The relatively recent appearance of Internet-based transactions necessitated the develop of digital forms of payment. These payments have evolved into various forms, including digital currency. This paper discusses the regulatory authority and/or lack of authority, of the sovereign States of the United States to regulate the counterfeiting of financial instruments used as currency, including digital currency. Federal and Foreign (non-U.S.) currencies are explicitly examined. Some digital currencies are not regulated or authorized specifically by a government. Can a currency without formal codification from a government be regulated by a State? As financial transactions have shifted historically from various governments' legal tender to combinations of government and private issuances and from the hard currency of coins and paper to electronic transactions, many States' counterfeiting statutes are unclear or fail to consider that technological changes can impact legal and common tender. The rise in transactions being facilitated in digital currencies and regulations protecting states from digital counterfeiting is examined and discussed.

Keywords: *Financial instruments, fiscal policy, currency, monetary policy, digital currency, counterfeiting.*