

# THE BRAVE NEW WORLD OF DIGITAL CURRENCY



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The choice is between Matt Damon, Daniel Craig and Tom Cruise.

But Jason Bourne is primarily focused on how he was brainwashed in Operation Treadstone and then exposing its successor program, Blackbrair.

Besides, Bourne is a CIA trained assassin, whereas 007 and Ethan Hunt of the IM Force are more likely to go after a Global predator.



<http://www.radio90.pl/bond-bondow-agent-007-agent-numer-1.html>

***Satoshi Nakamoto developed a paradigm-shifting, global finance system that put the power of money and commerce in the hands of the public instead of the central bankers***



[https://en.wikipedia.org/wiki/Ethan\\_Hunt#/media/File:Ethanhunt.jpg](https://en.wikipedia.org/wiki/Ethan_Hunt#/media/File:Ethanhunt.jpg)

A sexy screenplay could be written around the story of how a brilliant Japanese programmer named Satoshi Nakamoto developed a paradigm-shifting, global finance system that put the power of money and commerce in the hands of the public instead of the central bankers of the global financial Mafia.

As the system begins to take hold around the planet, jeopardizing central banking's control of the global financial system, Satoshi is abducted and taken to a snow-bound cabin in Northern China. He is drugged and then tortured mercilessly in an attempt to force him to destroy the system and return control

to the international bankers who are intending a worldwide financial crisis in order to future their economic chokehold on the planet.

But this story carries only so much fiction. Because there is a brilliant programmer named Satoshi Nakamoto – or at least someone using that name – who developed a remarkable global currency system that operates outside of the established banking channels – and who has, in fact, disappeared. Though there is no evidence of foul play. In fact, there is no evidence of any “play” – Satoshi simply vanished sending a parting note to a developer friend on April 23, 2011 that he had “moved on to other things.”

What he moved on from was the development of Bitcoin. **What he moved on to...no one seems to know.**

You have probably at least heard the word Bitcoin, and some of you may be more involved with it. This article is to provide readers with the basics of Bitcoin, which is a brilliant global currency system that operates completely outside of the existing international banking system.

It was invented by the enigmatic Satoshi, who published his now famous (in the Bitcoin world) white paper on Bitcoin as a digital currency on October 31, 2008. The Bitcoin protocol became available on the Internet in January of 2009 (a protocol is a standard used to define a method of exchanging data over a computer network.... Each protocol has its own method of how data is formatted when sent and what to do with it once received, how that data is compressed or how to check for errors in the data.)

<http://www.computerhope.com/jargon/p/protocol.htm>).

For the next couple of years he further developed the system and helped it grow until April, 2011, when he passed the source code to a Bitcoin developer named Gavin Andresen and ceased his involvement in the system, which, by then, had become a full on, international digital currency movement.

***Bitcoin is a brilliant global currency system that operates completely outside of the existing international banking system.***

This is why we need 007 or Ethan Hunt, because despite in depth research by investigators planet wide, no one actually knows who Satoshi Nakamoto is, or where he is. In 2012, there was a posting on an Internet site wherein Satoshi claimed that he was a 37-year old Japanese male. Some have challenged even that entry and the mystery of Satoshi Natamoto, the inventor of Bitcoin continues.

But the Bitcoin universe continues to grow.

So what is Bitcoin and what is the Bitcoin protocol (meaning, how does it work?)

### WHAT IS BITCOIN?



Satoshi described it as a “peer to peer electronic cash system,” in his original white paper on Bitcoin (When speaking of a computer network, peer to peer, means designed so that computers can send information directly to one another without passing through a centralized server.)

<http://www.dictionary.com/browse/peer-to-peer>

We are talking about direct communication between sender and receiver anywhere in the world – me to thee.

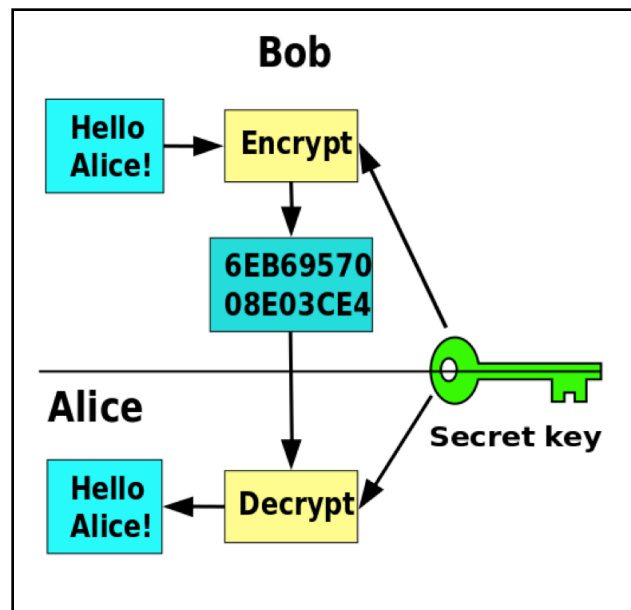
There are several other definitions that describe Bitcoin.

It is often referred to as “decentralized” digital money. Meaning there is no “central” authority or other body involved. There are no banks involved. No government entities or regulators involved in the Bitcoin universe. It is a direct exchange of digital currency between you and the person with whom you are doing business.

This has banks, governments and taxing agencies around the world “concerned”, which we will discuss in more detail below.

Bitcoin is also known as a cryptocurrency. A cryptocurrency is a medium of exchange that uses cryptography to secure the transactions. <https://en.wikipedia.org/wiki/>

Cryptography is the use of techniques that secure communication from the prying eyes of the third parties or the public.



In other words, this is digital bank account - the ownership of which is known only by you - that is encrypted and sits in your online Bitcoin “wallet,” and remains encrypted when it is used in a transaction.

### WALLETS

Wallets, which contain your Bitcoins, are the equivalent of an online bank account.

Bitcoin wallets allow you to store your currency as well as send and receive it. There are different types of wallets. Typically, a

Bitcoin wallet is an application on your computer that keeps track of your bitcoins. You can also use a web wallet wherein a third-party company holds and administers your account. There are also mobile wallets.

Here is a link to an article on Bitcoin wallets and links to different brands of wallets. <http://www.coindesk.com/information/how-to-store-your-bitcoins/>. It's not quite like shopping at Saks Five Avenue, but it is a look into the future of Internet "attire."

A Bitcoin Wallet has a public address (27 to 34 alpha-numeric characters) which is known to the Bitcoin universe. This address, like an email address, is seen when you buy or send Bitcoins. It is the public face of your wallet.

Here is an example of a Bitcoin address from the book, Bitcoin for Dummies,

1L5wSMgerhHg8GZGcsNmAx5EXMRXSKR3He

However, who owns the address is not known. It is recommended, but not mandatory, that you change your public address with every transaction (this is often done for you by the software at online sites that help Bitcoin users buy and sell Bitcoins.)

The wallet also has a private key that gives you access to your Bitcoins and identifies you in a way that enables you to spend them without revealing your identity. Finally, in addition to the Wallet address and the private key, there is a third, public key that is generated when you get a wallet. In short, this key simply facilitates your Bitcoin transactions. If you decide to get involved in Bitcoin, you'll get these three strings of alpha-

numeric: wallet address and a public and private key.

You can receive funds with the Wallet address and the public key, but you need the private key to spend your Bitcoins.

You should always backup your wallet and encrypt it. If your private keys are lost or the wallet gets corrupted, your Bitcoins are gone for good.

The Bitcoin protocol is such that each of the Bitcoins is a unique piece of digital property that can be transferred from one person to another making it impossible to "double spend" a bit coin – you can't spend the same Bitcoin twice.

***The wallet has a private key that gives you access to your Bitcoins and identifies you in a way that enables you to spend them without revealing your identity***

## THE BLOCKCHAIN

The blockchain is the backbone of the Bitcoin system.

"Put simply, the blockchain is a public distributed ledger offering unprecedented transparency regarding the bitcoin ecosystem. It is a collection of all bitcoin transactions since its inception in 2009. Every additional transaction is logged on the bitcoin blockchain as well."

Bitcoin for Dummies, Kindle Edition.



In case that definition isn't totally clear, this is a virtual ledger that anyone can access and view all of the Bitcoin transactions since the beginning of Bitcoin.

The transactions identify the alpha-numeric wallet address but not who owns it.

There are volumes written about the technology of the Bitcoin blockchain, but for our purposes we will leave it at this: when a Bitcoin transaction occurs it is recorded in a public, digital ledger.

### MINERS

However, before it gets posted to the public ledger, there is a group inside the Bitcoin ecosystem called "Miners" who authenticate the transaction and approve its placement in the blockchain.

This authentication process is not done by some bleary-eyed accountant with a green eyeshade. Bitcoin Miners these days have to use massive computing power to authenticate the transactions and properly place them in the blockchain.

This is not your grandma's laptop. It is the site of a Bitcoin miner in Iceland.



In exchange for the massive amount of computational effort and electrical power it takes to validate a transaction, a miner is rewarded with some Bitcoins.

Bitcoins are no longer a digital parlor game created by some mysterious Japanese programmer – not that it ever was really. But the Bitcoin phenomenon is real. And it is growing.

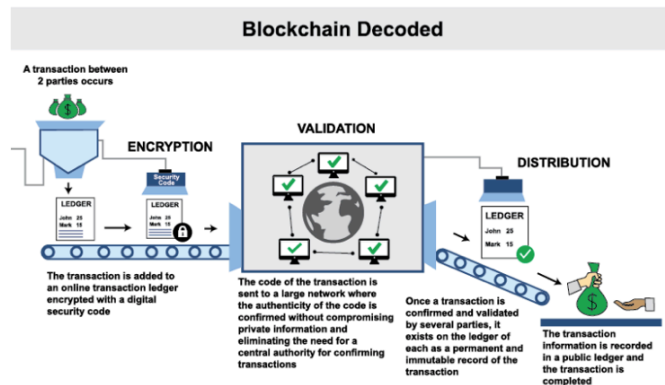
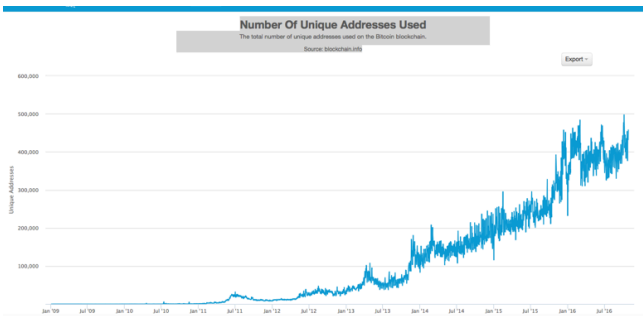


Chart courtesy of <http://www.sachsinsights.com/santanders-innoventures-distributed-ledger-challenge-decoding-blockchain>

### GROWTH OF BITCOIN

Here is a graph from blockchain.info showing that the number of unique bitcoin addresses continues to uptrend to the current 458,000. This is the number of addresses; there could easily be more than one person behind a Bitcoin address.

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You can buy everything from a Lamborghini to Oakley eyewear with Bitcoins.



<http://www.dailydot.com/business/4chan-bitcoin-lamborghini/>



<http://www.oakley.com>

And much more. This site says that there are over 100,000 merchants that accept Bitcoin - <http://spendbitcoins.com>.

It lists 9924 of them.

Some of the vendors that accept Bitcoin include:

Amazon  
Subway  
Victoria's Secret  
Fiverr  
Zappos  
Tesla Motors  
Home Depot  
Sears  
Kmart  
Expedia

Because the identity of the purchaser remains confidential, there are those that use Bitcoin to operate on the **Dark** side of the force: drugs, prostitution, money laundering. Bankers and regulators have come to realize that since Bitcoin is a cryptocurrency that operates entirely outside of the established financial system they could lose control of a nation's money. Fearing this loss of control, they seek to position Bitcoin with the activities of the morally bankrupt.

**You can buy everything from a Lamborghini to Oakley eyewear with Bitcoins.**

These are the same government bureaucrats that try to position those with offshore bank accounts as the progeny Al Capone or soldiers of the Mexican drug lord, El Chappo Guzman.

Offshore accounts are perfectly legal, as is Bitcoin. And while the criminal element might

use it, as they do with any currency, Bitcoin has a much more profound use and purpose – that of putting the control of global finance in the hands of individuals instead of the lascivious network of central bankers.

***You are in control of your money and not subject to the dictates of any intermediary or central authority.***

### PROS AND CONS

#### PROS

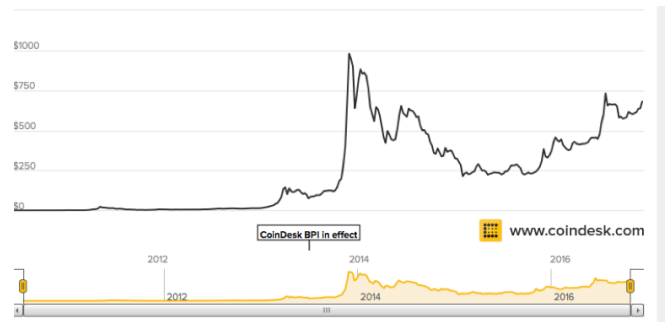
- 1.You can send and receive money anywhere in the world without having to wait for your bank to open, fill out the forms, and send them written permission to wire the funds.
- 2.In this regard you are in control of your money and not subject to the dictates of any intermediary or central authority.
- 3.Sending and receiving payment are entirely confidential with regard to one's identity. As a side benefit, this protects against identity theft as one's identity is not disclosed.
- 4.If needed, any transaction can be verified in the blockchain.
- 5.Processing fees are very low to non-existent.
- 6.Via Bitcoin brokers, you can buy Bitcoins, sell Bitcoins, and convert Bitcoins into any

major currency. Or you can convert any major currency into Bitcoins.

#### CONS

1.While the awareness of Bitcoin it is clearly growing, most people, though they may have heard of it, do not understand it. There is public education to be done.

2.And there are still a limited number of merchants that accept Bitcoin for payment of



goods and services. Though, as noted above, that list is growing.

3.All currencies, from the US dollar to the Chinese Yuan fluctuate in value on world markets, but Bitcoin has had some wild swings in value in the past. The value of Bitcoins has been more stable in the last couple of years, but it does have a volatile prior track record. It has traded as low as \$.75 and as high as \$1,200 in November of 2013 when its value exceeded the price of an ounce of gold.

As can be seen below, it has been on a steady up trend for the last year or so.

4.This is a new financial system – a mere 7 years old.



### INVESTING

The buying and selling of currencies (generally known as Forex – Foreign Exchange) is a ginormous market of \$5.3 trillion a day – yes, that’s a “T”.

This is done to facilitate foreign trade between nations as well as by currency speculators.

So this is well entrenched financial activity.

From this perspective, the buying and selling of Bitcoin would be no different. But there are differences in the structure of national currencies and that of Bitcoin: governments can print endless amounts of money. The number of Bitcoins is capped at a certain level. This makes the price of Bitcoin much more subject to the real market forces of supply and demand.

***It is as a longer term strategic investment, not a “get rich quick” hit. Though that can happen too.***

As Bitcoin grows in popularity – as more people acquire them, or seek to acquire them – demand increases. This demand is made into a limited supply. This should continue to increase the price of Bitcoins on a long term basis.

But other factors enter into the demand factor.

It is a PR world and this is a sensitive market. When “negative press” hits the Bitcoin community, holders of Bitcoins sell their holdings driving prices down. The hack of a major Bitcoin exchange in Hong Kong in August of this year sent prices tumbling 20% in a day to below \$600 but as of this writing (October 30, 2016) the price had recovered, soaring to \$713.

I think Bitcoin is a good long term investment.

That said, if you decide to play in this market, I would just stick your toe in and watch how it does. Definitely educate yourself further and never invest more than you can afford to lose. There are numerous books and articles on Bitcoin. A very helpful “Bitcoin for Dummies” is available on Amazon – print or Kindle.

I would approach it as a longer term strategic investment, not a “get rich quick” hit. Though that can happen too.

You should know that Bitcoins are divisible to eight decimal places. By way of example, there are 100 pennies in a dollar – meaning the dollar can be divisible to two decimal places (dollar = \$1.00; dime = \$.10; penny = \$.01). But a Bitcoin is divisible 8 places - .00000001.

So, if you had a Bitcoin, the price of which was say, \$700 when you wanted to buy something for \$70, you would spend .10 BTC (all currencies have Initials that identify them – for example, USD identifies the US dollar. The symbol for Bitcoins is BTC).

If you are going to buy, sell and perhaps trade Bitcoins, you should do it through an exchange. Do your due diligence. The Internet is awash with Bitcoin Exchanges. However, here is a short article on what to look for and a listing of the top 40 Bitcoin exchanges with rankings for each available here: <https://www.bestbitcoinexchange.io>

I think Bitcoin and digital currency is here to stay. That said, it is still new market and as volatile as a young stallion, so I am not recommending anybody jump in “with both feet.” But it is something to checkout, and if you are comfortable with, give it a little test run.

End Note: At the end of the recent webinar I held, 3 of the attendees asked about Bitcoins. I was somewhat dismissive in my answer because, frankly, I didn’t have a full

understanding of how Bitcoin operated or how it had grown since I had first heard of it. It was those questions that launched me into a research project about Bitcoin.

Having completed the research, I am fascinated with this new currency and I will be diversifying a modest bit of reserves into this new world of decentralized cryptocurrency.

Have fun and keep your powder dry.

***John Truman Wolfe.***

Early November, 2016



Silver .....	\$17.95 per ounce.
Gold .....	\$1,279.50
Dow .....	18,142
Bit Coin.....	\$722