

AFP®



Annual Conference

OCTOBER 27-30, 2013 | LAS VEGAS

ORIGINAL → ESSENTIAL → UNBIASED → **INFORMATION**

BitCoin & Alternative Currencies: Prospects and Legal Questions

Steve Mott

Principal

BetterBuyDesign

Topics for Today

- 1. What's all the fuss about?**
- 2. Is this stuff for real?**
- 3. How did we get here?**
- 4. What's involved (BitCoin as the exemplar)?**
- 5. What are the prospects going forward?**
- 6. Will the legal issues get resolved?**
- 7. What applications might exist for Treasury departments?**
- 8. Appendices**

1. What's All the Fuss About?

- **News captures public's fancy**
- **Celebrities get involved**
- **Government steps in**
- **Word of mouth: YOU can make money....**
- **Current political environment invites a digital alternative to central bank 'whims'**

BitCoin Saga & the Search for Digital Currency

Related stories

[Man bids to sell house for bitcoins](#)

21 March, 2013

[US govt clarifies virtual currency regulatory position](#)

19 March, 2013

[Bitcoin Tipper lets users tweet virtual currency](#)

15 March, 2013

[Technical glitch sparks bitcoin sell-off](#)

12 March, 2013

[MT. Gox and CoinLab team up for US Bitcoin push
Valley Bank onboard](#)

28 February, 2013

[US State Representative adopts Bitcoin donation s](#)

04 September, 2012

[Users sue Bitcoin exchange over \\$460k in missing](#)

13 August, 2012

[Bitcoin value crashes after exchange compromise](#)

20 June, 2011

Check out the fast rise of Bitcoin prices during the past two months in the chart below:



Bitcoin: The New Attempt at a Virtual Currency

Bitcoin value surpasses \$100 — is this another bubble?



April 1, 2013 2:30 PM

Sean Ludwig

The value of a single Bitcoin surpassed \$100 today, a huge milestone for the virtual currency. But with its crazy rise in the past few months, it's time to start seriously wondering if Bitcoin is in a bubble. Bitcoin is a virtual, decentralized currency that no government or central bank controls. As of this report, a single Bitcoin is trading at \$104.50 on Mt. Gox, the largest Bitcoin exchange. In January, the currency was trading at \$15 a pop.

Likely riding a massive speculation wave, Bitcoin prices exceed \$200



April 9, 2013 7:38 AM

Sean Ludwig



It's been a great past few weeks if you're a holder (or hoarder) of Bitcoins. The value of a single Bitcoin surpassed \$200 today on the Mt. Gox exchange, yet another impressive milestone for the virtual currency.

But What Goes Up, Eventually Comes Down

Bitcoin wallet service Instawallet hacked, shuts down 'indefinitely'



April 3, 2013 12:11 PM |

Sean Ludwig

Bitcoins are a hot commodity now, but are your Bitcoins actually safe? Bitcoin wallet company Instawallet has suspended its service "indefinitely" after being hacked. Bitcoin is a virtual, decentralized currency that no government or central bank controls. Several companies, including Reddit and Expensify, have recently added Bitcoin support, helping the value bubble up. The value of Bitcoin surpassed \$100 per coin just two days ago, and early today it reached as high as \$145. Now the price reportedly sits below \$117.

Instawallet Hack Shows Odd Value Prop

Instawallet provided a way to easily set up a Bitcoin wallet that can be used to store your Bitcoins and associated data. But the company had its database “fraudulently accessed,” so it has decided to close down until it can develop a new architecture that is safe from hacking attacks.

Instawallet writes on its homepage:

INSTAWALLET SERVICE NOTICE

The Instawallet service is suspended indefinitely until we are able to develop an alternative architecture.

Our database was fraudulently accessed, due to the very nature of Instawallet it is impossible to reopen the service as-is.

In the next few days we are going to open the claim process for Instawallet balance holders to claim the funds they had stored before the service interruption.

Important information on claims submission:

For the first 90 days we will accept claims for individual Instawallets. Your wallet’s URL and key will be used to pre-populate a form to file the claim.

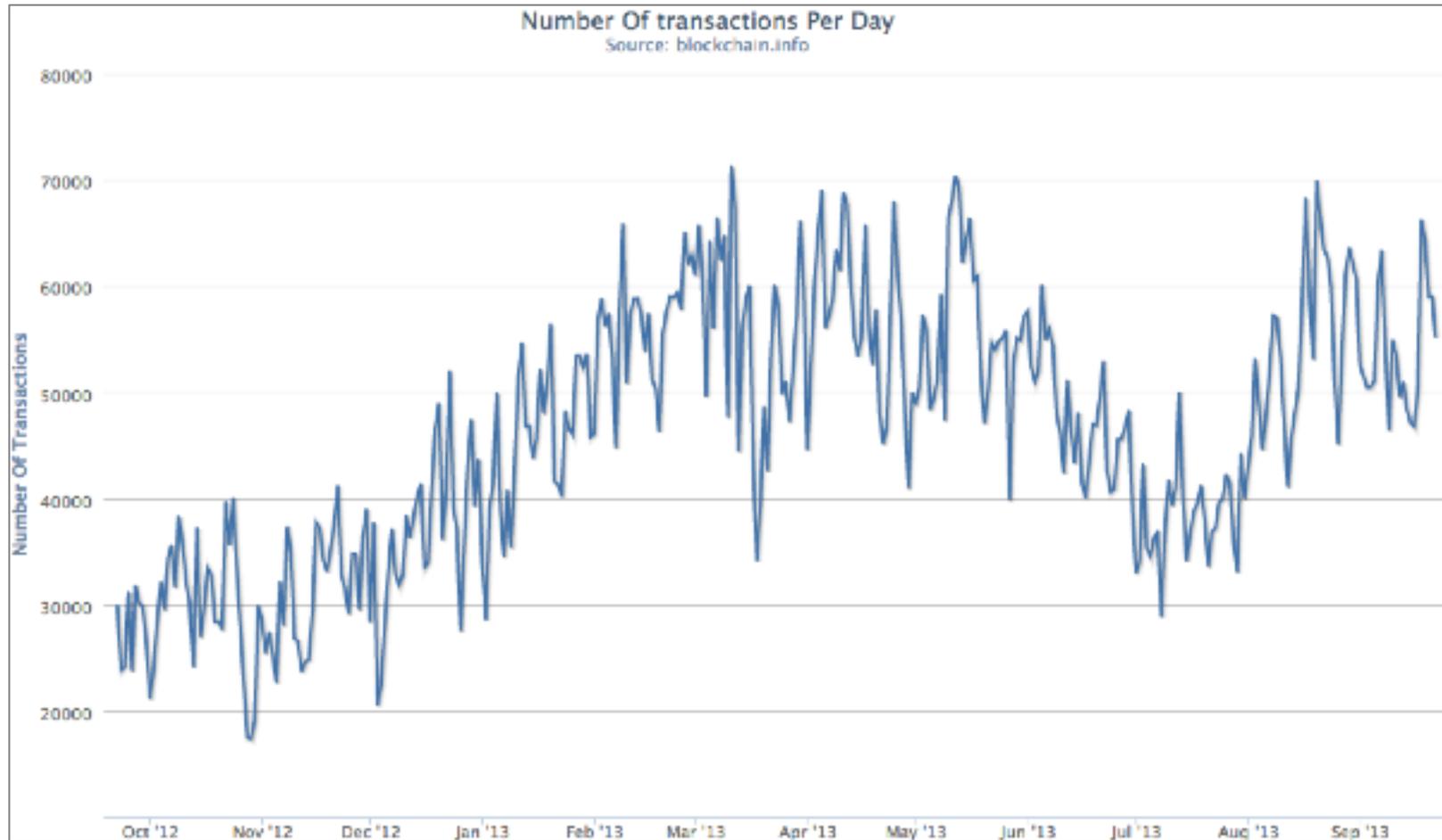
After 90 days, if no other claim has been received for the same url, your Instawallet balance under 50 BTC will be refunded. If several claims have been filed for the same url, we will process those claims on a case by case basis, under the presumption that the claim we received first belongs to the legitimate balance holder.

Winklevoss Twins: No 'bail-ins' like Cyprus; "It's Gold 2.0!"

The [Winklevoss Bitcoin Trust ETF](#) is a notable attempt to bring access to bitcoin investing to the masses. It is still somewhat difficult to invest in bitcoins.



Peter Thiel: BTC only a 20% chance



U.S. Treasury Pulls the Plug

- Ruling on digital currency issued by U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN)
- Seizure of Mt. Gox exchange's Dwolla funds and its subsequent decision to require authentication of its users
- Seizure and closure of Liberty Reserve—has been seen by some as the beginning of the end for such wild west monetary systems

On May 14, 2013 the Department of Homeland Security, acting in concert with FinCEN, seized the US assets of Mutum Sigillum and shuttered its business.



Liberty Reserve didn't register either. Liberty Reserve was a Costa Rican payment processor that did not use bitcoin, but did use its own form of centralized digital currency called "Liberty Reserve Dollars". One of its services was accepting funds from Customer A, holding those funds, and then distributing them to Customer B at Customer A's direction using Liberty Reserve Dollars.

Like Mutum Sigillum's business, this was also a classic example of money transmission. It serviced customers across the globe, including the United States, without collecting any of the information or making any of the reports required under the BSA.

In May, 2013, the [US federal government seized the Liberty Reserve website](#) and shut down its business, citing, among other things, its operation as an unlicensed money transmitter. The seizure notice is still on its [website](#).

Liberty Reserve: Takes Digital Currency A Step Too Far

New York state financial regulator issues subpoenas to 22 bitcoin companies

Published on August 12, 2013 at 17:55 BST | By Emily Spaven | News, Regulation



New York Summons Key Players

The New York Department of Financial Services (DFS) has issued subpoenas to a number of bitcoin companies requesting information about the way in which they operate and the consumer safeguards they have in place.

A [memo issued by the DFS](#), written by department head Benjamin Lawsky, suggests it wants to work with bitcoin companies to ensure the virtual currency industry can continue to exist as a “legitimate business enterprise”.

“It is in the common interest of both the public and the virtual currency industry to bring virtual currencies out of the darkness and into the light of day through enhanced transparency. It is vital to put in place appropriate safeguards for consumers and law abiding citizens,” the memo states.

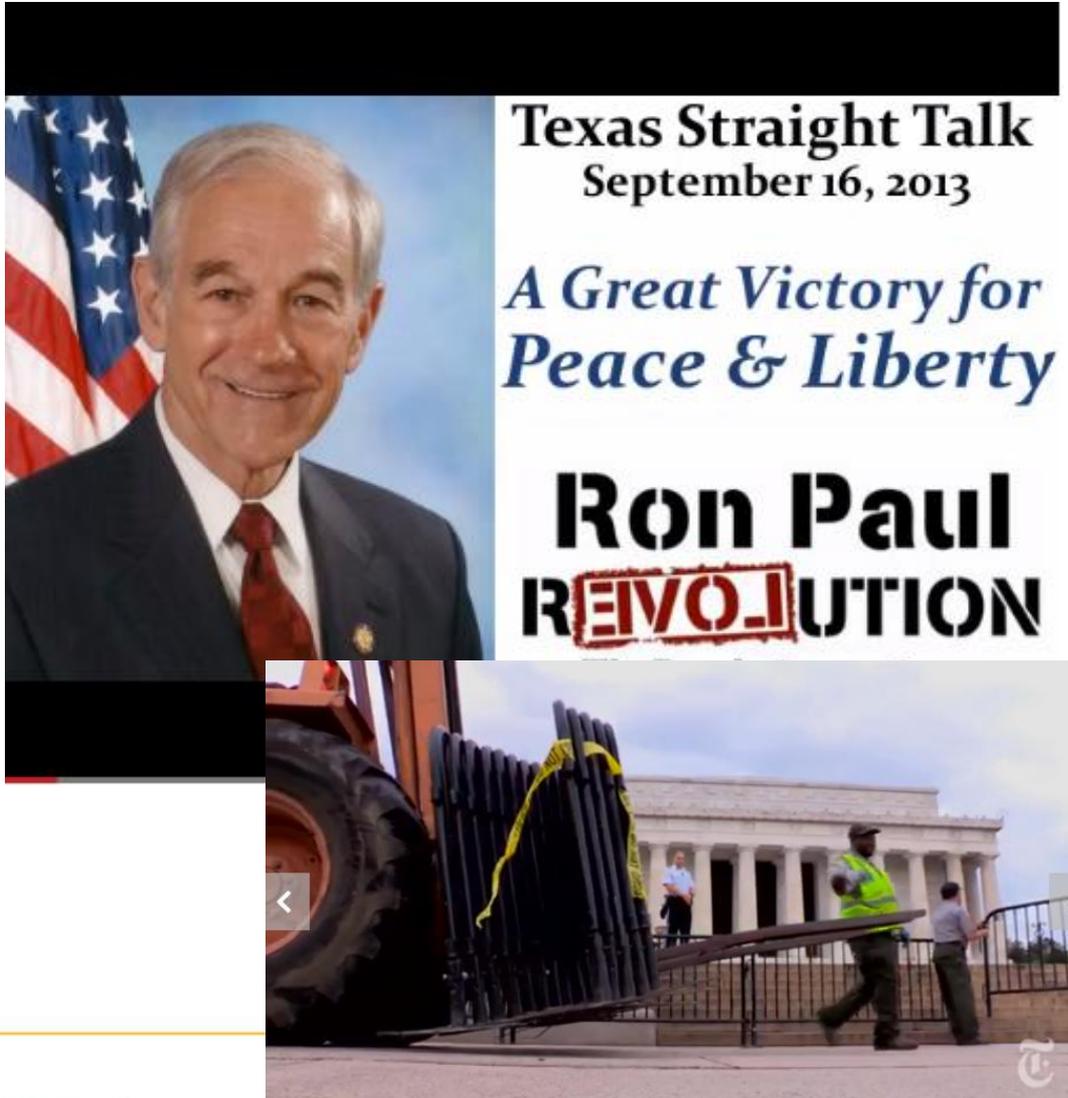
BitInstant
BitPay
Coinabul
Coinbase Inc.
CoinLab
Coinsetter
Dwolla
eCoin Cashier
Payward (Kraken/Fidor)
TrustCash Holdings Inc.
ZipZap
Butterfly Labs
Andreessen Horowitz
Bitcoin Opportunity Fund
Boost VC Bitcoin Fund
Founders Fund
Google Ventures
Lightspeed Venture Partners
Tribeca Venture Partners
Tropos Funds
Union Square Ventures
Winklevoss Capital Management

Better than Bucks, But not Gold...?

Attribute	U.S. Dollar	Bitcoins	Gold
Durability	Poor: 18-24 mos. lifetime of \$100 bill	OK: digits exist on computers and over the Internet	Great: Doesn't fade, corrode or disappear
Portability	Great: carried everywhere	OK: still need computer and Internet	Poor: Heavy to carry in volume, but easy to wear
Divisibility	OK: many denominations (but no good if torn)	Great: One of main attractions	Good: Can be transacted with in many weights
Intrinsic (value)	Poor: only valuable if government issuer is competent	Poor: digits have to be traded, like stocks	Great: Has borne intrinsic value throughout history

Source: Tony Davis: Atlanta Gold & Coin Buyers

Fed Attack & GS Doesn't Control it

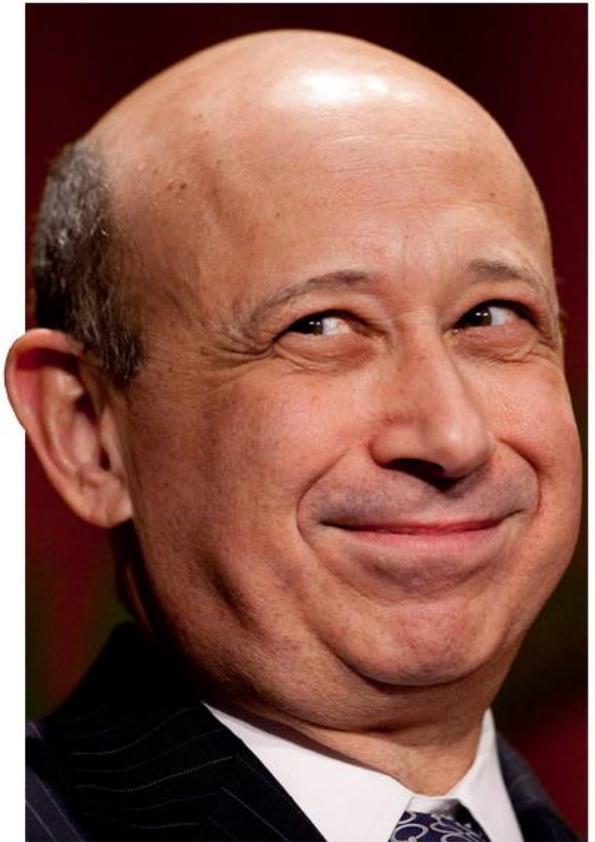


Texas Straight Talk
September 16, 2013

*A Great Victory for
Peace & Liberty*

Ron Paul
REVO.LUTION

The poster features a portrait of Ron Paul on the left, wearing a dark suit and a red tie, with an American flag behind him. Below the portrait is a photograph of a construction site with a forklift and a stack of pipes. The background of the poster is white with black and blue text.



Lloyd Blankfein photo by . (ID: 2797)

2. Is it for Real?

- **There IS a network**
- **There IS information on how to use it**
- **It has the attention of the highest authorities**
- **It is real enough for the biggest state to want to shut it down**
- **Legally, it has been judged to be a ‘currency’—or, money!**

Network Volume is Real and Growing

Bitcoin Network

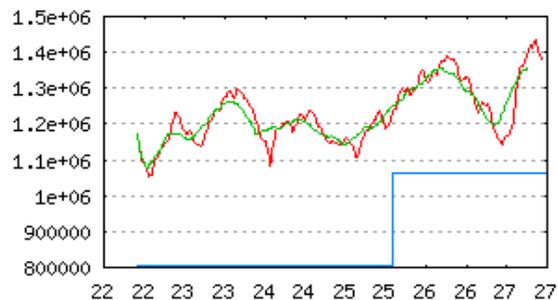
Economy

Total BTC	11,760,075 BTC
Market Cap based on latest prices	1,444,137,210 USD or 1,146,254,393 EUR or 4,504,226,326 PLN or 984,565,239 GBP
Transactions last 24h	54,112
Transactions avg. per hour	2254.67
Bitcoins sent last 24h	716,353.02 BTC
Bitcoins sent avg. per hour	29,848.04 BTC

Blocks

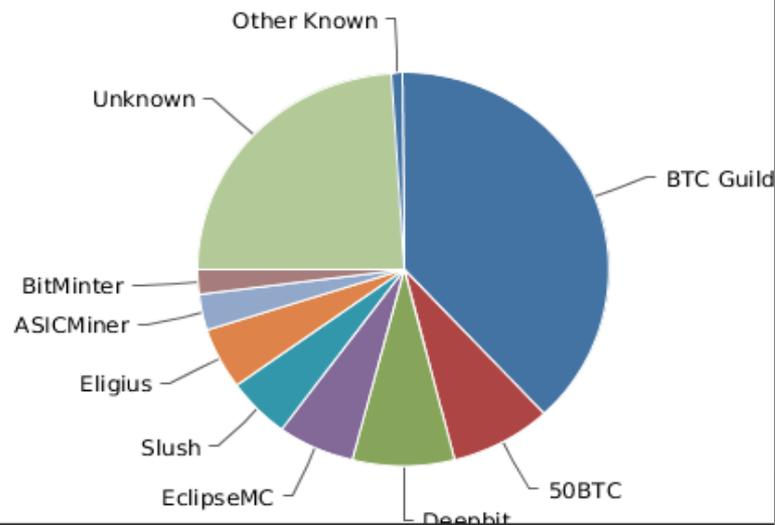
Count	260,402
Blocks last 24h	174
Blocks avg. per hour	7.25
Difficulty	148,819,200
Next Difficulty in 1678 blocks	158,377,581
Network Hashrate Terahashes/s	1133.71
Network Hashrate PetaFLOPS	14398.13

Network Hashrate



Source: <http://bitcoin.sipa.be/>

Hashrate Distribution



A Cult Following Exists in Market

bitcoin charts

Blocks 260404 Difficulty 148819200 Network total 1510.170 Thash/s
Total BTC 11.760M Estimated 158483228 in 1676 blks Blocks/hour 8.51 / 423 s

Home Bitcoin Markets Charts About
Sep 27, 2013 12:27:24 (UTC)

Welcome!

Bitcoincharts provides financial and technical data related to the [Bitcoin network](#).

FX Trading with NO LIMITS
[ZuluTrade.com/ForexAutotrade](#)
 1500 pips/Mo, ROI 1800%/Yr. Follow the Best Forex Traders.

Bitcoin News RSS

Carrie Kirby - Bitcoin Paychecks	25 Sep 2013
Video: Vacate Wall Street	17 Sep 2013
Jeffrey Tucker - Bitcoin's Brilliant Combination	11 Sep 2013
Index To Candidates For Bitcoin Foundation Board Election (Individual Seat)	6 Sep 2013
Bitcoin-Qt/bitcoind version 0.8.4 released	6 Sep 2013
Jonathan Stacke - Bitcoin in India	6 Sep 2013
Marco Santori - Bitcoin Law In The U.S., Part I	17 Aug 2013
Fixes For Android Mobile Bitcoin Wallets Released	15 Aug 2013

page 1 of 105 next page ►

bitcoin charts PRO

TRADE AT MULTIPLE EXCHANGES
USING ONE INCREDIBLE PLATFORM

REQUEST AN INVITE

LocalBitcoins.com

Buy bitcoins near Colorado Springs, United States

Distance	Location	Price/BTC
4.3 miles	Colorado Springs, CO, USA	144.65 USD
10.9 miles	80920, Colorado Springs, United States	138.74 USD

Market	Price	Avg.	Change	30d Volume
▼ mtgoxUSD	135.8198	136.638	-0.599%	461643
▲ bitstampUSD	125.7500	124.006	+1.407%	342738
▲ btceUSD	122.3020	121.107	+0.987%	102008
▼ btcnCNY	746.5000	749.213	-0.362%	96194
▼ mtgoxEUR	100.0000	101.751	-1.721%	73342

View all markets

Currency Converter

Trading is Tracked and Monitored

Pricechart Volume comparison

Symbol: Time Period: Chart Type: Moving Averages: Technical Indicators: Options: Show Volume Bars, Volume in Currency, Parabolic SAR, Log Scale, Percentage Scale

Price Band:

Draw Custom Time < day >

[Link to this chart](#) · [Larger chart](#)



This chart is licensed under a [Creative Commons Attribution-ShareAlike 3.0 Unported License](#).

Markets Function in Real-time

Overview		Currencies																All Markets	
All	ARS	AUD	BGN	BRL	BTC	CAD	CHF	CLP	CNY	CZK	DKK	EUR	GAU	GBP	HKD	HUF	ILS	INR	
JPY	LTC	MXN	NOK	NZD	PEN	PLN	RUB	SAR	SEK	SGD	SLL	THB	UAH	USD	XRP	ZAR			
Symbol	Latest Price	30 days	Average	Volume	Low	High	Bid	Ask	24h Avg.	Volume									
▼ mtgoxUSD USD Mt. Gox	135.815 0 min ago		136.64 -0.82 -0.60%	461,643.18 63,078,104.79 USD	121.25 134.71 (24h)	148.90893 142.66 (24h)	135.81351	137.10763	138.42 -2.61 -1.88%	18,944.91 2,622,419.04 USD									
▲ bitstampUSD USD BitStamp	125.75 1 min ago		124.01 1.74 1.41%	342,738.13 42,501,433.30 USD	115 123.26 (24h)	134.95 126.5 (24h)	125.52	125.75	124.79 0.96 0.77%	8,536.54 1,065,291.05 USD									
▼ btceUSD USD btc-e	122.302 0 min ago		121.11 1.19 0.99%	102,007.51 12,353,835.12 USD	111.611 121.014 (24h)	126.566 123.499 (24h)	122.332	122.8	122.50 -0.20 -0.17%	2,923.23 358,106.26 USD									
▲ btcnCNY CNY btcchina.com	746.5 20 hrs, 14 min ago		749.21 -2.71 -0.36%	96,193.87 72,069,663.32 CNY	650 742.21 (24h)	819 746.5 (24h)	745.12	746.88	745.26 1.24 0.17%	1,166.45 869,309.50 CNY									
▼ mtgoxEUR EUR Mt. Gox	100 0 min ago		101.75 -1.75 -1.72%	73,341.74 7,462,625.29 EUR	93 97.85 (24h)	110 103.117 (24h)	100	100.01	100.56 -0.56 -0.55%	2,175.73 218,762.85 EUR									
▲ mtgoxJPY JPY Mt. Gox	13290 1 hr, 7 min ago		13232.53 57.47 0.43%	50,463.89 667,765,128.97 JPY	12002.006 12966.183 (24h)	14780.398 13754.18 (24h)	13134.299	13235	13179.23 110.77 0.84%	5,205.18 68,600,329.42 JPY									
▲ btcedeEUR EUR bitcoin.de	94 0 min ago		95.58 -1.58 -1.65%	27,042.14 2,584,629.53 EUR	67.49 88.55 (24h)	120 100.99 (24h)	92.2	92.97	92.58 1.42 1.54%	756.24 70,009.55 EUR									
▲ cbxUSD USD Camp BX	124.99 48 min ago		123.54 1.45 1.16%	25,155.41 3,107,595.35 USD	114.55 122 (24h)	129.98 125 (24h)	123.56	124.99	123.78 1.21 0.98%	1,097.62 135,867.51 USD									
▲ bitcurexPLN PLN bitcurex	380.7 just now		394.90 -14.20 -3.60%	17,918.72 7,076,091.24 PLN	363.09 365.01 (24h)	425 386.79 (24h)	380.7	383	377.63 3.07 0.81%	1,068.51 403,499.06 PLN									
▲ virtxCAD CAD Canadian Virtual Exchange	124.4999 1 hr, 51 min ago		122.67 1.83 1.49%	17,196.26 2,109,497.24 CAD	112.61 122.02 (24h)	200.2 125 (24h)	123.11	124.4	124.37 0.13 0.10%	593.47 73,812.31 CAD									
▲ virwoxSLL SLL VirWox	30337 0 min ago		29926.81 410.19 1.37%	16,150.65 483,337,420.20 SLL	27006 29449 (24h)	32799 30350 (24h)	29551	30337	30117.01 219.99 0.73%	558.46 16,819,147.98 SLL									
▼ btceRUR RUB btc-e	3888 30 min ago		3956.23 -68.23 -1.73%	12,472.32 49,343,425.40 RUB	3660.01 3841 (24h)	4201.4 3969 (24h)	3880.0006	3900	3903.71 -15.71 -0.40%	818.61 3,195,627.79 RUB									
▼ mtgoxAUD AUD Mt. Gox	143.9953 0 min ago		147.43 -3.44 -2.33%	10,800.10 1,592,273.89 AUD	130.58889 141.76106 (24h)	165.54 148.2832 (24h)	143.97531	143.9953	145.25 -1.26 -0.87%	254.47 36,962.42 AUD									
▼ mtgoxGBP GBP Mt. Gox	83.721 0 min ago		86.80 -3.08 -3.55%	10,000.83 1,000,083.00 GBP	77.15541 83.721 (24h)	95 84.75504 (24h)	83.721	84.75504	84.69 -0.97 -1.15%	267.92 26,792.00 GBP									

Information Stream Expanding



CoinDesk
The Voice of Digital Currency

CoinDesk Bitcoin Price Index ⓘ

\$124.46

£77.32

€91.93

Last updated: Sep 27, 2013 at 14:06 BST



NEWS

News & analysis

INFORMATION

What is bitcoin?

PRICE

Current bitcoin price



Who is right? Winklevosses for, Peter Thiel against bitcoin

Published on September 26, 2013 at 16:40 BST | By Daniel Cawrey | Analysis



It is quite evident that when **influential people talk about bitcoin**, the masses listen. Strike up a conversation about virtual currencies with an everyday person in your life, and they will recall information received from major news outlets. Mainstream media likes to put things in a neat package so they're easily understood.



A beginner's guide to bitcoin

Bitcoin is a digital currency that is being used increasingly all over the world. Find out more about how it works and how you can use it with our straightforward guides.



What is bitcoin?

It's a decentralized digital currency



Why use bitcoin?

It's fast, cheap to use, and secure

FOR IMMEDIATE RELEASE
March 18, 2013

MEDIA CONTACT: Steve Hudak
703-905-3770

FinCEN Issues Guidance on Virtual Currencies and Regulatory Responsibilities

Describes Circumstances Where "Money Transmitter" Definition Applies

VIENNA, Va. - To provide clarity and regulatory certainty for businesses and individuals engaged in an expanding field of financial activity, the Financial Crimes Enforcement Network (FinCEN) today issued the following guidance, [Application of FinCEN's Regulations to Persons Administering, Exchanging, or Using Virtual Currencies](#). The guidance is in response to questions raised by financial institutions, law enforcement, and regulators concerning the regulatory treatment of persons who use convertible virtual currencies or make a business of exchanging, accepting, and transmitting them. Convertible virtual currencies either have an equivalent value in real currency or act as a substitute for real currency.

FinCEN's rules define certain businesses or individuals as money services businesses (MSBs) depending on the nature of their financial activities. MSBs have [registration requirements](#) and a range of anti-money laundering, recordkeeping, and reporting [responsibilities](#) under FinCEN's regulations. The guidance considers the use of virtual currencies from the perspective of several categories within FinCEN's [definition of MSBs](#).

Financial institutions with questions about this guidance should contact FinCEN's Regulatory Helpline at (800) 949-2732.

###

***F**inCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.*

FinCEN Lowers the Boom

DEPARTMENT OF FINANCIAL INSTITUTIONS

TEVEIA R. BARNES, Commissioner of Financial Institutions
www.dfi.ca.gov



May 30, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BitCoin Foundation
71 Columbia Street, Suite 300
Seattle, WA 98104

Re: Warning Concerning Unlawful Conduct of Money Transmission Business

Dear Sir/Madam:

It has come to the attention of the Commissioner that BitCoin Foundation may be engaged in the business of money transmission without having obtained the license or proper authorization required by the California Financial Code.

YOU ARE HEREBY WARNED TO CEASE AND DESIST FROM CONDUCTING THE BUSINESS OF MONEY TRANSMISSION IN THIS STATE. FAILURE TO DO SO WILL RESULT IN APPROPRIATE ACTION BEING TAKEN.

Subject to certain exceptions, Financial Code § 2030 provides that no person shall engage in the business of money transmission in California without first obtaining a license from the Commissioner of Financial Institutions.

Any person who violates Financial Code § 2030 is subject to civil money penalties of \$1,000 for each violation or \$1,000 per day under Financial Code § 2151 and/or criminal prosecution under Financial Code § 2152. Conviction under Financial Code § 2152 could result in a fine and/or imprisonment. The California Attorney General may also institute suit pursuant to Business and Professions Code §§ 17200, 17205 and 17206, which can result in imposition of penalties of up to \$2,500 per violation of statutory law (that is, per day or per transaction).

In addition, under § 1960 of Title 18 of the U.S. Code, it is a felony violation of federal law to own, control, or conduct the business of money transmission which is operated without the appropriate State license, or which fails to register with the U.S. Treasury Department, or which transmits funds known to have been derived from criminal activity or intended to be used to promote or support unlawful activity. Violations of § 1960 are punishable by up to 5 years in prison and a \$250,000 fine. Additionally, this activity conducted without a license is a felony under California law, pursuant to Financial Code § 2152(b).

Bitcoin Gets in Trouble in Biggest State

Bitcoin Ruled to be Real Money

Judge rules bitcoin 'is a currency or form of money'

Published on August 7, 2013 at 13:41 BST | By Emily Spaven | News, Regulation

A judge in Texas has ruled that bitcoin is a currency or form of money, which gives the Securities and Exchange Commission (SEC) the go-ahead to sue Ponzi scheme operator Trendon Shavers.

A [document](#) signed by US magistrate judge Amos L. Mazzant details the SEC's case against Shavers, founder and operator of [Bitcoin Savings and Trust \(BTCST\)](#), formerly known as First Pirate Savings & Trust.

Shavers enticed people to invest in BTCST with the promise of 1% interest per day. Some investors suffered losses, totalling 263,104 BTC, which equates to around \$25 million, based on current exchange rates.

The SEC asserts Shavers defrauded investors and that the BTCST investments are classed as securities, as defined by Federal Securities Laws. Shavers, however, argues the BTCST investments are not securities because bitcoin is not money, nor is it part of anything regulated by the US authorities.

The court document states: "Bitcoin is a currency or form of money, and investors wishing to invest in BTCST provided an investment of money. ... For these reasons, the Court finds that it has subject matter jurisdiction over this matter.



Bubble Bursts--again

FBI shuts down online drug market Silk Road

CNNMoney

By Jose Pagliery @Jose_Pagliery October 2, 2013: 5:20 PM ET

f Recommend

1.2k

🐦 Tweet

540

in Share

20

👍 +1

26

Email
Print



Maverick Support Bails Out

Mt. Gox accused of violating US money transfer regulations

May 16, 2013 7:14 AM

The seizure of funds of the largest bitcoin exchange, Mt. Gox, was triggered by an alleged failure of the company to comply with U.S. financial regulations, according to a federal court document.

The U.S. District Court in Maryland on Tuesday ordered the [seizure of Mt. Gox's funds](#), which were in an account with Dwolla, a payments company that transferred money from U.S. citizens to Mt. Gox for buying and selling the virtual currency bitcoin.

Dwolla kills support for bitcoin

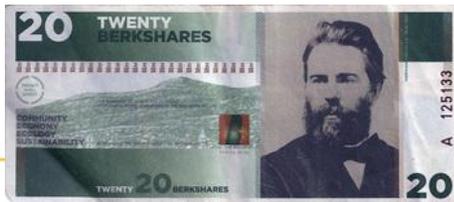
11 October 2013 | Finextra



Payments firm Dwolla is severing its ties with bitcoin exchanges and services, cutting off a major route for moving funds between the virtual currency and its fiat cousins.

3. How Did We Get Here?

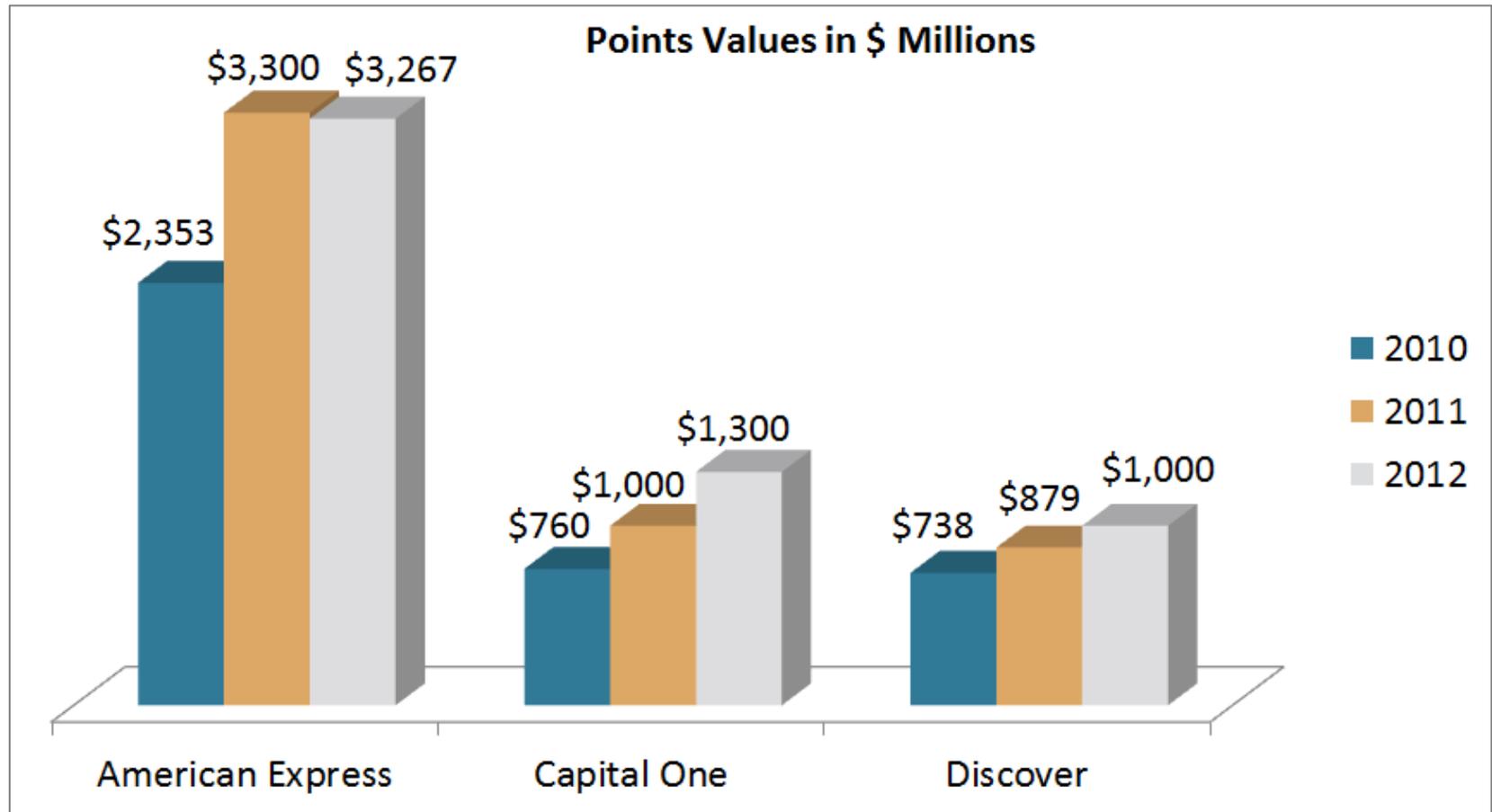
- **S&H Green Stamps got us started**
- **Airline miles turbo-charged the market**
- **Financial services firms turn miles into rewards currency**
- **First-generation digital currencies came and went in the early 2000s (leaving a sour taste)**



In the Beginning: S&H Green Stamps

The screenshot shows the S&H Greenpoints website homepage. At the top left is the S&H Greenpoints logo. At the top right are navigation links: About S&H, Help Center, and Site Map. Below the logo is a green navigation bar with links for Home, REDEEM Your Reward, and MYgreenpoints Account. Underneath the navigation bar, there are links for 'Already a member?' (Sign In) and 'First time to our site?' (Start Here). The main content area is divided into three columns. The first column contains three steps: 1. ENROLL NOW! (Start earning greenpoints today by filling out our membership form. Sign Up Now!), 2. EARN (Shop & earn greenpoints at over 100 online merchants. Start Shopping!), and 3. REDEEM (Get rewards from our online catalog. Get Rewards!). The second column contains three boxes: 'Already a member?' (Sign in), 'First time to our website?' (Start Here), and 'Are you a grocery member?' (Start Here). The third column contains three boxes with logos for Buy.com, SHOES.COM, drugstore, THE HOME DEPOT, macy's, and amazon.com. At the bottom center, there is a green button with a stamp icon that says 'Got S&H Green Stamps? Click here for redemption instructions.'

Loyalty Points: An Old Standby



Digital Currencies: Come and Gone



CyberCash



DIGICASH™

eGold: Tried to be Global Money...

e-Gold

e-gold is an electronic currency issued by e-Gold Ltd., a Nevis corporation, 100% backed at all times by gold bullion in allocated storage.



Other e-metals are also issued: e-silver is 100% backed by e-silver, e-platinum is 100% backed by platinum, and e-palladium is 100% backed by palladium. However, the most popular e-metal (by an overwhelming margin) is e-gold.

e-Gold is integrated into an account based payment system that empowers people to use gold as money. Specifically, the e-gold payment system enables people to spend specified weights of gold to other e-gold accounts. Only the ownership changes - the gold in the treasury grade vault stays put.

In other words, e-Gold is an international payment system, which allows it's customers to make fast, inexpensive and reliable transactions over the Internet.

The World Wide Web needs worldwide money. e-Gold was created in response to this need.

App Support

Having problems with our apps?
Click here to [contact our support!](#)

Qpay

PlaySpan

Interkassa

PrivatBank

← e-Gold

PrePaidATM

Neteller

Moneybookers

WebMoney

ECO Card

Click2Pay

Clickandbuy

Instadebit

EZIpay

SafeCharge

...Until it Wasn't



[Home](#) | [Login](#) | [Privacy](#) | [Legal](#) | [FAQ](#) | [Contact](#)

e-gold blog

ABOUT

[About the e-gold blog](#)

LINKS

[e-gold](#)

[Subscribe to this blog's feed](#)

[System Announcements RSS Feed](#)

Value Access Plan

June 05, 2013

e-gold Value Access Plan – Claims Interface Now Available

We are pleased to report that the VAP Claims Process was launched June 3, 2013 ("VAP Launch") [as scheduled](#). Starting from VAP Launch, Users have a 120 day window in which to submit a VAP Claim ending on October 1, 2013.

Upon completion of [VAP CIP](#), a User may submit and finalize a VAP Claim as follows:

1. Submit VAP Claim

User may submit a VAP Claim from the e-gold website by logging into their account, clicking the VAP Claim icon, and following the directions.

2. Finalize VAP Claim

Upon VAP Claim submission, e-gold will provide User with login credentials needed to finalize their VAP Claim with Rust Consulting Inc, the [E-Gold Claims Process Administrator](#) ("Rust"). If VAP Claim is for [Linked Accounts](#), separate login credentials will be provided for each account. User must login to Rust website with each set of login credentials to finalize their VAP Claim for each Linked Account separately.

Prior to finalizing a VAP Claim on the Rust website, User should read Rust's [Claim Filing Information](#) to collect all information required to finalize their VAP Claim in advance. For example, Rust specifies that the payment method used to pay approved VAP Claims is determined by a) the country in which payee bank account is located and b) the amount claimed. Rust provides downloadable forms for User to collect required banking information in advance of finalizing their VAP Claim. If User does not have all required information when they begin the process of finalizing their VAP Claim, User may cancel and start again once they've gathered all required information, but their previously entered work

ARCHIVES

[June 2013](#)

[May 2013](#)

[April 2013](#)

[January 2013](#)

[July 2012](#)

[March 2012](#)

[August 2011](#)

[June 2011](#)

[May 2011](#)

[December 2010](#)

CATEGORIES

[Audio files](#)

[e-gold News](#)

[e-gold User Alerts](#)

[Posts by Douglas Jackson](#)

[Press Releases](#)

[Scheduled Agio Collection](#)

[Security Alerts](#)

[System Announcements](#)

[Value Access Plan](#)

Even the Bad Guys Like Digital Money



eDINAR

DINAR & DIRHAM

E-SYSTEM

ABOUT

CONTACT

[How it works](#) | [Advantages](#) | [CAP](#) | [Account functions](#) | [Referral Program](#) | [Fees](#) | [Exchange Rates](#) |



You are here: www.e-dinar.com >> Content

EDINAR

What is e-dinar?

e-dinar is the name of an internet based electronic payment and exchange system that facilitates online transactions 100% backed by physical gold and silver.

The physical gold and silver bullion backing e-dinar and e-dirham units are always equivalent or larger than all electronic e-dinar and e-dirham in circulation. The physical gold and silver bullion is held securely in internationally renowned bullion repositories.

Account holders always have the option to exchange their gold or silver into any major national currency or redeem them and take physical possession of an equivalent amount of gold dinar and

Gold- and silver price (1 day)

Gold (\$) Silver (\$) Gold (€) Silver (€)

Gold USD1335.80 ▲11.70



Market Closed 02
Sep 27, 2013 at 17:15 NY Time

Local Currencies Arise

Community Currency	Launch	Exchange Rate	Issuance	Merchant Participation
Bay Bucks Traverse City, MI	2006	\$1 per 1 Bay Buck	38,586 (start of 2012)	About 100 local merchants
BerkShares Southern Berkshires Region of Massachusetts	2006	\$95 per 100 BerkShares	More than 2.7 million	More than 400 businesses
Cascadia Hour Exchange (CHE) Portland, OR	1993	Varies (exchanged for services). New members pay \$50 for 5 CHEs.	n.a.	Hundreds of participants
Equal Dollars Philadelphia, PA	1996	n.a. (earned through community service)	n.a.	More than 100 local businesses
Ithaca Hours Ithaca, NY	1991	\$10 per 1 Ithaca Hour	More than 100	More than 900 participants
Life Dollars Bellingham and Seattle, WA	2004	Fluctuates based on local hourly living wage; 1 Life Dollar = 1 hour of time	Exchanges have totaled more than \$1.1 million	n.a.
Local Trade Partners Fayetteville, AK	2009	Varies (exchanged for services)	n.a.	600 businesses
Potomacs Washington, DC	2009	95¢ per 1 Potomac	About 3,000	More than 10 businesses

Berkshires Berkshares Buy Local



From virtual currencies to another form of alternative coin, we bring you the [BerkShares](#), a type of coin that can only be used in the Berkshires, a region in western Massachusetts (USA). According to the BerkShares website, more than 400 businesses located in the Berkshires area accept the currency, while 13 banks serve as exchange stations.

Merchant-Specific: Amazon Coins



Although it's a company-specific currency, Amazon Coins, were created after the boom of Bitcoin. They can be exchanged for some items sold on Amazon like Kindle Fire apps or games. Since it's a new thing, you can learn more about it [here](#).

Amazon: Counters Digital Venues

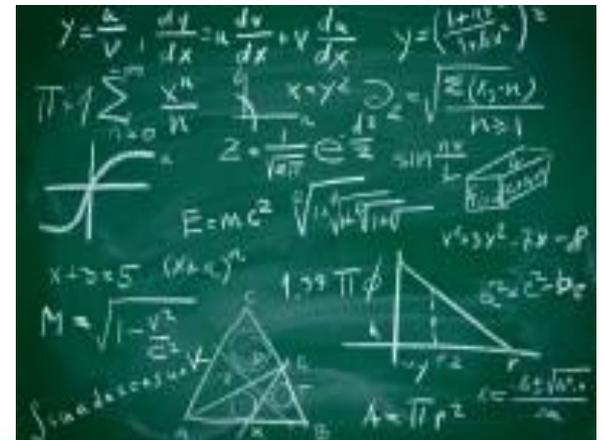
- **Launched 5/2013, this currency enables Kindle Fire tablet owners to buy games, apps and in-app items**
- **Prepaid type of currency could be extended to mainstream purchases**
- **Counters trend away from virtual currency by digital venues (e.g., Facebook credits retired last month, and Microsoft ending xbox video game points)**
- **New users got \$5 in coins (each coin is worth a penny); purchase of additional coins can generate a 10% discount**
- **Amazon has patented a virtual currency for mobile transacting...**

4. What's Involved? Bitcoin: The Digital Currency Exemplar



Bitcoin: It's Just Math

- Created by a mysterious programmer known as Satoshi Nakamoto
- Only 21 million bitcoins can ever be created by miners
- Divisible down to one hundred millionth of a bitcoin (called a "Satoshi")
- The mathematical formula is open to inspection
- The software is open source
- Mining requires special computer power (and even special chips)
- It's catching on now because it's traded, and miners willing to work for others



Key Features of Bitcoin: It's Digital

1. It's **decentralized**. The network isn't controlled by one central authority. Every machine that mines bitcoins and processes transactions makes up a part of the network, and the machines work together. That means that, in theory, one central authority can't tinker with monetary policy and cause a meltdown – or simply decide to take people's bitcoins away from them, as the Central European Bank decided to do in Cyprus in early 2013. And if some part of the network goes offline for some reason, the money keeps on flowing.
2. It's **easy to set up**. Conventional banks make you jump through hoops simply to open a bank account. Setting up merchant accounts for payment is another Kafkaesque task, beset by bureaucracy. You can set up a bitcoin address in seconds, no questions asked, and no fees.
3. It's **anonymous**. Well, kind of. Users can hold multiple bitcoin addresses, and they aren't linked to names, addresses, or other personally identifying information.
4. It's completely **transparent**. Bitcoin stores details of every single transaction that ever happened in the network in a huge version of a general ledger, called the block chain. The block chain tells all. If you have a publicly used bitcoin address, anyone can tell how many bitcoins are stored at that address. They just don't know that it's yours.
5. **Transaction fees are miniscule**. Your bank may charge you a £10 fee for international transfers. Bitcoin doesn't.
6. It's **fast**. You can send money anywhere, and it will arrive minutes later, after the bitcoin network processes the payment.
7. It's **non-repudiable**. When your bitcoins are sent, there's no getting them back unless the recipient sends them to you—they're spent.

Ideal for Gambling (and Adult Fare)

- **Payment is fast**
- **Bets can be small, with immediate returns or losses**
- **Bets can be verified (by tracking payouts in the block chain or recording cash inputs to random numbers**
- **SatoshiDice is the most popular online gambling site: users mail money to one of a set of addresses, and get a payout based on probability of winning**
- **PeerBet, Just-Dice, BetCoin Dice and Satoshi Circle are other betting sites of note**

Merchant Adoption Still Small

- Bitcoinshop.us offers products from air-conditioners through to watches, all priced in bitcoin, for those in U.S. wanting to make a purchase
- Coindays offers electronic products such as laptops, cameras, and TVs for sale in bitcoin, and ships internationally
- All Things Luxury offers a range of jewelry items, and Keystone Pet Place will handle your pet needs with a variety of products
- For more examples of physical merchants, check out Spendbitcoins.com
- Bitcoin.Travel is a respected site, offering a mappable list of accommodations, apartments, attractions, bars, and beauty salons around the world. Coinmap is another, and UseBitCoins also offers a list, although this site extends further, covering services and other goods, too
- Notable taverns, such as the Pembury Tavern in London, and the Old Fitzroy pub in Sydney, Australia, have become beacon sites for bitcoin
- Foodler, a site enabling you to browse and order delivery and take-out meals from restaurants across the globe, has 13,000 restaurants in 3,150 cities on its books. You can use bitcoins to pay for 'Foodler credits', which can be used at any of the restaurants
- Bitcoin-Kiez in Berlin is persuading local establishments in small numbers along the Graefekiez there to support bitcoin.

Bitcoin Marketplaces Emerging

- [Bitmit](#), an eBay-style site that features auctionable items, along with the now-familiar 'buy it now' option seen on eBay.
- [Coingig](#) enables people to set up their own bitcoin-based stores online, which are often specialized. It features stores with specialties ranging from survivalist gear, to sunglasses.
- [Bitcoin Market](#) and [Cryptothrift](#) are two category-driven sites, albeit sparsely populated.
- [Flibbr](#) was in pre-testing at the time of writing, but will allow you to search listed products by name.
- Reddit offers a subthread called [Bitmarket](#), that allows people to list their goods as Reddit posts.
- Specialist site [BitPremier](#) will enable you to sell your high-end luxury items with bitcoins, using an escrow service. Items listed at the time of writing included a 2012 motorhome, a 2009 Porsche, and a 3.5 story office building in Bali.

Silk Road: Popular Bitcoin Site for Purchasing Contraband

The screenshot shows the Silk Road website interface. At the top, there is a navigation bar with the Silk Road logo (a green camel), the text "Silk Road anonymous market", and user information: "messages 0 | orders 0 | account B0.00". On the right, it says "a few words from the Dread Pirate Roberts" and "Hi, [username] logout" with a shopping cart icon. Below the navigation bar is a search bar with a "Go" button. A "Shop by Category" sidebar lists various items for sale, including Drugs (3,471), Apparel (90), Art (8), Books (752), Collectibles (15), Computer equipment (41), Custom Orders (23), Digital goods (363), Drug paraphernalia (167), Electronics (36), Erotica (311), Fireworks (2), Food (4), Forgeries (61), Hardware (2), Herbs & Supplements (9), Home & Garden (5), Jewelry (62), Lab Supplies (18), Lotteries & games (29), Medical (22), Money (105), Musical instruments (2), Packaging (28), Services (43), Weight loss (16), Writing (3), and Yubikeys (2). The main content area displays a list of items for sale, each with a thumbnail image, a title, seller information, shipping origin, and price in Bitcoin (B). The items listed are: "Premium Quality Cocaine (1 gram)" for B10.45, "QP OF ANY STRAIN LISTED" for B82.91, "10x 200ug Doublesided Blotter" for B11.97, "Cocaine good quality 1.0g" for B3.96, and "1oz - 'Swazi Red' (Rooibaard) African Sativa" for B11.77. Each item has an "add to cart" button.

messages 0 | orders 0 | account B0.00

a few words from the Dread Pirate Roberts

Hi, [username] logout

Shop by Category

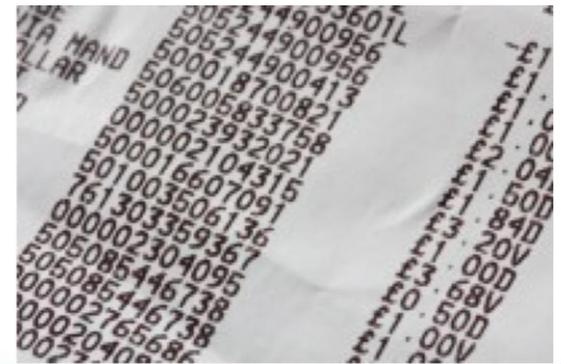
- Drugs 3,471
 - Cannabis 719
 - Dissociatives 54
 - Ecstasy 244
 - Opioids 349
 - Other 143
 - Precursors 13
 - Prescription 795
 - Psychedelics 493
 - Stimulants 357
- Apparel 90
- Art 8
- Books 752
- Collectibles 15
- Computer equipment 41
- Custom Orders 23
- Digital goods 363
- Drug paraphernalia 167
- Electronics 36
- Erotica 311
- Fireworks 2
- Food 4
- Forgeries 61
- Hardware 2
- Herbs & Supplements 9
- Home & Garden 5
- Jewelry 62
- Lab Supplies 18
- Lotteries & games 29
- Medical 22
- Money 105
- Musical instruments 2
- Packaging 28
- Services 43
- Weight loss 16
- Writing 3
- Yubikeys 2

sort by: bestselling Domestic only update

	Premium Quality Cocaine (1 gram) seller: sesampino(97) ships from: Germany	B10.45 add to cart
	QP OF ANY STRAIN LISTED seller: HumboldtsFinest(100) ships from: United States of America	B82.91 add to cart
	10x 200ug Doublesided Blotter seller: SuperTrips(98) ships from: Netherlands	B11.97 add to cart
	Cocaine good quality 1.0g seller: dnrarco(95) ships from: Germany	B3.96 add to cart
	1oz - "Swazi Red" (Rooibaard) African Sativa seller: Swazibudbud888(99) ships from: South Africa	B11.77 add to cart

Transaction Fees? It Depends

- **Some bitcoin wallets enable manual settings for fees**
- **Most miners process transactions for free now**
- **But any portion of a transaction that isn't borne by a recipient or returned as change can become a reward for the miner**
- **Coming version 0.9 will make payments more user-friendly**
- **Payment processors like BitPay offer advanced features like receipts and order confirmations**



5. Prospects Going Forward?

- **Exchanges getting funded, but how many will survive?**
- **Mainstream funding and conversion will help**
- **Self-regulation is emerging**
- **New infrastructure providers are lending stability**

Beware the Middleman: Empirical Analysis of Bitcoin-Exchange Risk

Exchange	Origin	Dates Active	Daily vol.	Closed?	Breached?	Repaid?	AML Risk	Risk Ratio
BitcoinMarket	US	4/10 – 6/11	2454	yes	yes	–	34.3	1.12
Bitomat	PL	4/11 – 8/11	758	yes	yes	yes	21.7	1.28
FreshBTC	PL	8/11 – 9/11	3	yes	no	–	21.7	2.01
Bitcoin7	US/BG	6/11 – 10/11	528	yes	yes	no	33.3	1.59
ExchangeBitCoins.com	US	6/11 – 10/11	551	yes	no	–	34.3	0.65
Bitchange.pl	PL	8/11 – 10/11	380	yes	no	–	21.7	0.61
Brasil Bitcoin Market	BR	9/11 – 11/11	0	yes	no	–	24.3	3.85
Aqoin	ES	9/11 – 11/11	11	yes	no	–	30.7	1.57
Global Bitcoin Exchange	?	9/11 – 1/12	14	yes	no	–	27.9	1.45
Bitcoin2Cash	US	4/11 - 1/12	18	yes	no	–	34.3	1.47
TradeHill	US	6/11 - 2/12	5082	yes	yes	yes	34.3	0.94
World Bitcoin Exchange	AU	8/11 – 2/12	220	yes	yes	no	25.7	1.80
Ruxum	US	6/11 – 4/12	37	yes	no	yes	34.3	1.24
btctree	US/CN	5/12 – 7/12	75	yes	no	yes	29.2	0.98
btcex.com	RU	9/10 – 7/12	528	yes	no	no	27.7	0.61
IMCEX.com	SC	7/11 – 10/12	2	yes	no	–	11.9	1.88
Crypto X Change	AU	11/11 – 11/12	874	yes	no	–	25.7	0.53
Bitmarket.eu	PL	4/11 – 12/12	33	yes	no	no	21.7	1.09
bitNZ	NZ	9/11 – pres.	27	no	no	–	21.3	1.14
ICBIT Stock Exchange	SE	3/12 – pres.	3	no	no	–	27.0	2.15
WeExchange	US/AU	10/11 – pres.	2	no	no	–	30.0	2.23
Vircurex	US?	12/11 – pres.	6	no	yes	–	27.9	4.41
btc-e.com	BG	8/11 – pres.	2604	no	yes	yes	32.3	1.08
Mercado Bitcoin	BR	7/11 – pres.	67	no	no	–	24.3	0.95
Canadian Virtual Exchange	CA	6/11 – pres.	832	no	no	–	25.0	0.53
btchina.com	CN	6/11 – pres.	473	no	no	–	24.0	0.60
bitcoin-24.com	DE	5/12 – pres.	924	no	no	–	26.0	0.52
VirWox	DE	4/11 – pres.	1668	no	no	–	26.0	0.45
Bitcoin.de	DE	8/11 – pres.	1204	no	no	–	26.0	0.49
Bitcoin Central	FR	1/11 – pres.	118	no	no	–	31.7	0.91
Mt. Gox	JP	7/10 – pres.	43230	no	yes	yes	22.7	0.49
Bitcurex	PL	7/12 – pres.	157	no	no	–	21.7	0.76
Kapiton	SE	4/12 – pres.	160	no	no	–	27.0	0.80
bitstamp	SL	9/11 – pres.	1274	no	no	–	35.3	0.54
InterSango	UK	7/11 – pres.	2741	no	no	–	35.3	0.45
Bitfloor	US	5/12 – pres.	816	no	yes	no	34.3	1.45
Camp BX	US	7/11 – pres.	622	no	no	–	34.3	0.63
The Rock Trading Company	US	6/11 – pres.	52	no	no	–	34.3	1.14
bitme	US	7/12 – pres.	77	no	no	–	34.3	1.04
FYB-SG	SG	1/13 – pres.	3	no	no	–	33.7	2.23

Bitcoin Exchanges: Risky

Source: "Beware the Middleman: Empirical Analysis of Bitcoin-Exchange Risk, by Tyler Moore and Nicolas Christin

Survival Probabilities Wane Over Time

Beware the Middleman: Empirical Analysis of Bitcoin-Exchange Risk

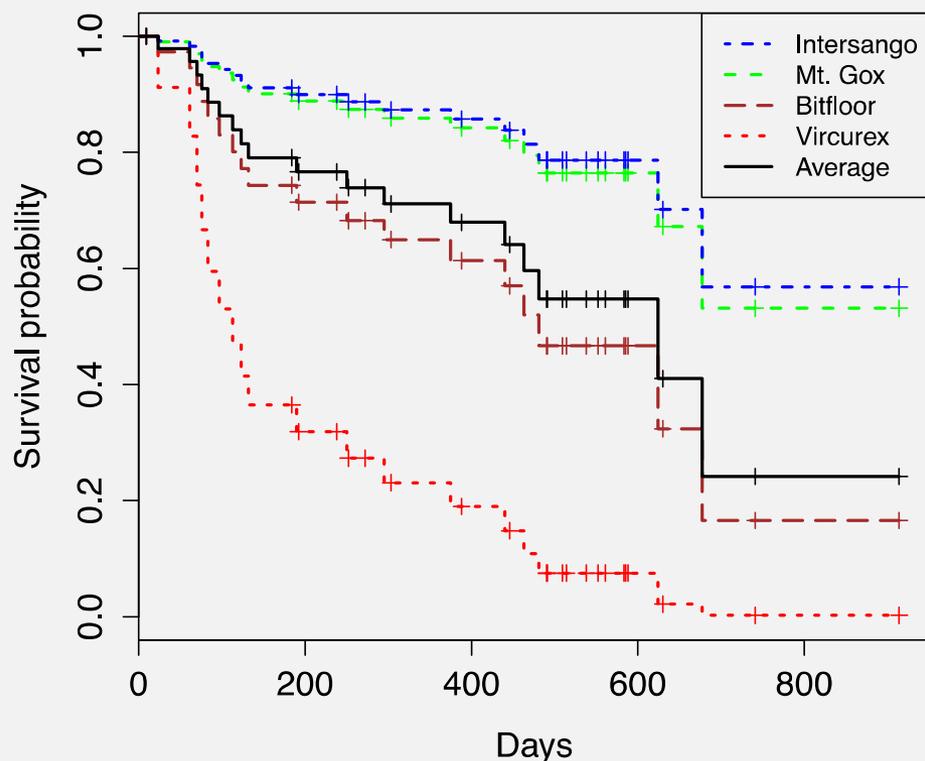


Fig. 1. Empirically-derived survival probability function for Bitcoin exchanges.

Source: "Beware the Middleman: Empirical Analysis of Bitcoin-Exchange Risk, by Tyler Moore and Nicolas Christin"

Mainstream Funding Could Help

In May 2013, BitPay announced a partnership with merchant gift card company Gyft, whose cards are offered by more than 50,000 U.S. retail locations. Under the Gyft/BitPay arrangement, consumers may spend bitcoins using the Android mobile version of Gyft's merchant gift cards. In so doing, consumers may use bitcoins to buy from Target.com or Amazon.com, thus bringing the currency closer to mainstream use, though with a proprietary gift card in the middle.

Self-Regulation Emerges

The Bitcoin Channel

Your One Stop Shop for ALL Bitcoin News!



Posts Comments

The Bitcoin Channel

Crypto-Currencies Will Destroy The Banksters' Monopoly On Money

Donate Via Paypal

Donate



Donate BTC

1HnZuhqHRQydeidYwqgZaXYB1Vs2R2cBb5

Donate LTC

LdSTzyS9hd8XKX7waBN5nYYTx6s4aEQV1g

Donate NMC

Myq3GXpZ6p9wA1oT9eZyoT2uo1nLu6x5

Donate PPC

PL44tztocGuG8zdYUEvFWBgWBFQzNoTI

Donate TRC

115NbXVP9SdPnZH6G7Vmpf8W7MjYJVUvd9

Donate DVC

15yr3Eib3Zsczrm4ZETmUGcvmcTH82nbh

Donate NVC

4T399NvaGLG1eNLLe2EoULCeBGLYbVF8UJ

Donate IXC

xaNDewBEvsncyX288nYeIPUSERVNaUXwC

Donate CNC

CQhmmsTEzEogVWwMoMNBtrcNqb5TAGCU2

Donate FRC

1K7avKfQ6mEMbBH7wpt49jLubJCoTCQc

Donate BQC

bFPgnMW6QjnR59PMmFDGD62ZostPUw6PLW

Donate DGC

DD87KLEcd437eB9Yx9MrcACt8GTugNYcoq

Donate YAC

XzKZbACmsGCCmaV7aqq6RgD7vms8JdSVam

DATA: Digital Asset Transfer Authority

Send & Share Large Files with Only a Web Browser

Take A Free Trial

Highly Secure & Easy to Use

FileGenius

Large File Transfer

ShareFile.com/Large-File-Transfer

Free Trial: Large File Transfer. Voted Best for Business- Try Now!

bitcoin-square.com / By Stephen Reed / August 1, 2013

DATA

DIGITAL ASSET TRANSFER AUTHORITY

On July 30th, 2013, pioneers of the digital cryptography-based payments industry, including such names as Chris Larsen, CEO of OpenCoin; Tony Gallippi, CEO of BitPay; and Nejc Kodrič CEO of BitStamp; jointly established the Digital Asset Transfer Authority, or DATA.

DATA aims to become a formal self-regulatory organization (SRO) for the "emerging payments and virtual currency" industry. The official announcement on info.dataauthority.org states that DATA will "develop best practice anti-money laundering, ... business and technical standards for the prudent and responsible conduct of payment transactions," continuing that the organization will work with authorities and industry stakeholders to "identify and address emergent public policy concerns and risks affecting [the virtual currency] industry"

READ MORE

August 4th, 2013 | Tags: assets, chris larsen, DATA, Nejc Kodrič, SRO, TONY GALLIPPI, virtual currency | Category: Uncategorized

0 comments

Leave a message...

Best Community Share

No one has commented yet.

Random Quote

"At any rate, the spook spoke the truth: cryptology represents the future of privacy, and more. By implication cryptology also represents the future of money, and the future of banking and finance. (By "money" I mean the medium of exchange, the institutional mechanisms for making transactions, whether by cash, check, debit card or other electronic transfer.) Given the choice between intersecting with a monetary system that leaves a detailed electronic trail of all one's financial activities, and a parallel system that ensures anonymity and privacy, people will opt for the latter. Moreover, they will demand the latter, because the current monetary system is being turned into the principal instrument of surveillance and control by tyrannical elements in Western governments." - J. Orin Grabbe

Download Normal

Download Premium

Infrastructure Companies Offer Stability



BitPay has now helped over 10,000 merchants across the world accept payments in bitcoin.

The company, which was founded in 2011, only approved its 1,000th company this time last year, so it has experienced a huge surge in business over the past 12 months.

Of the merchants that use BitPay, some 50% are located in North America and 25% are in Europe. Over 90% of the merchants using the payment service provider are ecommerce businesses, and BitPay also counts blogging platform WordPress among its clients.

Tony Gallippi, co-founder and CEO of [BitPay](#), said: "Our largest merchants are selling high-ticket items such as computers, electronics, jewellery, precious metals and bitcoin mining equipment."

He went on to say these businesses are more likely to get hit by criminals using stolen credit cards, so they are attracted by the prospect of accepting bitcoins as doing so reduces their risk.

Now on Quickbooks!

Coinforest: Ecosystem Market-makers

coinforest

Home About Blog

Your dollars are no good here.

Our mission is to grow the number of people using bitcoin, and merchants accepting it.



For Individuals

Enjoy the group buying power of the bitcoin community.



For Business

We accept bitcoin and pay you in dollars.

Interested in selling to our community of bitcoiners?



For Everyone

Build the bitcoin economy by creating short term deals available only in BTC.

Get in touch

Awesome Bitcoin deals?! Be the first to know!

Awesome Bitcoin deals?! Be the first to know!

6. Will Legal Issues be Resolved?

- **FinCEN ruling applies Money Transmitter rules (e.g., AML, KYC)**
- **Other regulators jumping in (CFTC, SEC,...)**
- **Taxation issues loom (always a killer)**
- **Does the rush of legal scrutiny foretell the move to mainstream?**

FINCEN Ruling Invokes Money Transmitter Rules

Individuals who merely exchange bitcoin for goods and services (and vice versa) are merely “users” of a virtual currency, not money transmitters.

Businesses that accept bitcoin from one person and send it to another are money transmitters, and are not exempt from money transmission regulation simply because they do not deal in fiat currency.

Individual bitcoin miners who convert their “created” coins to fiat are money transmitters, even though they never act “as a business,” nor accept value from one person to transfer it to a third person.

Any business that exchanges fiat currency for virtual currency – or even one virtual currency for another – is a money transmitter.

MTBs must enforce Anti-Money Laundering (AML) and Know Your Client (KYC) measures, identifying the people that they’re doing business with.

Other Regulators Jump In

CFTC

The US Commodity Futures Trading Commission ([CFTC](#)), which looks after financial derivatives, hasn't announced regulation yet, but has made it clear that it [could if it wanted to](#).

Various governments are considering whether to set rules for digital currencies such as bitcoin. In May 2013, Bart Chilton, one of five commissioners at the Commodity Futures Trading Commission, announced he was considering whether bitcoin should be subject to the agency's rules. He had asked commission staff to explore whether consumers needed more protections given the bitcoin's instability.

SEC

The US Securities and Exchange Commission (SEC) hasn't issued solid regulations on virtual currencies, but its Office of Investor Education and Advocacy [published an investor alert](#) to warn people about fraudulent investment schemes involving bitcoin. In particular, it warned of Ponzi schemes, after [charging](#) Texas resident Trendon T Shavers, aka 'pirateat40', founder and operator of Bitcoin Savings and Trust, with allegedly raising 700,000 bitcoins by promising investors up to 7% weekly interest.

Taxation Issues Loom

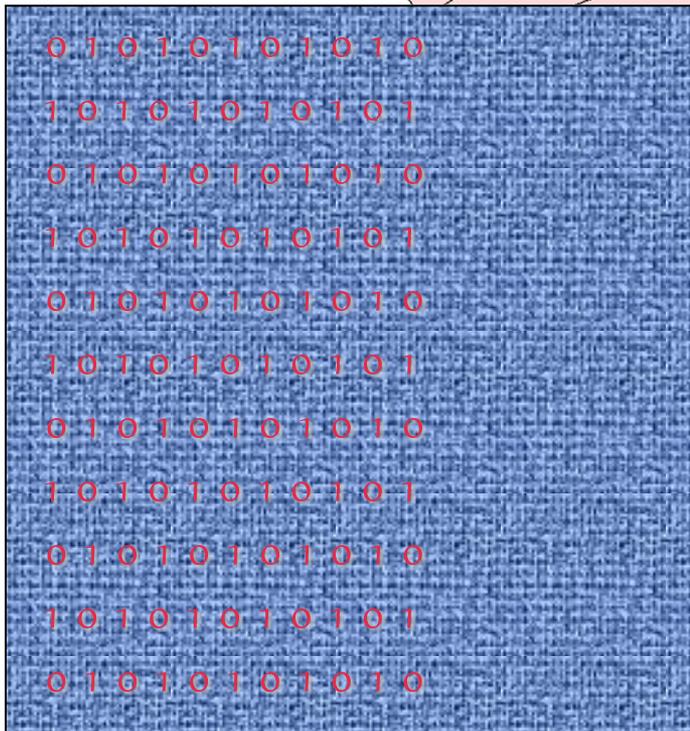
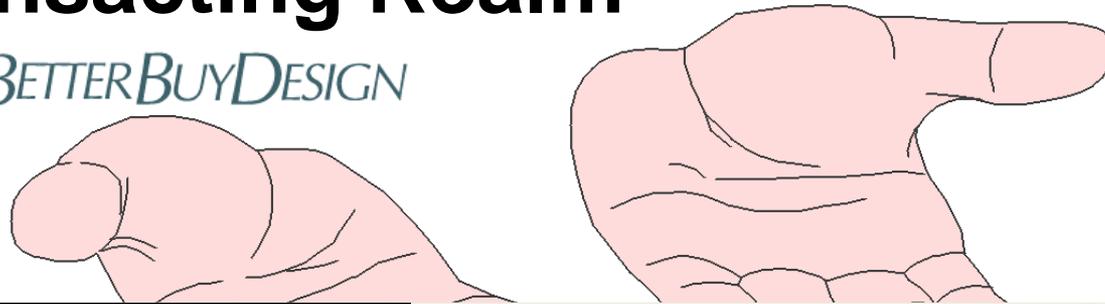
- In 2009, the US Internal Revenue Service (IRS) posted information about the [tax applications of using virtual currencies inside virtual economies](#), arguing that taxpayers can receive income from a virtual economy and could be required to report it as taxable income. However, it based this largely on guidance related to bartering, gambling, business, and hobby income.
- However, the IRS has not yet posted guidance on ‘open flow’ virtual currencies that can be used outside of virtual economies. In a 27-page report [[PDF](#)] published in May 2013, the US General Accounting Office (GAO) [called for more guidance](#) from the IRS on this issue.
- The IRS responded that its guidance could now be taken to cover virtual currencies as used outside of virtual economies. It added that it was also looking at the potential tax compliance risks posed by anonymous electronic payment systems, and was working with other federal agencies on the topic.
- In June 2013, the director of an IRS unit that investigates cyber threats also [told the Financial Times](#) that the use of “cyber-based currency and payment systems” to hide unreported income from the IRS is a threat that it was “vigorously responding to”. In short, don’t expect to evade taxes by earning bitcoins instead of fiat currency.



7. Applications for Treasury Departments?

- **International transfers?**
- **Intra-company transfers?**
- **Tax ‘protection’ events and activities?**
- **Avoidance of repatriation complications?**
- **Procurement in ‘sensitive’ countries?**
- **Foreign exchange arbitration/protection?**
- **Hedging (including against central banks)?**

BBD: Management Advising for the Digital Transacting Realm



Steve Mott
BetterBuyDesign

dba CSI Management Services, Inc.
1386 Long Ridge Road
Stamford, CT 06903
and 1214 Querida Drive
Colorado Springs, CO 80909
(o) 203.968.1967
(c) 203-536.0588
email: stevemottusa@yahoo.com
website: www.betterbuydesign.com

Appendix A: Bitcoin Details

- **Who created it?**
- **Did he/they cash in?**
- **How to acquire bitcoins**
- **How to store them**
- **Transactions tracked in a block**
- **Unique hash linking preserves validity**
- **‘Proof-of-work’ prevents unrestrained mining**

Who Created It?

- A software developer called [Satoshi Nakamoto](#) proposed bitcoin, which was an electronic payment system based on mathematical proof. The idea was to produce **a currency independent of any central authority, transferable electronically, more or less instantly, with very low transaction fees.**
- Instead, bitcoin is created digitally, by a community of people that anyone could join. Bitcoins are '[mined](#)', using computing power in a distributed network. This network also [processes transactions](#) made with bitcoins, effectively making bitcoin its own payment network.
- Satoshi [published a paper](#) via the Cryptography Mailing List in November 2008. He then released the first version of the bitcoin software client in 2009, and participated with others on the project via mailing lists, until he finally began to fade from the community toward the end of 2010.
- Does anyone know who he really was? No, but the detective techniques that people use when guessing are sometimes even more intriguing than the answer. The New Yorker's Joshua Davis [believed](#) that it was Michael Clear, a graduate cryptography student at Dublin's Trinity College. He arrived at this conclusion by analyzing 80,000 words of Nakamoto's online writings, and searching for linguistic clues. He also suspected Finnish economic sociologist and former games developer Vili Lehdonvirta. Both have denied

it.

Bottom Line: Did He/They Cash In?

An [analysis](#) by Sergio Lerner, an authority on bitcoin and cryptography, suggests that Satoshi mined many of the early blocks in the bitcoin network, and that his fortune in unspent coins is equivalent to at least \$100 million.

What is he doing now?

No one knows what Satoshi is up to, but one of the last emails he sent to a software developer, dated April 23 2011, said “I’ve moved on to other things. It’s in good hands with Gavin and everyone.”

How to Acquire Bitcoins

You can buy bitcoins from regulated [exchanges](#), or directly from other people selling them, either online, or on the street. You can pay for them in a variety of ways, ranging from cash to wire transfers, depending on who you are buying them from.

So, you're interested in bitcoins, but you don't want to invest in the [mining equipment](#) to generate your own (or perhaps the mining company only accepts payment in bitcoin, leaving you in a catch-22 situation). Clearly, you need to buy some bitcoins from someone else, but where do you start? Some shops in your city may display "Bitcoin Accepted Here" signs, but you don't see any of them offering to sell you any.

1. Via 'traditional' Bitcoin exchanges (Mt. Gox, Bitstamp)
2. Over-the-counter exchanges (LocalBitCoins.com, Bitcoinary)
3. Direct Payments (CoinBase)
4. In-person (e.g., MeetUp.com)
5. Gift cards (gyft, Starbucks UK ([IcedMocha](#)), and Amazon ([GiftcardBTC](#)). Some sites, such as [BitCC](#) and [Cryptcard](#), will exchange bitcoins for disposable prepaid debit cards.

How to Store Them

- **Bitcoin wallets store the private keys you need to access a bitcoin address to spend your funds**
- **The form of the wallets depend on the device**
- **Securing and backing up wallets are essential (they are like money: if lost, too bad)**
- **Paper storage is also available**

Transactions Tracked in a 'Block'

- All transactions in a set period are collected into a list, called a block
- Miners confirm those transactions, and write them into a general ledger
- The GL is a long list of blocks, known as a 'chain'; additions are communicated in updates to all participants
- Miners examine each new block of transactions, applying a mathematical formula
- The formula converts the information into a hash, which is stored at the end of the block chain



Unique Hash Linking Preserves Validity

- it is very easy to produce a hash from a large amount of data, but each hash is unique. If you change just one character in a bitcoin block, its hash will change completely.
- Miners don't just use the transactions in a block to generate a hash. Some other pieces of data are used too. One of these pieces of data is the hash of the last block stored in the block chain.
- Because each block's hash is produced using the hash of the block before it, it becomes a digital version of a wax seal. It confirms that this block – and every block after it – is legitimate, because if you tampered with it, everyone would know.
- If you tried to fake a transaction by changing a block that had already been stored in the block chain, this would change that block's hash. If someone checked the block's authenticity by running the hashing function on it, they'd find that the hash was different from the one already stored along with that block in the block chain. The block would be fake!
- Because each block's hash is used to help produce the hash of the next block in the chain, tampering with a block would also change the next block's hash. So tampering with a block would make the subsequent block's hash wrong, too. That would continue all the way down the chain, throwing everything out of whack.

‘Proof-of-Work’ Prevents Unrestrained Mining

- That seals off a block—something that miners compete with each other to do
- Each successful hash earns the miner a reward of 25 bitcoin, and is communicated to the participants
- To avoid a deluge of mining, the protocol requires ‘a proof of work’: the hash has to look a certain way, it must have the correct number of zeroes at the start
- The form and content of a hash is unpredictable



Appendix B: A Tour of Digital Currencies

- **Litecoin**
- **Namecoin**
- **Philadelphia Equal Dollars**
- **Ithaca (NY) Hours**
- **Linden Dollars**
- **Ven**
- **Feathercoin**
- **WebMoney**
- **Ripple**
- **PPcoin**
- **(many more—120 counted by BoozAllen's Scott Duecke)**

Litecoin: Bitcoin, but 4x More of Them

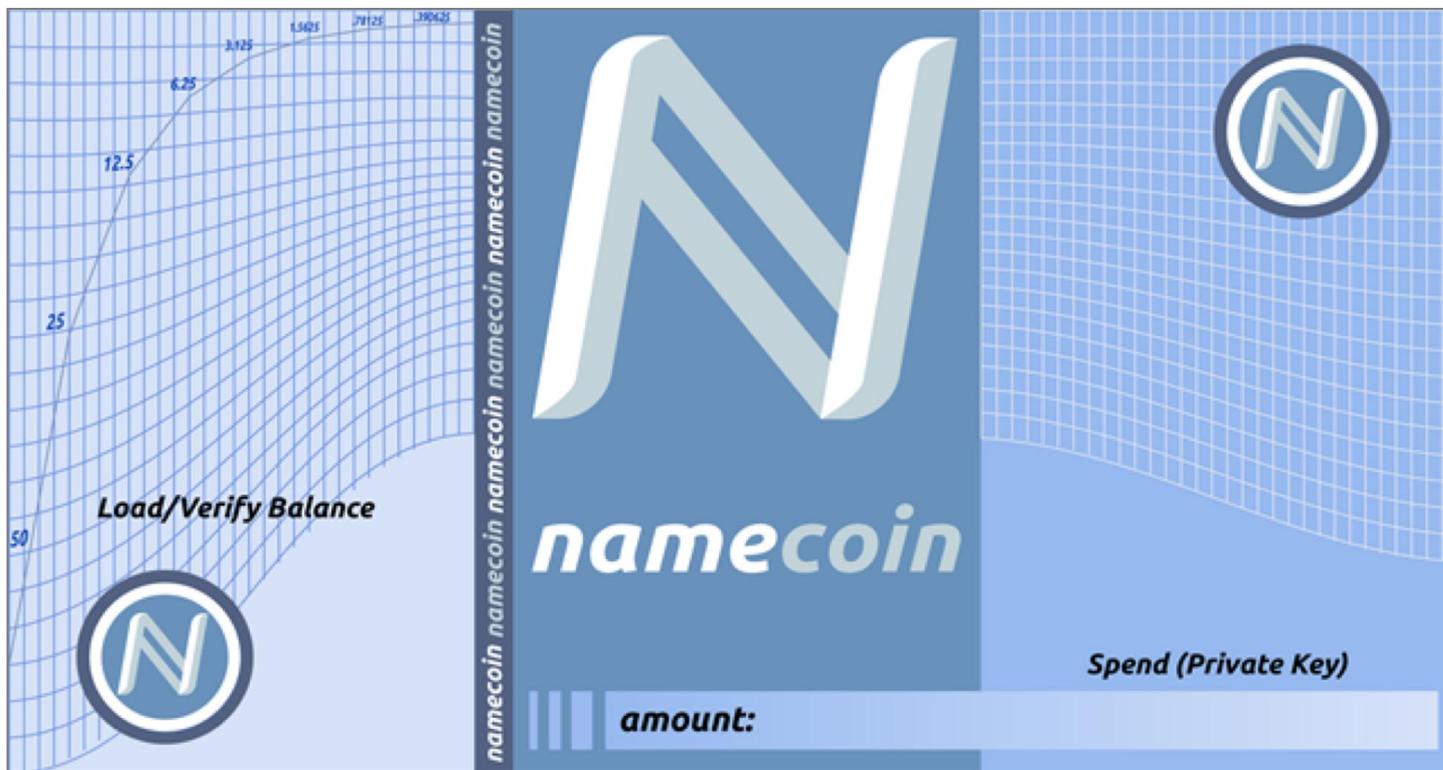
Litecoin



It's like Bitcoin's cousin. Litecoin is another form of virtual currency based on the Bitcoin model, but with a higher limit: there can only be 21 million Bitcoins, but Litecoins can reach the mark of 84 million Litecoins.

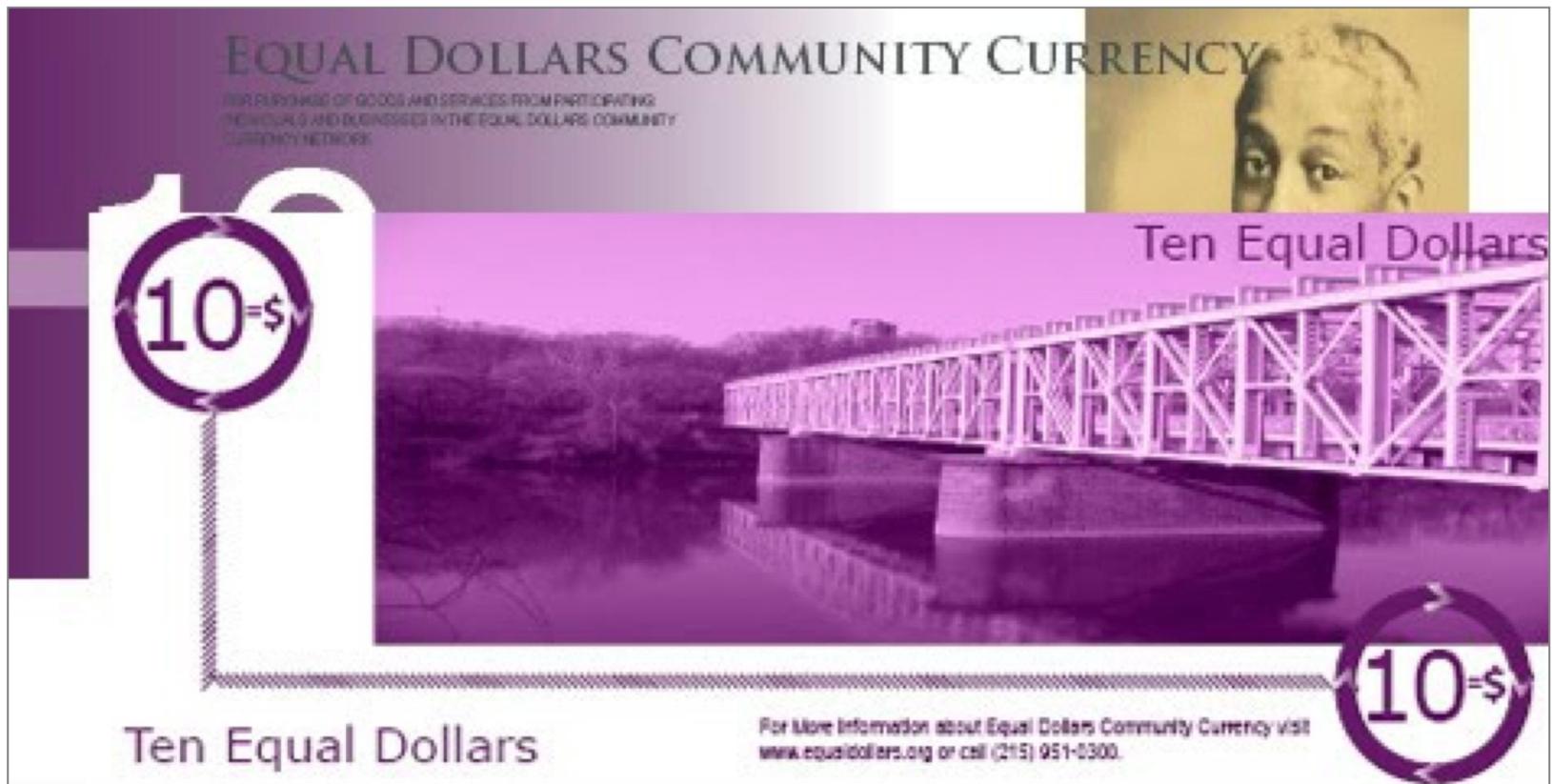
Aims to be easier to mine than Bitcoin, opens more often, and requires far less computer power. It is mined by a process that involves individuals using their computing power to roll digital dice. A certain rare combination of those dice will “unlock” a “block” of coins and those coins become the property of the miners.

Namecoin: Decentralized DNS



A Namecoin like system was first described in 2010 and although it was created to be a cryptocurrency, today it's mainly used as a decentralized DNS. Namecoin "is a cryptocurrency which also acts as an alternative, decentralized DNS, which would avoid domain name censorship by making a new top level domain outside of ICANN control, and in turn, make internet censorship much more difficult, as well as reduce downages", it's possible to read [here](#).

Philadelphia: Equal Dollars



Like the Berkshires region, Philadelphia also keeps promoting its local currency, called **Equal Dollars**. When you sign up to participate, you receive 50 Equal Dollars. Then, to earn more, you can offer your own possessions in an online marketplace, volunteer or refer friends.

Ithaca Hours: Hyperlocal Currency



“Ithaca Hours help to keep money local, building the Ithaca economy. It also builds community pride and connections. Over 900 participants publicly accept Ithaca Hours for goods and services”, it’s possible to read on the [official currency’s website](#). Ithaca Hours is another form of hyperlocal currency, only usable in Ithaca, New York.

Second Life: Linden Dollars

Linden Dollars

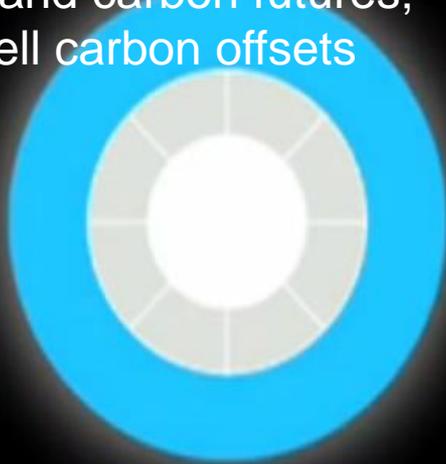


Linden Dollars can only be used in the online community **Second Life**. This alternative currency can be bought with traditional currency or earned in other ways like selling goods or offering services to other community users.

Ven: Bid to be Global Currency

Ven is a global digital currency for everyone

Debuted as a Facebook app in 2007;
acquired by Thomson Reuters in 2011; trading available on half-million terminals; price set based on basket of currencies, commodities and carbon futures;
Nike first to sell carbon offsets with Ven



HUB CULTURE

Feathercoin: 4X Bigger Than Litecoin



Investment vehicle with block reward of 200 coins, and a total limit of 336 million coins



FeatherCoin

Visit us at:

www.feathercoin.com

WebMoney: Russian, Very Private

WebMoney Transfer

Payment : Russian

Product or service:	uCoz order U101340556-101005151: PRODPACK_BASIC 1m
Amount:	3.09 WMZ
Merchant:	UcoZ Web Services
Invoice #	101005151

Select the Method of Payment:

WebMoney Keeper
I already have WebMoney Keeper and I will pay them

Select the type of keeper: **Keeper Classic**

- 1 Please, make sure that [WebMoney Keeper Classic](#) is running
- 2 Press button "Next"
- 3 In the pop-up window enter this code:

click, if picture is not visible

Other methods
Cash and cashless payment methods

Founded in 1998 as an in-system currency; Goods offered for sale, or “valuables of various legal nature” as they put it on their About page, are stored with “guarantors,” entities who agree to store valuable properties from bonds and transfer them when the WebMoney units are transferred. A benefit of WebMoney, and an aspect that makes it more of a payment system than an independent currency, is how it is tied to fiat currencies. One WMZ, for instance, is always going to be worth \$1.00.

Ripple (Open Coin): Going Open Source



Send bitcoins to bitcoin addresses! On July 2nd Ripple.com **announced the Bitcoin Bridge**. This means that anybody with a ripple wallet can now send bitcoins to any bitcoin wallet. Like with other types of transfers on Ripple you can originate the transaction in any currency, it will be exchanged into bitcoin at the best rate, and it will be delivered to the bitcoin address you indicated.

A screenshot of the Ripple web interface for sending money. The interface includes a "Recipient" field with a Bitcoin address, a "Recipient will receive" field with a value of 0.001 and a dropdown for "BTC", and a "You can send" section with four options: "0.073596 EUR", "0.001000 BTC", "0.086954 USD", and "6.3293 XRP". Each option has a green "Send" button. Red arrows and boxes with numbers 1 through 4 point to the recipient address, the amount field, the currency dropdown, and the "Send" buttons respectively. At the bottom, there is a breadcrumb trail: "Ripple - send - receive - Bitcoin Wallets >>>".

1. Enter a Bitcoin address.

2. Enter an amount.

3. Pick a currency.

4. Send.

— Ripple - send - receive - Bitcoin Wallets >>>

Conclusion:

The Ripple Network will likely change the way money is handled in the world. By opening a Ripple Wallet everybody gets access to the global currency market including digital currencies like bitcoin.

It works like email, but with money instead of messages. You can send and receive any currency like yens, pounds, rubles, bitcoins or dollars. To and from

PPcoin: Aims to Avoid a Monopoly



PPcoin, also known as PeerCoin and Peer-to-Peer Coin can be traded not only for fiat currencies but also for other digital currencies.

Like Bitcoin, Litecoin, and Feathercoin, PPcoin increases itself via mining. However, it [uses a proof-of-stake system](#) to prevent monopolies on the currency. Proof-of-stake ensures that if a miner, for instance, has 0.5 percent of the existing currency, he or she will only be allowed to mine 0.5 percent of the outstanding currency, making it much more difficult to secure a monopoly on the currency.

As over time the mining difficulty increases on a currency like Bitcoin, fewer people will mine. Eventually, one person or group could come to possess 51 percent of the currency.

Since, as [Ars Technica](#) notes, the system that vets the currency recognizes the blockchain that is recognized by the most mining nodes; once you secure 51 percent (and have the most mining nodes) you could theoretically produce counterfeit currency, something no one can do at present.