

**From:** Boris Nikolic <[REDACTED]>  
**To:** "Jeffrey Epstein ([REDACTED])" <[REDACTED]>  
**Subject:** FW: Tren on Bitcoins  
**Date:** Sun, 14 Apr 2013 02:16:44 +0000

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**From:** Tren Griffin [mailto:[REDACTED]]  
**Sent:** Saturday, April 13, 2013 9:13 PM  
**To:** Bill Gates; Michael Larson; Jerry St. Dennis; Alan Heuberger; Larry Cohen; Boris Nikolic (bgC3)  
**Subject:** Tren on Bitcoins

Interest in my views on Bitcoin reached its peak about two months ago when the talk about Bitcoins reached a fever peak in the areas along Highway 101 on the peninsula and the migrated up here to Seattle. I wrote this up at the request of someone else and am sending it on to you on the chance you are interested.

Interest in Bitcoins is particularly strong among VCs who are libertarians. Liberal economists who fear the government losing control of the money supply tend to be Bitcoin haters. Any analysis of something which has an ideological side is particularly complex since confirmation bias runs rampant which causes mistakes in thinking.

The best Bitcoin primer is probably from Felix Salmon: [REDACTED]

This supplement by Felix is worth looking at too: [REDACTED]

[bitcoins-rise-is-nothing-to-celebrate/](#)

What is interesting about Bitcoin from a finance standpoint is the use of math-based money as a payment mechanism. a16z made an announcement regarding a new company called Ripple this week (I did drink Ripple once or twice in High School as I recall). Here's some thoughts on Ripple again from Felix:

[REDACTED] and some more from Bloomberg:  
[REDACTED]

Here are some tweets from me on Bitcoin over the last few days:

1. Bitcoin would be better off if it had been "designed to be used primarily as a payments mechanism" <http://blogs.hbr.org/fox/2013/04/building-a-better-bitcoin.html> ...
2. "Bitcoins have no intrinsic value. They lay claim to no stream of future earnings." Value is: someone MAY trade them for something of value.
3. When speculating I have no advantage versus the house. Its just not a game I like to play. I want an unfair advantage.
4. How do you intelligently short something with no intrinsic value? Pure speculation about mass psychology is required.
5. [@hblodget](#) [@mattyglesias](#) [@fmanjoo](#) Exactly what formula do you use to predict mass psychology given zero intrinsic value? You are guessing.
6. [@naval](#) Currency is "a network good, i.e. the value of a specific currency is dependent on the number of users." [REDACTED] ...
7. [@cdixon](#) If in US dollars consumer prices are flat, in Bitcoins, they have dropped (which is deflation). People hold rather than spend.

I would never buy Bitcoins as a **speculator** since it is a Keynesian Beauty contest. [http://en.wikipedia.org/wiki/Keynesian\\_beauty\\_contest](http://en.wikipedia.org/wiki/Keynesian_beauty_contest) Some people make money speculating, but its not really my game since I follow the Charlie Munger school of thought on that point.  
[REDACTED]

It is not possible to **invest** in Bitcoins per se since they have no intrinsic value.

Compendium (again from Felix Salmon):

[coin-a-phrase/](#)

“To say highly speculative would be the understatement of the century.” – [Steve Hanke](#)

“People say it’s a Ponzi scheme, it’s a bubble... We have elected to put our money and faith in a mathematical framework that is free of politics and human error.” – [The Winklevii](#)

“Bitcoins are not an investment. They are an investment fad that someday could be a real digital currency, but if they continue to behave as they have, they will instead be nothing.” – [Kurt Eichenwald](#)

“Three eras of currency: Commodity based, e.g. Gold; Politically based, e.g. Dollar; Math based, e.g. Bitcoin” – [Chris Dixon](#) (VC and [alternative currency](#) investor)

“What kind of commodity is Bitcoin? Well, it’s a technologically-impressive product out to revolutionize the world with absolutely no fundamentals to justify its billion-dollar valuation. It’s the ultimate dotcom stock, minus the sock puppet.” – [Matt O’Brien](#)

“Money is: 1. A unit of account; 2. A store of value; 3. A medium of exchange. Right now, Bitcoin is none of those things (in any serious sense)” – [Justin Wolfers](#)

“If Bitcoin wants to become a global currency used by the masses, CVS cash-drops won’t work.” – [Kevin Roose](#)

“Bitcoin unites futuristic left-wing Internet anarchism... with the cave-dwelling right-wing libertarianism of goldbugs.” – [Eric Posner](#)

“Traditional currency is garbage :)” – [Erik Vorhees](#)

“Either Bitcoinia will remain a small, fringe economy thanks to inherent instability, or a stabilising financial structure will somehow grow within it.” – [Ryan Avent](#)

“Bitcoin doesn’t need to be a good unit of account or a good store of value to be a good medium of exchange.” – [Jerry Brito](#)

“Mt. Gox halted trading, saying the market needed to “cool down” after a massive sell-off yesterday.” – [Matt Boesler](#)

“I’m raising my Bitcoin price target to \$400. Just kidding.” – [Henry Blodget](#)

“We ran a Monte Carlo simulation on the impact to Bitcoin’s exchange rate with the euro if Cyprus left the Eurozone.” – [PolyCapitalist](#)

“Fiat currencies have tremendous intrinsic value because governments say they do.” – [Joe Weisethal](#)

“The Libertarian Party is now accepting Bitcoin donations. Because of course it is.” – [Garance Franke-Ruta](#)

“I kinda love the Mt Gox trading halt because it forces BTC users to value the product on their own.” – [Kid Dynamite](#)

“Bitcoin is the Napster of payments – the flawed writing on the wall for banking as we know it” – [Chris Cook](#)

“We needed to be the first New York bar to accept Bitcoins.” – [Charlie Shrem](#)

“Nobody can come in and force quantitative easing.” – [David Jones](#)

“It’s based on mistrust rather than trust, it refuses to take any responsibility onto itself – indeed, it doesn’t even have a self to take responsibility onto. It’s nihilistic.” – [Felix](#)

“Bitcoin isn’t tied to any commodity – besides trust.” – [Paul Ford](#)

“Bitcoins are without intrinsic value as assets, yet they have risen too fast in value to be much use as a currency... sounds a bit like a familiar commodity, gold.” – [Justin Fox](#)

“If you believe a currency’s value lies in its stability, Bitcoin represents the polar opposite of that sort of system.” – [Izabella Kaminska](#)

It may be possible to invest in a company and make math-based money into a payment mechanism. Its sort of like three of my great grandfathers who went to the Alaska Gold Rush and sold real stuff to miners and did well financially. I don't mean that in a bad way. Electronic payments mechanisms can add real value, but not where people think. I like what Jack Dorsey said here:

“We think there is something with higher margins there instead of always being a payments company,” said Square CEO and Twitter founder Jack Dorsey. “The good portion of working in payments is you naturally have a business model, so you really don’t have to think so much about it, but it’s not really who we are, it’s something that we have to do,” he said. “And where we are going isn’t really about payments as a revenue model, but more about the data and the experience, and we don’t know exactly what that looks like yet. We have some ideas. . . but we’re not sure where it’s going to land.”

