

From: [REDACTED]

To: Jeffrey Epstein <jeevacation@gmail.com>

Subject: Fwd: [Dewayne-Net] Bitcoin will prosper — until governments or banks decide to crush it overnight =

Date: Sun, 14 Jul 2013 00:56:19 +0000

And - joi had a great time with you

Typos, misspellings courtesy of iPhone word & thought substitution.

Begin forwarded message:

From: Dewayne Hendricks <[REDACTED]>

Date: July 13, 2013, 5:10:12 PM PDT

To: Multiple recipients of Dewayne-Net <[REDACTED]>

Subject: [Dewayne-Net] Bitcoin will prosper — until governments or banks decide to crush it overnight =

Reply-To: [REDACTED]

[Note: This item comes from friend Mike Cheponis. DLH]

From: Michael Cheponis <[REDACTED]>

Subject: Bitcoin will prosper — until governments or banks decide to crush it overnight — Tech News and Analysis

Date: July 13, 2013 2:19:44 PM PDT

To: [REDACTED]

Bitcoin will prosper — until governments or banks decide to crush it overnight

By Tammer Kamel, Guest Contributor

July 13 2013

<[REDACTED]
[overnight/](#)>

SUMMARY:

For all the talk of Bitcoin's brilliance and disruptive potential, what will prevent it from ever being mainstream is that the disruptees – big banks and especially governments – will intervene.

Every currency created since the advent of money 2,700 years ago has fit nicely into one of two classifications: Either it was a representative money system, deriving its worth from a link to some physical store of value like gold, silver or gemstones; or it was fiat, deriving its value from the fact that a government or central authority guaranteed it.

Bitcoin, the world's most successful digital currency, defies this time-tested classification system: It is neither fiat nor representative. It is not fiat, because its supply is actually finite and, more importantly, it lacks any central backing authority. (Click here for a good primer on the tech behind Bitcoin). Nor is it representative, because it is not linked to anything physical. Thus the internet has (once again) spawned a phenomenon that is inexplicable via conventional economic frameworks.

As economists study the attributes of digital money, they are discovering that Bitcoin is, in many ways, a better

currency: unlike paper money, it is unforgeable; unlike gold, its supply is perfectly verifiable. It is immune to the inflation that plagues all fiat currencies: governments cannot simply print Bitcoins to pay off their debts. It is perfectly secure: all transactions are monitored collectively by the Bitcoin network. Bitcoin payments can be made at any time, to anyone, with as little as zero fees and no dependence on financial intermediaries. Bitcoin transaction histories are distributed and decentralized, making the system robust and resilient. And Bitcoin minimizes the amount of personal information that users have to disclose when transacting.

For all of these traits, Bitcoin has potent disruptive potential to the world banking system, and thus the governments that are supported by it. Which is precisely why it is doomed.

Anonymity threatens control

Though novel today, the anonymity of transactions that Bitcoin provides is actually a very old trait of money, one that most currencies actually enjoyed for most of their history. In fact, it was only recently eradicated by virtue of the digital nature of modern banking, combined with legislative initiatives in the United States (and other countries).

Governments today enjoy unprecedented power of monetary observation, which they argue has resulted in a “safer” world with less money laundering, greater impediments to criminal activity, and reduced tax evasion. Industrialized nations are just beginning to maximize the benefits of this newfound transparency and so understandably have no interest in reverting to a more opaque banking system.

Monetary control is power

But beyond monitoring money flow, there is an even more fundamental reason why substantial Bitcoin success is undesirable for governments. For any government, ceding control of money supply is tantamount to an abdication; without control of money there is no control at all. For this reason, as Bitcoin continues to gain users, government indifference must gradually give way to bemusement and ultimately resistance.

However, well before governments attempt to curtail Bitcoin, there is another antagonist that might take action more rapidly: the financial services industry. Banks and their kin make tens of billions of dollars every year from providing the very basic task service of moving money from one place to another. And as a nearly foolproof revenue stream – zero risk, almost zero cost, and billions of dollars in profits – it’s also a pillar of their business model. In fact, banking as we know it today would have a far diminished role, if any, in a Bitcoin-denominated economy. Hence, you will see little support for digital money from any bank.

Thus, if Bitcoin can continue to gain in popularity, its users can look forward to an eventual confrontation with two extremely powerful antagonists. Unfortunately for Bitcoin, both parties, governments especially, can follow a simple strategy to ensure Bitcoin, or any other aspirational digital currency, never gains widespread use.

[snip]

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