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Subject: Vouches & Bitcoin

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Hi Jeffrey,

I've cc'd my brother, Zach, because we were talking about this (it's his idea).

Let's say I could write an IOU for something, and I had a way of securing that the IOU wasn't copied, what would the law say about that? My understanding is it's not a taxable event until it's converted into value.

Now, what if the IOU is managed through some intermediary, let's say a safety deposit box in a bank. So I take you to the bank, I open up the door, show you a diamond in it, and then lock it and give you the key. I haven't really given you a diamond (because I would need to say I give you the diamond, otherwise it would still be theft), but I've kind of given you an IOU of sorts that the bank is technically holding,

So to tie it together, what we were discussing was using dollar bills as an IOU for bitcoin. Each dollar bill has a unique serial number which is protected by federal counterfeiting law & paper money security; forge a dollar and you'd have to pay 250k in fines + jail time. By making Bitcoin physical ATM that accepts these bills, you can do a whole lot of transactions without hitting the main network backed by the extant paper money security. You can't directly attach a private key to the bill, however a third party could own it. This third party wouldn't need to track users, they would just need to verify withdrawal and deposit operations.

The purpose of this is overall to improve the UI for using bitcoin offline.

Thoughts?

Jeremy

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