



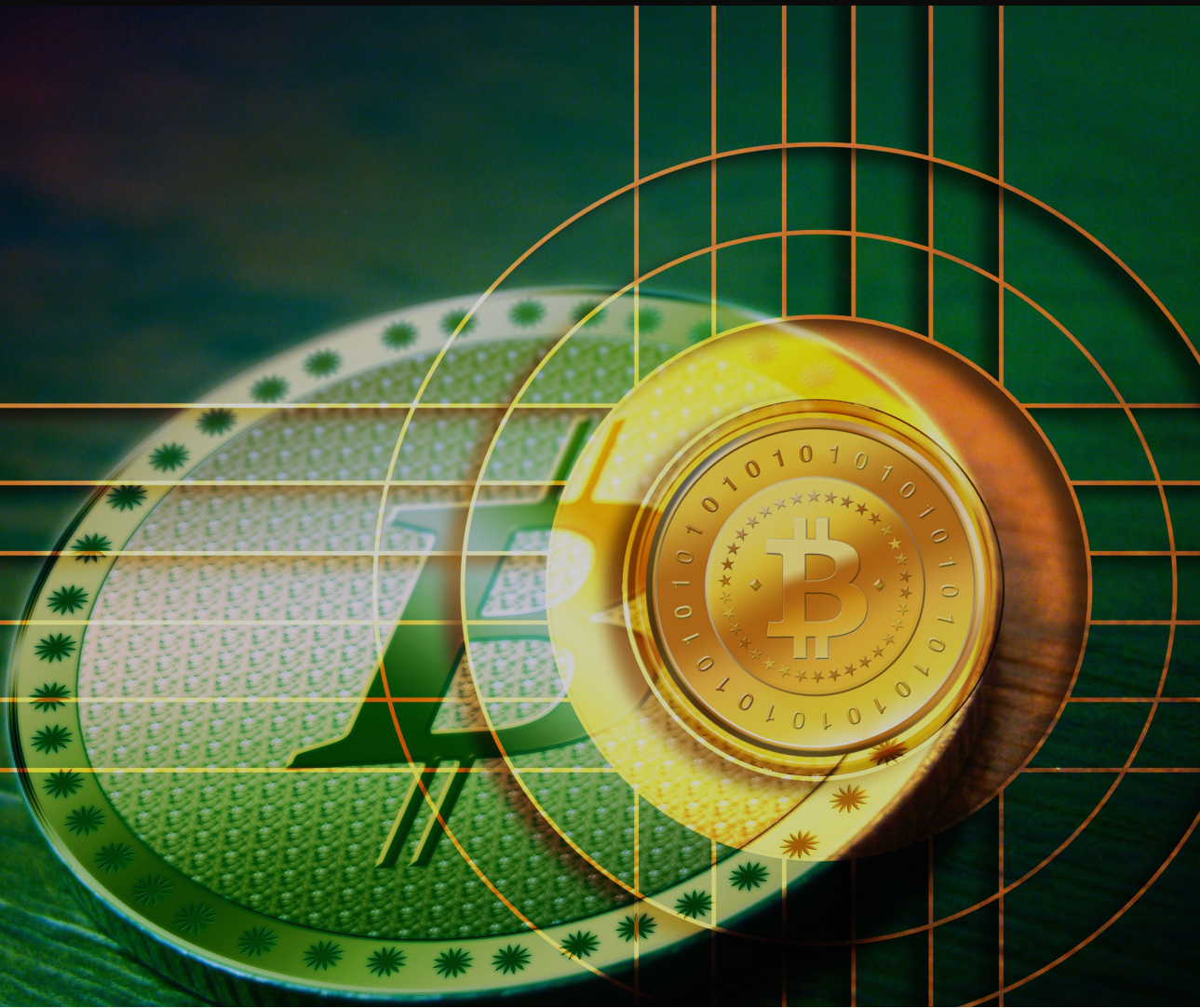
MONEY-ACT CRYPTO REPORT

AUTHOR NAME: RYAN POLLREISZ



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WHY JACK SPARROW WOULDN'T INVEST IN BITCOIN

I bought my first cryptocurrency in 2017 called Stellar Lumens (XLM) because it was a far more efficient system than Bitcoin. Bitcoin was initially pitched as a superior currency to the dollar. The claim was that you could spend bitcoin on a cup of coffee or buy a house with it. The problem is that bitcoin is incredibly clunky in how it operates as a currency, but I could see the advantages of blockchain-based crypto. So I dabbled in crypto with some play money to understand it better and maybe it would take off one day.

Then bitcoin collapsed along with all other cryptos. And the drop was huge! Bitcoin went from 20,000 to 3500 USD. XLM went from around 40 cents when I bought it to around 4 cents. Yikes!

But in 2021 bitcoin was being touted as a replacement for gold and has shot well beyond its 2017 high. And my XLM went back up too. The volatility is so great, by the time you read this, bitcoin could be \$75,000 or \$75.

It's now no longer a currency as its main selling point, but digital gold. In order to do that you have to look at the properties of gold as money. If bitcoin meets or exceeds those properties, then maybe it has legs.

It may be hard to understand gold in today's world, so let's look at an era that makes gold easy to understand. The era of pirates! In the "Pirates of the Caribbean" movies, they are searching for lost treasure. And there are a few things that the pirates need to find and secure the gold.

1. A map to find the key and/or the gold
2. A key to unlock the treasure chest to get to the gold.
3. A place to store the gold like a treasure chest.

Bitcoin needs these same things. You need a key to unlock and get access to the Bitcoin, but you also need a place to store your bitcoin. Some are safer than others. The safest way is a small hard drive wallet. The digital banks or bitcoin exchanges have proven not very reliable when you look at the millions of dollars worth of bitcoin stolen from Mt. Gox. And how did that happen? Well, pirates essentially stole the keys and therefore stole the bitcoin right from under them over a period of several years.

So let's say you keep it super safe and go with the hard drive wallet.

But now what do you do with that physical hard drive wallet and the digital keys to access them? You have to find a hiding place for it as well as a hiding place for your keys. The keys are so long, there is no way you'd be able to remember them, so you have to hide and store them too. Now maybe you don't need a map to find these things, but if you don't, then it's probably pretty easy for a burglar to break into your house and find them in a safe or a desk drawer or something. You could put them in a safe deposit box in the bank, but if the bank shuts down, they'll confiscate it just as quickly as they would if you stored gold in the bank. So basically the only difference in hiding bitcoin treasure from the gold treasure is the weight of the physical gold and the weight of the digital wallet and written down keys. So you still have to resort to the same tactics as pirates of old, ha!!)

Another common theory is that the government could make it illegal to own bitcoin as they once did for gold. The same would go for bitcoin... if it ever truly became a threat to the government, they would make it illegal. The difference is, governments and central banks are net buyers of gold even though they publicly ridicule it as a "barbarous relic." None of them own bitcoin. But if Bitcoin really catches on, maybe people would rise up against the government if they truly didn't want to be screwed over by the worthlessness of the dollar anymore.



Seeing how the entire world rolled over with the pandemic and let the governments of the world rule over them with ridiculous shutdowns and removed their freedom... I think the government will easily shut down bitcoin's viability if it ever truly caught on as digital gold. They're biding their time with it but eventually will kill it if it ever becomes a real threat. In fact we're already seeing signs that this is possibly going to happen in the near future.

You might say gold isn't very convenient. Gold Money is an example of a company that had a good system where all you needed was \$25 to open an account to purchase real gold stored in private non-bank vaults. But the over a regulation made it impossible for them to keep it open to the average person, which killed its viability to go mainstream. The government doesn't like competition! However, there are now Gold Stable Coins that are backed by gold held in private non-bank vaults and issued at the gold exchange rate. You can even earn residual income by purchasing these coins and making loans with this stable crypto tokens.

You MUST do your homework on these coins as there is always counter party risk for any investment. Look what happened to the recent algorithmic stable coin collapse in the Terra Luna. If you choose to create residual income through stable coins you need them to be 100% backed by USD or Gold.

Another argument for Bitcoin is that there is no known owner of it, where the thousand other cryptos do. No one controls Bitcoin which is a huge benefit over other cryptos. But does that mean no one else could make a replica? No. There are lots of hackers who do this kind of thing for fun. And maybe someone else will come along and create one that operates much more efficiently with all the better run cryptos to model from. Bitcoin is extremely clunky compared to newer cryptos that have taken its initial concept and made it much more efficient. So while the only advantage to Bitcoin over others is that no one controls it... to say that no one else will ever do the same thing is a naive statement. There are a lot of Satoshi Nakamoto's out there. I also show you how Bitcoin has replicated in the Loki chapter below.

I'll continue to keep my keep on it over time, but for me, the only true store of wealth that has stood the test of time is gold and silver. And I'm still keeping an open mind to Bitcoin or other cryptos... I believe that Web 3.0 will create a new form of value based trading vs government manipulated floating currencies that choose winners and losers. The decentralized free market will choose the currency of tomorrow. I don't believe Bitcoin will be one of the survivors due to its clunkiness and infinite number of coins as I show in the Loki article in the coming chapters.

Let's have to look at the properties of gold as money and if bitcoin meets or exceeds those properties.

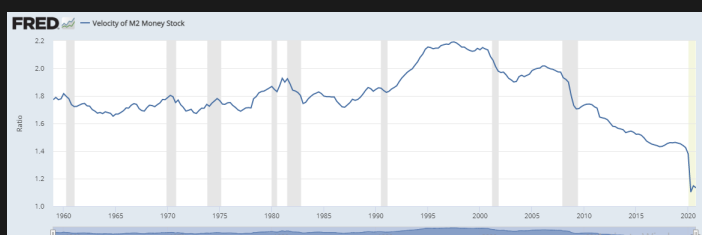
1. **Medium of Exchange** - Is it able to be used as an intermediary in trade. I believe the blockchain technology that bitcoin sits on, makes this the greatest selling point for bitcoin. However, blockchain technology can stand on its own without bitcoin, but let's give this a check box for bitcoin anyway.
2. **Unit of Account** - Is it able to be numbered and accounted for. Yes.
3. **Durable** - Does it have a long usable life? I guess as long as there is a power grid, yes. But what happens if the power grid goes down? What about the internet? There are lots of hackers out there. If North Korea can hack Sony, I think bitcoin can be hacked. And as mentioned bitcoin has been hacked multiple times... the most famous being Mt. Gox. Where as gold can go down with a sinking ship and be discovered hundreds of years later... the gold will still be there in tact. It is incredibly durable.
4. **Divisible** - Is it easy to divide equally into smaller units. Yes, you could own a fraction of a bitcoin just as you can hold grams and ounces of gold.
5. **Portable** - Is it easy to carry and transport. This is better than gold. Bitcoin doesn't weigh anything because it lives in cyberspace. It's more convenient than gold. However, gold isn't that cumbersome. You can carry around 10oz in a small pocket which is worth nearly 20,000 dollars as I write this.
6. **Fungible** - Each unit is capable of mutual substitution, meaning all units are equal. This is slightly better and far worse in some ways than gold. You have to refine gold into different purities. For instance, you can have three g's or four g's which means .999 or .9999 of pure gold. So the purer the gold, the higher the value. There is an extremely small difference in price. However, because bitcoin is so volatile, you may exchange 1 bitcoin and 30 minutes later the value is completely different. So Gold still is far better in fungibility than Bitcoin because it's far more stable.
7. **Store of Value** - This is where bitcoin either completely fails or maybe someday it will be a store of value. However, if it ever becomes a store of value, that will also be it's downfall. Bitcoin is a highly volatile, highly speculative asset if you want to call it that. The price swings are enormous. You wouldn't even be able to hold it for 1 day without knowing whether it was up or down by 1000 dollars or more. But let's say someday Bitcoin becomes a reserve currency and displaces the dollar. That would be extremely deflationary because there are only 21 million bitcoin that can ever come into existence. People would hold onto their bitcoin as long as possible because the value would go up and up the longer you held onto it. That would crash the velocity of money (the amount of money that is exchanged between hands to keep the economic engine going) and we would go into a depression. To be fair the dollar definitely doesn't check this box either. The dollar loses its value every single year ever since the Federal Reserve was created in 1913. But its small losses over time, whereas gold has maintained its purchasing power over all of that time. Gold has stood the test of time for being money over 5000 years. Gold can be mined out of the ground and if that dries up, governments can use their currency to purchase gold from private hands. It has been and always will be the perfect form of money. It can't be hacked and holds all of its properties for thousands of years.

ARE YOU READY FOR FEDCOIN?

Fedcoin is being created as a way for the federal reserve to issue a new currency that runs parallel to the dollar. This new cryptocurrency that will be created by the Fed would potentially be swappable for your US dollars and would allow the Fed to issue currency directly into the hands of people. This essentially puts the big banks out of business, but behind the curtain, the big bank owners are the private shareholders of the Fed. As a reminder, the Fed is a private corporation that has been given the exclusive rights to print physical currency or create digital 1's and 0's out of thin air.

The Fed has been trying to create inflation as a hidden tax to wipe out the US government debt. Why would it do this? By helping the government wipe out its debt through inflation, that makes the dollars they're lending less valuable. But remember, they didn't have to do anything for the original dollar they created. They just printed it from nothing. So if it returns to the less valuable, they could care less. What they do care about is helping the government do what it wants so that they can continue to have the enormous privilege of printing money. And the government wants to be able to fund its perpetual wars around the world, provide programs that benefit its constituents so that it can become bigger and more powerful. The constitution expressly states the government is not allowed to print money, only gold, and silver, so this was a workaround that worked for both parties, but detrimental to the average person without them even realizing what was happening to their wealth. That's why the so-called debt ceiling has been completely removed by the King of Debt himself, Donald Trump. Removing the pretend constraints of the government to reign in its insatiable spending habits paves the way for socialists to come in and spend away.

The MMT crowd (Modern Monetary Theory) says you can have unlimited amounts of debt because the Fed can just print the money. No need to borrow money (since no one will lend the US money anymore) and no need to tax its citizens (because inflation is a hidden tax on EVERY citizen which mostly affects the poor and the middle class). But most people don't understand that inflation is a hidden tax. What it does is makes everything you pay for more expensive and the dollars you hold in the bank, less valuable. And now that those dollars are less valuable, the new money that gets created first goes into the hands of the government and the very wealthy, which goes to pay back the enormous debt. But this is a debt death spiral that has no happy ending.



Recently, the Fed finally got the inflation it's been waiting for. But unfortunately it blew past the 2% target and jumped to a shattering 8.5%! Be careful what you wish for. Fed has blown up its balance sheet by trillions of dollars in the last 20 years. This is where FedCoin comes into play and the elimination of cash. Inflation doesn't come from printing money alone. You need the turnover of money in the economy for it to rise. This is called the velocity of money. (Please see my previous post about the Velocity of money compared to the movie Speed, to understand that better.). Velocity has been steadily decreasing since the mid-1990s which coincidentally is when the money supply has increased to counteract this trend. You can see this trend on the Fed's website. <https://fred.stlouisfed.org/series/M2V>

So with all of this money sloshing around, why has spending in the economy slowed? That money sloshing around has created massive bubbles in the stock market (dot com bubble in 1999 and 2000), and the housing bubble in 2007 which led to a financial crisis, which led to even more money printing and the repo bank crisis (that almost no one knows about) in Sept of 2019, which stabilized from even more money printing hidden by the pandemic lockdown handouts... Which led to the velocity of money plummeting by shutting the world down. This killed productivity and dramatically reduced the supply of goods and services. That's where short supply meets high demand with unproductive people being given stimmy checks to chase the same goods and services of productive people. Now that people are over being locked in their homes, they needed a new patsy to cover up the economic disaster and a boogie man to blame it on. The good ole tried and true, we need to drum up support for a war to make people hysterical about something else.

While the Fed is currently raising interest rates to slow inflation, it is far from achieving that. Borrowing money is still at a negative interest rate. Eventually they will be forced to drop interest rates to zero again because they are trapped in [Triffin's Dilemma](#). Maybe they get to 3% again, but my guess is it will be 1.5-2% before they have to reverse course. The world is on a debt based monetary system that needs USD. Eventually this system must collapse, but is there a way to kick that can down the road?

By eliminating cash and issuing a Fed crypto, the Fed would be able to charge negative interest rates if you keep your money in the bank. This forces people to go out and spend the money the second they get it... otherwise, they take it away if you don't. As velocity increases, prices increase and the value of the money comes down. They can also track your purchases and share that information with the government. If you ever heard the term "helicopter money" which gives you the image of the central bank thrown cash out of the helicopter, this is the digital version of that. Just like the stimmy checks of the pandemic. The citizens will gobble it up as it looks like free money dropping from the skies that they didn't have to work for. Which will only increase the move away from the US holding the world reserve currency.

The SDR (Special Drawing Right) which is world money issued by the IMF (International Monetary Fund) is also creating a cryptocurrency to allow countries to trade world money globally instead of the dollar. The issuance of SDRs has only happened 3 times in the past.

1969 - When the French recognized the US was printing too many dollars to pay for the Vietnam war and FDR's socialist programs like Social Security, Medicare, and Medicaid. There was a run on the bank, so to speak as the world began to exchange their dollars for the gold held at Fort Knox.

1979 - The US began to see a small form of hyperinflation. The dollar lost 50% of its purchasing power. Because the dollar was plunging, the IMF issued another 12 billion SDRs as the world was fleeing the dollar. This was stifled in the '80s with the Fed raising interest rates to 21.5%! Also, the US struck a deal with Saudi Arabia to sell oil only in dollars for US military protection.

2009 - 200 billion SDRs re-liquified the economy during the financial crisis.

The IMF recently issued 350 billion SDR issuance to liquefy the world during the pandemic. And side note, the SDR is also backed by nothing and also printed out of thin air. The value is a percentage value of a specific group of countries' currencies, that are all backed by nothing and printed out of thin air. However, SDRs are only issued to countries, not individuals.

This new world money crypto would be game over for the dollar. However, because the world is now moving away from globalization and toward nationization, I believe there could be 2 competing monetary systems. One based on Gold and one based on Debt/Fiat. And maybe Web 3.0 value based exchange will kill them all?

Imagine the scene in the 1989 film Batman with Michael Keaton and Jack Nicholson, where the Joker ran a parade through the heart of Gotham, dropping cash down to the citizens below. "Money, money, money. Who do you trust? Me? I'm giving away free money. And where is the Batman? He's at home, washing his tights!" As the citizens cheer the Joker on with his rain of cash from the skies, he gives the order to gas them all.

Gold and Silver is your Batman in this situation. It's not digital and therefore not traceable. No negative interest rates, and has held its value for over 5000 years. Get it while you still can!

Be on the lookout for FedCoin, coming to a digital wallet near you!

NFT - NON-FUNGIBLE TOKENS

An NFT or Non-Fungible Token is a Crypto token that uses blockchain technology to prove ownership of an asset without any doubt of its authenticity or proving ownership. There is no need for intermediaries, governance, authenticators. For instance, if a famous painter signs a piece of artwork using an NFT, that authentication can be traced back to the signage of the painter and can be followed down the digital ledger of ownership as it gets bought and sold over time.

As a reminder, Fungibility is one key component of what makes something money. It means that 1 dollar equals the same as another dollar. Or 1 oz of gold is the same as another oz of gold. Non-fungible means that 1 of these tokens can differ in value from another token because it is backed by whatever asset it is attached to. So one token may be backed by a Babe Ruth baseball card and another token is backed by a Picasso painting. Very different values for a each token.

Right now people are speculating and spending crazy amounts of money on digital artwork. A digital collage made by an artist named **Beeple was just sold for \$69.3 million with an NFT** as a certificate of authenticity.

I do think this tech has some legs for real value though. In 1999, I went to the Sun Dance Film festival in Park City, Utah. If you're a movie buff, I highly recommend going. There is an energy in the cold mountain air that you can almost feel as you mingle with experienced filmmakers, movie stars, and film students... its a good time. But I can see these NFT's being used to buy up Hollywood quality independent films. At the end of one of the large premier films, after the panel discussion with the director and actors, you could see the major studio reps go down to talk to the filmmakers bidding on the rights to the film. Instead of requiring a bunch of lawyers, bankers, etc.... you could cut down on costs and time and the filmmaker could sell the asset (the film) backed by an NFT. That transfer of ownership could be traced on the blockchain from the filmmaker to the Studio's wallet. And then from there, the NFT could be broken up into distribution rights, theater rights, etc.



I believe this has all sorts of use cases for movies. Screenplays are all digital documents. You could register the original writers rights through the WGA as an NFT and the writer could transfer ownership directly to the studio through the exchange of the token and a form of money the writer choses. The music and the actual movie is digital, so could easily be sold to millions of people and the new owners could sell their copies like you used to be able to back when things were on tape, cd or DVD. And the filmmakers could have the NFT token programed to give them a 10% kick back everytime that same copy is sold to another individual.

This is a game changer!

LOKI VARIANTS BAKED INTO BITCOINS?

I watched a podcast/vlog which can be seen [here](#). George Gammon interviews Caitlin Long, CEO of Avanti Bank. This was the most eye-opening piece on bitcoin I've listened to that helped me understand more on how it can potentially become like digital gold, but then the questions it raised made me more clear and confused at the same time. To add some clarity to the most shocking part of the interview for me, I'm going to link Bitcoin Hard Forks to the Variants in the Marvel series, Loki.

If you're a Marvel fan, you no doubt have seen Loki. If you haven't seen it, Loki is the god of mischief who finds himself in the Timekeeper prison (the TVA - Time-Variant Authority). You can see a trailer [here](#). Spoiler alert... The flow of time is controlled by an entity that stops variant timelines from happening and brings order to the flow of time by keeping one branch of time together. The variant beings like Loki, are thwarted from creating several branches of time because they might lead the universe into theoretical chaos.

How does this relate to Bitcoin? It turns out there have been 12 variants called, "hard forks," since the inception of Bitcoin in 2009. These hard forks cause a separate bitcoin blockchain when individuals mine the same bitcoin at the same time. This creates a variant blockchain that is spun off of the original timeline of the blockchain.

So I did some research and found a few explanations of past hard forks on how these variants have been resolved in the past...

From <https://www.simplilearn.com/bitcoin-mining-explained-article>

"When a block is solved, the miners split the reward based on the amount of processing power they have invested. The pool members generate a final cash value, then the bitcoin reward gets distributed proportionally among the participants based on the resources they contributed." That sounds great and benign. They split the winnings and the original timeline is preserved. But other variants have actually created separate timelines, so to speak.



From <https://www.investopedia.com/terms/b/bitcoin-cash.asp>

"In a hard fork, miners must choose whether to continue validating the old blockchain or the new one."

- Bitcoin Cash is the result of a Bitcoin hard fork that occurred in August 2017.
- Bitcoin Cash was created to accommodate a larger block size compared to Bitcoin, allowing more transactions into a single block.
- Despite their philosophical differences, Bitcoin Cash and Bitcoin share several technical similarities. They use the same consensus mechanism and have capped their supply at 21 million.
- Bitcoin Cash itself underwent a fork in November 2018 and split into Bitcoin Cash ABC and Bitcoin Cash SV (Satoshi Vision). Bitcoin Cash ABC is referred to as Bitcoin Cash now."

This to me is a bit disturbing and thought-provoking at the same time. If Bitcoin can spawn off onto a new timeline, then a new variant of bitcoin is generated, making the 21 million cap, constantly expandable. That solves the extreme deflationary concern I have with Bitcoin as a reserve currency, but it sparks a new concern that it isn't as rare as once thought. Now multiple variants of bitcoin can spawn, but the new variants tend to solve clunkiness in the original bitcoin protocol. So theoretically, Bitcoin could become the myspace of social media platforms as the clunkiness of bitcoin is fixed with newer better variants.

I highly recommend listening to the podcast with Caitlin Long. There were several more topics that were brought up that helped me understand the viability of bitcoin such as using other coins as currency based on bitcoin, like a gold-backed dollar. But other things like her take on credit-based currencies vs equity-based currencies... I agree with her that we should return to austerity in our currencies, but the problem with bitcoin is that it is deflationary by nature.... Or too inflationary given the variants I just described. I still feel that gold is already the solution. A gold backed crypto may be