

BITCOIN, BLOCKCHAIN, MINING & FEDCOIN

March 2018

A brief synopsis of what BitCoin is, Private Keys, Processing (aka mining) and blockchain. Read from the horses mouth here at The Bitcoin Project.

<https://bitcoin.org/en/how-it-works>

Blockchain as a transaction database shared by all [nodes](#) participating in a system based on the Bitcoin protocol. A full copy of a currency's block chain contains every [transaction](#) ever executed in the currency. With this information, one can find out how much value belonged to each [address](#) at any point in history.

Wiki on Blockchain:

https://en.bitcoin.it/wiki/Block_chain

A major problem with the blockchain / mining operation is that it takes monumental energy and computer processing power to do so. CPU mining quickly became financially unwise as the hashrate of the network grew to such a degree that the amount of bitcoins produced by CPU mining became lower than the cost of power to operate a CPU. So in comes Malware to harvest peoples PCs around the world in order to utilize their Graphical Processing Unit (GPU), ie. your card that powers your monitor. GPU Mining is drastically faster and more efficient than CPU mining. A variety of popular [mining rigs](#) have been documented.

For more info on Mining the Blockchain for Bitcoins, read the wiki here;

<https://en.bitcoin.it/wiki/Mining>

Lately news has been about Amazon. Amazon is NOT starting their own crypto currency exchange (as rumors suggest). They are smart enough to realize that this would be a liability considering that they have a presence in every state. That means that they would be subjected to securities and exchange regulations, and they don't want that.

It is more likely that Amazon will BUY Ethereum. Amazon is big enough to be able to buy the Ethereum business outright. Ethereum, unlike like Bitcoin, has a central management. They have a corporate body that oversees the printing of money (issuing of ether), and they may want to sell out to Amazon.

Amazon would then have their own currency. So why would they want to be a stock market when they could just become like the Federal Reserve?

So expect that Ether will be renamed to some derivative of Amazon. Sell accordingly, because you know they are going to print money (devalue existing).

Bitcoin & China

China and Korea are attempting to regulate the crypto currency space. This is an attempt to stifle ICOs and crypto currencies that are new. This is NOT an attempt to stop bitcoin, but an attempt to limit the bitcoin competition.

For Korea, this crackdown is an attempt to ensure taxation. In Korea, markets move fast because many people are trading. Crypto markets are just an extension of an existing tech literate, heavy trading population. So do not expect that any stifling regulation will pass, and governments will be unable to stop the Korean crypto traders.

China has more of an interest in bitcoin than any other country in the world, especially from an infrastructure standpoint. China has some of the most massive bitcoin servers in the world. Huge amount of money are generated through mining of crypto in China. So there is no financial incentive for stifling growth of this industry.

China has huge amounts of hidden wealth. Much of that dark money has fled China for overseas investment (like the Australian housing market). The easiest way for that money to move is through crypto currencies. Although the government wants to control the flow of that dark money, individuals within the system have a vested interest to ensure that crypto is accessible.

China has a massive stockpile of currency from most countries in the world due to trade deficits. One way to move out of those currencies is to find an intermediary investment that allows them to exit without crashing the currency that they are holding. This is why China has invested in farmland in Africa and Australia (they know food security is important) as well as bought gold and oil. This is also why they are investing in crypto currencies. Holding crypto is just a liquid currency that allows them to hedge a massive fiat position. So when you hear that china is cracking down on ICOs, realize that it is to protect their own bitcoin position.

Since China has stopped purchasing U.S. Treasury Bonds, the U.S. dollar (aka FRN) has been sinking.



Gold-Bitcoin Relationship

Since the inception of the Bitcoin futures market on December 10, 2017, the price of Bitcoin made a high of \$19,171, shattering all records. When Bitcoin was trading at the new highs, the price of gold was trading at about \$1,265, and since December 10, the price of gold has risen to the high that we saw last week of \$1,344.50. Since then, the price of Bitcoin collapsed from the high of \$19,171 to a low last week of \$9,231. This accomplished and completed the reversion to the mean targets into the standard deviation levels of 11,820 and 7,712 published on Jan. 8, in Seeking Alpha.



What we have seen with the Bitcoin phenomenon is the creation of a virtual currency which has established itself as a major asset. When you take a look at the amount of capitalization it has taken away from the market, either in gold and silver or stocks and bonds - we really don't know from where - close to a \$1 trillion has gone into Bitcoin. The increase in the price of Bitcoin has outdone almost anything in history. What I find interesting is that when you analyze what has taken place, it has demonstrated what can happen to the actual price structure of an asset in a free enterprise environment that is not controlled by central banks or a government. It has put into question the actual discovery process of fair values in any asset across the board, including gold, silver, stocks, bonds, and every other asset. You can look at other assets and begin to see that these assets have been a product of major manipulation over the past 90 years at least. Could it be, the difference is that technology now is breaking down the veil of that manipulation and allowing the public to see what can be done with this amazing technology behind Bitcoin - cryptocurrency and Blockchain technology.

What makes something a store of value?

According to Investopedia.com; A store of value is any form of wealth that maintains its value without depreciating, the key phrase being "without depreciating". Investopedia goes on to say that gold is a good store of value. Now if you've been an active trader for any reasonable amount of time you have seen gold lose 45% of its value from the high in September 2011 to the low in December 2015. Losing half of the value of an asset is depreciating by any reasonable definition, but here's the trick with gold. It has a virtually infinite shelf life. It doesn't deteriorate or spoil or go bad, it stays gold basically forever so an investor always has time to recoup lost monetary worth. Fine art or rare wines hardly ever lose value but art can physically degrade and wines can peak, robbing both of their potentials to be stores of value. Global treasury bond, such as U.S. Treasury bonds, are very good stores of value because they generate an income of their own and their principal value is backed by a legal contract. They will not deteriorate or spoil as long as the government is functional.

Let's look at Bitcoin through those 2 lenses. Is Bitcoin a form of wealth that does not deteriorate? Bitcoin lost right around 67% of its value from high to low. We've already established that gold, an accepted store of value did almost the same thing, but with gold, the move took over 4 years and with Bitcoin it happened in one month. Bitcoin's value definitely deteriorates, sometimes at a breakneck pace. What about shelf life? Certainly, a digital coin doesn't degrade or spoil like art or rare wine, but what if it gets banned? It's critical to note what caused the cryptocurrency selloff in the first place. It was reported that both China and South Korea were considering banning access to all digital platforms that enable people to trade digital currencies. If major nations banned Bitcoin (not likely at this stage), then it will have degraded or spoiled, so to speak.

One of the best things about the market is it answers questions. Bitcoin specifically and cryptocurrencies, in general, are not going away, but they also are not very reliable when it comes to maintaining their value without depreciating. **It is NOT a store of value,**

So, Where's The Beef?

If Crypto-Currencies in general are not a store of value – What is their Value? Functionality as a payment system or its technological applications? As a payment system, it is not stable enough. And what technological applications?

No, the real value is this. A mistrust in governmental and central bank mechanisms that control (and manipulate) fiat money; the very reason why Bitcoin was created in the first place; and the same reason why some investors choose to acquire and store physical gold and/or silver. It's this weird currency that's not backed by any government ... same thing is true of gold.

Other Crypto-Currencies:

LiteCoin - Launched in the year 2011, Litecoin is an alternative cryptocurrency based on the model of Bitcoin. Charlie Lee, a MIT graduate and former Google engineer, is Litecoin's creator. Litecoin is based on an open source global payment network that is not controlled by any central authority. Litecoin differs from Bitcoins in aspects like faster block generation rate and use of scrypt as a proof of work scheme.

Ethereum - Ethereum is a decentralized platform that runs smart contracts: applications that run exactly as programmed without any possibility of downtime, censorship, fraud or third party interference. In the Ethereum protocol and blockchain there is a price for each operation. The general idea is, in order to have things transferred or executed by the network, you have to consume or burn Gas. The cryptocurrency is called Ether and is used to pay for computation time and for transaction fees.

Monero - is a digital currency that offers a high level of anonymity for users and their transactions. Like Bitcoin, Monero is a decentralized peer-to-peer cryptocurrency, but unlike Bitcoin, Monero is characterized as a private digital cash.

Ripple - is a technology that acts as both a cryptocurrency and a digital payment network for financial transactions. Ripple was released in 2012 and co-founded by Chris Larsen and Jed McCaleb. The coin for the cryptocurrency is premined and labeled XRP.

NEO - Formerly known as Antshares, NEO is a recent iteration on Ethereum's smart contracts. NEO uses a unique blockchain algorithm that improves upon Ethereum's model. While the basics still apply, it also supports decentralized commerce, identification and digitization of several assets. NEO also closes loopholes that have caused some Ether contracts to be vulnerable to hackers.

ZCash - is a cryptocurrency with a decentralized blockchain that provides anonymity for its users and their transactions. As a digital currency, ZCash is similar to Bitcoin in a lot of ways including the open-

source feature, but their major differences lie in the level of privacy and fungibility that each provides. The currency code for ZCash is ZEC.

Another Technology to Beat Out Blockchain?

Another technology says that it is going to be better than the Blockchain that BitCoin has made famous. CloudCoin. Global says “bye-bye blockchain”.

Their lead scientist and cryptocurrency developer, Sean Worthington of CloudCoin.Global, has announced the availability of CloudCoin, a new digital currency which he says is based on an innovative technology that will challenge the future of Bitcoin and the blockchain, the underlying technology used in most cryptocurrencies. Worthington says the new technology, called RAIDA, solves the physical integrity problem found in digital currencies, but does it much faster, more efficiently, and more securely than blockchain. “The RAIDA technology allows any CloudCoin user to determine within milliseconds if the coin in their possession is genuine or counterfeit by submitting the coin’s 400-bit authentication number to the RAIDA cloud-based global authentication system. Once authenticated, the coin’s authentication number can be transferred to any recipient, who then takes ownership of the coin by requesting a new authentication number, which is known only to them. The CloudCoin transfer is completed in just seconds with a few mouse clicks.

“Whoever knows the coin’s authentication number owns the CloudCoin,” says Worthington, who invented the RAIDA authenticity detection protocol. Worthington says the new CloudCoin currency has none of the problems associated with blockchain technology. As is well-known, blockchain isn’t scalable and it gets slower as more people use it. It can take hours, sometimes days to confirm a transaction. The technology also has a serious issue with energy consumption as it requires thousands of high-powered, refrigerated servers and armies of maintenance personnel to keep the blockchain up and running. That gets hugely expensive,” says Worthington. It’s crazy but it’s a crypto crazy world out there!

CAVEAT:

Bitcoin is Big – But FEDCOIN is Bigger – Washington Post

https://www.washingtonpost.com/opinions/bitcoin-is-big-but-fedcoin-is-bigger/2017/12/18/53e2e79a-e1b8-11e7-89e8-edec16379010_story.html

What the hell is FedCoin?

It has been speculated that BitCoin was a NSA / CIA plot to test the public on the idea of Crypto-Currencies, with the ultimate goal of its acceptance, only to be replaced by the Federal Reserve Corp.'s FedCoin. I told you, the Luciferian Bankster Cabal will not give up easily.

FedCoin Could Be Coming Soon – BitCoin Magazine

<https://bitcoinmagazine.com/articles/fedcoin-could-be-coming-soon-would-it-really-challenge-bitcoin/>

Five Reasons the FED Needs a Bitcoin Style Currency – Fortune Magazine, Dec. 2017

<http://fortune.com/2017/12/26/bitcoin-fed-coin/>

Blockchain, the distributed ledger technology underpinning Bitcoin, is the tool that can be extended to a central bank cryptocurrency. - Yale University

https://law.yale.edu/system/files/area/center/global/document/411_final_paper_-_fedcoin.pdf

U.S. Government Awards \$7 Billion to Develop New FedCoin – MoneyWise, Jan 2018

<http://moneywise411.com/tbo-awards-7-billion-to-develop-new-fedcoin/>

At this year's "World Economic Forum" in Davos, Switzerland (weekend of 21-22 Jan. 2018), Nobel Prize-winning economist Joseph Stiglitz declared that the U.S.

“could and should move to a digital currency and get rid of (paper) currency.”

So far the Fed's heavily funded research is paying off...

The FBI already knows how to seize digital currencies...

The Marshal's Service know how to sell it...

The IRS know how to tax it...

And now, the Federal Reserve could copy it to rid the U.S. of cash.

I TOLD YOU IT WAS COMING !!!

BITCOIN LINKS

Wallets:

<http://www.coindesk.com/information/how-to-store-your-bitcoins/>

<https://bitcoin.org/en/how-it-works>

Block Chain:

https://en.bitcoin.it/wiki/Block_chain

<https://blockchain.info/wallet/bitcoin-faq>

<https://blockchain.info/>

Mining:

<https://en.bitcoin.it/wiki/Mining>

<https://www.weusecoins.com/en/mining-guide/>

<http://www.coindesk.com/information/how-bitcoin-mining-works/>

Mining feasibility calculator:

<http://blockchained.com/profit/>

<http://www.coinwarz.com/calculators/bitcoin-mining-calculator>

<https://bitcoinwisdom.com/bitcoin/calculator>

<http://www.bitcoinx.com/profit/>

Bitcoin Wallet:

<https://bitcoin.org/en/choose-your-wallet>

<https://play.google.com/store/apps/details?id=de.schildbach.wallet&hl=en>

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