



WHAT IS BITCOIN?

Unhackable, individually traceable Voting.

Completely transparent government spending.

Tracking where your tax dollars go.

True, honest digital rights management.

The end of predatory banking practices.

Social Media that lets you keep your privacy.

This is only the tip of the iceberg when it comes to what Bitcoin can do, and why I felt compelled to write this booklet.

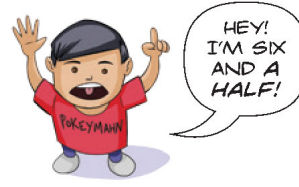
Most likely, you've heard about Bitcoin as a new form of money. "Internet money," as they say.

But Bitcoin, and the technology that it spawned, called distributed ledger "Blockchain" technology, is so much more.

Bitcoin isn't money. Bitcoin is a new form of human communication that makes money as we know it obsolete.

That, and so much more. Prepare for the revolution.

Now it's time for the EXPLAIN BITCOIN TO ME LIKE I'M SIX version!



PRETEND YOU'RE AT A COMICON AND WANT TO BUY AN OLD COPY OF SOME OBSCURE '90S COMIC FROM A RETAILER. YOU HAVE PLENTY OF CASH AT HOME, BUT NOT ANY MORE ON YOU.

SHOULDN'T HAVE BOUGHT THOSE \$8 CONVENTION CENTER HOTDOGS, EH?

THAT'S OKAY, THOUGH. EVERYONE KNOWS YOU'RE GOOD FOR IT, AND HAVE MONEY AT HOME.

YOU YELL OUT TO THE WHOLE CROWD "HEY! I'M GIVING THIS LADY \$20! COOL? THANKS!" EVERYONE IN THE CROWD HEARS YOU AND ACKNOWLEDGES.

THEY ALSO PULL OUT LITTLE NOTEPADS AND WRITE DOWN A RECORD OF THIS HAPPENING.

THIS EXAMPLE REPRESENTS THE "BLOCKCHAIN LEDGER".

LATER, THE RETAILER IS AT DINNER AND OWES \$20 FOR HER MEAL AND SOME DRINKS. SHE YELLS OUT TO THE CROWD AT THE RESTAURANT "HEY! I'M PAYING \$20 FOR THIS FOOD!" THE PEOPLE HEAR HER, AND THERE HAPPEN TO BE SEVERAL PEOPLE THERE WHO SAW YOU GIVE THAT MONEY TO HER AT THE CONVENTION, SO THEY KNOW SHE HAS \$20.

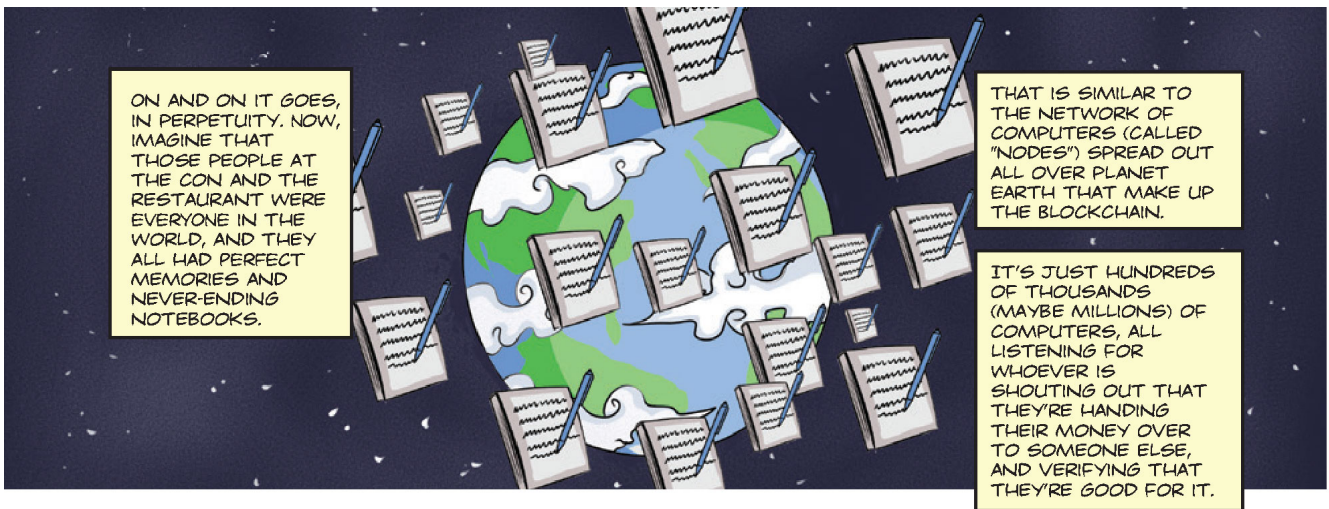
THEY PULL OUT THEIR LITTLE NOTEPADS AND WRITE DOWN A RECORD THAT THE MONEY MOVED FROM HER TO THE RESTAURANT. THE CROWD ALSO DOESN'T NEED TO KNOW HER NAME OR ANYTHING ABOUT YOU. LET'S JUST SAY THEY'RE REALLY GOOD AT REMEMBERING FACES.

ANY TIME ANYONE WANTS TO VIEW THE NOTEBOOKS TO CHECK A RECORD, ALL THEY HAVE TO DO IS ASK.

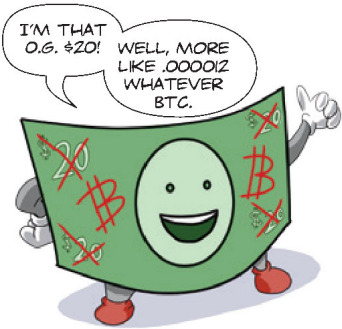
IF SOMEONE PRETENDS TO BE THE RETAILER, EVERYONE WILL KNOW THAT IT'S AN IMPOSTER, AND THEY WON'T ACKNOWLEDGE HER. IF THE RETAILER TRIES TO SPEND \$100, BUT SHE ONLY HAS \$20, EVEN IF SHE MANAGES TO TRICK A COUPLE OF THE PEOPLE, FAR MORE PEOPLE WILL HAVE A RECORD IN THEIR LITTLE NOTEBOOKS AND THE TRICK WILL NEVER WORK. SHE WON'T BE ABLE TO SPEND MORE THAN \$20.

DON'T HATE THE PLAYER, HATE THE GAME.

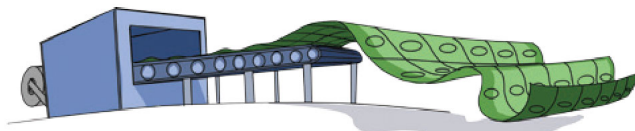
NICE TRY.



You're probably asking where the ORIGINAL \$20 comes from, though? That happens from a process called "**mining**." Anyone can buy a computer to "mine" their own bitcoin, which is done by running a program that requires answering insanely difficult math problems and using a lot of electricity. It all started with just one computer, then two, then a few more, and grew into thousands and millions. As the network grows, it becomes more expensive to mine, and hence, it's actually much more like a true item of tangible value than a paper currency, which can have any value attached to it and be printed at a government's whim for pennies. To put it another way, the mining program could be thought of as a downloadable printing press, operated by a very annoying math teacher that refuses to print anything unless you do several hours of homework.



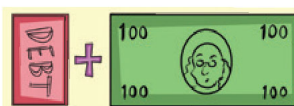
People often claim "But Bitcoin isn't backed by anything." That's only half-true. What's backing it is the "proof of work." The existence of the BTC can't exist without significant costs incurred to create one, just like digging for oil or running a gold mining operation. But what about the dollar? Isn't it backed by anything?

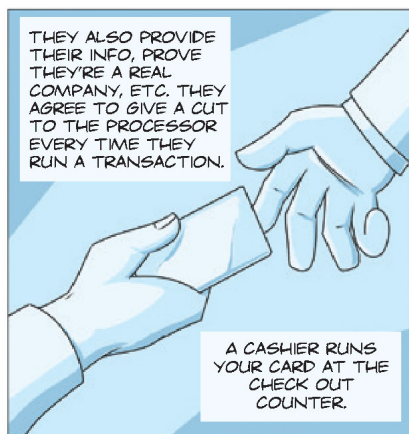
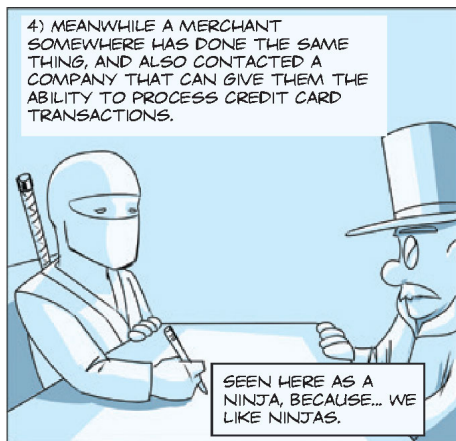


You'd think that, wouldn't you? But it's not true. Since 1971 the dollar hasn't been backed by anything at all - except for you and your fellow citizens' ability to pay taxes in the future.

Every time dollars are printed, we (our government) immediately owe interest on most of them to the Federal Reserve. AND as long as the government approves, there's no limit to how many they can print.

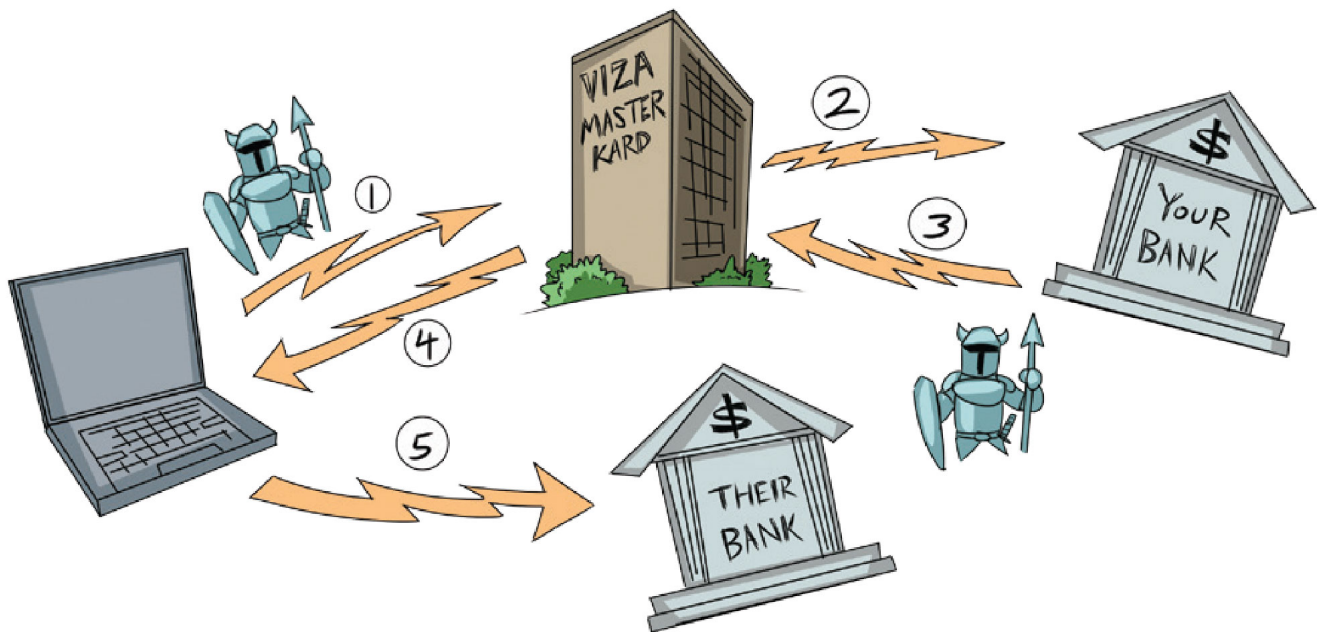
If for every dollar printed there is an additional debt, this means that there is literally no mathematical way to pay it off.





The computer or POS system they're using to run the card calls Visa, Mastercard, or whoever owns the vast network that handles all of the card processing (and they take a cut for providing that service).

The credit card company is just the middle-man, and so then contacts the bank where you are actually keeping this money, or borrowing this money from



The bank checks your account ledger to prove that you do in fact have that money, and haven't tried to spend the same money anywhere else (an industry term called double-spending). An enormous amount of money, energy (in the form of both electricity and human labor) is spent maintaining the security features necessary to protect the access to your money, as the banks are constantly under attack from hackers, counterfeiters and literal real world bank robbers.

Finally the transaction is approved, and the bank may or may not charge you a fee for the service (or for the simple privilege of holding your money in the account).

It all happened in seconds, but the steps necessary were a pain in the ass - and the banks can never rest when it comes to issues of fraud. However, this is by far the best it's ever been. Long gone are the days of hand writing checks at the counter, but now let's take a look at a Bitcoin transaction on the Blockchain.



THE MONEY MATRIX. A QUICK HISTORY ABOUT HOW OUR MONEY IS CREATED.

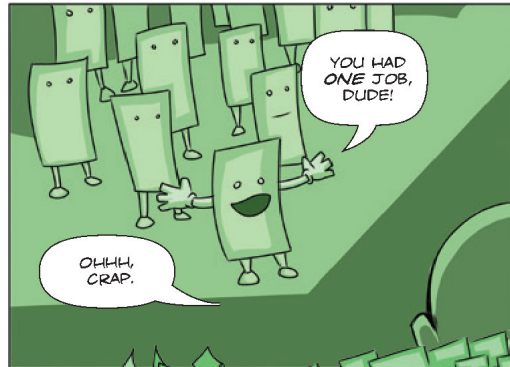
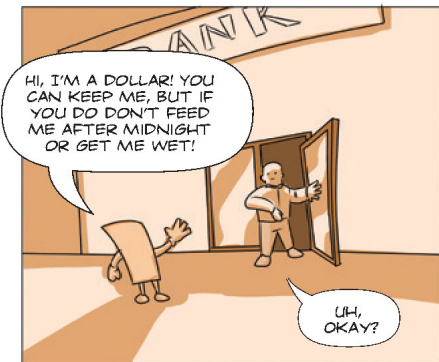


The founding Fathers had seen too many times how kings and countries printed currencies into oblivion once they allowed paper to be backed not by gold or an asset, but by faith alone. Some argued that you should be allowed to inflate the supply a little, but nearly everyone agreed there needed to be a limit.

You used to be able to literally go to the bank and exchange your dollars for gold or silver. This is generally how our currency worked for nearly two hundred years. After the great depression, the government put an end to that and outlawed gold ownership from 1933 to 1974.

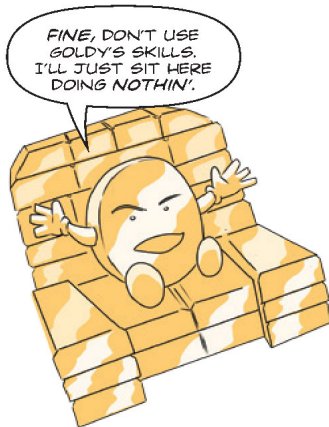
Thanks to the US holding more gold than anyone else in the world, after World War II, the major European nations all decided that as countries rebuilt, the US Dollar would be the official reserve currency standard across the globe, in an event called the Bretton-Woods Agreement. In effect, the world could have one easy to use "gold standard" currency, without the hassle of transporting all of their gold between each other.

WHAT COULD POSSIBLY GO WRONG WITH RAMPANT FRACTIONAL RESERVE LENDING?



It's estimated that there are over \$600 TRILLION dollars in the world created through this system.

Why am I going into all of this? Because it's important that you know just HOW MUCH GOD DAMNED MONEY THERE IS IN THE WORLD. And it's all BACKED - BY - NOTHING.



Whether or not we should go back on a gold standard is a subject up for debate, and there are some compelling reasons why too much restriction may not allow a country to grow. But history has proven that you have to have some kind of system to limit this kind of money creation, or eventually it all will crash. Followers of Austrian Economics have argued for years that gold must eventually regain its title as the king of all currencies, and be re-evaluated so that the price per ounce is equal to the amount of money printed.

So instead of \$1200 an oz, something like \$10,000 or \$20,000 minimum. But it never has been able to compete with modern high-tech money markets that suppress the price.



ENTER BITCOIN