

**OC BITCOIN NETWORK:
WEEKLY CURRENT EVENTS**

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Michael P. Regan, Vildana Hajric, and Bloomberg

Bloomberg

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Tom Brady offers Bitcoin to Bucs fan who returned ball from 600th touchdown pass

He threw his 600th touchdown pass—now Tom Brady wants to chuck a Bitcoin to the Tampa Bay Buccaneers fan who returned the ball.

The 44-year-old seven-time Super Bowl champion—a part-owner in Sam Bankman-Fried’s FTX Trading Ltd. who sports Bitcoin true-believer “laser eyes” in his Twitter profile picture—made the offer in a tweet directed to the crypto exchange.

Hey @FTX_Official, let’s make a trade...Let’s get this guy a Bitcoin

<https://t.co/emBFE1Lyr7>

— Tom Brady (@TomBrady) October 25, 2021

FTX responded that they’re ready to make the trade.

“It’s not every day you get handed the ball from Tom Brady’s 600th touchdown pass and give it back, and it’s not every day you get gifted a Bitcoin,” said Bankman-Fried. “FTX was happy to support Tom in thanking this fan for his generosity.”

We're in.

One whole #bitcoin it is! Time to make the trade.

— FTX - Built By Traders, For Traders (@FTX_Official) October 25, 2021

FTX, with 29-year-old Bankman-Fried at the helm, has become one of the world's largest crypto exchanges since its launch just two years ago. The company recently raised more than \$420 million in a funding round, swelling its valuation to \$25 billion, and plans to run an advertisement during the next Super Bowl.

Brady and his supermodel wife Gisele Bündchen earlier this year took an undisclosed equity stake in FTX, saying they would serve as ambassadors for the company. Since the deal was announced, the celebrity couple have starred in an FTX television advertisement that showed Brady calling friends and acquaintances to ask if they were “in” on cryptocurrencies.

So who got the better of this trade? Well, one expert said the football could be worth as much as \$900,000, considering Brady is the first person to throw 600 touchdowns in the NFL. Meanwhile, a single Bitcoin is trading for about \$62,500.

Then again, the fan reportedly agreed to return it in exchange for at least one other game ball and a signed jersey, so Brady's Bitcoin offer is a bonus. The fan, 29-year-old Byron Kennedy, was in a field-side seat wearing Bucs wide receiver Mike Evans' jersey when Evans surprised him by giving him the ball, CBS reported.

Plus, the Bucs are throwing in a bunch of other swag, according to a Tampa Bay Times reporter.

Bucs are giving Byron Kennedy the following for the No. 600 TD football:
Two signed jerseys and a helmet from Tom Brady, a signed Mike Evans jersey & his game cleats, a \$1K credit at our team store, and two season passes for the remainder of this season as well as next season.

— Rick Stroud (@NFLSTROUD) October 25, 2021

Not to mention, Bitcoin has rallied more than 1,000% from its low in March 2020, so who knows what the value of Brady's gift will be by the end of the season.

—With assistance from Katie Greifeld.

Source:

<https://www.bloomberg.com/news/articles/2021-10-26/tom-brady-throws-bitcoin-to-fan-who-ret>
urned-touchdown-ball-600

Andrés Engler

Yahoo Finance

29 October 2021

Identity Thieves Exploit El Salvador's Chivo Bitcoin Wallet's Setup Process

At first, Cynthia Gutierrez refused to download Chivo, the digital wallet developed by El Salvador's government for the use of bitcoin throughout the country and released on Sept. 7.

She decided to open the app on Oct. 16 after learning from fellow Salvadorans that hackers had activated wallets associated with the nine-digit numbers on their identity cards, known as DUI for its acronym in Spanish.

"This was growing more and more, reaching into my close circle," Gutierrez, 28, told CoinDesk.

When Gutierrez entered her personal information, a screen popped up saying her document number was already associated with a wallet. Immediately, she took a screenshot, fearing that her data would be used for illicit purposes.

Gutierrez's case is one of the hundreds that Salvadorans have reported on social media and to local advocates since September, when bitcoin was established as legal tender and Chivo started being massively used in the country.

Between Oct. 9 and Oct. 14, Cristosal, a human rights organization in El Salvador, received 755 notifications of Salvadorans reporting identity theft with their Chivo Wallets, Rina Montti, the group's director of human rights research, told CoinDesk.

In the majority of those cases, the affected Salvadorans tried to activate their wallets after they learned of the large number of people reporting that their identities had been stolen.

The hackers had an incentive: Each wallet came loaded with \$30 worth of bitcoin, provided by the administration of Salvadoran President Nayib Bukele to encourage citizens to use the cryptocurrency.

El Salvador's government did not respond to a request for comment about claims of identity theft involving the wallets by press time.

With the adoption of bitcoin, Bukele positioned his Central American country at the center of a global discussion about the future of money. The process was not without its critics, such as those made against Article 7 of the law, which stipulates that all merchants must accept bitcoin as a form of payment when customers offer it.

The president later denied that bitcoin acceptance would be mandatory. Salvadorans were baffled by the discrepancy between what the president said and what the law stated.

In August, polls showed that 65% to 70% of Salvadorans opposed the adoption of bitcoin, and several protest marches took place in the streets. According to the latest official data provided by Bukele at the end of September, more than 2 million people downloaded the Chivo Wallet, as part of an aggressive agenda that also included bitcoin mining with volcanic energy.

Easy to fool

According to Chivo's official website, opening an account requires scanning the DUI front and back, and then performing facial recognition to check the registrant's identity. But several Salvadorans reported evidence that the system is flawed.

When Adam Flores, a Salvadoran YouTuber who runs the channel La Gatada SV, heard about the hacks, he remembered that his grandmother had not opened her Chivo Wallet and decided to use the case as a test. Even though he only had a photocopy of her DUI, he tried it anyway and, to his amazement, the application accepted the document as valid.

Flores followed through with the verification process, which then asked for real-time facial recognition. The YouTuber snapped a photo of a poster on his wall of Sarah Connor — a character from the "Terminator" movie series.

Seconds later, Chivo Wallet welcomed his grandmother and released the \$30 incentive, according to a video Flores sent to CoinDesk as evidence.

Other cases uploaded to social media directly showed how just a random photo — in one case, of a coffee mug — was enough to replace the DUI and then fool the face recognition test.

Salvadorans do not always try to open their accounts themselves. According to Montti, of Cristosal, most of the 700 Salvadorans who reported identity theft asked acquaintances to try to transfer money through Chivo by putting their DUI numbers in the recipient field. They discovered the addresses were ready to receive transfers. In other words, the ID numbers were already registered, by someone other than the rightful owner.

Worried about impersonation, Ramón Esquivel asked an acquaintance to send money to a wallet with his DUI on Oct. 11. To his surprise, the transfer was successful, even though he had never activated his account.

“With anger, I realized that they had used my DUI,” Esquivel told CoinDesk, adding that after the episode he filed a complaint in the attorney general’s office. “I’m exposed to being used to commit acts of money laundering that would be registered under my identity, compromising my integrity,” he stated.

Other cases showed that the fraudsters diverted the money to accounts that were not even their own, but those of other hacked people.

Customer support

Two weeks ago, Gabriela Sosa, a Salvadoran media host, tried to activate a Chivo Wallet with her DUI, but an error message jumped up on the screen informing her it was already registered.

As soon as it happened, she called the official support number for Chivo, 192. “I kept calling for several days until they told me I had to go to a Chivo point,” Sosa told CoinDesk. Last Saturday, she went to that help center and her account was finally recovered, but the money was not.

On her Twitter account, Sosa released details of the account to which the \$30 had been directed. The owner’s name was Michael Santacruz.

Days later, co-workers and university colleagues sent screenshots of that tweet to Santacruz, who had never activated his Chivo account until then, according to private chat messages he sent to Sosa that she posted.

He tried, then, to open his account but a notification said his DUI had already been registered. Like Sosa, Santacruz approached a Chivo help center, and after recovering his account, he realized that it had been used to receive money from five hacked accounts, he said. (Attempts to reach Santacruz for comment were unsuccessful.)

Cristosal was not the only nongovernmental organization (NGO) to tackle the problem. Acción Ciudadana, a non-profit specializing in social auditing, filed a notice to the Attorney General's Office (FGR) on Oct. 12 after the group's President Humberto Sáenz and Director Eduardo Escobar found hackers had registered their Chivo Wallets.

Acción Ciudadana told CoinDesk that up to now, two weeks after the filing, there was no response from the FGR.

Laura Nathalie Hernández, a tech lawyer at the Salvadoran firm Legal Novis, has been receiving requests for help from victims of identity theft regarding their Chivo Wallets. The first recommendation she gave to the affected people was to post the incident on social media to make it public and also file a report with the attorney general's office.

According to Hernández, the entity that manages the application should be the first place to turn to. "But we don't have much information about who is responsible either," she said, adding: "We don't know who manages it, if there is a third company. There has been no transparency."

Unclear accountability

According to Chivo's terms and conditions, the authorization of an account is conditioned on a know-your-customer (KYC) process carried out by CHIVO S.A. de C.V., a private company created by the government to launch the wallet. This verification process "includes the provision of the information and documents required for full compliance with the process."

The company's accountability is unclear. According to the terms and conditions, users agree "not to disclose or divulge to third parties any information, DUIs, passwords or any code used to access the site." But the terms also state that it "will not be liable for any loss or damage that the user may suffer as a result of unauthorized third party access to your account as a result of hacks or lost passwords."

Chivo's support staff did not answer CoinDesk's questions about who is responsible for a hack where the real account owner does not provide information.

The wallet adds that the verification services will be provided by the company directly and/or through a third party contracted by the company for such purpose. But by press time, it had not answered CoinDesk's question about what other third party provides identification services to the platform.

Sosa, the Salvadoran media host, told CoinDesk that she eventually got her money back and emphasized that her complaint is not against the application or Bukele's government, just that she wants to raise awareness of the problem.

Gutierrez has not yet recouped her money. “I tried to contact customer service, and they did not give me an answer, nor is there an institution that is clear about the process to follow in this case,” she said.

Esquivel said he is not interested in either the \$30 incentive or the government app. “If I use bitcoin at all, it will be with a wallet in which I have custody of my money,” he said.

Source: <https://finance.yahoo.com/news/identity-thieves-exploit-el-salvador-223852061.html>

Anthony Cuthbertson

Independent

29 October 2021

Bitcoin wallet from Satoshi era mysteriously activates after 11 years

A bitcoin wallet that has been dormant since the time that the cryptocurrency's anonymous creator was still active online has suddenly activated.

The wallet was last used on 17 May, 2010, less than one year before the pseudonymous Satoshi Nakamoto sent their final emails to fellow crypto developers.

The 50 bitcoins contained within the wallet were worth less than \$4 when they were last used 11 years ago. Bitcoin's astonishing price gains since then mean the funds are now worth more than \$3 million at today's rates.

The semi-anonymous nature of bitcoin means it is possible to track transactions on the public blockchain, however it is not possible to link them to an individual or group.

It is not the first time a so-called "sleeping whale" has awoken this year, with a similar sum from the same time period moved back in July.

The 50 bitcoins acquired at that time come from the mining reward size, which was 50 BTC per block at that time.

Last month, a bitcoin wallet containing 616 BTC also activated after not being used for nearly nine years.

Bitcoin's underlying technology means only 21 million bitcoins will ever exist, however several million have been stuck in decades-old wallets whose access keys may have been lost or forgotten forever.

The most valuable dormant wallet currently contains nearly 80,000 BTC – roughly \$5 billion at current exchange rates.

The cumulative sum held in bitcoin addresses that have been dormant for more than nine years is well in excess of \$20 billion, according to data from BitInfoCharts.

This is nearly 2 per cent of bitcoin's entire market cap, while recent analysis from crypto market intelligence firm Glassnode estimated that roughly one third of all bitcoins are owned by long-term holders.

Source: <https://archive.md/6BeyS#selection-2113.0-2123.207>

Nina Trentmann

The Wall Street Journal

28 October 2021

Square Inc.'s CFO Talks Bitcoin, Afterpay and Cash App

Square Inc. started out in 2009 as a payment-services provider, enabling small businesses to process card payments with inexpensive white card readers and tablets. Since then, the Jack Dorsey-led company has added more services for businesses, a digital-payments service for consumers known as Cash App, a payments platform for artists and a developer platform that plans to build a decentralized bitcoin exchange.

Cash App's growth exploded earlier this year, partly from a flood of pandemic stimulus payments. The digital-payments app lets people send money to one another via smartphone, purchase things with a prepaid debit card and invest in bitcoin and fractions of individual stocks. It competes with digital wallets from other payment firms, such as PayPal Holdings Inc.

In August, Square announced plans to buy Afterpay Ltd. , an Australian firm that offers “buy now pay later” services, for about \$29 billion in stock. At the time, Square said the deal was aimed at tying the company's Cash App and seller ecosystems more closely together and help drive more commerce between merchants and consumers.

The Wall Street Journal spoke to Amrita Ahuja, Square's chief financial officer, about managing the company's growth strategy. Edited excerpts follow[:]

WSJ: *How does the company think about expanding its business?*

MS. AHUJA: We see our business as an ecosystem of startups. And each of those startups may have additional startups inside of it. We test with the launch of something small, we learn, we get customer feedback, we iterate, and we end up doubling down on the things that work.

WSJ: *How large is your share of the payment-app market?*

MS. AHUJA: [In the places where we operate], there is a \$100 billion total potential market on the seller side of the house, and a \$60 billion total market on the Cash App side of the house. In both instances, we're about 2% or 3% penetrated. The majority of what gets served in both of those marketplaces today is done by legacy institutions.

WSJ: *How do you plan to increase your penetration rate?*

MS. AHUJA: We see three primary ways [to grow Cash App's penetration rate.] One is product adoption within our existing base of customers. The second is marketing to reach new customers. And a third key way is expanding and broadening our product suite.

We acquired Credit Karma Tax and hope to have a more integrated offering there with a new tax season, and we just launched Cash App Pay, which allows Cash App users to pay businesses on the seller side of our ecosystem [by scanning a QR code]. It really reduces checkout friction, and gives people a fast way to use their Cash App balances.

WSJ: *What do you see as the biggest obstacle for more people to use Cash App? Is it that older people are slow to change?*

MS. AHUJA: Our largest set of customers are millennial and Gen Z customers. But we've grown tremendously and see traction with older demographics, as well as with higher-income

customers. And that's an area that we want to continue to grow. When you think about layering Afterpay onto Cash App, we see an opportunity to bring together two very complementary demographics of customers. We are starting with millennial and Gen Z, but then growing in terms of age demographics with Afterpay, bringing a more global base of customers and higher income.

WSJ: *What differentiates Square from other payment providers?*

MS. AHUJA: We have the ability to sit on both sides of the counter, and figure out the ways that we can add unique value to both the merchant and the consumer in that exchange.

WSJ: *The company in August said it would spend \$29 billion on Afterpay. What were the considerations behind the transaction?*

MS. AHUJA: "Buy now pay later" is a very attractive category that serves both merchants and consumers. Consumer preferences are shifting away from traditional credit cards to more understandable products like buy now pay later [a type of short-term financing that allows consumers to make purchases and pay for them later, in installments]. Merchants are seeing buy now pay later as an opportunity to increase conversions, increase average order volumes and acquire new customers.

A lot of credit cards have lost the trust of millennials and Gen Z's, many of whom grew up in the wake of the 2008 financial crisis. They see the hidden fees, the late fees, the interest and the debt spiral that credit cards can sometimes lead to. From a consumer perspective, Afterpay is a no-cost service to the customer. If installment payments are made on time, there is no interest.

WSJ: *Square last year got a banking license. Will the company become more like a traditional bank?*

MS. AHUJA: The bank charter today is focused on serving small businesses, a category that has largely been underserved by the traditional financial institutions. It isn't necessarily replacing what a bank is doing today, it's serving something where need hasn't been met. From a payments and software perspective, there may be an opportunity for us to move upmarket over time.

WSJ: *What's the company's view on bitcoin, compared with other digital assets? You have a functionality that allows people to trade bitcoin.*

MS. AHUJA: We ultimately believe that there's a high probability that the internet will have a native currency. And we believe bitcoin is the strongest contender to be that native currency. It's the most secure and resilient. We believe it's principled because it's decentralized, transparent and has a consensus-based development model. Bitcoin can provide financial access to those who have historically been marginalized by existing financial systems or who have distrust for their federal banks, as we've seen in certain regions, like in Latin America.

WSJ: *Why are you so optimistic about bitcoin?*

MS. AHUJA: We've been in the market for three plus years with this [Cash App] bitcoin product, and we have seen growing adoption. We had three million people buying or selling bitcoin through Cash App in 2020. Then in January alone, we had one million people who are new to bitcoin. We think it's growing in adoption and popularity and understanding and education. And we want to be a part of that ecosystem, learning and growing with it.

WSJ: *What does this increased interest in bitcoin mean for your business?*

MS. AHUJA: We think there's an opportunity as a company to learn and participate in a disciplined way, whether from a product perspective—as we've done for some years now with Cash App, where we enable customers to buy and sell as little as \$1 worth of bitcoin—or in building this new business unit TBD, which will enable on- and offramps to bitcoin, and enable a broader, more decentralized financial ecosystem.

WSJ: *What are on- and offramps?*

MS. AHUJA: Converting fiat currencies into cryptocurrency is the on-ramp. The offramp is the other way, converting your crypto back into fiat. What we've seen is that there are on- and offramps where those conversion mechanics are spotty. They're different market by market, they aren't always readily available to consumers. And so creating those on- and offramps is what TBD intends to focus on.

WSJ: *How long will it take to develop these?*

MS. AHUJA: We don't have a time frame to share at this point.

WSJ: *Square also bought bitcoin for its corporate treasury. What's the reasoning behind this investment?*

MS. AHUJA: We've purchased bitcoin for our own balance sheet, which we believe not only shows that we have skin in the game toward that more inclusive and broad future that I outlined for bitcoin, but also could provide attractive financial benefits over the long term.

WSJ: *How much of a concern is the lack of U.S. regulation around bitcoin and other crypto assets for you? There also aren't specific rules on how to account for these assets.*

MS. AHUJA: There's certainly a lot for us to learn. From a balance sheet perspective, there could be quarter-to-quarter fluctuations in terms of how you mark the value of bitcoin and its treatment as an intangible asset from an accounting perspective. We believe the potential longer-term opportunity makes it worth any near-term volatility. We also believe that there are attractive financial benefits, providing diversification and potentially a longer-term inflation hedge given the scarcity of bitcoin, relative to other currencies.

Ms. Trentmann is bureau chief of The Wall Street Journal's CFO Journal. Email her at nina.trentmann@wsj.com.

Source: <https://archive.md/Qx26v#selection-591.0-721.1>

Caitlin Ostroff

The Wall Street Journal

27 October 2021

U.S. Takes Bitcoin Mining Crown After China Crackdown

The U.S. is fast becoming the new global hub for bitcoin mining.

After a government crackdown in China, many miners are betting on reliable access to energy and a more predictable regulatory environment in the U.S. More than a third of the global computing power dedicated to mining bitcoin is now drawn from machines in the U.S., up from less than a fifth last spring, according to data from the University of Cambridge.

China had previously been the dominant country for companies to place computers working to unlock new bitcoin. But in May the country signaled the start of a broader crackdown against bitcoin mining and trading that is aimed at ensuring government control of its economy.

Bitcoin mining has become a lucrative endeavor with the price of one bitcoin currently worth about \$60,000. To harvest fresh bitcoins, powerful computers, many online 24 hours a day, compete to solve a series of math puzzles in the hopes of unlocking new coins.

By design, bitcoin's network only releases new cryptocurrency every 10 minutes, and the number of coins it releases is set to diminish in the future. This makes the competition to

unlock bitcoin energy-intensive, because the only way to boost one's chance at winning is to put more machines online.

Bit Digital Inc., a Nasdaq-listed miner, has moved its more than 20,000 mining computers out of China. Those machines will join others in New York, Nebraska, Georgia, Texas and Alberta, Canada. Some are currently stuck at U.S. ports due to continuing shipping delays.

Samir Tabar, Bit Digital's chief strategy officer, called China's crackdown "an unintentional gift to the U.S." In America, he said, the regulatory process is transparent and conducted with public input. "The rug will not be pulled out from under you," he said.

Ultimately, miners will go where they have access to cheap energy and a light, or at least predictable, regulatory touch. After China's clampdown, many miners also fled to nearby Kazakhstan. Earlier this month, the minister of energy in Kazakhstan, now the second-largest venue for bitcoin mining, said he plans to limit the amount of electricity that new bitcoin miners can use. Other popular spots include Iran, Malaysia and Russia.

It was China's promise of cheap coal-fired power that made it an early home for crypto miners. Before its near-total ban, the country accounted for almost half of the global computing power dedicated to bitcoin mining.

The U.S. has its own regulatory constraints. Regulators have pursued cryptocurrency companies, and the chairman of the Securities and Exchange Commission, Gary Gensler, has taken a strict stance on the cryptocurrency market. Mr. Gensler has questioned whether many coin issuers and exchanges are flouting investor-protection rules.

Bitcoin mining operations have also raised concerns from locals over climate pollution, as some companies have brought old fossil-fuel plants back online. Legislators in New York state are considering a bill banning the use of fossil fuels to mine bitcoin and are calling for miners to document their carbon footprints. The SEC also is considering measures requiring publicly traded companies to disclose climate data.

But crypto companies say the U.S. legal system is set up to ensure that laws are proposed and implemented slower than in other nations, giving bitcoin mining companies the ability to adapt and weigh in on potential policy changes.

Source: <https://archive.md/uGTOY#selection-429.0-449.0>