

the original white paper.¹ Peers are individuals at the core. Companies can operate on a peer-to-peer basis, but it is always an individual acting on behalf of the company. The distance between an institution and an individual operating on behalf of it can be enormous, and nothing exposes that distance quite like bitcoin.

An organization that understands that it can never be as effective at owning or using bitcoin as an individual is one that can provide valuable products and services to individuals as well as other institutions. Failure to understand this nuance puts an organization at a much higher risk of ending up in the aforementioned graveyard and potentially taking their industry, or even a portion of the economy, down with them.

¹Nakamoto, S. (2008). Bitcoin: A Peer-to-Peer Electronic Cash System. <https://bitcoin.org/bitcoin.pdf>

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HODL'ING BITCOIN IS IRRATIONAL

I realized how distinct a human act it was to HODL bitcoin (Holding on for Dear Life) the first time I considered whether some Artificial Intelligence (AI) could one day ever buy, sell, or “HODL” it. The thing is, even amongst humans, the vast majority of bitcoin that has ever been acquired has changed hands several times over. After all, if humans have a hard time hanging on to their bitcoin, why would AI be any different? The crux of the matter is the notion that HODL'ing is an irrational and unreasonable act, or at least requires a willful ability to be irrational or unreasonable. This ability is difficult to model into software, and even more difficult to execute through corporate or institutional governance, where reputations are built and destroyed at these crucial points.

Human action is based on an individual's unique set of circumstances at a given moment and, at that exact moment, the largest source of dissatisfaction that can be removed at the lowest cost. We're all aware of the water/diamond paradox, whereupon a person would forgo all the diamonds in the world for his first glass of water. Perhaps AI can make this simple deduction about what a human being might value, but to think that it could model every single human value

decision, or even a close approximation, very much strains credulity. AI is far more likely to influence people to make the decisions it predicts they will make simply through the power of suggestion than it is to predict human actions with any accuracy.

At an institutional level, the decision to remove the largest source of dissatisfaction stems from the human beings who have the power, and their particular source of pain. Theoretically (and legally), corporate governors are bound by a fiduciary duty to deliver profits to their shareholders. Further, they are presumably individually incentivized to make decisions that will enhance the value of their shares. Unfortunately, in the 2020s, neither of these incentives has proved to be more powerful than edicts from potential activist investors that have had the entirety of the S&P 500 implement expensive, wasteful, and demoralizing ESG and DEI programs. Individuals at these companies, no matter their level or number, are no match for the executives and directors who capitulated to these fiduciary breaches. It turned out that keeping their job is a far more powerful incentive than increasing wealth and shareholder value. The diamonds are no longer an incentive when an executive sees themselves needing that first glass of water again. I foresee a scenario where executives face a similar pressure to “adopt bitcoin” at their companies over the next five years.

In 2020, two companies, Microstrategy and Tesla, made the bold move to put bitcoin on their balance sheet. Neither