

Part I

Bitcoin is for Individuals

It might seem odd to begin a book about institutional bitcoin with a section titled “Bitcoin is for Individuals”, but I want people to be grounded in a very basic fact before we get into the tools and start looking at what companies can do. This foundation is critical to any organization that aspires to use bitcoin successfully. Many have tried, and few have succeeded.

The very short history of bitcoin has many examples of institutions that have either perished or brought themselves to the brink of destruction trying to offer a consumer product that either 1) didn't have the structural integrity to withstand bitcoin's volatility, 2) didn't respect the constraints of bitcoin, or 3) went against the natural order of human action. The long list includes exchanges (Mount Gox, FTX), yield products (Celsius, BlockFi, Anchor), thousands upon thousands of pump-and-dump alt-coins, stablecoins, attempted hard forks (Ethereum, BSV, BCash, TERRA/LUNA, etc.), and even highly reputable Qualified Custodians (Prime Trust). All of these companies' failures took down large chunks of the industry and did a lot to slow the worldwide adoption of bitcoin. Not all of these failures were criminal, and many didn't begin with intentions to scam people, but they all eventually found their way near that neighborhood, whether unwittingly or not.

Bitcoin is for individuals, first and foremost. It is a peer-to-peer cash system, as Satoshi Nakamoto described it in