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Bitcoin Supercycle

How the crypto calendar can make you rich

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Book One: Bitcoin is Internet-Based Hard Money

# Introduction

The quadrennial event that in many ways defines and drives an industry and an economy that has grown from nothing to more than $2.5 trillion dollars-the bitcoin halving.

Million bitcoin over 132 years for solving a cryptographic equation whose difficulty assures that the power of computers on the network is sufficiently strong to defeat any attack that would dismantle the permanent record of these transactions.

My purpose in writing this book is multifold:

* “Four Seasons of Bitcoin
  + Spring, when the “seed” of the new Bitcoin halving occurs;
  + Summer, when the seed of spring blossoms into parabolic growth and a new all-time high;
  + Fall, when the new cycles bubble pops and unsteady, weak hands race for the exits; and
  + Winter, when pessimism is at its most extreme; Yet the buying opportunity is always the greatest.
* I believe they have at least three more cycles until we have reached a more mature market where the majority of world’s population holds at least some bitcoin, directly or indirectly, and the peaks and troughs of each cycle’s price are more in line with far more established asset classes,
* Address a more mainstream audience
* Seeking to initiate and/or support new narratives within the financial and corporate communities that require an understanding of the past, present, and of bitcoin
  + Decentralized finance (DeFi),
  + Non-fungible tokens (NFTs),
  + 3) the metaverse, a
* Finally, I address the new cycle (2024–2028)
  + Ralph Nelson Elliott, later the term Supercycle has been used to describe various rapid growth phenomena, including new technology markets, which tend to grow from 8 to 80 percent in ten to twelve years.
* Bitcoin Spring
  + Begins the day of the halving. It’s
  + Each new halving makes the majority of miners unprofitable until the difficulty levels adjust and/or new mining equipment arrives,
* Bitcoin Summer
  + Day the former all-time high (ATH) of the prior cycle is exceeded.
  + The 2024 cycle is that the all-time high price from 2021 was breached one month prior to the halving.
* Bitcoin Fall
  + Begins the day after the all-time high, when buying demand is beginning to wane and experienced whales take some profits off the table
* Bitcoin Winter
  + Begins the day of capitulation, which is difficult to recognize until it’s in the rearview mirror.
  + Literally no sellers left
* 1) Maximizing profit while minimizing risk.
  + Personal strategy for cycle trading.
  + Substantially outperformed the “set it and forget it mantra of the hodlers.
* 2) . Asset allocation.
  + Profits from the top of the cycle to reinvest bitcoin about one year later at at the cycle’s bottom)
* 3) Ethereum, Solana, and the race for the new protocols.
  + Multiple other protocols grow 100x or more in price less than a year, so they should not be discarded vithout examination.
* 4) Altcoins, memecoins, Web3 gaming, and NFTs.
  + No comprehensive view of crypto markets in 2024 should ignore these cateories as a topic.
* 5) Staking, lending, and liquidity providing for income.

# Book One: Bitcoin is Internet-Based Hard Money

## Chapter One: What Bitcoin Is, Why It Is Important, How to Use It

Of bitcoin mining was that if more than one person runs program that independently validates a peer-to-peer transfer of value from one party to another and the result is agreed by another independent miner, then it is likely a valid transaction. When three more miners agree, it is even more valid. When 100 or 1,000 miners agree on the same transaction, it is mathematically impossible to refute.

Is far less than traditional banking or credit card F

Miner fee was in pennies. Today, it’s a few dollars for transactions of unlimited value.

Miners earn 100 percent of all new bitcoins created

Bitcoin is also the first digital asset, whereas everything prior its creation was a digital file. Why is this important? Digital files were revolutionary when they first appeared, with clear dvantages over analog data.

Restricted only by storage space.

Superior format for data.

This ability to instantly replicate is not a good | format for an asset.

### You Will Learn in This Book

One of the most significant technological developments the history of modern civilization,

Not a scam or a fad,

Unique period where bitcoin adoption value is poised to explode, leaving most people forever behind.

Bitcoin’s growth has almost completely mimcked the growth of the internet, which

Proven cycles one can follow to determine to buy bitcoin and when to sell. These cycles F i as reliable and relatively predictable as those in stock market and real estate.

Trends are the basis for my “Four Seasons

### Use Cases for Bitcoin: A Simple Explanation

Crypto-related venture capital jumped from 0.3 percent of the global venture capital market in 2017 to 12.62 percent in 2022,

Bitcoin mining is also rapidly growing.

You can transact with anyone the world twenty-four hours a day, seven days a week, 365: days a year. There are no “account holds” or frozen transactions.

That is a key reason that more and more private jet brokers accept bitcoin: it works perfectly when the banks are closed, as well as when the banks require a few days to complete a transaction, but you have immediate, legitimate needs for payment.

Let it be known you accept bitcoin. Then, keep that bitcoin instead of immediately converting it. It’s unlikely that the percentage of your total sales in bitcoin will equal your overall profit mar so consider it an investment in your future wealth.

I have always believed in the future of bitcoin, I also diversified my bitcoin capital gains into real estate, technology con anies, and other more traditional investments.

Households in a world of predatory lending, include so-called payday loans,

Each new paycheck pays off the prior exorbitantly high-interest loan, and one never gets out of the vicious cycle of poverty

Remittance fees average 10 percent of the transaction and can often be as high as 20 percent or moore,

Last mile” solutions to convert bitcoin into cash stablecoins for daily spending, and third-world particiare rapidly becoming aware that the more they can their bitcoin, the quicker they can rise out of poverty. In

Corporate payments can take up to 90 days to facilitate from purchase order to fulfillment. This is a key area for innovation as bitcoin and other cryptocurrencies, particularly stablecoins, become more accepted for payments.

Unpopular speech, products, or actions where traditional finance has put a chokehold on commerce are freed up by bitcoin, i

Chainalysis, the leading blockchain data and forensic analyfirm, only 0.34 percent of all on-chain transactions had suspected links to crime”

Also a lower amount than traditional banks,

## Chapter Two: The Lessons of Hard Money

* Represent one’s ability to create commerce with one’s neighbors
  + Currencies were pegged against the US dollar, which was
  + Comes from the mandate that its citizens must accept currency as legal tender in stead of demanding payment
  + Payment of taxes.
* Negotiation of a petrodollar policy in 1973, wherein all purchases of oil globally needed to be made in US dollars.
  + Flooded these strong US dollars into the Middle East,
  + Policy is now under attack on multiple fronts,
  + Unlikely that Bitcoin could replace the US dollar as a global reserve currency anytime soon, it certainly could become part of a basket of currencies and commodities used
* Store of value. To create savings, a unit of account must have recognized value and durability.
  + Chef, how — ever, cannot stock inventory in advance for items that spoil. Similarly, a barber can only cut hair on one head at a time.
  + The concept of credit began to arise around barter, given that barter has an uncorrelated coincidence of wants. I
  + Receive credit based trust and reputation
* Executive Order 1061 by President Franklin D. Roosevelt, who in 1933 seized gold its citizens under the pretense of helping the country recover from the Great Depression. Xvi
  + As soon as the gold was collected, Roosevelt repriced dollar’s backing to a much higher rate of $35 per ounce amount used in Bretton Woods), stripping the average American of nearly 60 percent of the value of their gold.
    - Took place on April 5, 1933. Many believe that the 1: - irthday of Satoshi Nakamoto, listed as April 5, 1975s
    - 1975, a reference to the year that right was restored by President Gerald M. Ford. It’s of many reasons why Bitcoin is called digital gold.
* Today’s grand bet is that governments backed by fiat currency can simply print their way to liquidity.
  + Will spend enough newly debased paper money to provide social profor the poor while providing asset bubbles and arbitrage opportunities for the rich.
  + It’s an insidious game that is not well understood by the vast majority of the world’s population
* Medium Of exchange.
  + Argument made that due to the continuous appreciation of bitcoin over time, it cannot be considered reliable medium of exchange. Ironically, many pundits claim opposite: that because the quoted daily price of bitcoin is subject to volatility and can as easily drop 10-20 percent in a day as it can jump by that amount, no sane person would transact in that currency.
  + Most Americans believe “the Fed” is a branch of the US government since its chair is appointed by the US president. But largely a private bank-a “central” bank,
    - Since the creation of the Fed one hun years ago, the purchasing power of the US dollar decreased by a shocking 96 percent.
    - This compares with the prior hundred-year period without a central bank, where everything was backed by gold and the government printed currency based on those gold stockpiles.

## Chapter Three: The Science and Philosophy Behind Bitcoin

* Its core is cryptography, an ancient science dating back thousands of years to Egyptian pharaohs and other early civilizations. “Secret writing” was used in ancient India to
  + Of these early systems were based on simple rules
  + Ciphers were worthless once the code cracked.
* Should individuals care about cryptography?
  + Leading was once a privilege reserved for scribes, priests, and
  + Big Tech Big Government plus Al could mean the End Times personal freedom and any right to privacy in a connected world,
* C. created a scheme for communication over an insecure channel that he named Merkle’s Puzzles,\*xxiii and it became the for public-key cryptography,
  + Merkle tree structure that enables complex mapping of data from variable-length inputs fixed-length output known as cryptographic hashing.
  + Hashing” is a key component of the “proof-of-work” consensus mechanism that makes Bitcoin work in a trustless, permissionless manner, at scale and globally.
* Shamir’s Secret Sharing protocol, which was later used to protect Bitcoin wallet addresses.

### Enter the “Cypherpunks”

* Paper for his PhD dissertation at UC Berkeley called “Computer Systems Established, Maintained, and Trusted by Mutually Suspicious Groups,
* Thesis contains every significant component of the Bitcoin paper (written twenty-seven years later),
* Coined the word “cryptocurrency,
* Pioneered the concept of “zero-know » roof
  + Early project ultimately failed, largely because it had tra ditional financial partners.
  + Ecashxxxvi 2.0 is now the inspiration and basis for his 2023 white paper, Better than Money\*\*xvii, where envisions a world with “inter-fungible” tokenized assets.
* Eric Hughes Cypherpunk Manifesto in 1993, which states the case for privacy as a human right:
  + “An anonymous transaction System not a secret transaction System. An anonymous system empowers individuals to reveal their identity when desired only when desired; this is the essence of privacy. “
* Timothy C. E May “The Crypto Anarchist Manifesto” in 1994,
  + Thus far, nearly everything in his essay has come true:

### Enter Bitcoin

* Hal Finney xlii
  + The most proactive person responding to white paper, repeatedly encouraging Satoshi to build the program he outlined
* Nick Szabo,
  + Created the first white paper explicitly describing a proof-of-work system in a cryptocurrency, calling it bit gold

### Why Should You Care About Bitcoin

* Ar no leaders and no rules | than those committed to th Bitcoin co.
* It’s a hard asst with digital qualities.
* It has a ix supply.
* Reliable monetary policy
* Makes Bitcoin a unique and important development in the history of technology, finance, and, ultimately, civilization.
  + The original blockchain\_t
  + Sealed permanent set of records every ten minutes.
  + Cryptographically proves here has been no double spending of these assets and then inscribes a permanent transaction record. This is a fundamental economic breakthrough
* Transformative potential signal a new era in finance
* Wei Dai felt that crypto anarchy was indeed a higher calling, very different than forms of anarchy preceding it:
* Satoshi Roundtable founder Bruce Fenton and Bitcoin Center NY founder Nick Spanos were avid supporters of libertarian presidential candidate Ron Paul.
* The earliest Bitcoin advocates and acolytes had the advanof fierce loyalty to the protocol,
* 1 am friends with many people, and they are happily retired in their thirties or forties, but they still support libertarian and freedom-centric causes. When the time comes for key decisions to be made about the future of Bitcoin in an environment where lobbyists and political donations matter, they will show up.

## Chapter Four: The Bitcoin White Paper

### Reprint-and annotate-the original Bitcoin white paper

* I don’t believe one can truly grasp Bitcoin in its entirety ithout reading the white paper, as it lays out the origintent and the manner in which Satoshi explains new system.
* I wanted to make sure that everyone who reads my book can also answer “yes” to the question of whether they’ve read the Bitcoin white paper.
* It’s a good guide to eval
* Bitcoin maximalists believe there no room for assets other than Bitcoin. In contrast, multichain advocates believe some blockchain functions are solved faster, better, and/or cheaper by newer chains.
* Abstract.
  + Ach party who wishes to interact does so independently, using signatures to verify they have they have the funds
  + Central counterparties means these transactions cannot be stopped through political action,
  + Secure and permanent as long as no party overtakes the chair,
* Introduction
  + Demonstrates the problems inherwith financial institutions inserting themselves in willing parties.
  + Legal and regulatory overhead raised the cost of each transaction, making it impractical to small purchases at all.]
* Transactions
  + Rarely hears Bitcoin described as a “chain of signatures”-but that’s exactly what it is.
* Timestamp Server
* Proof-of-Work
  + Increase in CPU power as more people use bitcoin makes exponentially harder to undo a valid transaction, as the
  + Which requires more power as the network grows add more security.
* 5. Network
* Incentive
  + Past section is technical and required for understanding bitcoin, fascinating to see Satoshi recognize that blockchain size could one be an impediment to growth.
* Simplified Payment Verification
* Combining and Splitting Value
  + Calculations section y provides validation for his theory that dishonest actors to invalidate the longest chain would have a difficult me
  + Primary Meant for fellow cryptographers to read.
* Calculations
* Conclusion
  + Summary is the first and only time Satoshi mentions the word consensus, which is perhaps the important reason the system works.

Book Two: Understanding the Bitcoin Cycles

# Book Two: Understanding the Bitcoin Cycles

## Chapter Five: The Genesis Block and First Bitcoin Cycle

* “Holidays” celebrated in the Bitcoin world:
  + Ber 31, 2008, when Satoshi released the Bitcoin white ape foal
  + January 3, 2009, the day the Bitcoin blockchain was created launched with the Genesis Block;
  + May 22nd, 2010, Bitcoin Pizza Day, the first known transaction made to purchase a physical item using bitcoin
* 840,000 blocks at the fourth halving on April 1 2024, at 1:09 UTC. During this time, more than billion transactions have taken place, each of which is linked back to the original block, the Genesis Block.
  + Other interesting elements about the Genesis Block:
    - No block prior to it as a point of ference, so it uses Ox0. Every other block refers in its to the address of the block prior
    - Number of bitcoins per block is cut in half every four rears, the number of blocks per day remains constant around 144 (bitcoin blocks are created and sealed roughly every ten minutes, 24 hours a day).
* When the price of bitcoin reaches $1 million, he potentially become the world’s first trillionaire. (Satoshi Patoshi Pattern)

### 2009: The Experimental Era

* Hal Finney calculated that the unit price would either go to zero or, if it succeeded to its fullest extent, could reach as much as $10 million per bitcoin,
* Not only were there very few miners in the beginning but there were also very few users. Therefore, many blocks in 2009 were sealed with zero transactions in them (in reality, “empty blocks” still have one transaction: the one that sends the miner reward from the coinbase to the winning miner or mining pool).
* Bitcoin.org was registered on August 18, 2008, than two months before the white paper’s appear
* BitcoinTalk ([www.bitcointalk.org](http://www.bitcointalk.org)) is a traditional, oderated online forum for message threads Bitco
  + The deal to buy two pizzas for ten thousand bitcoin was initiated.
* Liberty Standard 009–2011) was the first centralized bitcoin exchange,
* October 5, 2009, the first sale of bitcoin took place New Liberty Standard, where Martti Malki sold 050 of the bitcoin he was paid by Satoshi for his help for $5 on PayPal.

### 2010: Of Pizzas and GPUs

* Jeremy Sturdivant, known as Jercos” on Bitcoin Talk and also nineteen years old at the and living in the UK, agreed to call up a Papa John’s pizza near Laszlo order two large cheese pizzas for about in total.
  + Neither party was a “true believer” in Bitcoin, type that never plans to sell.
* At some point, the majority world’s billionaires could be from bitcoin.
* Mt. Gox, which had been in operation since for trading online playing cards, added bitcoin to its xchange on July 18, 2010. Within less than four months, the price of bitcoin rose from about five cents to a new all-time high of 39 cents on November 5
* In October 2010, a a bug found that allowed a hacker to create 182 billion new bitcoin through an “integer overflow” exploit. Fortunately, one the core developers (then and now), Jeff Garzik, caught anomaly and helped reverse it by forking the blockchain fifty-three blocks after the rogue transaction.

### 2011: Silk Road and the Early Entrepreneurs

Bitcoin went from programmer play money to a real-world asset used in commerce regularly.

* January 1, 2011 bitcoin was still at 30 cents.
* By June, the aforementioned Slashdot reposted an article from tech blog Gizmodo about Silk Road, speculators bid up the nascent asset to $30 on the Mt. Gox exchange.
* Troubles with users getting their funds out of the exchange dropped the price under $1 before rebounding to five dollars by year’s end
  + Leading up to its bankruptcy after missing funds and hacks discovered in 2014.
  + Mark Karpelès revealed that a hack on nearly 80,000 bitcoin occurred the day he bought the site from McCaleb on March 1, 2011, that he kept it quiet, hoping he could make it up with trading profits.
  + As the price of bitcoin moved up from that day’s closing price of 86 cents to $1,236 by December 2013, started as a small cash liability of less than $70,000 the day of the hack ballooned to nearly $100 million by the time Gox was facing insolvency.

### 2012: Year of the First Halving

* Entrepreneurs came onto the scene, each wave buttoned-down than the prior, and it seemed like year of development in Bitcoin was like a decade in traditional markets.
* No institutional backing to wrestle with the regulators and the banking industry:
* What would happen in one day, the supply of new bitcoins was cut in half, making the majority of miners unprofitable?

### Early Bitcoin Culture

* Enduring memes inform its fundamentals and helped | spur continuous faith in the protocol surviving during its darkest days
* Memorable phrases in bitcoin lore.
  + HODL (pronounced “Hod-dle
  + To the Moon Guy
    - The pictogram issued every time a bullish market trend occurred in bitcoin. The moon!!!
  + Moon, Wen Lambo
    - Peter Saddington founder of VinWiki, bought a $200,000 Lamborghini in 2015 with funds from the sale of 45 BTC he purchased a few years earlier for $115
  + Video Memes
    - “No Second Best
    - “We call herpoor.”
    - Important part of the adoption of Bitcoin going Forward, particularly among younger audiences

## Chapter Six: The 100x Cycle of 2012-2016

* The first Bitcoin cycle was fantastic, visions of disrupting the global economic system from the bottom up through cryptography and willing participants.
* Several thousand users, spread across more than 40,000 wallet addresses.
* Distributed its first ten million bitcoins
* Financial freedom for anyone who took the time to learn.
* First Bitcoin halving on Wednesday, November 28, 2012,
* World was relatively at neace,
* The world had pulled itself away from the brink of global depression through its high-risk bailout measures
* Incredible 100x run-up in the first eleven months of 2013 finally caught the attention of mass media, and the Bitcoin narrative entered the mainstream. Albeit skeptically. By year’s end, the long crash precipitated by the implosion of the world’s largest exchange, Mt. Gox, had turned the bullish frenzy into a slow bloodbath that only let up as 2016 arrived

### 2013: The First Great Bull Market

Parabolic increases in the price of bitcoin in 2010 and 2011, they were quick and unsustainable,, more of a bull blip than a classic bull market.

* First year with a “double bubble” in a parabolic run-up.
* The halving supply shortage, coupled with new users, just as Satoshi predicted : would happen.
* The Veblen Effect
  + Certain goos attain a luxury status that makes them more valuable because of their higher price, making them a status symbol, as opposed to class economic theory, where rising prices will lower demand consumers look for more affordable alternatives. .
  + More exclusive and, therefore, less attainable, which justifies its higher price.
  + A frenzy to buy bitcoin regardless of the price… as long as it kept going up.

### Four Seasons of Bitcoin, Season One

* Terms “pump” and “dump,” it does not necessarily manipulate the market. Prices going up rapidly are often referred to in crypto as a pump, and they are generally followed by a quick decline retracing the entire gain, known as a dump
* The real parabolic behavior only kicks in once the high of the cycle is reached, which is where Bitcoin Spring (which starts on the day of the halving) turns to Bitcoin Summer. In
* Speculative impact of the story is now generally believed to be bigger than the actual demand shock, an
* New exchanges with much better back-end security and more professional teams appeared on scene, including Bitstamp, Coinbase, ItBit (now part of Paxos), and Kraken.
* First asset to have an appreciation of more than one million times its initial price.
* Daily fodder at CNBC and other financial outlets this puzzling anomaly was somemaking techies rich 1
* BitPay, Blockchain.com, and other nascent leaders were all in attendance, as were founding members of the Bitcoin Foundation:
  + Charlie Shrem,
  + Peter Vessenes Matonis
  + Gavin Andresen,
    - the Bitcoin chief scientist who en trusted with the keys to the bitcoin core code by Satoshi after he mysteriously disappeared from the Bitcoin ecosystem in 2011 -
* Plummet was caused by a market reaction to the State of California asking the Bitcoin Foundation for a money transmitter license, confusing the Foundation with the decentralized protocol .
* Centralized exchanges were suddenly running out of bitcoins to sell
* (Global arbitrage in between exchanges took too long to move liquidity through international banks prior to the introduction of the stablecoin one year later with Tether.
  + Price of bitcoin had doubled to $200. A few weeks later, it loubled again to $400, and a few weeks after that, bitcoin hit an unimaginable high of $1,236.
  + Retail investors began to panic buy into bitcoin at the top,
  + Goes up must come down, and the 1 00x bubble popped in early December, starting the first Bitcoin Fall.
  + Final capitulation date january 2015
    - When nearly all retail traders have taken their losses and the arena). That date is the start of what I call Bitcoin Winter, which is the best time each cycle to buy bitcoin,
    - Once | reach a prior all-time high, there is absolutely no technical resistance above you, enabling the parabolic gains of the first cycles.

### 2014: Bitcoin’s First Fall

* General cycle theory is that scarcity is more important than all other factors
* Programmatic deflation
  + Addition of new users each year, inevitably causes more demand than supply.
  + Secondary conditions (news cycle, global money supply, macroeconomic conditions, interest rates, geopolitical tensions) have not yet been a more extensive influence than scarcity.
* Most buyers thought it was still a bull market and continued to “buy the dip” throughout 2014, which was a disastrous strategy. Buying the dips only works in a bull market. In a bear market, you’re simply dollar-cost averaging into an ever-declining price, so it’s best to wait until capitulation seemingly has occurred.
  + Worst news possible tends to come out in the third
* Bull markets hide a multitude of sins, as few question why prices are increasing. When they go down, everyone points fingers and looks for explanations and villains.
* Roughly 650,000 bitcoins were stolen, lost, or otherwise unaccounted for.
* Resolute that the price of bitcoin would recover and not wanting to sell at a 50 percent discount to the recent all-time high, held… all the way down to the year-end price of $320 and beyond.
  + Followers of the swing trading philosophy 1
  + Bought back in at or the early 2015 capitulation point and received 3-5x the of bitcoin as their original investment.
* Early experimental forks to bitcoin, generally based better mining efficiency.
  + Bitcoin-based domain names),
  + Peercoin, the token to utilize proof-of-stake
* The Ethereum white paper formally at the North American Bitcoin Conference a couple of weeks later. Its ICO at 30 provided a second chance at stratospheric returns for those who missed out on $1 bitcoin.
  + “The seeds were slowly being planted for the bull market that followed the next halving the summer of 2016.

### 2015: Living through Bitcoin’s First Extended Bear Market

* Long-awaited capitulation event taking place on January 14 at $173,
* Panic in the air as to whether it might retrace all the way back to $12, which after all was the price just two years ear
* Year of slow recovery, of waiting patiently for the next Bitcoin Spring.
* Innovation was slow as funding sources dried up, with crypto investors seekto hold on to their bitcoin and many venture capitalists shunning the sector as a failed experiment.

### 

### 2016: Run-up to the Second Halving

* Inching its to the prior all-time high as well as the psychological barrier of $1,000,

## Chapter Seven: Bitcoin Forks and ICO Mania

* It began to have a structure
* Some repetitive behaviors that techanalysis (often referred to as T.A.) can track and compare
* Focused on repeating trends, including “Sell in May and Go Away” or the “Santa Claus Rally.”
* Estimate of how high it could run was $10,000 the end of the bull run, which seemed wildly bullish at time, but turned out to be conservative, as the 2017 high within a few hundred dollars of $20,000.
* when the bubble pops and prices drop
* An upstart “joke” candidate named Donald Trump slowly knocked out front-runner Jeb Bush
  + Nomination and inevitable defeat
  + Well-oiled Democratic machinery support ing Hillary Clinton.
  + Nobody told this to the n ɔters, who elected Trump in the biggest upset victory since end of World War II.
  + “Woke” and “green” agenda, battled in the streets with MAGA
  + Near the end of the Trump presidency (and Third Bitcoin Cycle) was the added turmoil of Black Lives Matter protests surrounding the death of George Floyd
  + Rapid onset of the global COVID-19 pandemic.
* July 2016 to eclipse the prior all-time high from back in December 2013
  + Price appreciation of bitcoin seemed unstoppable,
  + Price reached its all time high for the cycle of $19,800 on December 17, 2017. Not coincidentally; this date was the first day the Chicago Mercantile Exchange (CME) was allowed to trade futures on
* Wallets opened up and took advantage of all this new liquidity provided by an uninformed surge of new retail investors to Cash out on their parabolic gains from the prior months.
* Oldest steady hands (often referred to in crypto culture as “diamond hands”) are those most assured about the long-term viability of bitcoin.
  + Bitcoin. Ergo, many of them-W¨¨, add to their bitcoin wealth over time, as well as generate decent chunk of fiat money for spending through shrewd cycle trading
  + Definition of having one’s cake F1 and eating it, too.

### Fork Wars

* Simplest of narratives about the second halving did indeed take place: new supply is cut, demand stays cox stant or slowly rises, and the prices must eventually go up.
* Terpin’s News Relativity Paradigm (NRP):
  + The impact of good news gets exaggerated while bad news gets minimized or ignored.
  + The reverse is also true: in a bitcoin bear market, good ignored, whereas bad news is magnified, adding to the short seller fires.
  + Vinny Lingham,
    - Accepting bitcoin for payments, then immediately selling it for fiat (which makes it a net sell on the system that is dependent of value).
    - Vinny rang the alarm that if a proposed fork of bitcoin went through, it would set the entire bitcoin ecosystem back immeasurably.
    - A fork would dilute the brand and make people question which was the real Bitcoin.
      * Bitcoin not only didn’t crash after the August 1 fork, it exploded to the upside.
* Some miners decided to fork the blockchain and create a second chain from the same proof of work, it would have its own coins
  + A parallel bitcoin blockchain was created, with its own miners but mainly relying on the same rules as Bitcoin, other than the lower fees.
  + Many bitcoiners quickly dumped their BCH for they saw as the only real bitcoin, BTC. Heated struggles ensued over which exchanges would even list it and whether they would use the word “Bitcoin” to describe it or simply
* Boom and bust, the comparisons to the bubble, which had a single stratospheric run, continue misinformed

### ICO Era and its Effect on Bitcoin

* J. R. Willett, wrote a thoughtful proposal he called “The Second Bitcoin Whitepaper,”\xxix
  + Crowdsale at a treasury wallet he called “The Exodus Address
  + Who puts their rent money or life savings into an experiment of this type is a fool and deserves the financial ruin they will inevitably reap from this).
* 200x in four months. Most of the funding came through nascent BitAngels network of bitcoin angels I started with David A. Johnston a
* Cofounders Vitalik Buterin, Anthony Di Iorio, Gavin Woods, cofounders Vitalik Buterin, Anthony Cardano), and others nearly a full year to release the Ethereum token on July 31, 2015,
  + Peaked just six years after its 74 cent debut to reach $4,800 per token!
  + ERC20 rapidly became the gold standard for issuing new tokens on Ethereum, including virtually ICOs=- Most early token sales raised a few hundred thousand to a few million dollars to build out a team and decentralized application
  + DAO (decentralized autonomous organization, which is effectively a aderless system where governance happens by a vote of the holders).
* Ethereum Foundation creating hard fork of its own (more than a year before the first significant bitcoin fork) in July 2016 to reverse the DAO hack. Stolen funds represented 15 percent of the entire value Ethereum network at the time.
  + Securities and Exchange Commission (SEC) saw
  + Report concluded that the DAO security and that the offer should been registered with the SEC if it
  + Others that were created through the ICO process, were taking on a life of their own. They were also tied in great part to the bitcoin four-year cycle.
* You know why people act irrationally in a bubble?» sked economist Harry Dent
  + “Because they’re drunk.
  + The dotcoms of the late 1990s, the party would on forever, changing society overnight.
* Jim Lowry
  + Excitement pushing up the price and sounded an alarm.
  + “Everyone thinks that this opens the door to everyone going long on bitcoin, but it also means skilled short sellers will this bubble.

2018: Another Bitcoin Fall Leads to an Extended Winter

* Bitcoin dominance dropped to an all-time low of 36.9 percent in
  + Inevitability of “the Flippening
  + Ethereum’s market capitalization was 83.2 perthe size of Bitcoin’s.
  + General, Ethereum tends to underperform bitcoin in a bear market and then outperform it when market conditions signal a change of seasons fromm bear to bull.
  + Altcoins have been a major target for “regulation by enforcement
  + 1946 Supreme Court case on orange futures, now known as “Howey Test,” after the Howey Fruit Company lawsuit by the SEC.
  + Enforcement actions had the effect of giving small startups a poor choice: plead guilty even if you disagree, spend tens of millions of dollars defending Yourself as your business dies, and in many cases, your assets are seized before the verdict is in.
* Pattern had an escalating negative effect:
  + Once-promising
  + 2) targets of short sellers.
  + 3) As regulatory actions heated up, investors gradually exited their altcoin holdings entirely, driving down the price by 90 percent or more.
  + 4) ether (ETH) to cash before the market crashed started selling the ETH in their treasury to pay their salaries and to keep the lights on

### 2020: Searching for a New Narrative in the Depths of Winter

* Wave after wave of bad news, which,
* Causes much more panic selling
* Seek to “buy the dip”-as mentioned earlier. This is a horrible mistake in bear markets before capitulation.
* Bitcoin SV SV stands for “Satoshi’s Vision”),
  + Fork of the fork.
  + 2018, Craig Wright proclaimed himself to be Satoshi Nakamoto
    - Stated he would kill off the current Bitcoin and Bitcoin Cash chains because they had evolved into coins that did not reflect vision.
    - Far more contentious than the initial Bitcoin
      * Both Bitcoin Cash and Bitcoin SV miners vowing to sell the coins they would each get of their hated opposing currency from the fork to drive it into oblivion
      * Clearly, neither side could truly win this war
* Sell orders on two-thirds of my entire bitcoin holdings
  + I sold my bitcoin at an average of $5,400 and then repurchased it all a month later at an average of $3,500, keeping all of my bitcoin and a sizable amount of cash off the table at the same time.
* Was hacked for $24.7 million of altcoins (the biggest hack ever of an individual) in January 2018.
  + Bitcoin from the ringleader of the gang, Ellis Pinsky, was fifteen years old at the time of the theft. As part of his deal with authorities to stay out of prison, he
  + Nicholas Truglia lost a $72 million civil action in California and is now in prison in New York contempt charges for not paying me $20.4 million in restitution as part of a plea bargain in his criminal case.xxxi
* Flash crash in March 2020,
  + 2018 bottom price in the low $3,000s. But this dump was short-lived (and people with buy orders in that range were ecstatic)
  + The realization set in that the US government turn on the money printing machines like never before in history to cope with this pandemic, regardless of who won the election later that year.

## Chapter Eight: Money Printing, Macroeconomics, and Memes

* Bleak landscape was only changed when the drums began beating
* Stoked civil unrest social division, followed by major, unpopular wars
* When the “transitory” inflation that resulted from all this money turned out to be not that transitory after all, the raised interest rates faster than at any time in half a century.

### The Bitcoin Spring of 2020

* Rewarding the contrarian buyers with an average return of more than double their money in a little over a year-and a return of times their money in three years.

### Bitcoin Summer and the Double Bubble of 2021

* Nobody could travel during the first Christmas of the pandemic, So they stayed home, shopped, and gambled.
* Meme mania helped DOGE run up more than 7,000 percent in the first fifteen weeks of 2021,
* Good news was getting accelerated while the unfavorable news was ignored-or positively reinterpreted.
* More money printing to further debase the dollar and add more speculative cash into the money supply.
* Debut of Coinbase as a public company, listing on NASDAQ using the stock ticker COIN that same day at a billion market capitalization.
* Michael Saylor began the Trumbeat in August 2020, buying 21,454 bitcoin at an averprice of approximately $11,500.
* Elon Musk announced that Tesla would accept bitcoin for payment of its cars and that it had acquired bitcoin for its balance sheet in February 2021
* May 13, Musk announced that he would stop taking bitcoin until it became “more sustainable” in environmental terms.
* Regained $40k in late July, partially on the news that El Salvador would make bitcoin legal tender.
* Multiple narratives competed to explain the rebound. Was it a double bubble like 2013? Or was it part of an extended cycle that wouldn’t peak until early 2022?
  + An interesting theory, with a fair mount of data to stand behind it. But it was dead wrong.
* New narratives for this market cycle,
  + 1) Decentralized finance, DeFi;
  + 2) non-fungible tokens, NFTs;
  + 3) the Metaverse
    - Took on extra meaning; when October 28, 2021,
* Briefly, these three assets helped power the 2020-2021 market for all crypto,
  + But often lost value more quickly in the bear marker

### DeFi Summer

* Class of altcoins designed to create yield,
* Users borrow and lend on-chain
* Parabolic growth numbers the new phenomenon of “yield farming,” wherein users could move in between protocols (or combine them) look
* Some protocols automated ; or automatically compounded the returns; in some cases, governance tokens were used to let users vote on the best yield farming methods to deploy the treasury of the token.
* On-chain protocols could avoid the scrutiny of regulators as was no central entity holding the money;
* Be exponentially profitable, it could also be extremely complex to move between these competing protocols
* There was too much risk taken on by these centralized entities leading to their implosions, one after another.
* Nobody ever lost a penny from the truly decentralized platforms

### Non-Fungible Tokens

* Bringing the creative class in touch with for the first time.
* A new medium and at a substantially higher price point.
* Breathless mainstream media helped inflate the bubble, which crashed even harder than fungible tokens did in the coming bear market

### Metaverse Mania

### 

### Right on Cue, Bitcoin Fall Hits Hard in 2022

* Every parabolic bull run after the first halving had a corresponding bounce within thirty to sixty days after the high, often followed by a last-chance rally before the actual bear market set in. Amateur traders see this as a sign that the rally is continuing and double down at the exact wrong time. Experienced traders should see this as the last chance to exit the cycle, having improperly predicted the actual all-time high.
* Bitcoin Fall always includes a change of direction, from up to down, from hopeful to doubtful, and from Greed to Fear.
* A factual basis as well. Fraudsters and those who just gambled a little too much can get completely wrecked in a bear market, whereas could look like winners in a bull market since they were often richly rewarded for overspeculating.
* Do Kwon
  + Algorithmic stablecoin pair Terra and Luna;
* Alex Mashinsky
  + Rewards token as part of its unsustainably high interest rate,
* Barry Silbert,
  + Failure of its overleveraged lending company
* Bankman-Fried Of FTX,
  + Ultimate boy-wonder billionaire turned convicted felon.
* Still much bullishness to in terms of new “Layer Two” protocols and the hope some that a third market top (the first “triple bubble”) would emerge due to the theory of expanding Cycles.
* Bitcoin’s price was over $40,000, there was no need to panic; after all, it had only first reached $20,000 in late 2020.
* Of traditional Wall Street short sellers too tempted by its overvaluation, knowing that shorting the UST token had a limited downside,
* Contagion of funds borrowed or staked on the related Anchor protocol, which paid a hefty 19.45 percent interest rate, issued mainly from Luna’s excess reserves. This double-dipping led others to refer to Luna as a “ginormous Ponzi scheme.
* First thought was to sell most of my remaining bitcoin and repurchase it later when the market recovered, as I did in late 2018. It was the right although unlike 2018, I did not act quickly enough and instead waited out the bear market with the bitcoin I hadn’t already sold at bull market prices.
* Bankman-Fried xcvii was an unlikely poster child fo
  + All of his billions to social causes through a form of aggressive “the end justifies the means” philosophy called effective altruism.
  + Already suspicious of the way FTX used its own network token, FIT, as collateral on highly leveraged deals through its sister company, Alameda Research, issued a tweet that led to unwinding of the company’s unsustainable high-wire act:
* Retrospect, investing that day would have led to a 5x return in fifteen months, but it wasn’t clear yet that there wasn’t more blood come first.

### Contrarian Bitcoin Winter Buyers Stop Bleeding in 2023

* Dropping below the 00-week simple moving average (SMA) never happened in history of crypto-and when it dropped below the 200- SMA, it was always the best time to buy.
* Regulators and lawmakers who had gladly donations from SBF were running away from the association as fast as they could
* Jim Cramer added to the negative sentiment: “The truth it’s never too late to sell an awful position, and that’s what You have if you own these so-called digital assets,” he advised at the very bottom of the market¸ci
* There were no sellers left. If didn’t sell after Terra Luna, after Celsius, after FTX, you bitcoin for the long haul.
  + Coast was clear if knew the signals.
* Senator Elizabeth Warren and her “anti-crypto seemed to be united in an attempt to score political points protectors of the little guy, when it was clear to most crypto advocates they were mainly protecting the banks.
  + Self-custody of one’s own digital assets regulated under traditional banking laws, effectively making everyone responsible for being a money services business,
  + Operation Chokepoint 2.0,
    - Multiagency effort had been used in prior to attack the online gaming, pornography, and gun industries.
    - Instead of killing off crypto, it showed the inherent instability in the banking system itself.
    - Nearly $20 trillion of deposits in US banks at the but less than $120 billion in FDIC insurance (less than 1 percent), it sounded to many like “FDIC Infinity,
    - Marked the end of Bitcoin Winter uniquely to date, as it achieved a new alltime high more than a month before the halving. Did this that Bitcoin Summer preceded Bitcoin Spring? I say no, because March 14, 2024, was still part of the fourth Bitcoin Cycle as the halving had not yet occurred.

## Chapter Nine: Bitcoin Becomes Scarcer than Gold (2024-2028)

* Estimated Total current supply of 212,582 metric tons
* Unlike bitcoin, this is an estimate, and there may be tens of thousands of tons of gold statues, coins, and jewelry from antiquity buried under the sands of time or secretly stored in private hands. Gold may exist on other planets or asteroids, ending the possibility of dilution if a large supply came to marker.
* Gold Council estimates in February, 2024, 45 percent is in the form of jewelry, 22 percent is privately held as an investment in gold bars or coins, and 17 percent is held by the world’s central banks, with the remaining 15 percent allocated industrial and other uses.
  + Supply grows yearly through gold mining industry, but at a fairly consistent rate. In
  + The top nations mining are China, Russia, and Australia.c CV
* The Bitcoin Standard, Saifedean Ammousvi proposed the stock-to-flow ratio (amount of new issuance divided by total supply, i.e., the asset’s annual inflation rate) as a uide to relative scarcity
  + Is increasingly challenging to mine profit every year, and it is estimated that annual production will begin to decline by 2050 unless new technologies come about make it more feasible to reach hard-to-find veins
* Naval Ravikant at
  + Perfect pyramid scheme-not Ponzi scheme, pyramid scheme” due to early adopters being the most enriched.
* PlanB,
  + Dutch investor and analyst, made a career out of creating a variety of models based on Ammous’ stock-to-flow model
* The first halving, its annual inflation rate would drop overnight from 25 percent to 12.5 percent and get into single digits by the next halving. ‘Rior to the most recent halving in April 2024, the annual inflation of bitcoin had already dropped to the approximate level of gold (1.71 percent for gold in 2023 vs. 1.94 percent for bitcoin) .
  + Reduced from 900 bitcoin per day to 450, making the annual inflation just 0.825 percent-less than half the current annual inflation of gold.
* Presuming demand in eight years is equal to or higher than today, basic economics dictates that the price will rise. It is my belief that in addition to the fixed dynamics of supply, summarized above, and the seasonal price fluctuations around investor psychology for each new four-year cycle, a new dynamic of accelerated adoption and therefore demand will kick in this cycle and play out over the coming three cycles.

### 2024 And the Dawn of the Bitcoin ETF

* Of an Exchange-Traded Fund (ETF) for
* First proposed by Gemini exchange billionaire cofounders Tyler and Cameron Winklevoss, in July 2013,
* Make bitcoin established Wall Street asset class, taking it out of the gray assets that a registered investment advisor cannot even discuss with a client.
* Completing the Bitcoin Winter turnaround that surprises investors every cycle.
* Rumor was a stronger driver than the news, and as the SEC approved all eleven bitcoin ETFs on January 10, 2024,
  + Pundits claimed it was a “sell the news” event, Pantera Capital managing director Dan Morehead,
    - “Buy the rumor, buy the news,” he wrote just prior to the to the approval.
  + outflows is generally believed to relate to the high fees of GBTC, six times the amount of its competitors.
  + From opining that the outflows were because bitcoin was overvalued and investors were panic selling.
  + ETF inflows on most days substantially exceeded new bitcoins mined by more than to one.
* When demand exceeds supply by a level that disrupts price beyond the normal ninishing returns?
* Long-term holders care about the amount of bitcoin they own, whereas the majority of new buyers care about the amount of fiat currency as their yardstick for success.

### Projections for the 2024-2025 Bull Market

All models are wrong, but same are useful. -George E. P. Box, world-renowned statistician

### It’s Going to Be a Long Bitcoin Summer… Or Is It?

* New all-time high occurred prior to the halving, will the new cycle end sooner?
* Believe that Bitcoin Summer will start only after the Fourth Bitcoin Cycle all-time high of $73,835.56 has been surpassed after the halving.
* Halving take place during the US presidential elections. I believe this was programmed intentionally by Satoshi, knowing that election years are generally good for economic news
  + Prevailing party looking to stay in power will push whatever positive interpretation of the data it can manipulate to get elected.
  + Was a uniquely chaotic time American politics,
  + Jr., have embraced cryptocurrency as an industry where America should be a leader.
* Long-standing projection was for it to go th ree times the halving price, which clocked in at $63,851. That That would imply a terminal all-time high for the cycle of $191,55 3.
* Prior 10x landmarks were met with both fanfare and quick price appreciation beyond that range, only to fall back again
* The $100.000 narrative, complTwitter profiles (I had mine), fell short by a solid 30 percent in 2021
  + See a double bubble as a strong possibility:
  + A long pause where prices drop back to the $100k resistance level (or lower), but start heading up again in October 2025 on positive news of more interest rate cuts, sovereign wealth funds buying bitcoin, ETFs hitting record levels and/

### A Gentler Bear Market?

* Internet had solved the need business cycles and that going forward, it would regulate economic value in a manner that was gently always moving; no need for crashes.
* In my opinion, technological advances and clever business model innovation will never fully offset human fear and greed, which are among our oldest, primary survival instincts.
* After reading something on X (perhaps from Elon himself) that convinces that bitcoin is indeed crashing, which is generally a self-fulfilling prophecy during the bear market phase.
  + Will set up a great buying opportunity Cycle Six,
  + Technical aspects of keeping on track with your investments throughout the coming Bitcoin Supercycle, which I see lasting at least twelve years before it begins to act like a mature, slower growth financial asset class.
* I plan to regularly update my opinions on a blog I created specifically for this book, [www.bitcoinsupercycle.org](http://www.bitcoinsupercycle.org).
* Observations from the first four cycles nearing complehave proved to be true (or at least true so far):
  + Of diminishing returns.
  + Consistency of seasonality
    - The end of the year after halving and always in Q4-that the all-time high price of the cycle occurs. After that bubble pops, it has always be en a similarly narrow window, 12-15 months later, where the market capitulates from its year of falling prices
    - A fresh cycle to challenge both of these narratives—or to extend them. My principal advice is to be aware of these important trends and to make your buying and selling decisions around them.

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Book Three: The Four Seasons of Bitcoin

# Book Three: The Four Seasons of Bitcoin

## Chapter Ten: Bitcoin Spring

* Cycles are intended to play out roughly four years, they are based on a set number of 210,000 bitcoin blocks created in sequence.
  + Satoshi designed the miner incentive system to reward the earliest supporters with a disproportionate reward for their early adoption and loyalty.
  + Become increasingly difficult so that the computing power required to solve them is sufficient to protect the netfrom an attack.
  + 90 trillion times harder solve the block”
* Machines that now secure network group into mining pools, where the miners in the pool that solves each block split the reward.
* Final bitcoin will be issued late 2134. Either way, it is beyond the average life expectancy of anyone alive

### Supply and Demand

* Four-year cycle is a fundamental part of the Bitcoin white n paper. In many ways, it’s the most it’s the most fascinating part of Satoshi’s economic system: how does one create scarcity and demand a new monetary system!
* Prove that the code actually worked.

### Beginning of a Trend

* Demonstrated the psychological effect of parabolic run-ups and drops on investors, |
* Price anticipated the halv ing and moved up by nearly 150 percent in the six months prior to November 2012.

### Comparing the Seasons of Each Cycle

* Bitcoin Spring being the shortest season. Conversely, Bitcoin Winter always the longest season.
* Table below measures each season from its first day to its last.
  + Begins the day of the all-time high and ends with the post-Summer low, which is generally not the low the cycle, as the prior Spring started at a much lower number.
  + Plenty of interesting data, but most is inconclusive. The
  + Of winter is absolutely the best time to buy, like the end of summer is the best time to sell.
* The implications of predicting future prices on past behavior on a Bitcoin Spring model vs. a Bitcoin Summer model:
  + Aggressive interpretation, I look at my consistent predictions since 2022 that this cycle will top at roughly 3x the 2024 halving price basis

## Chapter Eleven: Bitcoin Summer

* Bitcoin users grows faster than inflation, the average price should keep appreciating each cycle.
  + Emotions of fear and greed within each cycle, should become less extreme as the user base grows more significant cycle behavior has more data.
  + Even at higher prices, or ultimately regretted not doing so
* Miner with a 2 = percent profit margin when daily rewards were at 900 bi coins is now losing 37.5 percent every day when the rewards dropped to 450 bitcoins in April 2024. This changes over time as the difficulty adjusts every two weeks.
* Most large miners have traditional financing to ensure that all of their expenses not rely on bitcoin sales, as their ultimate enterprise value also depends on how much bitcoin they can retain on their balance sheet.
* Bitcoin usage has been rising each cycle,
  + Estimated 2 to 5 percent of the world’s population today,
  + Historically, adoption speeds up when 8 percent of a population does anything, and I project that we will be at or near one billion bitcoin users by the end of the cycle in 2028
  + Current bitcoin holders will also buy new bit coin, and it assumes all mined bitcoin will be sold, both of which are unlikely.
* May never know how many victims of lost keys, but roughly two million bitcoins have never moved, including 1.04 million linked to Satoshi Nakamoto’s mining. Another two million have not moved in past five years.
* If every millionaire in the world wanted to own one bitthere would not be anywhere near enough.

### The First Cycle Was Parabolic, But It Wasn’t a Classic Bitcoin Summer

### 100x Summer

* What I call “the modern era” of Bitcoin.
* I called the mid-cycle bottom in July 2013 at $66 at a BitAngels gathering that month,
  + Nobody in the audience bought bitcoin following my New York Angels presentation. However, 1 was sternly warned by one of the audience members that the only things bitcoin was good for were drugs and prostitution and that I should run away from were drugs anu pi
  + Few years later, that group voted bitcoin one of their biggest missed opportunities of the decade,
* Recall offering my employees a choice of bitcoin or Amazon gift cards for their holiday bonuses. All but one took the Amazon cards.
* Lingham, the biggest bull in 2013, was one of the few bears for 2014, saying the price could drop into the low hundreds. It did.

### The 30x Bitcoin Summer

* Unlike in 2013, there was no double bubble, just a slow, steady climb for the next half year, mainly in two-month steps
* Bitcoin’s dominance would drop from 86.85 percent of the crypto market at the start of 2017 to just 33.4 percent a year later, leading Ethereum maximalists to proclaim the day of “the Flippening” was when the market cap of Ethereum would pass that of bitcoin
* The Bitcoin bull market ended in December, but few realized it was over until there were successive price drops in seven of the eight months May through December 2018.

### The COVID-19 Bitcoin Summer

* Would it crash back to under $1,000? Se
  + Plausible in March, when global stock markets, already in decline, experienced a one-day, double-digit crash known as “Black Monday.” Bitcoin lost 25.05 percent of its value that month
* Perhaps the biggest lesson from studying the first three Bitcoin Summers is to realize they end before most investors recognize the music has stopped.

### What Will Bitcoin Summer 2024-2025 Bring?

* How does one get rich now by buying bitcoin, having missed the 100x, 30x, and 8x cycles?
* Survived one of its worst political shocks coming of the FTX debacle during a time when the Biden administration already looking to cripple the industry
  + Marking a remarkable rise of 380 percent since the fall of FTX just 17 months prior.
* Best estimate for Bitcoin Summer of 2024-2025 is that we could have an eighteen-month cycle, probably with double bubble. The quickest parabolic moves are likely to occur once bitcoin passes its current post-halving slump, as
  + Using a Bitcoin Spring model (halving price to cycle all-time high) and a Bitcoin Summer model (first new all-time high of the cycle to new cycle all-time high).
* A willingness to input new, unexpected when it occurs.

## Chapter Twelve: Bitcoin Fall

* Show you the telltale signs of the onset of Bitcoin Fall
* No asset class goes up forever, and Bitcoin has thus far followed several repetitive, and therefore somewhat predictable, patterns in its fifteen-year upward climb.
  + The timing of each new cycle’s frothy top,
* Best advice to bitcoin investors to follow one of the following strategies,
  + Hold
    - Each new cycle high has always beaten the high of the previous cycle. Should continue intil 80 percent of the world has at least some expothe asset class,
    - Advantage of this strategy is its simplicity
    - ‘Dollar-cost averaging” (DCA) will let you acquire more bitcoin without risking any of your long-term holdings, so there is zero chance of missing out on rapid market moves by attempting to the marker.
  + My preferred Strategy is channel trading within the cycle, buying as close to the bottom as possible (the of Bitcoin Fall/start of Bitcoin Winter), then sell majority of one’s bitcoin holdings as close to the as possible
    - Important part this strategy is nailing the tops within 20-30 per(one is highly unlikely to catch the exact day of top or bottom,
* Cycle highs concentrate
  + The same narrow band of just thirty-eight days (just 2.67 percent of the average cycle length of 1,385 days).
  + “This means all highs and lows (and therefore the time when the utmost vigilance is required) take place in a total of than 7.5 percent of the cycle.

Deep Dive into Cycle Highs

* Be very attentive to the heights
  + Particularly attentive beginning in October of the year after the halving.
  + Three post-halving cycles were reached on November 29, December 17, and November 10, always in the year following the halving (2013, 2017, 2021).
* Exiting in the top 20 or even 30 percent the all-time high yields a substantially better result than either holding throughout the long bear market or panic selling at the bottom.
  + Market bottom is generally recognized after the fact as the point of capitulation, where all investors other than the most resolute have sold, no matter how much che loss, as they are convinced the price will go even lower. 1
* Each post-halving cycle has been increasingly more generous with time to make up for missing che top. In
* Day the price falls below the 20 percent range from the top is typically the time to sell everything you don’t want to hold for the long term, as
* The best time to buy in any cycle is near the capitulation event. This always occurred in the fourth quarter the year after the all-time high
  + For the past three cycles, this occurred twelve to fourteen months after the all high.
* The time horizon to get in on low prices has always been longer than the time to get out.
  + This is based on human psychology, where fear is a more rapid motivator than greed.
    - And greed at the bottom of the cycle completely against the existing narrative of blood in streets.
* Recognize the timing of the cycles and plan for them.
  + The odds are excellent that after making substantial gain s in bitcoin for 2023, 2024, and 2025 that 2026 will be a substantially down year, i.e., the next Bitcoin Fall.

### When Does Bitcoin Fall Turn to Winter?

* Most media and pundits make the huge mistake of calling any downtrend “crypto winter” and begin to bury the category the longer the bear market lasts.
  + One of the biggest mistakes one can make as an investor is to confuse the first phase of the market, Bitcoin Fall, with the second phase of the bear market, Bitcoin Winter.
* Season of lower lows and descending triangles, and unless you are a day trader or options trader, a horrible time to “buy the dip” as the price is going to lower as long as the market still has hope.
* Having no sellers left means that bad does not collapse a market that’s already hopeless.
* There has been a tendency in each of the past cycles to call the bottom too early:
  + Wall Street Journal wrote about my conference, noting the irony of partying in the city’s flashiest venues while the price of bitcoin was in freefall.
  + Dead cat bounce
    - Unsuccessful attempts to break above $12,000 2,000 in March, then to break above $10,000 in May, $9,000 in
  + Series of “lower lows
    - A long period of sideways
    - Price traded in a narrow range between $6,100 and $6,750, āt it was widely presumed that the resistance was heavy enough at $6,000 that a floor had been reached.
  + Panic moment required to cause capitulation.
    - Huge paper losses for anyone buying in heavily at $6,000 in the belief that the floor resistance would stick.
    - Mplode due to centralized frauds masquerading as bitcoin investments and overleveraged gambling.
* Post-halving cycle has had one attempt at the beginning of the season to climb back Bitcoin Summer all-time highs that was defeated.

## Chapter Thirteen: Bitcoin Winter

* Problem is that one only knows it was capitulation. After the market regains its footing, weeks to months later.
* It takes discipline to sell at the end of Bitcoin Summer the rest of the world is eagerly buying up new highs. It
  + Takes courage to buy when the overwhelming narrative among the media, your friends, and even much of the community of is screaming at you to sell.
  + Smartest, most experienced bitcoin investors I know by and large did not invest the day after FTX collapsed, as there was still a reasonable possibility that the price could go even lower. I
    - Liquidity gap at $11,000 that needed to be filled.
    - Orders went unfulfilled.
  + After realizing that their lowball bids were just wishful thinking, they all bought in heavily at prices between $18,000 $28,000, as they had time to see the recovery pattern
    - It was clear to me that the worst was over
    - Bankruptcy of Genesis Global, the giant crypto lending division of Digital Currency Group, did not cause the price drop
* Buying behavior of long-term bitcoin holders (defined as holding bitcoin for 155 days or more) and the selling of short-term holders (less than 155 days)-
  + Least experienced retail buyers, buy and sell at the very worst They pull the trigger on large buys at the peak of the bubble, then the panic sell at a loss near the bottom.

### Stages of the Long Winter

* Longest season by far, arrives in three distinct stages
  + 1) Post-capitulation trauma and recovery.
    - Trough of Disillusionment in the famed Gartner Hype Cycle
  + 2) Sell walls and retreats.
    - Number of bitcoin addresses in profit at the moment of capitulation has grown with each halving, due to the number HODLers
    - Historically led to a rolling sell wall effect:
  + 3) Hope for the halving.
    - Quiet period ended just a few months later with 2017’s explosion, growing the asset class the halving in eighteen months.
    - For the current cycle of 2024-2028, we saw the highest pre-halving gain of any cycle.

### Bitcoin Gets a Cold, Altcoins Catch Pneumonia

* More than half of the 580 million estimated cryptocurrency holders worldwide have assets other than bitcoin. In fact, nearly a third of them only hold altcoins.
  + Bitcoin Winter is where most altcoins go to die, as well where new ones are born.
  + Bitcoin Winter is also where one still has the chance to make life-changing returns in under three years.

### Lessons to Remember During Bitcoin Winter

* Start buying when it’s clear that capitulation is in the rearview mirror.
  + When the price starts to rise after multiple drops, when more bad news does not affect price, it’s finally safe to jump into the water again.
* Playing the long game.
* Income you wish to invest but are hesitant add to your portfolio at higher prices. Don’t fall into that trap:
* Don’t ignore altcoin opportunities.

Book Four: Mastering the Bitcoin Cycles

# Book Four: Mastering the Bitcoin Cycles

## Chapter Fourteen: The Bitcoin Supercycle

* 1960s through the entire 1970s. It was brought on by dollar depreciation and exacerbated by both the end of the gold standard in 1971 and the legalization of gold ownership for American citizens in 1975.
* Rapid rise of China’s industrialization, as
* Triggered by massive stimulus spending by
* Norland notes that all supercycles must have three things in commor
  + (1) they must be broad-based across multiple commodities,
  + (2) they must have a duration of five years or longer, and (
  + (3) prices must “supersize” over the term, often tri
    - Require an “outsized driver”

### Outsize Drivers for a Bitcoin Supercycle

* 1) Money printing.
* 2) Hyperinflation.
  + Can destroy life savings a much shorter period of time.
  + The Hanke-Krus Hyperinflation Table,
    - Ranks 47 episodes of hyperinflation that double prices in 45 days or less..
  + IMF quarterly World Economic Outlook
  + More than half a billion people desperate to exchange their hyperinflating currencies for something that does not devalue rapidly. Most of these countries make it difficult to exchange their native currency for dollars,
* 3) Ease of use, lower regulatory barriers.
  + ETF was so immediate and profound was its ability to quickly onboard anyone an online brokerage into owning an instrument invested in bitcoin.
  + Eight of the top ten crypto exchanges in the world do not allow Americans
  + Crypto-friendly and lower entry barriers. Better interfaces and cold storage devices
  + Will make onboarding the next billion users far easier than the first few million.
* 4) Supply shock meets demand shock.
  + They’re wrong, there is a short squeeze sending prices even higher. This continues throughout each bull market until the bubble pops, but new demand coupled with low supply can accelerate the market top above the normal diminishing returns of the cycles.
* In addition to the exponentially diminishing returns each cycle for the highs, there have been diminishing losses, but on more of a linear scale
  + Halving prices have always risen substantially in between cycles thus far and the cycle lows always been higher than the halving price, either halving prices will start being higher than the subsequent cycle capitulation or the rate of diminishing losses will be much less as the asset class becomes more mature. The latter proposition is the path I am taking in this chart.
  + “S Curve” that defines many other technology adoption lifecycles.
    - Over the next twenty at which point more than 99.9 percent of all bitcoin will hav bn min,
* Instruments used by institutions, including ETFs, can mitigate the raw buying pressure by funneling it through futures contracts and derivatives to smooth the price spikes, likely outperform traditional equities, bonds, and commodity a significant margin.

## Chapter Fifteen: Mastering the Cycles

* For every dollar of bitcoin wealth, there is at least dollar of wealth in other cryptocurrencies, most of which unevenly distributed. The top 10 percent of Bitcoin addresses equate to more than 98 percent of the wealth.
* What if you’re starting now with a modest sum to invest?
* It really behooves you to follow the Four Seasons of Bitcoin and trade at least twice per four-year cycle.
* To accumulate more bitcoin:
  + 1) Start early.
  + 2) Know when to buy, when to sell, when to wait.
    - If that ratio drops to 2-3x in the next few cycles, then less than 50 percent in a few more cycles, it will still provide better returns than the “set it and forget it” of HODLing.
  + 3) Start thinking in bitcoin, not dollars.
    - Reasonable goal was to be “one in a million” and own 21 bitcoin. At $1,000 a bitcoin, that
  + 4) Seek more bitcoin in Winter and more dollars in Summer.

### Determining the Fair Value of Bitcoin

* Bitcoin, if successful, could once again separate the creation, saving, and spending of money from being a function of the state to a right of the individual.
* Highly undervalued
  + Almost exactly to the lowest price of each cycle.
  + Nothing in modeling or life is guaranteed, this on-chain low-water mark every four years is the best signal to buy, as it has never been wrong
* 2024-2028 cycle, Bitcoin Summer actually preceded Bitcoin Spring for the first time. In
  + Many miners became unprofitable
    - Forced to sell most of the bitcoins
  + Japanese bankruptcy trustees creditors of Mt. Gox from a decade
  + Trustees for FTX’s
    - Risen almost fivefold since that 2022 insolvency.
  + GBTC ETF continues to have outflows than inflows. This is due to its high

### Mastering the Cycles

* Conflicting data.
  + Determining which of two trends would continue:
    - the lengthening of the time between halving and the alltime high (twelve months in 2013, eighteen months in 16-2017) or the high always occurring in the fourth quarter the year following the halving.
  + Does not guarantee that it will repeat again, but it has had a powerful hold on expectations thus far.
* Breaking precedents.
* Diminishing returns.
  + Must always be prepared for the prospects of a supercycle to begin at any time going forward. ¡
  + Ralph Nelson Elliott (1871-1948) first wrote about his Wave Principle during the Great Depression the 1930s,
    - Trader sentiment is a form of crowd psychology, fluctuating between optimism and pessimism in repeating sequences of intensity and duration.
  + Advanced technical analysis
    - Include Fibonacci retracement, head-and-shoulders pattern formation, ascending and descending triangles, bull and bear traps, and the dead cat bounce.

## Chapter Sixteen: The World Computer

* While many early bitcoin holders believe that Ethereum other “altcoins” detract from the value of bitcoin, I believe the opposite is true,
  + The very properties that make Bitcoin the best system for a decentralized store of value, including its hard-to-change rules, make it ill-suited for future innovation in other areas.
  + 20 percent devoted to altcoins can outperform or one buys, holds, underperform, depending on how skillfully o and sells, and there is a chance that the entire altcoin portfolio could be decimated.

### Ethereum’s World Computer

* Vitalik’s first love 11706 bitcoin He cofounded Bitcoin when he was just sixteen years of age.
* Creating a “Turing complete” blockchain, wherein smart contracts could execute on the blockchain;
* Phenomenal peer-to-peer system for electronic cash, but it was a ledger, not a computer.
* BitAngels cofounder David Johnston,
  + Took our carry and distributed the tokens to the LPs when it started trading. Those who held until the 2021 all-time high of $4,815 earned a return of 160,000 percent.
  + Tokens we purchased would have appreciated to $16 billion.
* No token has outperformed bitcoin from its start, the Ethereum ICO wildly outperformed the 100x that bitcoin had grown since July 2014
  + Ethereum now lets one earn interest on one’s cryptocurrency, paid out in ether, generated by the gas fees being redistributed to stakers.
    - Current yield on ether is 3.2 percent

### How Much to Diversify

* Remember being offered Solana ICO at 20 cents turning it down
* During the Bitcoin Fall of 2022,clü Solana dropped value by 95 percent to $8,
  + Too centralized; it broke down roo much, and the protocol that the failed FTT token was created on.
* Hidden gems” either at the token sale or even on the open market
  + Tokens in a hot category,
* 1) Bitcoin is less risky and less volatile than Ethereum,
  + Ethereum tends to outperform bitcoin in the bull market and underperform it during the bear
* 2) Ether has higher highs and lower lows.
* Roughly double the prior cycle’s gain for bitcoin
  + Gain was more than double that of bitcoin for the same period but roughly half the price gain for the prior cycle.
* Under what circumstances would ether outperform bit coin this cycle? Fir.
  + If the SEC lets ETFs ether on behalf of the ETF, it would provide good reason for traditional investors to choose it
  + If ether does not beat its prior all-time high this cycle, it is a bad sign for the future of Ethereum.
    - Only bitcoin and BNB, the Binance network token, have existed for more than two complete cycles and set new all-time highs each cycle.
    - Most altcoins-even ones in the top 100-are essentially one-hit wonders” and do not grow every cycle.

## Chapter Seventeen: Altcoin Season and the Memecoin Casino

* During bull markets, bitcoin dominance often drops as a wave of new altcoins go parabolic.
  + Bitcoin dominance dropped from 85 percent in February 2017 to just 39.1 percent four months later in June,
  + About a year after the bear market bottomed, bitcoin dominance returned, reaching 68.8 percent in December 2019.
  + Delta between highs and lows has also smoothed our,

### Evaluating Altcoins and Timing “Altcoin Season”

* 1) Buy the right cains.
  + There is nothing to be gained buying a coin that dropped 90 percent in the market only to see it drop another 90 percent or lose all of its volume, so it’s effectively unsellable on open market at any Price.
  + If it passes my basic tests, I will also ask around on
* 2) Buy the right narrative.
  + Layer One refers primary blockchain, like Bitcoin, thereum, or Solana,
    - Protocol serves as the network’s foundation, a distributed ledger technology (DLT‍)
    - New layer-1blo built on their own new corr sensus network,
      * Used the same randomly generated Ethereum addresses, so that one wallet address could be used to receive several different ayer-1 tokens, as long as you’re running the right software in your wallet.
      * Ethereum
* 3) Buy and sell during the right season.
  + Altcoins generally continue to drop, whereas bitcoin has already begun to rebound.
  + Use the stablecoins they received for bitcoin at or near all-time highs to buy their favorite altcoins, running the price up even further.
  + Altcoins mov in exceedingly astr waves
* 4) Information is key.
  + Of these events are discussed openly on Twitter and in the Telegram or Discord channels
* 5) Don’t put all of your eggs in one basket.
* 6) Look for families of coins sharing the same narrative.
  + Investigate which decentralized applications (dApps) are being developed on this new protocol.
  + Benefit their potential success by identifying and investing in these growing ecosystems early.

### Choosing a Narrative

* “DeFi Summer summer of 2020,
  + Grew from a few million dollars to one billion dollars of total value locked (TVL) in these staking, and liquidity providing protocols
* Non-fungible (NFTs), perhaps buoyed by the increased value in all luxury collectibles during the pandemic,
* Web3 gaming,
  + Is a phrase popularized during this cycle to describe cryptocurrency, including NFTs, as the third iteration of the Worldwide Web.
  + Read” function, 2.0 upgraded the Web to “read/write” through the viral growth of blogging and interactive social media. Web3 brings an ownership layer to the Web,
    - Digital assets, scarce and valuable like money or gold, which transfer ownership in a trustless manner globally

### Altcoins in the Fifth Bitcoin Cycle

* Decentralized Al tokens
* March 2023 saw the dawn of the largest, broadest memecoin cycle yet, with the release of Pepe (PEPE),
* Memecoins have no utility other than attention
* Other promising narratives for the new cycle include realworld assets (RWA); multichain DEXs; decentralized physical infrastructure (DePIN), decentralized science (DeSci),
  + Look at these categories, which are tracked on CoinMarketCap or CoinGecko, and look up the “Categories”

### Launchpads and IDOs

* Initial Exchange Offering (IEO) and it was meant to replace the ICO that had fallen in disfavor as the US SEC pursued hundreds of projects as muistavor as the US SEC pursued hundreds they could comply with that agency’s vague requirements.
* Exchanges double-dipped, taking the majority of funds raised as a listing fee and then dumping the coins they also required, often killing the project or disabling it for a long time.
* IDOs are Initial DEX Offerings, which start trading directly onto a decentralized exchange (DEX)
* New entrants like ApeTerminal. Generally, retail investors can only get very small allocations on these platform ($500 to $5,000), but since the best performers have gone up 20x in few days, it has become a high-value proposition, provided read the white papers, investigate the teams, early advisors, and investors, and allocate carefully.
* One psychological factor in these early, unproved projects doing so well is perceived scarcity
  + Ranked by circulating supply,
  + Common for only 10 percent of the tokens to be released at token generation event (TGE), so the circulating supply only one-tenth the amount of the FDV.
* Unlock schedules of nine months to four Years, depending on many factors. This is designed to prevent the token price from collapsing if the early investors all sell, bur it can also be destructive if the lockup is too long by forcing the team to sell their tokens in the midst of a bear market.

## Chapter Eighteen: DeFi for Income

It is better to have a permanent income than to be fascinating. Oscar Wildex

* Selling real estate when you want to redeploy back into bitcoin at the start of Bitcoin Winter can be challenging, as it takes time, and commissions plus fees can eat up much of whatever gains you could make on a one-year investment.
* “DeFi,” has only existed in any meaningful form for the past six years and is one of the most revolutionary concepts to come out of cryptocurrency.

### The Rise and Rise of Stablecoins

* Tether on Tron has become a popular form of currency worldwide due to the lower tees.
  + Extremely profitable business.
  + Charges a fee to redeem to US dollars; it mints new coins when cash or cash equivalents come in, and it burns the tokens when cash is redeemed. Besides
  + Remarkable amount of throughput, more than one-quarter of its total market cap trading daily.
* Bitcoin Layer 2 movement has been advancing quickly
  + Robert Leshner “Father of DeFi.
  + Trend that, when fully developed, can both disrupt and transform the entire legacy financial system.
* DeFi Llama,
  + Ranking them by Total Value Locked (TVL), which is the rough crypto equivalent of Assets Under Management (AUM).º
* Leshner started Superstate Funds,
  + $100 million fund tokenizing US | treasury bills, paying out 5.35 percent interest with fifteen basis points as
* BlackRock partnered with Securitize to launch a half-billion-dollar fund to tokenize Treasury bills
* 1) Leading
  + Collateral is liquidated when it falls below percent of the loaned amount. Borrowers can avoid quidation by simply adding more collateral,clxv
  + The profits between the lend and borrow spreads to buy back AAVE tokens from the market and then burn
    - Tokenomics model referred to as a “reverse dividend,” AAVE holders are rewarded with an ever-diminishing supply Į
* 2) Staking:
  + Proo-o-stak is generally consider less secure mor centralized, as the person with the most tokens has the most votes (which most often is the project founder(s).
    - Become popular is by incorporating staking rewards.
    - Offering a high yield, paid entirely in tokens from the project’s coinbase.
    - Stan very high yield often more than 100 percent-that drops over time.
  + It behooves you to stake your tokens, as not doing so is literally leaving money on the table.
* 3) Liquidity Providing.
  + Governments have fought decentralized exchanges under the notion that they were violating know-your-customer (KYC) regulations. The reality is that peer-to-peer commerce no intermediary is effectively the same as cash transactions, so DEX leaders like Uniswap have been able to fight off regulatory challenges
  + DEX’s work through Automated Market Making (AMM)
  + Liquidity pool balancing equal amounts of ether another platform protocol token) with any other in the same protocol one wants to
  + Includes the risk of “impermanent loss,” in which you up with an involuntary swap to the asset you’re balancing -
  + It does take active management to maximize the process.
* 4) Yield farming.
  + Works well when the markets are going up, but it can be disastrous when markets correct. One token that

### Final Words on Generating Income from DeFi

## Chapter Nineteen: Alternative Strategies

Strategies that didn’t fit neatly into any prior chapters.

### Options, Futures, Perpetual Futures, Covered Calls

* Driver of accelerate profits, but it can also lead to huge losses.
* Options are typically safer, as mistakes or misjudgments only lose the money one up for the option, which can expire without being exercised.
* Futures contracts are contracts, so if you’re on the wrong end of a trade, you must come up with the difference.

### NFTs and Real-World Assets

* So-called “blue chip” collections, including Bored Apes and Crypto Punks, increased in value by more than 500x from their mint price (in the case of Punks, they were initially given away).
* Narrative in this cycle around NFTs is real-world assets
  + Saying for many years that tokenization is just as important as decentralization, if not more so, in most applications.
* “Anything that can be decentralized will be decentralized,” terming the phrase “Johnston’s Law
  + Terpin’s Corollary: “Anything that can be tokenized will be tokenized.”
* Not decentralized, inherently analog, which includes most assets on the planet, into a digital asset,
* Allowing properties worldwide to be sold, : rented, and fractionalized without regard to borders.
* Jurisdictions regulate real estate transactions very much analog terms, as well as security laws that often regard fractionalization of an asset as equivalent to making it a security;
* JP Morgan’s head of Onyx Digital Assets, Tyrone Lobban, stated he believes “trillions of dollars” could be issued in tokenized assets, including money market funds, “at the scale of institutional assets.”
* I have long been saying that it’s only a matter of time until stocks are issued directly by the companies as tokens, letting them trade 24/7 globally and
  + Shares serve a dual nurnose as a loyalty mechanism.

### Ordinals, Runes, and Bitcoin Layer Two

* Amuses me that bitcoin maximalists derided the Ethereum community for creating digital art on NFTs, but they are all excited about having similar functionality when it’s built on bitcoin.
* A sense of permanence
* Still relatively small compared to the NET | market »
* Passed $1 billion in market capitalization in June 2024.
* May mimic the exponential gains of altcoins, the liquidity of any NFT is generally thin. Runes are fungible but so new that the jury is still out as to whether they will attract sizeable trading volume or become more of a collectible category:
* Bitcoin maximalists have been talking about building on bitcoin for a long time, but the technology is finally catching up to enable it in 2024.

### Equity Investments in Web3 Companies

* Sided with coins as they have outperformed Web3 equities.
* Barry Silbert said his seed investment in CoinBase in 2012 did not outperform bitcoin until its IPO at $100 billion market cap! I
* Underperformed bitcoin, largely due to execution risk
* Eive an airdrop or warrant of tokens. In theory, this is like having the best of both worlds, and it protects the investor from buying a token and then finding out all the value accrued in the company (or vice versa) .
* Entrepreneurial, marketing, legal, accounting, sales, or business development background, try to negotiate deals where have the opportunity to earn as well as pay for equity and/ or tokens.

### Funds and Syndicates

* Advantage of being a limited part with a fund is they do the work, make the decisions, take responsibility for trading, accounting, and protecting the assets, plus all other legal compliance work.
* The disadvantage is they generally charge “two and twenty” as a fee, meaning percent of assets under management, plus 20 percent of the profits.
* Therefore, you need to find a team that cannot only beat bitcoin but also beat it after those fees are accounted for.
* Check out the five-year performance of the team and pay particular attention to how they perform during the bear mikes
* Hedge funds are usually open-ended with no set redemption time to end the fund. VC firms generally have seven- to ten year time horizons,

Book Five Million-Dollar Bitcoin

# Book Five Million-Dollar Bitcoin

## Chapter Twenty: The African Spring

### Bitcoin Empowers Social Change and Economic Freedom

### Bitcoin Economy, Bubbling from the Bottom Up

### El Salvador Starts a Trend

### The Bitcoin Presidential Election of 2024

## Chapter Twenty-One: The Path to Million-Dollar Bitcoin

### Global South and Global 11. Diving Different

### Get Rich Slowly

### Four Seasons Compounding Magic

### Pandora’s Blocks

# Acknowledgments

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# About the Author