



Part 1: The 90s-2015

Let's take a look at Bitcoin from the beginning.

Before Bitcoin... eCash and Cryptography in the 90's

Dr. David Chaum conjured the idea for eCash back in 1983, well ahead of his time considering privacy concerns for internet users and creating an anonymous transaction system before the internet was even available to the public.

In 1990 Chaum's company 'DigiCash' launched 'eCash', a digital system facilitating anonymous funds transfers. DigiCash started to gain traction in the 90's with the boom of internet companies taking off and various banks signed deals to use eCash, along with Microsoft showing interest in eCash for Windows 95, but neither party could agree to a deal. Though the banks started testing the platform, they never sold it to customers as they didn't think it was a viable product. One bank did implement it (Mark Twain Bank in St Louis, Missouri), and the service was free for buyers, however sellers had to pay a transaction fee. 5000 individuals and 300 businesses signed up to use the platform but it never gained enough momentum. Chaum said "As the Web grew, the average level of sophistication of users dropped. It was hard to explain the importance of privacy to them."

A pioneer in cryptocurrency, Chaum's company 'DigiCash' didn't succeed, filing for bankruptcy in 1998 and eventually selling DigiCash to eCash Technologies along with the patents.

Although DigiCash and eCash failed, online security is still an issue today. Users' financial details stored on the internet and on electronic devices creates a vulnerability to hackers. While Cryptocurrencies are now popular across the globe Dr. Chaum is still considered by many to be the father of digital currency.

Elixir, an anonymous communication network, was launched by Chaum in 2018. The network is controlled by the users to protect their content, rather than companies having access to customer information and using it for targeted ads for revenue generation.

2007-2009

The Bitcoin Blockchain

The concept of Blockchain technology was officially invented by 'Satoshi Nakamoto', the pseudonym for unidentified person/people behind the now \$1.03 trillion project. The idea of the project was to serve as a public transaction ledger of the cryptocurrency, Bitcoin.

Interesting Fact: Satoshi Nakamoto actually began working on the first version of the software back in 2007 and any communication to/from Nakamoto was conducted via email with no personal/background details shared.



Take a moment to read through this short paper Nakamoto published in 2008 before the official launch of Bitcoin in 2009. This article spread the word by introducing cryptocurrency to a far wider audience, assisting in its rise to popularity.

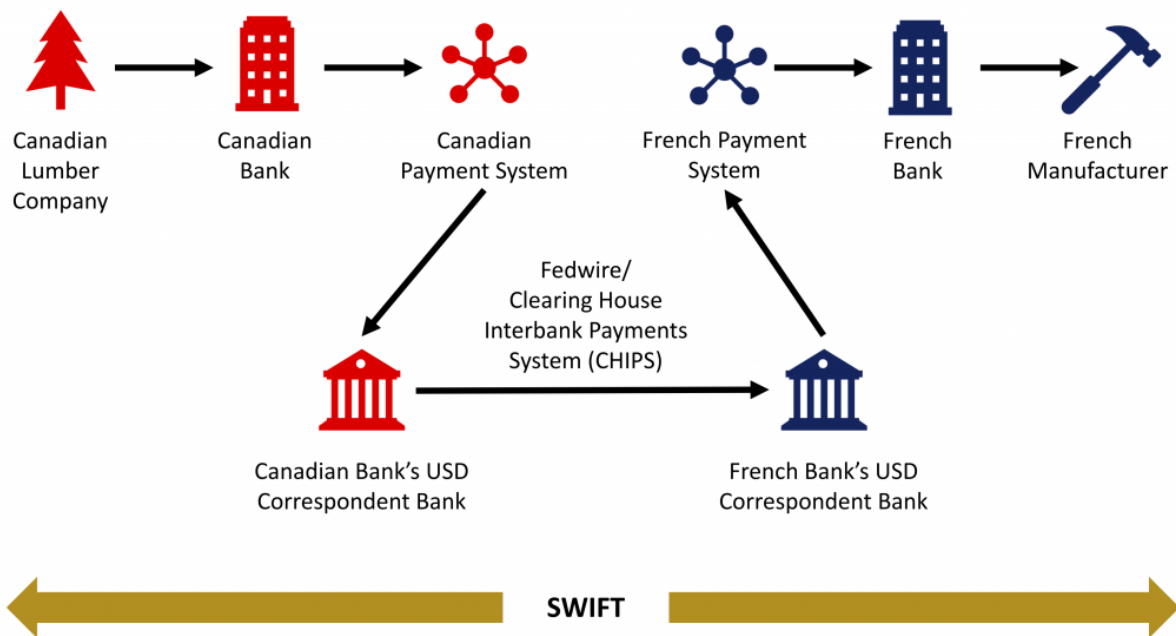
[Bitcoin: A peer-to-peer electronic cash system](#)

Highlighted in the White Paper is the core invention of Bitcoin and how it represents a different type of money. A money that is peer-to-peer, involves no counter parties (risk) or middlemen (brokerage). Instead cryptography is used to provide a trustless transaction.

For reference, “Trustless” with regards to Cryptocurrency refers to not having to trust a third party such as a person, bank or other intermediary that might have influence over your cryptocurrency holdings or transactions.

Since the Bitcoin algorithm proves that you have the coins in order to send them, no checks and balances are required, and the transaction can proceed.

See below an example of a typical transaction on the SWIFT platform, the ubiquitous cross-border platform run by a not-for-profit in Europe and funded by it's members. SWIFT is the Society for Worldwide Interbank Financial Telecommunications system and is used for the majority of international transfers across the world.



The above example demonstrates a Canadian lumber company selling boards to a French buyer. The buyer’s bank in France and the seller’s bank in Canada settle the payment, in dollars, via “correspondent banks” that have accounts at the Fed. The Fed being The Federal Reserve System, which is the central banking system of the USA.

The money is transferred seamlessly between the banks’ Fed accounts because their status as correspondent banks means they are seen as safe counter parties. The use of these accounts means every transaction technically touches U.S. soil, giving it legal jurisdiction.



The Great Financial Crisis



On January 3, 2009 history was made when Satoshi Nakamoto released the first ever block, containing 50 bitcoins on Sourceforge (a centralized online web service for controlling and managing open-source software projects and research business software). The original block was called the Genesis Block, which is incredibly unique because it's the only block of which Nakamoto left a message in the code. On the very day the Genesis Block was released, the London Times ran a cover story entitled "Chancellor on Brink of Second Bailout for Banks", the title of this article was embedded into the Genesis Block code.

```

00000000 01 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 .....
00000010 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 .....
00000020 00 00 00 00 3B A3 ED FD 7A 7B 12 B2 7A C7 2C 3E ....;f1yz{.²zÇ,>
00000030 67 76 8F 61 7F C8 1B C3 88 8A 51 32 3A 9F B8 AA gv.a.È.Ā^ŠQ2:Ÿ,ª
00000040 4B 1E 5E 4A 29 AB 5F 49 FF FF 00 1D 1D AC 2B 7C K.^J)«_Iÿÿ...~+|
00000050 01 01 00 00 00 01 00 00 00 00 00 00 00 00 00 00 00 .....
00000060 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 00 .....
00000070 00 00 00 00 00 00 FF FF FF FF 4D 04 FF FF 00 1D .....ÿÿÿÿM.ÿÿ..
00000080 01 04 45 54 68 65 20 54 69 6D 65 73 20 30 33 2F ..EThe Times 03/
00000090 4A 61 6E 2F 32 30 30 39 20 43 68 61 6E 63 65 6C Jan/2009 Chancel
000000A0 6C 6F 72 20 6F 6E 20 62 72 69 6E 6B 20 6F 66 20 lor on brink of
000000B0 73 65 63 6F 6E 64 20 62 61 69 6C 6F 75 74 20 66 second bailout f
000000C0 6F 72 20 62 61 6E 6B 73 FF FF FF FF 01 00 F2 05 or banksÿÿÿÿ..ð.
000000D0 2A 01 00 00 00 43 41 04 67 8A FD B0 FE 55 48 27 *....CA.gŠÿ°pUH'
000000E0 19 67 F1 A6 71 30 B7 10 5C D6 A8 28 E0 39 09 A6 .gn|q0.~\ö"(à9.¡
000000F0 79 62 E0 EA 1F 61 DE B6 49 F6 BC 3F 4C EF 38 C4 ybàè.ad¶Iö¿?Lİ8Ä
00000100 F3 55 04 E5 1E C1 12 DE 5C 38 4D F7 BA 0B 8D 57 6U.Ā.Ā.Đ\8M+ª..W
00000110 8A 4C 70 2B 6B F1 1D 5F AC 00 00 00 00 ŠLp+kñ._~....
    
```



The news article covered banks being bailed out by the British government, and though Nakamoto never openly shared the meaning behind the message, most have read between the lines to interpret it as a reference to the purpose of Bitcoin being created, which was to remove the banks and other corrupt parties and create a decentralized currency owned by the people.

In keeping with the mysterious nature of Satoshi Nakamoto, the Genesis Block too holds unanswered questions such as; why the blocks bitcoins aren't spendable, why people still transfer bitcoin into this block and why the block following the Genesis Block took 6 days to mine.

50 bitcoins were contained in the original Genesis Block however, people have been sending tributes of bitcoin to this address in honour of Nakamoto for years. The gesture of these donations have taken on a far greater meaning given they aren't able to be spent, and it's still a wonder whether the inability to spend these coins was intentional or a possible oversight. Either way the Genesis Block seems to have become somewhat of a symbol of respect for fans to show their appreciation for Nakamoto.

2010

Satoshi Nakamoto exited from the project 2010 with a final email to fellow crypto developer stating they had “moved onto other things”. Lack of traceability of Bitcoin’s founders has created significant speculation in the cryptocurrency space, particularly given Nakamoto is rumoured to hold almost 1 million BTC, which would make them billionaires.

Another significant milestone for Bitcoin occurred May 22, 2010, when a man in Florida paid 10,000 Bitcoins (worth \$41 at the time) for 2 pizzas. The rise in Bitcoin value has seen this date crowned as ‘Bitcoin Pizza Day’ with a comparison of the current value revisited each year, June 2022 those 2 pizzas paid for in Bitcoins would have cost him over \$302 million USD, that’s some expensive pizza. Despite the skyrocketing price of Bitcoin the pizza recipient, Hanyecz, isn’t bothered about the deal he made "It wasn’t like Bitcoins had any value back then, so the idea of trading them for a pizza was incredibly cool," he told the New York Times.

2011

Forbes released this article on Bitcoin in 2011 creating some serious traction with a wider audience, pushing the price of ‘the new cryptocurrency’ up.

“Bitcoin is different: It wholly replaces state-backed currencies with a digital version that's tougher to forge, cuts across international boundaries, can be stored on your hard drive instead of in a bank, and--perhaps most importantly to many of Bitcoin's users--isn't subject to the inflationary whim of whatever Federal Reserve chief decides to print more money.”

Read through the full article here -

<https://www.forbes.com/forbes/2011/0509/technology-psilocybin-bitcoins-gavin-andresen-crypto-currency.html?sh=6ddfa94b353e>

2012

2012 was an uneventful year for Bitcoin, aside from dropping in price and becoming more widely known, Bitcoin gained some unfortunate attention, becoming the currency for the illegal online drug



marketplace – Silk Road. The infamous site exchanged an estimated \$1 billion worth of Bitcoin transactions between users for illicit drug purchases and was shut down by the FBI in 2013.

Have a read through this Forbes article for some further insight into the Silk Road scandal - <https://www.forbes.com/sites/andygreenberg/2013/04/16/founder-of-drug-site-silk-road-says-bitcoin-booms-and-busts-wont-kill-his-black-market/?sh=1667cab96c42>

2013

Investors really started paying attention to Cryptocurrency in 2013 and the popularity of Bitcoin saw it rise to a point where it was trading higher than gold.

China's demand for Bitcoins dropped off after the Chinese government announced it would be cracking down on the cryptocurrency and on December 5th China's central bank put a stop to banks handling any Bitcoin transactions and speculations were that the government had supported Bitcoin initially before realising how quickly and broadly the cryptocurrency would be adopted. Consumers were using Bitcoin to move their capital off shore which presented as a concern for the government.

In a [Forbes article](#), Guillaume Babin-Tremblay, Executive Director of The Bitcoin Embassy (now Chief Technology Officer at [CryptoMechanics](#)) said "Bitcoins are just the start of the crypto-currency market, which will continue to grow because they fit an important niche in the global financial system."

"There are still a lot of people who can't access the global financial system but they can access bitcoins," he said. "There is room for improvement but the bitcoin is still in its infancy."

"I think self-regulation is the next step for bitcoins, to make it mainstream," he said. "Investors would feel more comfortable investing in bitcoins if there were some rules."

"Even if there is no financial meltdown, bitcoins can grow on (their) own merits," he said. "It is going to be a universal currency."

All interestingly valid points to note as the history of Bitcoin plays out.

In 2013 there were more than 12 million Bitcoins in circulation with the rate of new bitcoins halved every four years until it's capped at a maximum of 21 million coins.

BITCOIN PRICE 2013:

LOW \$68 USD - 07/05/2013

HIGH \$1151 USD - 12/04/2013

2014

Mount Gox

Mt. Gox was a bitcoin exchange based in Shibuya, Tokyo, Japan. Launched in 2010, and at it's peak was handling 70-80% of all bitcoin (BTC) transactions worldwide, before abruptly ceasing operations



February 2014 amid revelations of its involvement in the loss/theft of 650,000+ bitcoins, at the time worth hundreds of millions in US dollars.

Mt. Gox filed for bankruptcy April 2014 claiming the lost bitcoins were a result of a bug in the software, allowing users to edit transaction IDs. Some speculations were made regarding possible Russian hackers being behind the theft, with the hope that the missing Bitcoins could be recovered. Only 200,000 bitcoins were recovered.

November 2021 an announcement by the trustee for Mt. Gox was released stating the Japanese courts and Mt. Gox had come to an agreement on the Mt. Gox rehabilitation plan, a registration and compensation plan for creditors. Approved rehabilitation creditors could sign up for claims up until February 2021 when the Tokyo Courts referred the rehabilitation draft to a resolution, preventing any new claims being initiated.

Reference - <https://www.investopedia.com/terms/m/mt-gox.asp#citation-1>

Tim Draper — A Fervent supporter of Crypto

Tim Draper, world-renowned American venture capitalist was introduced to Bitcoin when he met with Coinlab's Chief Executive, Peter Vincennes in 2011. Vincennes suggested Draper purchase \$250,000 worth of BTC on Mt. Gox, of which Draper did, seeing it as a wise investment at the time. Unfortunately Draper never moved his bitcoin holdings from Mt.Gox and in its' 2014 collapse, he was one of many to lose his entire loot.



However, Draper didn't miss the opportunity to buy back in to Bitcoin. After the collapse of Silk Road in 2014 US Marshals auctioned 144,000 bitcoins, of which Tim purchased 44,000 priced at



\$24,000,000 USD, now, even in the current market dip, as of June 23, 2022, is still worth \$897,727,600 USD.

Both Tim and his son Adam have been early supporters of bitcoin, Tim released a free Bitcoin course back in 2014 and runs innovation and entrepreneurship programs through his education platform Draper University. His son Adam's company BoostVC invests in tech start ups with a large number of Crypto platforms in their portfolio such as Coinbase, Ethereum, Bitcoin, Etherscan and many more, check out their full portfolio here - <https://www.boost.vc/portfolio#cryptolink>.

Some bigger name companies that were accepting Bitcoin currency in 2014 include:

- The D Las Vegas Casino Hotel
- Golden Gate Hotel and Casino
- Overstock.com
- Virgin Galactic
- Wordpress
- The Pirate Bay
- Reddit
- Zynga
- Tesla
- Namecheap
- Lumfile
- Etsy
- Dominos
- Microsoft
- Dell

An interesting documentary released 2014 was The Rise and Rise of Bitcoin , worth a watch to gain further insight into the history of Bitcoin.

BITCOIN PRICE 2014:

LOW \$320 USD - 31/12/2014

HIGH \$953 USD - 01/06/2014

2015

Coinbase announced they had raised \$75m as part of a Series C funding round, the sum far exceeding any previous records for a Bitcoin company. An all-star list of new Bitcoin investors including Spanish megabank BBVA, Fortune 500 financial services group USAA, New York Stock Exchange (NYSE), Japanese telcom giant DoCoMo as well as personal investments from former Thomson Reuters CEO Tom Glocer and former Citigroup CEO Vikram Pandit. Coinbase CEO Brian Armstrong suggesting that this funding would assist in positively shifting the wider perception of Bitcoin.

Armstrong stated in an interview with CoinDesk:



"I think this just really changes the conversation. There's smart money out there that is betting big on this and is totally unphased by the whims of the price and what the market is doing. They're much more concerned about the fundamentals of what's happening in the network ... and across those metrics, everything is looking great."

High profile Wall Street banker, Blythe Masters, former JP Morgan executive, moved into chief executive role at Digital Assets Holdings (DA), a Bitcoin trading platform.

Digital Asset's goal, Ms. Masters said in an interview, is to build a bridge between the emerging digital-currency industry and Wall Street.

It would apply the decentralized, peer-to-peer exchange system and the "immutable" digital-ledger technology that powers bitcoin to shake up the old, centralized financial model, with its "dated infrastructure," multiple intermediaries and settlement delays, risks and costs, she said. But it would also retain the audit trails, credit limits and other checks and balances that help secure that traditional system, she said.

"If you can find a way to bridge the two of them then you have something that is truly revolutionary," Ms. Masters said, calling it "the financial challenge of our time."

[Read through the full article here.](#)

2015 also saw Nasdaq start advertising its interest in how Blockchain could provide solutions for how shares are transferred and sold

Robert Greifeld, Nasdaq chief executive told [The Wall Street Journal](#):

"Utilising the blockchain is a natural digital evolution for managing physical securities."

BITCOIN PRICE 2015:

LOW \$178 USD - 14/01/2015

HIGH \$465 USD - 15/12/2015



● ● ●
MACROFOCUS
ENROL FREE

BLOCKCHAIN AND
CRYPTOCURRENCY TRAINING FOR
FINANCIAL PROFESSIONALS. FREE
ACCESS TO ALL LESSONS -
LIMITED TIME ONLY.
BE AHEAD OF THE GAME WITH
THE LATEST CRYPTOCURRENCY
REGULATION UPDATES AND
EDUCATION.