



Briefing to State Legislators and Officials #1

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BITCOIN BAILOUT: Why a Bitcoin  
Strategic Reserve Is a Bailout of the Big Boys

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**What the States  
Can Do: Building the  
Legal and Financial  
Infrastructure for  
Financial Freedom**

By Catherine Austin Fitts and the  
Solari Team

## Catherine Austin Fitts



Catherine is the president of Solari, Inc., publisher of the Solari Report, and managing member of Solari Investment Screens, LLC.

Catherine served as managing director and member of the board of directors of the Wall Street investment bank Dillon, Read & Co. Inc., as Assistant Secretary of Housing and Federal Housing Commissioner at the United States Department of Housing and Urban Development in the first Bush Administration, and was the president of Hamilton Securities Group, Inc.

Catherine has designed and closed over \$25 billion of transactions and investments to-date and has led portfolio and investment strategy for \$300 billion of financial assets and liabilities.

## Timothy L. Caban, EA, CFP®



Tim is the Founder and President of Copper Beech Advisors, LLC. Mr. Caban founded Copper Beech Advisors, LLC on a holistic, life-integrated approach to financial planning, designed to help “real people” in the Great Valley and surrounding communities take control of their financial lives. As a member of the Alliance of Comprehensive Planners (ACP), Tim is proud to apply the time-tested approach developed through the collective wisdom of its membership: a core group of highly credentialed and experienced financial planners who support each other professionally. Among their numbers, ACP members count CPA, CFA, CFP, PhD and Attorneys, including practice experts across the spectrum of the financial planning process.

Mr. Caban is a Certified Financial Planner™ practitioner. He is also an Enrolled Agent (EA) licensed by the department of the treasury to represent taxpayers before the IRS. He received his BA from Dartmouth College in 1996.



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# 1. What is Bitcoin?

- Bitcoin is a private digital currency.
- There are 19.8MM Bitcoin outstanding.
- The Bitcoin market capitalization is \$1.9 trillion.
- The price is extremely volatile.



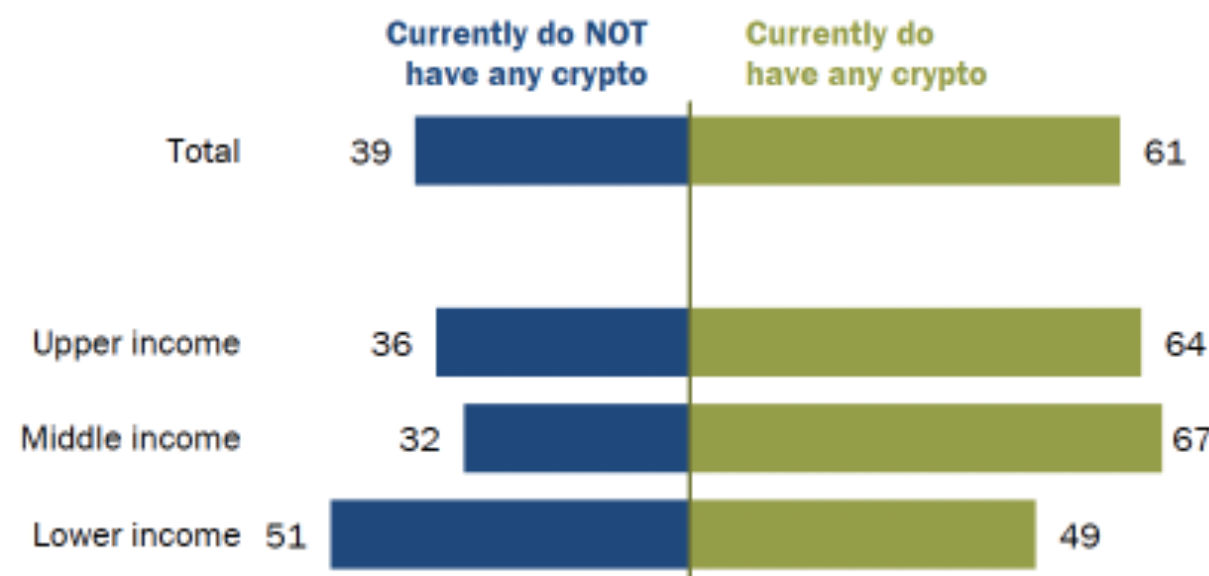


## 2. How Many Americans Own Bitcoin?

- As of 2023, approximately 14.6% of Americans owned crypto.
- Approximately six in 10 Americans (63%) say they have little to no confidence that current ways to invest in, trade, or use cryptocurrencies are reliable and safe.

### Majority of Americans who've ever used crypto still have it, but it varies by household income

Among U.S. adults who say they *have ever invested in, traded or used cryptocurrency*, % who ...

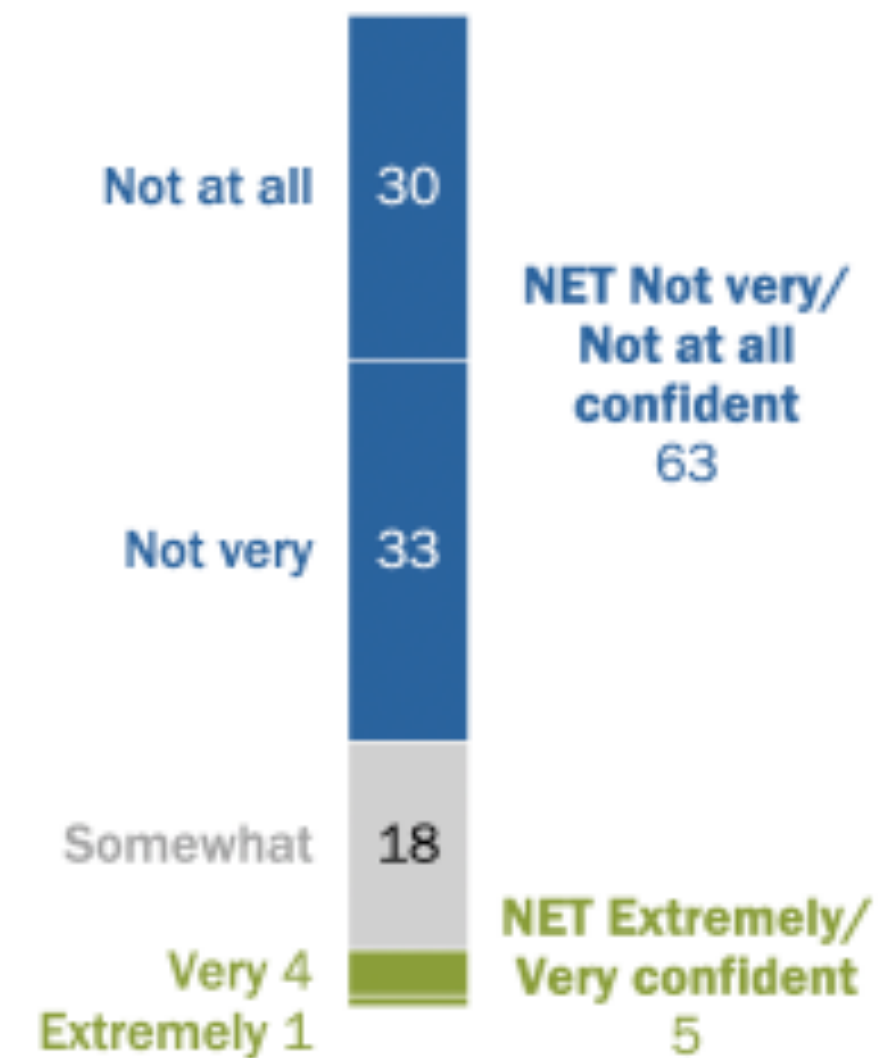


Note: Family income tiers are based on adjusted 2022 earnings. Those who did not give an answer are not shown.  
Source: Survey of U.S. adults conducted Feb. 7-11, 2024.

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## 63% of Americans are not confident in reliability, safety of cryptocurrency

% of U.S. adults who say they are \_\_\_ that the current ways to invest in, trade or use cryptocurrencies are reliable and safe

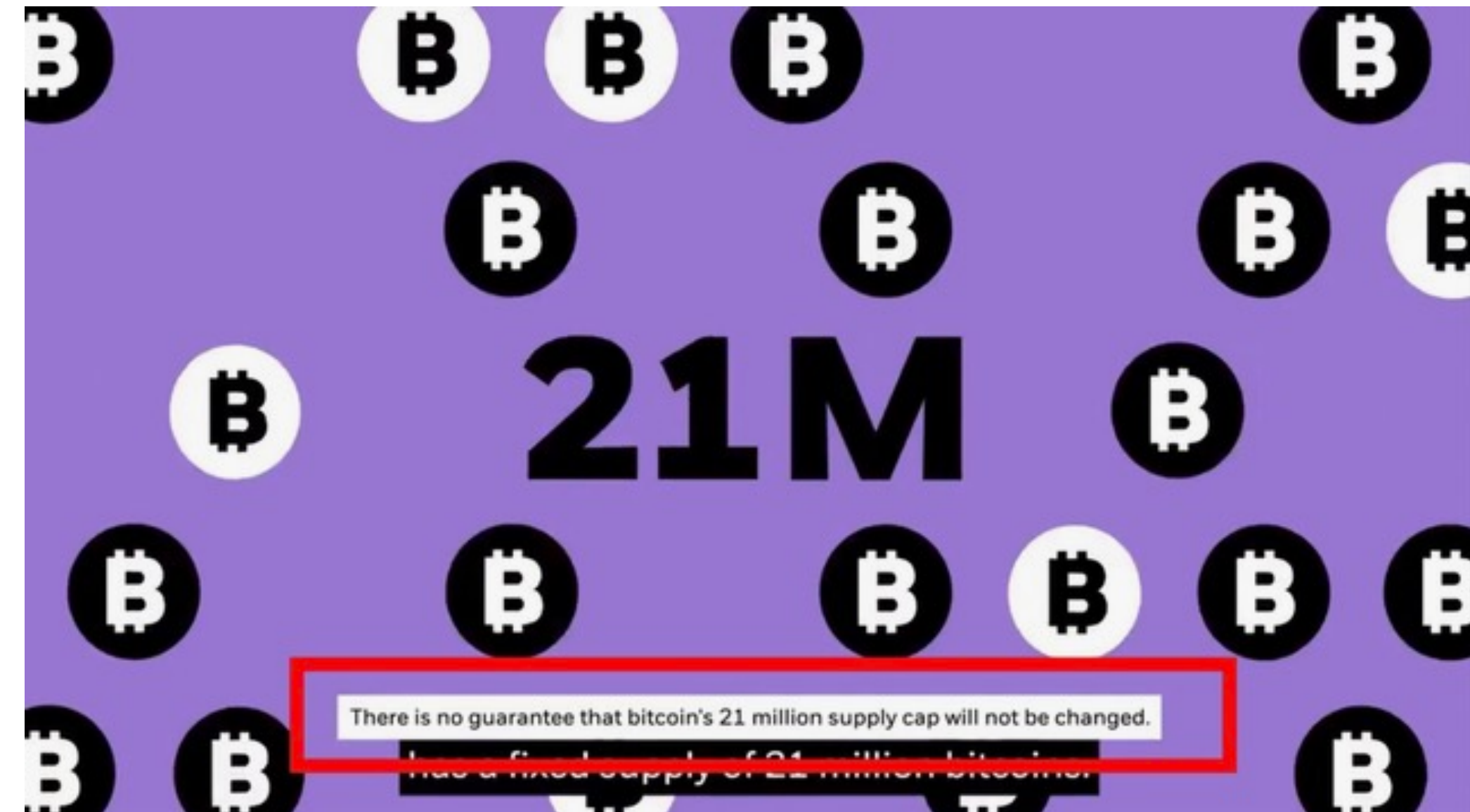
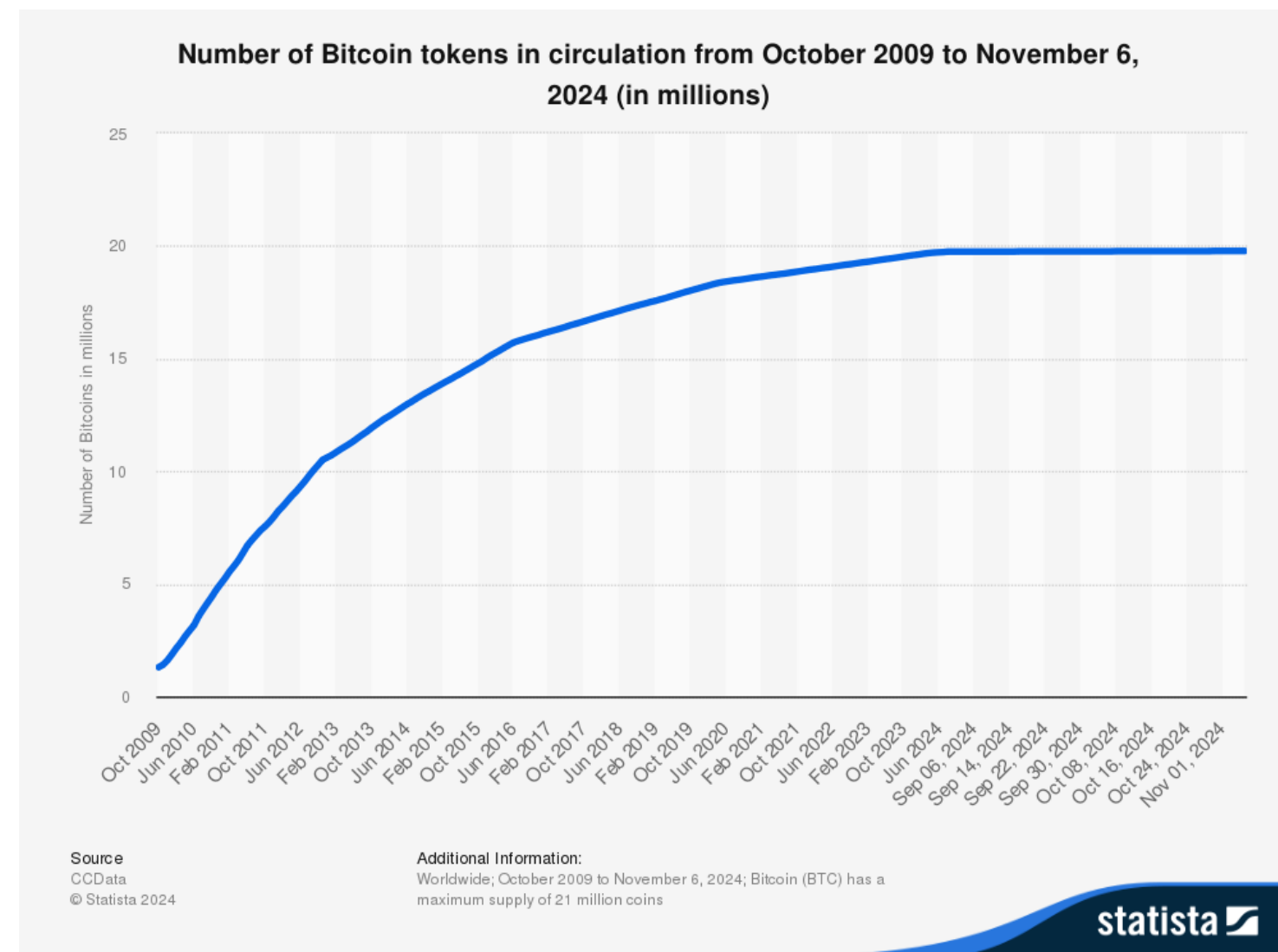


Note: The 14% of U.S. adults who have not heard about cryptocurrency are not shown, nor are those who did not give an answer.  
Source: Survey of U.S. adults conducted Feb. 7-11, 2024.

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### 3. How Many Bitcoin Can Be Created?

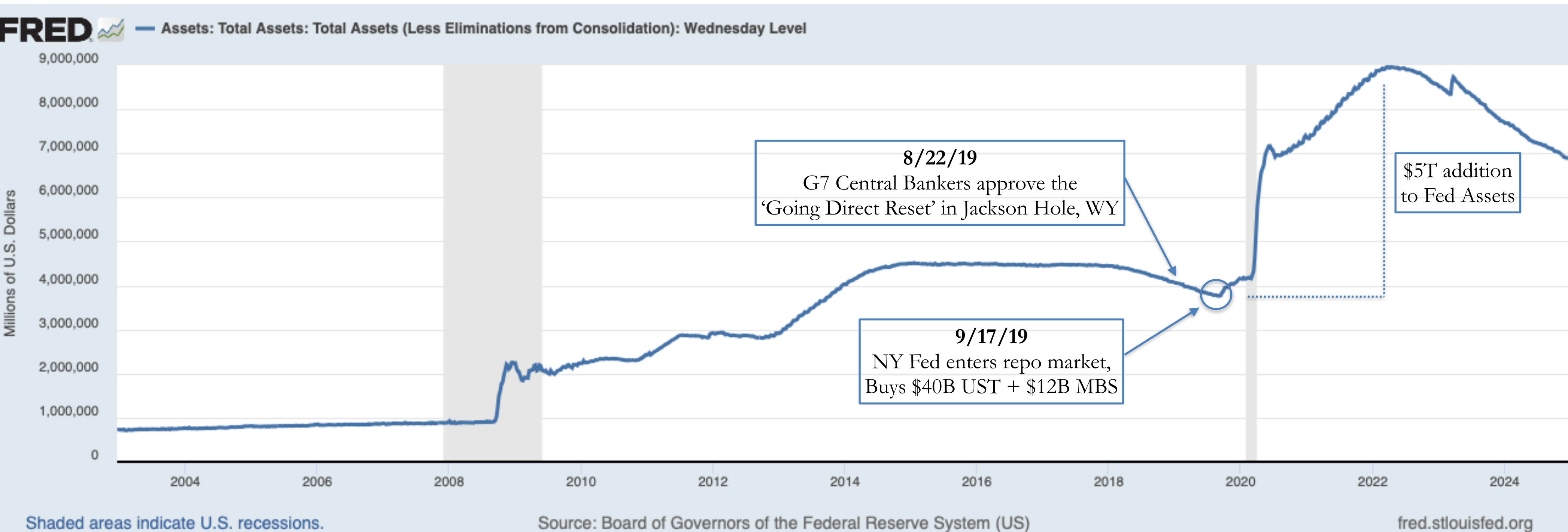
- Although Bitcoin is promoted as a currency that cannot be inflated, there is no firm limit on the creation of Bitcoin.



*“How the hell do you know that it’s going to stop at 21 [million.] I’ve never met one person who told me that they know for a fact.” ~ Jamie Dimon at the World Economic Forum in Davos*

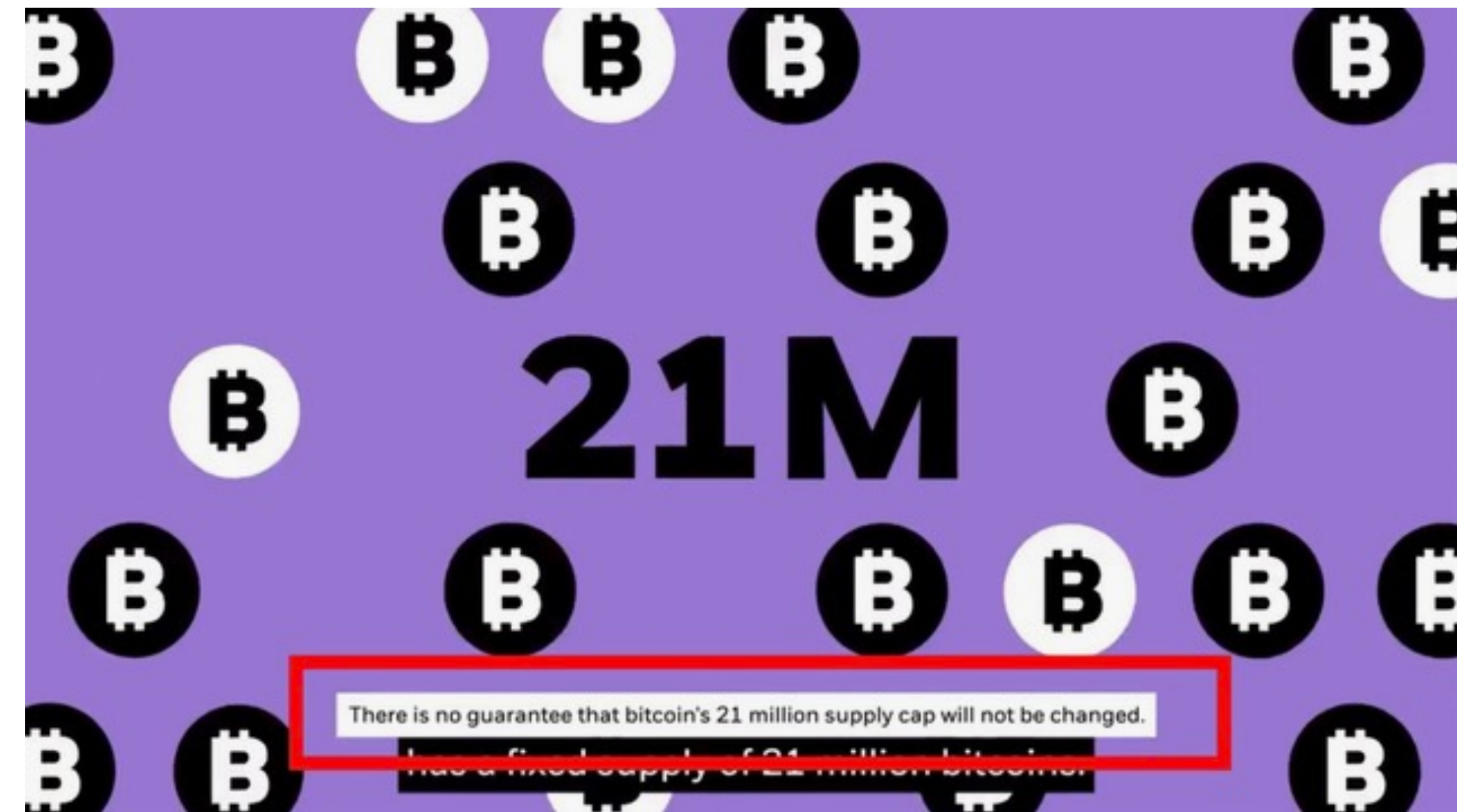
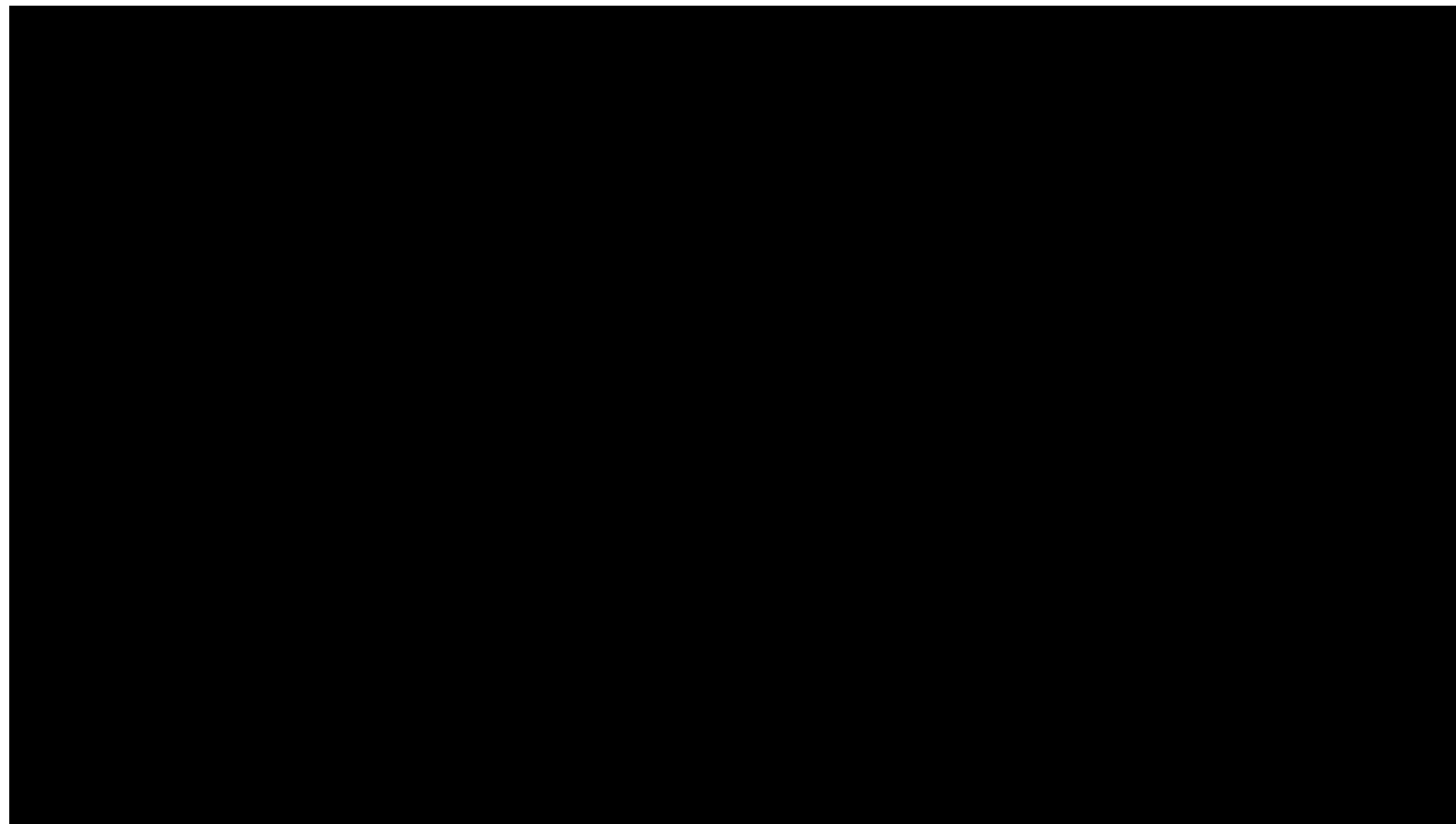


## Going Direct Reset - Fed Assets



### 3. How Many Bitcoin Can Be Created?

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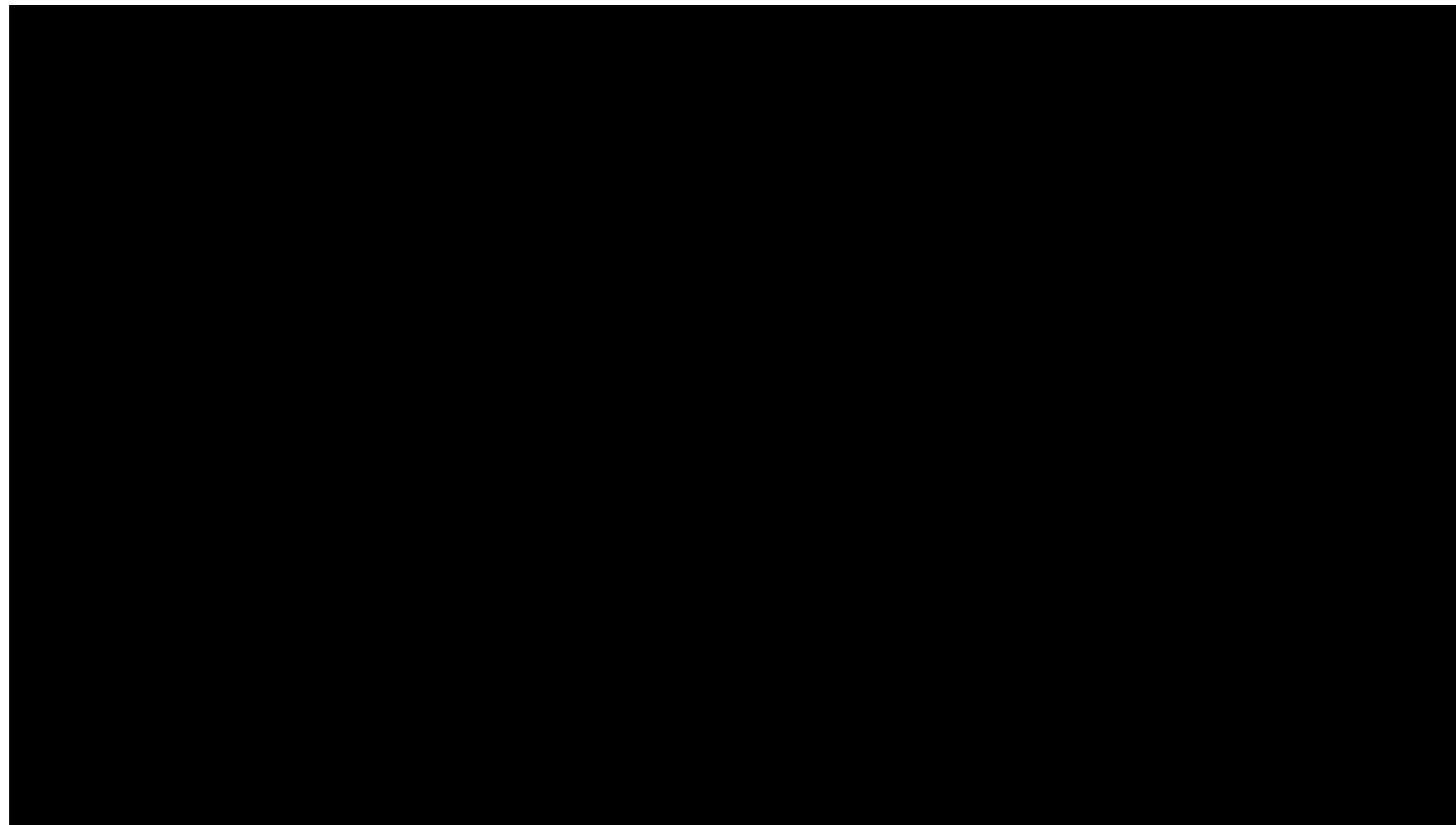


- <https://live.solari.com/w/faCfo1Zsc8JDxghcipyWMK>



### 3. How Many Bitcoin Can Be Created?

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- <https://live.solari.com/w/mafzyrfM4ZWXwQjMTRECSZ>



#### 4. Who Maintains the Bitcoin Blockchain?

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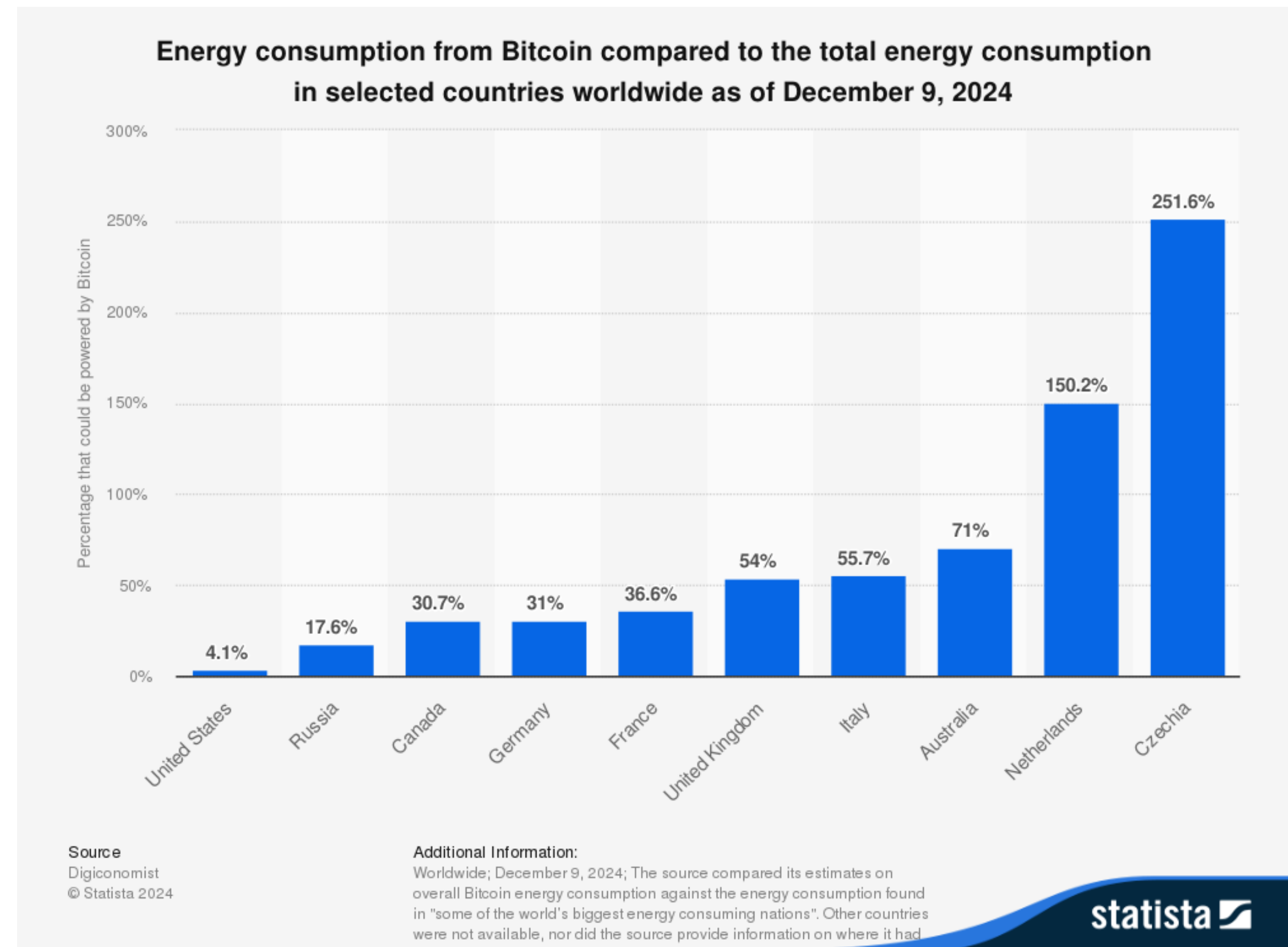
- The blockchain is maintained by Bitcoin miners that depend on created Bitcoin and transaction fees to cover expenses.
- Because the blockchain infrastructure is very energy and environmentally expensive, the infrastructure may not be sustainable.
- The Bitcoin blockchain consumes more energy than many countries consume.





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- *Bitcoin Miners in Texas Shut Down to Save Power (Bloomberg Technology)*
- *Granbury Residents Sue Local Bitcoin Mine over Health Threatening Noise Pollution (Earthjustice)*



## 5. Who Owns Bitcoin?

- Significant amounts of Bitcoin are owned by early investors. According to MIT:



### *Bitcoin: Who owns it, who mines it, who's breaking the law*

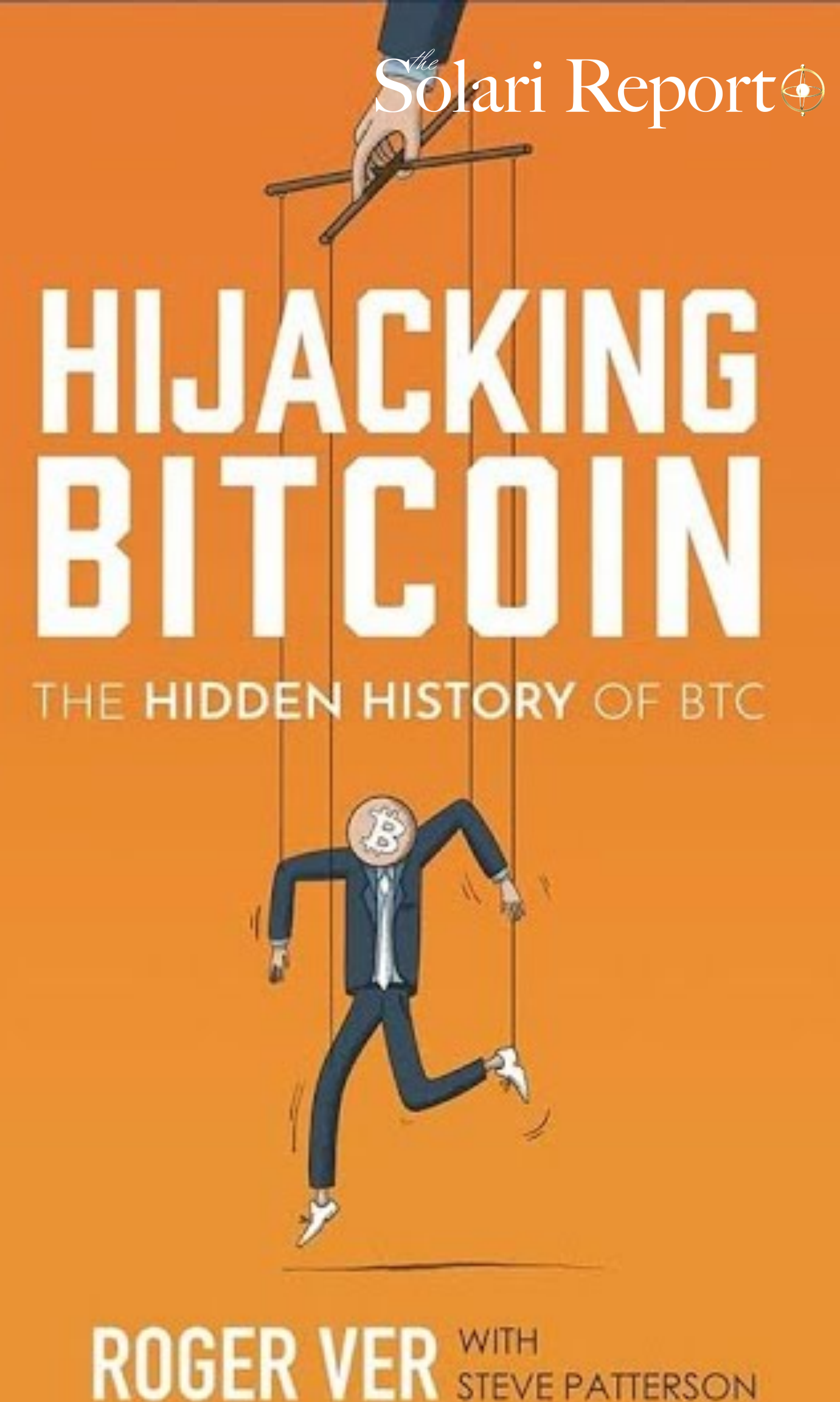
- *“The authors found that participation in Bitcoin is skewed toward the elite. Their research showed that at the end of 2020, there were 1,000 ‘clusters’ controlling 2 million bitcoins.*
- *The authors clustered addresses so that all addresses that sent bitcoins in any single transaction were deemed to belong to the same entity. [Author] Schoar said this often happens for the sole purpose of obfuscating the origin of funds. In addition, the top 10,000 clusters owned more than 4 million bitcoins—about a quarter of all outstanding bitcoins. This has important implications for market stability.*
- *‘Somebody who can easily spend a hundred million dollars worth of Bitcoin and sell it or buy it can have a massive price impact in the market,’ Schoar said. ‘That’s typically a situation we don’t like, because it means as a regular retail investor, you might suddenly find yourself x percent down because of massive volatility, which might be created by a few large investors randomly deciding to sell some of their holdings.’*  
[MIT, 2021]



## 6. How Has Bitcoin Been Marketed?

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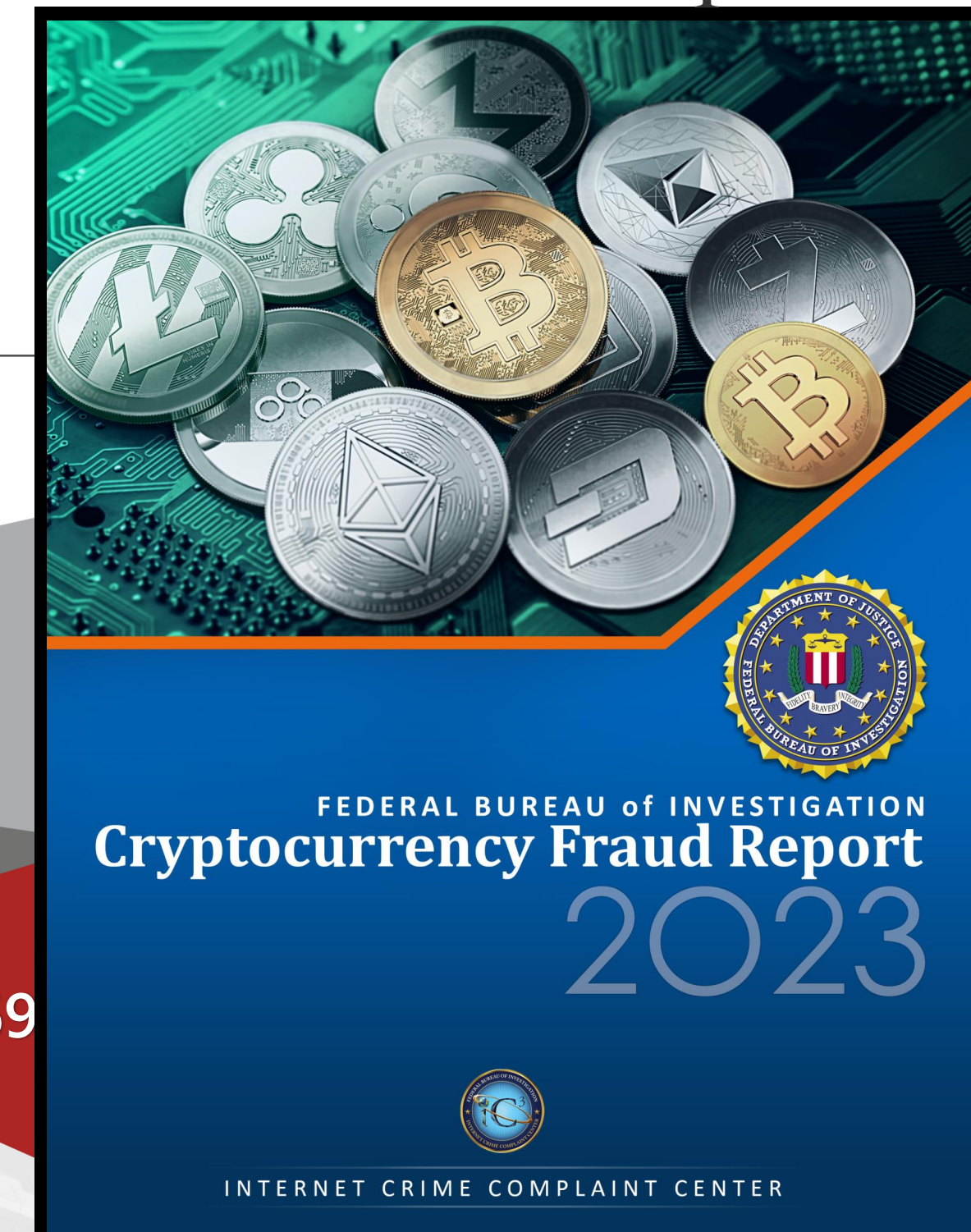
- Bitcoin was originally designed to be a global transaction system with a practical purpose.
- It has been converted into a digital asset that has relatively high transaction fees and is illiquid compared to other digital payment systems.
- Bitcoin has been converted into a speculative asset managed to maximize trading profits for early investors.





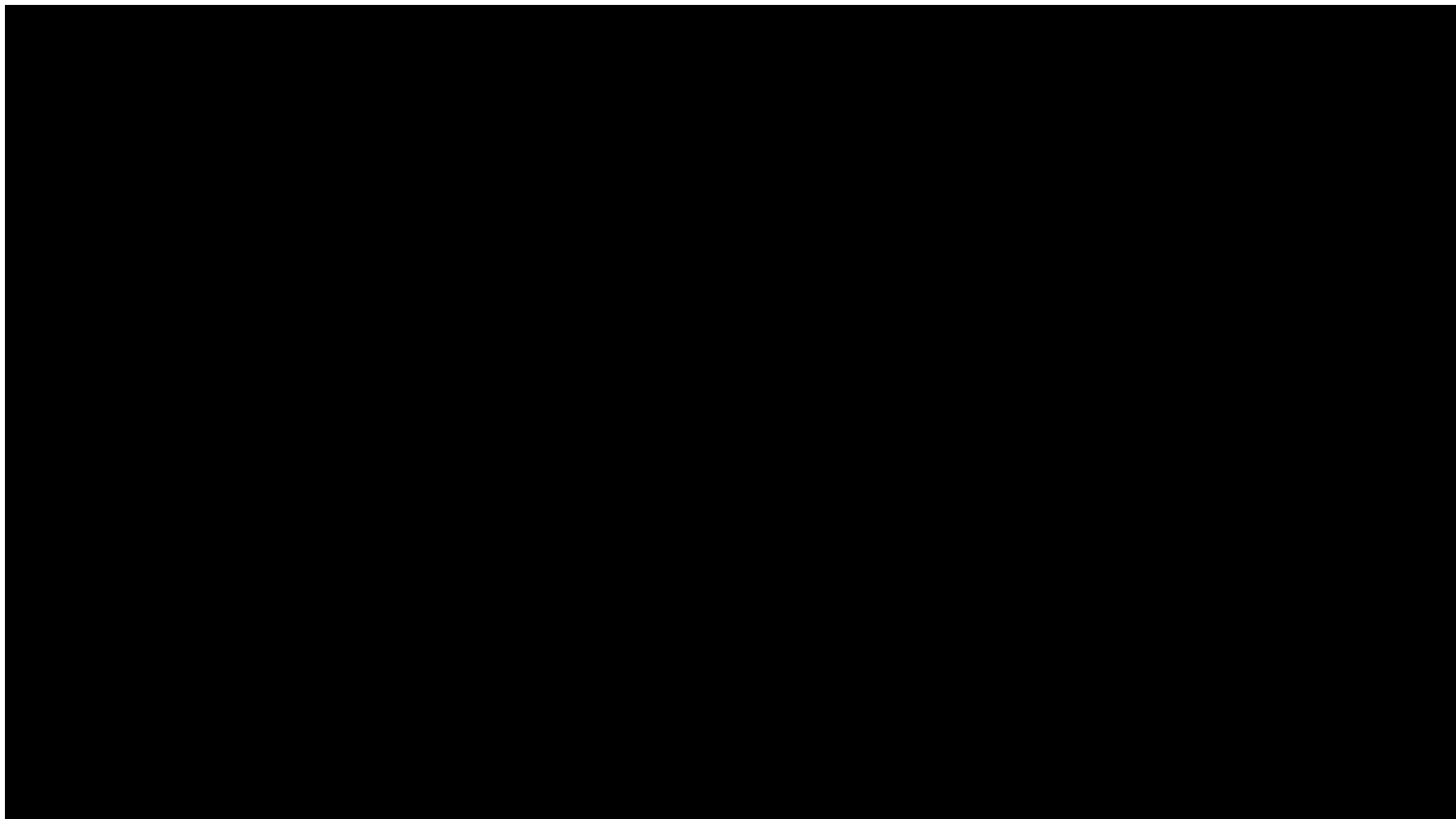
## 6. How Has Bitcoin Been Marketed?

- In early 2023, economists at the Bank for International Settlements (BIS) estimated that most retail investors in Bitcoin had not yet achieved a positive return on their investment.
- According to the FBI Cryptocurrency Fraud Report 2023, *“While the number of cryptocurrency-related complaints represents only about 10 percent of the total number of financial fraud complaints, the losses associated with these complaints account for almost 50 percent of the total losses.”*  
(*\$5.6 billion in 2023*)



7. Who Is Proposing the Creation of Bitcoin Strategic Reserves?

- Proposals for the creation of federal and state Bitcoin reserves were floated during the 2024 U.S. presidential campaign as the crypto industry became the campaign’s largest corporate donor.



- <https://live.solari.com/w/do2J26qz1sRvEW1QAVF24V>

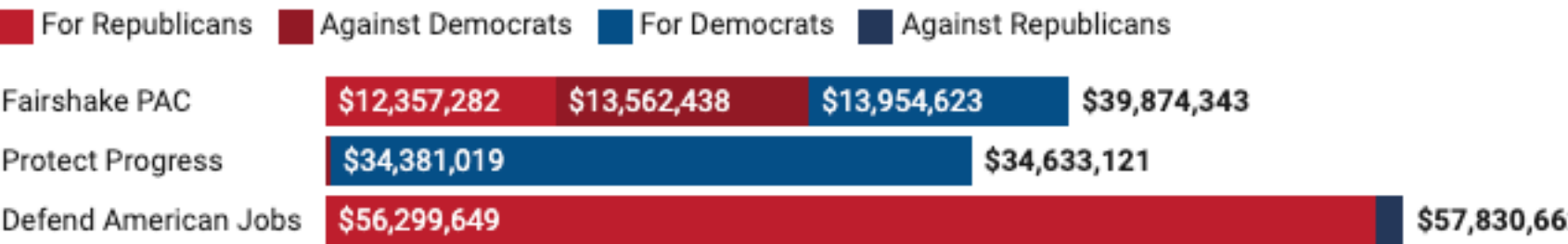
Top 5 contributors to the 2024 election's crypto PAC triad

Fairshake, Protect Progress, and Defend American Jobs have spent over \$133 million to bolster congressional and presidential campaigns in the 2024 cycle.

	Organization Name	Individual	Organization
1	Ripple Labs Inc	\$0	\$46,500,000
2	Coinbase	\$0	\$46,499,995
3	Andreessen Horowitz	\$45,250,000	\$0
4	Jump Crypto	\$0	\$15,000,000
5	Winklevoss Capital Management	\$5,000,000	\$0

Source: OpenSecrets' analysis of contributions made by individuals and organizations to Fairshake, Protect Progress, and Defend American Jobs in the 2024 cycle, as of Oct 31, 2024. • [Get the data](#) • [Embed](#) • [Download image](#) • Created with [Datawrapper](#)

Outside spending by top crypto PACs in 2024



Source: OpenSecrets' analysis of independent expenditures disclosed by Fairshake, Protect Progress, and Defend American Jobs PAC of Oct. 28, 2024. • [Get the data](#) • [Embed](#) • [Download image](#) • Created with [Datawrapper](#)

*‘Crypto Industry Political Donations Top \$200M: Biggest Donors in the 2024 Presidential Race’*

Source: CCN.com



## 8. Cui Bono? The Bailout of the Big Boys

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- Large early investors need significant new purchasers to keep the speculation going—and to support liquidity for their exit before the speculative mania is over or the infrastructure becomes unsustainable.
- A Bitcoin bailout does not provide an inflation hedge for government; it is a reverse Robin Hood—taking from working people to bail out the big boys.
- **If governments can afford to bail out Bitcoin billionaires, they can afford instead to cut taxes and/or provide excellent government services that support productive activities.**
- Citizens should be free to speculate in the Bitcoin market or not as they choose rather than be taxed to bail out billionaires and maintain speculative bubbles.



## What the States Can Do: Building the Legal and Financial Infrastructure for Financial Freedom

By Catherine Austin Fitts and the  
Solari Team

## What the States Can Do

*“The powers not delegated to the United States by the Constitution,  
nor prohibited by it to the States, are reserved to the States  
respectively, or to the people.”*

~ Tenth Amendment, Bill of Rights, 1791

### Link:

<https://home.solari.com/what-the-states-can-do-building-the-legal-and-financial-infrastructure-for-financial-freedom-a-comprehensive-resource-for-state-legislators/>

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## Q&A



*“Would you like to be the last one in a pyramid scheme?”*  
~ Tennessee Attorney