TFTC 411

**Jesse:** [00:00:00] Let's do it. Good to go.

**Marty:** So I'm guessing we're live Guess we're live. Like you're, you're, you're sitting in my chair. This is weird. The tables have turned. Are you gonna host this, this episode?

**Michael:** Definitely not gonna host it. We should caveat that you, you asked me to come in here. I would never sit in another man's seat, but, uh, it was offered for, for the audio, audio quality.

So I, I obliged.

**Marty:** Yeah. That mic is much better than the apple headphones you're gonna put in. So, for the sake of all the audio files listening to the show, I thought it was very important that you sit in the chair and use that mic.

**Jesse:** It's, it's really throwing me off. I don't know who to call. Marty.

**Michael:** We sort beautiful.

It's a beautiful studio. I'm glad we're, uh, we're getting, gets getting used while you're outta town.

**Marty:** I am as well, and I'm glad we're here. Doing this while I'm out of town, uh, freaks at home listening and cannot see what's [00:01:00] going on on the screen. Right now, I'm in Philadelphia, joined by Jesse Myers and Michael Tuma, who is sitting in my chair in Austin, Texas to discuss the product that you guys launched today.

The, the company on ramp. Uh, very excited. I've been paying attention and watching you guys build this over the last six months. Uh, disclosure, I'm an advisor to OnRamp as well. Uh, but I think it's a very important product, uh, and company to get out there that will really turn a lot of heads and really change the game of how institutional capital, high net worth individuals, family offices get exposure to Bitcoin because it's something that they've been a bit apprehensive to do to date.

And I think the solution that you guys have come up with at on-ramp. Could be a massive unlock for tons of capital to come into Bitcoin. So I guess before we jump in to the mechanics of On-Ramp, how it works and what you guys [00:02:00] are building, uh, we should dive deeper into this problem of why capital has been sitting on the sidelines.

Why have people been afraid to get into Bitcoin? And I'll throw that to you, Jesse.

**Jesse:** Yeah, it's a great point. And we've all kind of seen it playing out in the market of, there's one problem of deciding that Bitcoin should be a part of your portfolio, or in the case of institutions, whether it should be a part of your treasury management.

Uh, and that's, that's hard enough, right? They, that's a hard thing to commit to, to get comfortable with. Um, but then once you've done that, you have this additional step, this extra problem of how do you get exposure to bitcoin? Um, do you, do you take self custodys? Uh, do you trust a custodian? Do you get exposure through some other vehicle that gives you approximate Bitcoin exposure, whether that's, you know, [00:03:00] holding a bitcoin mining company stocks, or investing in the, the number of, um, Bitcoin funds out there that are actually futures based, or even options based, um, contracts.

So you're not actually holding Bitcoin, you're holding a contract that approximates Bitcoin. So, you know, if you're an institution, if you're a high net worth individual and you're thinking about deploying millions of dollars into Bitcoin, uh, those are kind of your options right now. And obviously there's some major downsides with, with all of them, and no solution is perfect.

But the current option set is very limited in its capacity to unlock the abilities, the attractive properties of Bitcoin, why you're investing in it in the first place. Um, and future proof that investment too, to make it possible for [00:04:00] you to take self custody into the future. Because a lot of these current options, uh, if you were to take self custody into the future, you are hit with a taxable event because you don't actually own Bitcoin yield.

You own something that approximates Bitcoin. And then when you want to, when you decide actually we need to hold this thing ourselves, you have a taxable event because you're trading out of the thing that's almost Bitcoin, but not and into Bitcoin. So that's a taxable event. And you know, suddenly you've got a 30% hit on your Bitcoin holdings.

So you know that right now. There's not a great, uh, there hasn't been a great option for, for solving that problem of how do I get started in Bitcoin the right way while future-proofing what I, you know, what I might want to do and making it possible to take self custody down the road. So that, that was kinda the problem that we've been noodling on or seeing, um, [00:05:00] Michael and I in our respective, um, roles before starting on-ramp Bitcoin.

Uh, and, and that was kind of the starting point of why we decided to make a better solution for getting started in Bitcoin the right way.

**Marty:** Yeah. Michael, do you have any other painting points top of mind that Jesse maybe didn't mention that people have?

**Michael:** Yeah, I think, um, a, a couple things I've been reflecting on, you know, as you mentioned, we've been talking about this for a while and it's been, uh, it's been great to think about setting, setting up this discussion and, and chatting through, um, You know, what we're working on, getting it out to the market, but then also reflecting on the path dependent nature of how we got here.

And there's been a lot of pain in the market. There's been a lot of pain with us, uh, as individuals onboarding folks and having them lose funds. You do it weekly, you and Matt trying to, you know, explain and some people are saved and others leave their Bitcoin on exchange or buying a product that trades at a discount to what the spot price is.

And um, one of the things that when, when we were looking at this, you know, my background [00:06:00] being at Unchain Capital and helping, you know, when I started, I think we had roughly 50 clients and we set at close to 5,000 clients now. And one of the, um, big points that came up was there was always this kicking and screaming with certain individuals that are just, are not ready to hold cryptographic material.

It was just a, a reason. And knowing the internal conversion rates and helping onboarding and building out that sales team, it's like, okay, there's a pain point here that individual. Understand that, you know, custodial risk centralization, but then there's still this problem of making this leap from, they have their checking account, they have their Goldman Sachs account, but now in their mind they're effectively, whether it's true or not, effectively holding gold underneath a mattress.

And, um, there's the other side of that, which we all know of, like, you know, custo risk centralization. And that there effectively had to be this like middle ground. And so that was the first layer. The second layer was starting to have conversations after, um, you know, naively thinking that we figured out the crypto [00:07:00] slash bitcoin market with.

Gray scale, G BTC block five. Everybody thought these darlings were the people for the wave of this adoption, this next generation of money, however we wanna refer to it. And the reality is, the past six to 12 months, the board has been completely reset from an entrepreneurial perspective. If you've been around, like it's all up for grabs in my mind.

And so realizing that all the, the, the folks that had the market lead basically gave it up. And then also having discussions with some of the largest institutions knowing that they're coming into the market because large institutions do not want to face Coinbase. They do, they do not want to face, uh, quote unquote web two, web three, uh, versions cuz there's no different to than Coinbase, than FTX to them.

And realizing the likes of, you know, citadel fidelity and these companies are coming in, but then also hearing the chatter of what they're using on the backend. And the backend looks exactly what just blew up, uh, the past six to 12 months. It's all the same format. Re hypothecation centralization. Because they're still have the mental model of the old world.

And [00:08:00] so looking at that and having this thesis that in, let's call it three to five years, we're gonna see the exact same thing that just happened, but orders of magnitude larger unless we built something different. And that's effectively some of the, you know, um, calculus and ingredients that came into this kind of, you know, idea and me and Jesse, you know, deciding to pursue and attack this problem.

Yeah,

**Marty:** I think it's very important, and I think you guys are putting a step forward that will change the dynamic of how future companies and products that give people access to Bitcoin will be built. I mean, Michael, you've seen this at Unchained, the idea of collaborative custody, a two or three multisig volt in which an individual holds two keys, unchain holds one.

Or on the lending product where Unchain holds the key. Kingdom Trust holds a key or another third party, and then the user gets one key. This, this model of distributed keys is something we've talked [00:09:00] about over the years, is the future of a financial monetary banking system built with Bitcoin at its core.

And so I think this's a good opportunity to dive into the mechanics of how on-ramp the product works from, uh, a, a legal perspective. What is, what is the structure of the actual company? What are people actually buying? Uh, and then how you guys leverage Bitcoin's native properties, particularly Multisig, to give your clients a product that will give them peace of mind, uh, and the ability to leverage Bitcoin in a way that gives them confidence that, that their money is where they think it is.

**Michael:** Yeah. Jesse, you wanna kick off legal and I'll go in into tax tech and multi seg.

**Jesse:** Yeah. Um, yeah, the, I think that a little bit of, of background context here is probably helpful to start also of, um, [00:10:00] as many people know, um, I've been running a fund, uh, in Bitcoin space for the last five years. It started as an alt coin fund.

Uh, got rocked in 2018, had to figure out why. Realized, you know, oh, there's this whole deeper rabbit hole I was missing. It's all about Bitcoin shifted to get my investors just a hundred percent exposure to Bitcoin. But in, you know, in doing that then, then my investors no longer needed, um, me as a, as a hedge fund manager, um, holding their, their assets.

And so I, you know, I had to have conversations with them about, you guys don't need me. Anymore. Um, you can hold, you can withdraw your Bitcoin and hold it yourselves and not pay these fees. And about a quarter of them took me up on that. And for three quarters of them, they didn't want to deal with that.

They weren't ready for that [00:11:00] responsibility. The, uh, the burden of having to keep cryptographic materials safe and secure permanently, all always at all times. Um, and, and just the learning curve involved of, you know, having to know enough to know, to be confident that you're doing everything you need to be doing.

Um, so they didn't wanna have to take that on, so they wanted to keep paying me fees to do this. Um, and so that to me, spoke to this, this market need, um, of, there's a lot of people out there who are not yet ready for. Uh, taking self custody or, or, or, you know, they're not yet far enough down the learning journey to be ready to do that themselves.

Um, but a hedge fund structure isn't the, isn't the right structure to do this. Um, and so Michael and I were talking about, you know, what would be the ideal vehicle for, for doing this? [00:12:00] And, um, landed on the solution that we have for ON-Ramp, which is a trust model, much like, um, how G L D is structured, where it's a single asset commodity, uh, single commodity investment vehicle.

Um, which greatly reduces the, the legal lift involved of, uh, this asset. And, um, allows for investors to have the, um, keep the, the asset on their balance sheet, um, in, in the form of trust units rather than, uh, having to be a part of a, a. An LLC where you have to get K one s every year and include those in your taxes and, and, and all of the headaches involved in that.

So that was the legal structure and the genesis, you know, the reason for that legal structure and how we arrived at that. Um, and I think this sort of speaks to all of the decisions made about how we set up on-RAMP were to, to, um, create the, the [00:13:00] best vehicle for, you know, the, the lowest headaches, uh, and the best, um, versatility for what investors need now and into the future.

The other big part of that is, um, how this trust, trust structure enables in-kind redemptions further down the road. So, you know, not there, it's not an immediate thing. It's um, after 12 months you're able to do in-kind redemptions, and that is not a taxable event because you're going from a hundred percent Bitcoin.

Um, asset and then taking that, uh, possession yourself. So that's not a taxable event, which is different from how most of the, the Bitcoin funds out there are structured today. Um, and I think a big differentiator and a big pain point solved in terms of why the current set of options is not ideal for people who are looking to [00:14:00] deploy capital but not ready to take on self custody.

Um, and, and looking for a place to get started, learn more, get comfortable with what they need to be doing, and then eventually take self custody. Yeah, I

**Michael:** think, um, the looking at the market and, and I think it's a product of being so early that all the funds are effectively, uh, and it, and it took me some learning as we were going through this progress or process and, um, looking at the funds that exist, and there's a couple downsides, uh, before going into the mechanics of the, you know, the technical aspects of the custody.

Um, but the one of 'em is that they're all closed in funds as Jesse referenced. So if you wanna get exposure, you're going in, you're hoping that they're gonna track the spot price of btc, and if you ever wanna get liquidity, you're having to sell to taxable event. Um, and there's this other thing that I didn't appreciate as much until understanding what Jesse was doing with his fund.

And it's something we do at Unchained is really on the education side because, uh, when the price is running, [00:15:00] everybody's buying into Bitcoin in whatever product. But when it goes the opposite way, the right move that we understand after looking at this is, this is the, this is the last trade that you are doubling down when it goes the other way.

Instead of, you know, basically selling and all these funds are not prepared to talk through why Bitcoin is this asset, uh, to do that. Where if you go look at any of their pages, won't name any names, but if you look at any of the major four funds, five funds, they all have on the first two pages, baskets of cryptocurrencies from Solana, nft.

And I was like, holy crap. Like this is the first thing people see trying to get in on the institutional high net worth side. And uh, it's like, okay, well education matters because you want to help not only them understand what they're buying. So when the price is moving against them, they're actually, um, you know, increasing their exposure, but then they're also getting educated.

To the properties of Bitcoin, which they get knee capped. When you go through these products, whether it's Coinbase or you're going through a fun product, you're effectively getting like 50% of my [00:16:00] mind of BTCs properties. Uh, I won't try to make the analogy, but whatever. If you took 50% of the properties that made gold, gold, and that's what you would be buying if you were buying like a spot exposure, we all know gold in the paper markets.

And so this like idea had been percolated in my mind for a few years at Unchain. I had brought it up to Parker and then when me and Jesse started chatting and finding out what he was doing, I was like, oh, okay, so this is the model. Because independent of that, I had been thinking about custody and in my own opinion, I don't think that custody gets talked about enough in the Bitcoin world or just in the landscape of venture in this, in the sense of we assume custody's figured out.

In my mind, it's so far from being figured out because what exists today is effectively somebody putting Bitcoin under their, their mattress, like a hardware device or trusting individuals. Or you go to, um, Coinbase, you know, Fidelity, whoever the third party is. And we all know as Bitcoiners, you know, we know what happened with gold and the centralization risk is real.

And both of those can't work if we're gonna bring in trillions of dollars. Like there's not enough institutions willing to do [00:17:00] the, the golden under the mattress. And so there has to be this middle ground. And, um, so if you think about it in just conceptual spot, Bitcoin tracks exactly the spot price.

Nothing would happen with gbtc, the ability to take redemptions or, uh, possession of the Bitcoin when you want. And then when we get into the technical aspects, multi-party custody. So basically having three institutional grade key holders qualify, custodian being one of them. Kingdom trust, uh, holding the keys and requiring a quorum, a majority of a two of three set to move the asset.

And so you're effectively getting what you would get with Coinbase or any other institutional great key holder, but you're getting at times three. And the requirement would be to have two of three signed to move the asset into possession that you would want or just to actually sell if you wanted to get your dollars back.

And that obviously has a lot of ramifications on centralization from a hacking reation because it's inherently on chain because of multi six properties, the ability to audit. Um, there's a laundry list of reasons [00:18:00] why this is a superior, uh, format in our mind. And, and so we're really excited to kind of get this.

And I guess the last part to say is that the key holders, it's Unchained capital on Ramp and Kingdom Trust, which again is qualified custodian. Uh, I don't know if this should be a disclaimer, but I'll say it. Ryan Rad, love CEO o of Kingdom Trust. Uh, pioneer in the Space. Kingdom Trust are the first qualified custodian to hold Bitcoin.

They're, they're really excited about moving this forefront of keys and, and getting rid of the honey pots. And Ryan is a, a visionary in the sense that he wanted to be a part of this, and we're really excited to have 'em on board. And the idea is to really expand this key network, um, to, to build on that.

These are our key partners now, but the idea is that individuals will be familiar with these key agents, but in a future state, they'll have their own key agents that they want. They'll have their own bank, they'll have their own financial institution. And this is in our mind how Bitcoin skills in a broader sense, because of how, um, trust is built within our traditional banking system.

Like, we're not gonna recreate the rule, we're just repurposing it for a Bitcoin standard. [00:19:00]

**Jesse:** Yeah, I think, I think Michael touched on such an important part of like the ethos of, of where this has come from, is. Pretty much every company that's tried to tackle, um, Bitcoin custody, uh, has been focused on self custody and, and rightly so.

Like that is the gold standard. That's how people should be, you know, that's the, the, the goal everybody should be aiming for. But, you know, as Michael has seen, uh, talking with, with prospective clients at Unchained, and what I've seen with three quarters of my investors not wanting to take self custody is there's a big portion of the market that wants, um, a, a solution now that doesn't require them to learn about self custody.

At, you know, at right, at right as they're just coming around to the fact that they should own some Bitcoin. You know, that that's a big ask. They don't, they, they want a solution now that is going to be, uh, you know, reduces [00:20:00] counterparty risk as much as possible, which is why the, the multi-party custody does that in a tremendous way, even going so far as to like, greatly minimize the risk of like a 61 0 2, um, situation.

Um, and, and then also future proofs them for, you know, when they're ready to take self custody, they can, because it's, it's not going to trigger a taxable event. So, you know, our, our philosophy is that as bitcoin, this little blueberry of an asset on the global asset landscape, as it, you know, gets hooked into the water, the city water main, as Trace Mayer used to say of, of all the value in the world flowing into this more attractive asset than anything else that's out there.

Um, that connection, that conduit, that pipe needs to be built for the needs of the incoming capital. And what are their needs as they're, as they're on ramping to [00:21:00] Bitcoin, what's the, what do they really need to have in place and, and what kind of guide do they need to have, um, to welcome them into the space and point them in the right direction and help get them educated in the right way.

And when you look at the, the solutions that are out there right now, these funds, Michael won't name the names, but I'll, I'll mention some of 'em. You know, you've got, you've got G B T C, you've the whole gray scale, um, environment. You've got bid wise and some others. Th these, these are businessmen who created products because there was demand for them.

And that included crypto, right? That was, they built crypto products because people wanted exposure to crypto. Um, whereas what we are doing is building a, a, the right Bitcoin on-ramp for people to get them started in Bitcoin the right way because bitcoin's the only thing they should be messing with, and that's what we're here to do.

Yeah, [00:22:00]

**Marty:** no, I mean, I, I've always described it when people, when people, when I try to explain on-RAMP to people, I'm like, it's G B T C, done the right way. Like you shouldn't be buying like shares and some synthetic exposure that you can't call on in the future. Like if you're getting Bitcoin, this is something Matt and I always talk about of, of course we highly recommend self custodys, but I mean, as you two have described and as I've experienced myself, there is a large part of the.

Of potential Bitcoin users that are sitting on the sidelines. Cause they're so freaked out by managing keys and bringing it back to discussions that we've had throughout the years, Michael, like the future system is gonna be built on these multisig quorums. And so this multi-party, multi-institution product that you guys have built at OnRamp, I think is an incredible unlock for this set of the market that wants to [00:23:00] get in, but is petrified.

They don't want it sitting on Coinbase, they don't want it sitting on another mattress. And it, it's crazy that it took this long for something like this to come to market, but I'm extremely excited that it's here because you guys are doing it the right way in my mind. Like yeah, just leveraging Bitcoin's native sig properties is probably the, the most underappreciated, uh, aspect of Bitcoin as it pertains to building out financial products.

Yeah, there's a, for people want exposure to bitcoin.

**Michael:** Yeah, there's a, there's a, something that, um, I know it gets a lot of slack in our, in our circles, but, uh, Ji said recently that until Bitcoin, there was no such thing as a billionaire, that nobody could actually take their wealth outside of like a financial, you know, government system and actually own it.

And so now to your point, you have this asset that has all the properties that we know, but then also you can split up the distribution with a, with keys and individuals or entities, businesses that you trust. And what [00:24:00] we know, and I don't know if it gets discussed enough, is that people want exposure to this space.

Like even if they don't know they want Bitcoin, they know digital assets, they see everybody making money in the buzz it out. You know, it punches outside of its class from a mindshare, even though we're, you know, whatever, a trillion, a little over a little less depend where the price is as a total asset, not including Bitcoin and crypto, but the idea.

There's like 200 million, um, supposedly Bitcoin holders. But the reality is we always talk about this, like 1 million to 10 million actually have material exposure to Bitcoin, meaning over $10,000. And if you go ask anybody, like your grandmother or somebody that's, you know, knows somebody in the space or has heard of it, they basically say like, eh, I'm kind of interested, or I have like that a hundred or a thousand dollars on Coinbase.

But they never can put material capital because it ends up in two scenarios in their mind, because they've heard enough of it is it ends up in a landfill, whatever that hardware stick or hard drive, or it gets hacked by North Korean hackers. Funny enough, they just put a report out that a billion, I think was [00:25:00] stolen by North Korean hackers last year alone.

And so like in our, in our mind it's like there needs to be better solutions so people feel more comfortable to get the money to unlock that capital. And so the reality is if this is a product that is, makes sense and unlocks value for the Bitcoin ecosystem, it is, this is the first like step forward.

But this will be a standard. Uh, from institutions, from funds that eventually, like the, the idea of a consumer or an individual going to an entity, a business and saying, well, how do you custody your Bitcoin? Is it by yourself? Like, are you susceptible to my server, between my phone and your, your server Coinbase?

Uh, because that happens all day long, even though nobody hears about it. P people's bitcoin's taken. And so that reality of having multiple keys and whatever the quorum is, somebody holding one or none, uh, in our opinion, this is how Bitcoin scales ultimately. So we're excited to, you know, kick off that process.

**Marty:** Yeah. And so to take a step back for everybody listening who's heard what we've described here, it's like, all right, what is this? You buy [00:26:00] shares, uh, in the on-ramp trust. Correct. And then with those shares, yeah, you're buying Bitcoin, it gets locked up in a two or three Multisig unchained holds a key on-ramp, holds a key Kingdom.

Trust

**Jesse:** holds a key. Yeah, that's, that's correct. So, The, you know, if, if somebody is, um, interested in, you know, getting a Bitcoin allocation, uh, they would go through our onboarding process full, you know, um, the K Y C A M L check the boxes on all that accredited investor. Uh, then they're onboarded. They, uh, send money to on-ramp, um, that gets executed at, at market-leading lowest transaction cost possible, um, via unchained execution desk, and then put directly into a multi-party collaborative [00:27:00] custody vault.

And this is what we've been talking about of the, the keys for that vault. There's three keys. Uh, and for anyone not familiar with collaborative custody, uh, it's like there's, you know, like you've seen in the movies when there's the nuclear codes and then you have to turn the keys, multiple keys at the same time.

Um, there are three different keys. And to move any of the assets in that vault, you need to have two of those keys at least, um, agree and sign a transaction. And so since each of those keys are held by a diff held by a different institutional holder, uh, and, and what we've set up is OnRamp is holding one on, chained is holding another.

And Kingdom trust, a qualified custodian in the, in the tra traditional asset space is holding the. Um, those are the key holders. N no single institution there can control the, the Bitcoin in that vault [00:28:00] there has, has to go through the process of the collaborative custody process that Unchained and others have established over the last five years and, and gotten to a really, um, really solid place for, you know, these new use cases to be developed on top of.

Um, so that's the, the degree of custody that you're, you're talking about here, which is very different from the traditional world where you build your fortress and you hold, you know, the assets safely within your fortress, whether that's like fidelity or, or whatever. Um, because Bitcoin has its property, uh, because it's a digital asset and it has multisig built into it, that we, we are able to leverage this collaborative custody model to greatly reduce.

Counterparty risk because it's shared between three different institutions that all have their responsibility of, you know, doing right by the end owner of the, [00:29:00] of the assets. Um, you know, and legally and, and, uh, there are well-established, uh, you know, through a well-established agreement of, um, here are the rights and responsibilities of each party involved.

So that's, that's the flow of money coming in for the investor. And then what the investor holds is, uh, trust units, which are backed one to one by Bitcoin. So one on-ramp Bitcoin trust unit is backed by one Bitcoin and of course fractional units in Bitcoin. Um, and then that sits in that vault until an investor is prepared to either redeem in dollars or withdraw their Bitcoin to a different, um, Custody solution.

You know, whether that's self custodys or something else that they choose, uh, in, in which case they initiate that redemption process and the, the Bitcoin [00:30:00] is then signed by two of the three institutions to be moved to the new destination for the investor.

**Marty:** Yeah. This is something every G P TC holder would like the ability to do right now.

Uh,

**Jesse:** exactly. And, and, and that's what's I think the, you know, a big part of where this came from is my frustration. I, I know Michael feels the same way of like, what are these existing products like doing? They're, they're set up. Um, a friend of mine likes to call him the roach motels where the money comes in, but it can never leave because you're gonna get hit with this big taxable event.

And GTC has its own issues with the, you know, the discount to nav because, because you're not allowed to redeem it, so you can't. Maintain, you know, the one-to-one price, um, because it, it has to float on the secondary market because it's, it's all trapped there. Uh, and so every investor in G B T C would like to be able to redeem their Bitcoin.

If they were able to do [00:31:00] that right now, they would make 35%, you know, there's a 35% discount, so more than 35% going up. Um, and they're not allowed to. Uh, they could be, but it's written into the GBTC contract that GBTC doesn't have to do that, and they don't plan on doing that, and they're never gonna do that.

Uh, and so there should be a better solution, a solution built by Bitcoiners with Bitcoin's properties at the forefront for Bitcoin to help new people get into Bitcoin the right way.

**Michael:** Yeah, there's. There's a, there's a fun part of, um, you know, we're, we're capitalists and we, we wanna make money, but there's a really nice part of, um, you know, talking about this now and we've been talking about it, um, before, but the reality is like, we all win if this is successful and other people adopt this.

Uh, so whether it's somebody coming in and saying, you know, there's management fees associated with this, it's under 1%. But the reality is somebody says, well, why don't I go to Engine Capital Casa and hold [00:32:00] my own keys? And we're like, yes, please. I will introduce you directly to somebody on the client solutions team, the best people in the world to onboard you, to hold your own keys, cuz that's important.

Like, that is the most important thing in our mind for Bitcoin, is having to do decent centralization of obviously hash rate, but also private key ownership, which again, I don't think is talked about enough. And then, um, the reality is, but then to, to Jesse's point, the folks that aren't ready will let us be the on-ramp and educate you.

And when you are ready. Then we can hand that off and prepare you to, to whether it's unchained your own self custody. And there's different levels of this, I think of like micro strategies. A great example who, um, you know, these firms come in, in, in major size and they may be at a large institution, they may be at these honeypots, these centralized custodians.

But the reality is at some point they're gonna get uncomfortable with that because of balance sheet risk of what we've seen, uh, insolvencies, are they gonna be made whole and maybe they don't use an on-ramp or on chain. They probably just developed their own custody and [00:33:00] house. It's something we've always talked about.

It's like, well, why doesn't micro strategy just build their own custody model? They're gonna have so much Bitcoin in a certain world that like sailor's gonna want to control and have his own team be a part of that versus outsourcing it. Because if you can't trust your own people, why can you trust coin?

And, um, so this, this idea is that you help people get to the place that they're at, but then you don't lock them into this model that's an a u m game or the properties where you're going against it, because that's basically how you get racked, right? We've seen it over time, like the second you go against the inertia and the, the equilibrium, the natural state of order of things, which is basically what block by ftx, the bbc, every, all, did you just end up a zero or, or on the way to being a zero, I guess very skill still alive, but, um, yeah,

**Jesse:** yeah, yeah.

Just to build on what Michael was saying, I think one of the, there's a couple of the features here of like having a collaborative custody on chain, um, model here where we are holding Bitcoin on chain in a [00:34:00] vault that no, no, one of the three key holding institutions can control that prevents. Many of the, you know, temptations that, um, some of these other cautionary tales recently have succumbeded to of first and foremost re re hypothecation.

So if you can, if you, you know, are, are like a block five, um, you build this business around bringing in a bunch of Bitcoin and then lending it out and you, you generate eight, 10% on that Bitcoin because it turns out you're, you're lending it to three arrows capital or somebody like that and they're promising you eight, 10% if they can just borrow your Bitcoin.

Cuz they're gonna, they're gonna go crush it in all coins. Like that's, that's who who block was dealing with. And then block's promising the actual owner of that Bitcoin, uh, will give you 6% of the 10% we're making. [00:35:00] And that's block block's business model hypothecating, your Bitcoin. Um, and of course they told you it was safe.

And of course it turned out to not be safe. Who they were dealing with had the veneer of professionalism and, and risk management, three arrows, capital. Um, but of course that was not the case. So in, in block five situation, if you know a user is using block five, they're giving the, they're keys, they're giving their Bitcoin to block five and saying, do with it what, whatever you want.

Basically, um, I just want to get a 6% return. And that wrecked a bunch of people. And that kind of risk management is not something that an institution can tolerate or accept. Um, and so there should be this better solution. And by leveraging bitcoin's intrinsic properties here, having the Bitcoin stored on chain in a [00:36:00] manner where no single um, key holder can control it, can possibly reh hypothecate it.

Um, that just provides a, a better level of assurance, a better risk management because that temptation is completely gone. You know, even, even if on-RAMP or a company that does this same sort of model, um, wanted to where you hypothecate, they literally couldn't. And that's an important distinction for anyone who's considering their options about how to get allocation in Bitcoin without taking self custodys yet.

**Marty:** Yeah. So let's paint a picture of how you guys see this launch playing out in terms of like, so how much capital flowing into Bitcoin do you think this unlocks? Cause obviously we've described the archetype of the high net worth individual, the institution that desperately wants to get in, but has delayed their exposure to Bitcoin because they're not [00:37:00] happy with the solutions.

Not an on-ramp is on the market. And the, they have the ability to get exposure to Bitcoin in an extremely trust minimized fashion. What types of influ, and I don't, I don't want to force you guys to like be like, this is the best product ever, it's gonna come in, but just as Bitcoiners, now that this exists, taking off your on-ramp hat and just putting on your, your Bitcoin thinker hat, like what kind of opportunities do you guys think this, this opens up?

I,

**Jesse:** I wanna make a, a little distinction on the frame, on the framing there of like, you know, I don't, there are probably are some, uh, people, decision makers at institutions who are desperate to get their institution to agree to an allocation to Bitcoin. Um, but I think that there's an even greater set of people here who see Bitcoin and, and think that the barrier to getting in is too great.

I'm not desperate to get in. I would like to [00:38:00] be in, but I don't have time to learn about it. The activation energy to get into this thing is too great. And so I think that what on-RAMP does is it lowers that barrier. It, it lowers that activation energy required for an individual or institution to get to that allocation.

And so,

**Michael:** yeah. Yeah, I think, um, we were, we're, Jesse and I were talking about this before, um, we've kept a limited circle of folks, advisors, um, group and getting feedback and it, and it's, it's been tremendous. It's been incredible. You know, introductions be made, um, family offices. There's discussions on large institutions thinking about how they can, they hold Bitcoin on for other business opportunities and how they can market having a better custody model.

So we, we see that unlocking in the existing market. Um, but to your, your direct question and point, and this is something we saw at Unchained. Uh, and to Jesse's point that there's somebody [00:39:00] that's on the, the edges and ready or almost ready and a better custody solution, and having the, the landscape painted in a logical framing by somebody they can trust helps that initial allocation.

But then as we know, nobody just comes in that really looks at the space and, you know, a, a small, they come in a small way, but then they start looking and they realize, oh, uh, the unlock, at least what we've seen. And I think. Compound on it is it turns from being an ephemeral thing that's up in the air and in the cloud that can be taken from them at any moment or gone to zero to it's tied and it becomes tangible.

And whether you're going to an engine capital and you hold two of three keys, those keys don't get up and walk away. They literally have to be plugged in. In a digital signature has to be provided to move those assets. Similar to the institutions we're talking about, these aren't just keys sitting around.

There's a whole pro procedure and process where one key has multiple pieces com composed to come together just for one signature at one institution. This is how all custody works. [00:40:00] And so this idea of getting different individuals comfortable with this, it's the first step in their allocation. But then as we think through, well, how do endowments come in, how.

Uh, because all these endowments are large institutions and pensions, they're all comprised of individuals that are all looking at the same problem. And they're right now either thinking about it or there'll be clients of On-ramp. And then the reality is, whenever the price does whatever it does, and the macro nature does whatever it does, they're gonna start looking at, well, where do we go?

And that CIO and that board is gonna start looking at, well, this is how I custody it, and we're, we're, we're, uh, we're not naive enough to think that, well, these keys will be the only keys that will ever exist for ON-Ramp and say that this is what they'll feel comfortable with. They'll probably have relationships with the largest banking institutions and other trusted partners, and the reality is they'll probably lean on them and whether it's through on-RAMP or another vehicle, they'll say, Hey, like, look at this model.

Look at what it does. And maybe it's three of five. You know, the, the future is yet. [00:41:00] Painted the picture. But the reality is like that's the kind of unlock, it's, it starts building on what's already happened the past 12 plus years in Bitcoin, Bitcoin space, what unchained and other multisig providers have done.

And now you can start seeing, you can, if you squint, you can see how, like you're looking at what somewhat the existing old world look like, but with institutions that have trust models, that have other business models that aren't reliant just on signing. So the game theory isn't, oh, well if they go offline or move their funds, it's like, no, they have a whole multi-billion dollar business on other things.

So they're, they'd be blowing up their business if they didn't fulfill their obligation in this key signing. And uh, that's how you can start seeing if you know, basically how this plays out, whether it's lending, banking on Bitcoin, uh, and everything else that gets financialized, you'll have these trusted parties holding keys.

**Marty:** Yeah, no, I, I think that's a really exciting part too, cuz it adds this whole social aspect to it as well. Cause the big question will be like, well, Why wouldn't Kingdom trust an [00:42:00] unchained and, and or Unramped Kingdom trust and or on-ramp and unchained collude to move the Bitcoin out of the phone and steal it?

Like you just said, Michael, like they have other business lines that the reputation depends on. And knowing parties involved at the three individual, uh, institutions to make up this multi-party custody, like, it, it doesn't make sense. Number one, you'd have lawyers coming after you, uh, because it would technically be legal.

And then number two, like you said, this is just the beginning. The, the risks will get distributed even further. Is more key signers join to potential quorums that you guys can build on top of this?

**Michael:** Yeah, that's exactly right. I mean, we, we recognized this, uh, early on at Unchain. Getting the first key agent on the loan construct, you know, back in 1718, was a difficult task.

Think about, again, holding cryptographic material, having somebody come on board. What, what's involved in the process, the SLAs. And it's still not easy. Um, but it's progressively like the, [00:43:00] what, what's existed. If you think about, again, in the context of unchain onboarding individuals like the keys don't get up and walk away.

So there are no hacks with like multisig. If somebody does things and leaves keys and opens up their attack vectors, like that's a different situation. But there is no penetration between like a digital server and being able to log in or, or phish an individual. And so explaining that to other key holders and as you go through this vision starting to come out and when it becomes a standard, and this is like the, the viewer or hope is that you individuals that have um, you know, certain credibility within other organizations, they can start leaning and they can start explaining this, Hey, you should look at this model.

You should understand these properties. Cuz the reality is like, this is a big thing that actually is an interesting component where it's like, well, why haven't we seen this? And most people aren't in the Bitcoin only train. And so when you think about fire blocks and Anchorage, all these providers aren't actually incentivized to do this.

They know they've said it. If you go listen to specifically the CEO of Fire Blocks, [00:44:00] he's referenced that Multisig is superior to multi-party computation, mpc, uh, not to be confused with multi-party custody. That's what, that's the honor rems model. Um, but that they, uh, they, they have to support the long tail of crypto assets.

And so you have this like new form of cryptography to support all the shit coins that are created. And if you look like three weeks ago, uh, mpc, they just had a huge bug. There was a bunch of money lost. And what's, so you add that, but you have to support the long tails. So that's why there's not money to be made.

It's open source. Anybody can spin up their own Multisig vault caravan. You know, if you wanna just do this without anybody knowing, you can go to Unchained website, go to, I think it's the, um, labs part. You can go build this. But the reality is that what's also interesting is. Multisig similar to like A T C P I P is, um, interoperable and MPC is not.

So it's a closed system and that's what is really exciting, that you can start leveraging [00:45:00] again, 3 0 5, 4 or five whatever you want in your M of N. You can have other key agents. So it's not like, oh, I'm going to Citibank or Chase or be in wine, say, Hey, adopt this new standard. It's like you're basically able to plug and play.

You'll probably have some, you know, sales engineer go in and, and um, basically, you know, bring it to them and, and show 'em the best practices and how to do it. But the reality is it's just one click away from them having their own key and UB to sign where nobody else can do that because they're not, they're playing in a closed sandbox.

Uh, and which is really exciting cuz then once that picks up steam, that just becomes a standard.

**Marty:** MPC multi-party computation. The competitor to Multisig, I think is, maybe Red Herring's the right term, but it, it is a distraction. And like you said, Michael, they're, they're forced to focus on this technically deficient compared to Multisig architecture and because they're trying to service all, all the Bitcoins.

And so I think [00:46:00] again, what you guys are doing, what Unchains doing with this focus on Bitcoin, Bitcoin only leveraging Bitcoin's native properties to build products is gonna have very large benefits, uh, in the long run. Yes. Short medium term companies like fire blocks providing the, the crypto space with custody.

In, in, in, uh, insufficient custody solutions via mpc. They may make some money in the short term, but in the long run, um, I think Multisig, I think we all agree that Multisig is the foundation that the future financial system will be built on.

**Jesse:** Yeah. And, and two, the question you had earlier, Marty, about, um, you know, what, what does this unlock?

Um, you know, I I I've been thinking about, uh, the, the adoption curve that applies here as well, because, you know, we forget as Bitcoiners how early it [00:47:00] is in the adoption curve. Um, you know, the, the classic adoption curve has your innovators, your early adopters, your early majority, late majority laggards.

And the innovators typically is classically 2.5% of the pop population. And if we have, um, 10 million meaningful Bitcoin adopters currently, That's, uh, that's, uh, a quarter of a percent or less of, um, of adoption of, you know, 8 billion people in the world. And so it, it's very, very, very early. We're still in the very early part of the innovators piece of the adoption curve.

And why that's important is because the early majority, they don't think like the innovators. The innovators are tech forward, by definition. They are prepared to, you know, figure out what they [00:48:00] don't know and take a leap. Um, and that's not the psychology of the middle of the bell curve, not even the psychology of, of the next group, the early adopter group.

Um, and so the, you know, it has to be easier, the friction of getting into bitcoin. Um, and feeling confident about it. Feeling like you're in a safe place. You are on the right track, you know what's going on and why you hold this thing, and, and you understand the reasons for why Bitcoin is an attractive asset in your portfolio.

You understand the reasons why you're, you're holding it in a, in a, in our case, a fund where it's on chain and you can take self custody later. You understand that, that the, that needs to be clearer and easier to understand. That whole process, the whole, all the friction of coming into Bitcoin can and, and does need to be, um, reduced in order to make it possible for the [00:49:00] middle of the bell curve.

To wrap their heads around what's re required of them to take that leap and to feel com comfortable and confident enough that they can do this without getting burned. Um, and that's just an organic process. That's the free market playing out. Entrepreneurs will build better solutions in order to reduce the friction of people coming into Bitcoin.

And this is, I think, a major part of this, this frontier of building custody solutions that are for people who are not yet ready for self custodys, but allow for self custody in the future is a big part of that, that the Bitcoin landscape has been missing. Agreed.

**Marty:** And part of that need for an easier solution.

Obviously part technical with Multisig, but then it's part social too. People look for these social cues for these stamps of approval from certain types of institutions. Right. And Jesse, you've [00:50:00] mentioned it a couple of times, kingdom Trust, one of the parties, and the, the first multi-party, um, uh, collaborative custody model for ON-Ramp is a qualified custodian.

What is a qualified custodian and why do people feel more comfortable when a qualified custodian is part of a particular financial product?

**Jesse:** Great question. Uh, so in, in simplified terms, a qualified custodian is just that, an official designation that, um, a particular company is, you know, in the good graces of the s e c, um, to hold assets like stocks, um, you know, on their balance sheet in their custody.

Uh, And, and that that's, you know, a, a whole bunch of hoops that have to be jumped through in terms of regulatory processes and, and verification and ongoing checks to maintain that status. [00:51:00] Um, and so there's, you know, this is from the traditional world of how traditional assets, stocks, and other, um, securities are, are held.

Um, you know, when you have your brokerage account, when you've got your Schwab account, uh, yeah, the, the numbers on the screen say that you have this many stocks. Um, but where does that sit? It doesn't even sit with Schwab. Usually it sits with some qualified custodian whose entire business is keeping that stuff safe, uh, the actual assets, and that's what Kingdom Trust is and does.

Um, and so having them as a, as a part of our custody solution, Is a, a landmark step actually, because there's never been a qualified custodian that's a part of holding Bitcoin. Um, as far as I know, as far as Michael, I think as far as we know. [00:52:00] Um, and so this is a, a big step in the professionalization of how Bitcoin is held.

Um, and the multi-party collaborative custody model is a big part of making that possible.

**Michael:** Yeah. Qualified custodian, I don't know if it's 1940s, I think it's 1940s Securities Act, but it's a, basically trust companies and banks have the status and it's for traditional assets like Jesse mentioned. But what it's turned into is basically a cya for large institutions to, um, and this is actually came out, I don't think it's like official guidance.

It's like forward guidance from. I think it was the s e c about. Um, now, like financial advisors, wealth managers have to be required, or in the future state would be required if they were gonna part client assets to be with a qualified custodian, uh, which limits where assets could be held and that furthers the, the honey pot.

So to Jesse's point, it's really important for Kingdom Trust to take, um, this forward action. But what's interesting is that, um, you know, this [00:53:00] term is actually kind of, I don't even know if I'm supposed to say this, but our will is like qualified custodian. The Bitcoin world is actually an unqualified custodian because a lot of the times they're not even, uh, custodians, like in the, in the physical sense of Bitcoin, private keys.

And so you get the c uya from the institution, but it's inherently, um, like not state of the art, not best in class. And you end up using, uh, like a Gemini, Gemini ass, a qualified custodian, believe they have a bank charter or a trust charter. And, um, but it's still a single entity. And this goes to the point we talked about before of like the future of this asset as it's being built out by these institutions.

It's leveraging qualified custodians, but they're all the same. There's no difference between the qualified custodian from a physical custody perspective than ftx. It's somebody sitting somewhere with servers, with private keys, either online or offline, that have, somebody can steal it, hack it, re hypothecate, independent of the status.

And it's very similar to the brand [00:54:00] affinity too, because the, the, the obvious question, this came up earlier with Jesse and I was like, well, what if I'm at name whatever big institution that has Bitcoin? Well, they're gonna make me whole if they're hacked or they lose the Bitcoin, it's like, yes, until Bitcoin's too big and then it's a zero.

Because that was what everybody said about block fight. It's like, oh, Peter Teal and their investors, and it was something I thought about. It's like block five, could they really go to zero? Like they had somebody who bail 'em out, the equity value. And that's just not the case. And so if we're all right about Bitcoin and it's appreciation, the market cap eventually supersedes whatever the equity loss or value in that entity that gets rugged, whether because they're hacked, they miss appropriate funds.

And the reality is now you have a zero. Um, and the, the last part on this is we talk about the path dependent nature of getting to this point. Like I'd be curious on your guys, if you guys like, I can't imagine a better time to be having this discussion because we started talking about the six to eight months ago, and it's been like every month it's been v validated all the way to svb.

Like you cannot [00:55:00] trust a single institution with your money. It's just, whether it's in the fiat world or in the Bitcoin world, uh, and you just have this one form of money that happens to have programmability and scripting logic that you can segregate with multiple institutions that are trusted. Um, so it's, it's a great time.

**Jesse:** Yeah. That, that can't be emphasized enough that in the last six months you can't trust any single institution to hold your money. Um, and that's where this model just un unleashes what Bitcoin natively has within it, of introducing this totally different philosophy to the traditional asset world of you've, you know, in the past you've had your fortress, you've had your qualified custodian that's keeping everything nice and safe.

But as Michael pointed out, like that's not as safe as distributing your risk through a multi-party collaborative [00:56:00] custody model. Where it's a quorum rather than a single honey pot where all the assets are held. And so, you know, we should absolutely be mo moving into a, a world where we have this better solution in terms of, uh, risk mitigation because it's in Bitcoin, it's been there.

And now, you know, with with Unchained Capital and other multisig providers that this has been proven out and established. And it, it, you know, on a, on an individual, um, you know, for the individual market in in particular. And now this can be rolled out for how institutional level custody is handled. Um, you know, and it's only possible in Bitcoin because, well, it's possible with other cryptos, but um, it's natively in Bitcoin and Bitcoin's gonna win.

So, you know, this is, this, this first step towards the, uh, a different um, Industry [00:57:00] standard for how Bitcoin is held for large, uh, in institutions or even just individuals who want to reduce their counterparty risk as much as possible without taking self custody.

**Marty:** Yeah, I mean, Michael, you mentioned timing.

I, I, I don't think the timing could be more perfect for a product like this considering everything that's happened in crypto in the last 12 months. Uh, then you mentioned the banking crisis as well, and on top of that, the price breaking 30 k, uh, is definitely gonna have, some people have been sitting on the sidelines like, okay, uh, I should probably have some urgency to get exposure to this in case it runs away from me

**Jesse:** again.

And, and, and it's going to, and now is the time right, that you, we've got the next having in, in, gosh, it is now, uh, 12 months and two weeks. Until the next having and [00:58:00] the supply shock of the having will happen, you know, it'll be a, a smaller supply shock than previous havings because that's the mechanics of this thing.

But a supply shock will happen. There will not be as much supply going out into the market to meet incoming demand. The price will drift upwards and everybody will be wondering, is this gonna happen again? Is the thing that happened in 2021 and in 2017 and in 2013 going to happen again? And I'm missing it right now.

And people are gonna pile in the way they did in 2021 the way they did in 2017 and the price is gonna run and here is this solution now to make it a little bit easier to position yourself in advance of those mechanics playing out, uh, a year from now.

**Marty:** Yeah. And then you had to imagine too, this type of investor.

Who's waiting on the sidelines to jump in. They see Coinbase getting Wells notices served to them. [00:59:00] They see Kraken, uh, getting some attention from the s e c. They see the Gemini twins having to loan a hundred million dollars to their own company to bail out the earn users who got bugged by Genesis, I mean, the, the solutions that they have at their fingertips right now are to be Coinbase, Kraken, Gemini, that they would typically go to you, you have to imagine there's doubts in their head that are, that are holding them back from engaging with them.

So again, I, I'm extremely excited, uh, that ON-RAMP exists and it's doing it the right way. Michael, like you said, the board's been reset and hopefully what On-RAMP does, if it does anything, it just sets the standard for providing solutions like this to the market moving forward. We should not have Coinbase holding a million to 2 million Bitcoin that they control.

By themselves. We should not have g PTC offering hundreds of thousand or selling secondary shares of hundreds of thousands of [01:00:00] Bitcoin's worth of exposure to their customers. Uh, and, uh, they're at a 35% discount price to spot price. Right now, we should not have the FTX situation or the block five situation.

We go all the way back to Mount Gox. Like this is something, a lesson that probably should have been learned back around Mount Gox, but just has not come to market. And, and again, timing thing maybe just took a lot of time for people to learn these lessons and. Appreciate the nature of Multisig specifically.

**Michael:** FTX is a great example because of the hole as well. Like we still don't fully know the full, the shakeout of how much downward pressure exists. That was meant to be spot Bitcoin, that that got washed for dollars. We know their hole was a billion. We don't know like the total of block by, but as Jesse alluded to earlier, it's like the, the concept of this, and it'll, it'll expand over time, is there's a pooled vehicle or pulled, you know, address of assets and we're, we're still tbd, but on an institutional level of over x, you know, amount of dollars you'll have segregated address.

You can always audit and watch on chain. [01:01:00] That's prevented from what happened at ftx where you're giving dollars, you have a number on a screen that says you have five Bitcoin or whatever, but in reality you have zero Bitcoin. It was actually sold, uh, it was actually double whamming cuz now you don't have Bitcoin.

It was probably used as downward pressure to like sell into crypto or whatever. And uh, yeah, to your point where it's like the, it's the idea of like the, the standoff where if you have a better product, And the market requested. That's how you go and get these other players to adopt it because people move their flow.

It's similar to the banks coming into the space. They see the flow going out one way to these exchanges and going into btc never coming back. And so that's how they started coming into the space, even though they didn't want to. Similar way, if the BTCs leaving into solutions like this be, again, if this is successful, other people will do it and I believe it will be, we believe it'll be successful.

Then the reality is they have to adopt it or their hands are tied and then nobody uses them. Cuz it's just a trust model and you shouldn't have to trust one of them

**Jesse:** to provide a little color on the FTX thing, it was, it was a $10 [01:02:00] billion hole, some roughly. Um, which means that there were many people who thought they were holding.

In total 10 billion worth of Bitcoin on ftx when in reality that Bitcoin had been sold into other altcoins via Alameda, the attached hedge fund. Um, and so people who thought that they had had taken the step into Bitcoin, um, had actually contributed towards sell pressure on Bitcoin, um, and, and had boosted Altcoins, um, just because they chose FTX and trusted FTX as the place to keep their Bitcoin.

**Michael:** Yeah. And you've been, you've been around a lot longer than us, Marty, so you've seen these, uh, shenanigans play out for a very long time. And so there will be other players doing exactly what Jesse just described in the ne in the next run.

**Marty:** Oh, it's [01:03:00] inevitable until, like you guys said, you guys set the standard that acts as a forcing function for other players to act.

Virtuous, and virtuous probably isn't the right word, but to act appropriately and on behalf of their customers. Like at the end of the day, if I look at the solution, I mean, obviously I hold my own keys. I'm comfortable with that. Um, I don't fit into the, the archetype of the type of Bitcoin or that you guys are trying to get in or where they are in their journey.

I'm much further down the path than they are right now. But, um, I'm will be extremely excited to recommend on-RAMP to the high net worth individual in my life who's been wanting to get into Bitcoin. Isn't comfortable with Coinbase, isn't comfortable holding their own keys. It's an easy yes. Here's a solution.

Leverages Bitcoin's, native multisig properties. You can audit the chain. You have certainty that, that you actually have Bitcoin. You can verify that you have distributed risk with different key holders. Uh, right now [01:04:00] between different institutions here in the United States and the future, hopefully different institutions that exist in different geographies and different jurisdictions to further distribute that risk.

Like it just makes sense. And then on top of that, another forcing function that you guys have, again, you're called on-ramp because you wanna be the on-ramp to Bitcoin for these individuals where at the end of the journey, you guys are bitcoiners. You understand the importance of holding your own keys at some point toward the end of your journey.

I, that's another forcing function that probably will be a massive net benefit for Bitcoin overall in the distribution of private key ownership in the long run is you guys are educating people about, Hey, this is just the first step. This is your on-ramp. We're gonna teach you how to realize the full potential of Bitcoin and the full security of Bitcoin and the full benefits of Bitcoin by holding your own keys at some point in the future.

I guess that's. Uh, a good, [01:05:00] a good point to bring up to, to throw it to you guys to explain, like, on the education side of things, like what are the types of things that you'll be providing on Ram's clients to get them comfortable, to educate them, to get them more confident in Bitcoin, just as an asset that they want exposure to, and then eventually that they wanna possess themselves.

**Jesse:** Yeah. I, I think to, to start is kind of like what is our, our educational mission and, and what do we, what have we, you know, through Michael and I, uh, talking about this last eight months and, uh, sharing our experiences from two different sides of, um, the Bitcoin industry over the last few years. Um, you know, what are the sticking points?

What, what, what's the, the thing you have to get through, um, in your first few years? Of being in Bitcoin and, and the, the first thing is you gotta make it through your, through your [01:06:00] first cycle because it's a crazy asset. This landscape is unlike anything that you're familiar with from the stock market.

And you c and you arrive on these, these foreign shores and there's, there's insane marketing from people like block five, promising things that seem too good to be true, but they're saying it and they're backed by the right people. And so you, you might fall for it and you might get sucked into you. You might be pulled off the path, uh, the, the righteous path of, of making it through the Bitcoin journey to self custodys.

You might get, uh, pulled into altcoins. You might get pulled into yield products. You might, um, get freaked out when Bitcoin drops 50% overnight. Which happens and will probably happen again at some point. Uh, you, you might get freaked out and sell the bottom. And so I think our first responsibility [01:07:00] that we've learned over the last few years, um, in terms of education is, is to be that outsource confidence and conviction to help people understand what it takes to hold through a cycle and why they're holding.

Um, and so I think that's like, that's the first challenge in terms of Bitcoin education as being, being a guide for people holding their hand. Yeah, you, you've got them to, to allocate dollars, but now the work begin. Of showing them why and reminding them why without being annoying about it, um, why they're holding this and, and what it is gonna take.

They're gonna have to withstand some volatility, um, in order to reap the rewards of this incredible store value asset that gets more valuable over time. So that's, I think the, the first mu real objective, um, for us as in terms of education. And then, you know, as people get more [01:08:00] comfortable and they learn more, then they become more ready to, to learn about self custody and other issues about like inheritance or, um, you know, what, what their options are in terms of, you know, all of these things.

And, um, so that comes second in my mind. And Michael, we can, you can talk about how we're trying to do that.

**Michael:** Yeah, I mean, I think, um, two parts. It's like I've been convinced that independent of what the business does in this space, they're an education company first. These are still so early. And until you can educate on the, why the product or value prop exists, like it doesn't matter anything secondhand.

Uh, and then the second part is, um, this has really been a, a journey, like as we've gone through it and just the, the maze of understanding our own logic, the, the market's logic, and there's this number that I've been, it's based off nothing but I, I I hold it to be true or directionally true, that over 50% of people that have bought in Bitcoin since it's inception don't hold it anymore.[01:09:00]

And that the thought is it's very easy to buy Bitcoin, but it's extremely hard to hold it, whether it's through the volatility, rug pulls, exchange hacks, insolvencies, um, rehab application, you know, trying to get yield. And so to Jesse's point, like the first thing is this is something that you want this form of custody or to think about custody in this model.

It's not like a share where somebody hacks it. You can just print it back or pull it back into your. Your exchange account. And then also, this is why it cuts in half because of supply demand. All the things we all know, really helping them get through and understand that. So, um, they basically can hold it through the volatility because the, the realization is most people don't get to see a return or the return that we know exists because it's a, it's not a, it's not a, a trade, it's the last trade.

It's the thing you're going into and you're protecting your wealth in a store of value. And, um, most people are just chasing, it's what, it's the old quote. It's like a Bitcoin is a get rich slow scheme dressed up as a get rich quick scheme. Uh, but most [01:10:00] people invert that and then they sell it because they're like, oh shit.

Like, gotta get rid of it. Or they double and then they're like, everybody knows the person I bought at 200, sold at 400. Um, and that's equally as bad as they doing in half and cutting it. Right. It's probably even worse because you, you had the right trade, but you just got it out too early. Yeah.

**Jesse:** Yeah.

Michael, Mike. Like per say, uh, um, we're, we're in the business of, of saving people from making a two act.

**Michael:** It's true. I mean,

**Marty:** we don't want that outcome. No, we get this a lot. I mean, Michael, we get this a lot at 10 31 where people are like, ah, how are you guys gonna outperform Bitcoin? It's like, well, we do think we're gonna find equity stakes, but also locking capital up in a venture vehicle for 10 years is a good way to, to hold onto exposure where many people would sell too early at some point within that 10 year timeframe.

**Michael:** Yeah. Yeah. And I think, um, yeah, [01:11:00] it's, it's, it's interesting like how our minds trail off, cuz there's like two versions of that. There's one of like, well how can Bitcoin work? Because if everybody. Is getting rich or wealthy and purchasing power, then they're never gonna sell. And that's crazy cuz we have needs and wants and you transfer your B Bitcoin for those.

And then there's the other version where it's like, well I'm gonna always hold it to that point. Uh, so why would I go anywhere else? Or that, and it's like, well the reality is that the market hasn't shown that like people have needs and wants or they just, you know, they go into different solutions. Um, so there's real difficulty in like this alien technology, what this effectively turned into and then how do you like actually think about it?

And it's until you can like have the pattern recognition and it's only a function of time, right? This is basically what we're talking about is accelerating somebody's time, uh, and proof of work. And so letting the people that have done it and have the vision that not to say we know everything or, but we've seen it play out.

Um, we had the slide at 10 31 where it showed six months to 12 months ago. It was about like eight companies that were a hundred billion plus. [01:12:00] And everybody said we were crazy for trying to, you know, position Bitcoin versus the salon and FTX of the world. It's effectively zero in enterprise value.

Similar to six or eight months ago, we were talking about all these different things and block five goes down and we see the GBTC dislocation and Genesis and Gemini. Like, we can see these things cuz he is just been around long enough and so rather than somebody coming in and getting rug, we're selling at that two x.

We're just here to support and give 'em the different tools that are native to like what's happening here. And not trying to just think about own self-interest. Yeah.

**Marty:** Yeah. It's a bit funny. It's like, hey, we recognize this once in a species opportunity, uh, and we're benefiting from it, but we really want you to be, it's like, it's almost counterintuitive for most people.

Like, in this fiat world that we live in, it's always like how it is this rent-seeking world. Like, how can I get a buck outta you? How can I buck? It's like, no, I want, I think as many humans as possible need exposure to Bitcoin. We're trying to make it as easy as possible for you. [01:13:00] We're gonna educate you, like we're, seems like you guys are actually trying to help.

Of course, capitalists make money as well, but it's much different to the Coinbase of the world where you go on to the first, uh, first uh, screen of the app. You can't even find Bitcoin. You have to scroll like 10 or 11 pages to find it.

**Jesse:** Yeah. And, and that's the crux of it here is like, you know, telling people why Bitcoin, why Bitcoin only, and, and conveying that educational message that's, that's hard.

Um, but then there's your, you guys both touched on how this is such a foreign way of thinking because it's this asset that is deflationary, um, in, in the sense that if you hold it. Your purchasing power grows over time. Everything in the future costs less than it does today, and that changes behavior. So that, that's completely the opposite of how [01:14:00] we've been conditioned as a, as individuals and as a society to operate.

Now, we, we get money in a dollar is worth more today than it will be tomorrow. So we spend it, we buy the thing that we want, and obviously with Bitcoin it's the opposite. So it changes your consumption behavior. You might, you're gonna spend less on things you don't really need. You're still gonna buy the things you, you, you do need.

Um, and that is part of this educational journey with Bitcoin. Um, and obviously a soapbox I like to get up on, um, with, with my content that I put. Of, you know, you have to think about this in a different way. Yes, it's a volatile asset, but it's an asset that, that grows your purchasing power. The longer you hold it, if you can make it through successive cycles, that is how you get rich slowly.

Um, and it's painful 90% of the time, but this is what you're signing up for and it, and it makes sense because of these mechanics [01:15:00] underneath all of it. Um, so there's a lot to educate on. And part of that is, you know, OnRamps content strategy is going to be, um, multifaceted. We, we've already established that we're gonna have, uh, you know, regular newsletters, um, and, and educational pieces, um, from me and from other writers that will be syn.

Uh, and, and some of, some pretty awesome, um, folks in the space in particular. Uh, and then on top of that, we're also gonna be having a, a, a regular drum beat of, uh, things going on in the market that, Michael, you maybe wanna tee up for everyone?

**Michael:** Yeah, I think, um, Jesse alluded to some of the content we're putting out.

We have, uh, one of the things that I'm most excited about or we're most excited about launching this is, um, I think that so far in this space, we've had the, we talked about the funds and there's the crypto side that are, you know, coming traditional from [01:16:00] traditional finance and really just seen as an opportunity to extract value.

Uh, and then the other side where we have the Bitcoin ethos and, um, this is in my mind one of the first times we've like mirrored both. And so we have folks, um, from BNY Mellon, former Green and like capital, um, Banin and Co. Coin shares and on, on the advisor board to really support, um, that saw this vision and realize that they were, you know, something that they needed, that their network needed.

And they plan to really help on not only the content, but also, um, just really opening up their networks so we can really expand this offering from keys to different sub custodial agreements. Uh, but then also part of that, something we've been discussing and thinking and the market has really needed, um, this mix between the traditional world and the Bitcoin world.

But how do we pull forward? Because the reality is the traditional world's a lot larger than this, uh, Bitcoin world and finance, and also just like human and uh, intellectual capital. And so we're gonna launch a podcast called The Last Trade, uh, which will be, [01:17:00] uh, Jesse Marty. And then we'll have a revolving third guest to talk about the macro market landscape, different happenings in the Bitcoin world, and how it maps to the traditional weather world, whether it's tech, venture, finance, uh, and that'll be, uh, your, yours truly.

Marty bent me and the, uh, the host, you know, putting something on his plate if he didn't have enough already. But we're really excited

**Marty:** about it. Yeah, I'm, I am too. What's another podcast? You know, I love, I love recording the podcast.

**Jesse:** Yeah. Marty, how do you feel about, how do you feel about this, this extra helping of, uh, of mashed potatoes is landed on your plate now?

**Marty:** I mean, I love it. I, I was telling you guys before we hit record, uh, I'm really excited about it because it's gonna force me to stay as sharp as possible on the macro stuff and what's going on in the traditional financial system, applying that to Bitcoin. That's something may, my wife might, may not be as happy, but, um, the, uh, I always.

Like that's the one thing with the [01:18:00] content with writing the newsletter, Jesse, you know this, Michael, you will learn this as you become part of a podcast, is like it forces you to level up. Cuz people only come back if you're providing value and you can only provide value if you know what you're talking about to some degree.

So this is gonna force me to stay sharp and to stay on top of things. Not that I haven't been, but uh, an extra bit of motivation never hurts.

**Michael:** Well what better transition to, than somebody that's provided extreme value to this space? Uh, our first, uh, we have to figure out what the term is for revolving guests, but, uh, Parker, right before walking in and the comments committed to being the first guest, uh, only if it was the first guest.

So we gotta, you know, this is the first one we'll have 'em on and we'll see if we can get 'em back. But, uh, next Friday that'll, that'll have Parker

**Marty:** joining. That'll drop. Yeah, I'm really excited for that and I'm just excited for you too. Again, I've been watching from an arms length and obviously having a lot of conversations with you guys over the last six to eight months about building this out and I'm.

Really impressed, [01:19:00] uh, not only by you two as individuals, but you two, putting your minds together and getting on-ramp together in a relatively short amount of time and buttoning up to, uh, a point that I think, uh, it's, it's gonna be again, like we said earlier, is gonna set the standard, a new standard moving forward.

Uh, I think it's extremely good for Bitcoin. I think it's extremely good for individuals getting access to Bitcoin for the first time. I think this is a massive net benefit, and again, said it many times on this episode many times in the past, but the future of finance banking, investing on a Bitcoin standard is going to revolve around Multisig and you guys getting this out there, um, is going to be a massive nudge in that direction.

Obviously, we have to shout out unchained. Prominently on chain for really setting the standard for individual multisig custody. But [01:20:00] I think to unlock that archetype that we've been describing throughout this conversation, this is exactly what people need.

**Michael:** Yeah, that, that's a good, um, point and reminder, there's some really, um, you know, uh, props to give out for a few folks.

Uh, one that I didn't mention on our advisor list is Jeff Van, who's the general counsel at Unchain. He is, uh, a wizard. He's been on pods before with Marty, but, uh, when it comes to legal and Bitcoin, mine just incredible. He, he had the, he founded a Key Keep ira, which was acquired by Unchain. Now he's a general counsel.

Um, help us put the structure together and really think through a lot of the mechanics. Uh, Joe Kelly, c e o of Unchain. You know, when we approached him with this, uh, he was for it understood. It was a different market. It was a net benefit for the space unchained and us building this business and really showcasing Unchains capabilities from an infrastructure.

And then, uh, you and Parker as well, you know, just riffing on these ideas. We've, we've talked about it, we've gotten feedback and, you know, you're onto something when like Bitcoin is like, oh yeah, that makes sense. Uh, you know, these were, were pretty [01:21:00] skeptical and adversarial in nature. And so, uh, it's been great to riff on it as well with you, along with Jesse and everybody else on the sidelines.

Yeah.

**Marty:** So, beyond this episode, where can people be able to learn more about on-Ramp?

**Jesse:** Yeah, we, uh, we have a website. Uh, you can, if you're like me and you like to see it, uh, to understand things like this, um, you can go to on-ramp bitcoin.com and take a look around and, and see. We have our, you know, our, our announcement post there that runs down why we're doing this, what its features are, and how it differentiates and improves upon what's out there.

And, um, you can take a look at the, the, the team that we've assembled to do this, um, and, you know, get it a little bit more familiar with the custody model. Um, and then you can get in touch with us. So, you know, if you want to talk more about this, um, whether it's for you, [01:22:00] uh, an institution you're a part of, or you know, for most people, this is gonna be something that if you're listening to, you know, to Marty's podcast, you, you've already solved this problem for yourself, but there's probably somebody in your life who is not yet ready for Bitcoin, self custodys or you know, somebody in your network.

Um, and this could be something for them and we'd love to talk to you about getting in touch with that person, um, and getting them started in Bitcoin, the right. Yeah,

**Michael:** that's a good call. Encourage anybody. I think this unlocks a lot of other financial use cases for Bitcoin. So whether you're at a financial institution wanting them to hold a key participate, feedback, uh, we're still very much in the education phase when it comes to this in institution, so happy to chat with them.

Um, but yeah, this is still very early and so there's, uh, on the website to schedule time or just to submit feedback, um, we'd, we'd love it.

**Jesse:** Sh I should also mention, um, this is, this product is, you know, what we had to do to build [01:23:00] this, um, is a particular type of fund model, uh, that, that is for accredited investors.

Uh, and as part of that, the, the minimum that we have is a hundred thousand dollars. So this is not for the, um, you know, people who are looking to put $5,000 and they don't trust Coinbase. This is for folks who are looking to deploy a little bit more capital, just as a heads up to everyone. Yeah.

**Marty:** No, and again, one, one thing, one parting note.

I think what you guys are building, again, talk about multisig, but it like highlights the beauty of Bitcoin. The open source nature is being able to build this product, leveraging Bitcoin's open source code, and then provide like that's what Bitcoin needs right now. Like obviously the tftc and r r for six years at Tftc, five years at R H R, we've been really beating the drum, self custodys, self custodys, self custodys.

Many of you listening to this right now already do self custodys. But again, if we want to take [01:24:00] Bitcoin to the next level in terms of like really integrating it into our financial system, whether you like it or not, these solutions need to exist. The optionality needs to exist. I as a cipher punk who really gets a lot of peace of mind holding my own keys.

Is comfortable doing that, but it, it would be ignorant of me not to acknowledge the millions and millions of people with a ton of capital out there who do not have the same confidence that I do. And so just providing this option to the market with the eventual call option to take self custody in the future, I think is again incredible.

And I'm extremely excited for you guys and very appreciative to be on this ride with you as an advisor and as a, as the host of, of the last trade. Yeah. We're excited.

**Jesse:** Yeah. We're super excited to have you Marty Pump, to just riff on riff on Business and Bitcoin next week on the last trade. We kick that off

**Michael:** and ideally we get, [01:25:00] uh, Jesse down to, to Austin sooner rather than later.

We can all do it in person in this nice, beautiful studio. Get Parker in here, nice Friday afternoon, have some drinks, send our WIS out there in a happy hour.

**Marty:** We're gonna get, uh, We're gonna get four cameras in there too, so we can each sit in the corner of the room and we'll have good camera structure and, uh, it'll be done Nice and right.

We're

**Michael:** just gonna, uh, egg Parker on being like the revolving, uh, guest every week. And then he's just, uh, he's a co-host. Yeah. You

**Marty:** heard it here first, Parker. Uh, you may not, you may not know it yet, but you are the fourth host of, of the Last Trade. Um, gentlemen, number one, congratulations. Number two, let's go out there in Orange Pill the World.

I think, uh, I think you guys are gonna be a potent orange pill for some very important people.

**Jesse:** Let's do it. Yeah. Here's hoping. Yeah, we're ready. We're ready to bring that, uh, water main of capital into this infinitely expandable blueberry. Let's go. [01:26:00]

**Marty:** Let's go. You heard it here first. Go forth prosper. Enjoy your weekend for peace and love.