

# Techtopia with Chitra Ragavan

## Episode 3: Perianne Boring

Chitra Ragavan:

Well, Bitcoin mania is sweeping the world. Investors, big and small, have propelled the cryptocurrency to record highs, rallying more than 400% over the past year, with one Bitcoin worth more than \$50,000. That's per coin as of this taping. Although with the volatility of Bitcoin, that price could dramatically plummet in an instant, but that hasn't deterred either mom-and-pop or institutional investors with some of the titans of finance getting in the game. Here in Washington, the Chamber of Digital Commerce is helping to promote the acceptance and use of digital assets and blockchain-based technologies and serving as a bridge between the industry, investors, policymakers, and regulatory agencies.

Chitra Ragavan:

Joining me now to get us up to speed on all the news and developments in DC and beyond is the Chamber's founder and president, Perianne Boring. She's been named America's Top 50 Women in Tech by Forbes. In 2016, Boring was named 10 Most Influential People in Blockchain by the premier crypto trade publication, CoinDesk. Prior to forming the chamber, Perianne was a television host and anchor of an international finance program that aired in more than 100 countries to more than 650 million viewers. She began her career as a legislative assistant in the US House of Representatives, advising on finance, economics, tax and healthcare policy. Perianne, welcome to Techtopia.

Perianne Boring:

Hey, Chitra. It's so good to be here. Thanks for having me.

Chitra Ragavan:

\$50,000 a coin, did you ever think you would see the day?

Perianne Boring:

It's quite interesting. I've been following Bitcoin since 2010 or 11, really early days. So when I first started becoming interested in this technology and asset class, it was trading at \$13, and to now look at \$50,000, that is a pretty dramatic change. However, I still think we are just at the very beginning of that S-curve, adoption curve. So I still think it's undervalued and it's in the long run going to continue to increase in price.

Chitra Ragavan:

How high do you think it's going to go?

Perianne Boring:

Well, there's a lot of different investment advisors who are trying to value Bitcoin and value what its price will be over time. If you look at a stock-to-flow model, PlanB, who's an anonymous investment analyst on Twitter. In the stock-to-flow model, he has it up to \$1 million in Bitcoin. Now that's in the long run. So we're looking at eight to 10 years. We represent at the chamber 25 to 30 investment firms who are investing in Bitcoin and other cryptocurrencies. And so we've seen a range of valuations. At the lower end, 150,000 this year, all the way at the higher end to 400. So Guggenheim has the highest at about \$400,000 a coin. So if you want, I can dig into how they're getting to those numbers, but there's a lot of groups and investors who are expecting significant growth over the next several months.

Chitra Ragavan:

Yeah. And tell us a little bit about how they are coming to these numbers. Are they looking at the number of investors getting in the game, the volume of funds that are pouring into it? What's the secret sauce?

Perianne Boring:

Okay. So there's a couple major factors that go into Bitcoin's supply and demand and price. So, Bitcoin is a network. So how do investors value a network? You look at its growth. So what makes a network valuable is the more people that use it. You can apply this to other technologies like the iPhone, to personal computers, to the adoption of the internet. And one way that you can measure the growth of a network is looking at how long it takes to go from 0% adoption to 10% adoption. Then the same amount of time it takes to go from zero to 10% adoption is about the same amount of time it takes to go from 10 to 90% adoption. This model has played true for so many different technologies like the iPhone, like the internet itself, like personal computers. And I also believe you'll see a very similar adoption curve for cryptocurrencies and Bitcoin in particular.

Perianne Boring:

So Bitcoin, in 2019 was at about 15% adoption. There was a study that was published by Forbes that about 15% percent of Americans owned some form of cryptocurrencies. So we're at year 12 of Bitcoin, and if we were at 15%... I think that was published in either 20... I think it was actually 2019, that study was published. So we can expect if we were at 15% adoption around 2019, 2020, we can expect to be at about 90% percent adoption around eight or nine years from now. So that's what I mean by we're still at the bottom of that S-curve. We're still at the very bottom of adoption. We still have a long way to go until this is widely accepted and used by your average consumer.

Chitra Ragavan:

Do you remember when you first became interested in cryptocurrency and when you started to believe in the movement and how it's shaped your own trajectory in life and career?

Perianne Boring:

Oh yeah. So, just so you can understand my own personal ethos, I was a student of economics at the University of Florida during the 2008 financial crisis. And I grew up in Florida, actually I was born in Texas, but raised in Florida and my entire family, all my community, everybody I've ever known, was from Central Florida. And the 2008 financial crisis was essentially the housing bubble bursting. And that was essentially the State of Florida, because Florida was the real estate boom. And that impacted everybody I knew. There were people in my family whose homes were under water, and they lost their homes. One of my brothers lost his job because their company just was completely devastated in the

economic crisis. I saw my parents lose a lot of their life savings, and the stock market collapsed. And as someone who was young and in college and there to study economics during this historic economic collapse, I really took it upon myself to try to figure out what was going on.

Perianne Boring:

And I was very frustrated because my professors and my textbooks were not able to explain what was happening. And I just realized that there was something going on that was not right. And that led me to my own personal study of monetary policy and financial systems. And I was not very happy about what I learned on that own personal journey. And that the government has racked up significant amount of debt on behalf of the taxpayers, and really was disenfranchised to learn about the issues between how Washington and Wall Street works and just what money is and how it's issued and how it's debased and how governments can inflate it. And there were just a lot of things about the monetary system that I did not agree with.

Perianne Boring:

So, I decided to go to Washington and fight for something better. And it was during that time when I was working on the Hill, that I was introduced to Bitcoin. And as somebody who was working and studying in the area of economic policy, to learn about a currency that was not created or controlled by a government or a corporation or a group of people, that concept was just very interesting, and I immediately was really just fascinated by this idea of Bitcoin and followed it. And after following this space for many years, I just came to the conclusion that this was going to be one of the most important and impactful things I would ever see in my life and I've got to be a part of it. And that's led me to where I am today at the chamber.

Chitra Ragavan:

So you got in touch with your inner economic anarchistic?

Perianne Boring:

I've definitely leaned more... I'm kind of libertarian, I guess, in my views, which a lot of people in the crypto space are, but as somebody who's worked in public policy, today I consider myself a member of the blockchain party. I don't think this should be a political issue and I think people from all across the aisle should, and they do embrace it. And there are a lot of policy issues that need to be worked out as it pertains to this ecosystem.

Chitra Ragavan:

So what are the trends and factors that are fueling this exponential growth today? I mean, you are right in the heart of all of this stuff, what's happening?

Perianne Boring:

We're in such an interesting moment in time, in history, what Paul Tudor Jones calls the Great Monetary Inflation, where the war on COVID has turned into the war on currencies. You have governments around the world who are looking to fight the issues of the pandemic and are debasing their currencies, and that's leaving investors and asset allocators, corporate treasurers looking at where to store their wealth. And that's been a big question. And today, for companies like Tesla or Square or MicroStrategies, they're looking at one of the biggest cost... Corporate treasurers' biggest cost is debasement. And it's inflation and it's the value of fiat currencies decreasing every day. So the demand today in the market for Bitcoin

is coming from the fact that the case for Bitcoin as a store of value has been made to institutional and corporate investors, and they are buying Bitcoin as a way to store value over time.

Perianne Boring:

And if you look at the profile of who is buying Bitcoin today, the buyers of Bitcoin today are coming in and they're buying large amounts of Bitcoin, hundreds of thousands to hundreds of millions of dollars worth of Bitcoin. And then they're taking that money off the exchanges and they're putting it in deep cold storage. So that signals a couple of things, that one, you have investors who are looking at turning this into a long-term investment. And that is a very different profile than what we saw from the typical buyer and exchange activity in 2017. So we're in a pretty significant bull market today. We were in a pretty significant bull market in 2017 as well, but the activity of the buyer and the profile of the buyer is very different today than it was just a couple of years ago. In 2017, your typical buyer was somebody who was trading and speculating. Today, your buyer is an investor who's putting it in long-term storage. So that signifies a much more sophisticated investor and a big shift in where demand is coming from. And I believe that's your corporate and your institutional investor.

Chitra Ragavan:

And was there a moment, like when Elon Musk declared he's putting \$1.2 billion of Tesla funds into Bitcoin, are there other moments like that that are, looking back, people would say those were the defining moments?

Perianne Boring:

Yeah, absolutely. So Elon Musk announced two things. One, that Tesla has put Bitcoin on their balance sheet, but also that they're going to start accepting Bitcoin as payment. I guess, you want one pretty significant announcement from a publicly traded company. There's been a few other big signals from the market. MicroStrategies was one of the first public companies to put Bitcoin on their balance sheet. And Michael Saylor, who's the CEO of MicroStrategies, published his corporate playbook. So he went through the whole steps of what are all the questions and things your CFO and your teams need to know and understand in order to do this. And my understanding is he gave that playbook to Elon Musk, and that led to Tesla making this move into Bitcoin.

Perianne Boring:

We also saw a very big announcement from MassMutual, also buying Bitcoin. MassMutual, being a conservative and long-standing insurance company, shows a profile of a new buyer and investor into Bitcoin. It's one thing to have a very forward-leaning technology-savvy company with a CEO that's known for innovation, to buy Bitcoin. It's very different when you see a conservative, regulated financial institution buying Bitcoin, and we're starting to see that shift.

Chitra Ragavan:

And I imagine that that's changing your makeup of the Chamber as well. I mean, when you started out, you were a scrappy little outfit, right? Trying to get the attention of members of Congress and policy makers, and try to educate everybody about cryptocurrency. And now the Chamber has grown to become one of the most important trade associations in Washington. What's your makeup looking like? And what are some of the things that you are now starting to deal with by way of policy?

Perianne Boring:

Yeah, it's been quite an amazing journey. So we've launched the chamber in July of 2014. So, we'll be turning seven years old this summer, which is... So much has happened in seven years. It seems like it's been seven decades. And then in some instances it feels like it's just been one really long day because things happen so fast in this space and they move so quickly. So, the chamber has grown significantly over the past seven years, today we are the largest nonprofit serving the digital asset ecosystem. We have over 220 member companies, and our members represents that digital asset and blockchain technology ecosystem globally.

Perianne Boring:

We represent the most important and prolific investors and innovators in this space. Everything from some of the world's largest banks and financial institutions are a part of the chamber, groups like JPMorgan and Wells Fargo and Citi and BNY Mellon, who just announced their Bitcoin custody project, and BNP Paribas, to some of the largest and most well-respected technology companies in the world, from IBM and Cisco and Microsoft and Facebook, to traditional exchanges like the, I guess, your incumbents like the NASDAQ and the CME, the Chicago Mercantile Exchange, and then all the way to all of the startups and the pioneering community in the digital asset industry, from your leading custody providers like Anchorage to your traditional crypto exchanges like Bittrex and Gemini, to analytics providers who's running forensics, from Chainalysis and CipherTrace to wallet providers and many others.

Perianne Boring:

So, what's really interesting about the Chamber of Digital Commerce is we've been able to bring people in both the financial services community and the technology community together to collaborate on the future of what blockchain technology is going to look like. And it's been a really just amazing place to get to share ideas and build partnerships and relationships and to educate larger audiences. And it's a very exciting place to be today. And we are witnessing a huge tectonic shift in our financial and our monetary system, but also in the digital economy overall.

Chitra Ragavan:

So you have all of these believers, new believers, true believers in the financial industries. And then on the other hand, you've got some major investors like Warren Buffet and Charlie Munger of Berkshire Hathaway, even key influencers like Bill Gates, who are repeatedly warning, especially against average people sinking their life savings into these currencies because they're so volatile. And I imagine that... And Gates also, as you know, he's written a new book on how to save the environment and he has talked about the environmental costs of mining coins because they require so much energy. So who's right on this?

Perianne Boring:

Good question. There's a few things there you could talk about. I think there's a lot of just general misinformation about what proof of work is, which is the mining process, how you authenticate and verify transactions in the Bitcoin ecosystem. It does use energy. One thing, a lot of people don't understand is that there's an economic incentive in the mining process. So whatever miner is the fastest wins and gets the bounty, which is new Bitcoin that is created through the protocol. So there is an incentive to be the fastest and to be the most efficient. And that has driven mining to be mostly done in green energy and clean energy. Over 70% of mining energy comes from clean energy sources, and people don't don't know that, people don't understand that. And again, there's a lot of misinformation

about what mining actually is today, and the community really does need to do a better job at helping people clarify those misconceptions.

Perianne Boring:

The other thing, the real innovation of what Bitcoin is, is for the first time, Bitcoin enabled people to send a digital asset. So, Bitcoin peer-to-peer, so to each other in digital way, without going to a third party, like a bank. And instead of having to drive to a bank or use a traditional payment system, whether that's a remittance system or your local bank, you can do it through the Bitcoin network, which does expend energy. But I would guess that the amount of energy it takes to verify a transaction in a peer-to-peer way using Bitcoin can be nowhere near the amount of energy it takes for the entire banking system to work. Think about all the infrastructure that goes into these intermediaries, everything from the brick and mortar institutions, to the people that work there, to the cars that it takes to get people to and from these institutions, to the systems that they run on. So I believe if you looked at the true energy cost and usage of using a distributed payment system like Bitcoin to a centralized payment system, like the traditional financial system today, you would not be able to compare them.

Perianne Boring:

And again, I do think the community needs to do a better job of clearing up these misconceptions, because there is a lot of false information about what mining is and the true energy cost it takes to run this network.

Chitra Ragavan:

That's fascinating. Congress and regulatory and policy-making bodies, and the Biden administration are going to be focusing on a range of issues, from protecting investors as these currencies gain in popularity, to preventing money laundering and protecting the environment. What are you seeing on Capitol Hill and in various agencies on what key priorities are emerging and how well-prepared US leaders are to actually understand and deal with these incredibly complex issues?

Perianne Boring:

Yeah. So what I've been telling our members, as it's a new year, we have a new administration, and with new leadership on the House, in Congress as well, there's going to be new risks and new opportunities. And we're seeing many changes in the policy landscape in Washington today. You're right, that the Biden administration, a huge campaign promise is climate change. So again, I think the big priority needs to be to ensure our policymakers actually understand what proof of work is and understand how decentralized payment systems are a way to achieve some of those clean energy goals that had been outlined by the Biden-Harris administration. But they also do have a big focus on consumer protections and investment protections and also financial inclusion. So, one of the complications of the public policy and regulatory issues for Bitcoin in the US is that we have a very fragmented regulatory structure where you have a whole bunch of agencies and regulators that have jurisdiction over different areas of law.

Perianne Boring:

You have FinCEN, who's looking at the anti-money laundering laws, you have IRS, which oversees tax, you have the SEC, which is looking at all of securitized, and the securities laws, or financial instruments. And then you have the CFTC as separate futures regulator. Well, things within the cryptocurrency community can crossover in all of those regulatory buckets. And so that's a lot of different regulatory issues to have to coordinate. Very different than if you go to another jurisdiction like the UK, for

example, where they have the Financial Conduct Authority, it's really a one-stop shop and all your regulatory issues can be resolved in one office or agency, or compare that to Singapore, where they have the Monetary Authority of Singapore, which again, has that financial services regulatory one-stop shop. You're not doing the many different agencies, and the monetary authority is also their central bank. So it also includes that function as well.

Perianne Boring:

So when we talk about what is the Biden-Harris administration's... And how is that going to impact the cryptocurrency space, you have to look at all of these different bodies of law and how they're going to look at it from an AML perspective, from a tax perspective, to investor protections, and consumer protections. And I think in some areas it will be very positive for this space because I do believe cryptocurrencies are something that can fulfill some of these interests, like financial inclusion, but there's also areas where there's going to be some risks, when we look at things like investor protections and consumer protections. And it is going to be very important that the chamber and the community is very active in working with the new leadership at the SEC and the CFTC, so we can make sure that the regulator's goals of protecting our financial system and protecting investors and protecting consumers does not conflict with supporting the development and the further innovation that is incredibly important and promising technology of blockchain.

Perianne Boring:

And that's always a very fine balance. And that's a big part of what we do at the chamber. And that's why it's important that we have dedicated experts in Washington who are making sure that we get public policy right, because they can impact the future of the industry and what our role will be on the global stage. And if you don't get that right, I think we have everything to lose.

Chitra Ragavan:

I think one thing is clear is that you can't have financial leaders anymore who don't have a grounding in digital assets and cryptocurrency. How is the Biden administration doing in terms of some of the people it has named or is going to be naming to key posts?

Perianne Boring:

Yeah. Maybe we can just take it agency by agency. And a lot of these folks, they're rumored nominated, not confirmed. So all of this is happening in real time. And it's too early to know some of these for sure. So, maybe we'll just start with the SEC. So it's rumored that... Well, I think Gary Gensler has been nominated to be the chair of the SEC. So I'm getting a lot of questions about what's our take on Gary Gensler as the new SEC chair, he has not been confirmed yet, so he's not... We have an acting chair. And Mr. Gensler is not serving in that role yet. So he has not made any speeches or statements, or really, he hasn't given anything to the community for us to truly understand what his leadership is going to be like for the cryptocurrency space at the SEC.

Perianne Boring:

And that's really a key agency for our industry because the SEC has not provided clarity to the digital assets space on which tokens are securities and which ones are not. And that's held back business in a very big way in the United States. So we're all hopeful that we will get additional clarity from the SEC under Gary Gensler's leadership, but again, regulatory clarity can cut both ways if it's not done quite right. Gary Gensler previously served as the chairman of the Commodity Futures Trading Commission.



The past two chairs, Heath Tarbert and Chris Giancarlo were very big proponents of digital assets and champions for the industry. So, those who have served at the CFTC most recently have been very supportive of the growth of the space. After Gary left the CFTC, he has been serving at MIT in their digital currency lab.

Perianne Boring:

So the interesting thing about Gary Gensler is that he is very well-versed and educated on crypto. That's a good thing. We want our regulators to be educated, we want them to have a technical understanding of this space so we can have more sophisticated conversations with them. But the thing about Gary Gensler is, he's serving in a democratic administration that does have a priority of consumer and investor protections, and that could cut in two different ways. So the SEC will be a very important agency to work with very closely through this administration. And it will be in a position to shape what America's role is going to be in this global technology ecosystem.

Chitra Ragavan:

And who are a couple of the others that we should at least mention quickly in the role they might play?

Perianne Boring:

Yeah. So the next would be the CFTC. It is rumored that Chris Brummer will be at the head of the CFTC.

Perianne Boring:

Chris Brummer is a professor at Georgetown Law School, and he is also very well-educated and versed in cryptocurrencies and blockchain technology. I believe he will continue to be a champion for this space as the past two CFTC chairs have. One of the reasons why I believe that is because Chris spearheaded Georgetown Law School's cryptocurrency... I think this is a FinTech forum, and he has invited all the leading innovators in the crypto space to come to Georgetown and share their innovations in Washington. So, I think that's a very positive signal at the CFTC. And then of course, treasury with Janet Yellen who is serving in that role. Janet Yellen previously served at the Fed. She is now transitioning from her previous role as being the chair of the Fed to being a regulator instead. Well, I guess you're still a regulator as the chair of the Fed, but you're a different perspective from treasury than Fed because treasury oversees FinCEN, which is your anti-money laundering regulator, OFAC, which is looking at sanctions and then the IRS.

Perianne Boring:

So Janet Yellen has made a couple of statements about Bitcoins, the illicit uses of Bitcoin and cryptocurrencies. I do think that's Treasury's role, they're regulating anti-money laundering and sanctions compliance, and it is important that they're tough on those types of things, but not in a way that's going to stifle the growth. And there has been a lot of rulemaking coming out of FinCEN in particular that would apply to cryptocurrencies like Bitcoin. I don't see that as a particularly large issue, but definitely an area that does require a lot of collaboration with industry, and in the past, they'd been pretty good at that. So between SEC, CFTC and treasury, those are really the main ones that we're watching. And then maybe just the last one would be the OCC. And the person who is expected to chair the OCC is a former board member of Ripple. So that's potentially a very interesting development although that person has very few public speeches or statements. So the jury is still out there as well in terms of what their position and tenor and tone towards cryptocurrencies will be.



Chitra Ragavan:

So there are clearly a lot of seasoned hands who understand the issues. It's just a question of watching and waiting to see how they're going to come down on some of these key issues. And if you were to sum up the top three most important issues that the Chamber of Digital Commerce is going to take on this year in order to educate and inform leaders and also your new members, but also to protect the interests of your membership, what would they be?

Perianne Boring:

Okay. So when it comes to the SEC and the CFTC's jurisdiction, one of the main issues that we're working on there is clarifying the jurisdiction of digital tokens. Again, the industry does not have clarity on which tokens would be in the SEC's jurisdiction versus what tokens are going to be in the CFTC's jurisdiction. There's a little bit of friction through that process. And that also is a pretty big challenge to businesses because if you don't understand who your regulator is, you can't build your compliance program. And that's just a non-starter. So, clarifying the jurisdiction is one. Two, for tokens that are securities, there's a lot of things to work through in the digital asset securities ecosystem, things like custody. So those are issues that we're working on with the SEC as well. Two would be anti-money laundering regulations. There has been significant rulemakings at FinCEN on the travel rule and on a separate regulation on certain transactions involving self-managed wallets.

Perianne Boring:

And some of those rules could be quite devastating to innovations in the crypto space. So, working with FinCEN on AML-related regulatory issues is a huge priority and a place we're spending a lot of resources. And then the third is on tax. So if you are involved in any type of digital asset transaction, the IRS has determined digital assets will be taxed as property. And there's a lot of compliance issues that need to be worked out. There's many questions, for example, we don't have accounting standards for digital assets. So for a public company that wants to hold Bitcoin on their balance sheet, there's a lot of questions that corporate treasurers and their accountants and their CFOs have to work through. So promoting clarity on tax compliance so people can use this technology and buy it and invest in it responsibly and do things the right way is also an area that requires more investment of our time at the chamber and working with our public policymakers.

Chitra Ragavan:

That's great. Perianne, this has been such a great [inaudible 00:35:42] getting us up to speed on these crazy number of developments that have been going on. Do you have any closing thoughts on where you see the future of cryptocurrency and how it's going to shape our future in the next decade or so and beyond?

Perianne Boring:

Yeah, that's a big existential question. I truly believe our monetary and financial system is going through a huge transformation. I do think there are significant systemic issues in the current financial and monetary system. And those are starting to really... We saw that in 2008, and we're seeing more of that now with what's going on in the response to COVID. I truly believe that blockchain technology and digital assets like Bitcoin are going to be a huge driver in this technological shift, and will be a part of the backbone of our financial system in the future. So I do think there's not a person or company or an organization or an institution that won't be using, touching or relying on blockchain technology in the

future. But that is a long-term thing. I think this technology is going to play a critical role in the digital economy for many generations to come.

Perianne Boring:

And that is why I am such a passionate advocate, because I want the United States to get this right, I want companies to be able to navigate this space responsibly. And I want all of us to be able to share those benefits, to ensure our technological leadership globally, but also, so we can have a more sturdy and transparent financial system that we can all use and benefit from.

Chitra Ragavan:

Well, thank you so much for joining me today.

Perianne Boring:

Thank you, Chitra, absolutely. It was great to be here. Thanks for giving me the opportunity to share my thoughts as well.

Chitra Ragavan:

Perianne Boring is founder and president of the Digital Chamber of Commerce in Washington, DC. She was named America's Top 50 Women in Tech by Forbes and in 2016, Boring was named 10 Most Influential People in Blockchain by CoinDesk. This is Techtopia, I'm Chitra Ragavan.

Chitra Ragavan:

Techtopia is a podcast from Goodstory, an advisory firm helping technology startups with brand strategy, positioning and narrative. Our producer is Jeremy Corr, Founder and CEO of Executive Podcasting Solutions, with production assistance from Kate Kruse. Our creative advisor is Adi Wineland, and our research and logistics lead is Sarah Möller. Don't forget to subscribe to the show on Apple Podcasts or your preferred podcast platform. And if you liked the show, please rate it five stars, leave a review, and do recommend it to your friends, family, and colleagues. For questions, comments, and transcripts, please visit our website at [goodstory dot io](http://goodstory.io), or send us an email at [podcast at goodstory dot io](mailto:podcast@goodstory.io). Join us next week for another episode of Techtopia. I'll see you then.