

Programmable Money and the Future of Contracts

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Christopher Brown

Attorney at Law

chris@brownlawatx.com

512-438-9299

Ross Ulbricht
Investment Adviser and Entrepreneur
Austin, Texas Area | Financial Services

Previous: Good Wagon Books, Pennsylvania State University
Education: Pennsylvania State University

Connect

108 connections

Contact Info www.linkedin.com/in/rossulbricht/

Bitcoin 1.0

"This isn't about illegal payments. This is about control over transactional culture and knowledge, because he who controls them, controls the world."

— Charlie Shrem

Bitcoin 2.0



“Blockchain technology...is so profound that it will do for trusted transactions what the Internet did for information.”

—**IBM CEO Ginni Rometty**
FinTech Ideas Festival
January 2017

“The circulation of confidence is better than the circulation of money”

– **James Madison**
Statement at the Virginia Convention (1778)

“What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party.”

– **Satoshi Nakamoto**
Bitcoin: A Peer-to-Peer Electronic Cash System (2008)

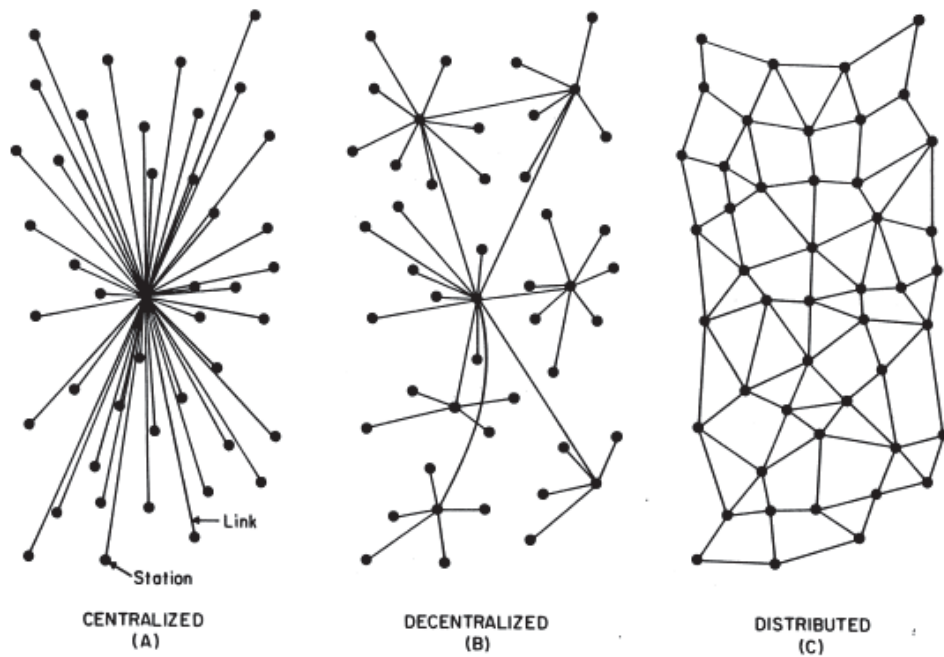


FIG. 1 – Centralized, Decentralized and Distributed Networks

Anatomy of a Bitcoin transaction

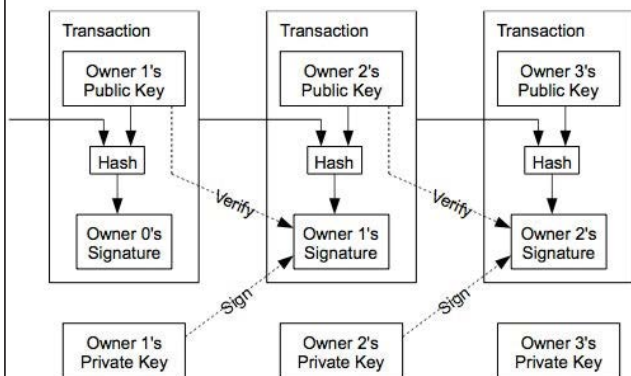


Diagram of a Bitcoin

from *Bitcoin: A Peer-to-Peer Electronic Cash System*, published in 2008 by "Satoshi Nakamoto".

- Alice holds 1 BTC in a virtual wallet with an associated public key and private key
- Alice wants to send the BTC to Bob, who also has a wallet
- Bob sends his Bitcoin wallet address/public key to Alice
- Alice creates a transaction message with Bob's address and the transaction amount
- Alice signs the transaction with her private key, and announces her public key for signature verification
- Alice broadcasts the transaction on the Bitcoin network for all to see.
- The transaction is verified by the Bitcoin network through cryptographic work of miners.

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