

## Who Cares About Currency?

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Who cares about currency? Why should anyone care? What difference does it make if you rely on fiat currency, commodity currency, specie, cryptocurrency?

In fact, anyone who uses money should care about the answers to these questions. Unfortunately, most people give these questions little thought. Those who exploit some of these currencies for their own rapacious gains are counting on your carelessness, apathy, or both.

In June of 1985, the British band Dire Straits serenaded the world with the words, “That ain’t workin’, that’s the way you do it. Money for nothin’ and your chicks for free.” That part of the song (without the “chicks” part) could well be the theme song for central banks around the world as they inject more and more fiat currency into the world economy.

### ***Fiat Currency***

*Investopedia* defines Fiat Currency as follows,

Fiat money is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it. The value of fiat money is derived from the relationship between supply and demand and the stability of the issuing government, rather than the worth of a

commodity backing it. Most modern paper currencies are fiat currencies, including the U.S. dollar, the euro, and other major global currencies.

*James Chen*

*Fiat Money: What it is, How Does it Works, Example, Pros & Cons Investopedia, April 19, 2022*

A fiat is a decree issued by an authority. The Fiat currency is valuable because a government declares that it is valuable. Currency fiats are accompanied by laws requiring acceptance of the fiat currency as legal tender for all debts, public and private. This means that it is illegal to refuse to accept fiat currency in exchange for goods or services. It also means that counterfeiting of the currency is a serious crime.

### **Legal Tender**

Fiat currencies don't work without legal tender laws compelling people to accept them. Without the threat of criminal prosecution for non-acceptance, there is no compelling reason to accept a piece of paper printed at government behest as more, or less, valuable than any other piece of printed paper issued by an individual or a company.

### **Money for Nothin'**

Unfortunately, fiat currency is created out of thin air. At most, it requires some specialized inks on specialized papers. At the least it just requires some keystrokes on a computer to rearrange some ones and zeros in an electronic ledger.

In competition with fiat currency, there are specie currencies and commodity currencies.

### **Specie Currency**

Specie currency uses coins made from precious metals. The most successful specie currencies use silver or gold. Each coin of specie currency contains a specific weight and purity of the precious metal. The primary role of governments using specie currency is to maintain honest weights and measures for the various coins.

Specie currencies are inherently valuable because the metal of the coins is both usable and relatively rare. People turn gold and silver into jewelry, decorations, and various machine and computer parts. Gold and silver are relatively rare, compared with other commodities. However, gold and silver are sufficiently abundant to be used widely as currency, in addition to whatever else they can be used to create. Creating gold and silver currency out of nothing isn't possible. Increasing the supply of each requires mining, refining, and minting the ore into coins.

### **Commodity Currency**

Commodity currency, like specie currencies, are inherently valuable because the commodity is usable and cannot be created out of nothing.

In the past, many commodities have been used as currencies. Iron, salt, tobacco, and more. In each case

commodity currency value was controlled by three things:

1. Usefulness of the commodity
2. Scarcity – limited supply increases value
3. The work required to bring the commodity to market in a usable form

### **Receipt Currency**

Receipt currency uses a receipt for a commodity as currency. In the case of both specie and commodity currencies many people have found it convenient to store the commodity while getting a receipt for it from the storage provider. The receipt could be exchanged in whole or in part for other goods and services. The providers of those goods and services could go to the storage facility and redeem their receipt for the commodity being stored.

### **Cryptocurrency**

Cryptocurrency is a recent phenomenon in the economic history of the world. Returning again to *Investopedia*, we find the following definition for cryptocurrency

*A cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on blockchain technology—a distributed ledger enforced by a disparate network of computers. A defining feature of cryptocurrencies is that they are generally not issued by any central authority, rendering them theoretically immune to government interference or manipulation.*

*Jake Frankenfield*

*Cryptocurrency Explained with Pros and Cons for Investment Investopedia, September 26, 2022*

What this definition is unable to include in such a concise statement is the fact that currently the value of most cryptocurrencies is 100% perceptual rather than inherent.

Ethereum (Ether) bases its value on the usefulness of Ether to pay for transactions on the Ethereum blockchain. Given the immutability of records on the blockchain, some find inherent value in creating an immutable record of certain transactions.

Bitcoin (BTC) value is fueled by three things.

1. Scarcity – supply caps at 21 million bitcoins
2. Its usefulness to pay for certain transactions
3. Perceived value of storing wealth in the form of BTC

Volatile price fluctuations for BTC in 2021 and 2022 significantly degraded the third point above.

No one ties either ETH or BTC to any commodity outside the digital world of the internet. Likewise, nothing in the real world backs the value of most other cryptocurrencies.

Universal Real Estate Stable Coin™ (URESCu™ or CuBit™)

CuBit™ is the world's first fungible, commodity-backed cryptocurrency.

Denominated in CuBit™. Each CuBit™ is a receipt representing a claim against the assets found in the CuBitDAO™ Asset Ledger (the Ledger) of Universal Real Estate Wealth Protection Solutions, LLC™ (UREWPS™).

The Ledger is a publicly displayed subset of the balance sheet of UREWPS™. The Ledger shows the real estate and liquid assets backing the value of CuBit™. Their target ratios are to have 65% of the Ledger in real estate

and 35% in liquid assets.

Your wealth is your asset. When you move wealth into *CuBit*<sup>™</sup> each *CuBit*<sup>™</sup> is a receipt for a portion of your wealth. If that was all there was to *CuBit*<sup>™</sup>, your wealth would continue to lose value to inflation. However, UREWPS<sup>™</sup> invests a portion of your wealth into real estate to grow your wealth. UREWPS<sup>™</sup> chose real estate because of its historic ability to protect wealth against inflation and volatility. Each *CuBit*<sup>™</sup> is a liability for UREWPS<sup>™</sup>. Exchanging *CuBit*<sup>™</sup> for some of your wealth obligates UREWPS<sup>™</sup> to honor your receipt when you want to redeem it. That obligation includes the proportionate gains from the increased value of the real estate.

### ***UREWPS<sup>™</sup> Works to Earn its Money***

To be totally transparent, UREWPS<sup>™</sup> makes money by using your money. Real estate deals produce a variety of different kinds of profits. Rents, interest income, tax breaks, and capital gains encompass most of them.

Increasing real estate values create capital gains for real estate. Real estate driven capital gains that come to UREWPS<sup>™</sup> directly increase the value of *CuBit*<sup>™</sup>. All other real estate income streams pay UREWPS<sup>™</sup> operating costs. Excess income from these streams is profit for UREWPS<sup>™</sup>.

UREWPS<sup>™</sup> works for the routine cash flows on the real estate while *CuBit*<sup>™</sup> holders get the appreciating value of the real estate (capital gains). Under US securities laws, driving *CuBit*<sup>™</sup>'s value increase solely from real estate appreciation qualifies *CuBit*<sup>™</sup> as a currency instead of a security.

### ***Tax Deferred Growth***

Increased wealth from the growing value of *CuBit*<sup>™</sup> isn't taxable until you sell your *CuBit*<sup>™</sup>, making your wealth growth tax deferred. You will have a taxable event when you sell your *CuBit*<sup>™</sup>, not before.

### ***Conclusion***

Throughout history commodity and specie currencies have supported healthy economies and protected wealth by naturally squelching most inflation. Politicians have moved countries off such currencies and into fiat currencies. They did this to allow them the power of creating money out of thin air so they could fund their favorite causes without resorting to taxation. The end result, in all cases, has been cycles of economic booms and busts and eventually the collapse of the fiat currency.

The only way to protect your wealth from the depredations inherent in fiat currency is to move your wealth into specie or a commodity currency.

*CuBit*<sup>™</sup> is the world's first **fungible** cryptocurrency backed by a commodity in the real world, real estate. Like all truly sound currencies, the value of *CuBit*<sup>™</sup> is driven by three things:

1. Scarcity – they aren't making more real estate
2. Real estate is inherently useful in very many ways
3. Real estate has a proven track record of increasing value over time while protecting wealth against both inflation and volatility. Today, and tomorrow, *CuBit*<sup>™</sup> offers you the best vehicle to protect your wealth. Move your wealth to *CuBit*<sup>™</sup> today.

### **Disclaimers**

Although the design of *CuBit*<sup>™</sup> incorporates inherent protections against volatility and Universal Real Estate Wealth Protection Solutions, LLC<sup>™</sup> (UREWPS<sup>™</sup>, the Company) is committed to support the asset-based valuation of *CuBit*<sup>™</sup>, as with any currency there is nothing to prevent speculators from taking unforeseen actions which might cause the price of *CuBit*<sup>™</sup> to vary without reference to the underlying value proposition. The Company cannot prevent and is not responsible for the actions or results of such speculative behaviors.



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