

DRAFT of *Frequently Asked Questions* tab

Updated: July 5, 2024*

*As of this writing, of course none of these “FAQs” have actually been *asked*. We are assuming, however, that many of them will be concerns of future potential clients.

Note re the ideal formatting of the FAQs:

- Listing of the five General Categories, first -- with each item hyperlinked to the Issues list
- Main area formatted in two independent columns (roughly 30%/70% of page width).
 - Left column lists the Issues, each item of which is hyperlinked to the Full-Text Discussion in the right-hand column.

Note: The LETTER.number outline system is an editing tool. It's not essential, and may be of discarded in the future.

[Note: [Text highlighted in blue](#) indicates matters still to be decided before Bedrock officially goes into operation.]

GENERAL CATEGORIES:

- A. Client Amenities
- B. External Support
- C. Client Contingencies
- D. Legal and Government Issues
- E. Bedrock Business

ISSUES:

- A. [Client Amenities](#)
 - A.1. Languages
 - A.2. Bulletin board
 - A.3. Internal e-mail
 - A.4. How to choose among arbitrators
 - A.5. Education re privacy importance

- A.6. Education re privacy mechanisms
- B. External Support
 - B.1. Introduction
 - B.2. Private arbitration organizations
 - B.3. On-line currency exchanges
 - B.4. On-line retail
 - B.5. Payment processors
 - B.6. Lending institutions
 - B.7. Debit/credit cards
 - B.8. Insurance
 - B.9. Fiat “currency translation”
 - B.10. Discussion: External services and privacy
 - B.11. Will all external services need to be Bedrock clients, or paid in Nuggets
- C. Client Contingencies
 - C.1. Liquidating a personal account
 - C.2. “Redemption of bullion”
 - C.3. Sending Nuggets without recipient involvement
 - C.4. A client *wants* publicity
 - C.5. Withdrawal of a “whale”
 - C.6. Contingency of Bedrock bankruptcy
 - C.7. Incapacity or death of a client
 - C.8. Internet and electricity dependence
- D. Legal and Government Issues
 - D.1. Thievery, including government confiscation
 - D.2. Government internet/electricity/TOR lockdown events
 - D.3. Trust of private vaults
 - D.4. Complaints against Bedrock
 - D.5. Complaints between clients
 - D.6. Bedrock’s taxes
 - D.7. Bedrock’s clients’ taxes
 - D.8. Dismissal of *Know Your Customer* (“KYC”) policy
 - D.9. Facilitating anti-social activities
 - D.10. Why do you insist that Bedrock “scrupulously avoid mixing its digitizing and transaction facilitating business with any other activity?”

- D.11. Lack of references to money/coin/currency/etc.?
- D.12. New forms of government money in public discussion
- E. Bedrock Business
 - E.1. Bedrock's organization
 - E.2. What's the point of a Board of Governors?
 - E.3. Won't an independent Board of Governors be corruptible?
 - E.4. Bedrock's use of fiat currency – a contradiction?
 - E.5. Bedrock's audit procedures
 - E.6. Bedrock's insurance
 - E.7. Limitation of Nugget exchange to other Bedrock clients
 - E.8. Will Bedrock also vault silver?
 - E.9. Duplication of Bedrock?
 - E.10. Foreseen general trends of acceptance
 - E.11. Will Nugget be steady or volatile?
 - E.12. Why use Bedrock? Speculation or savings?

FULL-TEXT DISCUSSION:

A. Client Amenities

- A.1. **Will Bedrock's documentation be translated into my language?**
 - Bedrock's documentation will *eventually* be translated into every language its clients request. Priority will have to be given to the languages that are most often requested. *Cast a "vote" for the language you prefer: e-mail language@BedrockDBS.com.*
- A.2. **How can I offer my product or service, for Nuggets, directly to other Bedrock clients? Or solicit one from a Bedrock client?**
 - Bedrock will offer its clients an **on-line "bulletin board,"** a private web-based page organized to highlight client offerings or descriptions of needs.
 - Items posted on the board will be identified only with account numbers (not wallet addresses). Any additional self-identification (for example, names, location, language) will be at the client's discretion.

- It will be made absolutely clear that use of the client bulletin board does not in any way imply an endorsement or guarantee from Bedrock.
- Users will also be reminded that *anyone* can become a Bedrock client. Due diligence and care are always advised.
- Bedrock will monitor the bulletin board, solely to eliminate offensive or clearly fraudulent propositions, but this monitoring will, again, not imply any guarantee or endorsement.
- While use of the bulletin board will require an authenticated login, the entries on the board will be stored in an encrypted file, completely separated from the Client and Transaction databases.
- The bulletin board can also serve as a client discussion forum for evaluation of external services – and also for suggestions for Bedrock improvements.

A.3. If I see an item that interests me, how would I contact the other client for details?

- First of all, while normal businesses, like private individuals, are concerned to maintain strict *privacy in their transactions*, they are usually not as concerned to remain *anonymous*. Normal businesses *want* their customers to associate their brand names with their services and locations. Most Bedrock business clients will continue to advertise in general media, perhaps including the fact that they now accept Nuggets.
- Bedrock will offer to all its authenticated clients **a private internal electronic mail system**. If Client X sees a intriguing bulletin board post from Client Y, X can use this protected system to approach Y. Bedrock will *forward* X's e-mail to Y's registered e-mail address, and Y will then have the option of responding in kind, or offering his or her regular e-mail address for continuing correspondence.

A.4. I know nothing about arbitration organizations. How can I make any decision among them?

- Private arbitrators and arbitration organizations exist in virtually every country, and provide great service to individuals and businesses that find themselves in disagreement. In comparison to most government courts, they are expeditious and inexpensive. They can generally be relied upon for scrupulous fairness – otherwise, they would never be accepted by both clients. (*See Section B.2. below for discussion of how Bedrock can assist its clients in this critical matter.*)

A.5. **Why do you consider it necessary for the client to go to extreme lengths to preserve privacy?**

- The internet is in some respects a new battleground between defenders and critics of personal and financial privacy. As discussed in our [Introduction](#), Bedrock believes that, despite the prodigious efforts of criminals and bureaucrats, the defenders of privacy have gained a final upper hand through public-key cryptography. The remaining challenge is to make that tool easier and “friendlier,” in order to achieve universal utilization. Bedrock believes its clients can only benefit from availing themselves of the mechanisms that are currently available.

A.6. **What “privacy mechanisms” are currently available ... that a non-technical person might be able to use?**

- The chief internet privacy asset is the free **TOR Browser**, which is available in 37 languages for all major personal computer and smartphone systems. *The TOR Browser is required for all essential Bedrock functions.*
- The TOR (“The Onion Router”) Browser appears to work exactly as standard internet browsers (examples: *Internet Explorer, Outlook, Firefox, Chrome, Safari*) do. The difference lies in its method of routing your browsing from your computer or phone to your destination.
 - Normally, that process is wide open to sophisticated hackers, snoops, and criminals. The TOR Browser *encrypts* all your requests, and *routes* them through extra “hops” (also encrypted), and then reverses the process for the response. This makes it infinitely more difficult – *and expensive* – for any unwanted outsider to decipher your all-important **IP Address**, which identifies and locates you. (Your unique IP “Internet Protocol” address exists to allow communications you *want* to reach you.)
 - Use of the TOR Browser does result in slightly slower response times: the extra hops do take micro-instants, in both directions. However, international communications are already so fast that this is usually barely noticeable. Also, some of your regular websites – usually government or business institutions – may desire to track you, and are able to determine that you are avoiding being tracked by using TOR, and they refuse to proceed until contacted by a standard browser. Nevertheless, Bedrock encourages all internet users to add TOR to their system and try it – whether or not they choose to become Bedrock clients.

- Another basic recommended tool is **fully-encrypted electronic mail**. A recent article in [PC Magazine](#) describes leading systems, many of which are free and quite easy to manage.
 - Tip: If you hesitate to “change your e-mail address,” Bedrock suggests the following partial measure: add a second, fully-encrypted e-mail provider, and only “change your e-mail” for major business, financial, and medical correspondents – the organizations where ensuring your privacy is most essential.

B. External Support

B.1. **If Bedrock is an entirely new business that restricts its primary services to digitizing stored bullion and arranging private trade, how will obviously essential other functions, commonly offered by conventional systems, be provided to its clients?**

- Bedrock is trusting – and believes its clients can trust – that **external service firms** will hasten to fulfill all its clients’ related needs. Such endeavors have been observable historically for all new businesses. Many of the firms that Bedrock anticipates *already exist* – they would merely have to adjust their offerings to include Nugget-based bartering and the private web trading venue.
 - By way of example, consider the global proliferation of independently-developed external supports – markets, ETFs, websites, schools, advisors, specialized equipment – created for the 15-year-old cryptocurrency industry.
- Such specialization, and dispersion, should result in service superior to that which Bedrock, or any global enterprise, could provide.
- Bedrock will endeavor to enable external service firms to assist Bedrock clients and will, for example, gladly share open-source program information, on request, with outsiders. However, it will not partner, endorse, or give special favor to any particular entity.
 - Current Bedrock employees and consultants would not be permitted to be professionally involved with any external service firm.
- Some external service firms will choose to become Bedrock clients themselves; others will not. If Bedrock clients insist on private dealings and payment with Nuggets, it is more likely they will oblige.
- Importantly, Bedrock’s self-limitation *protects its clients* from outside interference, by decentralizing all observable activity. No matter how many

complex transactions take place, Bedrock can never be forced to produce information it does not have.

B.2. **Why are you insisting on the acceptance of private arbitration for every transaction?**

- Private arbitration organizations are clearly the most important category of external businesses that Bedrock and its clients will be relying upon. By committing to rely solely on private arbitrators selected from Bedrock's vetted list, or a mutually acceptable one for each transaction, Bedrock's clients—
 - Disperse potential interference around the world
 - Avoid being limited to the legal system of Bedrock's home location, the location of the vaulted bullion, or their personal location
 - Assure themselves of fair and expeditious recourse should any contention actually develop.
- Bedrock – and likely most of its clients – assume that the vast preponderance of Nugget transactions will be simple, uncomplicated exchanges devoid of serious conflict.
- **Why should clients be required to commit to private arbitration, when they believe it unlikely to be necessary?**
 - It's needed as a guarantee against *any* assumption of the commonplace official default: that national legal systems will take over should any disagreement develop. Such an eventuality would be terribly destructive to Bedrock's thrust toward truly free exchanges.
 - Clients can reassure themselves further by indicating their *preferred* arbitrators, chosen from Bedrock's list, on their personal Settings page. Multiple arbitrators can be selected in preferential order.
 - As the *Standard Transaction Form* is formatted, this setting will be automatically checked for each client, and mutually-accepted arbitrators will be listed in a drop-down box. Settling the question at the outset should provide additional peace of mind for both. However, the option to defer the specific choice unless needed will still be available.
- This still sounds challenging. **How will Bedrock assist its clients in this matter?**
 - Bedrock will approach private arbitration organizations all about the globe, querying whether they would be ready to service future disputes among Bedrock clients. It will be noted that all Bedrock transactions

will be required to indicate commitment to private arbitration. Presuming they respond positively, a more detailed questionnaire will be asked. Queries will include:

- What languages can your personnel handle?
- What forms of client identification would you require?
- Do you require Bedrock's clients to register an account with you prior to selecting you as their potential arbitrator?
- What security procedures do you maintain on your files?
- Do you have any special areas of commercial expertise?
- Are there any matters you would refuse to arbitrate?
- Are there any circumstances that would lead you to divulge client identities to public authorities or any other persons?
- Would you have a minimum or maximum Nugget transaction amount?
- Bedrock's Board of Governors will consider all responses and reject any they find to be incompatible with Bedrock's commitment to its clients.
- Bedrock staff will then compile a sortable database of the responses of the accepted organizations. Clients will be able to use the database when making their default choices in their profile settings, and at any other time.
- There will be no limit on the number of arbitrators that clients may designate as acceptable.
- Clients will also be able to indicate their order of preference.
 - Client *businesses* will generally want to indicate virtually all possibilities, in order to accommodate the maximum potential customers without fuss.
- If both clients have set specific choices, Bedrock transaction software will compare them, and will indicate the firm most preferred by both clients as a suggested default on Part 2 of the transaction form, but will permit a mutually-agreed-upon alternative.
 - In addition to the presented firm, "Select Alternative," followed by a drop-down menu, will be an option. However, the alternative must be drawn from Bedrock's approved list, and *there must be concurrence in the alternative choice*.

B.3. How can I acquire Nuggets with my fiat currency? [And conversely:] How can I divest my Nuggets for the medium of exchange I need right now?

- Dozens of exchange firms for cryptocurrency exist around the world, available through the public “clearnet.” Many are able to exchange cryptocurrencies for national money. Each exchange business tends to specialize in a limited number of offerings, because it has to maintain a sufficient quantity to expedite customer requirements.
- Exchanges that will service Nuggets will necessarily become Bedrock clients. They will charge an exchange fees to offset their cost of maintaining their pool of available tokens. Once they correlate their customer demand with their supply, they can employ Bedrock’s *Standard API* to organize the transaction specifics into the required fields.
 - The *Standard API* will also support the transaction by automatically opening an internet access to Bedrock’s private website, expedite the retailer’s authentication, and enter the agreed data onto the system.
 - Bedrock’s internal bulletin board could become a source of client information regarding the capabilities of specific external exchange businesses.

B.4. Will I ever be able to acquire products from on-line retailers using Nuggets?

- This should certainly be possible. Major retailers today offer their goods around the world, necessarily pricing items in one currency that will be sold in another, necessitating a conversion. Many retailers are considering adding cryptocurrencies as payment options. (And given the Nugget’s bedrock commodity anchor, they might be all the readier to accept it.)
- Some retailers may themselves become Bedrock clients, and use the *Standard API* to expedite exchanges. Others will have to rely on *payment processors* – just as they do today for thousands of daily cross-border transactions.

B.5. How would a payment processor manage a transaction that I want to make using Nuggets?

- Given the grounding of all payment processors in computer and internet usage, they will have no difficulty finding the most current exchange rates for various fiat currencies, gold, Nuggets, and cryptocurrencies. The arithmetical calculation of the needed equivalence will be instantaneous, as will the calculation of their premium transaction charge.
- The payment processor will necessarily be a Bedrock client and will also be able to use its *Standard API* to seamlessly present the data already agreed upon: the recipient account, the Nugget amount, a description of the

substance of the exchange (as previously entered), and a commitment to private arbitration.

- The customer should only have to enter his or her Bedrock authentication, and accept the retailer's presentation of the transaction.

B.6. **Can Nuggets be lent and borrowed?**

- Yes – but not by Bedrock Digitized Bullion System. The system's function is to guarantee to all clients that the published weight of bullion in its vaulted account is in fact resting there, and that the total number of its tokens exactly reflects this bedrock reality.
 - It was considered normal, a century ago, for people with hard capital assets to lend them out in the expectation of a safe return – paid in the same hard assets. This is usually considered impossible in our age of immaterial money. Yet it makes perfect sense when solid commodities are compared to inflating fiat currencies. Here's how the Bedrock system could facilitate it:
 - Financiers who would put Nuggets at risk in the expectation of a yield must first *acquire* the Nuggets, either as “pioneers” or from existing holders, who will themselves be expecting a return.
 - Clients who are ready to put some or all of their Nuggets at risk, in the hope of a valuable return, will normally engage with a financial institution whose business is managing capital assets, and who have made it known that they would be glad to deal with Nuggets.
 - The institution will have to be a Bedrock client, in order to receive and distribute Nuggets.
 - The client lender will surrender his or her Nuggets in exchange for a contracted promise from the client financial institution that the same amount will be returned with interest after a stipulated period of time.
 - The financier will then have the option of reciprocally lending the Nuggets to credit-worthy customers, at a higher rate of interest.
 - Lenders will be confident that financiers cannot overstate their holdings of collateral assets, which are located on Bedrock's blockchain and regularly audited.
 - To clarify: A hot current topic in the cryptocurrency world is *Decentralized Finance* (“DeFi”). Bedrock is not inherently DeFi, because it itself is not financial – it is not directly involved with any activity other than saving and exchange. Its system should be a major *support* for DeFi by virtue of being outside it.

B.7. **Would Bedrock offer *point-of-sale mechanisms* (for example, debit or credit cards)?**

- Debit and credit cards denominated in Nuggets are entirely feasible ... but cannot be issued by Bedrock. Firms that would offer their customers this point-of-sale facility must first facilitate the acquisition of new bullion or acquire a sufficient stock of Nuggets from existing clients.
- As with similar fiat currency providers today, these businesses would need to maintain a significant amount of Nuggets in order to effect *immediate* transactions.
 - All providers and users of such facilities would obviously have to become Regular Bedrock clients.
- Point-of-sale providers guarantee payments *on a trust basis*, in the absence of immediate examination of accounts. Since this obviously entails huge risks, the businesses can be expected to charge very high interest on outstanding balances – as credit cards do today.

B.8. **Could standard insurance policies – life, health, and property insurance, for example – be created with Bedrock?**

- Yes – but again, not *by* Bedrock, only by external services.
 - Given that the Nugget will represent in the far future the same inflation-proof hard asset that it represents today, its use in the insurance industry will be thought “a natural.”
- Both insurer and insured would obviously need to be Bedrock clients. Their contractual agreement could be permanently incorporated on Bedrock’s blockchain.

B.9. **How can I quickly evaluate a charge in Nuggets when I can only compare values in the currency to which I am habituated?**

- Bedrock cannot help you directly, because it must contend that its sole function is Nugget-to-Nugget barter, with no relation to any national currency.
- However, numerous “apps” exist today for various models of smartphones that allow users to enter a price in one currency and instantly receive an up-to-the-minute estimate of the same amount converted to another currency.
 - Most have free versions.

- Alternative currencies – for example, cryptocurrencies – will easily and undoubtedly be added as demanded by consumers. This could include Bedrock’s Nugget.
- [CoinMarketCap.com](https://www.coinmarketcap.com) currently presents nearly real-time market values for hundreds of cryptocurrencies in terms of USD fiat, and Bitcoin and Ethereum cryptos.

B.10. Can the external services that support Bedrock be relied upon to protect clients’ privacy?

- Generally, yes; entirely, no. Bedrock will not fully endorse any external service firm, and cannot guarantee its commitment to privacy. (Even the Client Arbitrators named on Bedrock’s special list have been vetted only insofar as to have declared their acceptance of its *minimum* standards.) The business that Bedrock brings to any of these firms is likely to be a small part of their portfolio for some time into the future.
 - However, if they accept it at all, they are necessarily competing to satisfy Bedrock’s clients. That would likely make client privacy an issue that would be addressed in explicit service firm policy and its advertising. As always, clients need to exercise due care in choosing suppliers.
- “If I decide to acquire a product from an on-line retailer’s clearnet site, using Nuggets, to what extent is my anonymity ensured?”
 - All of *your* critical Customer Information records are encrypted on the blockchain, accessible only to the two parties to the transaction – thus avoiding the possibility of surveillance of your bank or credit card accounts. Neither you nor Bedrock has final control over whatever use the retailer may make of its records, however.
 - Many of the best retailers already offer general policies or customer options specifying that they’ll retain only encrypted records strictly limited to internal use.

B.11. Will all external service firms have to be Bedrock clients? Will they have to be willing to receive Nuggets in payment?

- Not all service firms will need to be clients, or to be remunerated in Nuggets. Those that *deal* in Nuggets – for example, on-line exchanges, payment processors, lending institutions, and so forth – will necessarily have to become clients and maintain positive balances.
- Client Arbitrators and Executors are special categories of Bedrock clients that have Null Accounts and precisely restricted access to their nominating

clients' transaction records. The form of their remuneration, however, will be between them and their clients.

C. Client Contingencies

C.1. Liquidating a personal account

- Should a client desire to liquidate his or her entire holding, it will have to be arranged through external services – most obviously, cryptocurrency exchanges. There is no guarantee, of course, that “the price of gold” or of Nuggets has increased since the holding was acquired. Once liquidated, the client has the option of entirely deleting his or her account records.

C.2. “Redemption of bullion”

- Barring the event of system liquidation (*see C.6. below*), Bedrock cannot exchange Nuggets directly into bullion, even for pioneer clients who arranged for the acquisition of bullion in the first place. Nuggets are claims that truly *represent* ounces of bullion ... which have immutably been transformed into electronic tokens. Should a client desire to exchange Nuggets for bullion gold items, he or she will need to use external services. Ideally, it may be possible to exchange Nuggets directly with a reliable bullion retailer which is also a Bedrock client; otherwise, it will be necessary first to exchange tokens into fiat currency and then to purchase the desired products.

C.3. **Would it ever be possible for a client to send Nuggets to another without requiring that person to approve the transaction?**

- There are many situations in which this would be desirable, the most obvious being the scheduled fulfillment of a smart contract. Payrolls, refunds, donations, and gifts would also qualify.
 - All such transactions would be Immediate, not Delayed, exchanges.
- Obviously, the sender would still need the correct account number of the recipient, which the recipient would have to have previously voluntarily disclosed to the sender.
- In all contractual situations, both parties would have previously established a mutual designation of the consideration and the acceptance of private arbitration in the event of a dispute.
- In non-contractual situations such as donations, if the recipient has shared an account number without an established consideration or arbitration

agreement, he or she has effectively waived any chance of disputing the transaction.

- Bedrock will always notify both sender and recipient of a successful transfer.

C.4. **Although my current Bedrock holding is “private information,” for special business or personal reasons, I want certain non-clients (or even the general public) to be able to see the status of my account.** Will this be possible?

- It could be managed by Bedrock as a special client service. A special page could be created on the clearnet website that could be updated on request and would show the needed information. The client could share its URL (“Universal Resource Locator”) as needed.
 - The page could also have a special password, chosen by the client, and be scheduled for automatic removal in a specified time-frame.

C.5. How would the publicized **liquidation of the account of a “whale”** affect Bedrock? (A “whale” in cryptocurrency jargon is a single client who owns an especially large proportion of the total issue.)

- Say that one individual or business has amassed a majority of all Nugget tokens, and has chosen to place them for immediate sale. Wouldn’t that crash the value of the Nugget for the remaining clients?
 - Liquidating a large account would require large purchases by other clients. The liquidating client would have to be desperate for cash to accept offers lower than the current cost of bullion – but this does happen. The effect would likely be a temporary drop in the Nugget price, which would likely be regarded by many as an excellent buying opportunity.
 - However, if the liquidation became regarded as an instance of lack of confidence in Bedrock, bad publicity could cause a reduction of the Nugget’s prevailing *premium* over bullion. But even should client confidence in Bedrock be destroyed, the gold value would constitute an ultimate floor.
- Bedrock would be unusually resistant to the bane of many cryptocurrency offerings, an “exit scam.” That occurs when originators of a particular coin award themselves a high proportion of the original tokens, talk up their great potential amid a frenzy of speculation, and cash out at the zenith. In jargon: “pump and dump.”

- Bedrock’s originators *cannot* award themselves tokens they have not acquired like other pioneers. Only unusually wealthy persons or firms would ever be likely to be holders of a majority of Nuggets once the system gains any traction.

C.6. What would happen to clients **if Bedrock were to become bankrupt?**

- All businesses should be clear to their clients regarding the possibility of a voluntary or forced liquidation. A liquidation process of the Bedrock system would be undertaken by the incumbent General Arbitrator – a condition accepted by all clients as they first registered their new accounts.
- Organized by the General Arbitrator, all Nugget trading would be halted, and the final status of all client accounts noted. Bedrock’s entire bullion holding would then be liquidated back into the fiat currency from which it originated (at current rates, of course). The funds would then be divided in exact proportion to each client’s final Nugget holding.
 - Bedrock’s anonymous clients (the majority) would of necessity need to approach the General Arbitrator at this point to demonstrate their *bona fides*, using their Bedrock authentication procedures to arrange restitution.
 - [TBD] Bedrock’s By-Laws will specify that Bedrock’s management and staff would have the *last priority for repayment* – which will tend to encourage sensible management practices.

C.7. How would Bedrock handle the **incapacity or death of a client?**

- This contingency, common to all businesses, will be addressed in Bedrock’s *Standard Client Contract* and adjudicated by the mutually-accepted General Arbitrator.
 - Bedrock will strongly urge every client to address these issues – that is, to name their beneficiaries – upon first registration, and again upon the accumulation of a positive Nugget account.

C.8. In the last analysis, Bedrock’s system is subject to the vagaries that afflict all modern life and make **home-retained bullion the sole safe alternative!** Bedrock is subject to both natural and man-made disruptions in internet and electrical services that would render it useless!

- This is entirely true, and it must be conceded that such disruptions often happen at “the worst possible time.” However:

- Given that all modern systems are deeply dependent on such infrastructures, public pressures will abound to resolve them speedily – for the sake of the most powerful elements in society, if not for the general benefit.
- Bureaucrats are forever seeking an “internet kill switch” ... until it is explained that use of it would disrupt *government and military* activities as well as those of the general public.
- The alternative, of hiding one’s bullion “under the mattress” not only renders the capital unproductive save in dire emergencies, it prevents the holder from having any prior practical experience in *using* the bullion. (Consider: how would you purchase a quart of milk with the smallest gold coin you’ve ever seen?)
 - Bedrock does not mean to advise against keeping *some* emergency bullion within immediate reach; we only suggest that it might be wise to consider the benefits of digitizing, and learning how to exchange portions of one’s savings.

D. Legal and Government Issues

D.1. **How can Bedrock’s clients trust that the politicians of the nation hosting its vaulted account will not invent a reason to confiscate the bullion?**

- The frank, and sad, answer is that such a disgrace can never be entirely counted out. We do, however, consider it very unlikely. And further, we are building in the means to minimize the possibility and any potential damage. We also remind clients that there is no known method by which humans can secure physical goods – or *virtual* physical goods – that is entirely without any risk.
- Here are some reasons why it can be considered unlikely:
 - Bedrock intends to disperse its bullion account among multiple vendors located in multiple jurisdictions. This will reduce the quantity of metal stored in any particular vault.
 - In contrast to conventional bullion storage systems, the identities of Bedrock’s clients will be unknown to everyone. Thieves or those who might contemplate “legal” confiscation cannot feel certain that the bullion inside is not the digitized property of a major politician, a noted celebrity, a vindictive mafioso, or a “sovereign wealth fund” (that might precipitate an international incident).

- A final assurance is that all the businesses with which Bedrock's bullion is stored are themselves insured, and they guarantee restitution to their clients in all cases.

D.2. Despotic governments have been known to attempt to lock down the operations of all the ISPs ("Internet Service Providers") in their country. Some have deliberately created panic by cutting all *electrical* service to recalcitrant areas. US government agencies are the major funders of TOR, a system Bedrock is relying upon. **What would prevent any such nefarious attempts from disrupting Bedrock's essential services?**

- Again, the frank, sad answer is that if a desperately challenged power structure still retains enough power ... it might be inspired to exercise horrific measures to retain it.
 - Generally, such extreme manipulations are short in duration, because their aim is actually to shock, create panic, and induce unreasoning obedience. The extreme is presently eased, but much damage is done, and the level of freedom recedes ... until the next crisis.
- The ultimate means of avoiding such horrors will be the *private decentralization* of all services – including the internet – the first efforts of which are already in motion.
 - Though the TOR system was created and funded to secure *military* communications, the technology could be adapted without insuperable difficulty by private cooperatives or businesses working *extra-nationally*.
 - A technology known as "mesh networking" is proposed, whereby virtually all computers serve part-time as internet relays, reducing the need for any centralized ISP.
 - Alternate forms of electricity creation, retention, and distribution, more localized, could someday reduce or avoid centralized generation.
 - While the long-term battle of freedom vs. oppression often appears dire, and innocent lives are lost or wrecked in the event, our faith is that human ingenuity will always out-think human malice in the long run.

D.3. Can clients really trust the private vault organizations that Bedrock will use?

- Bedrock promises due diligence in the choice of each physical vault, with attention to all possible natural or external man-made threats.

- Similarly, the reputations of each vault's owners, managers, and staff will be carefully evaluated.
 - Details of each selection will be itemized on Bedrock's private website.
- As with the largest competitors, each vault will be part of an on-going, secured, guarded business, with many customers and a public reputation to maintain.

D.4. **How would a client seek redress from your *extra-national* firm, if that client considered himself or herself wronged by Bedrock?**

- As they first create their accounts, all clients must agree that redress against Bedrock would be secured through the independent General Arbitrator appointed by the independent Board of Governors.
 - (As discussed in section B.2. above), private arbitration procedures, already used in the majority of the world's business controversies, tend to be more impartial, inexpensive, and timely than government-mandated legal court tests.
- Bedrock's global reputation largely depends on its commitment to privacy and self-proclaimed independence of politically-mandated legal systems. Its reputation would suffer severely were it to fail to abide strictly to the Arbitrator's decision against it.

D.5. **How would a Bedrock client seek redress *from another client*, should the outcome of an anonymous exchange arranged through an *extra-national* firm be deemed unacceptable?**

- The *primary* guarantee of satisfaction is the Quarantine system (described in the *Client Transactions* section of the *Whitepaper*), in which both parties agree to delay payment pending careful examination of the items promised in exchange. However, should unacceptable failure appear *later*—
 - The redress of one Bedrock client against another would be secured through the chosen private Client Arbitrator.
 - Both clients were required to indicate acceptance of private arbitration when they committed to the exchange. This benefits all clients by indicating a clear path to follow, and also by avoiding interference by external legal officials.
 - Clients who had not indicated a specific firm, prior to the contention, and who cannot now agree on a specific choice, must allow Bedrock's General Arbitrator to assign the dispute for them.

- Clients concerned that Bedrock does not know any client's identity should recall that this policy *does not apply to external private arbitration organizations*, who can and will *demand* that contending clients fully identify themselves.
- The Client Arbitrator will not, however, divulge these details to Bedrock or any party outside the transaction.
- Given the uniqueness of Bedrock's policy, the clients' choice of private arbitration organizations will merit special consideration when pondering any critical exchange.
 - A scenario: Client X and Client Y arrange an exchange involving significant resources. They mutually select Client Arbitrator Z, which has a policy that they will only accept Bedrock clients *who have previously registered their identities*. Thus, while Bedrock, X, and Y may not know each other's name or address, *Z does*, and can promptly initiate a procedure.
 - Other arbitrators could have policies setting a sliding scale of identification based on the quantity of Nuggets to be exchanged, or the nature of the proposed consideration.
 - The selected Client Arbitrator will be able to retrieve the complete transaction record if permitted by the complaining client.
 - As with all private arbitration decisions, civil sanctions against a defaulting party are reputational, rather than corporeal.
 - Arbitrators will be aware of Bedrock's "bulletin board," and the probable business effects of a finding of malfeasance against any particular client.
 - In cases of blatant wrongdoing, the Client Arbitrator can propose sanctions against the account, which would be reviewed and acted upon by the General Arbitrator and/or the Board of Governors.
- No system is foolproof against deliberate fraud. Clients may, however, compare Bedrock's arrangements with their available *practical* options for conventional exchanges that prove unacceptable.

D.6. **Will Bedrock draw controversy by attempting to evade taxation?**

- No. Wherever it has offices, staff, consultants, or suppliers that must be remunerated in fiat currency, Bedrock will undoubtedly be required to pay a tax bill. This will be managed as follows:
 - As it acquires Nuggets (by providing regular maintenance and transaction services to its clients), Bedrock-the-business will

periodically liquidate some of its holdings by exchanging them *with Bedrock's own clients*, for the needed national currencies. It will then report and pay taxes as legally required in the various jurisdictions in which it operates. (See additional discussion in Section E.2., below.)

D.7. **How will Bedrock's clients pay taxes on their Nugget exchanges?**

- Fundamentally, this will be a matter that each client must decide for himself or herself.
- After fifteen years, the world's governments are still stumbling in their efforts to decide how to track, evaluate, and tax Bitcoin and all other cryptocurrencies. Bedrock's clients can expect even greater perplexity, given the complete privacy of their Nugget transactions.
- Complicating the issue further for revenue seekers, perhaps the bulk of crypto transfers involve exchanging one token for another token, not for recognizable fiat money. (For example, one might commonly purchase or sell Ethereum tokens using Bitcoin *tokens*.) This situation is entirely conceivable with similar acquisitions of Nuggets.
- No matter how pressured, Bedrock will never be able to provide any taxing authority with the information it requires to produce a coherent demand. Bedrock can only show that "Client 654321" sent *nn* Nuggets to "Client 765432" on such-and-such a date. It has no record of the clients' *identities*, the *substance* of the transfer, or any other information that could conceivably be shared.

D.8. Virtually all financial firms today comply with a government-mandated procedure called **Know Your Customer ("KYC")**. **Is this not an important safeguard for clients?**

- No. KYC has a double impetus: it purports to guarantee customer authenticity on-line; and it also enables government monitoring and regulation of private financial activity.
- Ensuring customer authenticity on-line *is* of course an important and valuable client safeguard. However, private sector means are available to ensure that safeguard, without imposing on clients' privacy.
- KYC procedures require clients to divulge not only their legal name, address, birth date, and photograph, but their citizenship and government-created identification numbers. Governments require all financial firms to surrender this information, in addition to detailed records of their customers' transactions, on request.

- The underlying assumption of KYC is that bureaucrats have morals and intentions superior to those of ordinary citizens, and they should restrict the latter's transactions to exchanges they approve. A private transaction is thus, insultingly, "guilty until proven innocent." So are the individuals making it.
- In addition to inhibiting innumerable private choices that are merely unconventional, lack of transactional privacy stifles the exploration of new ideas and the creation of new businesses – both serious detriments to a modern society and its economy.
- Lastly, technically speaking, Bedrock is *not* a "financial" firm. It is a digitized commodity system.

D.9. But will not the Nugget, as alleged against many cryptocurrencies, be **facilitating anti-social groups and activities** that are universally despised by all decent human beings?

- This common concern, endlessly propagandized by authoritarians with hidden motives, is a species of *demonization*. Its relentlessly implied underlying assumption is that only the wicked could possibly desire privacy: to desire privacy is instant proof that one has "something to hide."
- But advocates of privacy, such as Bedrock, must deal with the assertion head-on. Will the ability to transfer valuable commodities without government oversight enable such vicious persons as terrorists, human traffickers, harmful drug runners, and purveyors of pornographic images of children?
- The only honest answer is: *Yes*. Of course it will. ***All new tools, all conveniences of modern life extend the capabilities of the vicious just as they unquestionably benefit the decent.***
 - Organized criminals and terrorists are already far more practiced than regular citizens in working around financial restrictions. A new tool would not significantly enhance their lead.
- Advocates of privacy do not need to evade or dismiss such charges. They need to stress the importance of individual rights and privacy of the honest vast majority of the human race, and the enormous social benefits conferred by respecting them.
- Demonization of the private web and private transactions stems from a hidden agenda that can be seen most clearly in the made-up crime of "money-laundering." Money-laundering is any attempt to preserve private capital by exchanging one form of value for another, most commonly by evading national fiat currency restrictions. Legally preventing capital from

fleeing a country gains the politically powerful the ability to rob its owners through taxation and inflation. Associating innocent behavior with abhorrent actions discourages the (far more numerous and important) innocent citizens from preserving their wealth.

- D.10. Why do you insist that Bedrock “scrupulously avoid mixing its digitizing and exchange facilitating business with any other activity?” I can think of many situations in which it would be more convenient to enjoy “**one-stop shopping!**”
- *Thanks for your implied confidence!* However, please consider whether convenience is your greatest priority when your savings are at stake.
 - It would be more convenient if clients did not have to keep track of passwords for exchanges, arbitrators, and retailers, for example, in addition to their authentication procedures for Bedrock. (More convenient still if cyber-security experts did not urge us never to use the same password for more than one entity!) But each expansion of a corporate business can dilute its concentration on original priorities – both for the staff *and the clients*. Were Bedrock to borrow or lend bullion on its clients’ behalf, its business proceedings would be far more difficult for clients to monitor, critically diminishing the sense of bedrock confidence we aim to merit.
 - Activities beyond the acquisition and digitization of metal and facilitation of bartering would also invite far more public scrutiny, controversy, and interference. *Bedrock believes it serves its clients best by avoiding distractions and performing its modest job well.*
- D.11. **Bedrock’s terminology is confusing.** In all its documentation, there are few uses of such commonly expected nouns as *money, cash, currency, coins*, or even *the gold standard*, or verbs such as *buy* and *sell*. Why is this?
- Bedrock deals only with digitized bullion and barter, described objectively in terms of *weight*. It offers a new, unique extra-national exchange mechanism that bears only subjective reference to these time-honored concepts. Eschewing such historical analogies is not only logical, it should also tend to reduce unwanted interference from suspicious, meddling officialdom.
- D.12. How would Bedrock react if governments were to implement some of the **new hybrid forms of fiat currency** currently being discussed?

- Note: We are not presently discussing Central Bank Digital Currencies, which are simply electronic versions of existing fiat money.
- The most common hybrid is the pooled “basket” of fiat currencies, such as underpins the *Euro*. Another proposition is a basket of fiat currencies together with some hard commodities. All such hybrids require an extraordinary effort to evaluate in practical terms, constituting an enormous imposition on the citizenry required to use them.
- It is also not entirely inconceivable today that a non-Western government might create a **new “hard-money” currency**. How would Bedrock “interface” (or contend) with it?
 - If any government were, after several generations, to resume minting official coinage *with defined precious metal content* and denominated with a fiat currency equivalence ... it would be a great boon to its economy no matter how distrusted the national powers might be. (It would also, of course, shake the foundations of the world’s existing fiat currencies to the core.)
 - However, historical memory would still suggest a worrying threat, that the relation of metal weight to the declared unit *could always be officially redefined* – that is, that the currency could be debased.
 - It nevertheless might be the fastest “politically-feasible” way to effect a recovery from an economic meltdown. But history has shown that governments cannot be relied upon to sustain a commodity-related standard indefinitely.
 - If governments were to try a “based on gold” electronic currency ... it would be more dubious than a private version of the same thing (as discussed in the *Whitepaper’s Appendix*). It might enjoy a temporary popularity as long as its inherent weaknesses were not obvious.
 - None of these initiatives could match the credibility of a truly private commodity exchange, whether electronic or physical. The only sustainable long-term solution is a total divorce of money and politics.
 - However, please note that because Bedrock’s transactions are completely private, there is no reason why they could not be employed *simultaneously* with *any* new government currency choice.

E. Bedrock Business

E.1. How will Bedrock’s business be organized?

- Like all businesses, Bedrock will have managers, staff, consultants, and suppliers.
- Depending on how it is originally financed, it may have a Board of Directors with ultimate authority for policy.
- As described in the *Whitepaper*, it will also have a Board of Governors, independent Bedrock clients charged with retaining the consulting General Arbitrator and Appellate Arbitrator, and vetting the list of Client Arbitrators.
 - Details regarding the funding, selection, and function of the Board of Governors will be amplified in Bedrock's By-Laws [to come].

E.2. What's the point of a Board of Governors?

- Individual clients will be very concerned that all arbitrators will look out for their interest, as opposed to that of Bedrock or any other corporation. The Board members, clients like themselves, will have and exercise the same priorities.
- Notably, the Board of Governors will independently select the Arbitrators who would adjudge any complaint of a client *against Bedrock management*.
 - Given Bedrock's public insistence on private governance, managerial defiance of a decision against them ... would be inevitably ruinous to the firm's reputation.

E.3. Won't an independent Board of Governors be corruptible?

- Bedrock's By-Laws will "constitutionally" limit the Board of Governors to its stipulated functions.
- The Board is also only "semi-independent:" management will retain control of general policy decisions and, critically, all dispersal of funds.
- Even if, for some time, a single or a very small number of companies (cryptocurrency exchanges or on-line retailers, for example) might hold a majority of all Nuggets, their overriding business interest will be to ensure that their clients are confident in the integrity and fairness of the Bedrock system.
- Similarly, should a single national or "cultural" group of clients hold a majority of tokens, a primary reason for owning Nuggets will always be to have a dependable, expeditious, and universally respected means of global trade. This would argue against any attempt to monopolize the arbitrators' enforcement function.

- E.4. You contend that the Bedrock system is “sealed.” But you accept fiat money or cryptocurrency from Pioneer Clients in order to acquire bullion, and then you trade Nuggets for fiat to pay taxes. **Isn’t this a contradiction?**
- Bedrock’s chosen bullion vendors accept only certain fiat currencies, and Bedrock only accepts the same ones. It then forwards the exact amount received to the vendor, which purchases bullion at the current market rate.
 - The vendor charges a fee for this service, which is subtracted from the payment and itemized on the receipt (which Bedrock forwards to the client). Bedrock *charges no fee* as it “converts” the acquired bullion into its system as the Pioneer Client’s Nuggets.
 - Accepted cryptocurrencies must also be changed into vendor-accepted fiat currencies. Bedrock forwards the crypto to a reputable cryptocurrency exchange, which directly subtract a fee for its service. The resulting fiat is immediately forwarded by Bedrock to the bullion vendor. Again, no fees are charged by Bedrock, and each interim transaction is fully documented for the client.
 - Bedrock acts as a passive middleman only for its Pioneer clients. The digitized bullion system only comes into existence once bullion is acquired. From that point on, it remains “sealed.”
 - But in the section on taxation (D.6.) above, you state that Bedrock will pay its taxes with national currencies. **How do you reconcile *that*** with a “sealed” system?
 - It is not truly a paradox: the Bedrock *business* organization is itself a client of the Bedrock *system*.
 - The Bedrock business receives its entire operating income in the form of client fees, remitted with its own system’s Nuggets.
 - When fiat currencies are unavoidable, Bedrock will dispose of some of the Nuggets it has earned, *by exchanging them with other Bedrock clients*, in order to acquire the necessary fiat.
 - This will be exactly the same process that other clients will use whenever they need to liquidate Nuggets for fiat currency.
 - By such actions, the Bedrock business is selling its own Nuggets within its own system, solely to facilitate its business operations, not as a fiduciary request of other clients.
 - As with all other Bedrock transactions, when such exchanges are complete, there is no alteration in the amount of bullion in Bedrock’s vault accounts, and there is no change in the total quantity of Nugget tokens. *The Bedrock system remains sealed.*

E.5. **Will Bedrock’s vaults, systems, and software be audited?**

- Certainly. Bedrock's governance policies will specify regular procedures for audits by independent auditing firms – with independent reputations to maintain.
- Bedrock's bullion vendors and vaults will also be regularly audited. All reports will be made available to all Bedrock clients.

E.6. **Will Bedrock's holdings and records be insured? How?**

- The vaults housing Bedrock's bullion account are themselves fully insured. (Bedrock pays regular maintenance fees on its account, and that cost is subsumed into the monthly Maintenance Fees that are automatically deducted in Nuggets from Bedrock's clients with positive balances. Bedrock directly insures its staff, equipment, and records; that cost is also part of the monthly fees.

E.7. **Why are all exchanges of Nuggets limited to Bedrock clients? When you initiate other forms of free exchange, the recipient does not have to sign up and create an account in order to receive it.**

- Bedrock is admittedly restrictive in this regard. The purpose is to guarantee to all clients that no Nuggets can leave the Bedrock system as a result of any transaction.
- Were a non-client to receive Nuggets from the Bedrock system, the system would be unable to account for it, and trust in the system's tight seal would be shattered.
- There is no question but that this policy may slow the acceptance and progress of Bedrock and its token. Educating potential clients, explaining the rationale, will unavoidably take extra time. The alternative, however, is alien to Bedrock's new and promising business model.

E.8. **Would Bedrock ever acquire and digitize silver bullion?**

- In theory, *any* standardized commodity could be subjected to Bedrock's digitization and private exchange mechanism. However, precious metals are far more practical for the general commercial use Bedrock anticipates. Therefore, silver bullion *may* eventually be added to Bedrock's development plans.
- However, the two commodities would be accounted as separate issues, and would have *completely separate tokens and transaction blockchains*.
 - The Client database and client interfaces with the system could be modified, rather than separated, resulting in an economy of scale.

- Knowing, however, that market valuations of all commodities fluctuate continually, Bedrock would never attempt to fix a standardized, permanent relationship between gold and silver. It would always be up to the global marketplace, and to each client, to evaluate an ounce of one metal in terms of an ounce of the other.
- E.9. The open-source Bedrock business model would be fairly easy for competitors to duplicate. **How would Bedrock handle that?**
- Given that “imitation is the sincerest form of flattery,” Bedrock anticipates no problem from copycat enterprises. They could be construed as free publicity.
 - Bedrock will always be the *first* to employ the Bedrock model. And it will always strive to be the *best* at responding to its clients’ needs.
- E.10. It’s hard to imagine that this token will ever be a popular choice. Do you foresee any **general trend of Nugget acceptance?**
- The market trend in question would not be the acceptance of Nuggets, so much as a renewed reliance on precious metals, and increasing disdain for fiat currencies. Growing acceptance of alternative exchange media and of cryptographic security will be another factor.
 - Though such developments still seems remote to most people, the staggering amounts of fiat money arbitrarily created in recent decades does lead us to anticipate a future interest and acceptance of precious metals.
 - In that situation, a general return to commodity money might render the Bedrock model extremely popular.
- E.11. **Will the market for Nuggets be as volatile as that of most cryptocurrencies?**
- A Nugget is a “transferable electronic vault receipt” representing a precise weight of a commodity verifiably deposited in secure storage. Its market valuation will generally closely track that commodity, not cryptocurrencies.
 - The “price of gold” in terms of US Dollars and other fiat currencies has often been perceived as volatile. Many economists, however, regard that relationship inversely, more as proof of the unsteadiness of fiat currencies, rather than inconstancy in the value of gold.

- It has been shown that the same weights of bullion have consistently purchased roughly the same amounts of actual staple goods not only over decades, but over centuries.

E.12. **Why will your clients choose Bedrock? Would they be looking for savings, or for speculation?**

- Although the obvious purpose of keeping bullion in a vault is to *save* it, and many believe that saving gold is a reasonable *speculation* against falling fiat currencies ... the unique features of Bedrock point to an important, distinguishing *additional motive*: by consigning assets to Bedrock, a client can not only save them and hold them for speculation, they can also be *used*.
 - Nuggets *can* be saved for future needs.
 - They *can* be held for speculation.
 - But they can also be used to acquire goods and services.
 - They can also be used to settle debts.
 - They can also be used contractually, over extended distances and time periods.
 - They can also be used as risk capital, to earn interest.
 - They can also be used to amass gold *virtually* – in very small amounts, without ever needing to purchase actual bullion items.
- In our current world, precious metals have been entirely *out of use* as exchange mediums for nearly a century. Many clients may see the logic of saving them as *insurance* against a “rainy day” emergency, but few can truly imagine *how* they would ever employ them should that worrisome day materialize. A final motivation to choose Bedrock would therefore be *to retrain ourselves*, individually and collectively, not just in the free exchange process once familiar for thousands of years, but to familiarize ourselves with the terrific technological enhancements to it offered by our modern world.