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HOW TO SAVE (OR DESTROY) THE BITCOIN FOUNDATION

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I've been thinking about the Bitcoin Foundation over the last few months. After I left as the first chairman of the education committee back in late 2013, I dismissed the Foundation as a mostly inept attempt by some business interests in the community to gain an edge over their competitors.

The actions of [Peter Vessenes and Mark Karpeles](#) alongside the board's indifference to the Foundation's membership as well as the mainstream Bitcoin community made it seem likely that the Foundation would simply go bankrupt and collapse under its own weight like a great battleship built for a war that would never happen and then left to rust in neglect (see I can be poetic too). Sure enough, they are functionally bankrupt having burnt through about 7 million dollars worth of Bitcoin (they even spent a million dollars on that spiffy Amsterdam conference!).

So why the sudden interest after my self-imposed exile? After traveling extensively throughout the world, I've noticed that there is still an impression internationally that the Foundation is relevant and in some way represents Bitcoin- especially among the international press. It's not accurate and probably similar in spirit to the headlines stating Bitcoin's CEO has been arrested.

We also have a larger, but somewhat related problem that the blocksize debate has made blatantly clear- governance. It seems nearly impossible to get the community to agree on anything outside of trying to increase adoption and the underlying value of the bitcoin token.

Hence, I think we have an opportunity to solve two problems at once. The Foundation can be productively reborn preventing another media boondoggle and at the same time we have an excellent opportunity to explore new types of governance, algorithmic regulation and social consensus.

So assuming it's somehow a good idea to rebuild the Foundation (I fully agree that there are solid arguments to simply let it burn), let's explore what it would take to do so. As a side-note, I would be equally happy with seeing the Foundation shutdown if it didn't harm the Bitcoin brand and community.

First, the Foundation has lost any form of legitimacy. It's broke because prior leaders looted it. It's undemocratic by forcing out elected board members and replacing them with appointed ones. It's utterly

unable to listen to outside opinions and conduct basic affairs such as managing board meetings, elections or produce a viable road-map.

Thus these issues need to be corrected before any future progress can be made. So let's start with an independent audit of the Foundation's books, relationships and accomplishments. Hire an auditor paid from an outside pool of capital (hell I'll throw some money into that fund) and give him a mandate to do the following:

1. Build a timeline of all major events since the Foundations inception
2. Provide detailed financial records on the Foundation's expenses and income
3. Annotate all business relationships the Foundation has had since its inception and their association (if any) to current and past board members and executive directors
4. Provide an HR database of all personnel that the foundation has retained and their compensation. Also build a social graph showing the relationship between the Foundation employees and the board members past and present including if they worked for or with the board members in previous or current ventures
5. List the major efforts the Foundation has embarked upon and rate their success based upon the Auditor's best judgement and whatever objective metrics can be established
6. Give each executive director- past and present- an opportunity to write an explanation for the findings of the auditor.

Once drafted, then release the report to the general public- unless criminal conduct is discovered, then first release the evidence to the relevant agencies and let them choose when to release it.

Here's what an audit accomplishes:

1. It divorces the Foundation from its past by bringing everything out into the light and exposing any corruption from past or present leadership. If anyone is responsible for criminal acts, then they will be exposed and I'd hope prosecuted
2. It acts as a basis for the Foundation to re-engage the Bitcoin community. The Foundation can say ok this is what we did wrong so tell us how we can be better in the future?
3. Those who are asking for the Foundation to be shutdown can now have a fair debate. The audit will provide an independent assessment of where the Foundation has been and what it has accomplished given its resources

At the end of this process, my hope would be for the Foundation to work with the Bitcoin community towards either shutting itself down or some form of reconstruction. The point is that its now done with reason, evidence and consensus instead of a shouting match. In my experience, people get angry when they feel like they've been deceived or aren't being heard. There is a very strong perception in the Bitcoin community that the Foundation has been historically dishonest and deaf. An audit strikes at the heart of the anger.

Second, let's say the Foundation somehow survives an audit and the community -or a wealthy patron(s)- seeks to continue the Foundation's existence, then the next step is to solidify the organization behind a new mission and values. This action is a wonderful opportunity to work with several ventures such as [Colony](#) and [Boardroom](#) focusing on [DAOs](#) and other [algorithmically enforced structures](#) of [governance](#).

But it's natural to ask to what end? I don't think Charles Hoskinson should decide that. More to the point, no one person should. Instead let's make proposals and draft a candidate constitution. Then have the Bitcoin community vote on proposals. In my view, the core value proposition for continuing the Foundation is to experiment with technology that allows for decentralized governance. If the Foundation should continue under an unelected or pseudo-elected board, then just shut it down. **We created Bitcoin to get away from these things.**

This process could be amazingly beneficial. It- like Bitcoin was and still is- serves as an experiment driven by a well intended community instead of the mandate of an overlord seeking power or control (also drop Satoshi from the board, it's insulting). We would also gain tangible data on how to discuss controversial ideas within a productive framework with the aim of eventually reaching a community consensus (can you think of any

debate Bitcoiners are having right now?). Finally, the community can also explore how to regulate a custodial entity using cryptography instead of trusted founders (wow, think of all those smart contracts and prove of solvency proposals that people have been preaching about- someone call Peter Todd!).

And now comes the objection: But Charles there isn't enough money to do this stuff! And I say: Aren't Mirror, Coinprism and other Bitcoin companies incredibly well funded, and don't they need a good showcase for their tech? Wouldn't the good press and community goodwill serve as excellent advertisement for their platforms?

Money is never the issue. It's vision and the ability to forge partnerships around it. If the current board can't accomplish this task, then fire them or shut the whole thing down. I'm extremely tired of hearing that we can't accomplish something. **The entire point of Bitcoin has been doing the stuff that people have been saying we can't do on a consistent basis.**

The argument above showcases my primary issue with the Foundation. It just doesn't lead. It lacks any notion of a vision or a purpose. Let's not blame them for it. Let's just install one that benefits the entire community.

Third, let's discuss management and global representation. Traveling around the world, I've had the privilege to meet some exceptional people from Switzerland to Japan. I'm headed to Argentina next month and will have a chance to spend some time with one of the most passionate Bitcoin communities that you can find. It utterly disturbing to see the passive level of commitment that the current (and former) members of the Foundation's leadership have outside of Bruce and a few others.

There are legions of Bitcoiners who would work with the Foundation full or part time with both enthusiasm and zeal if only given a chance. If the Foundation is going to continue existing, then it should reach out to the existing Bitcoin communities. More specifically, the Bitcoin meetup groups. They are run by passionate volunteers who love this space, the technology and its rich philosophical roots.

The Bitcoin meetup groups are also largely responsible for Bitcoin's growth from a novel technology to a global movement. I'd love to see the Foundation serve as a hub connecting them together and recruiting from within their ranks on a global basis. When people are given a great vision and a purpose, they aren't motivated by money to do work. The open source movement has proven this truth time and again.

Alright, so in conclusion, audit the Foundation, turn over any evidence of criminal conduct to the relevant authorities, draft a constitution via community participation, govern using tech from well funded Bitcoin startups, and link all the Bitcoin meetup groups together to act as the execution engine, talent farm and source of great ideas (See [Social Physics](#)).

It's really not that hard to accomplish something great. It just takes vision, persistence, honesty and leadership. If the Foundation has it, then it should survive. If it doesn't, then don't worry it will eventually collapse.