FINANCE WITH THE FRIDAYS TREASURER

A Financial Literacy Newsletter

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NC Cash | NC ABLE

In this issue:

Finance Fridays
is a publication of the N.C. Department of State Treasurer. Treasurer Brad Briner is focused on preserving, protecting and sustaining the states pension and healthcare plans. Briner was most recently the Co-Chief Investment Officer for Willett Advisors and has held positions at Morgan Creek Capital, the UNC Management Company, ArcLight Capital and Goldman Sachs.

Bottom Line With Brad

CRYPTOCURRENCY

I bet each of you reading this has a piece of paper that you are certain is worth something. It's about two and half inches wide and 6 inches long and is made of a cotton and linen blend. It's green and has all sorts of symbols on it that probably need a lot of explanation. They print them all the time, more and more every year, and everyone already has some. If you really think about it, it is rather a strange thing to think that this piece of paper would have a lot of value – after all, what can you practically do with it?

I am of course talking about the U.S. dollar. We don't think of the dollar in pragmatic terms – we just accept that it has value and that everyone else thinks so, too.

Economists define a currency as something that possesses three traits:

Medium of Exchange
It has to function as something that facilitates trade of other goods

Unit of Account
It has to provide a way to measure the value of disparate goods

Store of Value
It has to be durable and retain its value over time

So, the U.S. dollar obviously qualifies since we use it in these ways all the time. But what about cryptocurrencies?

The OG cryptocurrency is Bitcoin. It was started in 2009 after the global financial crisis to create a decentralized currency that didn't require the holder to trust a government or a traditional bank. For those of you who weren't in the financial services industry back then, I can tell you from personal experience it was a tough time for institutions that depend on trust – all manner of banks, asset managers, insurance companies and other venerable firms failed due to their poor ability to manage risk. And their clients were justifiably mad: They had placed their trust in these companies who, in turn prioritized their own corporate self-interests ahead of their clients. You can particularly understand the appeal of a "trust-less" payment system at that time.

In addition to being trustless, Bitcoin has a limited supply and also protects the identity of the owner, while making every transaction available to the public. It has evolved to become very well known, is commonly used for transactions and has more than retained its value over time. So, is it actually a currency?

The main hesitation I have always had in answering "yes" to that question is governmental regulation. At least nine countries, China being the biggest, ban bitcoin, and many others limit its usage. But here in the United States, with our strong tradition of individual liberty, we have historically allowed them, and more recently have fully embraced them from a regulatory perspective. That, for me, was the final thing I needed to see to convince myself that bitcoin and a couple other digital assets are real, and should be considered currencies. Whether you agree with that or not, it's inarguable that the underlying technology from bitcoin, the digital ledger, is here to stay.

We did something a little different in this month. Because this financial literacy topic is in the news all the time, we asked some of the folks making that news to also share a bit about the parts of cryptocurrency they believe all of us should be learning and thinking about. So, I hope you enjoy this month's newsletter and our informative articles about digital assets, take a look at the editorials to help you understand the headlines, and share with me your view at some point on whether bitcoin is a currency!

DEMYSTIFYING BITCOIN

A BEGINNER'S GUIDE

By: Jennifer Hoopes,
Chief Legal Officer, Surus

There's a lot of talk nowadays about Bitcoin and other cryptocurrencies. But what is it really? Is it the same as the dollars in your wallet or bank account? Is it safe? How does it work? Let's demystify what it means when someone talks about Bitcoin.

Understanding Bitcoin: Digital Money
Bitcoin is a type of digital currency, also called cryptocurrency. Unlike traditional money, Bitcoin exists only in digital form. In some ways, it's not that much different from money in your bank account that you can view and access on a computer or via an app. You can't physically touch it, but it's still real. But Bitcoin isn't held or managed by a bank. Instead, it lives on computer networks that track ownership and transfers.

How Bitcoin Works: The Basics
Bitcoin exists on a public ledger called a "blockchain." The blockchain is where every Bitcoin transaction is recorded and each transaction is "verified" by other computers on the blockchain. Once something is written on the blockchain, it is very difficult to change or delete, which helps prevent fraud.

To own and use Bitcoin, you need a digital wallet designed to hold cryptocurrency. There are two main types of wallets, custodial and non-custodial. A custodial wallet is held by a third party (like Coinbase) that holds your Bitcoin for you and manages the technical details, including securing the Bitcoin. A non-custodial wallet is like having your own personal safe at home. You have complete control over your Bitcoin, but if you lose or forget your access codes there's no customer service to help and your Bitcoin could be lost forever.

Why Use Bitcoin?
People use Bitcoin for various reasons, a few of which are listed below:

- **It's completely independent from traditional banking**: As noted earlier, Bitcoin is not held or controlled by traditional banks. It can be sent directly from person to person (and recorded on the blockchain) in seconds, whereas transfers of regular currency (also called "fiat currency") generally must go through banks, which can sometimes take hours or even days.
- **Transparency**: All Bitcoin transactions are recorded on the public blockchain, making the system transparent and auditable.
- **24/7 availability**: Bitcoin networks operate around the clock, unlike traditional banking systems that may close on weekends or holidays.

Are There Risks to Holding and Using Bitcoin?
There are risks involved in buying, holding and selling Bitcoin:

- **Price volatility**: Bitcoin's value can change dramatically in short periods of time. It's not uncommon for Bitcoin to gain or lose 20% or more of its value in a single day.
- **No safety net**: If you use a non-custodial wallet, you could lose access and your Bitcoin could be gone forever.
- **Limited acceptance**: While growing, most businesses still don't accept Bitcoin as payment. You generally can't use it to buy groceries, pay rent, or handle most daily expenses.
- **Technical complexity**: Using Bitcoin safely requires understanding digital wallets, private keys and security practices. If you make a mistake you could lose all of your Bitcoin.
- **Scams and fraud**: People have lost their Bitcoin to fake investment opportunities, fraudulent exchanges and other scams.

Becoming Financially Literate in Bitcoin
Whether or not you're planning on buying Bitcoin, it's useful to understand how it works as we live in an increasingly digital world. And remember, Bitcoin is just one of many cryptocurrencies, each with its own unique characteristics and risks. The cryptocurrency space moves quickly and can be overwhelming, so take time to learn about it and never feel pressured to buy something you don't understand or don't really want.

This article is for educational purposes only and should not be considered financial advice. Always consult with qualified professionals before making investment decisions.

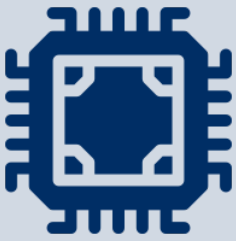
A BRIEF HISTORY OF DIGITAL CURRENCY

Article provided by Surus

You've probably heard of Bitcoin and stablecoins, but what exactly is digital currency and how did it come about? While most people assume digital currency is a recent invention, the truth is the concept has been around for a while.

What Is Digital Currency

While most of us have engaged in some digital transactions (such as interacting with our financial accounts via a bank or brokerage app, paying bills online, or sending and receiving money digitally), those transactions are all done with traditional (or "fiat") currency. If you went to the bank and withdrew your money, you would get a paper check, bills, or coins. Unlike fiat currency, though, true digital currencies have no physical form - there are no coins or bills that you can hold in your hand or put in your pocket. Digital currency exists only in electronic form and generally operates on a network of computers around the world.



Early Experiments in Digital Money

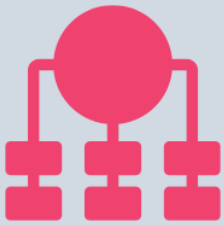
Well before Bitcoin became a household term, computer scientists and cryptographers in the '80s and '90s began thinking about how to create systems to send money electronically without involving banks or government oversight. One pioneer, David Chaum, proposed "electronic cash" that would be anonymous and secure. He launched DigiCash in 1994, but it ultimately failed. Other early attempts included systems like e-gold (1996), which backed digital currency with actual gold, and various projects by others who wanted to create money free from government control. These early experiments laid important groundwork for what was to come.

The Birth of Bitcoin

In 2008, Satoshi Nakamoto[1] published, *Bitcoin: A Peer-to-Peer Electronic Cash System*, outlining a new digital payment process and introducing Bitcoin. The paper solved a technical problem that had hindered previous efforts: how to prevent digital money from being copied and spent multiple times without a trusted intermediary to track the money. Nakamoto's solution was to create a public ledger, called a blockchain, on which all transactions would be verified by multiple users of the system, thereby removing the need for an intermediary to verify transactions.

The first Bitcoin transaction happened in January 2009, and the first real-world transaction occurred when programmer Laszlo Hanyecz paid 10,000 Bitcoins for two pizzas. At today's prices, it is likely the most expensive pizza purchase in history! While access was somewhat limited in the early years, eventually, cryptocurrency exchanges were established enabling anyone to buy and sell Bitcoin or exchange it for traditional currency

[1] Interestingly, no one knows who Satoshi Nakamoto is. The name is a pseudonym and the person has never revealed him or herself since the paper was published.



Follow-On Innovation

Bitcoin's success inspired other digital currencies and blockchains. In 2015, a new blockchain, Ethereum, launched and included the concept of "smart contracts." These smart contracts could automatically execute actions without human intervention. This moved the digital financial world beyond simple payments and opened up possibilities for many more decentralized finance applications. Other projects focused on specific use cases such as microtransactions, private transactions and stablecoins (digital currency designed to maintain stable values relative to traditional currencies).

Where Digital Currency Stands Today

Today, digital currency has moved well beyond Bitcoin's relatively simple beginnings. Major corporations are integrating digital currencies into their operations, and some countries have adopted Bitcoin as legal tender or are developing their own central bank digital currencies. In addition, the technology has matured, with improved security and user interfaces. Many countries, including the United States, are also establishing regulatory frameworks to support digital currency innovation.

Looking Forward

We don't know what the future will bring, but it seems pretty clear digital currency will be a part of it. Whether it will ever replace traditional fiat currency is unknown, but the impact that it has already had on financial services and financial innovation is undeniable.

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I'M INTERESTED IN INVESTING NOW WHAT?

By: Dan Spuller
Executive Vice President of Industry Affairs
Blockchain Association

For many, the world of digital assets can feel confusing. Whether you are a teenager curious about Bitcoin, a young adult considering your first purchase, or a retiree hearing about these technologies on the news, the first question often asked is: *I'm interested in investing — now what?*

The good news is that getting started does not need to be intimidating. With some basic knowledge and a cautious mindset, you can begin to explore this emerging asset class safely.

In the last two years, U.S. regulators have approved several **exchange-traded funds (ETFs) and securities products** tied to Bitcoin and Ethereum. Well-known firms such as **Fidelity, Grayscale and BlackRock** now offer Bitcoin ETFs, which can be purchased directly through traditional brokerage accounts — the same ones investors already use for stocks and bonds. This gives beginners a straightforward way to gain exposure to digital assets within a familiar setting.

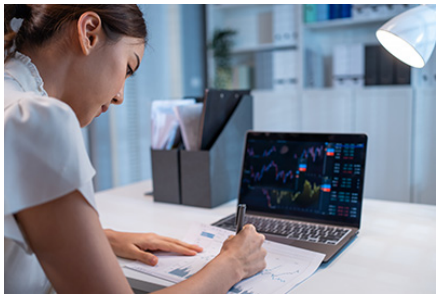
Another option is to use **established U.S.-based crypto exchanges** such as **Coinbase, Kraken, Robinhood or Gemini**. These platforms are designed for everyday investors, with apps that make it easy to buy, sell and store digital assets. When choosing a platform, compare fees (often 0.5–2% per trade), look at security protections and confirm compliance with U.S. regulations. Opening an account requires verifying your identity and linking a bank account.

For those ready to take a first step, here are some practical ways to begin:

Select a Trusted Platform: Use regulated exchanges like Coinbase, Kraken, Robinhood, or Gemini. Compare fees, security features such as hack insurance, and ease of use. In 2025, prioritize platforms that comply with U.S. rules to avoid scams.

Prioritize Security: Digital assets are vulnerable if not protected carefully. You can leave your coins on the exchange, but many investors choose to move assets offline to a hardware wallet such as Ledger or Trezor — like a digital vault. Always use two-factor authentication (2FA), strong unique passwords and never share your private keys; losing them means permanently losing access.

Research Before You Invest: Study projects by reading whitepapers, checking reputable forums and using trackers like CoinMarketCap. Beginners often start with Bitcoin or Ethereum. A helpful approach is **dollar-cost averaging (DCA)** — investing a fixed amount regularly, such as $50 each month, to smooth out price swings.



Plan for Taxes: In the U.S., gains from selling digital assets are taxed as **capital gains**, just like stocks. Keep careful records of purchases and sales, since the IRS requires reporting. Many exchanges provide transaction histories to help with filing, but investors are ultimately responsible.

The world of digital assets evolves quickly. New coins, platforms, and technologies appear every year. Before investing in something new, ask questions, read and understand the basics of what you are buying. Be wary of hype from social media or promises of guaranteed returns.

Here in North Carolina, this spirit of learning **is being built into state policy.** From 2019 to 2024, the **North Carolina Blockchain Initiative (NCBI)** — a nonpartisan task force I co-chaired — studied blockchain, virtual assets, smart contracts and digital tokens. Its recommendations highlighted blockchain's potential economic impact and positioned North Carolina as a leader in technological innovation. The key takeaway: Education and research are essential to navigating emerging technologies like digital assets.

Digital assets are now a visible part of today's financial landscape. For beginners, the key is to approach them with curiosity, patience and caution. Whether through regulated ETFs or trusted exchanges, access is easier than ever — but protecting yourself and continuing to learn are just as important.

Investing in digital assets should be one piece of a bigger financial picture. By starting slowly, staying informed and keeping your focus on long-term goals, you can explore this new frontier without being overwhelmed.

Only a couple of years ago, few North Carolinians were talking about bitcoin. Voters were focused on jobs, schools, healthcare, and taxes—the bread-and-butter issues that affect families every day. Those priorities remain at the forefront, but in recent years cryptocurrency has increasingly entered the conversation.

When crypto first emerged years ago, the idea sounded more like science fiction than finance. But what once looked like a niche hobby for Wall Street hotshots online has now proven to be a powerful tool with the potential to transform entire industries. From faster, cheaper payment processing for small businesses, to secure digital contracts that don't require mountains of paperwork or government red tape, to new investment opportunities open to working families saving for the future—not just the wealthy and well-connected—crypto's promise is undeniable.

This isn't a fad. The technology is here, the demand is real and the opportunities are enormous. Just as past leaders had to grapple with the arrival of the automobile or the internet, it's now time to meet the future of finance head-on so North Carolinians won't be left behind.

North Carolina's future depends on our state's willingness to explore innovative policy solutions — like crypto — that keep us competitive in a rapidly changing world. If North Carolina wants to stay competitive, we can't afford to sit on the sidelines.

The rest of the country certainly isn't. More than 50 million Americans already own some form of cryptocurrency, major companies take it as payment, and leading financial institutions are investing in it. Earlier this year, President Trump created a national strategic bitcoin reserve, cementing our nation's mission to become the crypto capital of the world as part of his America First strategy.

North Carolina is uniquely positioned to do our part. Charlotte is one of the world's banking capitals, our tech sector is booming, and — thanks to 14 years of conservative, pro-growth leadership from the Republican-led General Assembly — CNBC just named North Carolina the #1 state in America for business yet again. We have the foundation to capitalize on the opportunities before us better than anyone, bringing new jobs, investment and opportunities to our people.

That requires smart policy, not heavy-handed regulation that crushes innovation, nor a Wild West free-for-all where people get burned. We need a framework that encourages growth while giving the public confidence.

That's why, this year, Speaker Hall and other House Republicans introduced the NC Digital Assets Investments Act, authorizing the State Treasurer's office to invest in cryptocurrency under strong guidelines, ensuring that we explore the benefits responsibly. He is also pushing our state to create its own strategic crypto reserve, aligning with President Trump's vision and putting our state on the cutting edge of this new frontier alongside other forward-thinking states.

To make sure we get this right and seize other opportunities in the future, Speaker Hall formed the House Select Committee on Blockchain and Digital Assets. Its job is to examine how blockchain technology could streamline state government operations and to keep us in line with the new federal GENIUS Act.

One of the Speaker's priorities is to ensure North Carolina is strong and competitive. As crypto plays a larger role in daily life, he is committed to working with other state and federal leaders to ensure North Carolina meets that moment the same way we always have — with confidence and a determination to leave our state stronger for the next generation.

The future of finance is being written right now. Under President Trump's America First leadership, North Carolina has the chance to help write it. Speaker Hall and House Republicans intend to make sure we do.

EDITORIAL

THE RISE OF CRYPTO MINING IN N.C. AND WHAT IT MEANS FOR YOU

By: Cyndie Roberson
National Coalition Against Cryptomining

Cryptocurrency is confusing – that's why only 1-2% of Americans use it for transactions. And even fewer people understand where cryptocurrency comes from, but North Carolinians should pay close attention – it's raising energy rates, using up our natural resources, and targeting our rural communities. Let's break down how.

Where do cryptocurrencies come from?
Each year, a certain number of tokens are unlocked, and "miners" can win these tokens by essentially guessing the correct string of random numbers as fast as possible using millions of computers. To do so, they have to guess and throw out numbers at an unfathomable pace to beat their competition, which are other computers. Every 10 minutes, someone, somewhere around the world, wins the bitcoin lottery by guessing the correct string of numbers and it starts all over again.

But here's the problem – that requires an excessive amount of computing power. How much? Bitcoin mining today accounts for up to 2.3% of our entire country's annual energy consumption.

And that's where this becomes a major problem for North Carolinians.

Cryptomining is concerning for North Carolina

Cryptomining at-scale requires the development of large “mines” – essentially, massive warehouses that hold thousands of computers. As you can imagine, that doesn’t create a lot of long-term jobs for communities, and there is little benefit – but there are major downsides.

Because cryptomining requires large amounts of energy, it often targets rural communities, especially where there’s easy access to tap into the power grid. And the impacts on these communities include:

- Rate increases for everyday Americans. Cryptomining’s intense energy use is driving up electricity prices for everyone. By some estimates, cryptomining is costing ratepayers $1 billion more each year.
- Excessive water usage. Cryptomining’s annual water consumption is equivalent to the average water consumption of 300,000 U.S. households.
- Pervasive noise pollution. The massive servers that power cryptocurrency mining run nonstop. The sound can be heard from miles away and is incredibly disruptive and dangerous to neighboring communities.
- Rural communities in North Carolina, Appalachia and across the country are feeling the brunt of this impact.

This is not a partisan issue
Both Democrats and Republicans are standing against cryptomining – from New York, where the governor passed a moratorium on mining, to Granbury, Texas, where the local Republican Party is supporting residents in their fight against a crypto company.

A crypto mine in Murphy, N.C. Image: Mike Belleme/The Washington Post/Getty Images

Let’s, for example, take a closer look at Arkansas. Not even one year after passing pro-crypto legislation, the Arkansas state legislature began to regret the frenzy of new crypto mines, and some felt tricked. One legislator described the bill as being “disingenuously promoted to lawmakers.” Even the co-sponsor of the bill experienced buyer’s remorse, and it wasn’t long until the Republican legislature passed a flurry of new laws to repeal key components and Governor Huckabee Sanders quickly signed them into law.

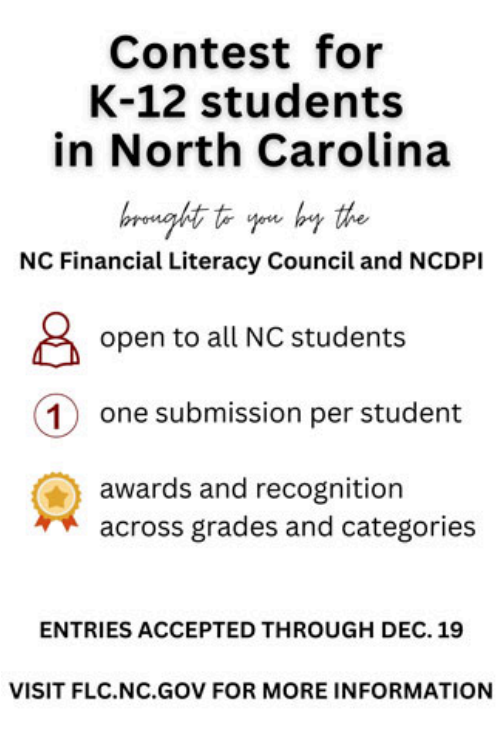
This is a bipartisan issue, and that’s why there’s a growing, grassroots campaign to raise awareness from the National Coalition Against Cryptomining, spanning more than a dozen states and quickly growing.

What’s happening right now in North Carolina
Today, it is estimated there are at least seven crypto mines across the state. We do not know for certain the exact number because there is no centralized body tracking their locations and they often call themselves "data centers." Cherokee County, on the far western tip of the state, has been severely impacted by an influx of crypto miners. Their story is a cautionary tale for other communities in North Carolina.

Out-of-state developers are trying to accelerate this number, but multiple Western North Carolina counties have proactively put in place ordinances which ban or greatly limit this industry in their communities. Most recently, the town of Hildebran, faced with a proposed mine by an out-of-state company, rallied together and defeated it.

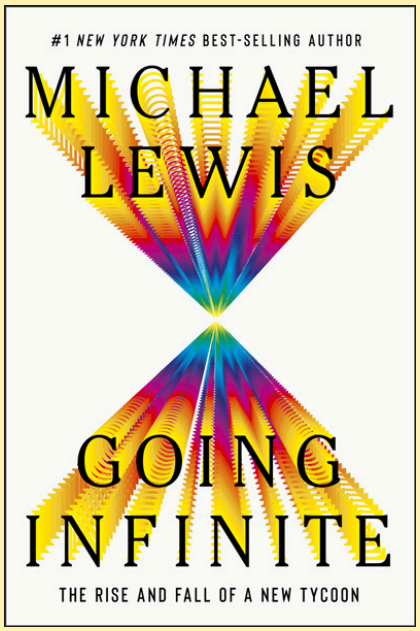
Additionally, there are five pro-crypto bills pending in the N.C. legislature. North Carolinians need to understand if bills pass that either legitimize cryptocurrency or

strip away local controls to regulate cryptomining, this will greatly increase the chance a crypto mine will open near you.



Recommended Reading: Going Infinite

This month, Brad is suggesting “Going Infinite: The Rise and fall of a New Tycoon” by Michael Lewis for your reading. As cryptocurrency becomes a topic many folks are embracing, the world of digital assets already has some fascinating stories to tell. This is a financial accounting about the wild ride of the youngest billionaire in the emerging crypto world. You can purchase it here: Going Infinite: The Rise and Fall of a New Tycoon or borrow it from a local library like here: North Carolina Digital Library



For Teens:

If your friend asked you to define and explain cryptocurrency, how would you answer?

- A. Cryptocurrency is digital money that runs on technology instead of banks, almost like a group chat for money. *Google Docs vs. Word* is a great example: a bank is like a *Word* document (only you or the bank can make changes). Crypto is like *Google Docs* (everyone can see the edits in real time, and the history is saved forever so nothing can be faked).
- B. Cryptocurrency is digital money that you buy online, and the government keeps track of. You download a specific software program on your computer, enter your crypto amount and let the government take care of it.
- C. Cryptocurrency is digital money that runs on website platforms instead of banks, almost like a blog. *Twitch* is a great example: You join all these streams (only you decide to join or leave). Then you send money to the streamer (which only the streamer keeps track of).

What is Bitcoin and when was it first introduced?

- A. A chocolate gold coin you collect, 2004
- B. Online money you buy only for the stock market, 2015
- C. A digital currency, 2008

For Adults/Seniors:

Who was the first artist to accept Bitcoin for purchasing his album?

- A. Snoop Dogg
- B. 50 Cent
- C. Drew Carey

Which factor or who determines the market price of Bitcoin?

- A. Creator of Bitcoin
- B. The supply and demand of Bitcoin
- C. The world's economy and stock market

What is a blockchain?

- A. A digital record-keeping system that stores information in a way that is transparent, immutable and resistant to tampering.
- B. A digital record-keeping system that only the creator of Bitcoin can tamper with and block off third parties.
- C. A distributed database that is distributed equally to everyone free of charge.

Sources:

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Bitcoin vs Cryptocurrency - GeeksforGeeks
33 Bitcoin Quiz Questions And Answers: Decentralised – We Love Quizzes
Blockchain Facts: What Is It, How It Works, and How It Can Be Used

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