



Know when to hold-em!
 Know when to fold-em!
 Know where to set stops!
 Know when to run!
 Never count your portfolio
 Until the sells are done..

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It is not popular or good for business as a newsletter to report negative news like today. However, I have always believed it is best to report the truth and facts as how they might affect markets.

Of course the big news today that we all have heard of is the SEC approving 11 spot bitcoin ETFs. In late October I suggested selling Bitcoin on the ETF approval or \$36,500 whatever comes first. I was wrong about the strength and bullish sentiment of these ETF approvals on Bitcoin. I was being quite cautious and was leery if Bitcoin could get by first resistance in the \$37,000 area. Bitcoin is at the next resistance around \$50,000. **With that and sell the news theory** that usually asserts itself I would be a seller today or certainly take a lot of profits. Please read on and I will explain why these ETFs are really not good for Bitcoin.



ETFs are used by the Banksters to profit from a particular market, get a share so to speak. **What 99% of crypto investors don't know is how ETFs work under the hood.** The bullish sentiment is from the belief that these ETFs will create more demand for Bitcoin. **Actually the opposite is true.**

The vast majority of ETFs hold very little or zero of the underlying assets. There are exceptions where the ETF is backed some physical or tradeable stocks or bonds etc., but this is probably less than 10%. The majority of ETFs hold US treasuries and swap agreements.

The treasuries are for liquidity to buy and sell ETF units to try and keep it's price close to the market it tracks.

The swap agreements are between Banksters. Bankster A agrees to send funds to Bankster B if Bitcoin rises and Bankster B agrees to send funds to Bankster A if Bitcoin falls. That is the explanation in simplest terms. Also the Banksters can create unlimited units in the ETF. If there is

high buying demand for the units, they simply create more units so the price does not rise. This is how they try to maintain the ETF price the actual Bitcoin price. And the opposite is true, the Bankster might have to buy the ETF units if there is heavy selling.

Once these ETFs are up trading for a while and the ones that gain significant asset value, we can dive into the filings and see what assets they actually hold. **And it is likely to be what I have described above.**

It is difficult to say how much investment flow will come into these new ETFs. Keep in mind that Bitcoin trades 24/7 while the ETFs will only trade 5 days a week during NASDAQ trading hours. Bitcoin is volatile and investors may hesitate buying the ETF because of big price swings over a weekend.

I will also point out that the majority are partnered with Coinbase, which is a big factor. Coinbase will act as the Custody Trust Company holding Bitcoin for many of the ETFs. Looking at [Coinbase financial statements](#), as of September 30, 2023, Coinbase held \$114 billion in customer crypto assets and \$248 million in Bitcoin at fair market value as it's own investment. Bitcoin was about \$27,000 at that time. Coinbase might buy more Bitcoin, but most likely all these ETFs will leverage the same Bitcoins at Coinbase. The fractional reserve banking system going on for decades.

The ETFs will be a great way for Coinbase to earn fees on their Bitcoin investment. Technically they would not have to buy more Bitcoin until the ETFs achieved a market cap over \$450 million approximate at today's Bitcoin prices. That is a lot of money and I doubt it happens out of the gate. In fact some of the ETFs may never gain much interest. There is quite a bit of competition.

Money flowing into these ETFs will in many cases be \$\$ diverted away from buying actual Bitcoin. This is what the Banksters do and soon to follow will be the 2 and 3 times leverage ETFs and the bearish Bitcoin ETFs.

There are [more than a dozen applications pending](#) with the SEC. I will update the list and with symbols as available:

- **iShares Bitcoin Trust (BlackRock)**
- **VanEck Bitcoin Trust (VanEck)**
- **Franklin Bitcoin ETF (Franklin Templeton)**
- **Fidelity Wise Origin Bitcoin Trust (Fidelity)**
- **Valkyrie Bitcoin Fund (Valkyrie)**
- **WisdomTree Bitcoin Fund (WisdomTree)**
- **Invesco Galaxy Bitcoin Fund (Invesco, Galaxy Digital)**
- **Bitwise Bitcoin ETF (Bitwise)**
- **Grayscale Bitcoin Trust (Grayscale)**
- **ARK 21Shares Bitcoin ETF (ARK Invest, 21Shares)**

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