



# Overstock CEO Patrick Byrne: 'My Commitment Isn't to Bitcoin, It Is to the Crypto Revolution'

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Overstock CEO Patrick Byrne discusses the vulnerabilities of our current financial system, and explains how "blockchain trading" could solve these flaws, at CATO Institute conference.

On November 6, Patrick Byrne gave a keynote at the [Cato Institute's 32nd Annual Monetary Conference](#), where he discussed Wall Street's organized crimes and explained how blockchain technology could solve our financial system's weaknesses.

In reference to an article written by Wired, entitled "[Meet Patrick Byrne: Bitcoin Messiah, CEO of Overstock, Scourge of Wall Street](#)," Byrne started by clearing the air:

"My commitment isn't to Bitcoin. It is to the crypto revolution, and to the crypto technology."

## Wall Street's organized crimes

In 2004–2005, before Overstock went public, Byrne witnessed criminal schemes and organized crimes that were occurring on Wall Street. He explained:

"As a public company CEO, you're out there in the mix. You're out there with hedge funds, prime brokers and regulators and such, and I quickly started to smell skunk. [...] I was asked to take part [in] criminal schemes. It wasn't too hard to figure out they were criminal schemes."

At the time, Byrne said, there was "a ring, a constellation of crooked hedge funds focused on Steven Cohen, and some network hedge funds close to him." According to Byrne, these people were involved in insider trading, using expert network systems, and additionally, had found ways to manipulate the market. He stated:

"The particular issue I was focusing on [...] was that organized crime was involved and anywhere you'd go, in a very small corner of Wall Street, you find people with organized crime connections."

Not only had these people found ways to manipulate the market, they were also creating a late and derivative risk, and nobody actually understood that they could crash the system, he added.

The US [Securities and Exchange Commission](#) (SEC), which is supposed to protect investors from depredations of these kinds of criminal activities, "was asleep at the switch, if not actually colluding with them."

## **Centralized institutions will eventually be captured by the industries they oversee**

According to Byrne, the greatest vulnerability of centralized institutions and regulators is that one day or another, they will be eventually captured by the industries they regulate.

The two centralized institutions that Byrne believes have been captured, and that are being undermined by cryptos, are central banking and central counterparty clearing (CCC). CCC is a process by which financial transactions in equities are cleared by a single counterparty. Qualified as "the back-office of Wall Street," the said counterparty is an enterprise called the [Depository Trust and Clearing Corporation](#) (DTCC).

Byrne continued his argument by explaining how investors didn't exactly have property rights over their stocks:

"All the stocks in America [are] owned by a company you've never heard of, and I mean literally. It's called [Cede and Company](#), and the DTCC has a contractual relationship with it, and your first ring of brokers has a contractual relationship with it, and so on. So you think you [have] property rights, but you have no property rights. If you read that fine print and your broker contract, all the property rights are held by one company and there's a chain of contractual rights separating you from them."

## **Blockchain trading**

The problem in Wall Street is that centralized settlements can be easily manipulated, argues Byrne. The executive truly believes that decentralization and blockchain technology could solve our current financial system's flaws:

"The solution would be blockchain trading. The virtues of blockchain would be its peer-to-peer settlement that can't be manipulated, front-running. It is egalitarian. It's consensus-based and stateless. So these deep problems with our current financial system would be taken care of, and it would be a peer-to-peer open ledger settlement system."

Byrne finally concludes by saying he is against centralized institutions because "they can be captured by the very same people they're supposed to go after."

Last month, Byrne introduced his blockchain-based stock market at the [Inside Bitcoins Conference](#) held in Las Vegas. Overstock plans to create a platform, code-named [Medici](#), in collaboration with Counterparty that will enable retailers to issue corporate stocks online and eventually host financial services on top of a global network.

The full keynote video recording can be found [here](#).