

New fund launched for bitcoin investors

September 26 2013



Software engineer Mike Caldwell shows the front (R) and back, hologram side, (L) of a physical Bitcoin he minted in his shop on April 26, 2013 in Sandy, Utah.

Bitcoin Thursday got a lift with the arrival of a new investment vehicle that lets wealthy and professional investors bet on the virtual currency.

SecondMarket, a New York-based investment platform that specializes in alternative ventures, Thursday began accepting investors in its Bitcoin Investment Trust, a [private investment](#) vehicle that will purchase the virtual currency, store it in a virtual safe of sorts and allot new shares of stock to shareholders as they buy in.

The fund kicked off with seed investment of \$2.25 million from SecondMarket, which specializes in alternative investments.

Mark Murphy, a SecondMarket spokesman, said the fund had heard from [financial professionals](#), technology figures, gold enthusiasts and others.

"There's really high interest," said Murphy, who said there is no goal as far as the size of the fund.

The fund's arrival comes as investors look for new ways to bet on the four-year old currency, increasingly used to make payments in online transactions.

There is an estimated \$1.5 billion in bitcoin on the market.

Partisans of bitcoin say it offers promise as a global and easily transacted currency outside the purview of central bankers.

SecondMarket designed the fund as a means for investors to bet on bitcoin without having to procure the currency themselves.

"We believe that bitcoin may have significant upside given the size and scope of the industries that are potentially impacted by bitcoin," said SecondMarket founder Barry Silbert in a statement.

"However, bitcoin also faces regulatory uncertainty and widespread adoption issues that make investing in bitcoin a highly risky endeavor."

As a private fund, the venture is open to accredited investors, those who meet specific criteria such as, for an individual, earning at least \$200,000 a year for the last two years.

The minimum [investment](#) in the fund is \$25,000.

The fund is regulated by the US Securities and Exchange Commission, but is not registered with the agency, Murphy said.

The fund's launch comes as some regulators have stepped up probes into use of the [virtual currency](#).

The New York Department of Financial Services in August sent subpoenas to leading [investors](#) in bitcoin and expressed concern that it could be used by drug traffickers and gun runners and threaten US national security.

The department said it was considering new regulations on the currency.

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