

# Cost of a single Bitcoin exceeds \$50,000 for first time

By **MATT OTT**  
Associated Press

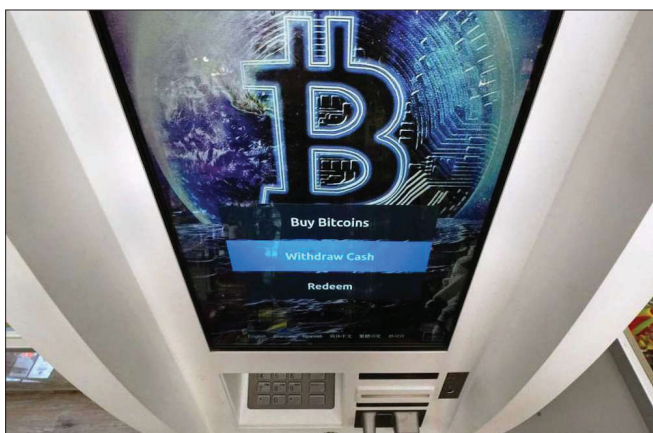
SILVER SPRING, Md. — The seemingly unstoppable rise of Bitcoin continued Tuesday, Feb. 16, with the cost of a single unit of the digital currency rising above \$50,000 for the first time.

The same Bitcoin just one year ago would have cost you \$10,000. The price is up almost 200% in the last three months alone. It rose sharply early Tuesday and while giving up some of those gains, continues to climb.

Bitcoin has rallied as more companies signal the volatile digital currency could eventually gain widespread acceptance as a means of payment. The vast majority of those who have acquired Bitcoin have treated it as a commodity, like gold, with few places accepting it in exchange for goods or services.

Companies have been leery because of Bitcoin's volatility and its use by parties who want to avoid the traditional banking system for a myriad of reasons. On Tuesday, the price crossed and recrossed the \$50,000 barrier at least a half dozen times.

On Feb. 8, however, the electric car company Tesla sent a tremor through the



Charles Krupa/Associated Press

The Bitcoin logo appears on the display screen of a crypto currency ATM at the Smoker's Choice store, Tuesday, Feb. 9, 2021, in Salem, New Hampshire. After a wild week in which Bitcoin soared to new heights, Bitcoin is crossing the \$50,000 mark.

digital currency markets, saying it was buying \$1.5 billion in Bitcoin as part of a new investment strategy, and that it would soon be accepting Bitcoin in exchange for its cars.

Then Blue Ridge Bank of Charlottesville, Virginia, said it would become the first commercial bank to provide access to Bitcoin at its branches. The regional bank said Feb. 10 that cardholders can purchase and redeem Bitcoin at 19 of its ATMs.

BNY Mellon, the oldest bank in the U.S., followed a day later, saying it would include digital currencies in the services it provides

to clients. Mastercard said it would start supporting "select crypto currencies" on its network.

While most expect a slow evolution toward widespread usage of bitcoins as currency, Richard Lyons, a finance professor at the University of California at Berkeley, said it's inevitable. Lyons predicted Bitcoin and other digital currencies "will become transactional currencies increasingly over the next five years. It's not going to happen overnight," he said.

Lee Reiners, who teaches fintech and cryptocurrency courses at Duke University School of

Law, said BNY Mellon's move makes sense because "there are now numerous high-net-worth individuals and investment funds embracing crypto as an asset class to be added to their portfolio."

But Reiners said he believes companies will remain hesitant to accept Bitcoin for payment because of its volatility.

"If you were a merchant, why would you accept payment in an asset that could be worth 20% less a day after you receive it?," Reiners said in an email.

Investors will have to grapple with that volatility as well. The price of Bitcoin has soared and dipped since its debut on the futures market in 2017. A year ago, Bitcoin sold for below \$10,000. Those fluctuations, analysts warn, could wreak havoc on a company's bottom line and deter investors.

Assuming Tesla bought Bitcoin at the volume weighted average price of \$34,445 in January, the company is sitting on a gain of about 38% with its investment. But in the regulatory announcement unveiling the investment, Tesla warned about the volatility of Bitcoin, its reliance on technology for use and lack of a cen-

tralized issuer, such as a government.

"While we intend to take all reasonable measures to secure any digital assets, if such threats are realized or the measures or controls we create or implement to secure our digital assets fail, it could result in a partial or total misappropriation or loss of our digital assets, and our financial condition and operating results may be harmed," Tesla said in the filing.

"Tesla is going to have to be very careful and comprehensive in accounting for its Bitcoin investment on its books," said Anthony Michael Sabino, a professor

of law, at St. John's University. "Like any other financial asset other than actual cash, it might fluctuate."

There appears to be some reluctance among traditional companies regarding Bitcoin, at least as an investment vehicle.

During a recent conference call with investors, General Motors CEO Mary Barra said her company had no plans to invest in Bitcoin, but would continue to "monitor and evaluate" potential use of digital currency.

"If there's strong customer demand for it in the future," Barra said, "there's nothing that precludes us from doing that."



## FRIENDS

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year," she said, adding government aid has helped. "We've definitely taken advantage of all the opportunities to get a little bit of help."

Still, Friends has managed to thrive amid the pandemic.

"It definitely affected us, but we had a pretty good year and we were able to open back up in May," she said of the first shutdown. "We had really great

numbers for a while so I imagine we would've had a really great year if we hadn't had to be shut down for a few months."

Gladden said she thinks her patrons' eagerness to get out of the house helps.

"After the second freeze we had in November, I think a lot of people are just tired of not being able to go out if they want," she said. "So now, when places are open, I feel like more people are ready to go out because you never know when it's going to get shut down again."



Bill Bradshaw/Wallowa County Chieftain

Friends Restaurant and Pub proprietor Bree Gladden, right, shares directions to Wallowa Lake with customer Brooke Hampton of California. Last week, the Enterprise City Council endorsed a liquor license for Friends, and Gladden hopes to start serving beer and wine in March.

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