

Rigged Cryptocurrency Markets? Say It Isn't So!

Source: [Giza Death Star](#)

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Most regular readers of this site know that I've been skeptical from the beginning about cryptocurrencies for a variety of reasons. It's not that there haven't been people who haven't made money from them. It's that I'm more or less opposed to financial capitalism that isn't involved in actual *production* of something by way of goods and/or services; speculating isn't investing, and it seems to this outside observer that there's been far too much speculating in the guise of "finance" and too little investing. Cryptocurrencies always struck me as being a variation on currency and securities speculation. Add to this the problem of cyber security in general, and the (to me) unpleasant fact that the Bank of England was thinking about crypto-currencies, and that pretty much did it for me: (1) finance capitalism, coupled to (2) speculation being done on (3) cyber-systems plus (4) a famous central bank considering "doing its own crypto" pushed my suspicion meter into the red zone.

And those, suffice it to say, were the reasons that when Mr. V.T. sent along the following article, I sat up and took notice:

[Meet The Finance Professor Exposing Rigged Markets One Academic Paper At A Time](#)

What caught my eye in this article was not so much the fact that Professor John Griffin has been quietly publishing

academic analyses of financial markets and their rigged nature (no surprise there), nor even the fact that he is being consulted and read by regulatory agencies. What caught my eye was rather the comments relating to my “cause for worrying number two” above: speculation. In case you missed it, here it is again:

Finance professor John Griffin, along with his doctoral student companion, Amin Shams, were the two academics that drew market-moving conclusions about bitcoin last year, while the digital currency was trading around \$20,000. After sifting through 2 terabytes of trading data, they alleged that bitcoin was being manipulated by someone using the cryptocurrency Tether to purchase it. Tether remains a relatively little-known crypto, which is pegged to one US dollar. Part of its appeal is that it can “stand in” for dollars when necessary, according to [Bloomberg](#). Griffin and Shams authored a paper in June, with the results of their findings ultimately catalyzing many digital assets to move lower, despite the fact that the CEO of Tether publicly denied that its currency was used to prop up bitcoin. (Emphasis in the original)

Ponder the implications of the first paragraph for a moment: one crypto-currency was being used to “prop up” another. Abstract that to general principles and you get the idea: one crypto could prop up another, which props up another, and on and on, either leading back to the origin in a computerized circle, or going on and on indefinitely with the creation of *new* crypto-currencies, all for the purposes of manipulation.

Professor Griffin, according to the article, alleges that “bitcoin was being manipulated by someone using Tether to purchase it.” The question is, who is that “someone”? In relationship to *that* question, ponder also the very next sentences: “Tether remains a relatively little-known crypto,

which is pegged to one US dollar. Part of its appeal is that it can 'stand in' for dollars when necessary, according to Bloomberg." Now add that "little" insight to the "abstraction to general principles" and one has a system whereby not only various crypto-currencies can be manipulated by *other* crypto-currencies, but if they in turn are pegged to the dollar, and more and more manipulation of crypto-currencies occurs with such pegged cryptos, then what one might be seeing is an attempt to secure the dollar's reserve status by moving part of that status into cryptos.

And that lends a little corroboration to a theory that's been out there, if you've been following the speculations about the origins of the idea of crypto-currencies being ultimately tied to the American intelligence community.

And, now that I think about it, it's also a good way fund that hidden system of finance, by harvesting wealth through crypto-manipulations.

So I'll make a prediction: I suspect that over time, we will hear more and more stories of these types of manipulation, and that slowly, over time, interconnected webs of such manipulation will emerge. (And yes, that was my high Octane Speculation of the day.)

See you on the slip side...