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## MARKETS

# Bitcoin-Focused Investment Firm Brings On Western Union, Lawrence Summers

Moves come as Digital Currency Group adds investors and advisers



Digital Currency Group, a bitcoin-focused firm, is adding investors and advisers, including Western Union and former Treasury Secretary Lawrence Summers. *PHOTO: AGENCE FRANCE-PRESSE/GETTY IMAGES*

By **PAUL VIGNA**

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Digital Currency Group, an investment firm focused on bitcoin and blockchain startups,

is adding investors and advisers, bringing on Western Union Co. and former Treasury Secretary Lawrence Summers.

The actions, which also include an expansion of the board of the six-month-old firm, aim to strengthen the investment company as it shifts its focus from the virtual currency bitcoin to its underlying technology, blockchain.

The amount raised in the round wasn't disclosed. In addition to money-transfer company Western Union, the firm's new investors include HCM International Co., an investment subsidiary of Foxconn Ltd.; Gibraltar Investments, the venture arm of Prudential Financial Inc.; and OMERS Ventures, the investment arm of the Ontario Municipal Employees Retirement System.

The firm had an earlier investment round, also for an undisclosed amount, that included MasterCard Inc., Bain Capital and New York Life Insurance Co.

Digital Currency Group also named two new board members: Glenn Hutchins, a co-founder of private-equity firm Silver Lake Partners, and Lawrence Lenihan, who founded FirstMark Capital and now runs a firm called Resonance. Along with founder Barry Silbert, the firm now has a three-person board.

Additionally, it added Mr. Summers and bitcoin developer Gavin Andresen as senior advisers.

For Western Union, the investment is a way for the company to "keep our eye on innovation," said David Thompson, Western Union's chief technology officer. The company has run a pilot program with the startup Ripple.

Western Union is investigating other possible uses of blockchain technology and is considering ways to invest, as well as integrate it into its own services.

Mr. Summers said he has been interested in bitcoin since 2014 and said he felt that Digital Currency's broad focus complemented his own views.

Rather than being a refuge for libertarians or gold enthusiasts, bitcoin will continue to develop into a technology that will improve financial infrastructure.

"I am someone who believes in the capacity of technology to take out friction," Mr. Summers said. The technology offers the potential to establish a trusted platform that will allow people to engage in exchange directly. "That's the high purpose of finance, to facilitate exchange rather than speculate."

Digital Currency Group was formed in October 2015 by Mr. Silbert, the former chief executive of trading platform SecondMarket. Mr. Silbert's new firm has invested in 70 bitcoin-related companies, including Boost VC, BitPay, Circle, Coinbase, and ItBit. The firm also has three operating units, including the media and events business CoinDesk, which it acquired in January, and Grayscale Investments, which operates the publicly traded Bitcoin Investment Trust.

The pace of investment in bitcoin recently has slowed. In 2015, venture-capital investing in bitcoin and blockchain startups totaled \$490 million, up from \$362 million the year before, according to figures from CoinDesk.

That growth rate of 35% compared with a near-quadrupling in 2014. In the fourth quarter of 2015, investments increased by 3% from the previous quarter.

That also reflects a broader slowdown. In the first quarter, U.S. venture investment in fintech startups fell 29% from the fourth quarter, according to Dow Jones VentureSource.

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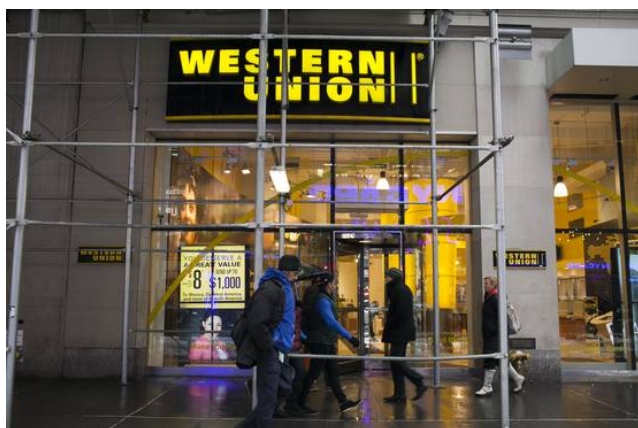
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