



Andreessen: Mt. Gox 'Had to Die' for Bitcoin to Thrive

By Jennifer Booton

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Marc Andreessen, the entrepreneur and investor who has recently backed Bitcoin startup Coinbase, says Mt. Gox “had to die” for Bitcoin to thrive.

The comments from Andreessen, whose firm Andreessen Horowitz led a \$25 million funding round for Bitcoin marketplace Coinbase late last year, says his commitment and encouragement regarding the digital currency remain unchanged.

“Every important new technology has birthing pains,” he said, adding that the role of Mt. Gox in early Bitcoin adoption “has been supplanted by better, stronger entities.”

Andreessen, who sits on the boards of both Facebook (FB) and eBay (EBAY), says Bitcoin protocol and transaction networks continue to run normally, signaling there is no “substantive technical issue.”

Mt. Gox, formally the premiere trading site for Bitcoin, halted all transactions on Tuesday in a bid to protect the website and its users after reports surfaced of a multi-year scheme conducted through the exchange that may have led to the theft of 6% of Bitcoins currently in circulation.

Withdrawals have been halted since Feb. 7 when other Mt. Gox vulnerabilities were first unveiled, and investors are now fearful they will not be able to get their money back.

“MtGox is gone,” said entrepreneur and Bitcoin holder Erik Voorhees Monday night on Reddit. “So let’s prepare ourselves.”

Bitcoin, popular for its anonymity and untraceable nature, is the most popular of several unregulated virtual currencies; however, one of its biggest criticisms is its extreme volatility as it remains hypersensitive to tech glitches and theft.

Several rival exchanges have since come out and defended the reliability of Bitcoin and the overall digital currency market, but the Mt. Gox woes and recent Bitcoin sell-off – the currency has lost about half of its value over the last three months – have critics once again calling for regulation.

“Mt. Gox does not equal Bitcoin,” Duke University professor Campbell Harvey said. “The collapse of Mt. Gox has shaken confidence in all cryptocurrencies but it does not mean the end of the road.”

If anything, he adds, Mt. Gox’s collapse might signal “the end of the ‘wild west’” of anonymous digital currencies.

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