FRMO Corporation Annual Meeting of Shareholders
Thursday, September 5, 2024

Thérèse Byars – Corporate Secretary

Welcome to the FRMO 2024 Annual Meeting of Shareholders. My name is Thérèse Byars and I'm the Corporate Secretary of the company. We're hosting our second hybrid annual meeting that is both in person and virtual. This combination allows us to reach a greater number of shareholders.

I'd like to take this opportunity to thank our colleague, Cherise Martin, for organizing the logistics of hosting the meeting at this venue. Before we begin, I'll call your attention to the location of the exits. There is an exit here, and the one through which you came. And, of course, in an emergency, do not take the elevator. Please take the stairs. If you need assistance, let us know.

Now, a bit of housekeeping. Please note that this meeting is being recorded; however, no one attending the meeting in person—or via the webcast, or by telephone—is permitted to use any audio recording device to record the meeting. There will be a replay available on the FRMO website until we post the summary transcript.

As is our custom, we will conduct the business portion of our meeting first, after which Mr. Stahl and Mr. Bregman will answer questions. Though we might not be able to answer all of them, we will do our best to provide a response to as many as possible, and we will try to address unanswered questions in the summary transcript. Only validated stockholders may ask questions today in the designated field on the web portal, and we have received several in advance.

The FRMO Annual and Quarterly Reports, as well as the 2024 Letter to Shareholders, can be viewed on our website at frmocorp.com. These items can also be viewed on the FRMO listing on the OTC Markets website by clicking the "Disclosure" tab.

It is now 2:38 p.m., and this meeting is officially called to order. It is my pleasure to introduce FRMO's eight directors, all of whom are candidates for reelection. They are Murray Stahl, Steven Bregman, Peter Doyle, Lawrence J. Goldstein, Jay P. Hirschson, Alice C. Brennan, Herbert M. Chain, and Dov Glickman. Also present at this meeting from our auditors, Baker Tilly US, LLP, is Patrick Warch. He will be available to respond to appropriate questions during the question-and-answer session after the formal meeting.

We now proceed to the report on the tabulation of the proxies for the two proposals. The Proxy Committee, appointed by the FRMO Board of Directors, is here this afternoon to represent those shareholders who gave their proxies to the committee. The Board of Directors fixed July 24, 2024 as the record date for determining stockholders entitled to vote at this meeting. An affidavit has been delivered attesting to the fact that the Notice of the Meeting, the Proxy Statement, and the Proxy Card were mailed on or about August 7, 2024.

The stockholder list shows that, as of the record date, there were 44,022,781 shares of common stock outstanding and entitled to vote at this meeting. The Inspectors of Election report that proxies were received from FRMO shareholders holding approximately 34,667,930 shares of common stock, or 78.7% of the voting power, on the record date. Therefore, this meeting is properly organized with a quorum present, and we may proceed.

There are two items of business at this meeting. The first is the election of the eight directors who were nominated in accordance with the company's governing documents. The second is the proposal to ratify the appointment of Baker Tilly US, LLP as the independent registered public accounting firm of the company for the fiscal year ending May 31, 2025. The Board recommends a vote "for" on both items.

It is now 2:41 p.m. on September 5, 2024, and the polls are still open. Any stockholder who hasn't yet voted or wishes to change their vote may do so by clicking on the "voting" button on the web portal and following the instructions there. If you have already submitted your proxy, you do not need to vote again unless you wish to change your vote. I'll wait a moment to give people a chance to vote.

Now that everyone has had the opportunity to vote online, I declare the polls for the 2024 FRMO Corp. Annual Meeting of Shareholders closed at 2:42 p.m. on September 5, 2024. Based on the preliminary report of the Inspectors of Election, all eight nominees have been duly elected to the Board, with all nominees receiving 99.9% of the votes cast and 78.7% of the shares outstanding.

The proposal to ratify the appointment of Baker Tilly US, LLP as the independent registered public accounting firm of the company for the fiscal year ending May 31, 2025 has been approved, with approximately 99.9% of the votes cast and 78.5% of the shares outstanding.

There being no further business to come before this meeting, the formal part of this FRMO Corp. 2024 Annual Meeting of Shareholders is now adjourned.

The next item on our agenda is the Chairman's Report to the Shareholders. Joining me here are Murray Stahl, Chairman and Chief Executive Officer, and Steven Bregman, President and Chief Financial Officer. Mr. Stahl will review key points related to the 2024 financial results. When he has finished his remarks, he and Mr. Bregman will answer questions. At that time, we will begin with the questions we received in advance of today's meeting. We will then alternate between questions entered on the web portal and questions from those attending the meeting in person. We will answer as many as time allows, but only those that are germane to the meeting will be addressed. As noted earlier, unanswered questions will be addressed in the summary transcript that will be posted on the company's website.

With that, I'll turn the meeting over to the Chairman of the Board, Mr. Murray Stahl.

Murray Stahl – Chairman & Chief Executive Officer

Thanks, everybody, for attending. I presume everybody's read the shareholder letter. Before I start, I thought I'd do three things. One, I'll give you some background to the shareholder letter, because the shareholder letter informs how we thought about the development of FRMO through the various years. Then, I'll say a few things about Horizon Kinetics, because you may be aware that Horizon Kinetics is now a publicly traded company, and therefore it's going to have a balance sheet impact on FRMO. So, I wouldn't mind saying some things about that. And, as time allows, and if you're not tired of hearing my voice by that time, I'll say some things about our good friend, the Texas Pacific Land Corporation (TPL). I know you'd like to hear about it.

To begin, it was always our goal to build—alongside the investment business—an operating company. In building an operating company, the normal approach is that one buys an operating business. From our point of view, there are a number of problems with that.

The first problem is, there are a lot of businesses that we just don't like. Second problem is, there are a lot of businesses we don't know if we like them or not; we just don't know very much about them. By the way, as an aside, that sometimes can be a problem, and sometimes is a benefit to Horizon, because you'll observe we don't run diversified portfolios. Basically, we try to invest in things that are germane to our circle of competence. Businesses that we don't know very much about, we generally tend to avoid. The few times we didn't, the investment results were not outstanding, to say the least, so lesson learned.

In any event, we reject a lot of things. Some things we knew a lot about, and we liked the business, but we didn't want to pay the price. That's another factor.

So finally, we chanced upon something that almost no one had ever undertaken at the time—cryptocurrency—and we decided to undertake it. Cryptocurrency was an entirely new field. Hardly anyone knew a lot about it, including us, but I felt it was within our circle of competence to learn about it. And more importantly, I liked that it seemed to lend itself to the incremental investing approach.

In deploying capital, I'm personally an aficionado of the incremental approach. In science, an example of the incremental approach is Barrow's theorem, the fundamental theorem in calculus. It's all about these little increments toward an objective. And I always thought that was a really fruitful approach, and science yielded a lot of interesting results. In engineering—when engineering pertains to business by developing products—many more times than not, the incremental approach of people who are amateurs would frequently outsmart the scientists and the experts.

For example, I am reading a book now, called *Visions of a Flying Machine*. It's about the Wright brothers as bicycle mechanics, and the things they were doing were, in certain ways, outside their circle of competence. It was outside of everyone's circle of competence: Nobody had ever built a flying machine—an airplane, in other words. But the skills required to do so were, oddly enough, within the circle of competence of a good bicycle mechanic.

Because no one knew about this, they decided to parse (in their terminology)—or invest incrementally (in our terminology)—various tasks in designing an airplane. There were other people who were devoted to flight, but the Wright brothers were scholars of the day. They were engineers of high repute and had a great list of accomplishments and credentials to their credit. And the Wright brothers basically had to invent certain areas of aerodynamics that never existed before.

For example, making a propeller was considered at the dawn of the 20th Century, to be settled science. Why was it settled science—or settled engineering, if you prefer? Because we had steamships for almost three quarters of a century, and steamships used propellers, so the engineers of the day thought they knew everything one needed to know about propellers. The Wright brothers realized a propeller, among many other parts of a plane, had to be designed separately, because there are problems encountered in flight that you would never encounter in the water. They only had that insight because they weren't relying on accumulated wisdom. Why? Because they didn't have the accumulated wisdom. That's the interesting thing.

So, we wanted to do the same with cryptocurrency. We started some cryptocurrency funds at Horizon. We started mining cryptocurrency, and I dare say we had some success with that. Then, through the incremental approach, we became interested in Litecoin. I allude to it in the shareholder letter, but now I'm going into a lot more detail.

I always thought Litecoin had the same monetary policy as Bitcoin. But why does it trade at such a big discount to Bitcoin? Logically, I thought at the time, it really shouldn't. And I discovered—this was circa five-ish years ago—like everyone else discovered, that you can do something in Litecoin that you can't do in Bitcoin. You can do something called merge mining, meaning you could mine two coins simultaneously with the same electric power. You can't do that with Bitcoin, but there are many coins you could actually mine simultaneously with Litecoin.

As circumstances developed, the majority of miners who do this chose to merge-mine Litecoin and something called Dogecoin. Dogecoin, for me, was a little bit problematic because, unlike Litecoin, it doesn't have a fixed monetary policy, meaning it doesn't have a fixed issuance or supply. So, it issues new coins at a certain rate, forever. Litecoin doesn't do that. Bitcoin doesn't either. So I wasn't really enamored of Dogecoin. But here's the irony, and this is one of the reasons I really like cryptocurrency so much. Cryptocurrency is designed, I think deliberately, in such a manner that: A) no one can game the system—you'll understand in a moment why that's true; and B) everything that can be known about it is known, because of its open-source protocol.

One of the factors that gives a cryptocurrency its value is what's called the network effect, meaning, how many people are willing to transact it, how many people are willing to mine it, that sort of thing. So, quite a few people said this is a pretty good deal. Why don't we mine Litecoin and Dogecoin simultaneously? It's no risk. Even if Dogecoins were worth nothing, I'll still have my Litecoin. This will be counterintuitive, but the mere act of mining Dogecoin some years ago had a tremendously negative effect on the price of Litecoin. Before I explain why that was the case, what's not counterintuitive is the network effect. Without going into the math of the network effect or Metcalfe's Law, more people are transacting in Dogecoin. It should be worth more, and it was worth more. Everybody understands that.

The trouble is, if Dogecoin's worth more, and you merge mine, the cost of mining Litecoin has now dropped. It's cheaper to mine Litecoin, because you're getting a subsidy from Dogecoin. Just like any commodity, if it were cheaper to mine gold, if it were cheaper to grow wheat, then that reduction in cost would ultimately be passed onto consumers in the gold and wheat pricing, respectively. That's exactly what happened to Litecoin. It was due to this enormous increase in the value of Dogecoin, which many people couldn't comprehend. If there's a big increase in Dogecoin, and the market is efficient, some people believed that there would be a further increase in Dogecoin, because there must be a good reason to own Dogecoin, transact in Dogecoin, and maybe mine Dogecoin. So, more people mined Dogecoin, which increased the network effect further, causing a feedback loop.

In any event, the cash profit of mining Litecoin is really extraordinary, and it's worth pursuing. I don't think Dogecoin's going to be worth anything like Litecoin will be in the future. In my opinion, what might happen is, Dogecoin will decline in value at some point in the indeterminate future. I can't tell when that occurs, but when that happens, ironically, it'll be less profitable to mine Litecoin. However, the Litecoin you've already mined will be worth a lot more and the Litecoin we are mining will be worth more. That's the paradox.

So, we have been inserting Litecoin merge-mining in the vehicles that we've created. We have one called Winland Holdings (WELX), of which we own as large percentage, and you can see their positions from the written documentation. We've been buying more of that.

And there's a company called Consensus Mining, of which we own less, but it's not public yet. Hopefully, in a few months, it'll be public and doing the same sort of thing as Winland, which is merge-mining Litecoin. If you look at the merge-mined cryptocurrencies holistically, they actually reduce your cost of mining. So, we ended up having, I think, a pretty good mining business.

The third leg we have in crypto is called HM Tech (formerly HashMaster). Its goal is not to mine. The goal is to repair machines (we've actually made a lot of progress there) and to host cryptocurrency miners (they host some of our mining servers). For us, it's sort of a backup, but we really needed the backup. And hosting and repair didn't lend itself to the kind of incremental investing that I like to do. Incidentally, I should have said before that, in cryptocurrency, incremental investing is more important than in many other fields, because the technology is new. It's constantly changing. You never know when the machines you have are going to become obsolete.

You don't want to invest too much money in any given generation of equipment. Generally speaking, your equipment declines in value—not because it's being depreciated, but because participants are looking forward to the invention of better equipment. There must be better equipment in the future, because there's something in cryptocurrency mining, usually Bitcoin and Litecoin, called a halving. Halving means that every four years, the number of coins you get as a reward for validating, or mining, a block is reduced by half. So, if it's reduced by half, you get half as many coins as you got before. Mathematically, it's the same as saying your cost in mining has doubled, because to get the same number of coins you got before, you must have twice as much equipment. So, that's one of the challenges.

HM Tech makes money nine months out of the year. In the summer, when the electricity rates go up, it actually loses money. Even though its revenue has grown, we haven't increased our profits, and the equipment we have is more or less fully depreciated. But I think that's a pretty good business.

The other day, I was thinking about HM Tech, and I had an idea that I think is really cool. I've been thinking about it for a week and a half, but haven't told anybody yet, because I'm not 100% sure. I have to think about it. If I think about it enough, and I can deal with all the potential negatives I've managed to find so far, I'll mention it to someone else. Maybe someone will find the negatives I haven't found. If not, I'm going to implement it, and we'll see what it does. But at the moment, the only person who knows about this idea is me. More on that later.

Anyway, we've made a lot of progress in crypto and we are very confident in our cryptocurrency holdings for the future for reasons I already elaborated on. It's programmed to rise in value, because it's structurally designed so that the cost of creating the cryptocurrency is bound to go up. Therefore, in the long run, the price should rise.

Now, I just said the price should rise, but I need to correct myself. I said it deliberately, and it's arithmetically true. However, I shouldn't express myself that way. I did it deliberately to illustrate a point. Had I been speaking properly, I should have said the dollar—or fiat currencies in general, of which the dollar is but one example—will decline relative to cryptocurrencies, such as Litecoin and Bitcoin, in the fullness of time. That's what I should have said.

The reason is, the issuance of cryptocurrency is fixed and the issuance of fiat currency is not fixed. The supply of goods and services in the economy is going to be whatever it's going to be. If the supply of fiat currency is rising faster than the supply of cryptocurrency, then fiat currency is going to lose value in relation to cryptocurrency.

On the various media platforms, instead of people saying Bitcoin is up X percent on a given day, they should simply say that the dollar has lost value against Bitcoin. More days than not, Bitcoin is up. The dollar is losing value, and since Bitcoin was created, the U.S. dollar has lost over 99.9% of its value in relation to Bitcoin. If people knew that, since 2009, when Bitcoin was created, the U.S. dollar—actually, every fiat currency—has lost 99.9% of its value in relation to Bitcoin, everyone would say, "My God, my dollar! I better buy this Bitcoin!" It's not expressed that way, but it should be, because it's true.

Steven Bregman – President & Chief Financial Officer

They'd like to hear Bloomberg radio quote Bitcoin, just after they quote euro and Japanese yen.

Murray Stahl – Chairman & Chief Executive Officer

Yes, like a currency.

Steven Bregman – President & Chief Financial Officer

Verily, because it is a currency.

Murray Stahl – Chairman & Chief Executive Officer

So that's what's happening there, and we're very close to the point where it's actually a real business. It's not something we can yet consolidate, but the day might come when we can. Then things get really interesting for everyone, because you'll be able to see the tangible results, which are hard to see now. Eventually, it'll be very visible, so little by little it wins the race.

Now, some words about Horizon Kinetics. In a certain sense, Horizon Kinetics had an evolution very similar to FRMO. We're a value-oriented investment company managing primarily for wealthy individuals, not so much for tax-exempt institutions. We avoided the debacle of the Internet bubble of the year 2000 and prior, and so we ended up getting a certain amount of assets under management, which then caused two problems. We probably had more problems, but I'm only talking about two. One was not a minor problem, but it wasn't a big problem. The other was a very big problem.

So, the less-important problem first. By 2007, value investing was very much in a modest bubble. You know that, because if you go to a library and get copies of value investing books written circa 2007, they will give you examples of the eternal principles and value being created in what were deemed to be high quality companies. One of those companies proved to not be such a great~~,~~ example of a business franchise that could be relied upon for the long-term future. For example, it is hard to believe now, because it's not that long after 2007, but newspapers were thought to be enduring franchises. I don't think anybody would make that assertion today.

Television stations were considered to have enduring franchise value. Value investors had an affinity for television and broadcast media, but the world has changed so much since 2007. They're just two of many examples you could find. The world of value investing changed. And I can think of such companies that I buy today at a slight discount to book value, whereas in 2007, they were trading at three times book value. They've done very, very well as companies, and it's the same business, so they were in a little bit of a bubble.

But the second problem was more profound. Why was it more profound? Because, in June 2007, the iPhone was introduced.

When the iPhone was introduced, no one thought about the implications, but it should have been immediately apparent that anybody who eventually wants a smartphone would be getting a smartphone—and all that follows from the smartphone, like mobile Internet, mobile advertising, and mobile entertainment. These also had a lot of implications attached to them. If you're a value investor, that is not good news, because technology, obviously, is now going to be the best-performing sector of the market.

So, if you aspire to outperform the S&P, you're going to have to overweight technology. But you can't overweight it by a little bit. And the reason is, if you were overweighted by a little bit, then your diversification of technology assets might be different from that of the S&P. You might pick an outstanding investment that outperforms the S&P, but it also has to outperform the technology segment of the S&P. Thus, overweighting slightly is not going to help you, because of the idiosyncratic risk in buying just a small selection of stocks. You must overweight by a lot to avoid individual security risk, because you couldn't know which technology company was going to develop a truly successful product.

But if you were going to seriously overweight technology, the irony would be that your strategy could never be compared to the S&P 500, because you're very different than the S&P 500. You would be compared to a technology portfolio. Your portfolio wouldn't be 100% technology; it would be less than 100% technology, even though it might have a lot of technology exposure. So, you wouldn't outperform the technology sector and you're not likely to gather the assets that you might think.

And history's proven that to be true, and that led to the triumph of indexation. We thought that process might take 10 or 12 years to play itself out. It turned out to be a pretty good estimate, because at the end of 2019, that process was actually in the course of playing itself out. Except that then came the coronavirus crisis, which led to more shopping at home—more, I guess you could say, dining at home, with food deliveries—more education at home, even medical services.

So, I would submit to you that the pandemic gave the technology world a new lease on life. It extended its outperformance life by three, possibly even four years, depending on how you look at it. Plus, you know what's happening with technology's recent rise, with high-performance computing and cloud computing, artificial intelligence, data centers, data storage, and all that.

Our investing was not concentrated in technology. Actually, we don't even have any technology. It's outside of our circle of competence. What we have are big holdings.

We have the Texas Pacific Land Corporation, about as far away from technology as you can possibly get. And the irony is that building a data center today would start at $2 billion. But consider the following: Statista informs us there are 5,400 data centers in the U.S. I'm picking a number that's easy to work with just for illustrative purposes, but let's say the technology companies aspire to grow at 20%. The data centers supporting artificial intelligence and cloud computing require a lot of data. If you're going to grow at a 20% rate, you will need 20% more data centers. Twenty percent of 5,400 is 1,080, and if you were to multiply 1,080 new centers by $2 billion—it actually should be $2 billion-plus—that's over $2.1 trillion.

The amount of money that it would take to accomplish the goal is outside the financial capacity of even the biggest and wealthiest technology companies. I invite you to read the Form 10-Qs of some of the biggest ones, and you'll see that the effort to expand the data centers has actually used up 100%—or in some cases more than 100%—of all the earnings. And it's not enough. So, that's the first problem.

There are two other problems. The amount of electric power required to run those centers is just extraordinary. And it's only increasing. And that's not the only problem.

A bigger problem is that the new NVIDIA chips—which are, believe it or not, 100 times more powerful than the prior iteration—consume 10 times the power, 10 times the electric current, and generate 10 times the heat. So, it's no longer feasible to cool the data centers with air conditioning. They need to be water-cooled. That involves certain engineering and architectural challenges, because water's very heavy. A multi-story data center with pipes that can hold the water would greatly increase the cost of the data center for it to withstand those kinds of pressures.

A modern data center is supposed to be one story. Modern data centers, believe it or not, might occupy 1,000 acres. The problem doesn't end there. When you get 1,000 acres and build a one-story data center, where do you get the electric power to run the facility without interfering with already-existing commerce? Where do you get all the water to cool the data center? One of the answers happens to be, ironically, western Texas. There's an effort—it hasn't happened yet, but I'm fairly confident it's going to happen—to build these data centers in western Texas on land where basically no one lives, so they won't disturb anyone. There's plenty of water, because companies are fracking for energy. Every time one barrel of water is pumped into the ground, five barrels of water comes out of the ground with the oil, and we're running out of places to dispose of the water.

We can't dispose of the water in such a manner that there's too much pressure, not volumetric, because you can get seismicity, which no one wants. Seismicity is the polite word for earthquakes. They're pretty small earthquakes, but they're earthquakes. This is in the process of happening, so ironically, the world of technology is about to be introduced to the world of energy. And I believe an entire re-rating of certain companies is about to be achieved when this happens. I don't see anything that would disturb that analysis, which brings us to our good friends, TPL. I'm happy to report to you, as a business, it's really doing great.

You wouldn't think I would be happy, because it wasn't that many months ago we were in litigation with each other. I said it last time, but now, I just want to reinforce it. You'd be amazed how cooperative, how cordial everything is, how we've batted around ideas, and I think everybody on the board deserves some credit. I think the leadership of the board deserves some credit, so I'm going to name two people: Rhys Best, our Chair, and Don Cook, our head of the Nominating and Corporate Governance Committee.

I've come to have a great respect for them, because you can look at a board—and you can look at the matrix of skills and experience that everybody brings to the board—and that's all well and good. But it's not good enough if the people don't feel at liberty to share whatever thoughts they have with everyone. You need an open environment for that. Only leadership can really provide that, and then, you need the other people to actually listen and consider other ideas. Most people don't have that skill set. Those two gentlemen do have that skill set, and I think everybody on the board has contributed, so I just wanted to mention them.

I think there are wonderful things happening at TPL. It's a great company, one of the great companies of all time, and I look forward to a really splendid outcome. Those are the non-financials.

Here's some financials: In many areas of west Texas, the price of natural gas is actually negative. There's no pipeline capacity to take away the gas. The gas has to be consumed locally, but there aren't very many local applications. The data centers will solve that problem, if indeed they come.

The first time that there's a data center deal announced, you will understand the economics, because it'll be publicly available. The economics are simply extraordinary in many, many ways. Because all you're doing, if you're a landowner, is leasing your land. And there's a water dimension, and there's a fossil fuel dimension to it, mostly natural gas. So, it's quite extraordinary what's happening, and those are the high points that I wanted to touch on, so I'm pretty optimistic about what's going on.

Now, I think the best thing to do is, Thérèse, if you could facilitate questions, we'll do our best to answer them.

Steven Bregman – President & Chief Financial Officer

How many Internet users are there in the western Texas areas like Reeves County? I know you say there's not a big population there, but there must be some.

Murray Stahl – Chairman & Chief Executive Officer

I don't remember the population of Reeves County. I remember we said Loving County. I remember the population is 60. I'm not sure if they all use the Internet. I'm assuming they all do. Maybe some don't.

Steven Bregman – President & Chief Financial Officer

How else do they get their charcuterie? They have to order it.

Murray Stahl – Chairman & Chief Executive Officer

I don't know. But now, data transfer speeds are so incredible that latency is no longer an issue. You could actually have a data center in the most remote region of the world, it could be providing your Netflix movie at 3 a.m. in the New York metropolitan area.

Steven Bregman – President & Chief Financial Officer

So, you could move a large population there and they could have access to everything they need?

Murray Stahl – Chairman & Chief Executive Officer

You could. I have a feeling that we're not going to move a large population there. I have a feeling that the data is going to come to people who require that data, whether or not they decide to move there. Although you may have a handful of people who may follow your advice. Anyway, let's hear some questions.

Questioner 1

After reviewing your article about mining economics from September 2022, I'm listening to management's discussion on Bitcoin Cash. I'm curious how management sees the recent halving of Bitcoin and Bitcoin Cash affecting the decision of miners to continue the hashrate towards Bitcoin versus Bitcoin Cash. Is it correct to assume that after this recent halving, ASIC miners, which were profitably mining Bitcoin, may now remain profitable if they are used to mine Bitcoin Cash instead, since it is less than 1/600 of Bitcoin's total hashrate?

Does this mean that more machines which were mining Bitcoin could remain profitable by switching to Bitcoin Cash? That's strengthening the network hashrate of Bitcoin Cash. Does an increase in hashrate for the Bitcoin Cash network indicate a potential substantial appreciation in price for Bitcoin Cash?

Murray Stahl – Chairman & Chief Executive Officer

Okay, excellent question. First, a little background before I answer. One of the issues with the Bitcoin halving and mining community is, we have—and I've explained this before—the incremental approach. And nobody agrees with it. In the mining community, there are no incrementalists. People raise incredible sums of money, and they buy lots of mining devices, or rigs, in the industry parlance. And they get access to the capital because they're going to buy those rigs. Except, the halving occurs shortly afterwards. The halving is going to greatly diminish the profitability. Many of the rigs that exist today are marginally profitable at best.

Now, if you spent huge sums of money for rigs that you should have known are going to be marginally profitable at best—, and they might not be profitable at all, that's a real problem How are you going to get the new capital to replace now-marginally profitable rigs? You can look this up while I'm talking about it. On btc.com, you'll see a chart called "difficulty," which I'll define for you shortly. It has not increased since the time of the Bitcoin halving. And the estimate for the next Bitcoin difficulty—which comes, I think, in five or six days, if memory serves—will be more or less equivalent to what it was on the day of the halving, at the approximate time of the halving. I don't believe the halving occurred on the very day that the difficulty was adjusted.

One of the vectors for Bitcoin price increases is having more miners. I haven't answered the question yet, but you won't understand the answer unless I give you this background. The more miners there are, the more Bitcoin is worth, because more people will be transacting Bitcoin. But also, more importantly, there's a fixed number of Bitcoin to be mined at any given block interval. The more people who are mining, the more they are going to share that block reward, so mining costs more per coin. You need more devices, yet it's the same coin issuance for you.

So, what is difficulty? Difficulty is a measure of that. How do they measure it? Bitcoin uses something called the SHA-256 secure hashing algorithm. That's what SHA stands for. What that means, in layperson's terms, is that you're looking for a number. You're trying to guess a number that's within the sequence of all the numbers between 1 and 2^{256}. All the numbers that exist on a line, meaning between the number 1 and the number 2^{256}, to put it in comprehensible terms, is more or less equal to the number of grains of sand on Earth.

Imagine you put a number on every grain of sand on Earth, and you're looking for one grain of sand, how hard that is. You want to make it secure, so you've got to find this number. People think that the security of the Bitcoin system is a password, and you will have quantum computers working really fast to find the password, because that's how modern computer systems are hacked. You're trying to guess the password, and you keep logging in, and eventually, you'll find a password. But think how long it's going to take if it's a 2^{256} number of possibilities.

So now, we've got really powerful computers. Let's say within the 10-minute block interval, even though it's such a big number, we can guess. Therefore, we have this thing called difficulty. Difficulty is just the coefficient. We multiply the number of possibilities—or permutations, if you like—by this coefficient. Right now, the coefficient is roughly 88 trillion. So, you've got to guess a number between 1 and 2^{256}. It's a tremendous number. Then, we're going to take those number possibilities and multiply them in order to extend the number line by 88 trillion. The number of possibilities is increased by that much. And the biggest number you could find is 2^{256} times 88 trillion. That would give you the total number of possibilities.

If you even had a quantum computer, which we don't have yet, what's going to happen is, the difficulty is going to increase. Maybe the difficulty is going to be 100 trillion or 500 trillion or quadrillions or quintillions or whatever. They're never going to get to the number, because the algorithm doesn't allow for it. That's what you need to understand to answer the question.

Bitcoin Cash was designed because Bitcoin has a limited block size. That means Bitcoin can only have a limited number of transactions. If you like the Bitcoin algorithm, and you also like Bitcoin, there is a scenario in which Bitcoin might be worth a lot of money, but it doesn't transact all that frequently. One, because people might actually just hang onto the Bitcoin. And, relatedly, two, it may be that we can't undertake the number of transactions that we want, because the block size doesn't accommodate that number of transactions.

Somebody got the idea to fork Bitcoin. What does a fork mean? A fork is like a spin-off. Take the Bitcoin protocol. I'm going to change it in only one way, in such a manner that we're going to make the block size bigger so that we can do more transactions. The logic of owning Bitcoin Cash is that it's all the same property. Think about if you ever got to the point in history where Bitcoin was sort of like Van Gogh's "Starry Night"—or, in rare book terms, the Gutenberg Bible, it trades every so often, but it really doesn't trade. Somebody who is very farsighted said we may need an alternative. And that's the origin.

If that came to pass—and I personally believe one day it will—it's going to have a much higher value than it currently has. That's the logic of it. However, let's say it never comes to pass and Bitcoin Cash was destined to be a market capitalization that was, let's say, only 1% of Bitcoin. Well, if it's destined to be 1% of Bitcoin, it's never going to get higher than that, meaning my investment thesis is not going to happen. And I can see a circumstance where it wouldn't happen, because Bitcoin is evenly divisible into satoshis. So, you'd never run out of supply.

You still might run out of block size, though. It's possible, but we don't know. Bitcoin can rise in value, but if we get to this point of stasis, Bitcoin Cash is going to be 1% of Bitcoin. If Bitcoin doubles, Bitcoin Cash is going to double. At some point, they'll reach stasis. Whatever return that Bitcoin generates, the return of Bitcoin Cash will be the same. It's just not going to be as valuable.

It's the same way as having a painting by Van Gogh. Or, you could have a painting by yours truly. I don't paint, actually. But, hypothetically, let's say my painting might be worth one millionth of a percent of Van Gogh's. If the art market is rising by 10%, however little my painting is worth, it might also rise in value by 10% in some inflationary period. That's the logic. Eventually, it's going to happen. I think that's an appropriate answer.

All right, let's take one from the live audience. I see one over here. What is your question?

Questioner 2

It's on cryptocurrency, kind of similar to the question before. A bigger-picture question, and it goes back to similar discussions that took place in 2018 to 2019, the initial years of your investments in the cryptocurrency space. At that time, the expectation was that the use case for cryptocurrencies one day might be a low-cost transactional currency or partially a store of value. In the meantime, also, a speculation of some kind. My question is: How has your thinking evolved into the main use case or killer app for this technology? And is it the same as it was before? Given the concentration of capital and talent in this space, why have we not seen it yet?

Murray Stahl – Chairman & Chief Executive Officer

Okay, so the question in summary is, how has my thinking evolved since 2018 or so? And why haven't we yet seen the evolution of one or more use cases of Bitcoin for a killer application, given the number of people who have entered the cryptocurrency space, and how capital has entered the cryptocurrency space?

There are a lot of reasons for that. First, even though Bitcoin is much easier to use than it's ever been, we don't really have an application where you could use it when you could use fiat money. That's not because of lack of talent or clever inventions. It's that the sellers of goods and services, for the most part (there are some exceptions), don't want to accept Bitcoin. And they're right not to accept it.

The reason they're right to not accept Bitcoin is because they don't yet understand how to control the volatility. Let's say I want to buy a car for $40,000 with Bitcoin. The merchant who is selling me the car has to contend with the inherent volatility. In a brief period that we might be negotiating the price of the car, Bitcoin might have moved. We're not at the point where we can control that yet. In theory, it can be controlled in the futures market, and eventually, there'll be an application, but there isn't yet.

So, for the people who want to transact in Bitcoin for ordinary commerce, we're going to have to use the futures market. But people are not even skilled at using the futures market in commodities. You can see why it's not happening yet. However, consider securities exchanges. The exchanges are all working on plans to bring the futures market to the retail world. It hasn't happened yet, but every exchange that I'm aware of is working on that project. Maybe at some point they will connect with cryptocurrency. It'll happen then. I don't think it would be long, but it's not happening today.

Questioner 3

This question continues the theme of Bitcoin Cash. Why does management think Bitcoin's hashrate is steadily increasing, while Bitcoin Cash's hashrate seems to fluctuate much more wildly? Is this due to economic decisions of miners toggling machines between Bitcoin Cash and Bitcoin, depending on profitability? Or could it be due to older machines becoming profitable for Bitcoin Cash once they are no longer suitable for Bitcoin?

Murray Stahl – Chairman & Chief Executive Officer

Yes, the former is true. Basically, there are people who toggle the entire day between Bitcoin and Bitcoin Cash. Personally, I've never done that. If I want to mine Bitcoin Cash, I mine Bitcoin Cash. If I want to mine Bitcoin, I mine Bitcoin. The idea, in my case, is to accumulate. But that's not necessary for a goal for the majority of investors. They're constantly toggling, and Bitcoin Cash has a hashrate that's a tiny fraction of Bitcoin's, so a small number of people toggling is going to have a very big impact.

I explained the concept of difficulty. Difficulty basically is a derivative of the hashrate. With more hashrate, you're going to solve a block in less than 10 minutes, and the protocol will not allow a block to be solved in less than 10 minutes. The difficulty gets increased automatically by the device itself. Expect the Bitcoin Cash difficulty to rise over time. And Bitcoin Cash difficulty rises irrespective of what happens with Bitcoin. I think, in the long run, the difficulty of Bitcoin Cash is going to rise.

Questioner 4

You talk about the growth of data centers. I presume you're assuming that data centers are growing in numbers. If that's the case, and clearly, you're posturing that TPL's location is ideal for such development, has any data center been proposed for TPL's property?

Murray Stahl – Chairman & Chief Executive Officer

To the best of my knowledge, no. I'll repeat the question. I'm postulating that data centers are coming to west Texas. That's the first part of the question—how do I know that? And the second part of the question is: Has any data center been proposed, to my knowledge, for TPL specifically?

No data center, to the best of my knowledge, has been proposed for TPL specifically. The only thing that I can tell you, because it's a matter of public record, is that there's a letter of intent at LandBridge, a company that's like TPL, to have a data center. We don't know if that letter of intent will turn into a data center, but it is a letter of intent, and that's in the public domain. So, we'll see. Somebody has to be first, and it may well be LandBridge, but maybe they won't be.

Questioner 4 (cont'd)

And there was a monetary deposit?

Murray Stahl – Chairman & Chief Executive Officer

There is a monetary deposit, as I recall. This is from memory, so I hope I'm right. I think the monetary deposit is $8 million. I may be wrong about that, but I think it's $8 million.

Questioner 4 (cont'd)

Has the board incentivized management to look for data centers?

Murray Stahl – Chairman & Chief Executive Officer

I would say the answer to that question is decidedly yes, and I'll tell you why, because this is a matter of public record as well. The revenue for one data center, not counting water or supplementary easements, is going to be something like $40 million. Imagine making land available, which is going to be range land, and letting an entity, a corporation, build a data center on the property. There'll be appropriate inflation escalators. We have $40 million in revenue for no expense that I can see, not counting whatever water might be sold to them. I would say that's quite an incentive if you're compensated on earnings—I can't think of a better incentive than that.

Questioner 5

Going back to Bitcoin Cash, how does management view the importance of mining pools and the ability to set block templates in the future, given the scarcity of block space for transactions over the Bitcoin network? Is management familiar with a private mining company called Barefoot Mining? Their CEO, a former executive for Gateway computers, seems to believe block space and controlling block templates will be of significant importance over the next four years. Block space becomes scarcer with greater transaction volume, therefore making fees much higher than they were previously and a more significant portion of miner revenue as compared to the block reward.

Murray Stahl – Chairman & Chief Executive Officer

To begin with, I'm not familiar with Barefoot. I will say I do agree with the thesis that it's quite reasonable to conclude that block space, especially on the Bitcoin network, might become rare. It doesn't necessarily follow that block space is going to be used in Bitcoin Cash. It might go somewhere else. For example, it might go to Litecoin. The Litecoin protocol is really similar, with the exception of some flourishes, to Bitcoin. It might go there.

Here is some empirical evidence to suggest a possibility that no one's considered. Believe it or not, if you look this up, you will see that the daily trading volume of Litecoin—expressed in dollars, not coins—is getting to be very close to the daily trading volume of Ethereum, which is the second-largest cryptocurrency. You wouldn't expect it. Basically, 40% of the market capitalization of Litecoin is exchanged—or, as they say, sent—in a 24-hour period. That's a lot. The reason it might go that way is because Litecoin has a 2.5-minute block interval.

So, for somebody who wants to transact and get validation or notification that the transaction is happening, it's possible they might prefer Litecoin to Bitcoin or Bitcoin Cash. We just don't know yet. It's like using your Visa card. You give your card to someone who charges a meal on it. You don't know that Visa's been notified. They probably have been notified, but you're not looking at your Visa bill. You're not looking for verification. Some people don't even ask for a receipt, because they're very confident it's going to be validated. Some people, for trading purposes, might need verification within a 2.5-minute interval, so it might be Litecoin, not Bitcoin Cash or Bitcoin. But I do agree with the basic thesis that if it's successful, there will be some block scarcity.

Questioner 6

Two interconnected questions. What percentage of TPL's land ownership is contiguous and not checkerboard? And if it is checkerboard, will it still be desirable for data centers?

Murray Stahl – Chairman & Chief Executive Officer

Most of it is checkerboarded. I don't remember the number of acres, but it's in the documentation. You can look it up. Texas Pacific has a fairly extensive joint venture with LandBridge. So, you put TPL land together with LandBridge land, which is what we've done in the joint venture.

Therefore, it logically follows that entities that own land can enter joint ventures without actually exchanging property. You don't have to have a property transaction. All you need to do is agree to collaborate. Property owners collaborate all the time, so I don't see any difficulty, really.

Questioner 7

Why is mining equipment being added so much more rapidly at Consensus Mining than at FRMO?

Murray Stahl – Chairman & Chief Executive Officer

The answer is, the premise is not exactly true. What's happening is, Consensus Mining just adds mining for its own account. FRMO buys very few mining rigs for its own account, but it does buy a lot of mining rigs to swap with Winland in exchange for Winland shares. It's just that you don't see it. The bulk of our mining effort in FRMO is concentrated inside Winland. And the reason it's concentrated in Winland is, we want the market to put a value on the FRMO mining effort.

The reason that's so important—all you need to do, and you can do this right now—is compare the price of Winland to the price of the typical mining company. We have, I would say, a radically different approach—an incrementalist approach—to mining. And the market is now judging which one is more successful: The, I think, dozen publicly traded mining companies, or the Winland approach. The dozen publicly traded mining companies all have the mass investing approach. We have the incremental approach. I think the market has judged us well, and we're going to continue with our policy, but we're actually making some fairly substantial efforts in mining. You just don't see it on our balance sheet, even though there's a little bit on our balance sheet.

Questioner 8

What are the consequences to FRMO after HK went public?

Murray Stahl – Chairman & Chief Executive Officer

The only real consequence to FRMO is, we're going to have to mark our Horizon Kinetics holdings to market, and you'll see that at the quarter just ended. So, for the August 31st quarter, we're going to have the mark-to-market, because we already know what Horizon Kinetics traded at. We sort of know what the value is, so you should expect that the value of Horizon Kinetics that we carry is going to be higher than it was previously, because now we're going to carry it at market value. That's the main consequence.

Questioner 9

Going back to Texas Pacific and LandBridge, it is now increasingly apparent—both with TPL and LandBridge—that a water business can be a highly accretive value to landowners in the oil and gas-rich areas. Do you see the same opportunities to develop a water business for PrairieSky as we see materializing with TPL and LandBridge? Or is the Permian Basin somehow different from the land of PrairieSky? If you do think that PrairieSky has the same opportunity to develop a water business, why do you think they have not disclosed any intention to do so yet?

Murray Stahl – Chairman & Chief Executive Officer

The answer to the question is, even though we have investments in PrairieSky, and we like the company very much—both as management and as an investment—it owns royalty acres. Royalty acres are not the same as owning land. Texas Pacific and LandBridge own land, and that ownership includes water rights.

Regarding water, PrairieSky is in Canada and there's no law of capture there. You can't take the water and do whatever you want with it in Canada. PrairieSky is a fee simple *mineral title* landowner; not a fee simple landowner. That means they have the right to any minerals that come out of there, including lithium, but they don't own the land; they have a fee simple mineral title. That's different from a royalty interest, because they don't have a land title. They have 9-point-something million acres, whatever it is, of fee simple *mineral title*; not fee simple that allows owners to do whatever they want with the land. They have rights to any minerals that are down there. They own a couple of acres here and there but, for the most part, they're not a fee simple landholder; they're a fee simple *mineral title* landowner.

Let me explain the difference. If you have a fee simple royalty interest it means you get a piece of whatever mineral is down there. If it's lithium, you'd get like 2% or 3%, whatever the agreement is. If you have a fee simple *mineral* title and they extract lithium out of there, then you don't share it with a whole bunch of people; you're sharing it with the guy who has the working interest. You don't own land; you own the title to the minerals that are underneath the land, but you don't own the surface. Again, Prairie Sky is a fee simple mineral title landowner; it's not a fee simple landowner.

A royalty means you don't own the mineral; you own a royalty on it. TPL owns a royalty on, for example, natural gas or oil that is extracted on its land, which means that if they sell $100 worth of natural gas, they're entitled to 2% or 3% of whatever the mineral is. A fee simple mineral title holder has title to all the minerals beneath the surface. That holder won't extract them, but they make a deal with somebody that says, "Okay, if you take the minerals out of there, we'll split the revenue such-and-such a way." A royalty interest gives you a fixed percentage of whatever comes out of the ground. A fee simple mineral title landowner has to make a deal with someone and it's indeterminate. In other words, you're the person who would negotiate with the operator on how you'll split the revenue from the extracted minerals. If you have a royalty interest, you don't discuss it with anyone; you don't negotiate with anyone; you just get 3% or whatever the number is that you negotiated.

If you're a fee simple mineral title landowner, you own all the minerals coming from that land, but you don't own the land. You do not own the water. It has nothing to do with water.

Another difference that Texas has—in the world of water, and probably unique in the world—is what's called the law of capture, meaning you can do whatever you want, within reason, to the water that runs through your property. Everywhere else in the world, you can't do that. And remember that the El Capitan Reef, this huge underground river basin, runs underneath the Delaware Basin, so it's a unique geological structure as well.

If you look at the other hydrocarbon basins in the U.S.—such as Eagle Ford, Haynesville, Niobrara, et cetera—you'll find that the limiting factor is water. You can't get the water. If you don't have the water, you can't do the fracking. And if you don't have the water, you can't do the data centers. You would think that California would be ideal because it's the American center of technology, so why wouldn't we build a lot of data centers there? In fact, there *are* a lot of data centers there. The modern data centers, however, will need water, and what is California short of? Water. So, obviously, there's a limit to how many data centers can be built in the state of California. Data centers have to go where the water is, fortunately or unfortunately, depending upon your point of view.

There are laws and regulations about how water can be used. Let's say you're in Ohio and you want to build a data center. Since you already own the land for the data center, you might say, "I'm going to pump out all the water from here." You might have a piece of land that covers a whole bunch of water, but it also runs under other people's land. If you pump the water out, you're not only pumping the water out of your property, you're also causing everyone else's water table to go down. You're depleting the aquifer.

Texas has law of capture. You can pump out as much as you want of the water that's on your property. Normally, however, you have a self-interest not to do that. Why do you have a self-interest not to do it? Because other people can do it to you.

If you start pumping the water out and they start pumping the water, then you could end up in a situation like in the old John Wayne movies where the sheep ranchers, the cattle ranchers, and the farmers who want to grow corn or another crop, kill each other because they didn't find a way to share the water or use it responsibly.

Some people want the water for their cattle to drink. If someone's pumping the water out from miles away to irrigate their crops, there'll be no waterhole and the cattle will die. That could inspire the cattle owner to kill the one growing crops.

Most places in the United States must abide by a federal law called the Waters of the United States. The federal government has a lot of authority on what you can do with the water on your property. For example, in most parts of the U.S., if you put a barrel next to your house to catch the rainwater, the government can throw you in jail for it. They actually do that.

Why would they make a law like that? It's because, in theory, though one barrel obviously would not make a meaningful difference, what if you had 100 barrels? What if you had 1,000 barrels? In that case, the water is being captured. Let's say you live on a hill and the water is not coming downhill to fill a lake, because you capture all the water.

Let's say ultimately, all this water runs into the Colorado River. Theoretically, if the Colorado River were to run dry, the Hoover Dam wouldn't be able to operate. To prevent a situation like that, they passed this act called the Waters of the United States, which you can look up.[1] It determines what you can and cannot do with water.

Texas is an exception because it was once part of Mexico. When Texas came into the union, it was on the condition that the existing Mexican laws would apply to Texas. If you explore the Environmental Protection Agency website, you'll see the aforementioned rule, called the Waters of the United States, which resulted from the 1972 amendment to the Clean Water Act that established federal jurisdiction over navigable waters. They revised it in 2023, so it's called the Revised Definition of Waters of the United States. There are Supreme Court cases that go back a very long way in defining what you can do with your water. But there are certain places in the United States where it doesn't apply for a variety of reasons. For example, it doesn't apply in Texas or on Native American reservations.

Theoretically, when the U.S. made treaties with the local tribes over 100—or maybe even 150—years ago, the tribes were supposed to be treated like separate countries; they were not even U.S. citizens. Prior to 1832 there was a treaty signed with the Seminole tribe, but Andrew Jackson decided not to honor it. The tribe went to the Supreme Court to argue their case, but the ruling was that they had no standing in front of the Supreme Court because they were not American citizens. You can't sue the president. That happened to the Cherokees, too.

Several Supreme Court decisions have addressed the definition of the Waters of the United States, including the 1985 *United States v. Riverside Bayview.* "In a unanimous opinion, the Court reversed the Sixth Circuit Court of Appeals and held that court had erred when it imposed a limitation requiring inundation or 'frequent flooding' of wetlands by the adjacent body of water for the wetlands to be jurisdictional when such a limitation was required by neither the regulation nor the Clean Water Act. The Supreme Court then deferred to the Corps' judgment that adjacent wetlands 'that form the border of or are in reasonable proximity to' other 'waters of the United States' are 'inseparably bound up with the waters of the United States,' thus concluding that 'adjacent wetlands' may be defined as waters under the Act."[2] [3] They stretched the jurisdiction.

Questioner 10

Please explain the ownership governance purpose and activities of the BIS, and particularly as it relates to gold and gold swaps.

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[1] https://www.epa.gov/wotus
[2] https://www.federalregister.gov/documents/2023/01/18/2022-28595/revised-definition-of-waters-of-the-united-states
[3] Department of the Army, Corps of Engineers ("Corps")

Murray Stahl – Chairman & Chief Executive Officer

For a second, I thought BIS was a ticker symbol, but it's not a stock. BIS refers to the Bank for International Settlements. Let me explain what that is. The BIS was a central bank for central banks that was created in the aftermath of the First World War. The original purpose was to be a clearinghouse for the reparation payments of the various post-World War I treaties, like the Treaty of Versailles or the Treaty of Locarno or the Treaty of Sèvres or the Treaty of Trianon. The idea was that it would be a clearing bank.

Let's say the German Reichstag would owe money to various allied and associated powers. That money would be paid to the Bank for International Settlements, which would divide the money up and send it to the central banks as appropriate. Of course, the post-World War I treaties were ultimately abrogated unilaterally, and there were no clearing arrangements to be had. So you would think, what is the purpose of the BIS? It wouldn't exist anymore. But it never abolished itself. The interesting thing about governmental structures and bureaucracy is that once laws or agencies are created, they're extraordinarily difficult to uncreate.

So, the BIS is now a central bank of central banks. It has a goodly amount of capital and it trades for its own account. To show you how permanent the structure is, during the Second World War, the U.S. was at war with Germany. The German Reichsbank had a share of the BIS, as did the U.S. Federal Reserve. For the Bank for International Settlements, just because you have a war going on doesn't mean you don't have a board meeting in Basel, which is their headquarters.

They had board meetings during the Second World War. And the Americans had their attendees, the Bank of England had its attendees, and the German government had their attendees. I have no idea what transpired during those meetings, but the BIS actually functioned during the Second World War, as incredible as it may seem. It's now a bank that trades on behalf of the other central banks. It has a kind of quasi-monitoring function, but not a specific charter of global monetary stability, although it tends to act in that role from time to time.

Questioner 11

On August 17th of this year, a press release was published in which it was disclosed that FRMO was one of a number of investors that participated in a funding round by C12, a company aims to revolutionize the future of financial analysis, delivering sophisticated AI-driven tools to global markets. Can you tell the shareholders more about how this investment by FRMO came about? Is this a one-off opportunity, or does this signal a more strategic intention of FRMO to invest in finance-related startups?

Murray Stahl – Chairman & Chief Executive Officer

Well, I don't know how to tell you this, so I'll just dive right in. To begin with, until several days ago, when someone brought this to my attention, I had never heard of C12, so my first assurance to you is, I never heard of a company called C12. I never invested in a company called C12. Other than what was just read in that press release, I have no idea what goes on at C12. I wish them all the luck in the world, but FRMO has nothing to do whatsoever with C12.

Steven Bregman – President & Chief Financial Officer

To support your assertion that you haven't heard anything about it, as far as I know, all of the distributions of money—like wire transfers—I approve them from our bank account. And I haven't come across C12. However, when we invest in anything or write about anything, we do like to believe we're informed, and we do like to engage in research. Many people talk about research, and they mean it in different ways. Some people get a note on a social media post from a friend of theirs that looks like it could be an article, and they think that's research. And they read a few other articles from the same source.

We like to go to original sourcing material. I now know a tiny bit about C12, if it's the same C12. You should know, as background, that Peter Doyle and John Meditz and Murray and I, when we were deciding where to put our first office, one of the important considerations was that it should be within walking distance of the main New York Public Library on 42nd Street. This was so we could go there and do research and look up documents and S&P tear sheets and industry studies and so forth, because we didn't have an Internet then. We wanted to rely on source material that we thought was reliable, like from the U.S. government or the Department of Labor and whatnot, as opposed to Wall Street research. That can be helpful sometimes, I suppose. I don't know what this person's source was, or what they mean when they say an article.

Murray Stahl – Chairman & Chief Executive Officer

It was a press release.

Steven Bregman – President & Chief Financial Officer

A press release, but I would like to see the press release. It would be interesting, because maybe I've got the wrong name, but I did look up C12. The only one I saw that seemed to make sense was this—and for those of you who read much of our writings, see if the way the organization describes itself from its own website, is what we might invest in. I don't think it's publicly traded. I don't have the market value, and if it's not publicly traded, whether it's been valued on the private market.

So, I quote from their "Who We Are" page: "For nearly three decades, our focus has been to create a framework that compels and equips Christian business leaders to achieve excellence through the power of peers. C12 isn't simply a business Bible study or a Christian business networking group. It's an architected environment for transformation." And it goes on, and it talks about their five-point alignment matrix: They're continually aligning revenue growth strategies, national stewardship and so forth. And within a framework of their business as a ministry, BaaM, so they describe a rigorous interactive curriculum that empowers C12 members to lean into challenges and so forth. But I don't think it's something we would ordinarily get involved in. That's what I know of it. I looked it up, because that's what we like to do. We like to look things up.

Murray Stahl – Chairman & Chief Executive Officer

I didn't look it up. I was just shown the press release.

Steve approves all the wire transfers and money. I check every day myself, because I watch that money, and I don't like it going anywhere. And I can assure you, not a penny of it went to anything called C12, although maybe they merit investment. But I never heard of it, so that's all I can tell you.

Questioner 12

Please comment on the latest capital raise at MIAX, MIH Holdings. What will FRMO look like in two years? Which of your investments will be consolidated with FRMO?

Murray Stahl – Chairman & Chief Executive Officer

Okay, those are really separate questions. So MIH, the capital raised is a private transaction. I really can't tell you a lot about it. All I can tell you is, because this is in the public realm, believe it or not, MIH, which is Miami International Holdings, otherwise known as MIAX, is building a trading floor. I think it's the first trading floor that's been constructed anywhere in the world in decades. And it turns out that there's a fair amount of interest in people going backwards, so to speak, to trading face to face like they did in the olden days in what they called the pit.

When I first learned there was interest, I thought that was really extraordinary. The more I thought about it, though, the more sense it made to me. If you become more conversant in the exchange business, you'll understand why it actually makes a lot of sense. Basically, modern trading, you might think, is a war between computers. Whoever has the fastest, biggest, and best computers has an advantage, so to speak.

Now, the exchanges make sure there's no advantage in latency. Latency refers to the speed with which orders are transmitted. So, nobody has a colocation advantage. For example, if somebody put their computer in the exchange—literally right next to the exchange computers—and somebody else put their computers a small distance away, the closer you are, you would think the less distance you have to cover. Because all data travels at the speed of light, the person who's the closest would have some kind of advantage, even though it might be measured in nanoseconds.

In practice, though, that advantage won't exist, because even if you are literally adjacent to the exchange computers, the exchange itself will run cable to make sure that the distance of the adjacent computers will be exactly equivalent to the distance covered by the non-adjacent, even if that distance is just a cable coil. Everybody has the same arrangement.

This has always been the case. For example, the New York Stock Exchange was built in 1903, and, of course, they didn't have fiberoptic cable then. What they had were pneumatic tubes. People would get orders by telephone, and they'd put them in the pneumatic tubes. Depending on where your station was located, the distance of the pneumatic tubes to the floor differed for each broker. One could be closer and you'd think would have an advantage in speed, because the distance of the pneumatic tube would be less.

Except, the exchange would make sure the pneumatic tube ran in a circle or in a quadrilateral around the ceiling. It would have to cover the same distance as the pneumatic tube that wasn't so close to the trading station. They measured out the exact same distance.

So, a trading floor costs money. From what I can see, we don't know yet—the jury's out—but I think it's going to be a great success. So, that's one of the purposes, but other than that, I can't really talk a lot about it.

Questioner 13

Please comment on what FRMO will look like in two years.

Murray Stahl – Chairman & Chief Executive Officer

What will it look like in two years? I can tell you what I'd like it to look like. I can't guarantee what it's *going* to look like, because we may do it differently, anyway. I would like it to have an operational business that's consolidated within the context of FRMO. At the moment, although things could change, it looks like it's going to be cryptocurrency, but of course, it could change.

Questioner 14

Which of our investments will be consolidated with FRMO?

Murray Stahl – Chairman & Chief Executive Officer

Well, at the moment, the only thing that is reasonably possible is the cryptocurrency business. If Winland becomes big enough in scale—and if we own enough of it—in principle, it would have to be consolidated if we were to achieve a high enough holding. The threshold is 50%.

Questioner 14

Quick question on gold and royalty companies. I know in the past you've been advocating for investments in royalty companies as much better off than investing in the underlying commodity. And Franco-Nevada has been one of the poster child royalty companies in that regard. They have significantly underperformed the commodity over the last one to five-year time horizon. Have you been surprised by that, and is there a structural reason for that under performance?

Murray Stahl – Chairman & Chief Executive Officer

The question is, for those online, Franco-Nevada has underperformed gold in recent years, and is there a reason for that? Yes, there are a couple reasons for that. The first is, if you look at the documentation, you will see roughly two-thirds—it might be as high as 70%—of their assets, at the moment, are not producing any gold whatsoever. They invested money in royalties that are not producing. There's a reason for that, and what they really want to do is, to buy optionality for much higher gold prices.

If there was a much higher gold price, they'd have a lot more gold produced. If a lot more gold were produced, that would probably serve to lessen the price increase of gold, but it would greatly facilitate Franco-Nevada having a lot more revenue, because the investments have already been made. You'd have a lot more revenue and no incremental associated costs. The company has been designed intentionally to have its best performance at a much higher gold price. The current gold price—I'm relying on memory—is about $2,750 or $2,800 an ounce. So, very little, if any, gold from two-thirds of the portfolio will be produced. Maybe there's a little bit, and that's why.

So, gold goes up, and they're putting money into investments that aren't really producing a lot of gold. That's the primary reason. You might say, "Well, why would you do that? Why wouldn't you invest in properties that are going to produce gold at the current prices?" There are a couple of answers to that.

First, you don't get anywhere near as good a deal. Meaning, you're going to pay a very extravagant price. The history of Franco-Nevada was that they invested in gold royalties that would be producing at much higher gold prices than were then the case. Don't forget, Franco-Nevada had its origin in the early 1980s, so a lot of the royalties were not designed to produce any material revenue at the then-gold prices.

Let's say in the mid-1980s gold was $380 to $400 an ounce. It produced minimal revenue, and people then could have said the same thing about Franco-Nevada. Gold was not performing as well as it's performing right now, so maybe they could get better deals then, but you want a good deal. You can't get a good deal, and it may even be you can't get any deal, because if the mine can be exploited profitably at today's gold price, then why would a gold mining company even want to sell a royalty? They might not even be able to do a deal. That's the reason. So, it's a very forward-looking company.

Steven Bregman – President & Chief Financial Officer

There are a couple of other dimensions that might be of interest. By and large, public investors will price companies on a price-to-book value or P/E basis. But if you think about it, 70-odd percent of the royalty contracts are non-producing. And the P/E on Franco-Nevada—by comparison with other such companies—looks a little high. But they're only producing from 30% of their portfolio. Also, if you were to compare or contrast the number of revenue or of streaming contracts with what other royalty companies have, some might have three or four. Some might have ten. Some might have 20. Franco-Nevada has hundreds, so a very good portfolio, a lot of latent contingent optionality.

Questioner 15

Could you provide an update on the diamond market, the natural diamond market, and Diamond Standard? And if you'd look at, as a proxy, Diamond Standard's coin? It's down roughly 30%, due to the introduction of man-made diamonds.

Murray Stahl – Chairman & Chief Executive Officer

The question for those in the online audience that didn't hear it: Could I comment on the diamond market and the Diamond Standard coin that has dropped approximately 30%? That's actually an index of diamonds. That's what's happening in the diamond market. Some of it pertains to the introduction of synthetic diamonds. And there is—fortunately or unfortunately, depending on how you look at life—a contingent of people of the male persuasion that, when they propose marriage, think someone of the female persuasion may want to consecrate that with something of value. A diamond. They come to the realization that, "Well, she won't really know." And they buy lab-grown diamonds.

(Laughter)

Unfortunately, it's not really a small contingent of people, and it's had its impact. There's no question it's had an impact on the diamond market, but the logic of Diamond Standard was not diamonds as engagement rings or anniversary presents. The logic was to have a substitute for physical gold. The idea is, say you're one of those people who want to plan for not only a dire inflationary environment, but a dire political environment. Gold might be a good hedge. But do you really wish to leave your gold at a custodian where it might be seized by the government? If you really want to postulate serious occurrences, there are ETFs of physical gold, meaning you could actually go to the vault and instead of selling your shares of your ETF, you could physically withdraw the gold.

Let's say, for the sake of argument, you have a million dollars' worth of gold. You know what an ounce of gold trades at. Divide a million by the price of an ounce of gold. How many ounces of gold do you have to withdraw? Where are you going to put that? How are you going to take it away, and how are you going to keep it secure? It seemed to us that the logical investment case for that genre of people should be diamonds, because you could put a million dollars of diamonds in your pocket. That's the idea and, to date, we haven't found a vehicle to do that yet.

What would make it successful is, we would need to raise some money, maybe in a closed-end fund or a commodity corporation, and just deposit a certain number of diamonds in the corporation. People would contribute to the corporation. We would buy those diamonds, and that's your investment, and we'd probably have to make arrangements for physical withdrawals. If somebody had a million dollars in it, they'd probably take a million dollars of diamonds, put it in a little envelope, and take it away with them. That might be the way it ultimately transpires. We're working on that, and we'll see if it actually comes to pass. But it's not about the retail demand of diamonds.

Questioner 16

In the area that TPL and LandBridge own land, there's obviously some existing fiber. How much of a factor is it when they're potentially building data centers proximate to that fiber? Because you need water. You need power. And you need access to fiber as well. So could you just build anywhere on TPL's land and dig a trench and extend the fiber? Or will they want to be close to that existing fiber, making a certain strip of land more than likely where the data center would go?

Murray Stahl – Chairman & Chief Executive Officer

If you're going to build data centers in west Texas, access to fuel is an issue, and access to water is an issue, but is proximity to existing fiber optic cable an issue? It's not an issue. It's not a limiting factor, because data transport speed is now so prolific that latency is not an issue. You don't have to be anywhere remotely close to that existing fiber. You could, if you want to, but you don't have to. So it's very likely, in my humble opinion, that the first data center is not going to be proximate to that fiber optic cable. We'll see if that transpires or not.

Questioner 17

Would you go into a little bit more detail about the mining costs and the breakdown? If I remember right, Consensus Mining was using cash reserves—or the interest from the cash reserves—to pay for operating costs and keep more Bitcoin. Now I understand you've got the merge-mining helping you do that, but can you give a little bit more of the breakdown of the costs and how much coins you're able to still retain?

Murray Stahl – Chairman & Chief Executive Officer

I'll give you some background. Originally, we raised some capital, and the expectation was that we'd use the capital to buy mining rigs. Bear in mind, I'm not on the board of Consensus Mining, so there are limits to what I should properly say. But to the extent I know, I'm not a big fan of using the capital.

When it seems everybody else wants to use the capital, I want to invest incrementally. I don't want to draw down the capital. I think I got into that, unless you want me to repeat it. So, what I want is the lowest possible mining costs. And I want to make sure to fund the mining operations. I want to sell the least possible amount of crypto. Because historically, you would have to sell some crypto that you mined to pay for your mining costs, which is largely electricity and devices. You don't buy the devices every day; you buy periodically. With electricity, you buy everything. The interest rates were zero when the money was raised and then interest rates went to 5%. It became feasible to use interest income, that we never thought we would have, to fund operations.

I got to the point where, although we still do it, I wasn't that enamored with that, either. The reason is I think the cryptocurrency mining company should show a GAAP (generally accepted accounting principles) cash profit. I felt that if each coin is looked at on its individual holistic basis, you're never—in a design sense—going to get to the right portfolio mix. You have to mine some coins for cash, and mine some coins for coins, for retention. And the cash that's generated from mining certain other coins should be used to pay for the Bitcoin electric power, and you shouldn't sell any Bitcoin.

At the moment, I think we're still selling some over there. I don't remember the exact number. But, if I'm not mistaken, the cash earnings from merge-mining, in round numbers, is paying around 33% to 35% of the operating expenses. And the interest income is paying for the rest of it, easily—maybe even more than paying for it. And we have equipment that's scheduled to be delivered. I think it's coming two weeks from today. Then we have to plug it in, and we have to test it, and make sure it's good, that might take a week or so. Let's say three weeks from today, we're going to have a lot more merge-mining capacity, and we should be generating a lot more cash income. I don't know exactly what it's going to be, but it should increase our cash income a lot. And if it does, and if we're right, we're not even going to be spending all the interest income.

I'd like to take some of the interest income and increase our hashrate in the Bitcoin machines. I don't want to use the interest income for operating expenses. I want to use the interest income for capital expenditures. The logic is to make sure we take care of the bulk of the daily necessary expenditures with something other than interest income, and use interest income for capital investment. That's the logic, and we may have to make some other investments in merge-mining for that to happen. Now we have the cash flow to put into it. And we want to show a GAAP profit. The same, incidentally, is happening in Winland, and the proportions are similar.

Questioner 18

Urbana Corp. publishes their net asset value weekly. FRMO's quarterly balance sheet lags the market value by several months. How would a minority shareholder estimate the weekly net asset value of FRMO, given the mix of public and private investments?

Murray Stahl – Chairman & Chief Executive Officer

How do we as an investor check the net asset value much more frequently than the quarterly numbers that we give out? It's actually pretty easy, because we have three big investments, and you can get the prices of those. The biggest investment is, of course, TPL, and you know from the spreadsheet we provide on the website how many shares we own. You can multiply that by the price, and that would be a lot of the NAV. The second-biggest investment is cryptocurrency. If you know how much cryptocurrency we own, you can look up those prices.

In some cases, it's actual cryptocurrency. In other cases, it's the ETFs that hold the cryptocurrency, and they're publicly traded. You can look those up, and we have all that explained.

And the third-biggest investment is Winland. We tell you how many shares we have somewhere in the quarterly release, and you can calculate that value.

We now have the private investments. But then, we're not valuing the private investments ourselves more than quarterly, so you'll know more or less where we stand. That's how I would do it.

Questioner 19

What is Horizon Kinetics' stake in Consensus Mining, and will FRMO's preferred shares in Horizon be marked to market now that Horizon is public?

Murray Stahl – Chairman & Chief Executive Officer

I don't remember the exact percentage, but it's not big. It's a small number. That's probably why I don't remember it. Some people would say it's not even material. It's not a big stake.

FRMO doesn't have preferred shares of Horizon. FRMO has a revenue share. And we came up with a formula to have a value. We really haven't changed it, because I'm not so sure we have a good reason for changing it. I think that's what the question refers to, revenue share. Is that correct? We don't have any preferred stock. We only have common stock.

I'm going to assume, maybe incorrectly, what's meant is the revenue share. There's no good reason for altering it right now, so we're going to leave it alone. As far as the common shares, which is really from the investment that's being referred to, it's got a mark-to-market. It's now trading under the symbol HKHC.

You could look it up, and we're going to release in the next quarterly report how many shares we have. It's roughly, but not quite, almost 5% of the outstanding shares, and I think there's something like 21 million shares of Horizon Kinetics. You can take that percentage and multiply by the number of shares outstanding, which has been released within the Horizon Kinetics documentation on the SEC website. Let's say, a million shares. It's probably a little more than a million shares. Do the multiplication, and now you'll know what the value is based on the financial statement on May 31st. It looks like the value is going to be higher, unless Horizon Kinetics drops in value, which it might.

Questioner 20

The LandBridge document that talks about the opportunity that they have—due to water flowing from, or coming from, the New Mexico side of the Permian to Texas and back to the New Mexico side—what's the economics or regulation that causes that flow back and forth?

Murray Stahl – Chairman & Chief Executive Officer

What is the regulation in New Mexico? Unlike Texas, New Mexico does not allow you to dispose of water in the ground. This refers to produced water. There are two kinds of water. Now, water is water, but there's sourced water and produced water. Sourced water is what you pump into the well to frack. Produced water is the water that comes out of the well. Basically, what you're doing is, you are fracturing sandstone. In primordial times, in addition to carbon-based lifeforms that basically decayed inside sandstone, water got in there as well. And when you fracture the sandstone, the water is released and comes to the surface with the oil. It's not a big problem separating oil from water, but you can't take that water and pump it back into the ground.

The water must be transported to Texas, and LandBridge doesn't transport that water. The sister company to LandBridge, known as WaterBridge—which is owned by the same people, Five Point Energy—does the water transport. You get a tariff for that, but LandBridge could benefit from that, because you could, in theory, dispose of that water on the LandBridge property.

What's the other LandBridge opportunity? Well, you need source water. Texas has a lot more water than New Mexico, and there are also restrictions on using source water in New Mexico. New Mexico's much stricter. And by the way, it's not just the state. It's also federal. A lot of the exploration occurs on federal lands, and there's this huge set of laws called the Lands and Waters of the United States, which covers what you can do with water in a lot of places in the country. But Texas properties are grandfathered by the Texas Constitution, and Texas was an independent country for a while, so you can do things with water in Texas you really can't do anywhere else in the country. In principle, LandBridge could take source water from its property, transport it to New Mexico for use in fracking, and once you have that source water turn it into produced water, and bring it right back to Texas to dispose it.

And if you really want to make it interesting, you could—at least, theoretically—take the produced water and not dispose of it in the ground, but pump it through a data center. The water would absorb the heat, condense it, and you have outlets to let it disperse into the air. In theory, that's what could happen, or that's what's possible with all the big data centers coming. We'll find out if it happens or not.

Questioner 21

Is there insider lockup at Horizon Kinetics? And, given that a key purpose was to give non-active large holders liquidity, how will a similarly traded microcap stock survive substantial overhang?

Murray Stahl – Chairman & Chief Executive Officer

So, the question for those who might not have heard it: What was the purpose of bringing Horizon Kinetics public, and if insiders sell some shares, won't this cause the stock price to decline? And is there a lockup?

To begin with, we need to register shares in order for those shares to be eligible for trading, and we intend to register those shares. Now, 44% of the shares are owned by a private corporation called Horizon Common, and Horizon Common has no interest in selling shares at the moment. I think I can speak for Horizon Common, and I'm not selling shares. We don't have any plans to sell shares. There are some people, their life circumstances are such that they would like to—or they might even need to—sell some shares.

But there are other people who would like to buy shares. For example, I think there's a Form 4 filing for me. You can look it up. Is it on the SEC website? Did I not buy shares? So, I've been buying shares. I'm subject to the eligible trading windows, so I can only trade at certain periods of time. I don't know when the next window is going to close. But on a certain day, it's going to close, and I won't be able to buy shares for a certain period of time. I think it's pretty neat. I'm going to buy shares. I've been buying shares. Some people sell, some people buy. It's not liquid, obviously, but whatever trades, I can't guarantee I'm going to buy every share, but I'm in the market for shares. It is in a Form 4 filing. It is what it is.

Murray Stahl – Chairman & Chief Executive Officer

Any more questions from the audience?

There don't appear to be any, so why don't we conclude the formal part of the meeting, and I'll be available for people who want to chat. I'm not going anywhere yet.

Our scheduled leaving is at five o'clock, so thank you very much for attending. And if there are questions that didn't occur to you in the formal presentation, just drop us a line. We'll try to get you an answer, and we look forward to repeating this in our normal conference call in about 90 days. So, thanks.

(Applause)

2024 FRMO Corp. Annual Meeting Follow-Up Questions

Questioner 22

On Page F18 of the Horizon Kinetics Consolidated Financial Statements for the year ended December 31, 2022 and 2023, filed in the Schedule 14A of Scott's Liquid Gold Merger Agreement, it is noted that Horizon Kinetics reduced its ownership of FRMO shares from 214,588 at the end of December 2022 to 196,117 in December 2023.

This appears inconsistent with Mr. Stahl's response in the FRMO Q2 2023 conference call on February 14, 2023, where he mentioned that Horizon Kinetics was always buying back shares. As he stated, "I'll put it this way, other than restricted periods, we're always buying back shares. We're consistently repurchasing shares. I personally buy a small number of shares to supplement what Horizon does. Right now, it is on the restricted list." I think a day or two after the phone call, it came off the restricted list. I assume you will commence buying. Could you clarify what changed between January 2023, when the company was always buying back shares, and the company ending the year with approximately 18,500 shares sold?

Murray Stahl – Chairman & Chief Executive Officer

Nothing changed. What happened was that, as part of our compensation plan, we give some of our employees options. We give them options to buy some shares in FRMO from us, because FRMO is not very liquid, and we give them some options to buy shares. During the entire process, we continue to buy shares. So, during an option exercise period, which doesn't happen very frequently, the number of shares we hold can go down, but we nevertheless can still continue buying the shares. So, that decline was a consequence of an option exercise period that only occurs once a year. Usually, it's near the year-end.

Questioner 23

Mr. Bregman's FRMO shares owned decreased by approximately 578,000 shares during the fiscal year. Could you please comment on whether FRMO shareholders would read anything into both his and Horizon Kinetics' sales of FRMO shares during a similar time period? Should this be interpreted as an indication that FRMO might be overvalued?

Murray Stahl – Chairman & Chief Executive Officer

I've already answered the question about Horizon Shares of FRMO, so generally speaking, we're increasing our shares. I, myself, have never sold any shares; I even bought back shares. It does happen from time to time that a given person needs money for whatever reason, and I can only assume that there was a reason why some money was needed, and my colleague sold some shares. But I myself have never sold a share of FRMO. I've only bought, so I don't know what conclusions anyone can draw from it. I guess, in principle, the shares are there in the event someone needs money, so I can't speak to any individual person's need for funds at any given point in time. That's a personal matter, but as for myself, I'm very fortunate I've only bought shares.

Questioner 24

Please explain the ownership governance purpose and activities of the Bank for International Settlements ("BIS"), particularly as it relates to gold and gold swaps. Any references to the fact that they had the August statement just come out? And is it possible to estimate the value of gold swaps undertaken by the BIS at the end of August 2024?

Murray Stahl – Chairman & Chief Executive Officer

For approximately a century, the Bank for International Settlements has viewed its mission as to sometimes try to stabilize or influence the price of gold, and that's part of its historical charter. About a century ago, it was established to facilitate reparations payments from the defeated powers to the victorious allied and associated powers at the end of World War I, and payments were expected to be made in gold. The currencies of the defeated nations were sometimes too weak to enable them to purchase adequate quantities of gold. And there were times over the course of history when the BIS actually intervened in the gold market, and that's continued to this very day.

As far as what happened in the most recent period, I don't personally review the financial statements from the Bank for International Settlements every quarter. So, I can't speak to those events. I suppose I could look at it and give you an opinion, but I don't have the documents in front of me, so I can't comment on a specific period and the numbers associated with it.

Questioner 24 (cont'd)

What about governance, purpose, and activities? Does that cover everything from your previous statement?

Murray Stahl – Chairman & Chief Executive Officer

It covers some of it. Regarding the governance, purpose, and activities, basically, in the 1930s, the nations that were obligated to pay reparations, they ceased payments. Some of that was because of the Great Depression, and it just couldn't be done. And some of that was because the defeated nations just renounced the obligation. In any event, to the best of my knowledge, there have been no reparations payments since the 1930s. So, in principle, the bank has no reason for being.

However, like most organizations, once they're established, it's very hard for an organization to vote itself out of existence. So, generally speaking, they don't, and they find a new purpose. That purpose is to undertake or facilitate transactions among central banks. The BIS, among other things, now clears and facilitates transactions among central banks. In many cases, it's not obvious to an outside party as to exactly what those transactions are.

Another thing that the bank does: It puts out some very interesting statistics on the global derivatives market, especially with regard to swaps, because of its access to that data on a multinational basis. It's interesting information, and so they play a role in informing the investing public, but those are the primary items.

In terms of governance, the various central banks that are shareholders appoint representatives to the board, and that's how it's governed. The bank used to be, believe it or not, publicly traded. There were publicly traded shares, but roughly 20 years ago, the Bank for International Settlements bought in all of its publicly traded shares. So, it's no longer publicly traded, to the best of my knowledge, and therefore, less information is available than was once the case. When it was publicly traded, you were able to know with specificity exactly how much gold the BIS had. And as I recall, it frequently traded at a discount to the amount of gold that it controlled.