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Exclusive

David Bailey, Who Advised Trump on Crypto, Plans Bitcoin Investing Firm

Bailey's deal is the latest in a wave of Strategy copycats that raise money to invest in bitcoin.



David Bailey. Photo by Getty.



By Yueqi Yang

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David Bailey, who advised President Donald Trump on crypto policy during his 2024 campaign, is raising \$300 million to launch a publicly traded bitcoin investing company, according to people familiar with the matter. He is following a string of companies that buy up crypto seeking to replicate the success of Michael Saylor's Strategy, which converted itself into a bitcoin investment firm.

Bailey is raising \$200 million through a private placement of new shares and \$100 million in convertible debt for a small publicly traded company. The name of the company wasn't disclosed. The money will be used to buy bitcoin, the people said.

The Takeaway

- David Bailey plans a crypto investment firm that seizes on the euphoria for Strategy, a big owner of bitcoin
- Bailey advised Trump on crypto policy during campaign
- Company will raise \$300 million to buy bitcoin and merge with BTC Inc.

Bailey is the chief executive officer of BTC Inc., which owns Bitcoin Magazine, the Bitcoin Conference and UTXO Management, a crypto investment company. BTC Inc. will eventually merge with the shell-like company, which is listed on Nasdaq, the people said. The company will be renamed Nakamoto, a reference to Satoshi Nakamoto, the pseudonymous creator of bitcoin, one of the people said.

Trump gave his big crypto speech at the Bitcoin Conference in Nashville last July. Bailey has said he and his team worked with the Trump campaign to develop a crypto policy and helped with fundraising.

Bailey's deal, which could be announced as soon as next week, comes amid an investor euphoria for publicly listed crypto acquisition vehicles, the latest craze in the crypto market. The complicated transaction offers a speedy route to the public markets.

Strategy, the software company until recently known as MicroStrategy, pioneered the playbook when it started buying bitcoin in summer 2020 and became the world's largest corporate holder of the token. Its stock has since soared 3,100% and trades at twice the value of its underlying bitcoin which is valued at \$54 billion.

That prompted a race for companies to launch copycats. Last month, Japanese tech conglomerate SoftBank and stablecoin issuer Tether unveiled Twenty One, a \$3.6 billion bitcoin investment vehicle, by merging with a special purpose acquisition vehicle created by Cantor Fitzgerald. Two more companies—Nasdaq-listed Janover, a real estate platform, and Upexi, a consumer product firm—have pivoted to become solana token investing vehicles. Each of the stocks soared since their announcements.

These stocks are popular among investors because they are an easy way to get crypto exposure, without the hassle of holding a token. And many of the companies issue debt to fund their crypto purchase, effectively using leverage to juice returns. The scale of their fundraising means they are now competing for institutional capital with crypto venture funds.

“This is becoming a really big trend. It’s almost like the SPAC mania on Wall Street finding its way into crypto,” said Frank Chaparro, a podcast host and crypto angel investor, who invested in Upexi. He said one reason these stocks are attractive is crypto companies that hold these stocks can get financing more easily, because they can pledge the stock holdings as collateral to get funding from banks or traditional prime brokerages, which don’t accept crypto as collateral.

But such stocks are also risky. If bitcoin declines, they could fall by a greater extent, given the use of leverage. And that may force the companies to sell the underlying bitcoin or crypto to pay back debt, if maturity terms come up and they can’t refinance.

Pantera Capital, led by former Tiger Management executive Dan Morehead, is one of the crypto funds betting big on such vehicles. It recently made an “eight-figure investment” into Twenty One Capital in its private placement, according to Cosmo Jiang, general partner at Pantera. “We are leaning into it because we think these are novel companies for which there’s clearly robust demand for it in the equity market,” he said.

Stocks like Strategy get an extra boost when they trade at a premium to their underlying assets. That means when they issue shares, they can buy more bitcoin for every dollar they raise. “These can trade at a premium because they can grow their bitcoin per share over time,” Jiang said.

That also works in reverse. “If they trade at a discount to the value of their bitcoin, then the business model is potentially broken. They can no longer issue shares at the market to buy bitcoin,” said Matthew Sigel, head of digital assets research at VanEck. “They are kind of running hedge funds inside a listed company.”

VanEck and Bitwise, two asset management firms that issue bitcoin exchange-traded funds, are also embracing such vehicles by launching new ETFs that will offer exposures to basket of stocks that hold crypto as their treasury strategy.

In his Nashville speech, Trump promised to make the U.S. the “crypto capital of the planet” and to set up a national strategic bitcoin reserve. He said crypto rules would be more friendly to the industry.

The crypto industry was a major donor to the Trump campaign. Trump and his family have cashed in on the crypto surge, selling meme coins and setting up a stablecoin that was used by a Middle Eastern sovereign wealth fund in a \$2 billion investment, creating an uproar in Congress.

Upexi CEO Allan Marshall, whose company started in consumer brand business, said he decided to pivot into buying solana this year because of the friendly regulatory environment under Trump, which removed the risk of solana tokens being categorized as unregistered securities by the SEC. “It was the last factor that pushed us into that direction,” he said. “With the new administration, they cleared up that field and you can participate in solana and other [crypto] assets, and not be in violation of securities rules.”

In one example, Freight Technologies, a logistics company facilitating trade between the U.S. and Mexico, announced last week it’s raising up to \$20 million to buy Trump memecoin, after Trump announced top holders of his memecoins will be invited to a dinner with him later this month. CEO Javier Selgas said in the press release his company is buying the tokens because he wants to advocate for “fair, balanced, and free trade between Mexico and the US.”

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