

# Underground vault – bitcoins protection



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Bitcoin thefts and financial troubles of exchanges that trade the digital currency are opening the doors to a Silicon Valley startup called Xapo, which touts physical underground vaults in secret locations protected by armed guards.

This week, Xapo announced it raised \$20 million with the investment firms Benchmark, Fortress Investment Group and Ribbit Capital.

Wences Casares, Xapo's founder and CEO, says he saw the promise of Bitcoin, after being raised in Argentina, an economy that experienced a 12,000 percent annual inflation.

“ I believe that a digital currency like Bitcoin could solve the disjointed nature of our world economy,” Casares said, according to Xapo's statement about the fundraising round.

Casares says computer drives storing your bitcoin code would be in offline servers several stories underground with 24/7 surveillance, tucked away from hackers or other thieves. The company declined to share photos of its security measures or vaults, which it says are located in different continents.

A company spokesperson told ABCNews.com that there is no particular story behind Xapo's name.

Based in Palo Alto, Calif., and incorporated in Hong Kong, the company says it has about 2,000 clients, including hedge funds and other financial institutions, the Wall Street Journal reports.

Xapos makes money via an annual fee of 0.12 percent for each deposit you make into the vault. In a “highly unlikely” event that an illegal action affects your bitcoins, or even if Xapo declares bankruptcy, the startup says it is fully insured and backed by Meridian Insurance.

If you want to withdraw bitcoins, the company says on its website it will use “multiple security layers” to verify the request and can transfer the money to you within 24 hours.

A Xapos spokesperson told ABCNews.com it’s a “physical process that involves a Xapo employee going into the vault after verifying that it was really you who ordered the transfer.”

Matt Cohler, general partner with Benchmark, said in a statement that the investment in Xapo was a “no brainer.”

“We’re all about backing great entrepreneurs who aspire to change the world. We aspire to help them and their companies achieve their full potential. Wences is one of the great entrepreneurs in the world,” Cohler said in a statement, citing Casares’ “personal passion” and “deep professional expertise around Bitcoin and financial services.”