THE CANADIAN BITCOINERS

THE WEEK, IN TWO PARTS • August 2, 2026

A five-year-old typo in a Toronto company's firmware has drained $88.6 million out of hardware wallets that were sitting in safes, the Supreme Court told Ottawa its ethics watchdog can be taken to court after all, and Canada's highest-paid CEO worked out how many votes he thinks he should get.

BITCOIN

A randomness bug from 2021 empties air-gapped wallets, Strategy posts an $8.33 billion quarter and buys nothing, and Iran starts charging a Bitcoin toll at the Strait of Hormuz.

A 2021 Typo in a Toronto Company's Code Has Cost Bitcoiners $88.6 Million

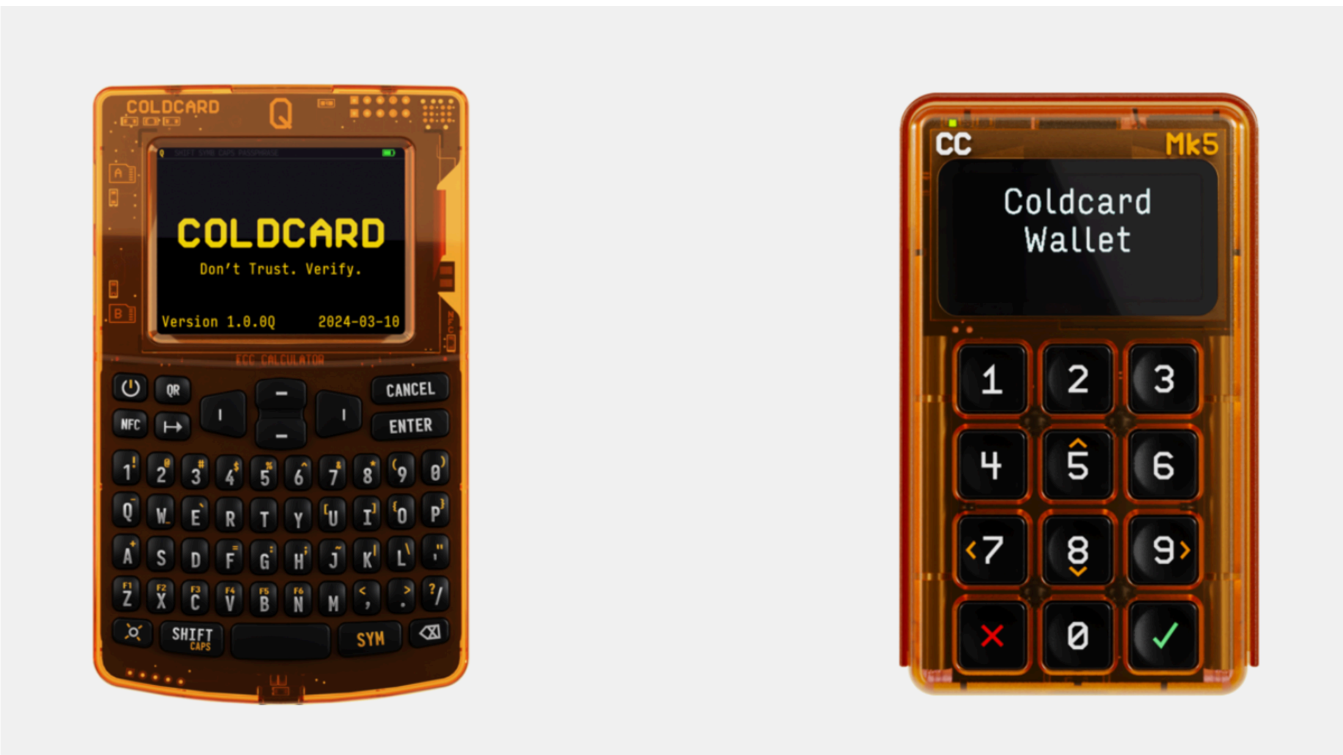

Photo: Coinkite via CoinDesk

Coinkite has been building the Coldcard in Toronto since 2012. In March 2021 it rewrote seed generation, and a guard in the code checked whether a macro was defined rather than whether its value was zero. A software fallback compiled in beside the hardware random number generator, seeded from the chip's serial number and its clock. Mk2 and Mk3 seeds fell from 128 bits of entropy to roughly 40. Mk4, Mk5 and Q fell to about 72.

The bug sat there 1,948 days. Attackers took 1,196 addresses in 41 minutes on July 30, another 594 BTC in a 25-minute sweep on July 31, and a third wave on August 1. The total is 1,367 BTC across 4,585 addresses, about $88.6 million, still climbing.

Jonathan Goodman, a Canadian, lost 18.25 BTC from a Coldcard that sat in a safety-deposit box and never touched the internet. It emptied in seven minutes. Coinkite shipped fixed firmware on July 31, which does nothing for seeds already generated. If you set up a Coldcard before this year, move the coins.

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Strategy Lost $8.33 Billion in a Quarter, Then Spent July Not Buying Bitcoin

Photo: BitcoinTreasuries.net

Q2 operating loss of $8.33 billion, of which $8.32 billion is an unrealized writedown on the bitcoin. A year earlier that line read $14.03 billion in profit. Net loss to common shareholders was $8.62 billion, $24.45 a share.

What happened after the quarter closed matters more. Strategy held 846,000 BTC on June 30 and 843,775 by July 26, having sold 2,225 coins early in the month and bought none after. It raised $1.28 billion in common stock over the same stretch and banked it, taking its cash reserve to an all-time high of $3.75 billion. The largest buyer in bitcoin's history raised a billion dollars in July and bought nothing.

The cash is there to defend STRC, the preferred that closed July at $89.46 against $100 par. On roughly $10.5 billion notional that gap is about $1.1 billion. The dividend went to 12%, buybacks are running below par, and Phong Le is targeting $99 to $100 by around September 8. Saylor's framing: "best way to buy the most Bitcoin is not to buy the most Bitcoin."

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Iran Is Charging Ships a Bitcoin Toll to Cross the Strait of Hormuz

Photo: Getty Images via CoinDesk

On July 29 the US Treasury designated two Iranian firms, Persian Gulf Marine Insurance Company and HormuzSafe Marine Services Authority. The scheme is IRGC-backed: vessels crossing the strait are required to buy insurance from Hormuz Safe, which takes payment in bitcoin to stay clear of the banking system. Treasury called it extortion rather than insurance, since the policies cover risks like vessel seizure that Iran creates.

Hormuz Safe was built by Iran's Ministry of Economy and surfaced in May through IRGC-linked Fars News, which claimed it could bring in more than $10 billion. Treasury did not repeat that figure and neither should anyone else. Scott Bessent's line was that the US "will not allow Iran to hold global commerce hostage."

Two days later Reuters reported something adjacent. Shelbit, an unlicensed Dubai exchange, has moved at least $4 billion since May 2024, including $676 million into Binance wallets, $540 million of it after Dubai had already fined the operation. Different scheme, same plumbing. Roughly 20.3 million barrels of oil a day pass through that strait.

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CLOWN WORLD NORTH

The Supreme Court reopens the WE file, 336,188 federal employees get a raise, and a billionaire does the arithmetic on how many votes he is owed.

The Supreme Court Just Told Ottawa Its Ethics Rulings Can Be Taken to Court

Photo: The Canadian Press/Sean Kilpatrick via Global News

Nine to nothing, on July 30, in Democracy Watch v. Canada (Attorney General), 2026 SCC 28. The court struck down section 66 of the Conflict of Interest Act, the clause declaring the Ethics Commissioner's rulings final and not to be "questioned or reviewed in any Court." Chief Justice Wagner held it has no force where it blocks review on questions of fact and law.

The file underneath is WE Charity. In May 2021 commissioner Mario Dion cleared Justin Trudeau over the $543.5 million contract given to a charity inside an up-to-$912 million student grant programme. That charity had paid his mother Margaret roughly $250,000 for 28 speaking events, his brother Alexandre about $32,000 for eight, and Sophie Gregoire Trudeau $1,500 for one. Dion found an appearance of conflict rather than an actual one.

Democracy Watch has been trying to get that reviewed since June 2021. The Federal Court of Appeal dismissed it in 2024 and the Supreme Court has now sent it back there. Five years and a trip to the top court, and Duff Conacher has won a courtroom.

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336,188 Federal Employees Got a Raise Last Year. 596 Took a Pay Cut.

Photo: Canadian Taxpayers Federation

Access-to-information records obtained by the Canadian Taxpayers Federation and published July 31 put 2025 at 336,188 federal public servants receiving a pay increase, about 78% of the workforce, against 596 who took a cut. That is 564 to one. In the same year departments met 54% of the performance targets they set themselves, their best result in five. Executives collected $201.5 million in bonuses.

Some of the supporting figures need trimming before anyone repeats them. The 4.8% public-sector wage premium is a Fraser Institute number covering federal, provincial and municipal workers together, and it falls to 3.0% once you control for unionisation. The $79.4 billion bureaucracy cost does not line up with the Parliamentary Budget Officer's own tracking, which has federal compensation at $71.1 billion in 2024-25.

The headcount holds up. Treasury Board data has the federal workforce going from 257,034 in 2015 to a peak of 367,772 in 2024, now down to roughly 345,000 as Francois-Philippe Champagne's spending review bites. The 564-to-one ratio does not need any help.

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Canada's Highest-Paid CEO Thinks Your Vote Should Depend on Your Tax Bill

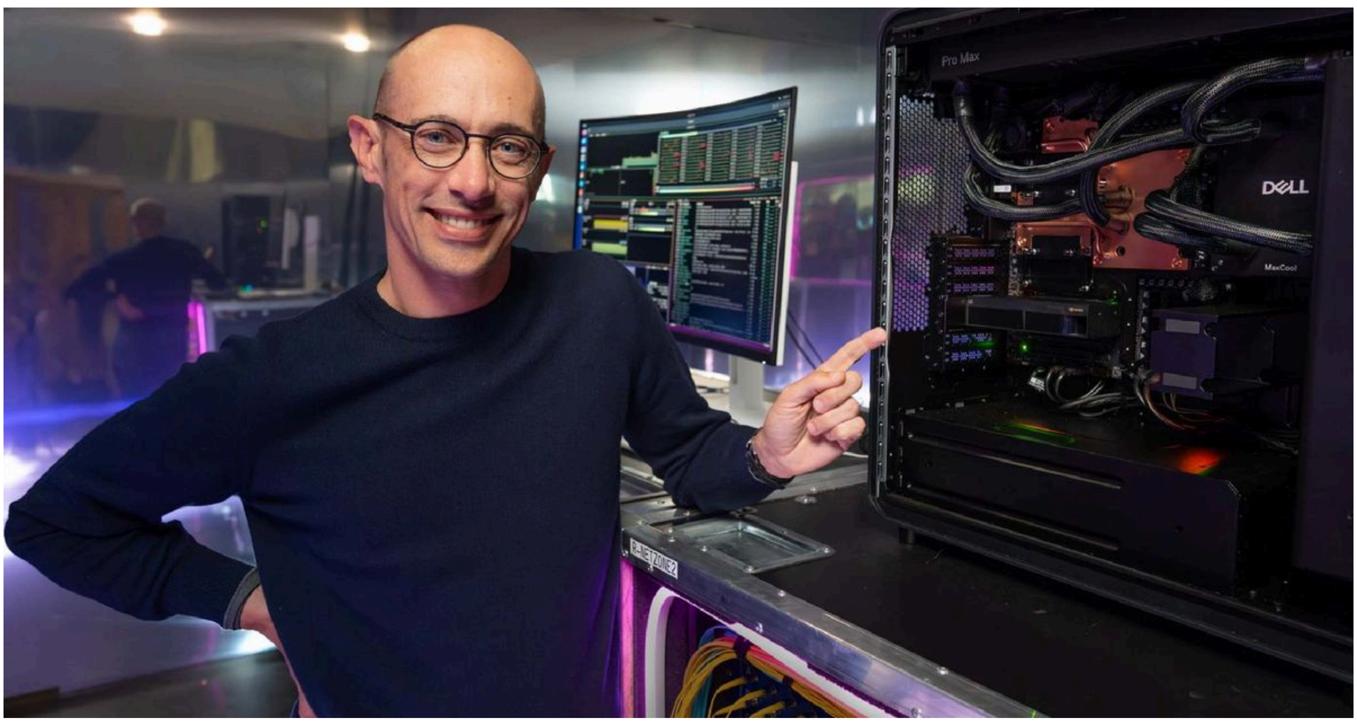

Photo: blogTO

Over July 25 and 26, Shopify's Tobi Lutke posted his way through an argument. He wrote off everyone who attends a Toronto civic town hall as retirees, the unemployed, the unemployable and gullible ideologues. Then he suggested a retiree on a locked-in pension is a dependent of the state, no different from a minor, and should not get a ballot. The next day he replied "Good system." to a proposal for votes weighted by income tax paid, from zero up to five at $500,000 a year.

Told his own bill would put him past 100 votes, he capped it at five and called it a reward for productive people. Lutke is worth $10.7 to $11.5 billion. Shopify paid him $205.5 million in 2024, the largest CEO package on record in Canada, all stock against a $1 salary.

The premise does not survive the numbers. Canada's top 20% of earners already pay 65.3% of all personal income tax, per the Fraser Institute. Nobody is riding free. At Shopify, Lutke controls about 40% of the vote on roughly 6% of the company.

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ALSO ON THIS WEEK'S SHOW

BITCOIN

- CoinDesk's first count on the Coldcard sweep: 594 BTC gone in 25 minutes
- Coinkite ships fixed firmware, and NVK suspects AI code review found the bug first
- Bitcoin ETFs closed July with the smallest monthly inflow on record
- The rally stalled into a $9.6 billion options expiry
- The stablecoin market shrank for the first time in four years
- Bitcoin and Ethereum fell after the Fed held rates
- CLARITY Act countdown: Tillis and Gallego send an ethics compromise
- Minnesota's crypto ATM ban takes effect after $1 million in reported losses
- Blockaid: crypto hack losses topped $1 billion in the first half of 2026
- Reuters: Iran-linked exchange Shelbit moved $676 million into Binance wallets
- SEC to review Nasdaq's bitcoin options approval after a CME challenge
- Saylor calls the consensus rules a constitution and takes aim at covenants
- Strive's CEO eyes another preferred equity raise if bitcoin keeps climbing
- The IRS warns of fake letters sent to crypto holders fishing for seed phrases
- Apple sued after a fake wallet app on the App Store drained $1.8 million
- Amazon ties the Debug and Chalk npm attacks to North Korean hackers
- Russia bans crypto mining across the Moscow region through 2032
- Bitcoin Inquisition 29.4 activates BIP 446 TEMPLATEHASH on signet
- Hyperscale Data sells bitcoin to fund a Michigan AI data centre
- New York's Common Retirement Fund trims its Strategy stake by 3%
- Sweden's BTC AB clears its only debt with preferred share proceeds

CLOWN WORLD NORTH

- FSIN demands an independent investigation after a viral Loon Lake RCMP arrest video
- Shootings have nearly doubled in Peel Region, 103 so far this year against 58
- Psychiatric patients are waiting 33 hours for a bed, and one waited 16 days
- What happens to a rural town when its only emergency room closes
- Mortgage arrears hit recession levels: 14,061 loans 90+ days past due
- Canadian real estate is now the fastest-falling in the G7
- CIBC: the population is underreported, which flatters the jobs data
- The real estate industry is slashing its own sales and price forecasts again
- Nova Scotia home prices post a near-record jump while demand falls
- Alberta MLAs are paid more than most provincial and state politicians
- Alberta and Ottawa put $52 million into the Calgary Olympic Oval
- Ontario spends $500,000 on the National Bank Open
- Public comments had staff in tears, says the department
- Vaughan is building a giant pink pig you can climb inside
- An Alberta senator objects to Tim Hortons' Harry Potter collab, pitches a Pride Timbit
- Video of TTC special constables on an escalator reopens the equipment debate
- A New Brunswick MLA read the chatbot's editing notes out loud in the legislature
- An Ontario pottery studio turns to OnlyFans to stay open
- The $21,000 a Canadian family actually pays for 'free' health care
- Ottawa prioritised immigration processing over public safety
- A nurse is fined $22,000 over comments on COVID-19, BLM and Indigenous patients
- IRCC wait times are climbing again for work and study permits
- Canada slaps a temporary 25% tariff on wood cabinets and vanities
- Trump threatens tariffs over wildfire smoke drifting south
- Your tax dollars at work
- The man who killed Const. Todd Baylis in 1994 is denied parole for a fourth time
- Ottawa police are facing a $21-million budget deficit
- Police associations want national action on court delays, ten years after Jordan
- Timmins police investigate a second fatal shooting in two days
- Police identify a suspect in a Mississauga stabbing