
CRYPTOCURRENCY
THE FUTURE AND YOU
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INTRODUCTION

When a new technology hits, how quickly do we accept it?

Think back on the Model T. Would you have switched immediately or continued to ride your horse and buggy while the Model T raced by? What about air travel? The early adopters made fortunes shaping the airline industry. Names like Bill Boeing, James McDonnell, Donald Douglas and Howard Hughes became ultra-wealthy by adopting and shaping the new technology...even though they didn't invent the airplane.

Desktop computers? Who knows MS-DOS? Those first computers and early source code language were easy to reject but fundamentally changed our lives. Apple, Microsoft, HP, Dell, Oracle, Intel all were business and investment opportunities. Most of us passed while early
adopters made millions.

Social media and entertainment? Facebook, Google, Twitter, Instagram, Netflix, Hulu-- all technology we might accept and use but we stay in our current careers, giving little thought to how transformational these
technologies are.

There are also innovations that are disruptive because they leverage new technology. Ever heard of Uber or Amazon? Disruptive models that have changed industries.
Blockchain and Cryptocurrency are both new and disruptive. The combination of these two is a game changer for the future.

We're still in the early stages. And, companies who adopt and create products from this new technology will leapfrog their competition.
I hope what you find at the conclusion of this book is that cryptocurrency and blockchain is arising as the next generation of technological advancement. Some have likened it to the early days of the internet. It's hard to believe that the first website went live in 1991 and by 1994 there were a whopping total of just over 2,700 public sites. Today, there are over 1.5 billion!

New technology that introduces a new, more efficient and borderless way to conduct commerce that could impact the future of ALL financial transactions is about as big of a transformational event as you could imagine.

There is no time like now for you to become educated and evaluate what the opportunities are. They could be with your current business, in your investing strategies, by trading cryptos, or starting a new business--all with the potential to
change your life, change your trajectory and help you achieve financial freedom.

The individuals who seize upon this opportunity will become the trailblazers and innovators of the future. Those that don't, those that that ignore it, keep their head down and stay handcuffed to their current lives and careers, may look back one day and say, if only I had stopped for just a minute to consider it. Because it has fundamentally
changed everything.
The choice is yours.

CHAPTER 1: VISION

When you think about cryptocurrencies and blockchain technology, ask yourself two questions: Is this important enough for me to learn? Could it change my career or life's trajectory for the better? I will answer these in two parts.

First, it's very rare when a technology comes along that can have such a significant impact on the scale that cryptocurrencies and blockchain may have. Take some of the big technology changes that have happened over the last several years:

1. Facebook in the social media space and how we provide and consume content globally.

2. Twitter, where 149 characters is the new norm to express an opinion and get noticed immediately.

3. Google, a profound worldwide data consolidation and dissemination engine that is all things internet.

I look at all of those and say, man, those were big technology shifts. Had I been involved early or somehow created a business around it, I might have been very successful. In that context, cryptocurrencies and blockchain are potentially so much bigger that it's hard to even compare.

When you think about conducting commerce and the fact that worldwide transactions would be impacted potentially by cryptocurrency and blockchain, or when you consider that currency transactions-- the buying and selling of goods-- is something that's so huge that it literally impacts every person on the planet, or when you consider the amount of users that would want to have a different technology because of either challenges with fiat currencies or banks (exerting complete control over your money)...when you think about all that...you begin to realize just how significant in scope that blockchain and cryptocurrencies are and how significant it could impact the way we conduct commerce.

It doesn't happen very often. In fact, there have only been a few times when a new technology platform has been this significant and recognized as this significant before it's actually matured.
Second, it's easier to believe the negatives when we're evaluating new opportunities. I can be as guilty of that as anybody. I was an adult when Apple went public. I didn't pursue Apple. I didn't invest in Apple. I didn't even pursue Apple for a job. I was in my early career and I didn't pursue. I don't know if I didn't think it had potential, if I was too scared, or if I didn't want to move. But right there in my sweet spot was a company that launched and is now the most valuable company on the planet. I missed it.

Shortly after Apple, Microsoft went public. Microsoft was dying to find people to work for them, individuals to take their product and sell it to companies, and they offered shares of stocks and options to their employees. You could learn Microsoft skills and build businesses. I didn't pursue it. Didn't even think about it. I don't know if it was because I felt that the career path I was on was better, or I didn't believe in the technology, or I was afraid of change, or I didn't want to move out to Microsoft headquarters in Washington. But nevertheless, I passed on Microsoft. It's now one of the top five most valuable companies in the world. The list can go on and on. I passed on Cisco Systems. I was older, but I was there and had the means when Google went public and talked myself out of an investment or career change, or even how I could use this new technology to build a business. I also passed on Facebook. So, I can say firsthand that I've always been able to find excuses on why a certain new paradigm in technology is not right for me. Maybe it's a lack of confidence in being able to switch. Maybe it's fear of leaving an established career. Maybe it's that no one likes to fail. Whatever it is, we all face things that may prevent us from taking risks that could change our lives for the better.

I know that most people will not get involved in blockchain, not understand it, not understand cryptocurrencies, and will only get involved when it becomes mature and readily available. But by then, the early adopters will have made all the money.

So, I challenge you today to say to yourself: This is a technology that I'm going to learn about. I challenge you to say: I'm not going to let this one pass me by. It's significant enough and material enough to take some time to understand it. I want to be a part of the early stages of this platform, this opportunity that is before me.

I challenge you to become one of the newest innovators in understanding cryptocurrency trading, determining how blockchain works in other businesses, learning how you can invest in it or how you can incorporate it into your own business, or figuring out how it will change your business if you don't. There is a slew of opportunities in many areas based on your skillset, and I strongly believe it's a big mistake to do nothing.

Not looking ahead and not taking enough time to understand a new technology has caused me to miss four or five really innovative and lucrative opportunities in my adult life. I don't want that to happen with blockchain and cryptocurrency. I don't want it to happen to me and I don't want it to happen to you. This book is about giving you the foundation and the reasons why you should consider taking the next steps.

But before we get into that, we need to go back in history and explain what got us to this point. And the first thing we need to look at is our money and its history.

CHAPTER 2: HISTORY OF MONEY

In order to understand the importance of blockchain and cryptocurrencies, you must understand the history of money. If we go back to recorded history, money has been an easy way to exchange or buy goods and services. But at the start, before money existed, bartering was the norm. It was a direct exchange of goods for other goods or services. And it worked well for a long time. I have too much rice and you need rice, and you've got extra clothes and I need clothes. I exchange with you or barter with you rice for clothes. There was a represented market value for the goods that we were bartering.

During the Roman Empire there arose a need for having a medium of exchange where your goods could be sold locally and you received "money" for them instead of other goods. Then you took that "money" and bought other goods, making money an easier way to conduct commerce. It simplified transactions.

Everything worked great until those in power decided to pervert the "money." It doesn't take a rocket scientist to understand that when money becomes a tool or a political weapon or a means to provide something for free, then the whole system can collapse.

Without real organic growth to increase the money supply, The leadership at the time had to come up with a way to inflate the money supply to fight off the economic downturn. So, what the U.S. government under President Roosevelt did was (and here was the first change in how we conduct commerce) issue an executive order that required U.S. citizens, under huge penalty of law if they didn't comply, to turn in their gold to the local bank.

For every one-ounce gold piece, citizens would receive a paper $20 bill. For their half-ounce gold coins, they would receive a $10 bill. For their quarter-ounce gold coin, they would get $5 etc. Therefore, all of the gold in the United States that the people owned was turned into the federal government and exchanged for the paper dollar version. So again, one ounce of gold would get them a $20 bill because gold was $20 an ounce.

Now here's the basic premise of how you devalue a currency. When you're on the gold standard and using actual physical gold, you can't really devalue your currency, your paper currency. The first thing you have to do is to bring the real thing into the barn. You've got to eliminate the real thing from the people who own it. Otherwise, as citizens, we would have just hoarded our gold and kept it. So that's what happened. In 1933 we all turned in our gold and received a paper equivalent.

Six months later, after the U.S. government had collected all the gold, the real gold, they changed the price of gold to $35 an ounce, and therefore, that $20 bill that we received for that one ounce of gold just took a 60% haircut. We could no longer buy as much with our $20 bill as we could with our one-ounce gold piece. Now, we needed $35 to buy the same amount of goods that, less than a year later, our one-ounce gold coin could have bought. This was our country's strategy to monetize the debt that the U.S. government had created and inflate the money supply.

From 1933 to 1971, even though we were using paper dollars, every dollar in circulation was 100% backed by physical gold held by the U.S. government. So therefore, any expansion of money supply in the system to create liquidity and growth and all other things that the economy needed to grow, was created by core organic economic growth, meaning if we sold more goods around the world than in the previous year, then money supply expanded, our wealth expanded, and therefore, there was more money supply. And this kept the gold to dollar basis the same from 1933 to 1971. Even though during this time it was illegal for American citizens to hold gold, the dollar was the replacement or the substitute for the actual value of the gold it represented that was being held in reserve at Ft. Knox.

For our country's international contracts however, a foreign country could still require payment in gold versus dollars according to the terms of the treaties that were signed. To renegotiate those would be almost impossible and the U.S. government couldn't dictate to another government that they take dollars since contractually America was

required to offer gold.

Then came 1971, under President Richard Nixon. France, who we owed at that time $100 million, contacted the United States and said, "We would like to be paid, and we demand to be paid in gold, as you have run up a lot of bills due to the Vietnam War, and we don't think your dollar is worth as much as the gold, so we would prefer to have gold."

John Connolly was the Treasury Secretary at that time. On Friday, August 13, 1971 John Connolly and his heads of finance and President Nixon met at Camp David. There were no hearings in Congress, no debate in the public. It was purely over a weekend where John Connolly said, "Look, we would have to give up all of our gold if we started paying these international treaties in gold instead of dollars."

Two days later, on Sunday night, August 15, 1971 Richard Nixon went on the national airways, (now known as the Nixon Shock), and stated that the U.S. dollar would no longer be backed by gold, that he was closing the gold window (meaning the convertibility of dollars into gold) immediately, and that the U.S. dollar would be backed instead by the good faith and credit of the United States of America.

That was on a Sunday night, effective the next morning. In essence, at that point in time, we completely eliminated or divorced ourselves from the gold standard. The U.S. dollar floated equal to the price of gold at the start, but then was not limited to the price of gold in determining its volume in circulation. Every other country followed suit, and at that moment in time, the agreement that was in place that had determined the value of currency (known as the Bretton Woods Standard) was basically eliminated. All fiat currencies around the world became backed by the good faith and credit of the governments which issued them.

Since 1971 to today, which hasn't been that long, if you were to write a synopsis of how we have done in maintaining the buying power and control of the value of money, you could say it has been an utter failure. We have now gone from a nominal amount of debt in 1971, to over $22 trillion in U.S. debt. And the Congressional Budget Office says that it's going to over $30 trillion in the next 10 years. That's just stated government debt. On top of that, consumer debt has never been greater, ever. Corporate debt, student loan debt. Debt, debt, debt. We have become a debtor society. And, every other country on the planet has followed the same suit. Europe and every European country, China, Japan, and others across the globe have basically printed more and more money to give things or to promise things in the future. The immense problem with this strategy is that no one has the money to meet those demands.

What's happened? Our money has become very devalued compared to 1971. That's why in 1971, a home cost $12,000, and today it's $385,000. Manipulation is a strong word, but due to the setting of interest rates and the setting of how much money can be printed by the government, and this is all done through the Central Bank of the United States (i.e. the Federal Reserve) our money supply has increased dramatically greater than the organic wealth of our economy. And this has been done by piling debt upon debt at the government level, at the state level, the corporate level, the family level, and the individual level.

We are destroying not only our own currency, but just about every currency on the planet. And the question is: when will this party be over? When will the issuing of more money out of thin air without real wealth or real economic expansion hit a wall? There are some that say it's happened. For example, in Greece, they hit a wall three or four years ago. Japan, they've hit a wall. They have no economic growth, they are servicing their debt, and every country that you can name is on the same disastrous course.

In fact, there are some that say that unbeknownst to the masses, there is a move to do a global reset. And that global reset would be a way to monetize all the world debt down to where it's affordable, and to do that, they would devalue all the fiat currencies, especially the U.S. dollar, and would render the pain of not having the same standard of living and buying power on citizens because of the mistakes that have been made by central banks and governments.

That may be the only solution because the debts that have been amassed and accumulated by leadership can never be repaid. This is part of the reason why today, in the United States, our central bank (the Fed) manipulates interest rates and keeps the interest rates arbitrarily low. Because if interest rates were at the free-floating rate that they used to be, we could not even afford to pay the interest on the debt that we have amassed.

And this is why the U.S. government and every government out there manipulates inflation, because the real destruction of our buying power comes through inflation. The cost of goods is going up, and we have too many dollars chasing fewer goods. This is inflation. And since you have that situation, the goods prices go up because they're in high demand, and that cause cost of living increases that can't possibly be offset by income or salary increases to keep everybody from losing their purchasing power. It's insidious.

When you understand the history of money, then you begin to understand why cryptocurrencies came into being. They came out of the 2008 financial crisis where the creators of blockchain technology and the creators of cryptocurrency wanted to decouple the currency creation from sovereign nations and institutions, to create its own currency that would be controlled by the users of the currency and not dictated or created or manipulated by a central organization, whether it be a bank or a government.

And that's what brings us to today. That's why it's so significant to understand the facts because it's all about who controls the money. While cryptocurrencies are not technically a currency, it is a commodity that we can use to buy goods and services. It's almost as if we've gone back to the beginning, but in a digital way, to buy and sell person to person for goods and services.
Here's the bottom line:

When we look at the overall history of "money," we see that there have been undeniable changes in what constitutes a currency. We no longer trade beads for an island (as happened when Dutch explorers obtained Manhattan), and most of us no longer carry a lot of paper bills around in our wallets. Just as currency has been replaced by plastic (in the form of both debit and credit cards) for many people, this plastic is now usually only represented by a picture on a cell phone screen, as services such as Apple Pay, PayPal and Venmo provide transportable, instant access to our cards and accounts. This is a revolutionary time of currency evolution, and that means we live in one of the best times in history to profit because, as history has proven time and time again, those who can get in early on an evolutionary change enjoy the biggest opportunity.

CHAPTER 3: THE DIGITAL AGE

How much of the world's currency is actually real? In other words, for every U.S. dollar or British pound (or any other currency) spent, how many are backed up by metal coins -- or even paper notes – in some bank vault?

The answer may surprise you.

Here's another question – how often do you use actual cash for your purchases? If you're like most people, your life has transitioned to become one where more often than not, you're swiping a card through a machine or opening up a phone app – that is, if you're not just clicking a button on your computer or phone to make a purchase.

Here's the amazing fact: as much as 90% of all fiat currency (the legal tender, like U.S. dollars, that is backed by the good faith and credit of the government that issued it) is now digital; just being saved in the banks hardware and passed from account to account without anything physical ever being produced. There have been various reports which are ever increasing in frequency that shops and even major companies are refusing to take cash as payment for transactions.

What do they know that we don't? And here's a related question: why can you only buy a drink on a flight with a credit card?

The answer is that the world's system of currency has changed greatly since we began exchanging shiny stones for food – and this huge fundamental change in how we use currency is not limited to overpriced drinks on a plane. There are many cases of retail shops in every industry now refusing to accept legal tender such as coffee shops or computer stores; examples could probably be found for any industry in America, and you've probably seen many cases where your paper money simply wasn't welcome.

Consider this: when faith in a currency is lost, there is no longer any desire to obtain it -- since you won't be able to use it in future transactions.

How long will it be before all physical currency is taken out of circulation and we will only have our debit and credit cards left to get the things we want?

The clock is ticking... but there is a new standard of digital money that is gaining momentum.

CHAPTER 4: WHY NOW?

When you think about blockchain and cryptocurrencies, you have to stay focused on the fact that it is peer-to-peer and doesn't require powerful intermediaries to authenticate and control transactions. Think of it as a public, distributed, decentralized ledger (or database) that uses state-of-the-art cryptography, runs on millions of computers and doesn't need a bank or government or institutional intermediary to be part of any transaction. Ever. Staggering implications, to say the least.

Prior to its advent there had to an intermediary for us to conduct financial transactions, unless the two parties were literally in the same room together and using real currency. As soon as the two parties were not in the same room together and the exchange was not face-to-face but rather across town or across country or overseas, then up until blockchain technology, an intermediary needed to be in place to ensure the financial transaction was legitimate and that there wasn't a risk of double payment of money, meaning somebody paying for something with money they didn't have. You needed a centralized institution for controlling data, and then you needed the corresponding oversight of that institution by tons of regulatory bodies to ensure that the institutions were doing what they were supposed to do.

How did we get to such a centralized, top-controlled state?

The U.S. government (and every developed country thereafter) set up a central bank in 1913 that was, believe it or not, owned by the major private banks. What they did was create a central bank to be the bank for bankers. The U.S. central bank is called the Federal Reserve, or more commonly referred to as the Fed. And as we all know, the Fed has unbelievable power to control money, interest rates, and provide a mechanism for the Treaury of the United States to generate revenue beyond tax revenue through the issuance of bonds.

Instead of the private banks doing it directly, they seeded that power and control to a central bank. But make no mistake about it, the central banks are owned by the private banks. It's a structure where the central bank has enormous power to impact or influence our economy and the value of our dollars.

Going back to the original point though, when a transaction takes place today, before the advent of blockchain, we had to have banks there to assure that the payment was received. And the individual making the payment had to have a bank account where the money could be withdrawn. And you had to give the bank that power. And then the other party had a bank and the two banks basically conducted the transaction between each other on our behalf. With that has come a lot of fees and oversight and control by the banks. And, because the banks were playing this role, the regulatory bodies also gave the banks the capability of creating more money.

And how do the banks create more money? Well, a bank is only required to keep 10% of our deposits in the bank. If the bank has $1,000,000, they're only required to keep $100,000 at the bank. They can then issue loans for the other $900,000, thereby creating a 10 for 1 increase in money supply, because they're loaning our money that they don't have.

They take, in my example, the $1,000,000 that they have as deposits and they loan out $10,000,000 or in this case $9,000,000. The multiplier effect of creating money supply through debt is exponential, because we have governments and banks doing it everywhere in the world. The banks are able to borrow money at virtually 0% interest today and issue out debt at 4% to 5%. The amount of debt that's been created that doesn't have any real wealth behind it is astronomical. And, it's unsustainable.

When you think about the dominance of banks and why there's a new standard emerging, it's because we have perverted the original intent. We have concentrated power in the banking system, and therefore, the benefits go to the few Wall Street and financial executives in power, and the masses receive very little value. We see very little wage increases.

We see very little benefit from this tremendous amount of free money that's been put in the system. The benefit has gone to those that are in financial power.

So why do we keep doing this? Well, if we allow it to happen we really have very little choice; our governments impose fiat currency as legal tender and therefore we must use it.

Just try walking into Starbucks and paying for your latte in gold. The gold may be many times the value of your latte, but there is very little chance that it will be accepted. This is due to a misconception that has been driven home to us our entire lives: that fiat currency is what we should be trading with -- and not anything else that also has demonstrated value.

But what if our governments didn't borrow money from private bankers and took it into their own hands? If this was the case our tax money would go a lot further into improving the economies of countries—better transportation, renewable energy, agriculture and manufacturing. Don't forget that the majority of what we pay in income taxes is to repay the interest our government has incurred by borrowing from private banks. That is not someone else's wealth. That's you (as a taxpayer) paying off the debt that has been created when your country borrows money. There has been a great deal of evidence to suggest that income tax would only be a tiny percentage of what we earn should this practice not be allowed. There would still be local taxes for the upkeep of your local infrastructure, but what is directly deducted from your earnings would be a fraction of what it currently is.

So why do governments allow this practice? Surely a country can produce all the legal tender it needs itself without having to borrow from the world's private banks, at interest. Well, this has been attempted before, by great men with vision who saw just how wrong the system is, but none has yet succeeded.

Whether pauper or president, no individual is safe. Anyone who challenges this system of absolute control is simply erased. People argue who is the greatest superpower. Is it the U.S., China, or Russia? The answer is none of these. It is the banks.

Just imagine what might happen if an entire country rebelled against its monetary system. There is strength in numbers and, as a collective, mankind is unstoppable, something that many of us often forget as we live in our own little bubbles. These days, our houses are our forts and our temples, and while not too long ago everyone would most likely know who their neighbors were, it is quite common these days to never meet your neighbors. We have receded into our own places to escape and let everything go on around us, but that is not the answer.

Progress and change never happened by running from the problem. It is the product of confronting the issue head on and having the strength of character to follow through on what we believe, no matter how much adversity we face.

When you think about blockchain and its primary role of decentralizing power and control of how we buy things, the biggest impact will be on those banks that stand in between right now and extract a huge fee for their role. They will fight this, in my assessment, until they can control and profit from it, because blockchain and cryptocurrencies, for the most part, eliminate the need to have a middleman or a bank or a credit card company or a federal government in between two parties to validate and affirm the transaction. That is why it is transformational, disruptive and has profound implications on society.

CHAPTER 5: KEY DRIVERS

It's important for all of us to understand some of the key drivers economically that influence our money, our buying power, and our standard of living, because these are creating the momentum in the proliferation of cryptocurrencies and blockchain.

The first is money creation and the politics around it. Money or currency is dictated by law to only be created by governments. Private institutions and individuals are not allowed to create money. And goods can only be exchanged with the money declared to be the currency, centralized and controlled by a national government. But that lends itself to challenges when the government infuses the politics of wanting to provide goods and services and benefits with money that they don't have. Make no mistake about it: political power influences money supply. Voters like to receive things for free and politicians like to give their constituents things for free. Often, they give them things that will not come due for 20, 30, 40 years, well after the politician is out of power and leadership.

A good example of this is our Social Security system. Our government provides Social Security benefits but it has not saved the money required to pay the promised Social Security benefits into the future. They've already spent it. The Social Security Administration admits this in stating that the money will be exhausted in 2037 and will not be able to pay what people are expecting.

The federal government, every federal government, runs an annual deficit. The U.S. government runs a $1 trillion annual deficit, meaning for every tax dollar raised, it spends a trillion dollars more compared to the total tax dollars. We are not living within our means. If we did this as individuals in running our households, we would be bankrupt. But when the federal government has a central bank that can issue treasuries and create and print more money, then you're not bankrupt by our definition of bankrupt. You basically devalue our currency because you are printing more and more of it and going into more debt on the treasury bonds you are issuing to raise money.

Another key driver is our propensity for political bail outs. When there is a market cycle, instead of allowing the weaker players during such a recession, (and when I say weaker players I mean individuals that have too much debt or businesses that aren't working), instead of the government and the central bank allowing those weaker entities to go through bankruptcy, which is what the bankruptcy laws are for, it's become very popular to print money and bail out the big institutions that got us into the problem in the first place!

In the 2008 crisis, virtually every automobile company in the country should have been bankrupt. Every bank, virtually every major bank after the Lehman Bros collapse, should have been bankrupt. But what happened was that the central bank and the federal govt printed a bunch of money they didn't have and bailed out many, many companies. Remember Fannie Mae and Freddie Mac? Remember AIG Insurance Company, General Motors, Bank of America, Merrill Lynch, JP Morgan? Many received free money from the federal government without consequence even though they had collapsed the system. And the central banks provided this free money. I didn't get any of it. Did you?

The fact that money can be printed and created to try to soften the blow of bad business decisions has created a huge problem and is a key factor in our understanding the key drivers of what is influencing our monetary policies. In essence, we have kicked the can down the road and we are creating a bigger monetary problem when the next crisis hits.

The third key driver we have to understand is inflation and the CPI (Consumer Price Index). Inflation occurs when too many dollars are chasing too few goods. When the money supply increases beyond what is normal from established economic growth. If we look at our gross domestic product or the increase in our expansion of our economy, we have to look at it net of inflation. If the economy grew 2%, and inflation was 2%, then as a standard of measure from one year to the next, we really haven't moved. It's still zero. 2% growth, 2% inflation, we have generated no real economic growth.

There is a strong desire to keep the inflation number low and manipulate it so it appears that there is real true economic growth. That is why the definition of inflation has changed 22 times since 1980. Let that sink in for a minute. The definition of inflation has changed 22 times since 1980, and the changes have been to recast our inflation number at something less than it truly is. It's no wonder many of us can't make ends meet and are living paycheck to paycheck.

We no longer count food or energy in the core inflation number. We don't even consider that we're getting less goods in a bag of chips or in a cereal box yet paying the same price. We manipulate the items that are counted in the basket of goods to calculate CPI. If we were to measure inflation the same way we defined it in 1980, it would be running today at 10%. And yet we are told that inflation is 2%. If inflation were really 10% and we had nominal GDP growth of 3%, then the U.S. government would have to report that we actually had a true economic growth or growth in gross domestic product of -7%. That's negative 7%!

Well, you can imagine that that doesn't get you many votes, and it creates panic. People would stop spending money. So, our central bank and the Bureau of Labor Statistics (BLS) and the federal government all have a vested interest in telling us that our CPI is low because things like Social Security benefits and government expenditures are linked to the CPI. Could you imagine if our inflation number were calculated at 10% and Social Security checks were going up at 10% a year just to keep people's buying power the same as the previous year? The government would be broke in a few weeks.

Inflation is important to understand but realize that it's manipulated and does not give the true reflection of the buying power of the fiat currency. It's understating the impact. Inflation has often been described as the greatest confiscation of wealth there is.

Another key driver of our money is our gross domestic product (GDP). GDP growth means our economy is expanding, which is essential to keep creating new jobs for individuals coming into the workforce. But this statistic too, standing on its own, can be massaged and changed and manipulated by current political and financial powers to ensure that the message they're sending out is consistent with what they want the average consumer to do. In the United States and in most countries, the economy is driven by consumers spending money on goods and services, not saving. Therefore, any message that creates doubt is a message that will slow down the economy, slow down our spending, and slow down the tax collections would not be acceptable to those that are in charge.

When you look at these key drivers of our money in total, you begin to see the whole house of cards. Because when data and money can be manipulated, it creates shocks to the system, particularly when something happens like the 2008 financial crisis. And when a shock to the financial system occurs, a new technology is born to keep it from happening again.

Hence, **the advent of blockchain and cryptocurrencies.**

CHAPTER 6: DEFINITIONS

I get asked the question a lot, "What is blockchain technology and what's the significance of it?" Sometimes when you're discussing a technological change, the real impact is hard to envision, or hard to understand, and therefore it gets ignored or not accepted. I think that's the case when it comes to discussing blockchain and cryptocurrencies. It sounds so esoteric—like it's designed just for technology experts. But the truth of the matter couldn't be farther from that.

It's time for you to understand cryptos and blockchain, so you can be smart about it and profit from it.

What I'm going to try to do is to explain in terms that we could discuss at a dinner table or cocktail party. What are blockchain and cryptocurrencies? What do they do? How can they fundamentally change how we conduct business and buy and sell goods?

Let's start with more of a technical definition. When I say technical definition, I mean a definition that is used as an elevator speech to define blockchain. Blockchain is a public distributed ledger technology that is stored globally on thousands of servers that, among other things, enables goods and services to be bought and sold in a decentralized manner, peer to peer (person to person or entity to entity), without the need for a middleman.

Why is it called blockchain? Because a group of transactions is part of a "block" and once those transactions are validated in the system, that block joins with previously validated blocks and creates a chain of transactions---called the blockchain, visible to anyone that is doing transactions on that blockchain. The blockchain is an unchangeable record of every transaction that takes place.

You might be saying, well what does that mean or how is that going to change anything that I do today? I buy a bag of groceries today and I use my credit card. I buy a bag of groceries tomorrow and I use a cryptocurrency on a blockchain. What's the difference? Why should I care? You should care because whenever there's a technology change like this, businesses change. And when something this transformational and disruptive occurs, the opportunity to learn about it, invest in it and capitalize on it becomes available to you and me. But you have to act. You can't wait and see what happens. By then it will be too late.

Now we have the advent of a new technology, and it's still in the early adoption stage. And this gives us the opportunity to embrace it, understand it, and utilize it to make money.

Okay, this blockchain—or distributed, decentralized ledger technology—what's the big deal? I'm going to try to explain it by describing a simple transaction of me purchasing a trinket from another person. Envision yourself sitting in an auditorium with 1,000 people. I'm on the stage, and I ask one person to come up on the stage. I pull a $20 bill out of my pocket and I ask the individual on the stage to take something out of their pocket, of nominal value, that they will sell me for $20. I hand the $20 bill publicly--in front of everybody--to the individual with me on the stage. She hands me the trinket for which I've paid her $20. Then I turn to the 1,000 people in the auditorium and I ask them: Does everyone here agree that I had the $20 bill in my hand and took it out of my pocket? Do you agree? Everybody agrees. Does everybody agree that she had the trinket in her pocket that I purchased? Everybody agrees. Does everybody agree that I gave her the $20 bill? Did you witness the transaction and see her give me the trinket? All 1,000 people agree.

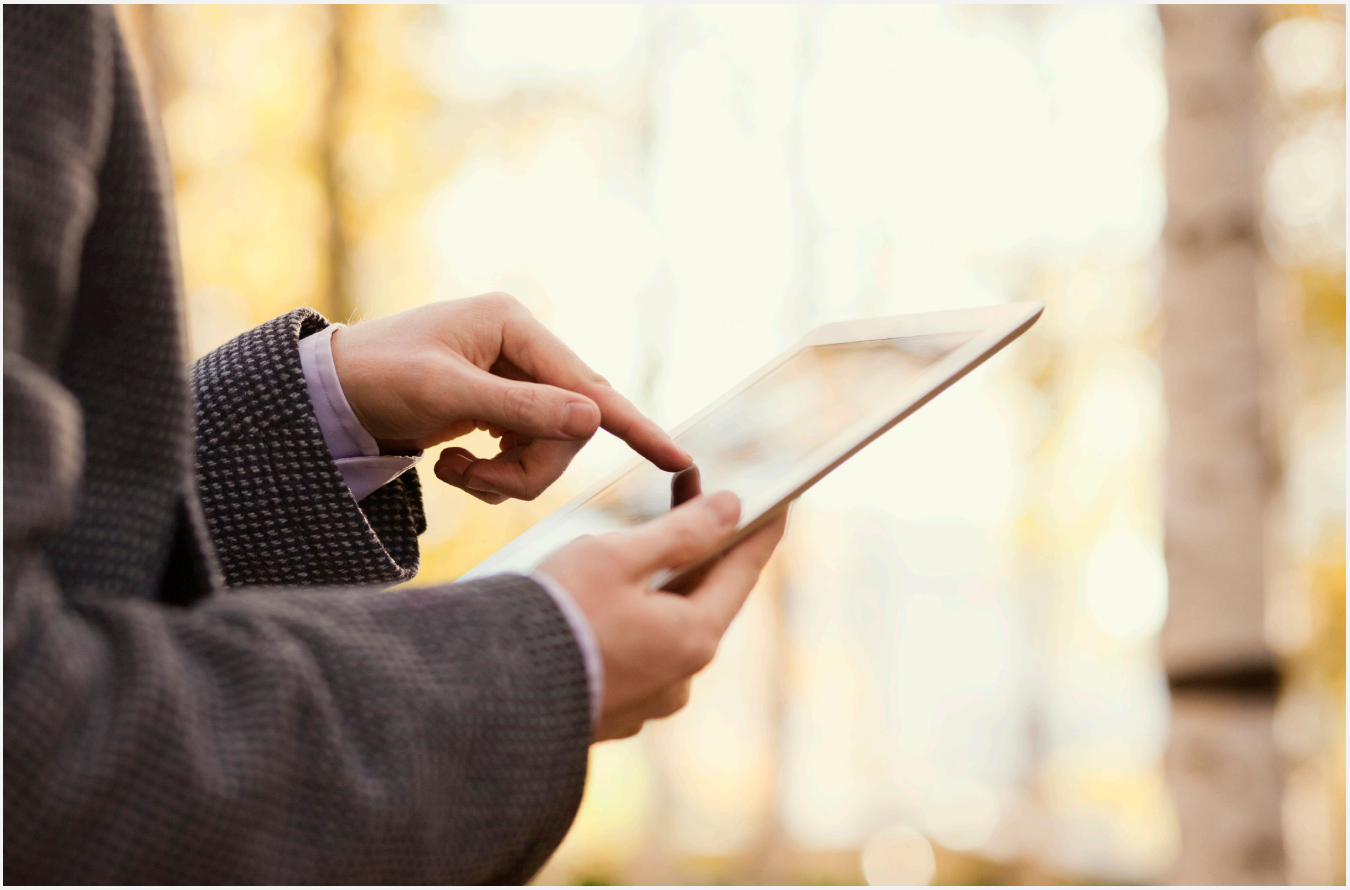
If we were to do that transaction today and the person selling me the trinket was not in the same room, I couldn't hand her $20. I've got to get $20 to her a different way. Maybe she takes a credit card, or maybe I wire the money to her, or maybe write her a check and mail it, or maybe use Venmo or PayPal to get her the $20. Then she can ship me the trinket. In today's economy that transaction, if we're not in the same room, requires an intermediary (usually a bank) who's got to validate that I am who I am, that I've got money in my account or available credit on my credit card, and that I've sent the right amount of money to this individual.

Then, her bank has to validate that she has an account, that she received the $20, that the money got deposited, and that there is no misrepresentation of any information that would prevent us from consummating the transaction.

In my example, where all 1,000 people are in the room and we conduct this transaction peer to peer (without any intermediary), that is the essence of what blockchain technology is. But, instead of being in the same room with me, the other individual with the trinket could be anywhere on the planet. The 1,000 people sitting in the auditorium represent the distributed public ledger/database that everybody using the platform can see. All 1,000 are connected by a complex web of servers that creates an open and public ledger, so that if the transaction isn't legitimate, or if there's something wrong with the transaction, then one of those 1,000 would say--wait a minute, that doesn't reconcile with what I have on my ledger. He doesn't have the $20. And that transaction cannot be validated on the blockchain.

When you think about blockchain, it means all the transactions that occur on it are out there for everyone to see, in a public ledger, so there is no opportunity to manipulate the data.

There is no opportunity to just create $20 out of thin air, because all of the different servers, or witnesses to the transaction, are watching and have to validate the transaction.
In the most simple, basic form, blockchain tech-



nology enables us to conduct transactions as if we were face to face with someone, we had all the money there, without the invention of an intermediary that has to validate the financial mechanisms, and the individual's validity to do this transaction. When you think about that, and how fundamentally that changes the way we buy and sell things, you'll begin to realize how significantly it may change society. Bill Gates said it nicely: "Bitcoin is exciting because it shows how cheap it can be. Bitcoin is better than currency in that you don't have to be physically in the same place and, of course, for large transactions, currency can get pretty inconvenient."

Cryptocurrencies like Bitcoin, LiteCoin, Ethereum or the hundreds of others, are the medium of exchange on the blockchain platform. They're the mechanism of value that sits on top of the blockchain that determines the amount that you're sending. The network of individuals that are in, or use the blockchain platform, determine the value, based on supply or demand. It's not created out of thin air. It's specific to its creation. It's not controlled by a central bank or government, and thereby the owners of the cryptocurrency have complete power and trust in its accuracy and its value.

How is this going to change what we do? First, imagine having a borderless technology that enables you to have your wealth with you wherever you go on the planet, so that you don't have to worry about whether a bank is closed or not, or you don't have to worry about assets that are sitting in a company, like shares of stock, or you don't have to worry about the central bank creating a trillion dollars of money out of thin air, because of a market crash.

That can't happen because the blockchain platform and the cryptocurrency is self-contained, and you have your value anywhere you want on the planet, as long as you have an Internet connection, and so does everyone else that is using that blockchain. You could be sitting in any state or any country and want to purchase something from any other place that accepts your cryptocurrency. That transaction is now able to be completed through distributed ledger technology, and becomes exponentially faster and immediately verifiable, and there's no concern about the trust and accuracy of the data.

Someone recently said to me, "When I travel today, if I want to go out of the country I can only take $10,000 cash with me. That's the maximum I can take to another country. But with cryptos, I can take my money with me." With blockchain and cryptocurrencies, you have all your money with you, all the time, wherever you go. You don't need to rely on the fact that a particular nation does not want you to have your wealth with you when you leave, like it's somehow theirs and not yours! I think that's powerful.

The ability to have sort of a borderless society, without limitations on geographic lines or value lines, like through currency debasement, gives you ultimate flexibility, ultimate control over your destiny, and it becomes the very essence of why blockchain and cryptocurrencies are so powerful, and why they will change our future.

CHAPTER 7: A NEW ANSWER ARISES

In January 2009, a revolutionary new way to trade with each other and store our wealth was born: the first viable cryptocurrency, the Bitcoin. What exactly is it? Bitcoin, or BTC as they are abbreviated, is a type of cryptocurrency -- a peer to peer (P2P) way of transferring funds from one individual to another, pseudo anonymously, and without involving any type of financial institution.

As it is not controlled by any country or central bank, this has created a new decentralized "Money of the People", once again putting you in complete control of your own assets. Bitcoins were brought into existence by a mysterious programmer known only as Satoshi Nakamoto, which is the Japanese equivalent of John Smith. Satoshi Nakamoto is widely thought to be a pseudonym for a collective of programmers, none of which have ever given an interview. A great deal of mystery surrounds the creator, or creators, of Bitcoins. Bitcoins can be broken down to 8 decimal places, or 100 Million pieces. Therefore, 0.00000001 BTC, known as a Satoshi after its creator, is the smallest denomination possible.

As cryptos are easily divisible into many parts much like fiat currencies, this checks one of the boxes that makes them an ideal form of money. Let's look at the requirements for a successful form of money – **Portability, Value, Durability, Divisibility, Consumability and Fungibility:**

• **Portability** - Cryptocurrency can be sent online very easily from one person to another across the Blockchain, where all transactions are handled; exactly like a global ledger.

• **Value** - They are valuable as they offer you something unique, a way to store your wealth outside the banks, and charging a fraction of the cost for international transactions.

• **Durability** – It is totally non-perishable as you cannot maliciously destroy its code, though you have to be careful where you store them.

• **Divisibility** - Cryptocurrency can be split down into 100 million pieces and can therefore be used to conduct any transaction, large or small.

• **Consumability** - Cryptocurrency is never consumed, just handed from one person to the next, so they are never used up.

• **Fungibility** - Cryptocurrency can be exchanged for anything of a like value providing that the seller accepts it. As we can see here, cryptocurrency is just as successful a form of money as gold and silver, potentially even more so as they are much easier to transport and store.

The codes from your cryptocurrency can be taken off the internet and printed onto a piece of paper. Compare $10,000 of BTC, for example, to storing $10,000 of gold or silver. The BTC codes would fit in your wallet and you wouldn't even feel the weight difference of the piece of paper. Try carrying that much precious metal on your person; you would most definitely feel it weighing down your wallet or purse. They are also easier to divide as you can send exactly how much you need.

For the first couple years of its existence, cryptocurrency remained pretty much unknown to anyone other than computer enthusiasts. Gradually though, over the years since 2009, cryptocurrencies like Bitcoin gained the attention of the media and public. Since 2011, interest has rapidly increased, most notably during the enormous rise in value of cryptocurrency in April 2013 and then in late 2017, when Bitcoin reached nearly $20,000! In 2011 a single Bitcoin was worth only $0.30 and by July 2018 the value of a single Bitcoin is at $8,100!

To put it in perspective, if you had invested $1,000 in Bitcoin in 2011, it would be worth over $2 million today!

As a type of digital currency that is based on state-of-the-art cryptography for security, cryptocurrencies are impossible to counterfeit with current day technologies. When technology advances into quantum computing there may be a potential threat to the security of this cryptography, but that is many years from becoming a reality; and by then, quantum cryptography or something similar will be put in place to ensure its continuing security.

When it comes to the cryptocurrency of Bitcoins, there are a finite number of Bitcoins in the world, with a hard cap of 21 Million set to be reached by the year 2140. They are created as a reward for mining "blocks". As there is a hard cap on the maximum number of Bitcoins, there no possible way for a central bank to issue a flood of new Bitcoins; which would lead to devaluation of those already in circulation.

Your head may be spinning right now—you thought you were beginning to understand the why and what of cryptos, but then I just introduced the idea of mining. Let me say right here—most people do not mine for crypto. They purchase it, trade it, invest in it, start businesses around it, etc. But, it's important to at least understand the concept of mining.

Simply put, cryptomining is the process where a "miner" can interact with the blockchain that the crypto is built upon and can earn crypto based on a computationally complicated activity or can get paid for their processing power to run the blockchain. Back in my example of the 1000 people in the room representing 1000 servers running the blockchain—those people/servers are the miners.

Cryptomining has two important functions: adding, securing and verifying transactions to the blockchain and releasing new cryptocurrency. The miners are the ones updating the blockchain for every transaction, ensuring the authenticity of the information and ascertaining that each transaction is secure and processed safely.

Although initially people could mine crypto using a standard PC, it isn't viable anymore. Now, the quality and quantity of equipment and graphics cards etc. that is needed for any success is astronomical compared to the early days of mining. Basically, cryptomining has become industrialized, with organizations spending huge amounts of money on purchasing, running and maintaining the equipment. It's not unusual to see floor to ceiling racks of equipment in large warehouses all over the world attempting to capitalize on the remaining 20% of the unmined Bitcoin and other cryptos yet to be mined.

For those interested in what is needed to mine, a prospective miner needs a wallet—an encrypted online bank account—to hold what is earned, and the second piece of software needed is the mining software itself. CGMiner, MultiMiner, BFGMiner and Bitminter are a few noted ones. When launched, the program begins to mine on its own—looking for the magic combination that will open up a padlock to the block of transactions. The program keeps running and the faster and more powerful a miner's hardware is, the faster the miner may be able earn a coin.

Remember, however, not all cryptocurrencies are mined. Many are created using other mechanisms, all of which still have the benefit of being on the blockchain and creating the portability, flexibility and decentralization of a medium of exchange that eliminates a middleman. Both mined and non-mined cryptos have one thing in common—they both are processed over a blockchain and need to be verified to make sure the crypto wasn't spent twice. You will hear it called "proofing" a transaction.

Cryptocurrencies can be bought and sold in return for fiat currencies on numerous different exchanges around the world. They can also be directly transferred very easily across the internet from one user to another. You can also directly spend your cryptocurrency for products and services on any website or in any store that accepts them. Initially only a handful of sites accepted cryptocurrencies, however the range of companies, products and services that are taking cryptos as payment is expanding at an exponential rate.

In the decades to come it is very likely that cryptocurrency will be accepted everywhere as a form of legal tender, albeit not in the conventional sense like fiat currencies are. Anyone can send cryptocurrency to anyone else in the world, avoiding fiat currency exchange rate fluctuations and additional processing charges banks impose on sending currency to other countries.

While the pioneer of cryptocurrencies is the Bitcoin, there are now many others, like LiteCoin, Ripple, Ethereum and EOS that have also established a strong foothold. There are new cryptocurrencies appearing all the time.

There is still a great deal of speculation regarding cryptocurrencies, calling them a bubble, a pyramid, or a Ponzi Scheme. But I believe it is no more like any of these than is any other form of fiat currency.

More and more people are embracing it fully and looking forward to the future where cryptocurrencies make all fiat currencies obsolete.

When we compile all the evidence about how we manage wealth currently, and understand just how broken the current system is, feeding our buying power into the hands of the few; one can only hope that for the prosperity and advancement of mankind that this will become a mainstream reality much sooner rather than later!

Hopefully now you have a rough idea of what blockchain and cryptocurrencies are. The next thing you will want to know is the current landscape.

CHAPTER 8: WHERE ARE WE NOW?

As of July 2018, with 1600 cryptocurrencies to choose from, it's hard to know where to start. And, to make matters worse, the crypto lexicon is constantly changing and adds to the confusion. Let me try to break it down for you. First, the whole enchilada. Some call the overarching category Crypto Assets. Other call it Cryptocurrencies. For others, it's Digital Assets. Or Digital Commodities. Whatever you choose to call the umbrella category, the basic premise is this: It's a digital asset that is using cryptography, a distributed and decentralized public ledger and a peer-to-peer network to validate and regulate the new units that are being created, without the need for any central authority or middleman.

Underneath the umbrella there are categories of these digital assets that can be classified in how they are created or used. There are many names for these assets including coins, altcoins and tokens. Bitcoin was the first cryptocurrency coin and therefore alternative cryptocurrency coins, called altcoins, simply refer to coins that are the alternative to Bitcoin. Many of these are derived from Bitcoin's open source protocol, but more and more are now creating their own blockchain and protocol, such as Ethereum and Ripple. Each of the coins possess their own independent blockchain.

Tokens, on the other hand, don't need to create an independent blockchain. They can reside on top of another blockchain. They can be a "stand-in" for any asset that is fungible, such as commodities. That is why sometimes they are called crypto commodities. The process for creating a token is done with something called smart contracts, which are programmable computer codes that are self-executing and don't need a third-party. With the introductions of smart contracts, new projects can build upon the existing platform. The Ethereum platform has become one of the most utilized places to create tokens using smart contracts. With the smart contract, many new projects issue their own ERC-20 tokens on this platform.

Often, tokens are created and distributed to people through an Initial Coin Offering (ICO), which is similar to an IPO (Initial Public Offering) for stocks. There are ICOs being announced almost every day and many are in a frenzy over them. But buyer beware. Some are legitimate. Others are a money grab. And smart investors have to do their homework to know the difference.

Some tokens are categorized at utility tokens, which means that are created for a specific utility, or purpose in mind. For instance, they can be exchanged for file storage, or other operational purposes. More and more businesses are looking at how to use the blockchain to become more effective and efficient in their operations. So, an Uber token, for instance, would give you the right to ride. But it's only good in its own blockchain—i.e. you couldn't use it for Lyft, as you could Bitcoin.

There's also a move towards what are called stable coins. These are digital assets that are "stabilized" with another asset. This type of cryptocurrency is technically not as volatile as Bitcoin or other coins that are still swinging up or down a lot, making them harder to use to conduct commerce. Some people think that these more stable coins will be in greater demand as they give stability while still being decentralized, private and portable. It's the idea of being able to take your wealth with you, no matter where you are on the planet and be assured that it will at least be worth the asset that is stabilizing it.

CHAPTER 9: ACQUIRING AND STORING CRYPTOS

If you are interested in acquiring cryptocurrency, but have no prior knowledge, then this is as good a place as any to start. Cryptocurrencies are very flexible in the way they can be stored, although some options are more secure than others. The most important thing to note at this point about storage is that ultimately you are in control over where they are stored, and how secure they are. There is no central bank controlling them, and very few financial regulations controlling them... not yet at least. As a result, if you misplace your cryptocurrencies, or have them stolen then they are gone!

While this may sound like a negative point, safely storing your cryptocurrency isn't actually that hard to do. So, what are your options?

The first thing to understand is that you need a crypto (digital) wallet. This acts just like your bank account and is used to store, receive and send your cryptocurrency. The wallet has two parts: a private key and a public address. You use the private key for your own access, but you use the public address to give to others to send/receive funds. Think of your wallet as your own bank.

There are several important types of wallets: hot and cold. Hot wallets are connected to the internet and are used by exchange platforms. These include:

• Desktop wallets (such as Exodus) or a wallet created by the exchange, (such as Coinbase)

• Mobile wallets (such as Breadwallet, Jaxx, and Mycelium)

• Online wallets that utilize the cloud and allow you to access funds from any device (such as Myetherwallet).

Cold wallets are not connected to the internet. The most popular cold hardware wallets include Ledger Nano S and the Trezor.

At this point in time, the safest way to hold your crypto is probably a combination of both a hot and cold hardware wallet. What you would do is move your crypto from the hardware wallet to an exchange and then move it back when you are not wanting to conduct a transaction with it. The hardware wallet keeps your crypto completely secure.

Cryptocurrency vaults are online services where you entrust your cryptocurrency to a vault where they are also stored cold, on a computer not connected to the internet. Apart from safe storage, while your coins are with these companies they are also insured, which is the only service of its type to currently offer any level of protection for cryptocurrency. As with anything, though, this service comes at a price.

Exchanges are the platforms people use to buy, sell and trade cryptocurrencies. The transactions can occur using fiat currencies or other cryptos, depending on what the exchange offers. Remember though, not every exchange supports every coin, just like not every wallet supports every coin, so investors have to hold more than one wallet and use more than one exchange.

One of the first exchanges to become mainstream was Coinbase. Beginners are able to navigate this exchange, which also is a wallet—so it's like an all-in-one option. Coinbase Pro (formerly known as GDAX) is its sister platform and is a bit more complex and used more frequently by institutional traders. Coinbase also purchased Paradex, which allows customers to trade ERC20 tokens. Kraken is another exchange, as is Binance.

Take some time to understand the exchanges and the types of wallets you can use to buy, sell and hold your cryptocurrency. There is a lot of free information online that can help you get educated so take advantage of it.

CHAPTER 10: INVESTING AND TRADING CRYPTOS

Now you hopefully understand a little more about cryptocurrency. But how can you get a piece of the action? You may wish to just invest in a cryptocurrency long-term in the hope that they will reach some of the targets estimated. Or, you might want to buy a more stable coin that has less volatility and can appreciate as the asset underneath it does.

Remember, most cryptocurrencies are still quite volatile, and extremely susceptible to high profile events affecting the price. At the end of 2013 when China halted all Bitcoin transactions the price dropped significantly. However, to a trader, this is far from a bad thing. A highly fluctuating market means there is an enormous potential profit to be had, if one buys and sells at the correct times.

Remember--had you invested $1,000 in Bitcoin in 2011, as of mid-July 2018, you would have over $2 million!

You may buy in one day at what you thought was a low price, and the bottom falls out again, meaning you have actually made a loss for the day. You may have to sit on your cryptocurrency for another day, a week, or even longer before it rises again to where you bought at. This principle is no different to how fiat currencies are traded against each other on the Forex markets. The right trade, bought at the right time, and sold at the right time can make a fortune.

There are also other tools at your disposal to aid in the trading process. The graphs on the exchanges, while functional, usually don't have a great amount of detail. They show you the trend, but not the fine details. If you want to get serious about trading cryptocurrencies then another weapon in your arsenal is the mainstream media, and dedicated news sites. If something makes national, or even global news with regards to cryptocurrencies then that should give you a strong indication as to whether the price will be due to rise or fall.

If a country announced that a cryptocurrency is now accepted as legal tender, the price would rise as confidence in using it as a trading medium has risen. Contrariwise, if a country announces that it is banning the trade and use of cryptocurrencies (or a specific cryptocurrency), then the price would fall.

First and foremost, you should only invest an amount that you can live without – so no matter what happens, you won't need to sell the crypto to sustain yourself. Having a safety net to fall back on will also prevent you from letting your emotions get the best of you, something that can become financially lethal. Another important premise is that you only invest in a project you know enough about. What problem is it solving? What industry is it targeting? Who is behind the project? Without the certainty of this knowledge, you'll likely lose money.

Another key component is not to worry about trying to time the market perfectly. Even the most seasoned investors aren't able to consistently buy at the absolute bottom and sell at the peak. Worrying about this causes stress and leads to mistakes caused by emotional reactions, which should be avoided at all cost.

The markets are not rational; almost everyone lets their emotions (such as FOMO and panic-selling) get the best of them. In the end, big money will always beat you if you don't come to terms with these cold hard truths.

Common mistakes made by investors and traders are:

- Investing in something that they don't understand
- Going too big into one asset
- Overtrading
- Investing a large sum in penny coins
- Using leverage and shorting

Moreover, people tend to become emotionally attached to specific coins and beliefs. You shouldn't "believe" in a coin or in a market movement. Truth be told, the market does what it does, without any sympathy for how you feel about something.
Diversification is what you should aim for when you decide to enter the cryptocurrency world. When you want to play it all-or-nothing, going with only one small cryptocurrency can make you rich, but the chances are bigger that you'll have to sell at a loss. In fact, the top investors do not invest solely in cryptocurrencies – they diversify their investment portfolios by including stocks, bonds, options and physical precious metals.

By remaining diverse, you give yourself the best protection coupled with greater chances for success. And make sure you are diversified within each asset class. Don't put all your eggs in one basket. Have a number of different types of cryptos in your digital asset portfolio.

CHAPTER 11: THE REGULATORS

As you can imagine, the regulatory environment for cryptocurrencies is changing almost daily. This is a new technology. It impacts the financial markets in many ways. Obviously, the big regulatory bodies are trying to determine how to advise investors on what a cryptocurrency is, and how you should approach it.

When I talk about the big regulatory bodies, I'm talking about:

• the CFTC (Commodities Futures Trading Commission) which has oversight over commodities and futures markets,

• the SEC (Securities Exchange Commission), that has regulatory authority over equities and securities,

• the IRS (Internal Revenue Service), which wants us to pay our taxes.

Depending on your point of view will determine where some think they are. For example, most of the cryptocurrencies out there today were brought to market under what's known as ICOs (Initial Coin Offerings.) The ICO is an unregistered ICO market, meaning you don't have to register with the SEC and get approval before you make the offering to potential investors such as you would with an IPO (Initial Public Offering) of stock in a company.

So, it was very easy for cryptocurrencies to go through the ICO market to raise money to either build a blockchain platform or just to raise money and use the cryptocurrency as an investment tool. The way it typically worked was that an individual or an entity would create a current cryptocurrency, and they would have a predetermined number of cryptocurrencies that they would sell or mine.

Usually, the creator of the cryptocurrency would hold back a certain percentage of the tokens for their own personal ownership, and that's how they created their wealth and value. So, for example, if they were going to issue five million tokens, and they held back 20%, they would hold back one million tokens for the creator and they would sell through an ICO the four million tokens and then let the secondary market drive up the price.
That's how almost every ICO created wealth and value in the marketplace.

From an SEC standpoint, the potential abuse for investors buying something that didn't have value or turning over money without some sort of regulated environment was of chief concern. Most recently, the SEC has put some parameters around ICOs, and ICOs, though they were the big splash over the last five or six years have lost favor with the introduction of newer generation cryptocurrencies.

The second question is: is it a security? Does it pass what's known as the Howey Test? And if it doesn't pass the Howey Test, then what is it? Is it a currency or is it a commodity? Let's go with the currency first. What's the definition of a currency? Well, a currency has to be fungible. A currency has to be a consistent value. A currency has to have broad expansion. A currency is something that is easily transferable and recognizable. The crypto market currently doesn't fall into those categories.

From the IRS' standpoint, it wants to know if the cryptocurrency has been sold, because if it's a currency or if it's an investment and it was bought at $20 and you sold it at $100, then there's a taxable event and the IRS wants to collect taxes on the gain. The IRS has a vested interest in making sure that the information needed on transactional basis for cryptocurrencies is recorded. And if it falls under the FINCEN (Financial Crimes Enforcement Network) or FINRA (Financial Industry Regulatory Authority) currency regulations, then all the transactional information about who bought it and who sold it will be required, giving the IRS a way to capture the personal information.

Finally, the CFTC, which is where we've really landed, has defined cryptocurrencies as a commodity because it doesn't meet the threshold for currency. It's not controlled by government or central bank and it doesn't meet the Howey Test for a security. This seems to be the direction that cryptocurrencies are moving, as of this writing. That they are commodities, that the futures market is trading on the CBOE (Chicago Board Options Exchange), Bitcoin is trading on CME (Chicago Mercantile Exchange), falling under the purview of the CFTC and making them a commodity.

A commodity has certain reporting requirements upon selling or liquidation, which investors need to understand because that transaction triggers a taxable event.

Under the CFTC and SEC laws there is a required anti-money laundering (AML) process. That's very important for these regulatory bodies to ensure that the transactions used in blockchain are not promoting or making it easier to conduct commerce cross-border of illegal products.

All of those regulatory pieces are absolutely critical in understanding the evolution of blockchain and cryptocurrencies, and it won't be settled law for a while. However, I believe the regulatory bodies are starting to narrow in on what a cryptocurrency is. It looks like it will be a commodity that may require, if you're accepting payment with it, some sort of FINCEN or FINRA reporting requirements, and then of course any entity that's exchanging it or purchasing it would be subject to AML rules and requirements on data collection and processing, much like banks are today.

CHAPTER 12: YOUR FUTURE

Like so many things, a glimpse into the future would be more than just useful, but ultimately all you can do is follow the signs and act upon them when you feel the time is right.

Nobody knows exactly where cryptocurrency and blockchain will be in the next 10 years, the next 5 years, or even next year; but if you look hard enough there is some very definite evidence developing. And it's time to act on that evidence. Don't miss this incredible opportunity.

Cryptocurrencies are fundamentally changing how we conduct commerce and handle transactions – once again, in the same way that we transformed from gold and silver to reserve notes, and then to plastic and now to digital currency (balanced by a return to gold for many investors!).

Cryptocurrencies will most likely be around for many years to come, however Bitcoin has received a lot of attention as the original market leader. Some people believe that eventually only a handful of the cryptocurrencies will remain. However, there is nothing to say that another, even more practical and efficient cryptocurrency may knock Bitcoin off its pedestal as cryptocurrencies evolve.

So, what can you do in the future? If you don't want to get left behind in the future world of cryptocurrency wealth, you will need to arm yourself with knowledge and the right tools. In general, revolutions lead to improved lives for the people who fight for them, and this should remain true for everyone who stands behind cryptocurrencies as they begin changing the world.

Make sure you stay on top of information about blockchain and cryptocurrencies, and always seek out the best insight from experts. You will also want to take advantage of trading tools offered by these experts, who can save you years of anguish by preventing you from making the mistakes they've already made.

Do not let the potential of blockchain and cryptocurrencies pass you by. Get educated. Get involved. Get going. You are in the driver's seat of your future. Make it amazing!

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