



# Crypto Crazy

*Dear Dr. Per Cap:*

*I know you say cryptocurrencies are high risk but I keep hearing about regular people who've made a fortune trading them. What's my biggest risk if I buy some now?*

*Signed,*

*Struggling to Resist*

Dear Struggling to Resist

Ok, cryptocurrency mania has completely gone off the rails - worse than Indiana Jones in a mine cart with no brakes blazing through the Temple of Doom. It's so crazy now I've stopped trying to figure it out. I really have. Currency of the future or sucker's bet – honestly no one knows. I repeat no one knows.

But I will stand by this. Cryptocurrencies are far riskier than many crypto investors and speculators are willing or able to admit. Let me explain in the spirit of late night TV.

## **Dr. Per Cap's Top Ten Ways You Can Lose All of Your Cryptocurrency (or at least a good chunk of it)**

#10 - A criminal hacks your digital wallet, software that allows a person to access a blockchain or other cryptocurrency platform. Happens all the time and regulators and law enforcement can't do a dang thing because you guessed it – cryptocurrencies are not regulated.

#9 - Elon Musk wakes up on the wrong side of the bed and lashes out on social media. Considering his tweets appear to be the biggest price mover for bitcoin, you better hope no more auto piloted Tesla's crash.

#8 - The United States outlaws cryptocurrencies. This is probably easier said than done but there's no denying a growing movement of rich powerful interests that aren't feeling the crypto lovefest.

#7 - The United States creates its own digital dollar and beats cryptocurrencies at their own game. This is probably more likely than #8 and easier too.

#6 - China continues banning bitcoin miners making it very difficult to support the blockchain. 65% of bitcoin mining occurs in China so it's panda bearish when leaders act on concerns of economic disruption, illegal transfers, and money laundering.

#5 - Governments crank up monitoring of cryptocurrencies. The U.S. is already considering a proposal to require any crypto transaction of at least \$10,000 to be reported to the IRS. So what happens when crypto isn't umm....crypto?

#4 - Bitcoin mining becomes cost and environmentally unsustainable. On average it takes about 1500 kilowatts to verify every bitcoin transaction. That's more than enough juice to power a typical U.S. household for 50 days at a cost of over \$200. And I thought my AC was expensive to run in July.

#3 - Tom Brady doesn't win another Super Bowl. The legendary quarterback has tweeted support for bitcoin and plans to issue crypto backed non-fungible tokens (NFT's) for sports related digital content. Hey, you're only as good as your last game.

#2 - The economy takes a nosedive. The U.S is still riding high on stimmy money and eager consumers but what happens if the training wheels come off causing a major economic slowdown? A lot less fun money to trade on crypto exchanges and investing apps – that's what.

#1 - Ted McGinley becomes the official spokesperson for the cryptocurrency movement. Can anyone say Jump the Shark?

***Ask Dr. Per Cap*** is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit [www.firstnations.org](http://www.firstnations.org). To send a question to Dr. Per Cap, email [askdrpercap@firstnations.org](mailto:askdrpercap@firstnations.org).