

Everything You Need To Know About Cryptocurrencies

October 13, 2021 by Cody Willard

My dad asked me to give a speech about cryptocurrencies to the Rotary Club that he's been a member of for decades. Here's a lightly edited transcript in which I talk about the history of currencies, the history of cryptocurrencies, why cryptos are probably in a bubble about to crash right now but they are going to change world for the better, how the new [sktls space token](#) and much more. There's a Q&A at the end too. We'll do this week's Live Q&A chat at 1pm ET Thursday in [the TWC Chat Room](#) or just email us your question to support@tradingwithcody.com.

It's funny. I'll go on TV and not get nervous. I come to Rotary in front of my mom and dad and I start shaking, my voice quakes. I'm here to talk crypto. Back in the day, people used salt for a currency. For many years, hundreds of years. Eventually they started moving over to gold. And when they made the move to gold people who had been used to exchanging salt were upset. "No, we don't want gold. What's the use of gold. If you're going to take my chicken, I want salt in exchange which I can preserve my meats and live long and be able to eat. Why would anyone want to use gold instead of salt as a currency?"

But eventually they were like, "All right, fine, gold is pretty. Let's use gold." And the guy would exchange chickens for gold instead of salt. Eventually, a couple of thousand years go by and now we're into, call it the last couple hundred years. And we started creating Fiat currencies. We had central banks. We had the Hamilton and Jefferson. They had huge fights about whether we should we have a central clearing bank. Or should we allow the private market to do this? They decided to give control of the currency to the government. And eventually the central bank came 110 years ago. Republican Democrats approved it. So even all along the way in this so-called free country there has been a central control of the currency. And it sucks.

If you look in front of you, each of you has a currency, three different currencies I gave you. One is an Iraqi Dinar, one is a U.S. dollar, and one is a Bitcoin. You can take those currencies and go to another country and exchange it for someone else's currency. And buy some food or some clothes. You can take the currency and maybe buy some stocks. You can use it as money. That's what the dollar, the Dinar, gold, salt, shells have been, just an exchange of value. You can even barter to exchange value.

But when you cede control, when you allow Republicans, Democrats, and Iraqis to control the money, you allow yourself to get screwed. Iraqi Dinars, you've got one of those, right? Well, we're going to print a giant garbage bag full of bribe money for the corrupt government and then we'll print some more bribe money.

The U S dollar is not quite as bad. But we've got to print some bail out money. And to pay for Trump's targeted tax cuts. And there's always the Biden Republican Democrat, fiscal stimulus. And the Federal

Reserve purchasing corporate bonds. And each of little bags are full of trillions of dollars, while all you get is one. It's a problem.



Meanwhile, Bitcoin. Well, there's about three more bitcoin that are ever going to be printed. And you guys have the vast majority of them as all you have one each already. Which is great, because it is a transparent, limited supply. There will only be 21 million Bitcoins. That's it.

So for years I've been looking for alternative currencies. When I was on Fox, as a job, in my show it was the 2008 financial crisis. People were bailing out banks and fraudulent CEOs and over leveraged greedy investors who needed money and what not. And I used to talk about how for our currency, maybe we should use Buffets or Apples or something like that. Because I don't trust the government to control the currency in which I'm supposed to storing my wealth. I'd rather have a private corporation or someone I trust issue the currency.

At this same time, Satoshi Nakamoto, whoever that was, or a group of people were creating Bitcoin. They were creating the program. Because they saw the same thing. But instead of using Trust, they decided to use a trustless, transparent, open, system of currency that you can track. And they/he created Bitcoin.

Fast forward to 2013, I got an email from trading with Cody subscriber. He's like, "hey, you got to look at bitcoin." I thought, "What's bitcoin" but as this point it was already five years and had gone from 0.0001 to a hundred dollars. But I got it. I liked it. I got the concept. I started buying bitcoin. Started taking it as currency in a transaction. And people could subscribe to my service, for one bitcoin, for one month.

And about half of those Bitcoins eventually got stolen. At Mt. Gox, a company in Japan that was hacked. This was the wild west. It's not like that anymore. Half of them, I still own. I've sold a few along the way.

In 2017, as matter of fact, bitcoin ran to like \$20,000 and I wrote a book called "The Great Cryptocurrency Crash, talking about why we were in a bubble in crypto currency and why Bitcoin and the others are probably going to have a huge crash. And that eventually Bitcoin and a few others would come back.

I hate to say it but it does feel a lot like we are back at a similar moment right now. Most of the cryptos that are out there right now are going to be worthless eventually. There are 12,000 of them and more than 10,000 of the ones that exist right now are either scams or just stupid.

A Bitcoin did crash. And in 2018, I started buying Ethereum, and Stellar, and Ripple. I still own all of that. Some of those are not that good anymore but I'll probably just hold onto the little bit I have. And even in my hedge fund, I can own up to 5% of my hedge fund can be invested in cryptos. And I built that in three years ago.

But now we fast forward to today and I'm talking to you guys about crypto. And that's part of why I think it's a terrible idea. Because the last time I was giving speeches about cryptocurrency was indeed 2017, and right afterward the cryptos had a huge crash. And it feels very similar right now. A lot of people, everywhere I go want to tell me about how to trade cryptos these days. I probably wouldn't trade it. I would own it.

And as a matter of fact, these days, I'm building my own crypto. I've got a Space crypto that we started as an idea a couple of months ago because I wanted to figure out how all these people are creating all these new, mostly fraudulent or stupid, cryptos all the time these days. So I was going to make a silly crypto, just to learn how to make one. And I wasn't going to tell anyone or promote it or anything, but then I thought — wait, why don't you make something cool? That could do good for the world or something or make people money or something.

So space is my favorite thing to invest in right now. I'm all about trying to figure out the future. And I think space looks like it's the next multi-trillion dollar industry in our world. And I'm spending a lot of time, money, and energy figuring out how to invest in space. So I thought, why don't we do a Space crypto? And one of my subscribers had an idea of how we could reward people every time there's a space launch. And so sure enough, that's what we've now three weeks into it. We've got 30 people, a handful of developers volunteering to work on this thing now. Piper and I are working 12 hours a day right now, trying to figure out how to make a Space crypto work. And we're not going to make any money off of it, not selling it.

Part of the kick of it is that every time that there's a space launch, you get rewarded by the network sending additional tokens out to the early holders of the space crypto. At the same time, the network would send tokens into a fund, an equal amount. And that fund will then make donations once a year on Space Day to companies that are going to clean up space debris. Space debris is a huge problem and if it's not solved it could end up keeping us from getting off this planet after another five or 10 years.

And that same concept can be applied to cleaning the ocean. You can make a token, that the early investors who get in who buy and hold, the token could be rewarded every time there's a ton of plastic pulled out of the ocean. You could do the same thing with the Hunger coin. You feed hungry kids. By every time you make something that is virtuous. And event happens. Every time that event happens, you send out tokens to people who own the token. You send an equal amount to the fund. And the fund only feeds children. That's the future. That's why crypto is exciting. That actually creates an entirely new way of doing social good through profit motive. And that's where we are today. And Bitcoin is going to be here forever. And so will some of these other cryptocurrencies. That are still just coming up as ideas right now. Hopefully I'm creating **this cryptocurrency that will be used on Mars**. When you go visit in 10 years, might be 15 or 20, but will be that won't be much longer than that. Any questions?

Q. So what is the value of Bitcoin now?

A. Right at this moment, the people like you and I have deemed it to be worth \$55,000 each because somebody is willing to sell it at that price to someone else who wants some at that price. People like you, and I, and the people Iraq have decided that we would get rid of our Dinar at any price. So it's worthless. Whereas people in Mexico would give you pesos for 20 on the dollar. And if you think it sounds good to own Bitcoin, instead of pesos? You probably would want to own some Bitcoin instead of pesos.

Q. The Bitcoin, like you said, was limited to a number. What about Ethereum? And all of the rest of them. Are they limited?

A. Not all of them are limited. Ethereum is not ever going to be a limited, because Ethereum is a little bit different. It's not a store of value. It's a super computer. But with Dogecoin which I don't own (and frankly I'm not making a judgment either. Dogecoin could be the cryptocurrency on Mars instead of the one I'm making. Musk loves Doge, at least as a joke. And maybe it ends up being something.) I don't know what Doge's supply limit might or might not be. There are 12,000 cryptos out there. Five or 10 of them are probably pretty good, 50 or maybe even up to 500 of those cryptos that exist right now are probably good bets in a speculative manner. And then 11,961 are frauds or stupid.

Q. Is it correct that you can go down to dollar increments on Bitcoin cryptocurrencies?

A. Most cryptocurrencies will go down to 18 decimal points. And just today on my space crypto, we were figuring out that if we issue 200 million tokens initially and we cap the total at 300 million tokens. And there is one satellite launch that would be rewarded with 100 tokens sent out as an interest payment pro rata to everybody who owns a token already. Would that work at 18 digits? If you owned just one of the 300 million tokens? Turns out we only need 15 digits. But yes, you can own one Satoshi which is one hundred millionth of a single bitcoin. And you can put one dollar into Bitcoin. Go to Robinhood app and open it up. Go to the Square app. Go to Coinbase and buy a dollar of Bitcoin.

Q. First of all, I'm the finance director for the school. Do you ever see people buying an entry ticket to the high school football game with Bitcoin? Or there's some transactional limitations that you could walk us through to where it's properly?

A. Not necessarily with Bitcoin, because the processing itself of tracking the spend, takes a little bit of time because of the way they built it. There are new variations of Bitcoin that attack that problem. But beyond that, there are a trillion dollars going to be invested into cryptocurrency ideas. And hundreds of billions of that will go into making Bitcoin work more efficient, more effectively as a transactional payment currency. But, at this point it is pretty much mostly still a store of value. But then again, even eight years ago, I was taking payment in Bitcoin at Mt. Gox, (unfortunately).

Q. What does it mean to mine Bitcoin?

A. So mining is when you create more tokens. Okay. So in Bitcoin's case, when you mine something... someone was just talking to me earlier about, they're going to have a solar farm put up that will be mining Bitcoins. And what you're doing when you're mining Bitcoin, essentially is you're helping to create some new supply of the currency and you're you're tracking where the Bitcoins are. You're verifying the network. You're enabling the ledger of trackage who owns what, where. That guy owns one dollar of Bitcoin that has to be processed. It has to be stored. It has to be kept. And then verified and then re-verified. And that's what makes it transparent and trustless. Because, everybody can track it together. That's how it gets. If you're going to contribute to tracking everything and making new bitcoins slowly work into the system, you get rewarded with mining a Bitcoin. With my space crypto,

we're going to "mine" whenever there's a successful space launch. If four astronauts make it out of the Karman line, into orbit in the first year after we launch the space token, then everybody gets 0.04 tokens for every one token you own — essentially getting a 4% interest dividend. And then the space token system would stop issuing new tokens once it gets to 300 million eventually.

Q. Can you describe how some other cryptos are mined?

A. I've got another token that I own personally. I even own the miners for this one. It's called a Helium miner. And the way you mine a token is you buy this piece of equipment that looks like a router and plug it into the internet. And then it sends out a very low broadcast signal such that if there's something in within five miles of it that has the chip on it, it'll be, "hey, that thing's over there". And it's just a tracking thing. And if you put those out, and they're trying to cover the entire country, you're at the airport, you're like, "I can't find my keys. Well, pull up the Helium app, oh, it's right over there." And you go your keys.

The guy who had that router that you used to find your keys gets rewarded, one, 1000th of a token. And so I've had this thing up in my office for, I don't know, six months. And I've made a total of \$102 worth of tokens. And I paid \$300 for it. So after a year or so it will have paid for itself. And if the tokens ever worth anything, great. And if not, it was a waste of 300 bucks for a router.

Q. Can you go back and define what a cryptocurrency is? It's not something tangible like salt or gold. Is it sort of like Fiat currency, like worthless little pieces of paper?

A. Yes. One hundred percent. It is a worthless bits that are stored somewhere and that is verified to exist in the cloud, as do you and your cloud bank account. See, those crypto numbers exist in the same way that Tesla has "twelve billion dollars of cash" in their bank account. Both just exist in a ledger. It's just a ledger.

Q. I think all currencies originated from countries, governments.

A. Not always. For hundreds or even a thousand years or so, in this Western civilization or even the Eastern civilization currencies have been mostly controlled and issued from governments of nations. But before that people still transacted. Tribes did things together. Thousands of years ago, people were trading something. Could have been shells. People like to use that example.

Q. So, why doesn't everybody just create their own crypto?

A. They have. That's why there's 12,000 of them.

Q. And most of them are worthless?

A. Exactly. But it's a free world. Why shouldn't we let people create new cryptos? Let everybody create a crypto. The good ones, the ones that do good, the ones that create value, the ones that people glom on to, for whatever reason — those will have value. And people will store value in them and they will transact with them. And that's what we want, right? If you believe in freedom, as most people in this room would probably say they do, until people need to get bailed out — if you believe in freedom, then let it happen.

People don't have to assign any value to the bits. Then dollars would win. And gold would win. And that would be fine too if that's what society deems to hold and transact value better than cryptos.

Q. I was going to tell you to stop yelling at your mother. She just asked a question.

A. Thanks a lot, haha. On the transcript, they didn't know that was my mom I got upset at. Take that out of the transcript, please.

Q. Is it safe to define cryptocurrencies as a bartering tool?

A. I guess every currency in its purest form is a bartering tool. Because you will unlock value by using it, for something else. So I would think that by definition, yes, on the most fundamental level, cryptocurrencies are a bartering tool.

Q. Just curious. Do bitcoin and these new cryptos affect the tender, the value of the actual legal tender that's being given? Does it change the value of the dollar?

A. Yeah. The dollar's doomed. It always has been. We've all known for a very long time. But it doesn't mean it's about to end tomorrow. It could be many years before the dollar is truly replaced by cryptos. In the long run though, I would think that the only way the dollar is not doomed, is eliminate the income tax entirely and completely simplify the tax code and eliminate loopholes and so on and if shut down the central bank entirely. That's the only way. Because transparency reigns. We all are going to go towards something that we trust that is transparent, transparent is always the answer. And the Fed and the fiat currency are anything but transparent.

Q. Robinhood and Square and Coinbase — do you trust them to hold your money?

A. You can also store your cryptos on a thumb drive or somewhere like that. As for the major crypto brokers — it's pretty much fine at this point. I trust Robin Hood about as much as I trust Morgan Stanley. Which is not much, but it's enough.

Thank you.