

The Ethical Treatment of **\$**omebody Else's Money

Straight From The Horses' Mouth

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MoneyCulture©

BITCOIN CASH: TRASH

SO, there's a new Junkyard dog on the Bitcoin Block, Let's see how long it lasts before it's returned to its kennel. It has more uncertainties than a Twin Peaks episode. IT LEADS TO A FUNDAMENTAL INVESTING QUESTION (SEE BELOW)

The headline read "Bitcoin split into Bitcoin and Bitcoin Cash" Tuesday (8-1-2017). A casual investor might read that like a stock split or something. No. The Bitcoin Cash website said the birth of Bitcoin Cash was "a clean break". So, is it a split or is \$BCH an "upstart rival". That answer is "yes", depending on who you read.

\$BCH thumped its chest: "low fees, reliable confirmations", and a bunch of normal Cryptohype: "unrestricted growth, global adoption, permission-less innovation and decentralized development". Bitcoin owners who apparently received an equal amount of BC took to Twitter:

"u can't move it...u can't sell it...no, it's not a rock, it's \$BCH!"

As it came to market, it claimed to have a "Market value" of more than \$5 Billion.



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Samson Mow, a video game developer and CEO of Pixelmatic, said the market, as a result, is completely illiquid. (Sellers have no buyers.) "The market for [bitcoin cash] is so illiquid and fragmented that the price, and by extension the market cap, mean almost nothing," Mow said. In other words, the only reason why bitcoin cash is trading at anything is that the \$BCH price is propped up because the marketplace can't move their coins.

Crypto Exchanges Coinbase & GDAX said they will accept \$BCH, BUT there can be no access to them and no trading until January, 2018. Until such time they are "safely storing" \$BCH for owners. Uh Huh.

What do you think happens when \$BCH holders are able to finally able to access their "money"? And what happens to a price when there are more sellers than buyers?

Uncertainty drove prices wild last week. \$BCH opened Tuesday around \$200 (we think), soared to \$700 Wednesday and crashed to \$287 Friday. If there is no liquidity, is there any validity in a "market price"?

Adding to the confusion some bitcoin owners didn't know or didn't care that there was a new dog on the Bitcoin Block. Malaise was attributed to language confusion or disinterest. A popular Bitcoin Blog answered the fairly simple question "Are exchanges supporting Bitcoin Cash with "yes", "no", "potentially not at a 1:1 rate" and "not at fork time", all in the same answer. A cryptocurrency writer who knows a gazillion times more about them than I do said, "At the end, who got what? Like many things in the cryptocurrency space, that answer is unclear."

Which leads me to the bigger picture:

Are cryptocurrencies like Bitcoin or \$BCH actual "currency" or a "medium of exchange"? Accepting *Investopedia* as a primary source (hard to do for some) the correct answer is "neither". Their definitions are: "Currency is a generally accepted form of money, including coins and paper notes, which is issued by a government and circulated within an economy." Nope. "A medium of exchange is an intermediary instrument used to facilitate the sale, purchase or trade of goods between parties." (So far, so good). "For an instrument to function as a medium of exchange, it must represent a standard of value accepted by all parties." (Uh Oh). Giving owners of BC the benefit of doubt maybe owners of the item regard it as both, but non-owners do not.

Japan and Australia now accept Bitcoin as a legal method of payment, which runs exactly counter to one of the main reasons some owners tout BC: "governments can't control it". Then, WHY do they have to approve it? As one of my commenters said on my last article about Bitcoin, "There is nothing which is totally immune to government manipulation."

Are cryptocurrencies worthy investments? Not as such, no. They are speculation plays, not investment strategies or even completion strategies. Not every portfolio should have some. Some of those same commenters about Bitcoin a couple months ago admitted they might buy some with their "play money".

Yes, but please not in your IRA or 401K.

If you just feel that you have to own Bitcoin or \$BCH or some other crypto, read an article from last week by Eli Afram on *CoinGeek*. He analyzes the whole Bitcoin/Bitcoin Cash phenomenon. If you understand all of that article, then you should buy some.

As for me, I'm 72. I won't be here to see the apocalypse or the ascendance of Cryptos—Whichever.

MONEYCULTURE© FOR LAWYERS

Speaking of Debuts, we unveil MoneyCulture© for Lawyers this week at the American Bar Association annual meeting in New Your City, August 10 - 13. Designed to inform and (hopefully) educate lawyers, staff, firms and their clients on investing techniques, it will continue to be shown at State Bar Associations starting September here in Wyoming. If you're at the ABA, visit us at Booth 17.

We will be showcasing other MoneyCulture editions this year:

- For Educators: at the College and University General education symposium
- For Veterans at he VFW and American Legion Posts
- For Investors at various conferences and
- For Mom and Pop at the AARP in 2018.

Other professional offerings are following.

THE MOTLEY FOOL IS FOOLISH

The name alone should warn you off. The principal problem with the popular Fool is that it is rife with shameless promotion of the Fool contributors and cronies. For instance, last week there was a column, under the guise of investing advice that was nothing but hype for some Fool contributor who, according to the Fool, himself has:

"a 6,209.1% gain is only the *fourth*-best performing pick he's made in...."

"And he has 8 more picks above 1,000%! Now if you had invested \$10,000 in each of those four stocks, **you'd be sitting on over \$2.9 million today.**"

His "*average* pick in ...is up **377%**, while the S&P 500 during the same period is up just 74%.'

His "track record is remarkable in a world where most fund managers actually lose to the market"

If you discount the fact that some of what Mr. Fool touts is simply is true doesn't it make you even only slightly uncomfortable to have mainstream hype forced down your throat every day. Please do not misunderstand this: THE PRIMARY PURPOSE OF MAINSTREAM MEDIA PROMOTING INVESTMENT HYPERBOLE IN THE GUISE OR "EDUCATION" IS TO CREATE ADVERTISING. PLEASE DO NOT FALL FOR THEM.

DANTE'S CORNER



Well, it's Wells again. They've been the winner (or loser this year). After the * is great scam when CEO John Stumph caused 6000 employees to sell 8 products to every Wells investor whether they needed it or not, here comes Wells again with 500 auto loan customers who were "Sold: auto insurance on cars they borrowed a loan on, when they had these cars covered on their own policies. Wells charged them for missing payments (they never knew about), WF repoed cars and investors had credit trashed.

Martin Shrekli "The most hated man in America" was found guilty of a ponzi scheme, beyond the for hiking up the price of a life-saving drug, Shkreli sparked outrage in 2015 for increasing the price of Daraprim, a drug used by AIDS patients, by more than 5,000% from \$13.50 to \$750 a pill while he was CEO of Turing Pharmaceuticals. Dante is digging a deeper pit for this guy.

20 years Jail time at a dingy prison is too good for him.



FIDUCIARY FORENSICS

Since it appears highly likely that the now endangered species called the DOL Fiduciary Rule will be severely relaxed (to the point of being comatose), several states including Connecticut, New Jersey and New York have entered this fray, debating and implementing their own Fiduciary rule. Taking it a bit further, Nevada has removed existing exemptions for broker/dealers, investment advisers and their respective representatives from the definition of a "financial planner." The statutory fiduciary duty specifically requires financial planners to "disclose to a client, at the time advice is given, any gain the financial planner may receive such as profit or commission, if the advice is followed." Under the the state's financial planner statue, known as NRS 628A, they will all be "fiduciaries to their clients and requiring them to submit to a rigorous disclosure regimen."

Can you say lawsuits for plaintiff lawyers?

FROM THE REGULATORS

A new, expanded ADV (When did they ever make it simpler?) is coming in October. More checkboxes (but never the one that exactly applies to You), more information, more datapoints, more disclosures. But, not more protection for investors. The primary purpose of the ADV 1 seems to be to provide an easy to search roadmap for OCIE examiners to look for exception to cite on an audit.

RETIREMENTCULTURE©

Don't borrow, don't take a reverse mortgage. Start by downsizing. Why do you need the big elephant (that you love dearly). Take the money and run — to a rental: 2 bedroom, small kitchen, front and back porches and maybe a garden in a nice back yard. With trees. Bank the equity. Pay some tax and have money left for expenses and some trips while you can.

Funding Gap:

The US retirement funding gap is expected to nearly quintuple over the next 33 years. According to a new report by the World Economic Forum, increasing life expectancy and a falling birth rate are the primary causes behind the savings gap, but there are +other major contributing factors listed in the report, including low expected investment returns and the high degree of individual responsibility to manage pensions assets.

