

The logo for FORVIS, featuring the word "FORVIS" in a bold, red, sans-serif font. A small "TM" trademark symbol is positioned to the upper right of the letter "S".

FORVISTM

Digital Assets Fact or Fiction: Dispelling Common Myths

Nik Fahrner, Blake Burge, & Shree Mukhopadhyaya / May 2024

Meet the Presenters



Nik “Crypto Nik” Fahrer
Senior Manager / **FORVIS**



Blake Burge
Manager / FORVIS



Shree Mukhopadhyaya
Senior Managing Consultant / FORVIS

Agenda



- Introduction
- Why Is This Important?
- What Is Blockchain?
- Fact or Fiction
- Associated Risks
- Closing

Learning Objectives

- Learn about the ethos behind crypto: sovereign ownership.
- Learn to dispel common myths such as crypto is only used for criminal activity.
- Learn to dispel common myths such as crypto has no value.

Housekeeping Items

- Please ask questions
 - There is no such thing as a stupid question
 - We will try to answer as many as we can
- This presentation is not investment, financial, tax, or legal advice
 - Consult your advisor

How Did You Get Involved in Cryptocurrency?



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Who Can Tell Me What Happened Here?



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Who Can Tell Me What Happened Here?



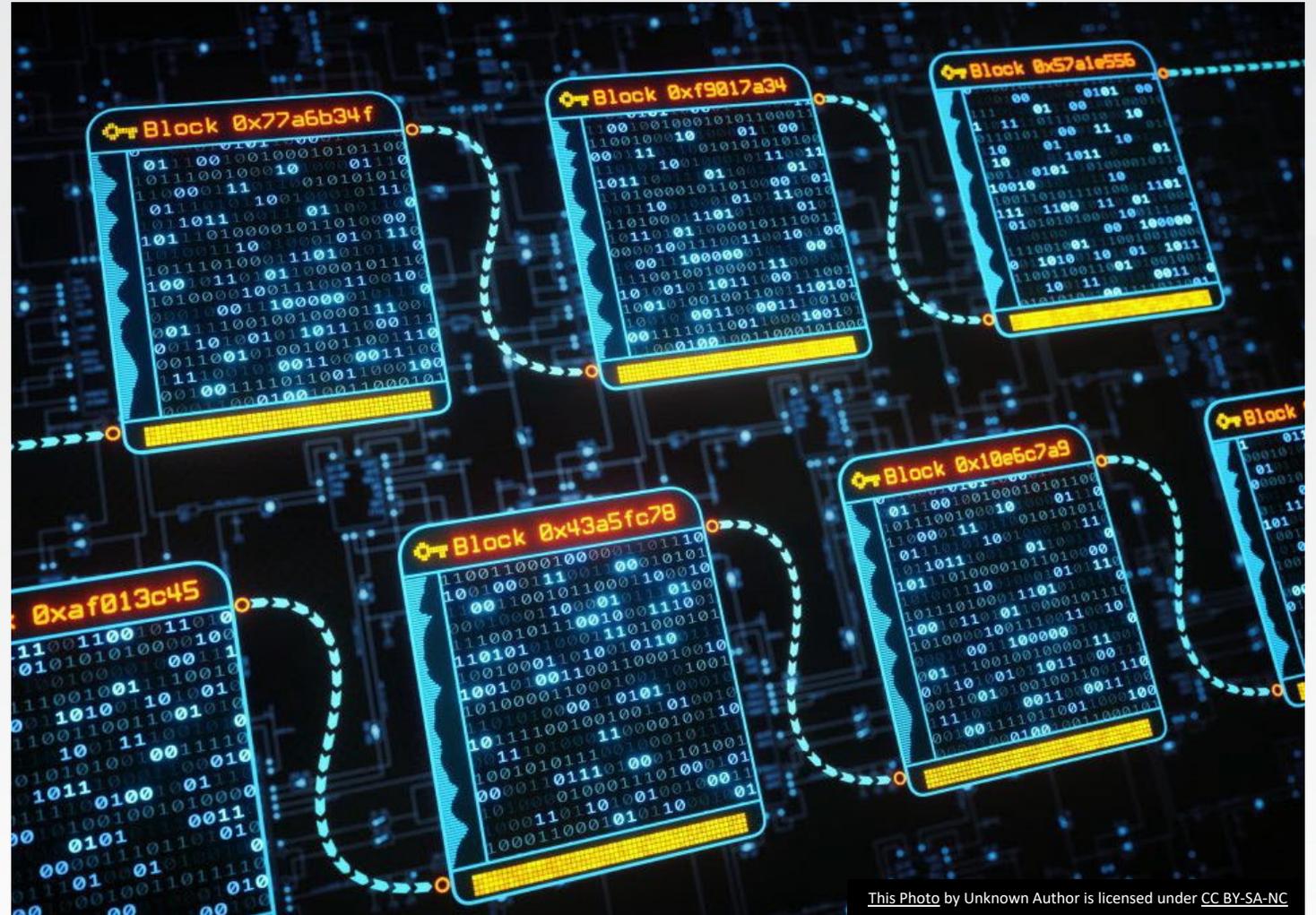
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2008 Financial Crisis → Bitcoin

- “What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party.”

Blockchain

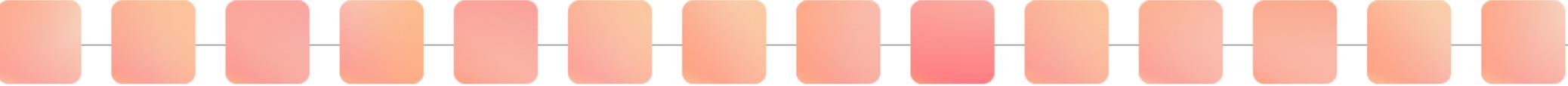
- Blockchain is a fancy word for a database
- Blockchain is a transparent, distributed, append-only, digital ledger



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Bitcoin Blockchain Explorer

 Latest BTC Blocks



#835548 #835547 #835546 #835545 #835544 #835543 #835542 #835541 #835540 #835539 #835538 #835537 #835536 #835535

Number	Hash	Miner	Mined	Tx Count	Nonce	Fill	Size	Total Sent	Total Fees
835548	0000-9a07	Unknown	10m 25s	3,270	3,378,774,036	152.99%	1,604,260 Bytes	23,038 BTC	0.49BTC
835547	0000-b5ca	Unknown	33m 0s	3,404	3,663,220,756	148.48%	1,556,875 Bytes	22,749 BTC	0.55BTC
835546	0000-d631	Unknown	1h 24m 8s	3,281	879,614,244	157.91%	1,655,848 Bytes	12,757 BTC	0.32BTC
835545	0000-baf6	Unknown	1h 39m 11s	3,178	128,610,295	166.75%	1,748,537 Bytes	7,418 BTC	0.31BTC
835544	0000-2a37	Unknown	1h 51m 56s	2,778	4,228,252,497	167.60%	1,757,455 Bytes	6,593 BTC	0.33BTC
835543	0000-8326	Unknown	2h 7m 36s	3,040	1,327,607,592	160.93%	1,687,521 Bytes	13,282 BTC	0.35BTC

When I invest \$2500 into crypto and I'm not a millionaire a week later



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Yahoo Finance · 20d

Biden Report: Most of Crypto Has 'No Fundamental Value'

Powell calls cryptocurrencies 'not really useful stores of value' and says Fed will move slowly

PUBLISHED MON, MAR 22 2021-11:02 AM EDT | UPDATED MON, MAR 22 2021-12:27 PM EDT

Crypto hackers stole billions; why it's a growing problem

<https://www.cnbc.com/2022/08/19/crypto-hackers...> ▼

World Regulators Worried About Cryptocurrencies Used In Illegal Activities

F Futurism · 1d

Mining Crypto Is Even Worse for the Environment Than We Thought

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Let's Play a Game ...



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Fact or Fiction – Crypto has no value

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Largest Investments in the World by Market Cap



Rank	Name	Market Cap	Price	Today	Price (30 days)	Country
1	 Gold GOLD	\$14.529 T	\$2,164	0.10%		
2	 Microsoft MSFT	\$3.109 T	\$418.52	0.50%		 USA
3	 Apple AAPL	\$2.702 T	\$175.02	1.39%		 USA
4	 NVIDIA NVDA	\$2.216 T	\$886.57	0.93%		 USA
5	 Saudi Aramco 2222.SR	\$2.014 T	\$8.30	-0.16%		 S. Arabia
6	 Alphabet (Google) GOOG	\$1.837 T	\$148.32	4.33%		 USA
7	 Amazon AMZN	\$1.814 T	\$174.69	0.15%		 USA
8	 Silver SILVER	\$1.422 T	\$25.28	-0.42%		
9	 Bitcoin BTC	\$1.318 T	\$66,997	-1.83%		
10	 Meta Platforms (Facebook) META	\$1.259 T	\$493.88	2.02%		 USA

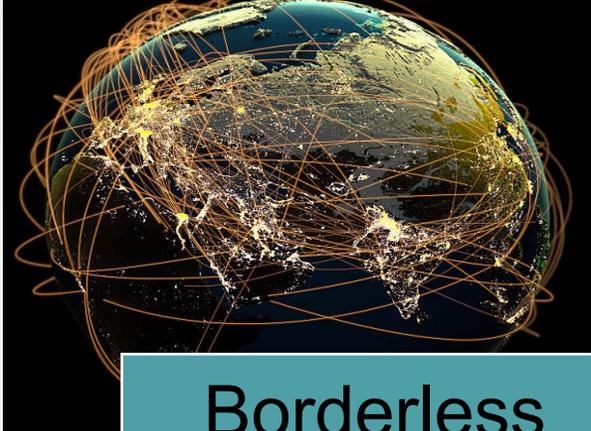
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Source: [Companies ranked by Market Cap - CompaniesMarketCap.com](https://www.companiesmarketcap.com/)

What Characteristics Create Value?



Peer to Peer



Borderless



Permissionless



Transparent

Crypto Has No Value



Fact or Fiction –
Crypto is volatile &
not a safe store of
value

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“Crypto Is Volatile & Not a Safe Store of Value”

FACT



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Source: [Yahoo Finance](#)

Dot Com Bubble

Stock declines from the peak of the dot com bubble to the bottom:

Adobe: -56%

Microsoft: -56%

Amazon: -75%

Nvidia: -75%

Apple: -78%

Stock gains over the next 20 years:

Apple: +58,746%

Nvidia: +33,818%

Amazon: +19,405%

Adobe: +6,250%

Microsoft: +1,240%

“Crypto Is Too Volatile & Not a Safe Store of Value”



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Source: [From American Dream to American Nightmare](#)

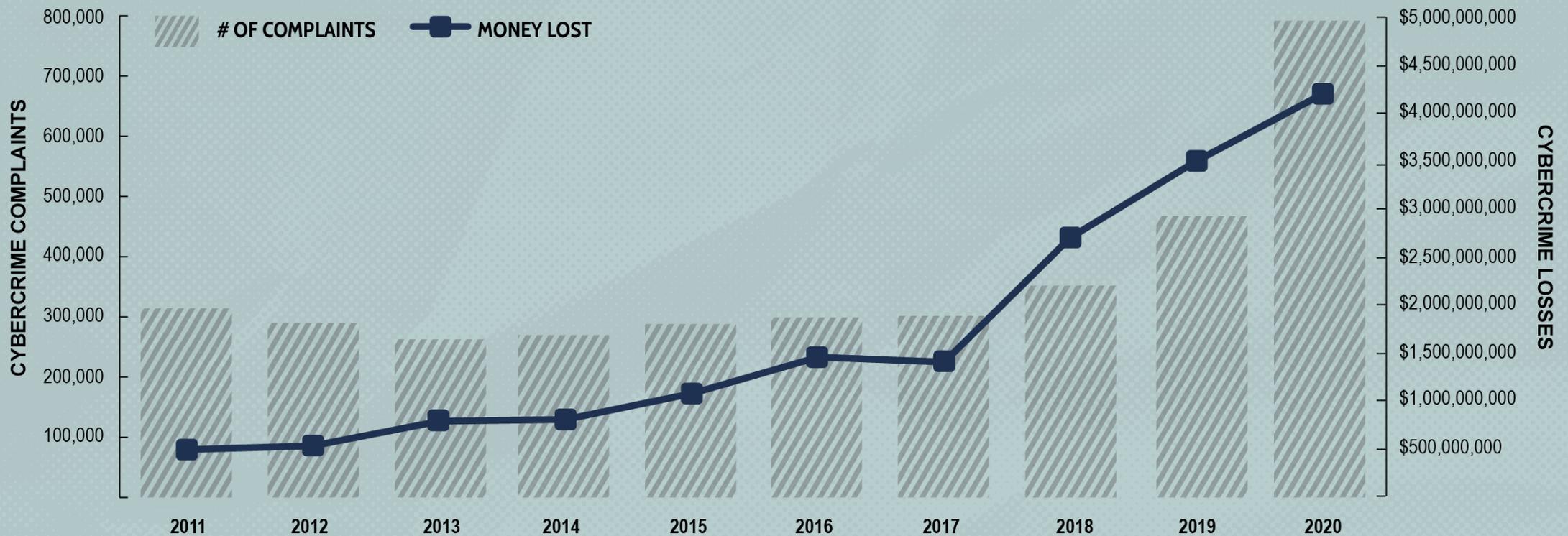
Fact or Fiction – Crypto is scammy & needs consumer protection

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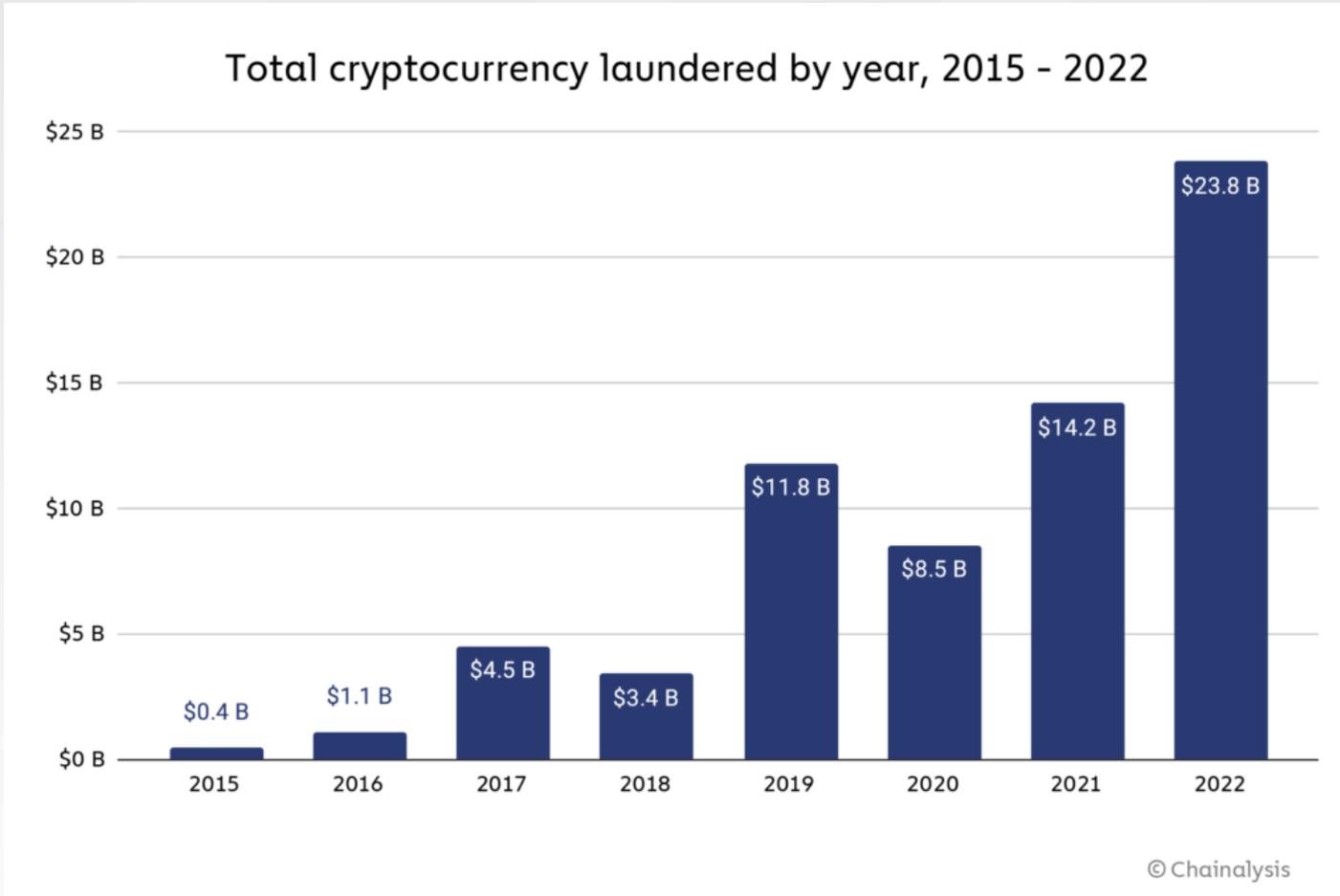
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“Crypto Is Scammy & Needs Consumer Protection”

TOTAL CYBERCRIME COMPLAINTS AND LOSSES BY YEAR

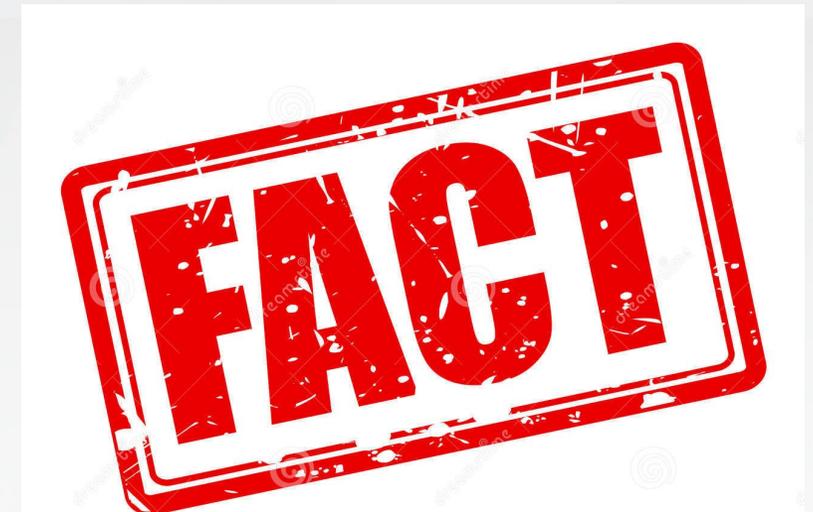
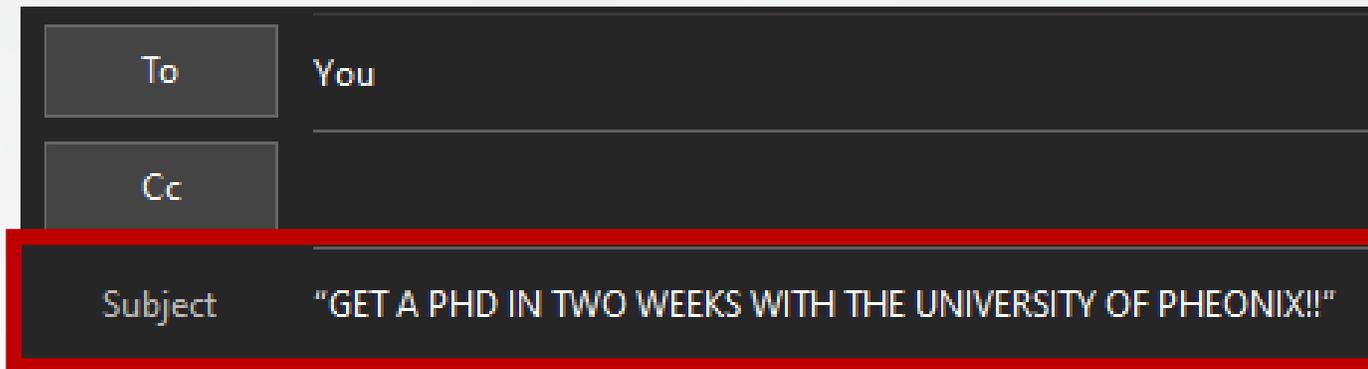
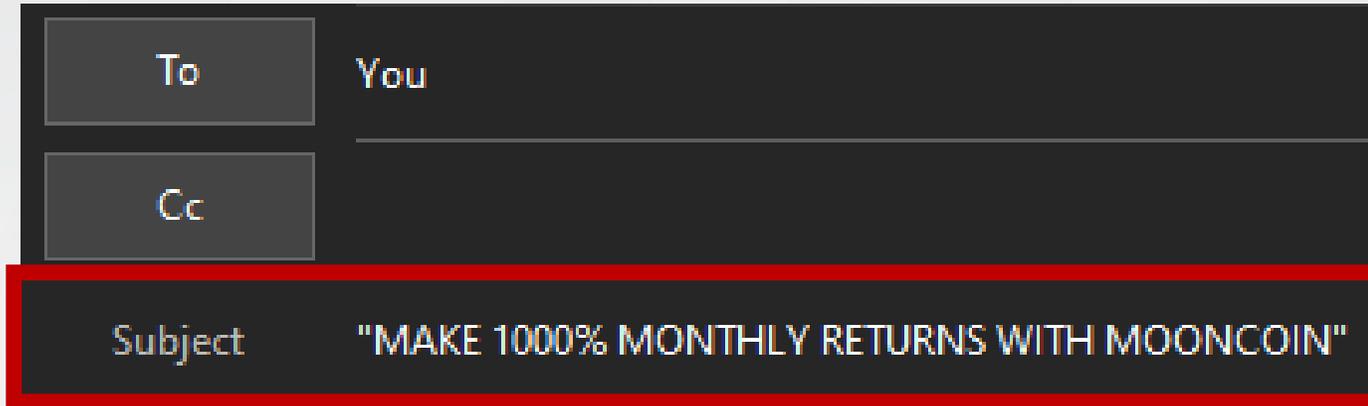


“Crypto Is Scammy & Needs Consumer Protection”



0.21%
of cybercrime

“Crypto Is Scammy & Needs Consumer Protection”



“Crypto Is Scammy & Needs Consumer Protection”

Diploma Mills: A Pervasive Problem



2,615

Estimated number of diploma mills in the world.



400

Number of diploma mills in the U.S. “awarding” an estimated 500 fake Ph.D. degrees monthly.



1,008

Estimated number of diploma mills in the U.S.



\$200 million

Estimated amount that U.S. diploma mills take in each year.

Sources: Verifile Limite, College Choice

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wenr.wes.org



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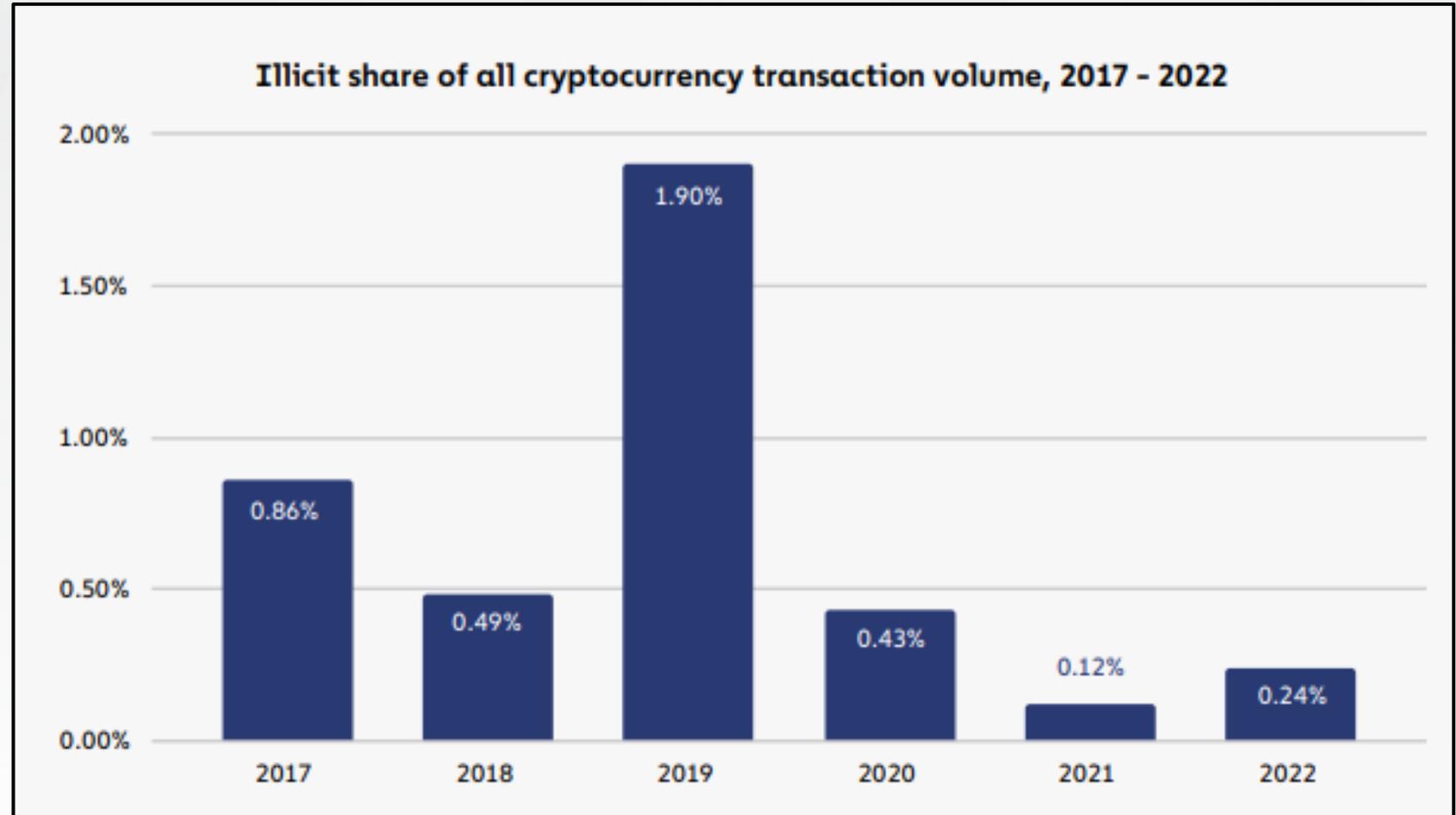
Fact or Fiction –

Crypto is only used by criminals

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“Crypto Is Only Used by Criminals”



Source: [Crypto Crime Report 2023.pdf \(chainalysis.com\)](#)

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“Crypto Is Only Used by Criminals”

A. Tracing cryptocurrency

Cryptocurrency, despite the purported anonymity it grants criminals, provides law enforcement with an exceptional tracing tool: the blockchain.⁴⁵ While the blockchain’s historical ledger will not list the names of parties to transactions, it provides investigators with ample information about how, when, and how much cryptocurrency is being transferred.⁴⁶ Moreover, this information is publicly available; no subpoenas or warrants are required to obtain it.

- The Department of Justice

“Today’s arrests, and the department’s largest financial seizure ever, show that cryptocurrency is not a safe haven for criminals,” said Deputy Attorney General Lisa O. Monaco.

Fact or Fiction –

Crypto is bad for the environment

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“Crypto Is Bad for the Environment”

Bitcoin mines are increasing energy bills for millions of American families while enriching crypto executives — and causing as much pollution as an additional 3.5 million gas-powered cars. An alarming [@nytimes](#) report.



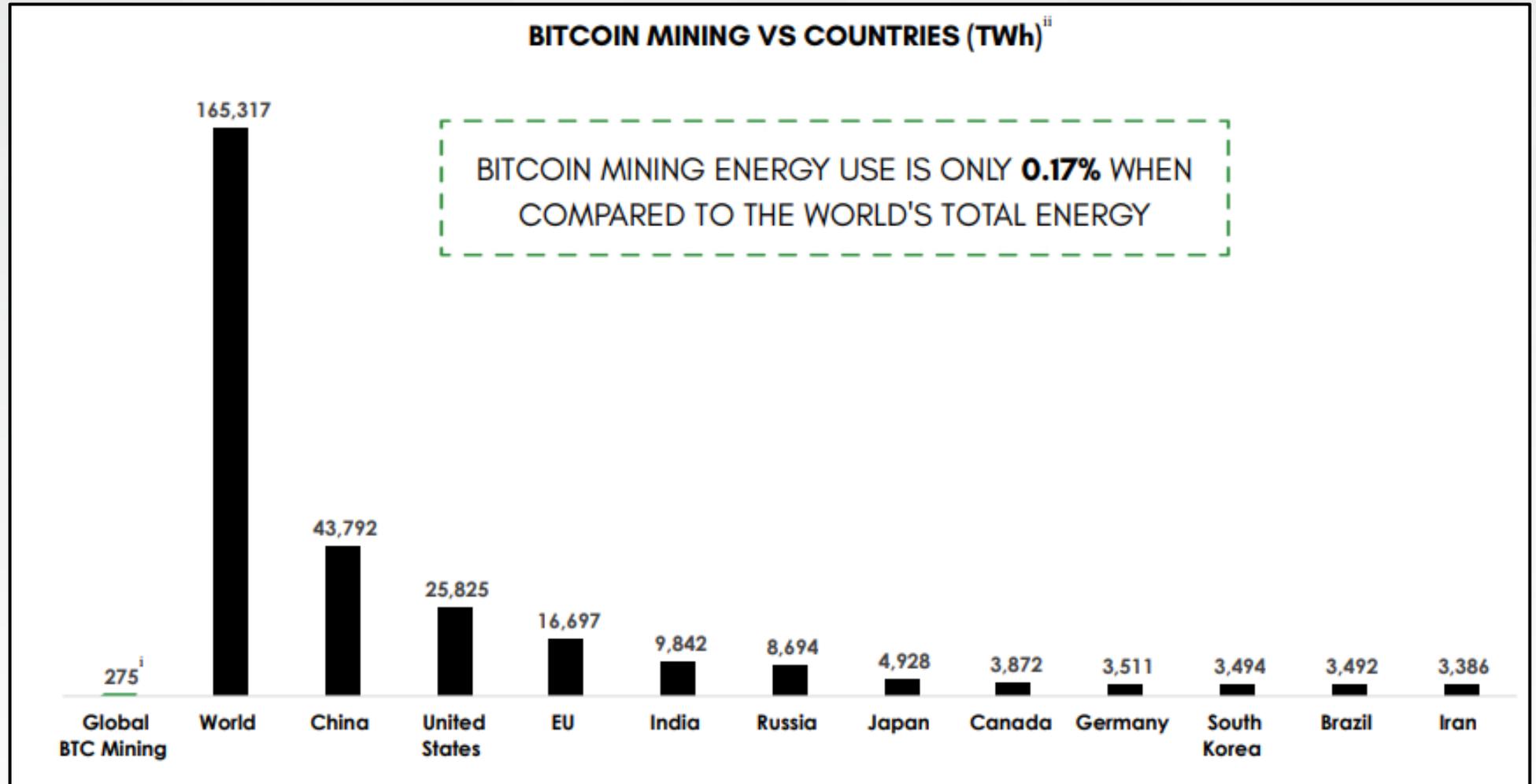
nytimes.com

The Real-World Costs of the Digital Race for Bitcoin

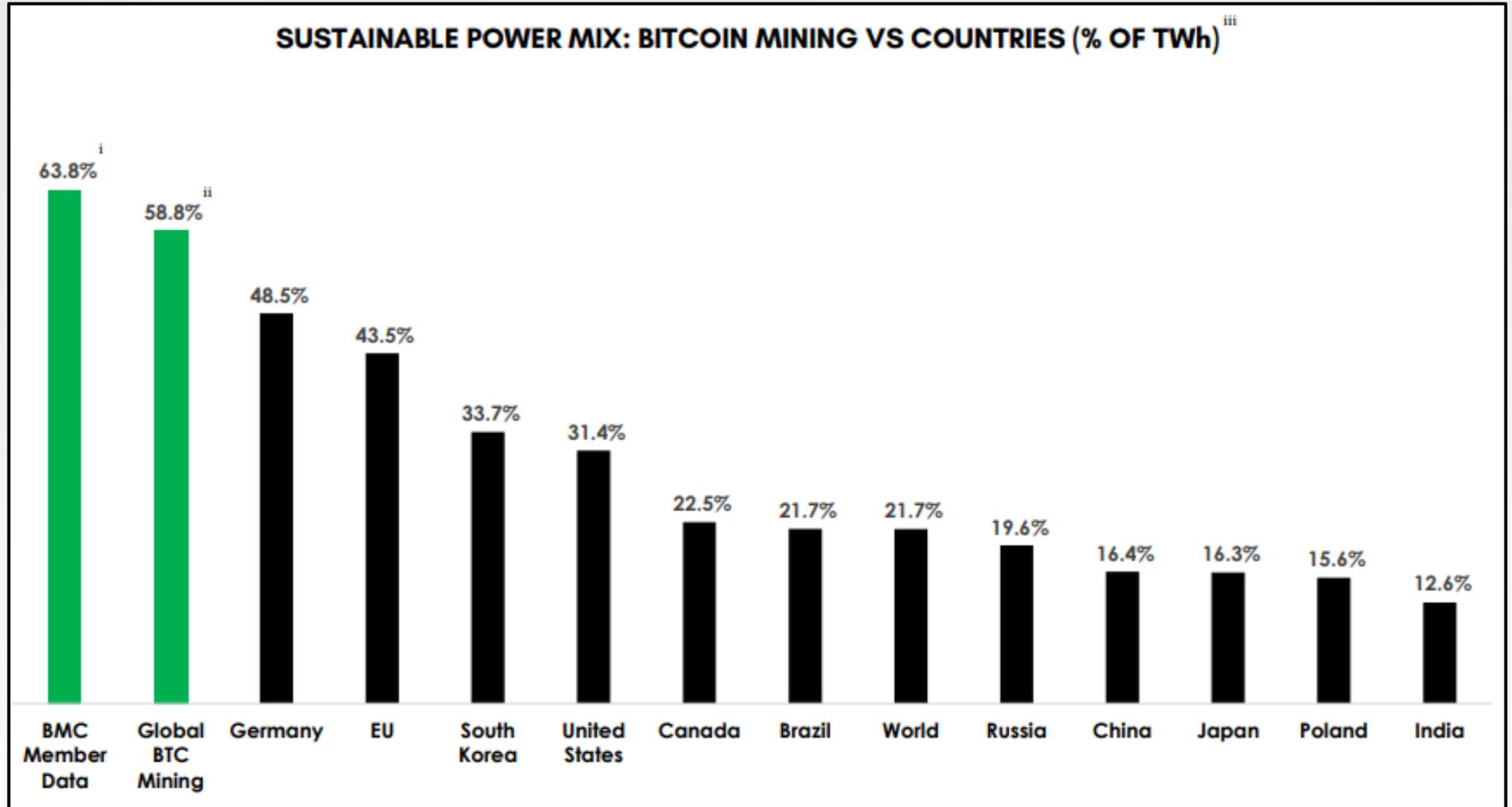
Bitcoin mines cash in on electricity — by devouring it, selling it, even turning it off — and they cause immense pollution. In many cases, the public pays a ...

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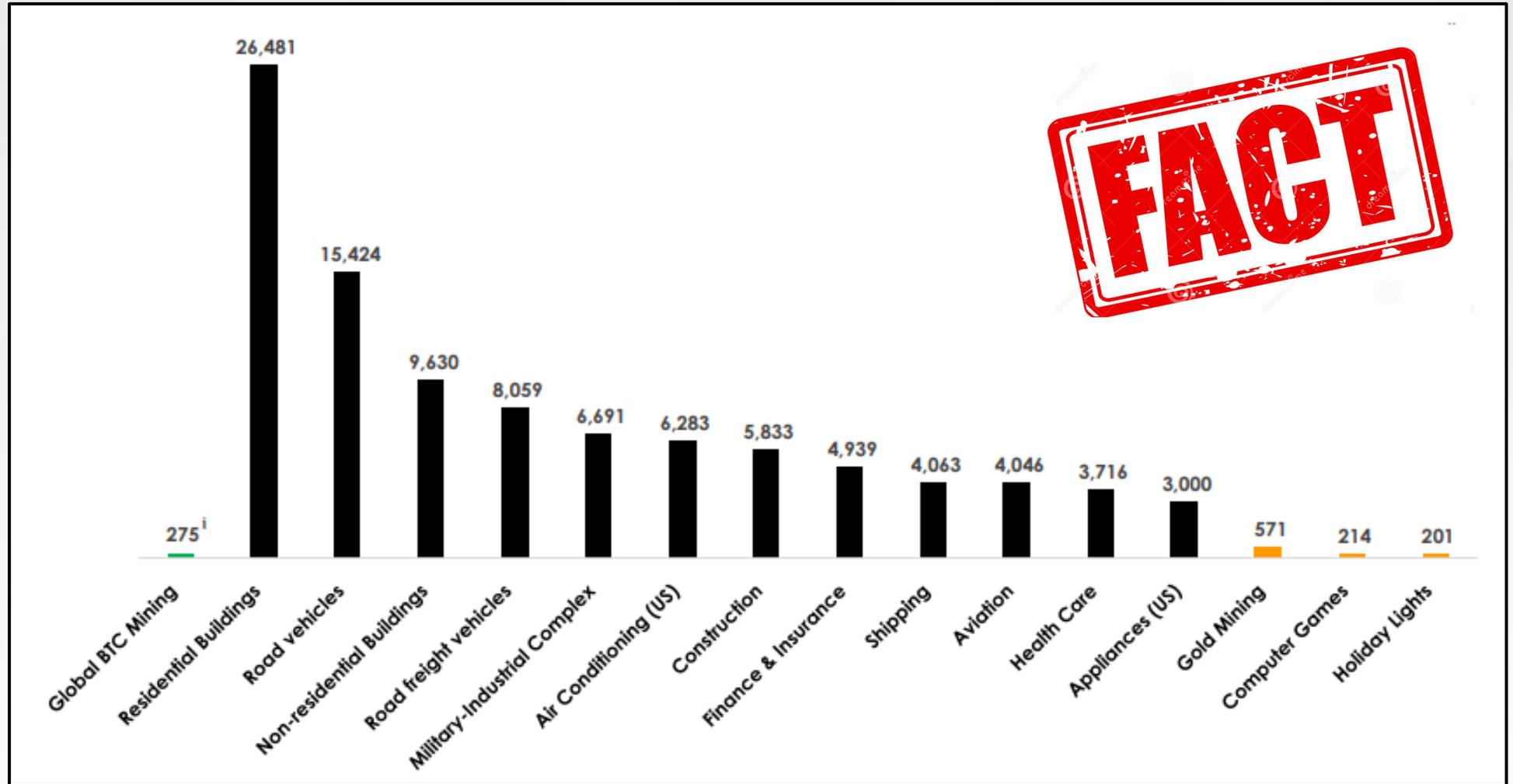
“Crypto Is Bad for the Environment”



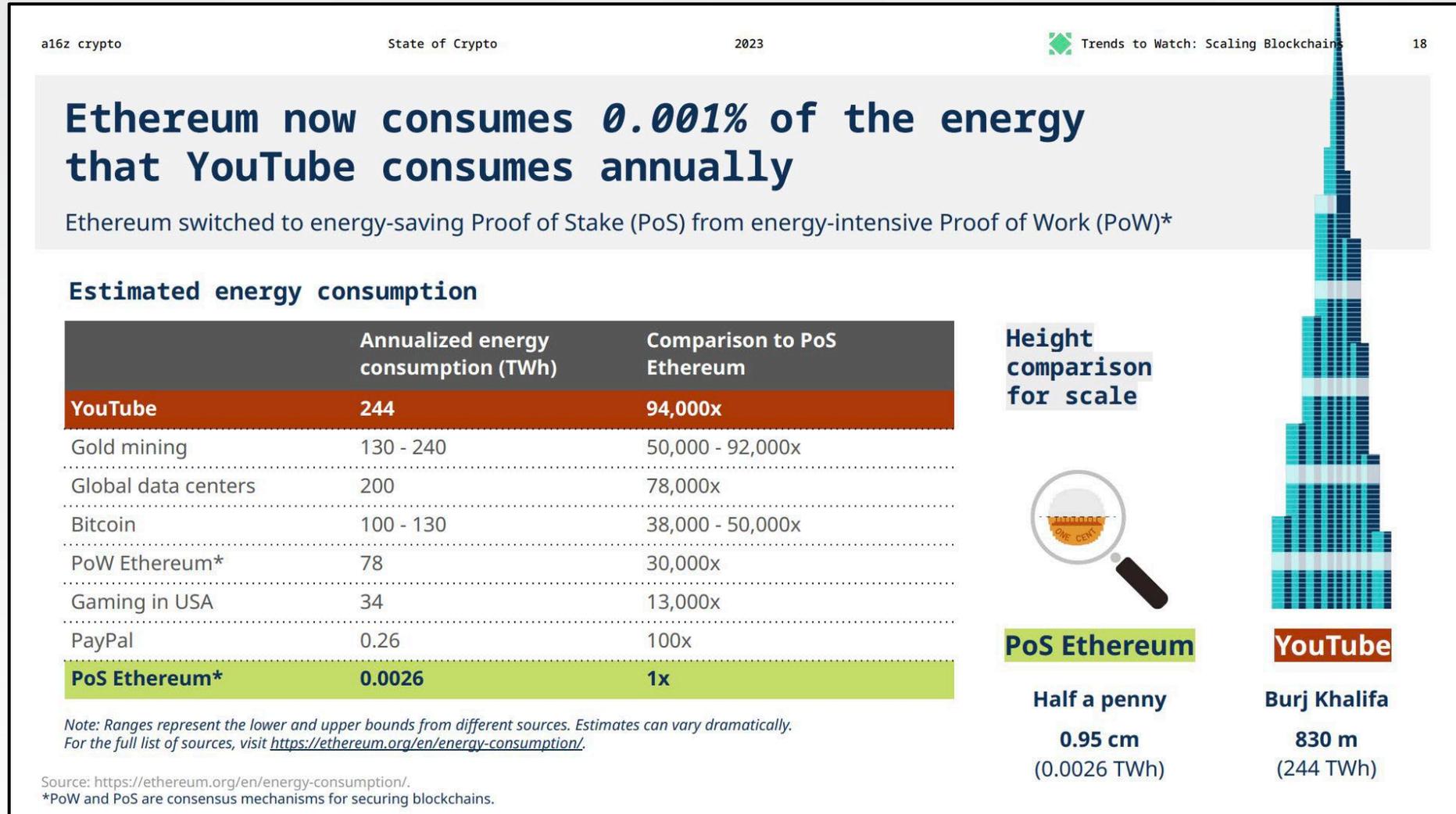
“Crypto Is Bad for the Environment”



“Crypto Is Bad for the Environment”



“Crypto Is Bad for the Environment”



“Crypto Is Bad for the Environment”

The Nebraska Public Power District testified on Bitcoin Mining in the Senate last month.

They say that Bitcoin mining is a boon to rural communities.

One site has \$65m economic impact, 200 associated jobs, and \$5.5m tax revenue for an otherwise struggling area.

Bitcoin miners say they're helping to fix the broken Texas electric grid — and
POLITICIAN agrees



**But what
about the
risks?**

There Are Risks

Risk Type*	Example	Potential Mitigation
Operational	Losing private keys & thus access to the assets	Third-party custody
Market	Price volatility	Investment horizon, stablecoins, use of derivatives/hedging
Cyber	Hacking & misappropriation	Advanced security & internal controls over authorization
Regulatory	Uncertainty	Legal consultation
Financial reporting	Incorrect accounting classification, measurement, & reporting	Proper application of GAAP
Tax implications	Misunderstanding of taxable transactions	Understanding tax regulations, complete/accurate data collection

Evolution of the Internet

Web 1

- Read Only
- Decentralized
- Basic Web Pages
- Desktop

1990 – 2000



Web 2

- Read & Write
- Centralized
- Social Media
- Mobile

2000s – 2020s



Web 3

- Read, Write, & Own
- Decentralized
- AI/VR/AR/Metaverse
- IoT Devices

2020s –



What Is Your Perception of Cryptocurrency Now & Where Do You Think It's Going?



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Questions?

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