

WALL STREET UNPLUGGED

AUDIO TRANSCRIPT

Frank Curzio:

How's it going out there? It's Wednesday June 14th and I'm Frank Curzio, host of the Wall Street Unplugged podcast where I break down the headlines and tell you what's really moving these markets. I have an amazing show for you today. You asked for it, so I'll give it. You wanted to hear more from me about politics, so here it goes. I'm just kidding, no more politics. I absolutely promise, although I did hear rumors that North Korea was now involved in getting Trump elected along with Russia in an elaborate hacking scheme that we can't prove, but believe me it happened. They're planning on recalling every member of Trump's cabinet to testify on how they have all colluded to become spies and traitors after serving this country for decade, so we're going to get to the bottom of this. We will. It just never ceases to amaze me how far politicians will go to try to regain power, I mean an entire circus that's going on and all the testimony and everything. But seriously we're not going to get into politics, okay.



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What I was talking to you about is Bitcoin. Today we're going to talk all about the crypto currency. You wanted to learn more about it, here it is. You wanna learn if it's in a bubble, there are better options or crypto currencies to invest that are better than Bitcoin. Why is Bitcoin surging right now? What's the main driver? And I'm bringing an expert in this field.

His name is Edward Carr and has over 20 years experience working in the financial service industry. You may not have heard of him, believe me, very experienced, great guy. Someone I met personally who's brilliant. He's a founder of several investment management banking firms based in Geneva, which he's going to be doing this interview from. He's a CBC contributor, contributes to a lot of other financial medias. He's been all over the media circuit throughout his career and was named by Futures magazine as one of the world's top traders. So Ed's coming on, he's going to break down everything you need to know about Bitcoin and crypto currencies including how high can the price go, which surged to over 3000 dollars. We're pulling back what around 15 percent this week, what with the main driver of this surge. Why is this taking place? Okay, Ed has a very interesting take on this. It's awesome.

He's going to talk about is Bitcoin replacing gold as a safe haven for investors? Is Bitcoin actually in a bubble or is this just the beginning of a worldwide adoption and more long term gains are ahead.

We're also going to cover other crypto currencies. Can they be solid investments? I've seen a lot pop up, hundreds, pop up crypto currencies now Bitcoin's on fire. So I always say this podcast is about you, not about me. I've gotten literally hundreds of questions about Bitcoin and crypto currencies. A lot of you asked me "Frank yo, can you please cover this sector of the market", which, when I used to get emails like that, so many, it's usually the ultimate sign of a top, maybe? I could be wrong with that, but I wanted to deliver this for you because we're hearing so many stories out there and what do we see? Even in the media, right, I actually had a long drive home yesterday and I'll put on MSNBC, they're destroying Trump and then I put on Fox business and they're destroying the Democrats, right. So you really have news organizations that obviously have an agenda and even when you see people come on TV in the financial media they have an agenda.

I wanted to bring somebody on that's not a bull, not a bear to explain this to you. He's not going to say "You should buy Bitcoin, you should sell Bitcoin". He is a fan of Bitcoin but he's gonna go over all the details in almost a non-biased way where you can take whatever he says, his opinion, and you can run with it and say "Yes I want to buy it" or "I don't want to buy it" and that's what I want this podcast to always be about.

Yes I make fun of politics and politicians and I get emails about that. People think like I love Trump all of a sudden. It's not that I just, well, when you listen to certain things and all the tweets that come in and it's just one-sided and stuff, I just feel like it's my responsibility to level the playing fields sometimes, either way. And when Ed, you'll listen to him during this interview, it's gonna be really fantastic cause you're gonna get a, it's for beginners also, you know if you're just learning about Bitcoin and then he is going to get really into the details of what's the main driver here. Okay, something that, one of the largest hedge funds in the world, I mean this person came out and said a similar thing a few weeks ago. So, it's very interesting when you got to get into details on Bitcoin, but everything you need to know about this, again, this podcast is about you, not about me, this is what you want to learn about. This is one of the best guys that I know that I talk to personally. You're going to see how brilliant he is in a second, and

again you're going to learn everything you need to know about Bitcoin and other currencies. It's going to be really cool and here's that interview right now with Ed Carr.

Ed thanks so much for joining us for the podcast.

Edward Karr: Thank you, Frank, great to be here.

Frank Curzio: Well we spent some time together a couple of weeks ago and I was talking about Bitcoin and the next thing I know you just went on and on. I loved the conversation. Someone that's been to this, incredibly even coming for a long time. Let's get the scoop out to the listeners, I get so many emails about Bitcoin. Simple, let's start at the beginning right now just so we're bringing everyone in. Bitcoin, what is it? Why a sudden interest? Why is everyone so excited?

Edward Karr: Yeah, well, Bitcoin and all the crypto currencies are in a really, really exciting phase. They're starting to get into the news a lot more and I think that's because these things have just been in melt-up mode over the course of the last year, hitting new all time highs. I mean it's truly, truly exciting and what are these things at the end of the day? I mean, Bitcoin and other crypto currencies out there are crypto currencies. So crypto currencies are, they're basically a digital asset designed to work as a medium of exchange using cryptography to really secure transactions and control the creating of units. So, just like those bill notes in our wallet, Frank, that we use, we call them the United States Federal Reserve notes. I mean those are a medium of exchange that allow us to exchange a worthless piece of paper for goods and services, and that's the same thing with Bitcoin. These are crypto currencies that have value and that value is derived really by supply and demand like any true market is derived, you've got a limited supply of most of these crypto currencies, demand has been going to the moon recently and hence the meteoric share price rise or price rise of all these crypto currencies recently. It's been really exciting.

Frank Curzio: Yeah it has been really exciting and what explains the recent move? I mean we're looking at Bitcoin when I see it free of central bank control, such a big deal. Why the demand now? Cause I know when I spoke to you, and this was offline, you brought up a couple of interesting points of why you're seeing so much demand. What are your thoughts on this? Cause so many people have different point of views, whether it's a safe haven now or people are just sick of the central government, but you have other views on this, why it's surging recently, right?

Edward Karr:

Yeah, I mean I really do and I think first and foremost it's just more interest, more awareness overall in the sector. There's been a lot of crypto currency exchanges that have been popping up. So it's been easier and easier for a lot of investors to buy and sell crypto currencies. It's also becoming more mainstream. I think just recently the Wall Street Journal carried a graph of Bitcoin and it showed it going up. So all that awareness leads a lot more people into this sector but when you look at the real pricing, okay, you got to remember Bitcoin is relatively new on the global stage, I mean it came out in 2009. There was this unknown person with this Japanese alias, Satoshi Nakamoto, who supposedly created the Bitcoin network and then they released the first Bitcoin on the web and began the issuance of the first Bitcoin back in 2009.

So, we're looking at something that's less than 10 years old and one of the first commercial transactions of Bitcoin, as I'm sure you and your listeners know who, the guy that actually paid 10,000 Bitcoins for a pizza and he thought these things were worthless, "Oh okay I've got these digital things called Bitcoins, you know what, a pizza that's got real value, maybe I've got the munchies and I want some food that's great", so 10,000 Bitcoins he paid at the time. When Bitcoin first came out it was eight cents. Well Bitcoin just hit a high recently at 3,000 dollars so that guy is probably bumming today that he had a 30 million dollar pizza. I hope he had a couple of toppings on there, you know. But the price rise has been dramatic recently.

Now we got to go and we got to think, what is really the underlying demand causing Bitcoin and the other crypto currencies to just go parabolic and shoot straight up and I really believe I've had this investment thesis for a while that China specifically is one of the largest credit bubbles and Ponzi schemes in the history of the human race and wealthy Chinese are trying to get their money out of the country at any price and we see this in markets other than Bitcoin. You look at the condominium market in Vancouver, Canada, it has, over the last decade or 15 years, just gone parabolic. It's going right up with no end in sight. A lot of people think it's a bubble but it's probably going to go higher because you have limited supply. There's only so many condominiums in Vancouver, Canada and there's 1.4 billion Chinese and probably a hundred, million wealthy Chinese. So Chinese as well, the Chinese government, as all these central governments do when their economy starts to get off the rails, they try and institute regulations and controls.

First and foremost, countries come in with the capital controls.

They don't want money fleeing the country, you got to keep it in cause you got to be propping up our economy, propping up our currency and wealthy Chinese have been trying to get money out of the country in any way shape or form. So they've been driving actually a lot of the demand behind Bitcoin. I think that they're willing to dump their renminbi, their won, whatever you want to call it literally at any price. It's like what I call a GMO, a get me out trade, "I'm willing to buy Bitcoin because if I buy Bitcoin, Bitcoin can be transferred anonymously from person to another person anywhere on the planet at any time". So you can really move this currency very, very easily. It's very transportable.

As you pointed out, Frank, there's no central bank that has an authority over this. Bitcoin is determined by the laws of mathematics. It has the block chain technology behind it. Block chain is the ledger, it's the digital accounting platform that determines who's the rightful owner of every single one of those Bitcoins and you can only create so many. These Bitcoin miners are out there using tremendous profiting power to try and create new Bitcoins by solving a mathematical formula, this big algorithm and if they solve the formula they get one new Bitcoin. Well ultimately when Bitcoin gets up to 21 millions Bitcoins, that's it. That's all that's going to be issued. So if there's huge demand, the price is only going to go up.

The Japanese have been huge buyers of Bitcoin as well, as have the Koreans and you look at the Japanese, people think "Wow, why would the Japanese be buying Bitcoins?". Well, take a look at the Bank of Japan. The Bank of Japan has been monetizing every single asset in that country. The Bank of Japan now is the biggest player by far in the Japanese government bond market. They own about 40 percent of the entire market, plus they own equities, they own everything. They've been monetizing with this funny money, quantitative easing, which is just electronic digital printing, they've been buying everything trying to prop up the Japanese economy and I tell you what, that ship has taken on water. It's sinking. Japan has a real demographic issue. China has a real demographic issue and the smart people know that and they say "You know what, I don't trust the academics at the Bank of China. I don't trust the academics at the Bank of Japan. I don't trust my Japanese yen or my renminbi. I want my money in Bitcoin".

So they go out there and they buy these crypto currencies and again, I think this is really, really a leading indicator, kind of a canary in the coal mine, for some big, major, global macro economic events that are going to come in the future. I don't know

when but it's pretty scary that these things are going vertical. I also think that we could see a lot of this demand in the future stow over into our precious metal sector, into gold, silver, platinum cause they're real hard assets as well.

Frank Curzio:

Yeah and some interesting things that you said there, even with China where it's almost a play that, not the collapse of China, I don't want to say that but actually, we've heard this so many times from Jim Chanos for the last 10 years. You know how the numbers are fake in China, we hear it all the time but now when you see something like this and to add credibility to your story I've personally traveled to Vancouver a lot. Guys, try to buy real estate in Vancouver, it makes New York look like Flint, Michigan. Not if you're from Flint, Michigan and I'm sorry I don't mean it that way but you understand my point, where the real estate there is just out of control and Ed, it's been out of control when you look at the money industry, which has been terrible over the past five years and real estate prices keep going up, why?

Because you're seeing more and more people from Asia, from China, coming in and then when I also started researching this topic you see Jeffrey Gundlach who is the CEO of DoubleLine Capital, a huge, huge hedge fund, just said the same exact thing. Like he was saying "There's no coincidence that you're seeing, when the Shanghai was down 10 percent in May and that's when Bitcoin really started to move higher and higher", but I guess my question to you is, as this goes higher and higher is this basically mean that it's a play on the collapse of China? And is it guys like Chanos that can get into Bitcoin? Is it just like people from China that are getting in, you know, to get their money out of it? I mean how big could this possibly be?

Edward Karr:

Yeah that's a really good point, Frank and I'll tell you 100 percent I agree that Bitcoin is a put on China. So if you wanted to go out and you wanted to buy a put on the country, if you think the country is going to collapse or go down, you buy Bitcoin and the other thing about Bitcoin, it's liquid. It's like a foreign exchange currency, like IFFAX, Bitcoin trade tens of hundreds of millions of dollars a day per exchange.

So when you look like Chanos, other hedge fund managers that have been quite bearish on both China and Japan. I think of like Kyle Bass, Hayman comes to mind, Mark Hart, these guys have actually been allocating in Bitcoins. It's not an investment directly on their part. They're not just like speculating on Bitcoin but they believe that this eminent Chinese, Japanese collapse is coming at some point in the future and its simple mathematics. You can only

create so much debt. You can only have so much funny money quantitative easing. It works until it doesn't and at some point it's probably going to collapse and when it does it's going to be a massive deflationary bust.

So you look at countries that have been through that just in the last 10 to 15 years. Look back at Zimbabwe. They had a central bank governor in Zimbabwe that literally lost his marbles and just ran the printing press and their currency blew out. They have a 100 trillion dollar bank note in Zimbabwe. You can find this on the internet just google up, image of Zimbabwe 100 trillion dollar bank note. So that would get you coffee on the streets of Harare, the inflation was so bad. If you look at what's happening in Venezuela right now, an absolute collapse of the currency, an absolute collapse of the economy. If you were in Venezuela, if you were in Zimbabwe before these collapses happened, you were smart, you had some of your money diversified into maybe US dollars, gold and if it had existed back then, Bitcoin. You still had purchasing power. If you're sitting there holding your Zim dollars and your Venezuelan bolívar, you have nothing. You are completely wiped out and I think that, that's the fear of a lot of these Chinese and Japanese, Taiwanese, Korean retail investors that have been buying these crypto currencies and pushing the price up.

They don't even care about the price. They just wanna diversify some of their money out of their local currency because they can feel as successful businessmen, the collapse is coming.

Frank Curzio:

Ed you said something interesting before about the 21 million numbers. So when I was researching, there was eight million existing in 2009, there's 16 million Bitcoins in circulation today but they say it's going to go up to 21 million, something like 21,10 but that's going to be the max. How do we know that, that's the max, 21 million, where that's the big driver of this, because you can't just increase supply and like we're doing, printing money. How do we know that this is not going to be increased or we're not going to add more Bitcoins? How do we know down the line that, that's not going to happen?

Edward Karr:

That's a great question. That really is and I think that the people that put the original algorithm together, behind Bitcoin, obviously the mathematics of it have a finite amount of Bitcoins that can be issued. Currently, like you pointed out, just above 21 million. There has been talk in the Bitcoin industry that they should reverse, forward split, reverse split, whatever it is, the amount of Bitcoins from 21 million maybe double it to like 42 million. The price today around 3000 dollars, that would take it down to 1500 dollars. So

you would still have the same market tap, there would just be more overall Bitcoin in circulation.

Now some of the real purists, if you look at the Bitcoin foundation and some of the people who were originally involved in the project, they don't want to have anymore Bitcoin. They want to leave it at 21 million and if the price of Bitcoin rises then so be it. I mean I've seen some forecasts out there, there was one chief strategist of a major foreign exchange bank, he had the price target of a hundred, thousand dollars in ten years on Bitcoin. So, I really have no idea how high these things could go.

Frank Curzio: And what about other crypto currencies, I mean you mentioned that where you have seen a lot go up or it's Ripple and I'm probably going to pronounce this wrong but Ethereum which was up 5000 percent this year already. I mean there's other crypto currencies, I think there's hundreds of them.

Edward Karr: Yeah

Frank Curzio: Are these just, hey you know how it is, how markets work. You've been around this for decades where, as soon as something works everybody tries to get in there. Even in the mining industry, if it's cobalt, if it's, whatever, rare earth minerals, uranium as well, uranium is hot. You see hundreds and thousands, you know hundreds of companies even thousands of them come out with uranium in their name. I mean is this something that adds maybe to the point that maybe we are finally in a bubble when you're seeing all these other, not only have they been created but they're up tremendously alongside Bitcoin.

Edward Karr: Yeah I think without a doubt. I mean I think we are certainly in a short term bubble and new crypto currencies are coming out. I mean the big ones are, as you pointed out, Bitcoin, Ethereum, Ripple. Each of those is a little different in its underlying design and architecture and what it's used for.

So, specifically like Bitcoin's very good for decentralized peer to peer payment system. I could send money to you from Switzerland to the United States on a Sunday evening, no problem, like on a lot of these.

Ethereum is more of a decentralized platform that runs these smart contracts and applications that run exactly as programmed without any possibility of down time, censorship, fraud, third party interference. Like if you were a company and you wanted to pay your employees and you wanted to give them a bonus for hitting a

certain sales milestone, the Ethereum contract could pay all your employees like a programmed amount. It's really good for that.

Ripple's been programmed for a lot of banks to try and fit in with a lot of global financial center and banks existing infrastructure. So Ripple has some pretty neat features to comply with risk, privacy, compliance, KYC... those are big things but we're certainly in a bubble and you look, like how these prices have risen. You look at any stock chart, commodity chart all the way back to the south seas, tulip mania, I mean this is the way bubbles happen. They tend to go parabolic at the end stages and just have this massive price appreciation. So, it seems very much over bought, like now I know there's a tremendous amount of interest and money coming into the sector but these currencies have really made moves.

Well, other than the currencies frankly you look at the technology behind all this stuff, and I hit on this a little bit before. I mean the block chain technology. This is really what people should be looking very, very closely at. Block chain is going to dramatically change our lives on this planet and block chain being this real time, completely transparent accounting ledger, when you look at our financial system around the globe today it is so antiquated and the revolution that is coming in simtec.

When you talk about clearing and settlement, how we clear stocks. US equities trade what's known as T+3, you need three days settlement. So if you sell your Apple computer, Frank, and I buy a hundred shares of your Apple computer, it takes three days to actually transfer ownership of those shares. I mean that's ridiculous. With block chain technology that transaction should happen instantaneously and in real time. If we want to wire money anywhere around the world these days, we're at the mercy of a cartel of global money centered banks, so in Switzerland I can go to UBS, I can say "Okay, I want to wire some money to my friend, Frank in the United States", well guess what? It has to be during banking hours. They send the wire via SWIFT or the Fedwire, the banks sit on the wire for two, three, four days before crediting it to your account so they can pick up the float and when you multiply that by millions of customers these banks are hosing us on huge amounts of fees each year.

A block chain can allow money to go to anyone anywhere in real time, then why shouldn't I be able to send money Sunday night at midnight in Geneva, 6pm on the East Coast of the United States if I want to? It's my money I'm a private citizen. It's a transaction, here you go. So you can use block chain for clearing and settlement of stock, bonds, derivatives, foreign exchange, everything. There's

even applications so they can apply this to identification, drivers license, passports, other things in the future. I mean it's really, really going to change the entire nature of financial services going forward.

Frank Curzio:

Now you bring up a lot of good points there, Ed but is that some of the risk to Bitcoin other than, of course with the prices, we all see it's going up tremendously and people could argue it's in a bubble or it's going higher, we won't even go there cause we know with bubbles, usually when people are calling for a bubble, prices go up a lot higher before they actually crash. It's like we saw at the Nasdaq in 1999, which doubled from like 1999 though 2000 before it actually crashed but when you're looking at something that you said, where you said but there's no transaction costs, that brings in the government where everybody wants a piece of everything. So is that a major risk where the government, it seems like the government just come in, has the authority to shut something like this down or regulate it heavily to say "Hey, you're not going to be able to send money across the country for free. We don't allow that anywhere. We want our piece". I mean is that a risk as well where this whole currency thing is more about, or Bitcoin and crypto currencies where limited government, no government involved but it seems like the government could get involved very quickly if they wanted to just by a little swipe of their pen. I mean that's got to be a big risk here, right?

Edward Karr:

Yeah you hit the nail on the head. I mean by far the biggest risk to most of us in our lives is government regulation and government intervention and our regulators and politicians trying to enact laws to help us, control us and they think we're not smart enough to fend for ourselves. So government regulation of this industry is a huge risk and there's a lot of these government bureaucrats that say "Ohh when you look at crypto currencies and Bitcoin, you know, this stuff finances the dark web. There are drugs that are sold on the internet. It might be gambling. It could be terrorism. There is all these bad characters that are out there that are using Bitcoin for its anonymous properties to transact business", and that certainly does happen because this is a brand new technology and it's incomplete so there's always going to be a percentage of bad actors that will try and exploit it. But these markets are usually self-correcting.

I mean there's also been big exchanges that have been hacked and you know about the Mt. Gox incident, one of the biggest exchanges out there, they got hacked. Some guys stole their Bitcoins, they ultimately went bankrupt, they couldn't get back

their existing customers, the assets they thought they had. These are all growing pains of any new market as they build up. As they develop certainly they're going to have some choppiness, some ups and some downs but I would hope with the technological distributed nature of Bitcoin, maybe the global government regulators could leave it alone and have a success just like the internet itself that has grown, that has built, that has developed and has ultimately become self policed and I think if there's transactions happening and people are not getting their money back, then it should be up to the free market and customers can say "Don't use this particular crypto currency exchange because these guys are not operating their business well and go over to this one", because bankruptcy is in the history of every country on this planet. The United States had the great depression, the savings and loan crisis, 2008 financial crisis. A lot of institutions went under even though there's government regulations in place supposedly to protect everyone. So government is not always the solution. A lot of times it can actually be the problem but it certainly is a major risk out there.

Frank Curzio:

Once again we're talking to Ed Carr. He's the founder of several investment management firms and banking firms based in Geneva, a CBC contributor, he's been mentioned in the financial media circuit net numerous times also one of the world's top traders, which was named by Future magazine but, Ed I want to talk a little bit more here. I just want about five, ten more minutes of your time. I know you're doing this from Geneva right now this interview. When you're looking at Bitcoin, right, so we say okay it's a crypto currency, it's a currency, right, so it's a term of currency but yet when we see currencies, a one percent, two percent move is a major move. When we look at Bitcoin, again we're comparing this the dollar and other currencies where you're seeing it went from 200 to 1200, this was November 2013, fell back to 600 three months later. Now we're seeing a huge spike to over 3000 and recently, in the past week or so we've seen this come down by 15, 16 percent. How do we, I guess, slow down the volatility almost to the point where if this really is going to be an alternative currency or something people are using, when you see these types of price movements, how do we take this seriously?

Edward Karr:

Yeah, great point and volatility is an underlying characteristic of all markets. Global volatility out there has recently in the last ten years, especially since the financial crisis, been tremendously manipulated down by most of the global central banks but you do have tremendous volatility within Bitcoin. I think one of the

reasons is just because of the limited overall market capitalization of these crypto currencies. They're still relatively small and when you compare Bitcoin today, I think the total market count of all Bitcoins in existence today is about 45 billion dollars. The total market cap of Ethereum is about 36, 37 billion. The total market cap of Ripple is probably about 10 billion today. So, these are key. When you figure that there's a company called Apple computer that has an 850 billion dollar market cap, compared to all these crypto currencies they're very, very, very minuscule and these have predominantly been retail, small individual investors that have been transacting in these currencies.

We're not talking the major global financial corporations that are doing business yet in Bitcoin. Maybe if it builds up, if it gets to be a bigger overall market cap, if the valuations get greater, if the daily liquidity increases, you bring in banks as market makers, you bring in hedge funds that want to trade, you bring in major multi-national corporations that were transacting business in Bitcoins. So this could be down the road and if all that happens, if it becomes very successful, you would probably see the volatility in the crypto currencies reduce because you'd have market makers on both sides. You would have guys creating derivative products, options, plugs, calls, future contracts, everything on it and all of that would tend to lead to a much more efficient normal market.

The markets are still pretty small today. So if a hedge fund comes in and they decide today to buy a hundred, million dollars worth of Bitcoin, they're going to move the market. The market is going to go up probably several percent trying to execute that order. So if you bought a hundred million dollars worth of, US dollar, British pound, cable tomorrow, today you wouldn't even move it one pip. I mean the foreign exchange markets trade a trillion dollars a day. There's huge liquidity. So Bitcoin's not there, none of the crypto currencies are there but they've only been around for eight years so, let's have this conversation again in another five or 10 years and see how much more liquid they are.

Frank Curzio:

Now that makes sense because, and that's one of the things too I mean when you're seeing it, I think I had a guest on last week that talked about that, where you're seeing it and you're looking at a currency. When you're seeing these major moves, but again like you said it is an early stage and in 10 years we can revisit that, which is interesting.

I guess I want to ask a few more questions here because you're someone who's invested in a ton of mining stocks through your investment firms so you're very familiar with gold and the money

industry. Is Bitcoin replacing gold, maybe as a safe haven because I'm seeing a lot of gold bugs and you know those guys as well as I do that love gold, you know since they were six years old and they're 80 years old. No matter what market, no matter what, they believe it's going to go higher and deflation, inflation and everything right, but now we're seeing the massive move in Bitcoin where so many people, and this is 2011, 2012, were saying we're going to see a similar move in gold prices. How many forecasts for 5000, 10,000 gold did we see in 2011, 2012? We still see them today. Is this replacing gold because when you mention Bitcoin to gold bugs they go crazy and back and forth. I mean how is this in relation chipped to gold, is this more of a currency where it's gold directly or again, what is the relationship to it because when you mention Bitcoin to gold bugs it's almost like a, they get very angry, they get very defensive, they're like it's BS, it's not gold, it's not physical, you can't hold it. I mean what are your thoughts on that from someone whose invested in gold and money companies.

Edward Karr:

Yeah, you know I wouldn't say that Bitcoin is ever going to replace gold and myself, at the end of the day, I'm a real precious metals man. I mean I believe that every human being should have some physical gold, and some physical silver in their sock draw and why? Because you can hold on to it because it's real. I mean what if the entire internet crashed tomorrow, and you're crypto currency exchange that you have an account at, you have a digital wallet, crashed, what do you have?

I mean Bitcoins is digital, it's bits and bytes. It's zeros and ones somewhere on a computer server. Gold is real. Silver is real. These metals have stood the test of time and the old analogy that, back in the time of the Roman empire of really nice custom made suit of chain mail, cost you about one ounce of gold. Today, 2500 years later with one ounce of gold, I can go to a pretty good tailor in Geneva, Switzerland and get a pretty nice suit. So that's the purpose of gold, to hold that purchasing power parity over a long period of time. Will Bitcoin, will any of these crypto currencies be around in 2500 years? I have no idea but gold will be around in another 2500 years. I don't know if any of these crypto currencies will be around in 20 years, we just don't know. They very well might be, they very well might not.

I think it's much more of a trading market than a real store of value but there are some big similarities. The amount of gold, the amount of silver within the Earth's crust is limited. There's only so much. The amount of Bitcoin is going to be limited, and it's supply and demand, which determines the prices. So Bitcoin and

the crypto currencies have been melting up because there's huge demand, specifically from Asian retail investors that just want to get their money out of the countries. I would think that this is a leading indicators, this is the canary in the coal mine for something to come in the precious metals sector because Bitcoin, the crypto currencies are melting up, and we've seen it from predominant demand from China, Japan even Taiwan.

Imagine if the US dollar really, really started to decline and people lost faith in the Federal Reserve of the United States, they lost faith in the politicians in Washington D.C., maybe they already have but that would be a whole nother podcast. The flow of money that would move into any safe haven asset, now we're talking a huge 14, 15 trillion dollar economy like the United States of America, I think you would see precious metals go parabolic. They would go through the roof, they really would. So, these things can certainly happen, and I think you're just starting to see general nervousness in investors all around the world. There's big experiments of central bankers trying to manipulate economies and currencies, ultimately it probably will end in a lot of failure. So people are trying to protect themselves, protect their wealth, protect their family and whether that's Bitcoin, whether that's physical gold, whether that's having six months reserve of food, you know, I don't know the solution or maybe a combination of all the above.

Frank Curzio:

Yeah and maybe we'll end on this question, I just want to get one more out of you because you did mention it is a trading market, which is interesting but something also interesting happened recently with Bitcoin because we talked about Bitcoin, it could be a play on trying to crashing, you know, they store money there and just getting it out of their own currency. I mean is it really a China play? Is it, I guess, an alternative currency play, which we talked about? Is it a safe haven play, which you just mentioned? Or is it a simple tech play because we saw large cap tech get destroyed this week and Bitcoin followed lower, which was interesting, so I don't know if that was coincidence or, but is this where we're finding out like what drives Bitcoin or is it just all the above? But what are your thoughts on that cause I just found it interesting that technology large cap finally crashed, it's been the biggest driver of the markets over the past few year and now when that crash happened, Bitcoin also came down tremendously over the past few days. I was just curious if that interested you at all or your thoughts on it.

Edward Karr:

Yeah, great observation and I think that it's a combination of all of those points, all of the above and if technology does crash, as stock markets pull in, global equity markets, global bond markets,

whatever it is, once we get into a market crash, the first thing that always gets hit is liquidity. Liquidity is the first thing to go. So when you have major redemptions, and if there's a lot of hedge funds that are low on Bitcoin and they're getting redemptions they're going to have to be sellers, there's no way around it. So you could get some huge price volatility if we have a major market correction in the tech markets or otherwise and some big hedge funds start getting some redemption cause I know a lot of these guys are low on a lot of the crypto currencies.

Frank Curzio: Yeah that would be interesting, and real quick here to end this, Ed, how many countries have you visited in your lifetime cause when we met again, we met for the first time a few weeks ago and had amazing conversations and once you got going I just loved just sitting there and listening to you, but how many countries have you visited in your lifetime and even better once you give us that number, if you have it in your head, can you possibly give us one, I'm putting you on the spot here, where you think is maybe a really good place to invest that few people are talking about based on your travels.

Edward Karr: Yeah, wow, that would be a little more than a one or two minute closing answer. I don't know the exact amount of countries I've been to. I've been to a lot, I should probably sit down and note them all one day. I have been extensively on every continent and extensively, so I would have to come back to you and your listeners with an exact answer down the road.

Frank Curzio: I loves putting you on the spot on that one.

Edward Karr: Yeah, yeah, yeah and as far as global investment opportunities and what to look at and where to deploy capital, I'll tell you there are always, always interesting opportunities. You've got to do your homework, you've got to know it really well. I think you can find some tremendous opportunities and some tremendous SEED value, but again I'd love to come back on your show some time and maybe we could have a whole 20 to 30 minute conversation. I could take you on a tour of the world that's, kind of, we see it from our perch in Geneva, Switzerland and let you know where some of the opportunities are out there these days.

Frank Curzio: Now that sounds good, we'll end it there and I loved putting you on the spot there, bud.

Edward Karr: No problem.

Frank Curzio: All right, Ed so listen I know you have to, where, you're catching a

train to where again, where are you heading?

Edward Karr: Yeah I have a dinner in Zurich tonight and so I've got to be there in a couple of hours.

Frank Curzio: All right sounds great. Well, Ed thanks so much for doing this interview, again we know you're doing this from Geneva and everyone's going to appreciate your thoughts on it, on Bitcoins, on an industry that you've followed for a long time and I really appreciate you coming on, explaining it to us.

Edward Karr: No problem, thanks so much for having me. It's always a pleasure to talk to you, Frank.

Frank Curzio: Great stuff, talk to you soon, buddy.

Edward Karr: Thanks a lot, bye bye.

Frank Curzio: Okay guys, great stuff from Ed, remarkable, some of the things he said, at least that's what I thought. I mean he talked about, it's amazing when you guys, I don't know if you've been to Vancouver or you're familiar with that market. The real estate market in Vancouver is insane. I mean 5 million dollars will probably get you a shack in Vancouver. Seriously it makes New York look like the most affordable place you could live in and New York is supposed to have the highest real estate, it's not even close, it's not even close.

I mean you have Montauk, you have a couple of places that may be comparable, but you're looking at Vancouver, what's interesting about Vancouver is we saw Vancouver is the modern capital of the world and mining has collapsed completely. So yes we saw a nice rebound but still well, well off their highs, we saw what was it, over 1900 coal prices, we've seen a collapse in the industry and a ton of, it's almost like a collapse in oil, and you're looking at Texas. Texas is going to be impacted if oil goes to 10 dollars a barrel. Well, Vancouver real estate kept surging and surging and surging and surging, why? Because you're seeing a lot of the Asian community, even when you walk around the streets, it's very visible, they want to put their money some place, okay. They want to get it out of China, they want to get it out of Japan, they want to get it out of Asia and you're seeing it flow into Vancouver real estate, is one of those things, and now Bitcoin.

Again, there's a couple of very, very smart people including, Ed that I'm making this case that it does make a lot of sense. So I

loved some of the things that he said about the currency. It is in a bubble but, as we all know bubbles tends to inflate even more before actually bursting, and we saw Bitcoin come down, so he didn't make a recommendation to buyers, sell it, but talking about how this is for real, and the technology behind is definitely for real and brought up a lot of good things, and we wanted to talk about the risks where hacking, it's been hacked several times, and I've done research on this, so that's a serious threat and also you want to look at Bitcoin as, you know, if you're a fantasy football guy with DraftKings and these fantasy drafts where so much SEED capital went into these companies and for me it was surprising cause I cover this in Curzio venture opportunities, where these small private investments that you can get into and this is one I wouldn't touch, the fantasy drafts I wouldn't touch because when you're looking at DraftKings and how much money was flowing into them, millions and tens of millions of dollars were flowing into these companies because again, they can provide that fantasy draft service.

It's amazing and what do the government do? All of a sudden they came in and said "Oh well it's not going to be regulated in every state" and think about if you just invested a million dollars in SEED capital in these companies. So you have to be aware that the government can come by anytime they want with this, it's very, very dangerous. Even though it's a play on less government, no central government involved. However, when you're not getting taxed on things and there's no fees on things, you know what our government likes to do. They want to put their hand in that pot and when they do, a simple signature could really hurt something like this. Will it happen? I don't know but my job is to let you know about the risks in case you want to buy Bitcoin at 3000, which I wouldn't recommend and it could be 5000 in three weeks from now, I don't know but just understand that there's a ton at risk where you look at the regulatory and political landscape could easily change this industry right away and very, very fast. So just be aware of that if you're investing in something like this. Again, you want to highlight the risks and also the rewards and we're seeing the rewards as this price, Bitcoin and other crypto currencies, go higher but I wanted to get a guy on, hopefully you guys liked it.

Again, I say this all the time and I mean this podcast is about you, not about me. Let me know what you thought about that interview, okay. It's frank@curzioresearch.com so email me at frank@curzioresearch.com let me know I want to bring on other specialists at Bitcoin to get different opinions yet I don't want to bring on gold bugs or Bitcoin bugs or people who are just going

to say “This is the most amazing thing, you’ve got to buy it” and “This is awesome and buy it here”, I just want you to get the view, the background of what’s going on. I just felt like Ed was a great guy after speaking to him, will give you a good background on him because he is somebody who has been following this for pretty close to five, six, seven years and knows a lot of players in this space. So hopefully you liked that interview, please let me know frank@curzioresearch.com.

Now just a reminder before I go, going to be opening up Curzio venture opportunities to new subscribers next week. I’ve mentioned over the past few weeks I’m doing a lot of homework on one particular goal company, which I actually visited during Memorial day. I’ve taken two flights and driving more than three hours to see this site cause it had me so excited I wanted to make sure I got the story right and I wanted to see if it was for real. I’d have to say it’s one of the best risk reward situations I’ve come across in my career as one of the top geologists is drilling an area very close to some of the largest gold mines ever discovered in the world. It was secure, this land package. This company was just formed, has the same management team that helped many of my subscribers, or past subscribers, generate 300 percent returns in just a few months time and that’s on another company that they all came together and similar situation, started from scratch, got in very, very early and that’s one of the things in the mining industry, you want to back the people who have made you money in the past and know how this business operates.

They’re not looking to build a massive mine, which costs billions and billions of dollars. If they find gold there, the major players would immediately invest in this company and take it over probably and there’s probably a pretty good shot that, that could happen otherwise I wouldn’t be recommending this company to you. Can it happen? Are they at risk? Absolutely, they don’t have revenue, just like most junior miners and if they don’t find gold or anything like that, the stock could you know, you could lose a lot of your investment but if they do, the reward is amazing and that’s what this newsletter is about. It’s not risking 5000 dollars to make 10,000 dollars. It’s risking 5000 dollars to make 50, 100, 300,000 dollars. That’s what this newsletter is about and that’s a situation that we have here, so something I’ve done a ton of research on.

I can open it up to Curzio venture opportunity newsletter to podcast listeners and Curzio Research advising members only. Okay it’s going to include a special discount, so for the first week it’s just going to be you guys. You’re not going to see this any place,

you're not going to see advertisements on CBC, Yahoo finance or anything for this promotion and what we're doing here, but this is my high end product that focuses exclusively on finding the next small and micro cap stocks that could become the next Microsoft, the next Apple or even Facebook, or in this case the next bar of gold, who's major gold mines are located within miles to where these guys are drilling.

So when you look at the risk on this newsletter, it's not for everyone. It's a high price tag, also includes private placement deals with the opportunity get warrants, which makes Curzio venture opportunities unique since there's not many services out there providing this type or research and access. So if you're interested, cause I'm getting a lot of emails saying "Frank, you know, when are you going to open it up. When can I go in there and get it". If you're not interested it's perfectly fine, but I'm going to be sending you an email next week about you can subscribe, of course at a steep discount to the regular price. At least 60 percent off, that's what I do for all my lists of subscribers. You're the reason I was able to start my own company, you'll always get discounts to everything I have cause if you ever see anything online, I suggest sending me an email first, Frank Curzia Research, I can forward it to my customer service department but I never want you guys to pay full price for anything because you're the reason why I'm able to do this. You listen to the podcasts, you're the reason I was able to start my own business after being here for 20 years, so I want to give you the best price possible for anything that you subscribe to from us and that's what you're going to get here, at least for the first week.

So if you're not interested, again it's cool I understand because it's the high risk, super high reward newsletter and in order to make 10 times more money on your capital on these types of new ideas, you're going to have to be willing to risk some capital, okay. So I'm not going to say "Oh you can make this huge amount of money", no. The higher the returns, the more risk you've got to take it's that simple. So, the more risk you take the more chance there is to lose money. So that's why this is a risky newsletter, it's not for everybody but like I said, I'm very excited about this stock, this opportunity, probably more upside than any of the stock I recommended, at least over the past decade.

So be sure to check your email next week for that special promotion, subscribe to my back end newsletter, which is Curzio Venture Opportunities, again you guys are going to get at least a 60 percent off the regular rate as a discount. If you have any

questions, feedback about this podcast or Bitcoin or Ed, anything feel to send me an email frank@curzioresearch.com that's frank@curzioresearch.com and if you're interested in getting real time updates also there's some more of my rants, sometimes political, you can follow me on twitter my AOL is @frankcurzio that's at @frankcurzio to follow me to get my real time updates.

One last note before I go, congratulations Golden State Warriors, I said I liked Lebron and Cleveland with the odds, which are heavily against them but they should have won game three but they didn't. Golden State Warriors deserved it, they played great. Congratulations to Kevin Durant again people, I kind of was all over him too about leaving Oklahoma City but hey, you know what the guy did what he wanted to do, he's playing, he's having fun and won a championship, good for him and he definitely put up those numbers cause they wouldn't have won without him. So very, very incredible series, congratulations to the warriors. I did think Lebron James played unbelievable, averaging at triple double, first person to do that in finals history, pretty amazing. I don't know if I'd compare Golden State Warriors to the greatest teams ever, I think they're up there but I really think the Chicago Bull team is much better and also, Lakers and maybe even the sixers team as well but it is interesting, I'm glad they didn't sweep cause all of a sudden you know, we're in the real moment that Golden State's the greatest team that ever lived. I won't go there yet, take it easy guys but fantastic team, awesome and they deserve it, they played fantastic. So guys thanks so much for listening and I'll see you in seven days, take care



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