

Announcer: This is The Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.

Kim Kiyosaki: Hello and welcome to The Rich Dad Radio Show, the good news and the bad news about money. I'm Kim Kiyosaki and I'll be hosting the show today as Robert is out and about traveling the world doing what he does best, talking about the Rich Dad philosophy and the Rich Dad principles. Today is a very, very, very important show because at least once a week, Robert and I get the question, "What do you think about Bitcoin?"

I'll admit that Robert and I are very late to the party when it comes to Bitcoin and cryptocurrencies and we're going to explain what all that is with our special guest today. Recently, we started talking to some experts because we wanted to find out what all this is. The best way that we learn is whenever we want to learn something, we put a little money down.

We bought some cryptocurrency and sure enough by just putting a little bit of money down, my interest in this whole subject of Bitcoin cryptocurrency skyrockets. I'm now looking at articles, my eyes get drawn to different things on TV about Bitcoin, about all these other cryptocurrencies, so that's how we learn about it. We've been immersed in this subject and I'm going to tell you, it's still very confusing to me. We have two very special guests today.

One is Adam Draper. Adam is the Founder and Managing Director of Boost VC. He's an entrepreneur and fourth generation venture capitalist. He has a little experience in this and he is specifically a specialist in cryptocurrency. Our other guest is Shane Caniglia. He is the President of The Rich Dad Company. He is Head of IT, one of the smartest guys I know in the world of IT.

At some other point, we might do another show with Shane because he is also an expert on how to build a team, especially in business. Adam, if we can just get right to it, so thank you for your time, Adam. As I said, we get this question all the time. Almost every week somebody's asking about Bitcoin cryptocurrency. Can you just start by telling us what is Bitcoin?

Adam Draper: Yeah, so I think a lot of people focus honestly on the wrong things. Even a lot of the people who really understand it really well, they talk about it as a currency. The best way to think of it, so what Bitcoin is is there are these machines that are all over the world and they're running this one program. All this program does is it checks a ledger and then adds transactions to that ledger. It's fully essentially autonomous where all of these computers are checking each other's work.

When they correctly check each other's work, they are rewarded with a token and that token is called a Bitcoin. The reason that this ledger is so valuable is because it's an immutable ledger. No one can change it. You can't modify it and so suddenly you are replacing third-party trust with mathematical proof. That's

the entire thesis of this industry is that ... and if I wanted to boil it down to one situation, most people in the United States trust their bank, let's say. That's a third-party.

Kim Kiyosaki: Some of us do.

Adam Draper: Some of us do. I don't, actually, and I have a longer story about that. I'd say on the whole, people trust the system. They trust the government, they trust the bank. Technically globally, that's not true. Globally, we have Venezuela who experiences hyperinflation. We have Argentina who experiences hyperinflation. India even has pretty bad inflation. Globally, they don't trust their bank and they actually hold onto either dollars in their mattress which is a devaluing, like their value [crosstalk 00:04:24]-

Kim Kiyosaki: Correct. Values drop tremendously. Yes.

Adam Draper: Yeah. This ends up being a way in which you can actually store a value outside of the system. That's what the core use case of Bitcoin has emerged to become. It's just you being in control of your own money and you being in control of your own assets. Right now, the demand over the last six months, twelve months has grown exponentially because we're seeing how valuable that use case is.

Kim Kiyosaki: Okay, and so then there's a thing called blockchain.

Adam Draper: This ledger that I've been talking about?

Kim Kiyosaki: Yes.

Adam Draper: That's the blockchain.

Kim Kiyosaki: Okay.

Adam Draper: That's all it is. Bitcoin is the reward for these machines to keep the ledger, which is called the blockchain, going.

Kim Kiyosaki: Okay. Who runs, controls all the machines?

Adam Draper: Whoever wants to. You can run a node if you want. Any person, individual can buy something called a miner and that miner is one of these machines or these programs that is ... the process of these machines solving this algorithm to log a block into the blockchain is called mining. You'll hear a lot about Bitcoin mining. That's what that process is. Anyone can do it. I have a miner that runs in my office just to have the experience of running a miner. That's why I did it. It's pretty complicated to do. I'd recommend doing it with someone who knows.

Kim Kiyosaki: I was going to say. I probably would not have the expertise to run a miner, so I could just go online and purchase some Bitcoin.

Adam Draper: Yeah. You can also go online and purchase the Bitcoin, but where it came from was it was released into the world because these machines were running and then those miners sold it to the market or someone in the world. It's good to know where the actual token or currency came from and I think that's a valuable bit of information that a lot of people forget about.

Kim Kiyosaki: Okay. Thank you. Shane, what's your take on Bitcoin and blockchain? Because you've been looking into this quite a bit.

Shane Caniglia: Some of my education comes from Adam because he really got us really deeply involved in it. I really like what Adam said in terms of the trust of people in the government and the current financial system and the massive ways you see people ... because there's all types of information out there from Bitcoin or crypto being a complete scam and it's fraudulent. What I even find funnier is that now our governments are saying that it's the biggest scam ever and it's fraudulent and then it makes you want to ask, what about the fiat money? What do you guys do? What's so different about how Bitcoin handles versus real money?

Kim Kiyosaki: About the dollars. Right.

Shane Caniglia: Yeah. It's the same thing.

Adam Draper: Yeah, I had a unique entrance into the Bitcoin space where the Founder of Coinbase six years ago was pitching me and Coinbase-

Kim Kiyosaki: What is [Coinbased 00:07:36]?

Adam Draper: Coinbase is a wallet. It's a company that is a wallet where you can buy and sell Bitcoin. It's the largest wallet today. They've raised an exceptional amount of money today. [crosstalk 00:07:52]-

Kim Kiyosaki: If I want to go buy Bitcoin or cryptocurrency, I go to Coinbase. That's one of the places I can buy it and sell it.

Adam Draper: Yes. It is probably the most trusted place to go buy or sell cryptocurrency today or Bitcoin specifically. By the way also, it's still, the one thing I would encourage investors who are thinking about buying into is that it's still an experiment. We're still at the very beginning of what could be the future of how money works. It's an experiment. We don't know how it ends yet. We don't know where it ends.

It's been very exciting for me. I've basically dedicated the last five, six years to really supporting this entire ecosystem. More and more talented people join every year and that's the most exciting thing and that's what got me into it. Never invest money that you're not willing to lose. That's basically what I

wanted to make sure and highlight, but my entrance into the space, the CEO of Coinbase, his name's Brian Armstrong.

His team was him and that was it at the time. Now he has hundreds of employees, but he said, "At some point, the world will be on one financial infrastructure." At first, I just thought it was an interesting point. I was thinking, why isn't it on one financial infrastructure? He said, "I believe that infrastructure is the Bitcoin network and I will be onboarding all of the people to this network."

That's what his business is. His business is making it the easiest possible way for any individual to get onto this new financial system. Although in the U.S. we do have great payments, we do generally have a pretty good banking system, it really is important to think globally when you're thinking about Bitcoin.

The world, it is not where we are today in the United States. This could be a leapfrogging technology to allow people to store money. That's the exciting ... that's really what got me bought in originally and then I just kept digging and I've been obsessed I would say with the, we call it the crypto space, but the Bitcoin space for a very long time.

Kim Kiyosaki: Great. Thank you. Again, this is Kim Kiyosaki, The Rich Dad Radio Show. We are talking with Adam Draper, Founder and Managing Director of Boost VC. He's an entrepreneur and fourth generation venture capitalist and his specialty is cryptocurrency. His website is boost.vc and our other guest is Shane Caniglia, President of The Rich Dad Company, Head of our IT department. When we come back, we're going to be talking more about the different cryptocurrencies, more about Bitcoin, more about blockchain so that you can decide if this is something you want to pursue or not.

Announcer: You're listening to The Rich Dad Radio Show with Robert Kiyosaki.

Male: Do you own an LLC or LP? Are you aware of the new rules? The IRS has mandated new audit rules that require every LLC operating agreement and LP limited partnership agreement be amended. This dramatic requirement has never before been experienced and changes must be made by December 31st. Corporate Direct, owned by Rich Dad advisor Garrett Sutton can guide you through these new rules. Call 800-600-1760. That's 800-600-1760 or visit corporatedirect.com. Contact Corporate Direct today to stay in IRS compliance.

Announcer: It pays to listen. Now back to Robert Kiyosaki and The Rich Dad Radio Show.

Kim Kiyosaki: Hello. This is Kim Kiyosaki. Welcome back to The Rich Dad Radio Show, the good news and bad news about money. You can listen to Rich Dad Radio anytime anywhere on iTunes or Android and you can go to richdadradio.com and hear podcasts of this program and other programs. As we always say, repetition is

the best way to learn, so please listen to the show again and again with friends, with family.

Once you hear it the first time, when you listen to it the second and third time, you're going to hear things that you didn't hear before and especially with today's show. There's a lot of information coming at you right now because we are talking about a subject that is really exploding right now. It's the subject of Bitcoin, cryptocurrency, blockchain. As I said earlier, we get this question all the time, "What do you think about Bitcoin? Are you invested in Bitcoin?"

"Are you invested in Ethereum? What's your take on it? Is it the next internet explosion? What is it?" I can't answer those questions nor could Robert, so we have an expert with us today, Adam Draper. He's the Founder and Managing Director of Boost VC and his venture capital firm specifically specializes in cryptocurrency companies. His website is boost.vc. Our other guest is Shane Caniglia. He's the President of The Rich Dad Company. Why are people so excited about Bitcoin? Why has it exploded so exponentially?

Adam Draper: Bitcoin's been around for 10 years now. It was founded by an anonymous creator named Satoshi Nakamoto out of the implosion of the banks in 2008 in basically saying, "Hey, we need to figure out a better way to hold value digitally." If you were to design dollars today, it would not be paper. That would make zero sense for what the economy's built on today. Over the last 10 years, idealists, hackers, a bunch of these tinkerers have been experimenting in the space and building up products and building up the Bitcoin ecosystem and enthusiasm.

Recently what's really happened is that it's gotten to the point where governments have to make a decision on whether they are for or against cryptocurrency. The fact that governments all over the world, this is Korea, Japan, China, the United States. These are the biggest governments in the world and they all have to make a statement about whether they are for or against cryptocurrency, which is what Bitcoin is-

Kim Kiyosaki: Didn't Japan just come out and say they were for it or they were accepting it?

Adam Draper: Yeah. Japan is for it. Korea is against it. China has banned it and every time that China bans something historically-

Kim Kiyosaki: It goes up.

Adam Draper: It was a good idea to invest.

Kim Kiyosaki: Yeah. Gary Cohn, Trump's economic advisor, came out recently and when they asked him about Bitcoin, he shook his head and said, "I don't really understand it." Now is that something we want our U.S. government to not understand?

Adam Draper: The fact is they're being asked. How powerful is a movement where people have to make a decision? That's what's happening is that there's been such an excitement around the fact that, hey, this is powerful enough that governments have to make a decision. The demand is showing that people want people to make a decision, but they're also just excited that governments have to make a decision.

Kim Kiyosaki: Is the excitement because it's not regulated? Because they don't trust the banks? Because they don't trust the money? Currency? Fiat currency?

Adam Draper: It's also a combination of a couple things. One is yes, I think that there are very real situations where people don't necessarily trust their bank and want to store money outside of themselves. They want to store their own money. I think everyone should be allowed to do whatever, like store their own money. That should be a economic right, a human right to be able to do that. Right now there is a lot being driven by speculation because it's a new asset class.

People are able to buy and sell and trade this new concept of a token. There are two questions I always pose to people when I'm explaining what Bitcoin is. The first is, what is money? I try to have people explain what they feel money is to them and because it makes you start to think. That was the question that Bitcoin made everyone ask. It made everyone ask, "What is money and how could it be better?" That's what Bitcoin is. It's a solution to that question.

Kim Kiyosaki: Do you have an answer to that question, what is money?

Adam Draper: It's trust. To me, that's what it represents. It's denominated trust. Being able to store the value of that trust is determined right now centrally by government-based systems. I believe that that is the big transition and societal change that's happening right now. We are moving from a very centralized world to being a very decentralized world where people are more free and they can do what they want. It is a really, really exciting thing. It's very liberating.

The second question I always ask people is, what would the internet be valued at if you could have owned a piece of the internet? Because no one owns a piece of internet. They own a piece of Google, which is a centralized company that was built on top of TCP/IP, which is the internet that everyone uses today. How would you value the internet? That's what we're buying. We're not buying stock. You're not buying an equity, you're buying a plug of a network. That's what Bitcoin represents. It represents this token on a network.

Kim Kiyosaki: If I'm going to invest, Adam, am I investing in a blockchain company? Am I investing in Bitcoin? Where is the investment? Where's the asset?

Adam Draper: The asset is the token. When you're buying Bitcoin, you're buying a Bitcoin token. There is no CEO of Bitcoin. I remember four years ago, everyone kept saying, "I heard bad things about the CEO of Bitcoin." That isn't a thing. There is

no leader of Bitcoin. That's the exciting piece of it is that this is a program where the people get to vote into the changes that the network creates, but how decisions are made in Bitcoin are the miners actually vote whether or not they want a new program to exist.

They need 51% of the votes to go up in order for that to happen. It's like a pure democracy at work. Where you're investing if you're investing in it is in the token, not in a ... It's not a company. That's what everyone ... The hardest part to wrap your head around is that this Bitcoin, Ethereum, all these other altcoins, they aren't companies. There are no centralized leaders, but they do have value and they do have trust that's being built.

Kim Kiyosaki: You mentioned Ethereum. Actually, I'd like to ask Shane on the different types of cryptocurrencies. There's a lot of different ones out there, right?

Shane Caniglia: Yeah. There's a whole bunch and they're called altcoins. When they're offered into the space, it's called an ICO, which is an initial coin offering. Each altcoin has, I don't know the best way to explain it, but a wraparound really light business plan around it about what it offerings or what it could do. There's coin out there for the music business. I even think Burger King has this, is trying to launch their own altcoin now. There are tons of them out there. Adam probably knows more than me, but most of them fail for the most part, don't they, Adam?

Adam Draper: Yes. A lot of them don't have true value beneath them. There are scams out there. If you are participating in token sales as an investor, it's really important to look at the team and understand who's behind it. Look at their GitHub. GitHub is where everyone stores all of their code in the program and understanding whether or not it has a big enough community that's participating is very important. I'm not technical, but I can check GitHub for when the last updates were. That's important enough for me to be able to not necessarily make a decision, but know that there's activity.

Kim Kiyosaki: So I could start Kimcoin.

Adam Draper: Yeah. You can.

Kim Kiyosaki: Or we could start RichDadcoin.

Adam Draper: Yes. You can.

Kim Kiyosaki: Why would anybody buy Kimcoin or RichDadcoin?

Adam Draper: What do you want it to represent? What is the network that you're trying to power? The rabbit hole that you have start parsing yourself from is, is this a utility coin? So is this powering a network where it's like the fuel for this network to run or is it an equity where I own a piece of a company? If you

decide that it's ... if you figure out how to make it a utility, which a lot of these tokens are not, a lot of them are equity and run by a central team and a central company, those are not really pure tokens. Those are old-fashioned companies.

Ethereum. Ethereum, I'll quickly describe. Basically what Bitcoin does is log every transaction of Bitcoin into a ledger every 10 minutes. That's basically what Bitcoin does, I mean the Bitcoin network does. What Ethereum said was there's this guy named Vitalik Buterin who said, "Hey, Bitcoin's a little slow. We need to increase that and then also, we need to be able to log more than just transactions. We need to be able to log contracts into this thing."

So programmatical contracts. They launched in late 2016 something called an ERC20 contract, which allows any developer to fundraise from the network, from everyone all over the world using a smart contract. That, this ERC20 contract, is the reason that we're even talking about other tokens or other digital currencies on that list that you're talking about.

Kim Kiyosaki: So Ethereum is more attached to a company?

Adam Draper: No.

Kim Kiyosaki: Or a program?

Adam Draper: Ethereum is a ... it's an open community, but it is directed. They do have a leader and that leader's name's Vitalik where it is antithesis to the Bitcoin protocol where it does not have a leader, but it exists and has a vision. It's very interesting. We're seeing rapid prototyping of how governance works inside of companies and inside of networks. It's really, it's a fascinating world.

Shane Caniglia: For example, Adam, and I may be off here, but so Rich Dad, Kim asked what about a Kimcoin or a RichDadcoin? Let's say Rich Dad put a coin together that wanted to create a network of closing escrow or real estate transactions. You could actually do that, correct?

Adam Draper: Yeah. My first question if I were assessing it would be why couldn't I just do that with Bitcoin? But technically, you can do it. Really the reason that I say what money is trust is that if more people trust your RichDadcoin, the more people will use it. A long time ago, we used to be on a shell system as humans and then we evolved to a ledger that was written on stone and then it was cows for chickens and chickens for goats. Eventually we get, the [inaudible 00:24:59] family came up with credit, centralized banking. The evolution of banking has changed a lot over the span of time from Mesopotamia til now.

Kim Kiyosaki: Now we've evolved into cryptocurrency. Hold that thought. We're going to just take a quick break. Again, we're talking to Adam Draper, Founder and Managing Director of Boost VC, entrepreneur, fourth generation venture capitalist and his specialty is cryptocurrency. His website boost.vc.

And we're talking with Shane Caniglia, the President of The Rich Dad Company, Head of our IT empire. When we come back, there's so much information on cryptocurrencies, Bitcoin, blockchain. When we come back, we're going to talk more about how do you know a good one from a bad one? What to look for when you're exploring this whole world and what happens if Amazon started their own Bitcoin?

Announcer: You're listening to The Rich Dad Radio Show with Robert Kiyosaki.

Female: Robert Kiyosaki's Rich Dad Advisors have a great gift for you. Visit richdadadvisors.com and receive five free reports on business and investing success, five free reports that can help you right now. While there, check out the Author's Choice audio series. Audio is a great way to learn and for as little as 99 cents, you can download key chapters from all the Rich Dad Advisor books.

You can listen to The Myths and Magic of Real Estate Investing, Seven Steps to Limited Liability, The Four Pillars of Investing, Team Code of Honor, or The Psychology of Debt, among other great audios. For pennies, you can power up your skills for getting out of the rat race, so please visit richdadadvisors.com for your five free reports and your powerful and affordable audio chapters. That's richdadadvisors.com for great information that can help you right now.

Announcer: This is The Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.

Kim Kiyosaki: Hello and welcome back to The Rich Dad Radio Show, the good news and the bad news about money. I'm Kim Kiyosaki and I'm hosting today's show as Robert is off traveling in another country. Remember that you can listen to The Rich Dad Radio Show anytime anywhere on iTunes or Android and you can hear podcasts. Go back to richdadradio.com, listen to this show and other shows again and again because repetition is how we best learn. We're talking about a very important and timely subject today called Bitcoin, cryptocurrency, blockchain.

We get this question all the time. We have a specialist here to explain it to us and he's doing a fantastic job. Adam Draper, Founder and Managing Director of Boost VC and he specializes in cryptocurrencies. His website is boost.vc. Our other guest is Shane Caniglia, President of The Rich Dad Company. Adam, if I can just ask, you made a very good distinction between there's companies versus network. When I'm investing in, so you talked about Ethereum. That is a network, not a company, correct?

Adam Draper: Mm-hmm (affirmative).

Kim Kiyosaki: Bitcoin is a network, not a company.

- Adam Draper: Correct. The way that a company is valued is based off of the future profits of that company. That's how people value companies today. They do discounted cash flows based off of potential future profits. That's the way in which you value Apple, Google, Facebook. Measuring a network, there is no profit. There's no revenue. That isn't what you're buying into, you're buying into the utility of the network. The more people that are hooked up to the network, the more valuable that network will become.
- Kim Kiyosaki: That makes sense.
- Adam Draper: I actually think that the economics problem of our next 10 years is how do you value a network?
- Kim Kiyosaki: Yes.
- Adam Draper: There are a lot of really great people thinking through how to do that right now.
- Kim Kiyosaki: You say don't be willing to invest money you're not willing to lose because some of these cryptocurrencies can go to zero. Early December it came out that Bitcoin had hacking of \$64 million dollars in Bitcoin was lost.
- Adam Draper: Mm-hmm (affirmative).
- Kim Kiyosaki: It seems to be a bit of a Wild West. It is an experiment not a lot different than the Federal Reserve is an experiment.
- Adam Draper: Completely.
- Kim Kiyosaki: Go ahead.
- Adam Draper: Yeah. One thing I want to distinguish is that Bitcoin itself has never been hacked.
- Kim Kiyosaki: So what gets hacked?
- Adam Draper: The exchanges that are building on top of Bitcoin, so the centralized exchanges can get hacked.
- Kim Kiyosaki: How do you know what exchange you're on?
- Adam Draper: However you bought your Bitcoin is whatever exchange you're on. Coinbase, I trust Coinbase, but they are a centralized company that is driven by profits. They can get hacked, but Bitcoin itself has never been hacked. That's something to distinguish.
- Kim Kiyosaki: Oh, okay. The company that you buy from is the one that can get hacked, not the actual Bitcoin. That makes sense.

Adam Draper: Yeah. To date, Coinbase has never been hacked. They have not lost customer funds. A lot of these other exchanges out there haven't focused so much on security and security is very, very important when you're holding people's money.

Kim Kiyosaki: What do you look for when you're ... what company to buy and sell from? Because Coinbase was recommended to us. How would you know if it was another company? How would you check it out?

Adam Draper: There are a lot of different exchanges out there. Coinbase when you log in, it's very much similar to a bank account, but you can buy different currencies or different, I say, crypto assets is what I call them. Coinbase has really taken it upon themselves to be a great filter for different crypto assets.

I think that it's actually done a really great value to the entire ecosystem because they're limiting the supply of what they list on their platform. There are other exchanges out there where you can buy anything. Kraken or Bittrex or there are a bunch of other exchanges that are linking these supply and demand.

Shane Caniglia: How is Bittrex, Adam? That's one that comes up a lot.

Kim Kiyosaki: Is that an exchange?

Adam Draper: Yeah. Bittrex is an exchange. Most of these exchanges, you need cryptocurrency already to buy into the exchange. If I were to be able to buy and sell on Bittrex, I would have to already have bought Bitcoin or Ethereum. The easiest way to buy Ethereum or Bitcoin is through Coinbase. I would probably have to buy Ethereum from Coinbase, send it over to Bittrex, and then I can exchange the Ethereum or Bitcoin for these other currencies.

Kim Kiyosaki: I can sell my Ethereum or my Bitcoin and it's easy to get cash for it?

Adam Draper: On Coinbase it is easy to get cash. Yes.

Kim Kiyosaki: Okay, but other exchanges may be questionable?

Adam Draper: The other exchanges are not denominated in U.S. dollars. They're denominated in cryptocurrency. On the other exchanges, you cannot cash out in dollars.

Kim Kiyosaki: Oh. Oh, okay.

Adam Draper: You can always freely send Bitcoin back to Coinbase and then sell. There is a system. It's not easy.

Kim Kiyosaki: Okay, but that's a good point though because a lot of people, I have heard stories where people want to sell their cryptocurrencies and they're not being able to do that. But you can send it back to Coinbase and that's a good ...

- Adam Draper: Coinbase is super easy.
- Kim Kiyosaki: Okay, great.
- Adam Draper: Coinbase, when you're in Bitcoin. If you're just starting out, I do not recommend you experiment with anything other than Bitcoin, Ethereum, or Litecoin. I highly recommend just ... like what you said at the beginning of the show, you bought a little bit to learn.
- Kim Kiyosaki: Yes.
- Adam Draper: That's what I recommend people do. Buy a little bit to learn because I always want people to understand what they're buying.
- Kim Kiyosaki: One other question, Adam, because we talk about the banks. Our concern is the banking system could collapse. There could be a run on the banks. If there was a scandal or something came up around Bitcoin and all of a sudden there was a run on Bitcoin and everybody wanted to cash in their Bitcoin, what does that look like?
- Adam Draper: You're saying what happens if everyone wants Bitcoin?
- Kim Kiyosaki: What if they want to sell it? They all want to sell it?
- Adam Draper: Someone asked me. They said, "Okay, what happens if the crap hits the fan and the banks are failing? What happens to Bitcoin?" That's the question that I got asked. What I said was you're going to be running to your local bank to try to cash out and get as much money as you can. I'm going to hold onto my Bitcoin. I literally look at Bitcoin as my hedge to the collapse of the system.
- I'm not trying to attain U.S. dollars for my Bitcoin. I genuinely think that it is a currency that is outside of the jurisdiction of everything else. That's a very exciting concept where, okay, the banks collapse. I'm okay with not having U.S. dollars. I would much rather, if the banks collapse, I would much rather have Bitcoin.
- Kim Kiyosaki: What if Bitcoin, let's say Bitcoin took a deep decrease and the value dropped enormously and everybody wanted out of Bitcoin. What would happen? Could they cash out?
- Adam Draper: It's similar. It's a liquidity, so it's based off supply and demand. If everyone's trying to cash out, similar system to any public market, things go down. Yeah. I've already experienced crazy swings. In the last 10 years, I've been around for six years in the ecosystem, I've experienced huge rises and crashes.
- It's a part of network adoption is just seeing that value get overinflated and deflated and overinflated and deflated. I still think the fundamental use case of

Bitcoin is really just you being in control of your own money. If you think about it that way, you think less about the price swing.

Kim Kiyosaki: Once again, we're talking about Bitcoin, cryptocurrencies, blockchain. Our guest is Adam Draper, Founder and Managing Director of Boost VC and our other guest is Shane Caniglia. He's the President of The Rich Dad Company. Shane, I want to ask. You had a good question about Amazon accepting Bitcoin because right now, they do not. Is that right?

Shane Caniglia: Yeah. The question that we get a lot actually from our community is do we think somebody such as Amazon probably being the best example would ever accept Bitcoin as a payment or another idea that came up from the team on the show here would be, would they be interested in creating their own cryptocoin?

Adam Draper: My thoughts on it are first, at some point, Amazon might accept Bitcoin. I don't know. Overstock.com does. There are a bunch of websites out there that accept it. I don't think Bitcoin is a perfect currency. It's expensive to send things. It is volatile. There's certain things that you want with a currency that this is not as great at. I think that that volatility, that there are a lot of websites that accept it. If they held onto their Bitcoin at this point, they would be doing very, very well.

On the question of what if Amazon, which I think is a very interesting question, what if Amazon issued their own currency? Amazon actually already has something called Amazon credit. It's based around their AWS web services. They technically have something that has value. People trade these credits and they actually do have sort of a back end currency to these credits because they have value. You're able to trade them as output for web servers, which is fascinating.

This entire situation would be antithesis or against the entire concept of decentralizing a currency. If they issued their own Bitcoin, it would be issued from Amazon, which means that it would not be decentralized. It wouldn't be controlled by everyone, it would be controlled by Amazon. That's the question that we're debating right now. We're debating, is decentralized money better than centralized money?

Kim Kiyosaki: If I buy Bitcoin and I make a profit and I sell it, am I going to be taxed on that profit?

Adam Draper: First off, yes. It's a capital gain. What I will say is it gets very complicated if with your Bitcoin, you buy other crypto assets. If I list on Bittrex and I put my Bitcoin in there and then I buy, let's say, Monero, which is a very popular privacy coin, that is technically a taxable event also.

If I buy in and then with my Bitcoin, I buy a different crypto, that's a taxable event and then when I cash out back into Bitcoin, that's a taxable event. It becomes very complicated. Every accountant is debating this stuff right now.

There are no rules. I want to pay my taxes, basically, in the correct way. Right now, this is a big debate that goes on.

Kim Kiyosaki: So if Amazon decided to have their own currency, could it come to the point where Amazon says "We have our own cryptocurrency and just like a government, you must buy everything at Amazon on Amazoncoin"? Can that happen?

Adam Draper: Yeah. Bezos can do whatever he wants and he's got the infrastructure. Bitcoin's an open source project. He's got the infrastructure if he wants to attempt it. The problem is aligning incentives and making sure that ... it would be very difficult. It would just be difficult. I'm not saying that he couldn't accomplish the goal, I don't think that that's the movement that's happening. I don't think it's going to be some blend of open and closed money. I think it'll just be there is money and then there is also Amazon.

Kim Kiyosaki: Okay. Once again, we're talking with Adam Draper. He is the Founder and Managing Director of Boost VC. His specialty is cryptocurrency, and Shane Caniglia, President of The Rich Dad Company, Head of our IT division. We're talking about Bitcoin, we're talking about cryptocurrencies. Some of this sounds like, and when we come back, what we want to address is some of this to me sounds like the same way they talk about gold.

I want to look at cryptocurrency versus gold. I want to know who gets threatened if Bitcoin and cryptocurrencies grow. I also, this is going to be a full-packed segment, because I'd also like to know, I've been told many, many times that the next big investment is going to be in blockchain. I'd like to address that as well.

Announcer: You're listening to The Rich Dad Radio Show with Robert Kiyosaki.

Male: Do you own an LLC or LP? Are you aware of the new rules? The IRS has mandated new audit rules that require every LLC operating agreement and LP limited partnership agreement be amended. This dramatic requirement has never before been experienced and changes must be made by December 31st. Corporate Direct, owned by Rich Dad advisor Garrett Sutton can guide you through these new rules. Call 800-600-1760. That's 800-600-1760 or visit corporatedirect.com. Contact Corporate Direct today to stay in IRS compliance.

Female: Robert Kiyosaki's Rich Dad Advisors have a great gift for you. Visit richdadadvisors.com and receive five free reports on business and investing success, five free reports that can help you right now. While there, check out the Author's Choice audio series. Audio is a great way to learn and for as little as 99 cents, you can download key chapters from all the Rich Dad Advisor books.

You can listen to The Myths and Magic of Real Estate Investing, Seven Steps to Limited Liability, The Four Pillars of Investing, Team Code of Honor, or The

Psychology of Debt, among other great audios. For pennies, you can power up your skills for getting out of the rat race, so please visit richdadadvisors.com for your five free reports and your powerful and affordable audio chapters. That's richdadadvisors.com for great information that can help you right now.

Announcer: Log on to richdadradio.com while you listen. Now back to Robert Kiyosaki.

Kim Kiyosaki: Hello and welcome back to The Rich Dad Radio Show. I'm Kim Kiyosaki hosting the show today as Robert is traveling in another country, as he often does. We're talking about a very important investment and money subject here called Bitcoin, cryptocurrencies, blockchain. Our two special guests are Adam Draper, Founder and Managing Director of Boost VC, fourth generation venture capitalist. His specialty is cryptocurrency. His website is boost.vc.

If you want to listen to his information, education, and I guess very entertaining from what I understand Twitter, go to @adamdraper. Our other guest is Shane Caniglia, President of The Rich Dad Company and heads up our IT digital world as Rich Dad. We have a lot to cover. Adam, if I can say, a lot of some of the questions come up sounds like can you pay taxes with gold, can you accept gold for payment, and other areas. Sounds very similar.

Adam Draper: Yes.

Kim Kiyosaki: Is there a similarity between cryptocurrency and gold?

Adam Draper: The best way to think of cryptocurrency is digital gold. If you don't want to lug pounds of gold across borders, that's what this is. It's fluid liquid gold that can move all over the world instantly and settle transactions in 10 minutes.

Kim Kiyosaki: In your prediction, I'm asking for a prediction, do you think cryptocurrency will go the route of being accepted more and more? Do you think companies, more companies will be accepting it? Do you think governments will be accepting it?

Adam Draper: The first question that Bitcoin was answering was, what is money?

Kim Kiyosaki: Yes.

Adam Draper: The next question that's going to be asked is, what is government? Right now, what we're realizing is, hey, money doesn't need to be issued by a centralized service. It doesn't need to be issued by the U.S. It doesn't need to be issued by other countries. If your country government is not the one owning or distributing the currency, then what do they do? That's the question that's going to end up happening over the next 10 years.

My answer is I think cryptocurrency succeeds when no one is talking about cryptocurrency and it's just how we exchange value. More people will be accepting it on a more monetary basis. That is 100% true, but it is speculative

right now. It's also driving huge amounts of value to people in different areas. I've heard about people who genuinely use it as a stored value in Venezuela and Argentina and these other countries.

Kim Kiyosaki: Don't you think if money was decentralized, wouldn't that threaten governments and their currencies? Wouldn't that weaken their currencies?

Adam Draper: Completely.

Kim Kiyosaki: It seems like a very huge hurdle to get over.

Adam Draper: How do you stop something that's like the internet? How could you stop that? Where does that happen? That's basically what you would be, the governments are dealing with right now is that most of this stuff is decentralized. Even if one government tries to shut it down, honestly I don't know if they could.

Even though, yes, they can shut down the internet, they can shut down the ability for a bank to exchange into Bitcoin, but there are still transactions that happen offline. I can go to you and peer to peer just send you some Bitcoin. There's no bank between that. That's fascinating. That's a stored value that's completely not government transacted. Governments are about to feel very threatened.

Kim Kiyosaki: Yes.

Adam Draper: That's exactly what's about to happen. What that means is they're going to have to compete for citizens. That's the most exciting output of this entire ecosystem is suddenly rules are going to get better rather than worse for every country. We're fluid. People can move. It's really easy. Suddenly you're going to want to live in the place that has the best rules for you to live. That's fascinating.

Kim Kiyosaki: Shane, you had a question? This is fascinating.

Shane Caniglia: Does that tie into you're starting to see governments trying to aggressively pursue Bitcoin, for example? Or not being a real company. I can't remember where I read this, Adam. I'm going to have to research it real quick, but that the government's trying to get the identity of those people from probably a Coinbase, I would assume, one of the exchanges on who's buying it, who's selling it, and so on and so forth. That's the way a government's trying to get ahold of it, correct?

Kim Kiyosaki: The IRS did that. Yeah. The IRS did that.

Adam Draper: Yeah. The IRS is coming after people ... By the way, they do have a right to. If people are trying to avoid paying taxes, I don't think they should be ... No one should be avoiding. You live in the U.S. country. You should pay your taxes.

That's basically the rules. Don't avoid paying taxes. Coinbase, for all intents and purposes, has the right to fight what they're trying to do, which is an invasion of privacy.

The reason the IRS is coming after Coinbase for all the data is because there were only ... it something like some 500 people who reported taxable gains on Bitcoin last year, which is I think probably a lie as far as where the gains were on a number of people. It's one of those things where it's like I am aggressively for government innovating. I'm aggressively against breaking laws. It's one of these weird balances that I tread.

Kim Kiyosaki: You also say, Adam, that it would be good for regulation, more regulation because it builds more trust and more confidence?

Adam Draper: Every time there's new regulation that's actually set down, the prices go up because it means that these governments are trusting this thing.

Kim Kiyosaki: It's like the cryptocurrency becomes more stable.

Adam Draper: Yeah. They're saying, "Hey, this is a thing and we're going to govern it." That's the marketing that any of these things can get.

Kim Kiyosaki: That's interesting approach.

Shane Caniglia: Yeah. You would think the opposite, right?

Kim Kiyosaki: Yeah. You would. People want to get cryptocurrency because they don't want the government regulation. They don't want to be hounded by government taxes and all of this. Let me ask you this because this is a question that I've experienced lately.

Adam Draper: But you get to choose your taxes. I can move my money. This is fascinating. I can move all of my money all around the world now.

Kim Kiyosaki: Yes.

Adam Draper: How crazy. I don't think people really understand how crazy that is. If I wanted to move, I wouldn't have to deal with any banking system. If I wanted to move to India, China, I could literally just move my money and it would be super easy. It would not be transaction fees or movement of money or being penalized for moving too much.

Kim Kiyosaki: When you say money, are you talking about cryptocurrency money or money?

Adam Draper: Yeah, well, my value. I guess I should say, I'm saying because I have cryptocurrency, it would be very easy for me to move outside the country.

- Kim Kiyosaki: Oh. Understood.
- Adam Draper: Or anywhere. I could move back into the country. I have this value that just travels.
- Kim Kiyosaki: Got it. So let me ask you about this because I've been in my research of blockchain companies, there's various blockchain companies, and I'm being told blockchain is the new internet. Blockchain is going to have technology certainly not just for cryptocurrencies, but for all facets including government, banking, medical, insurance, everything. As an investor, if I was looking into investing in a blockchain company or network, what would you recommend?
- Adam Draper: When people say blockchain, the blockchain is good for one thing. That's it. It's good for replacing third-party trust with mathematical proof. All that means is what my analogy to the banking system. People trust the bank, but what if you didn't have to? What if you could store your own money safely, securely where you can decentralize the actual storage of money? That is the best analogy for one of the uses of blockchain.
- There are other uses of blockchain like decentralizing data or identity or there are bunch of other ways in which that valuable ... What the blockchain is is an immutable ledger. You cannot change it. It is this statement of truth saying that this happened. Something happened. You can log all your data into it, into the most secure database that's ever existed. Your data would be everywhere, but unlocking it would be difficult unless you had both the keys.
- Healthcare is a good opportunity. There are a lot of great blockchain-related opportunities out there. We're still dealing with the first one, which is Bitcoin. I think everything has a long way to go, but yeah, blockchain is the movement. It's not Bitcoin, the blockchain is the movement. It's just Bitcoin is the incentive layer for the blockchain to work.
- Kim Kiyosaki: Got it. Thank you very much. There's so much to go over here and we've just scratched the surface, but we are at the end of the show. I so want to thank our guests, Adam Draper, Founder and Managing Director of Boost VC. If you want to know more about Adam and what he does, go to boost.vc and you can follow him on Twitter, which I understand is an entertaining Twitter, @adamdraper.
- Our other guest Shane Caniglia, President of The Rich Dad Company and Head of our IT. Thank you, Shane. Thank you, Adam. I say to the listeners, you've just gotten a taste of Bitcoin, cryptocurrency, blockchain. Now it's up to you to continue on your education so that you can make sophisticated, educated decisions on what you want to do in this field of cryptocurrency. Thank you both very, very much. It was a fantastic show. Learned a lot. It also brings up lots of questions, so I'm excited to pursue this further.
- Shane Caniglia: Thanks, Kim.

Kim Kiyosaki: Thank you.
Adam Draper: Thank you. Thanks for having me.
Kim Kiyosaki: Thank you all and thank you all for listening.