

Mike: 00:00:58 Well gentlemen, happy Friday.

Tyrone: 00:01:01 How are you?

Mike: 00:01:05 It's good to meet Eric for the first time. It's good Tyrone is back on Riffs. Good to see Mr. Butler. Is that a pajama shirt you're wearing? I'm not sure what that is.

Adam: 00:01:15 Oh, crushing. My new stylish shirt.

Mike: 00:01:20 I want to start off with a little spice. You know what I mean?

Adam: 00:01:23 Totally, totally.

Mike: 00:01:25 So just for everybody, before we start this, none of this is investment advice. This is just four dudes talking on YouTube. If you need investment advice, you should get it from qualified professionals. And not these four scoundrels as usual. And with that said, that opens up the conversation. And if you could, hit the Like Button and do all the fun stuff that you know you're supposed to do when you're watching these things that everyone brings to you in the ether. Anyway, enough said, Tyrone, dude what have you been up to?

Backgrounder

Tyrone: 00:02:03 Well, I moved since the last time we spoke. I am in beautiful San Diego with Eric now. I'm a transplant, moved from New Jersey to San Diego in November. **And we launched Onramp, a lot is happening.** So, we'll get into that a little later. But a ton has happened, I have three great nephews now. So before I think that my niece was actually pregnant first. So three beautiful boys that I adore. So a lot happening for sure.

Mike: 00:02:34 How did you get three crammed in there? Was there some twins, it's triplets?

Tyrone: 00:02:39 It's funny. She has a three-year-old, a two-year-old and an eight months old. I was like, what death sentence is that?

Mike: 00:02:49 Yeah, we call that *Irish twins* when they were three together.

Tyrone: 00:02:55 Yeah, they're the love of my life. I love them to death.

Mike: 00:02:58 That's awesome.

Tyrone: 00:02:59 All this well.

Adam: 00:03:01 Are they there in San Diego with you?

Tyrone: 00:03:02 No, everyone's back in Jersey. We all got the gene to hate to fly. So, my dad is okay and then my niece is alright, but my mom and my sister just they won't do it. They won't do it.

Adam: 00:03:18 Interesting.

Tyrone: 00:03:21 I just keep snapping pictures of the palm trees, they'll get here eventually.

Mike: 00:03:24 It works. Endorsed. I endorse, That works.

Tyrone: 00:03:28 Absolutely.

Mike: 00:03:30 So how did how did you and that skullduggerus scoundrel Eric get together?

Tyrone: 00:03:37 I'll let him tell him tell this.

Mike: 00:03:39 Alright, let's get some Eric track laid down here. Let's go.

Eric: 00:03:42 Is actually the famous podcast and I apologize for all the background noise. I happen to be in bar in the middle of Colorado. It was the only place I could find that's got WI-FI good enough.

Adam: 00:03:56 That's actually in the spirit of this podcast.

Eric: 00:03:59 I thought for this podcast I might be able to get away with it. So yeah, I heard the famous podcast of Tyrone giving his life story and really where he broke down. It was actually Cory Hofstein, a mutual friend of ours who first said, you got to listen to this podcast, it's amazing. So I reached out to Tyrone and just shared like, wow, that was amazing. I'd love to meet you. **And the next thing we became fast friends if you will.** We started talking, struck up a bond. And at the time too, we were also looking to think about ways to get out of the ETF business but also to explore ways to enable financial advisors to gain access to cryptocurrencies. And I always thought if I'm ever going to start another company, it's not going to be alone. And I know what good at, know what I'm not good at. I'm not good at leadership and I'm not good at recruiting and selling and promoting and really putting myself out there. But I could work with people and I could work with people and I always thought, if I could convince Tyrone that I could work for him, then that would be an absolute 100% win, as opposed to if I could convince Tyrone to work for me. And that's three years later, finally, I made it happen and god, the last 12 months has been a literal whirlwind. It's been amazing.

Mike: 00:05:29 Sounds like an amazing whirlwind. So tell us everything then, give us the journey from...So you've met, the idea of Onramp and how it culminated and all that fun stuff. Give us the scoop. I think you're muted Tyrone.

Eric: 00:05:55 There's a lot of nuance for sure, and a pretty fascinating story, we always talk about writing the book, but I have been traveling to San Diego a lot again from, my godson is here, one of my best friends is and I dropped by the *Reality Shares* offices at the time, even did a few interviews with Eric's team at the time just about working with young clients who own crypto because I was out there really early doing that. And it was one of those things where I stopped by, we were fellow crypto hippies, it was like, oh, let's just kick it. I get there, Howard Linson is there, was a whole family affair. I go by the offices twice, and again, just really been a fan of what they were doing. I know, he was smart, Dave Martin, Kain and all the folks over there I love. And they sent me a package after I left with pens and books and all that other stuff. And anybody that knows anything about me know that I tell my story and how much I love my parents, and my dad within the last, I don't know, five to 10 years or so really learned to read and write well, so he loves pens. And he is to this day in love with this *Reality Shares* pen. He has his little pens on his side there, and he writes in his little pad, but he loves that pen.

And I remember doing a walk and talk about it on Twitter, and I was talking about, we take for granted how we send out those gifts to people, right? Like, I sent him a hat, send him a shirt. But you really don't understand the power of that when it really connects with someone who just experienced a new side of life that they didn't really have before. So I looked at my dad's reaction to that and I remember telling Eric, I'm like, man, that's special. I sent the team, I sent him a note, please do not underestimate what it means for you to just send my dad a little simple pen. And my parents are the most meek, simple, want nothing people on earth. But at that moment, I was like I there was something there, and we had stayed in contact and we both got SIM swapped around the same time, we got attacked and it was just that whole thing it happened. And we actually had separated. We just didn't talk for a while and I was worried about him. But I knew he was going through some of the same things, didn't know how deep it was till we reconnected.

And I remember sending him a message and I didn't really get a response but I found out later why, he had a ton of stuff going on. The FBI was on the phone with me, it was a serious thing with a bunch of us that were really out there on Twitter, and this SIM attack with crypto and everything else. Be careful out there folks. And I get a call, he gives me a call, hey, I want to chat and he gives me a call and he's like, this idea you remember Onramp, that thing we were talking to you about? **That sounds awesome.** And I'd again been in the crypto space, was doing the startup thing and I'm like, I'd love to help. It was like the first conversation, yeah, I'd love to help. And I could tell he was like, I don't really think that's...there's

more to it. So we spoke again and he's like, well, we should add you to the board of *Reality Shares* and do that whole thing, we did that. And then finally he was like, I want you to be the CEO. I actually want you to run a company. And I'm like, I don't want to do that, are you crazy? I was like, my life is pretty good right now. I'm worked myself into a really good spot right now. I don't know if I want to give this up.

And we had a really good conversation on the last call. And again, I respect them beyond measure, and anyone that knows Eric knows that he's a sweetheart, I'll do anything for him. And I said, well, look, if we do this, you got to trust me. Here's what we need to do. I know you're a product genius, but we got to find a way to get this into advisors' workflow. And he was like, okay, right, and he agreed. And at that moment it was like all right, Onramp as it stands out was co-founded, it was like, we're going to go after the RIA space and just literally break down the doors and get them access to crypto. And that was really it and I said yes, and then I went for a long walk and I'm like, what the hell it I just say yes to? Because it wasn't really, we didn't have much of anything except for a really cool idea. And I had a conversation with Pomp, me and Pomp we're just catching up and he was like what are you up to? And I told him, Anthony Pompliano. And I told him and he was like, if you're going to solve that, I'm in. And it was late, it was like nine o'clock, and I'm still on the East Coast at the time, I text Eric, I'm like, well, we got Pomp. So we got to do something. So that was it. And that was in August. So we're not even a year old yet. And all of this has happened since then. It's been nothing short of astounding.

Mike: 00:10:35 It really is amazing how that the Overton window has passed over the crypto space from when you and I and Sean and Richard chatted, which was probably right in that period. I think it was a year ago, sort of August, July. So you were right in the midst of that. Probably couldn't say a word about it. But how it will be still sort of fringy that, you were tip of the spear guy still, after three years of beating that drum, it was a different thing and then all of a sudden, fast forward six months. And we've got pretty interesting adoption. Adam and I were on a panel here talking about the crypto space as an actual asset class, and how that integrates into businesses. And one of the topics that came up was advisors talking about, hey, a year ago, six months ago, I brought it up, it was career risk, I feel today if I don't bring it up, it's career risk. And so it's been just so fast and furious, the change. You guys obviously you've got this idea, you're bringing it to fruition. Where are we today from last August?

Tyrone: 00:11:45 Y I'll let Eric take that because what was fascinating to me, I call him part of the ETF mafia, there's an ETF mafia. If you look at a lot of those guys, they're involved in crypto. So I'll let him answer that. But I think a lot of the folks that were in ETFs early, and sold that, see the value here, so I'll let him answer that.

- Eric:** 00:12:03 Yeah, and it's funny, too. I go both based on this. The ETF is such a beautiful invention because it's enabled access for like a huge audience to get exposed, whether it be an index, or whether it be a more intelligent way to invest or cheaper, whether it be like hold or just other assets lesson. But we used to joke that the ETF industry has jumped the chart when you see an ETF or just a single stock ETF on something that's completely liquid and just ridiculously, **like you don't really need an ETF for that.** And then 2016 or so, when I first fell down the crypto rabbit hole, and I had gone to school for computer science.
- So I was always tech forward on these newer innovative things. To me, it just seems like I don't think we need an ETF for that. I think there's a way that we can just open the gates, because it's beautiful, system exchanges and custody and everything has been already created. And here I was sending faxes to our bank in New York for our administrator and our ETF business and getting spreadsheets emailed back and forth. And I was thinking there's got to be a better way. And here crypto was evolving into this new technology that could enable everything. And so putting it back in an ETF wrapper and bringing it into the traditional asset class ecosystem, was thinking, people are awful. I just thought, well, that's a lot of overkill for the ETF example. **You don't need that, you just need to open those gates and enable advisors to go access that.** Not just advisors but clients and yet the advisors had never ventured astray, that would be like selling away if you're with a broker dealer, or just exposing your clients to something odd and esoteric, and you just don't do that, that's career risk.
- I remember even in the early days of saying ... and I sent her my ... because I didn't know what people were going to say about me. But it really is, there's just a lot more to it. And now it's the same with, like DeFi and all of those things populating and it's happening away. And we don't want it to happen away, **people are leaving their financial advisor to get advice from no one, from their neighbor, because their advisor says, I don't know.** I can't advise on it.
- Mike:** 00:14:34 An asset class where advice would be probably disproportionately valuable, compared to their holdings in the S&P 500 as an example.
- Eric:** 00:14:44 So true. Like, whether I pay my advisor to pick Dogecoin versus Bitcoin, and how to invest in it, and how to allocate to it and how to avoid the SIM swap attack and like just all of those things, or even just things to watch out for that maybe you shouldn't have 100% of your assets invested in Dogecoin, just because Elon Musk tweeted about it. **That's probably good advice.** Again, unfortunately the client's got to go do it alone and then the client's sheepishly embarrassed to tell their advisor, hey, by the way, I do have a lot of my assets invested over here. **And it just is wrong.**

So that we just wanted to open that up and let people into the slow lane, not make them get into the fast lane all by themselves on foot of that interstate or that superhighway. But let them get into that slow lane with a learner's permit, with a driver's ed instructor right next to them. And that's that idea, is just enabling people to taste it. You don't have to go all in, you can just have a piece of this asset class and then just explore. And that's this idea. And I think, last it's just such an inspiration all the way around. But to have done that three years ago with clients and to just say, screw it, I'm taking off my financial advisor hat at Merrill Lynch, and I'm going all in on this asset class is incredibly innovative. And again, that's just one of the reasons why we get so well together is because we both see that opportunity.

Adam: 00:16:25

Obviously, as you're putting the pieces together on this there must have been a vision for how you expected RIAs to want to incorporate crypto assets into their traditional advisory businesses. Like how did you and how do you see the use case for crypto assets in portfolios? And then how did that inform how you designed the Onramp product?

The "Use Case" for Crypto

Tyrone: 00:16:58

I think there's a couple of ways to look at it. We look at Onramp doing three things, **which we're calling EAT, education, access and tools.** If I knew anything about my colleagues and peers, they were way behind the curve. **So we needed to educate them first.** What is a crypto asset versus a cryptocurrency? Those are two different things. What is a coin versus a token? What is the Big B blockchain versus the little B blockchain? Ether is the coin, Ethereum is the blockchain, right? All of these different things, they were so far behind not even really knowing what the SEC has given in terms of guidance. All of the updates, there's so much stuff and I kept telling Eric I'm like, it's so much we can do to educate them before we even get into whether it's digital gold or not. Or whether it's a store of value, everything that you see on Twitter. There's so much we can do before we even get there. E&O Insurance, can you find a good E&O insurance provider? Have you updated your ADV? A compliance guide. There's so many different, that's what IRAs care about. Advisors don't want to get sued or fired but they want to get paid. Now how do you get us paid? **Access, which is the second one.** Direct access to buy any held away account aggregation, showing you all of the crypto that your clients hold away from you.

I keep telling people this. There is a reason why Fidelity won't open their mouth now without telling you there's \$10 trillion held away. You know why? Because they know. So because they know they're going to tell you and they're finding out feverishly how to get paid on that. Super important. Also that provides holistic advice. The last thing is tools. Eric is really good at this and we have a section in Onramp Academy tools, but what do all advisors do? They take data, they get

information and they give their clients the best advice that they can give. So if I can't say, Mr. and Mrs. Client, to see this internet money here we're going to rotate out of this internet money and go into this other internet money, doesn't work. I need a construct, oh It tastes like mayonnaise, digital gold. It's like gold Mr. Mrs. Client, the same thing so you have a 3% allocation of gold, we're doing sleeve of Bitcoin, but then say hey, Mr. and Mrs. Client, before we do that, I know your risk tolerance is a four as a couple. Mr. Client, you're a six Mrs. Client you're a three. Bitcoin is a 22. But here's what we're going to do. We're going to model and show you the last 1,3,5 years of performance if we had allocated to Bitcoin, but we're also going to show you the next five years as we pull out your financial plan.

The core four, risk tolerance, investor policy statement, financial plan, estate plan. your core four. You're going to pull that out and tell the client, look, if we do this, Onramp is allowing me to model 5% for you inside of my existing workflow, my Orion, my Tamarack, my investment, whatever it is that I'm using to be able to give best advice to the client. I've been talking for how long now? I haven't even mentioned what Bitcoin is and where it goes in the portfolio. See what I'm saying? That's what RIA's want. So whatever an advisor thinks it is, **I'll be honest, I don't think it's digital gold. Some folks do. I don't. I think it's a long dated call option on a store of value.** It will be one day, but I'm also more concerned with the actual blockchain technology, Bitcoin blockchain. Blockchain by the way is a marketing term created right around circa 2014. The Bitcoin blockchain technology is incredibly powerful to me, you can't put a number on that. So I think as you start to create education and resources, education, empowerment, these things are really important for financial advisors. They didn't say okay, well, at least I'm conversing, I can have the conversation. I'm not going to say anything which way but I'm just going to be conversing. Listen, Learn, Lead. Think in three's advisors, Listen, Learn Lead, those things are really important.

So we built it with that in mind. Educate, Access and Tools to be a data feed, almost connecting the two worlds together so that we want you to be an advisor. **We want to make you the hero.** ... Penny told me that very early when he said, he congratulated me on, he said Tyrone, make them smart, make advisors the hero, don't try and do anything crazy. So that's what it was. It was so many of these meetings I was going to have. And I finally told Eric, I'm like, it's the education, and nobody else is doing it. There's no sell side research for advisors. **There's nothing where they can go, they should come to us. And so we built it.**

Mike: 00:21:47

And so what are you seeing in the adoption rate like as you're seeing the advisors come in and get sort of set up? I'm sure you're seeing sort of a spectrum of adoption from, just a little around the edges. Are you seeing any sort of heavy users that are a little bit more inclined to tilt their book a lot more towards

younger clients, maybe the whole asset class of digital assets and putting more in? What's the spectrum?

Tyrone: 00:22:18

It's interesting. I mean, we had a \$45 billion public bank start to get access to the platform today. We've had conversations with ... and Bank of New York Mellon. Our waitlist which was somewhere around 220 billion of AUM of firms that were looking to onboard to Onramp has grown 56% since we launched. 407 plus firms now approaching 300 billion in AUM. We've had conversations with Moneta, Hightower, Carson, Dynasty, some of these folks actually using the platform, Ritholtz. So it's all across the spectrum. What you're seeing is a couple of things. One, the education, as I mentioned, folks are really geared up to trade right away, but the held away and the education is huge. Those that are able to be more nimble, because as far as the IRA space goes, once you get over 100 million you're SEC registered, it's a different ballgame at that point. Those that are right around there, a little less, can dive in the deep end right away, they really got to feel the water out. So we're starting to see that. But I'm sure from Eric's perspective as well. I mean, all of the firms that he had engaged with previously, massive firms have circled back and either wanted to invest in Onramp or have sent us clients. Eric, I don't know if you have anything you want to add with that. But it's all shapes and sizes. But we haven't had any conversations where it's like, well, we're not really seeing the demand.

Eric: 00:23:53

Yeah, it's really incredible. Like I knew education would be a big part of this. And so we just assumed, okay, well, **let's offer the education, like the Onramp Academy, as part of the platform.** So when you get access to the Onramp platform, you get access to onboard client accounts with Gemini or Coinbase. You get access to ... client accounts. So you can see, you can ask the client to log in with their Ledger wallet or their Nano or whatever, and you can see their assets. So all of those things I thought were great. And then we'd offer this little Onramp Academy, and I say little just as a freebie. You can have this as well in order to educate and create primers for clients to create proposals and send them out to your clients for a hypothetical back test. We added ... And then all these firms like big, big firms started saying, we want Onramp Academy as a standard product. We want access to what your guys are building in the Onramp Academy and everything there because we just want to educate our advisor workforce and educate compliance officers in educating. **So now Onramp Academy has become this entire product.** Like it's basically this entire university of products, its assets and, and by assets I mean everything from the Morningstar style fact card of where does this fit into your style box allocation? How volatile is this asset, the correlation to the Coin itself, like all of those things we wanted to make them just right down the middle of the plate from what an advisor is used to seeing, just printed facts, enter your clients name, send it off, here's Bitcoin as an asset class, here's Ethereum as a blockchain, here's Eth as an asset and why it's valued the

way it is. What's the difference between market cap today versus market cap 20 years from now? What's the inflation rate of this asset?

All of those things, so advisors can start to get well versed in order to speak to the asset class, and then comes the trading. But then there's also, and I know it's a long answer to a short question. But then there's also the whole... there are new advisors that are coming out of the woodwork that say, I've never been aware of these funds. But I'm aware of this crypto asset class, and I can build model portfolios, and I can build tools that advisors can use. Can I help advisors access this marketplace with the Center for Professional Guidance. And so seeing almost like it's starting to be built on ... out of crypto as the relationship we have with WisdomTree and all of those different areas. It's literally like a whole new ecosystem being built up outside of ..., your traditional stock, bonds.

Mike: 00:26:47 I don't think people appreciate, there's sort of whatever TradFi, traditional finance and then there's the blockchain or the digital assets and finance, and people think of it only going sort of one way from traditional finance to digital finance. But actually there's a whole crypto universe out there where flows coming the other way is actually informing on the other side. So it's so interesting to hear that actually you're seeing that manifest in ways that's sort of emergent, maybe unexpected by most, but Crypto Land is pretty big. It's got a lot of assets in it.

Tyrone: 00:27:25 Yeah.

Mike: 00:27:28 Current smart people.

Eric: 00:27:30 Trillions, right? It's, we've arrived. When you get to T with a trillion, that's a big number and multiples of that. Even just, we also run a hedge fund under Blockforce Capital, it's like our company's money, that the firm's make employees money, and then outsiders invest in this. It gives us an opportunity to really eat our own cooking and explore the asset class. We're earning somewhere between five and 11% on dollar deposits. That's not trivial. That's like, you're not going to have trillions of dollars sitting in money markets earning .07 percent or less, and there's counterparty risk to be sure but it's not like the counterparty risk that should be five to 10% compensation. There is a meaningful compensation and it's just because it's really hard to get assets into that funnel and out on the other side, so if you can get them onto that Onramp or that platform, you can then enable a lot of different opportunities for individual investors and institutions. It's just a whole new world there right now. **It's going to thread a needle, if you will.**

Adam: 00:28:47 So there's two different paths that I'm keen to explore. One is exactly what the mechanics are for Onramp, like an advisor signs up, what do they see? How does it integrate with the other tools in their toolbox, their windows into all the other different custodians? Are you actually integrating the traditional assets with the

crypto assets, or is it more just, we're going to focus on the crypto side and give you a glimpse of how these crypto assets might look alongside your traditional portfolio? So there's that whole sort of mechanic side, and then I actually want to dive into some of the educational, the big muscle movements there. You mentioned there's a difference between crypto assets and cryptocurrencies. What does that mean? What's a capital B blockchain versus a small B blockchain? Which path do you think we should travel first? Do you want to talk about the education component first, or do you want to talk about the mechanics of Onramp?

Education and Mechanics

Tyrone: 00:30:00

Yeah, we talk about the platform, it's fairly simple. So we are an iPaaS platform which is **integration platform as a service**. So we are the nervous system. We are the rails, the interoperability between the crypto economy and the legacy financial advisor tech stack. Now we do have a dashboard but we want to take all that data and spit it right back into the adviser system so they can interact with Onramp as they would see fit. So our goal as we start to scale this is, a financial adviser sits down at her tech stack and she starts the flow, their account opening, buying, selling, rebalancing, everything inside of her existing tech stack, but using Onramp technology. So it's overnight files, it's open API's. **So we're integrating up and down the stack, that's our goal.**

So the first dollar in Onramp was a bet on us to be able to integrate, and we did that in spades before we even launched. Shout out to Craig Uhlenkott who's our Head of Product. So that's really what it is. Now we have our own dashboard. Again, you could come directly to us. And we are a true crypto company but again, we have the best mind in the space when it comes to understanding traditional assets and crypto together. So we do understand that we'll have a model portfolio center. But again, it's like we want to take the data one way and get it back the other. But let us show you how crypto fits on that side. **We're not going to bring it here first. We're going to send it to you and actually give you the tools, again the T of the EAT, to show you what it looks like alongside a client's traditional portfolio.**

So everything on our end will be the crypto assets, everything on that end will be the traditional assets, we'll bring them together with our model portfolios, with WisdomTree and we're working on some other stuff with some large indices providers and things like that. But we are crypto through and through, but we want to take that data and spit it back on that side of the world so they can chop it up and do what they want to do with it.

Adam: 00:32:01

Got you. So you're not pipelining into Fidelity as a back end and pulling client data in or TD Ameritrade or whatever. Is that part of the vision or?

Tyrone: 00:32:15

Yeah, we would love that. But we realized that we were young and scrappy. So we had to go through the back door, we had to climb underground and go through the back door. **If you can't get the custodians directly, you go right to their tech stack.** 70% of trades don't happen at the custodians. It happens in the TAMPs. There's \$2 trillion of flows through TAMPs and the RIA space. That's it, crack Fort Knox, now we're in. So we're going to go down and up. So we'll go up to the custodians and then we'll go again, up and down the advisors tech stack. Now, what we've realized is from conversations that we've had is, there is an interest from the larger custodians but they're going to move at their own pace, and we also know that they could do it if they wanted to, but we needed to be very nimble. **So if we integrate across the spectrum, we'll get them eventually.** And that is part of the A game. But again, we have to get as many integrations as possible for us because that's a moat, and then also we have to build a team that we know is indefensible. Our team is best in class. And we're truly the only ones I believe they can solve this in a way that we are solving it. We have folks that know the traditional side through and through. Me and Eric know the crypto side through and through. And there's some of us who sit in the middle. So Merrill or Fidelity can't buy that, like we built it right from scratch. So that is the end game for sure. But again, it's going to take some time for them to get there. They'll play ball at some point.

Mike: 00:33:46

So Fidelity has been somewhat vocal about I guess, maybe on the institutional side for custody, maybe that's it I'm not sure exactly. So they haven't really integrated that into the brokerage side I suppose. Is that a fair comment and do you see them doing that? Do you see that as a threat competitively or probably in a space this emergent more is better?

The Question of Custody

Tyrone: 00:34:11

Listen, I have what I call *CEO sleep now*. Now jump out of my sleep and I'm like Fidelity. Because if they want to, they could just look across the street. There's like there's \$6 trillion over there. I'm sure Eric could add more to that. But we know it's coming, it's just a matter of when they apply for an ETF or whatever. They could do it which is why we have to move with some alacrity and some speed and be nimble, but yet we know it's coming. Eric, I don't know if you wanna add anything.

Eric: 00:34:37

Yes. And the main thing, so Fidelity started on this in 2014. And still, they are only able to custody Bitcoin primarily, but for hedge funds, ETFs, big asset managers like the traditional mutual funds managers, single omnibus accounts or broker/dealers. ... says we want to have one account, custody Bitcoin and we'll do the sub accounts. So Fidelity does know the digital assets and doesn't want to touch retail. Yet ironically they have their entire retail on. And it's just out of concern and abundance of caution. And so we're definitely using that to our

advantage at the moment but we would absolutely love to integrate with *Fidelity Digital Assets* and enable all the Fidelity individual retail clients, and be that buffer in between, so that we'll handle the little trade from Mrs. Jones or Mr. Jones and handle that and then be into that ominous relationships, let's say at Fidelity Digital Custody type solution.

But it's definitely like, they are the slowest of the movers in the space. **And this space moves fast, incredibly fast.** A year in crypto is four years in traditional, and it's amazing, like I'm definitely losing hair to this, but it's awesome. It's just so much fun.

- Mike:** 00:36:03 Noting Tyrone's hat. He's hiding hair loss. We know it.
- Tyrone:** 00:36:09 Actually not at all, I'm good. I picked good parents baby? No.
- Mike:** 00:36:20 What I find is on net, I have the same amount of hair. It's just moving around. So net-net, I think I'm hairier just in the wrong part, but anyway, I digress. Adam remind me what was your second question?
- Adam:** 00:36:38 The second direction was the educational side. You mentioned a couple things. What is the difference between crypto assets and crypto currencies? The capital B blockchain? So why don't we start with the difference between crypto assets and cryptocurrencies?

Crypto assets vs Cryptocurrencies

- Tyrone:** 00:36:51 Yeah. Again, this is one of the things that is really frustrating because the whole thing is people bashing Bitcoin, or is it a currency, or is it not or it failed on its initial purpose? Well, where are your feet? Where are your feet? Are you in Africa? **You damn right it's a currency.** Is it here? No. So first thing, that's one level of it. Second level is, crypto currencies, like crypto dollars, it's a better name for them. Then stable coins are again crypto currencies, but crypto assets are the whole ecosystem. Bitcoin, Ether, utility tokens, security tokens. Those are all crypto assets. You can even throw NFT's in there if you want. So many different things. **So crypto assets is the umbrella, it's the whole ecosystem.** If we really want to say it's an asset class and then there are types of crypto currencies. And again, I keep saying it's about Bitcoin, could Bitcoin be that? Yeah. Where are you in the world? So I think that is something that once you get through that. The other thing is when you start to say, okay, well, how do we value these things? Well, it's hard to value a currency but I can value a network, a monetary network or I can value assets and there's ways to do that. Scale up a bit. Second level thinking if you will.

So that's the crypto asset/cryptocurrency thing. As far as Bitcoin Big B and Bitcoin Little B, it's funny I keep this handy, this book handy, *Crypto Assets*, I always keep this handy. Just in terms of folks understanding the Big B, Bitcoin blockchain right as it's written and as it's actually referred to as is again, just the technology, the rails that Bitcoin, the little B, the price that everyone cares about, why it works. **But you can't separate one from the other.** A couple years ago it was well, yes, blockchain is interesting but Bitcoin I don't know. Well, you can't separate. They go together. So you can't have one without the other which we have a piece in Onramp Academy about, coins versus tokens. How do we explain coins versus tokens? IAR vs. RIA, in order for me to be an IAR I have to be registered with an RIA. **I can't have a token without a blockchain that does have a coin.**

So it's almost that chicken or the egg but the whole thing is, there's so much misunderstanding here. And the longer you stay in the space, you realize these little nuances, and makes it easy for folks to understand. And some of those arguments start to go away because you're putting your emotions aside and just dealing with facts, just some basic things that people should understand. **Again, Ether the token, or the coin rather. Ethereum the blockchain.** That's very important because now you start to look at what's happening on Ethereum and everything. These *layer two solutions* and everything is being built on top of that, so many cool things that people are calling it, the GitHub of finance, Money Legos, all these other things. It's programmable money. Like all of these really cool things and if you understand the nuance it makes it a lot easier to go, I get it now in some capacity, and you start to ask better questions.

Eric: 00:40:16

Yeah. Oftentimes I talk about the interstate system, the highway system, the roads. When the car was first invented, there was obviously a need for roads and the roads needed to be more paved and gasoline at the time, or oil was the commodity that powered a lot of those vehicles. So as those roads expanded, that created a need to create applications on top of that highway system. Motels popped up, roadside diners popped up. All of these opportunities to create new applications on this new infrastructure, this highway system. And then what was used more often, it was the fuel that powered those vehicles to get to all those applications on that network. And the more that cars were available, the more gas that was used, the more applications that were built, the more valuable that network became. **And that is Eth, the fuel that powers the Ethereum blockchain,** which is the network and then all of the decentralized applications that sit on top of that network from Uniswap where you can actually exchange one asset to another as a true exchange, where you don't have to take custody. You don't have to custody away like the centralized systems are, and you can actually do a trade.

We set up a smart contract where we send the smart contract signals and say buy bitcoin, sell bitcoin, buy bitcoin, sell bitcoin. Anyone can send bitcoins to that

smart contract and they will automatically trade in, without us, we send the signal, it automatically buys. It's essentially an Exchange Traded Fund, is completely programmable without any custodian, without any, and it's all powered by the Ethereum blockchain. It's like the most brilliant, amazing, just gives me goosebumps. **It all happens without an administrator or anything.**

Mike: 00:42:14 Yes. And we don't have to stop trading. Wait, let's stop, we got to settle up. Okay, everyone stop the trading. ... I think this is one of the things that really brought me over the line. What I just observed trading happening on a Christmas Day. And on a New Year's Day and on all the days and I'm like, well, clearly, the old system of stopping trading in order to settle, over T plus one, T plus three, T plus five depending on how long you've been in this business. We're just walking dead people right now. That whole system, it's *Dead Man Walking*, man. You can't observe what's going on over there and not be absolutely astounded. It just blows my mind. And then here you have an application of that that just totally takes away all of those steps that occurred in TradFi

Adam: 00:43:15 You mentioned TradFi and Eric you mentioned Uniswap and Tyrone you mentioned DeFi. So let's close the loop on this, because DeFi is increasingly a massive use case for the crypto ecosystem. So maybe one of you can help us understand what is DeFi, what's happening in that space and is Onramp involved in that or helping investors get involved in that as well or is that on the menu for later?

DeFi

Tyrone: 00:43:46 You got to be careful, me and Eric could go on with, for DeFi, for days. All I will say is this, this is how serious we are about it. We had a hire start this week. His name is Akeen Sawyer and he's going to put us so far ahead as it pertains to DeFi it's not even funny. And it was on our radar anyway. But again, baby food before the ribeye, there's so many things that we have to do but as far as the cash management stuff, the borrowing, the lending, everything that has happened on that side, just simply cash management. Hey, large RIA, if we can get you 4%, 1000 times what Fidelity is giving you, you won't listen? You at least won't listen, and it's safe. So these are real things happening and Akeen is the foremost brain in that space. The only thing we didn't do was give him like a really cool name of Chief DeFi Officer but he is...

Mike: 00:44:45 CDEFIO.

Tyrone: 00:44:49 Yeah, we're taking it very seriously, we see the opportunity. We will be trailblazers in the space and we are working on some really cool things now, an announcement that'll be coming soon, and he's going to help us trail blaze there for sure. Eric, I don't know if you want to add anything there.

Eric: 00:45:07 What is DeFi?

Adam: 00:45:09 Yeah, first of all let's also touch there.

Eric: 00:45:11 First of all, DeFi stands for *decentralized finance* and what are we doing? We're cutting out a good maybe a third of the S&P 500 is financial companies. And how do those financial companies earn their revenue? They do it by *toll taking*. Essentially, they're taking a toll for providing a service in finance. A lot of that is automated. Like I said, with our administrator on our ETF, we spent millions of dollars a year paying an administrator to keep track of a spreadsheet that we kept track of ourselves, that we had to often correct them on it and no offense to Bank of New York, but all of them are the same. At the end of the day, they're all the same, it was on a spreadsheet and in their database, and then we would have this back and forth. And we'd have to reconcile every night when if we just had a shared database that we could all agree to.

And we didn't have to wait two or three days for settlement of a transaction. It just made it so much easier technologically. That is what DeFi is. DeFi is essentially taking out and decentralizing those financial intermediaries who are trying to take events. There will be immense opportunities in DeFi but they'll just be minimized so much because the demand for humans to be involved in some back office doing some reconciliation that is completely unnecessary. That's the benefit of DeFi in general. So you can make a trade with another counterparty all via smart contracts. If I say I want to buy this asset for this price, and they say they want to sell this asset at this price, a trade will go through, is matched and then all of a sudden we both get execution and we don't have to wait for somebody to send us confirms, because we know it's confirmed because it's all fixed.

That's a good example. But same thing with loans. And like Tyrone was just mentioning about Akeen. He came from, the list of companies on his resume is just mind boggling, like from the IMF to just this entire journey into the ecosystem. But his former protocol would you complete securitization of financial assets on the blockchain, so you could create different tranches of risk. To take let's say an asset like Apple. You could say I want the first 2X return of Apple and I say I want to take Apple but basically I want a 50% buffer so I don't take any loss until Apple has gone down 50%. And then I'll start to take a hit. That's essentially two different contracts. One takes the 2X upside, the other takes nothing more than 50% of the downside. All that can be done contracts, you just send your Apple token to the Apple smart contract that gets locked up, two other tokens get created and now you've just created this securitized instrument that's completely locked up and you don't have to worry about ... because it's ...

- Mike:** 00:48:19 Yeah, it really is one of the last bastions to sort of, what's the word? Not disintegrate.
- Adam:** 00:48:30 Disintermediate.
- Mike:** 00:48:32 Disintermediate, that's the one.
- Tyrone:** 00:48:33 How many syllables is that.
- Mike:** 00:48:37 That's tough on a Friday, I'm not going to lie to you. So banking has been one of these areas where you have a Central Bank that has great relationship with Schedule One banks, provides them with financing at the overnight rate which then provides that to the banks and the brokerages to provide them with cheap money to mark it up to whatever Fidelity or so and so is going to mark it up to charge you. The way I understand that DeFi space is, that intermediary is dissed and thus is not there to collect that toll and you collect the toll. So as you mentioned, you can get four or 5,6,7,8,9,10,11% yield. Where's that yield coming from? Well, that yield is because you're financing the ecosystem. I believe like the central bank's not there, it's not there with the schedule one bank to provide all of that. So that financing has to come from the ecosystem itself. And thus it pays you the vast majority, you the investor the vast majority of that.
- Think about when you short a stock and you have to borrow that stock and you have to pay that borrow. Some brokerages like Interactive Brokers will share that with you. If you own the stock that's being borrowed they'll give you 50%. Aren't they generous giving you half? It's a lot better than a lot of the other places that are giving you zero so infinitely more than what everybody else would give you. But at the same time in the DeFi space, if you're going to hold those tokens, stake them and allow the exchange to do with what they will. They are going to pay you that yield directly. And there is no intermediary there. And in a world where investors are faced with such high expectations with respect to what they're going to get on their assets in order to meet their retirement obligations, well, isn't it nice to cut out the banks? Probably going to get in trouble for that but anyway.
- Tyrone:** 00:50:36 Judo, judo.
- Mike:** 00:50:38 We have to do it on behalf of the client. As Eric mentioned earlier, there's not zero risk. But certainly it would seem that the risk is being paid for well, in consideration for the risk.
- Tyrone:** 00:50:56 Yeah, and it's very early in the space and it's fascinating what is being built and being tinkered with. But I've been saying this again for the last three or four years, the future of our business is being built on Ethereum. I've been saying it for the

longest time, and to literally see it come to fruition now is nothing short of remarkable. So it'll be interesting to see how all of this plays out.

Adam: 00:51:21 How do you guys talk about risk with advisors and how do you help advisors talk about risk with clients in this space?

Risk Reducers and Return Enhancers

Tyrone: 00:51:30 Well, perfect? I'll let Eric handle that because he owed me a *risk reducers/return enhancers* piece before he left, so it has to be fresh on his mind.

Eric: 00:51:41 Yes, so for your audience I used to be a financial advisor at Morgan Stanley for many years. And I had evolved my business to where I started to take care of the ultra high net worth investors, not billionaires, but certainly the wealthier high net worth investors. And they hated just the old fashioned, well, you know, the market's down 20% but you're only down 18, I'm a hero. That, they did not sit well with it. And so we did a lot of assessments. Like probably 50 to 60% of our clients allocations went to alternatives. And if you're going to do that, you can't say there's stocks, bonds and alternatives. **You have to say, there's risk reducers and return enhancers.** The bond hedge fund that's highly levered is not a bond and it shouldn't be treated as fixed income. You have to treat it as something else. So this concept of risk reducers and return enhancers really helps people prepare this mental framework of all assets. **And just because it's a return enhancer doesn't necessarily mean that it's a risk enhancer, but oftentimes it does.**

And so you could argue right now that maybe bonds are a return reducer and a risk enhancer, instead of the way that people commonly think about them in the last 40 years of bull markets of bonds. You could just argue that, I'm not saying that that's the case. But you could think about it. But when it comes to cryptocurrencies, volatility is sometimes your friend if you know how to rebalance, you can take two stocks that are not correlated and both have zero-ish returns over time. But you rebalance those two stocks on a regular basis at intervals, you end up with a much better return. And we just put a piece out on *Shannon's Demon* basically where he lays this out. And I know you guys have actually written about this as well. And it's like, if you're going to use volatile assets, you've got to have a rebalance strategy. And that's where a lot of the T in Tools comes from that Tyrone talks about in the Onramp Academy. **It's all based on testing frameworks** ... what if it's based on some AI that enables me to take tax losses a lot more frequently because ...

And that I think is how advisors need to think about it in their portfolio. It might be a return enhancer, but maybe not. Maybe it's going to go sideways in the next five years maybe, and so if it does, can you at least bet on volatility? And if so, then what's your rebalance strategy because there's still a way to play this in a portfolio instead of just going stocks, bonds, and other. To consider this into that asset allocation. And you don't have to size it that large because it's got so much volatility with it. Crypto's are down I don't know, almost 50% this year alone from the high to where we are now. And I think most people in cryptocurrency aren't even sweating anything. They say, yeah, just another year in Bitcoin, it's completely normal based on what everybody expects.

- Mike:** 00:54:58 I think that's a key point too. The expectation are actually set well, generally speaking. Sorry, Adam, I know you want to continue on but the Bitcoin... those who are entering Bitcoin, both advisors and investors, I think have seen the spectacular returns and volatility. And so it's not like you can say you didn't know at the beginning. This is a frontier asset class that is nascent and emerging and thus requires capital and in requiring capital you actually have mechanisms to harness the returns from providing that capital that are pretty interesting and don't exist anywhere else. And so, I remember Tyrone is used to be, get off zero. Zero's wrong. Zero is a big bet. It's being a zero allocation to this asset class. That's a big bet. And it's getting bigger. It's actually a very strong position to say I'll have zero exposure please. And you're not wrong, it's just a strong opinion.
- Tyrone:** 00:56:03 Yeah, absolutely.
- Eric:** 00:56:04 And even more so to say 0% but I don't know what I'm talking about. That's like the riskiest thing I think you could ever do is. I don't know why it's zero because I don't understand it. So it's zero. That is probably the most dangerous, I choose not to try to understand this.
- Mike:** 00:56:22 Yeah, and let's get the fiduciary light that everyone talks about and shine that on that statement. I don't know, I haven't taken time, I'm the professional who's supposed to know more than you. Zero is the answer. That anyone who's saying that, you should have a better constructed argument to protect your fiduciary argument in order to state something like that.
- Adam:** 00:56:48 So if we're going to have an asset allocation strategy in crypto prompts the question, how do you think about that? How do you decide which *coins* are worth holding in the portfolio and rebalancing between? Are there some defaults on that or do you have any thoughts?
- Mike:** 00:57:10 And how do you help advisors? Let's make it real. How do you help advisors make those really complicated and typical decisions?

Helping Advisors

- Tyrone:** 00:57:18 Yeah, I think one is, again, going back to the Tools section in Onramp Academy, so they can actually see it and do it and actually spec it out to see I think, is one. You should just be able to play around with and see. I think we agree as a company that if you look at the...there's so many ways you can play with this, that 2 to 5% right now is the sweet spot when you can start the efficient portfolio and all that stuff and capital asset pricing models and all that other stuff the financial advisors are used to doing. There's tools now to put Bitcoin in a portfolio and see how it specs out from risk tolerance, the Sharpe ratio, as a standard deviation, you can do that. So that 2 to 5%. There's enough research there to show that. What we also did was post a piece where it shows, again, we just talked about it, rebalancing frequently, a lot. **You've got to figure out what that mix is.** But I think if you do this, there has to be a true strategy first with knowing the client and the goals of the client and what that client is looking to do.
- It's not as just as simple as saying, okay, we're going to do 5% or we're going to re-balance quarterly. It's not it. What are the client's goals? I'm personally owned, if you do anything between 0-5 percent you don't have conviction. That's me. So why are you doing it? Because for everything that advisors have to do what they're risking here, again, E&O, updating in your ADV, all of the compliance hurdles that you're going to put 2% across your book of business, where you drove all across the country for years to build a \$500 million book of business Why would you do that? If you have conviction and you want to go small, I definitely understand that but again, I'm a crypto hippie through and through. I don't really deal in the stock market much anymore. But if you have conviction, you move with some conviction, you move in size. We do that with everything else. This is no different, the tools are there. But I do think that 2 to 5% for most advisors, that's either what we're hearing and then a lot of research bears that out. Eric, I don't know if you have anything else to say with that. But when I'm asked that question that's usually where it is and where I find the most comfortable for it.
- Eric:** 00:59:39 Would it be appropriate to share some of our tools on this?
- Mike:** 00:59:44 Yeah, please do. So there's a share screen button on the bottom and Ani will pump that through. That's brilliant. Yes.
- Tyrone:** 00:59:55 Adam, the other thing to your point is, for us we're only making Bitcoin and Eth available right now. We believe that those are the two that have the most incredible investment thesis. Not incredible, credible investment thesis right now, we're making those two available. We're opened up to more, **but right now we feel like it's Bitcoin and Eth where we feel like we'll make some sense.**

Adam: 01:00:16 Got it. Yep, that that closes the loop for me. Thanks mate.

Eric: 01:00:23 First of all, can you see my screen?

Mike: 01:00:24 Yep, it's up. The portfolio optimizer dashboard.

Eric: 01:00:30 Yeah, so this here is Onramp Academy, and on Onramp Academy you can get access to primers, tools, that's where we are here, fact cards, major cryptos, all sorts of financial advisor resources, other study materials, lots of podcasts that's Tyrone has done.

Mike: 01:00:51 Do you have to be a paid subscriber for all of this, or do you have some of the behind the paywall and some of it free?

Eric: 01:00:56 Yeah, there's a little bit of free, but basically anyone who signs up gets the first 30 days for free for everything. So there's almost no disincentive to sign up. We don't even take any credit card right off the bat.

Mike: 01:01:08 There you go. And if you put ReSolve in the thing, they'll give you a discount off to zero.

Eric: 01:01:14 Yeah, there you go. We will absolutely do that for you.

Adam: 01:01:17 50% off zero.

Tyrone: 01:01:19 Absolutely.

Eric: 01:01:23 So what I did here is I came into our portfolio optimizer. I put in the S&P and the AG and then I put in BTC. I said I want a mean variance optimization, there's a number you could use equals risk contribution or inverse volatility. And we'll keep adding more different optimizations here. I'll set the quarterly rebalance frequency which actually if you read that piece, that's where we found the highest Sharpe ratios on the quarterly rebalance, and we ran it across every single day basically, to take out some of the time. And then, if I wanted to essentially cap, I'll put it a number here, but I just wanted to just see where it optimizes. And it's a 16% allocation to Bitcoin.

Again, we've had a great seven or eight years of crypto that I don't think we would want to add more but what's even more interesting is it fairly reduced the S&P from the old 60/40 and it meaningfully reduce the bonds, which makes sense. And then you can come down here and you can see essentially where your blended portfolio would be versus a 60/40, or an S&P versus your 60/40. And then it's just good old fashioned ATG and look at all the performance. ... come in here and we build our own custom strategy. And right now, these are all

calculating, so you can type in any equity, any ETF and if it's not in there we'll add it later. So here what it is, is the default workloads, S&P, ..., Eth and Bitcoin. And this would be like a modern asset allocation I would say. **And then let's rebalance every time one of those asset classes goes up more than 2%.** Essentially, let's force it to rebalance. If you didn't force the rebalance here's what you'd end up with. And then, of course, you get all the statistics.

- Adam:** 01:03:29 So is that the un-rebalanced?
- Eric:** 01:03:32 This one here was rebalancing quarterly into this allocation, but not forcing it to rebalance based on a large move.
- Adam:** 01:03:40 I see. Okay. It will rebalance quarterly but you can also specify that it'll rebalance if you deviate by more than two percentage points from your target.
- Eric:** 01:03:51 And then when you're all done, you can hit compare all and it'll just run them all against one another to show you all the rebalance periods and frequencies. If I run this, and now what it's doing is any of our users who hate these little lights, these are going away, we're actually speeding it up quite a bit. We're adding quite a bit more resources to this whole section. **But what we're going to find here is a pretty meaningful bump in returns.** But what I love is this, it's actually reduced the risk quite a bit from a pure S&P 500 only portfolio. So we just added two of the craziest most ridiculous asset classes that any traditional asset allocator might say, and we reduced the risk and meaningfully improved the returns. And these are volatile asset classes. Both Bitcoin and Ethereum have each had 80 to 90% drawdowns, but it's because of those huge drawdowns that we end up with those superior returns, because you're rebalancing on a more frequent basis. And then vice versa when you see these big moves up, you're constantly selling high, and then buying these big drawdowns.
- And this also spits right in the face of the idea that Bitcoin and Ethereum are correlated to the S&P 500. Which is true if we looked at say a closed matrix. That is somewhat true, the S&P 500 does have some correlation to Bitcoin and Ethereum. But it's pretty low for like in the .23 points over time, and you can change a lot of these tools to look at the cryptos against one another, and they're meaningfully uncorrelated.
- Adam:** 01:05:46 And then we have to use the expression that just paraphrasing Arthur C. Clarke, **sufficiently advanced diversification is indistinguishable from magic.**
- Eric:** 01:06:00 And this one here is just your true 60-40 and you're taking between zero and 10% away from the asset class or from bonds basically, equities rather. So here's a 5% allocation, pretty significant balancing return. And across the board, meaningfully

better overall. And again, it all just comes down to rebalancing. Like even if it goes sideways over that period, you end up with...

- Mike:** 01:06:34 Just to let everyone know, as a complement, that we've written a paper on the rebalancing premium, talking about that exact concept, proving it out from first principles as well. So just very complementary literature, we would support everything that you're saying. They don't have to be totally uncorrelated. Even assets that are moderately correlated, you will get benefits less but, it is the magic. In diversity, it is.
- Eric:** 01:07:03 It's the one free lunch in investing.
- Mike:** 01:07:06 Well, here's the thing. It's not free. There's huge emotional and behavioral costs that come with rebalancing. When you started this in January, February, March, and you're now looking at your crypto to rebalance to, you're like, maybe it's going to go back to 20. That's the cost. There is a behavioral cost. And this is what makes automating it so much more effective than trying to function in, with your wetware pulling the trigger when it's down a lot. And also, when it's up a lot. Oh, my gosh, I don't want to rebalance out of this beautiful best performing asset class. I'm not going to do it in March, or I'm not going to do it in January. So the cost is a behavioral one. Anyway, I digress.
- Eric:** 01:07:51 It's so true. And actually, that's what I tell people, I say, *rule of thumb, three*. All my friends say, hey, should I buy bitcoin now. And I say, just promise me you'll remember the rule of three, no more than 3% of your net worth, no more than 3%, no more than 3% of your discretionary income and you have to promise that you'll rebalance every three months. And as long as you can do those three things for me, then I'll say, okay, here's how you get started. And now you're like, I forced them to promise me that that they will not hold on and let it just grow, or vice versa, that they'll just avoid it as soon as it goes down so that they commit to just this little modicum of access.
- Adam:** 01:08:31 Can you export?
- Mike:** 01:08:35 How do you export 100% Tyrone?
- Tyrone:** 01:08:39 I swear to God that's what I was about to say. Rebalance? Okay.
- Mike:** 01:08:48 Rebalance to have new cash. Buy more. Rebalance. Done.
- Tyrone:** 01:08:52 Absolutely.
- Mike:** 01:08:56 Sorry, we digress Adam. What were you saying?

- Adam:** 01:08:57 No, just wondering, can you export that so you can bring in your own tools and stuff?
- Eric:** 01:09:04 Yeah, and this is the Tyrone magic, is Eric, **it's got to work within the advisor's tech stack**. Let's not give them another portal that they got a login to, remember a password and a username and come into so how do we get all of this stuff back into ..., on their Wealthbox or Salesforce or whatever the advisor uses for either their portfolio management or this tools for Riskalyze? Like how do we bring it all back in. And actually that's what the team is doing right now. Like really focusing on API's that all of those financial technology firms can use to access all of our tools and all of that information and data. Whether the client has a MetaMask wallet, that's trading Uniswap or a Coinbase account for they actually open the account with us via Gemini or ... or one of the other custodians all back to the advisor's ... Someday the advisor will never know a password or username to be on their dashboard and they'll never even see it. But until that time right, now you have to come to the user experience.
- Tyrone:** 01:10:13 Yeah. And we want you to be able to put your firm, download it, stick your firm on air and send it to clients. So yeah, you can do that. We'll make that available.
- Mike:** 01:10:25 Brilliant by you Tyrone.
- Adam:** 01:10:26 I love it.
- Tyrone:** 01:10:26 I try. Eric's brilliant. I try. As long as we are in separate rooms, I'm really smart.
- Mike:** 01:10:36 We know who the looks are...
- Adam:** 01:10:41 I don't.
- Mike:** 01:10:48 You have a totally different taste in men than I do.
- Adam:** 01:10:54 So I don't want to put you guys on the spot. But the process of asset allocation typically requires setting some sort of capital market expectations. So how do you guys think about setting expectations for future risk and returns for crypto assets in the way...can you apply similar types of thinking as you would for other types of assets or how do you guys think about it?
- Tyrone:** 01:11:26 Eric, I don't know if you want to take that.

Setting Expectations

- Eric:** 01:11:28 Would it be wrong to say Bitcoin's going to a million? I think of it like, and I know that digital gold concept is like too pedantic, but it's meaningful because Bitcoin

has made a choice as an asset class, as a network, as a lot of the core developers and I know many of them that have said, **your number one goal is it has to be accessible.** So Tyrone's family who grew up on banks, needs to be able to access the Bitcoin blockchain, anything as simple as a laptop or a cell phone, they need to be able to use it and be able to access it. In order to do that, it can't be the fastest network, it can't do a million transactions a second, that has to happen elsewhere, just like gold wasn't the reserve asset class in order for people to get access, gold became the layer one solution that merchant banks and others would issue notes. And so you'd have a paper note and it would say, I have this much gold in my bank in France and I'm using it for credit and to access capital. Wherever you might be, it was easy to access, and it really is the choice of Bitcoin. **In order to do that, Bitcoin is a heck of a lot more efficient.** So if I'm someone ..., and I've got a billion dollars of gold, that's going to be really hard for me to get out of the country with my billion dollars. But if I can remember 12 words in my head, I can take a billion dollars of Bitcoin across country lines, and Bitcoin is way more useful than gold as a store of value. It's more volatile, sure.

But if I'm interested in carrying my wealth with me, it's a heck of a lot more useful. And because of that, it should be compensated for that. So it should have more value according to that. So what are we potentially, not a goldmine for a one and a quarter trillion dollars Bitcoin market. Because of that, you could argue that there's eight to 10X upside here, to there. And if you just think about the network effects, it's not just asset value, it's also utility. The more people that come to the Bitcoin network, the more value the Bitcoin network. It's just like a fax machine. It was only so valuable when there was just one, but then the more and more fax machines came onto the network, the more valuable they became. And that's the thinking here.

And then the same thing with Ethereum is, well, how valuable is a supercomputer that connects the entire world of money together, a value, like *the internet of money*? If I could sell this podcast, and I could just sell 10 plays of this podcast and then it self-destructs, imagine how valuable that might be to some musician who is creating art for their... there's some neat things that can happen and so you're really talking about the internet of value, just like Voice over IP was valuable and TCP which is transmission over the internet was valuable. **This is really money over the internet and how valuable is that?** It just gets more valuable, the more people that use it. Again, I can't put a number on it but I know it's a lot more than where it is today. And it's not going to take a long time to get there but it's exciting.

Tyrone: 01:14:53

Yeah, I will add to that. Again, I think it's still so early. There's still so much infrastructure that has to be built for more flows to come in. I think as you start to see it mature, that volatility will come down, you start to get into network transaction value and daily active addresses and looking at different valuation

methodologies of this. And you can start to really build out some type of model, but I think again, everyone in this business loves Paul Tudor Jones. He kept it very simple. Bitcoin is the fastest horse. That's it. My job is to bet on the horses. Bitcoin is the fastest horse. It's all I got for you. Steve Wozniak today, it's awesome mathematic technology. Like it's an awesome clock.

We actually run Onramp like the Bitcoin blockchain. We run our company like the Bitcoin blockchain. Every 10 minutes in a meeting, why are we achieving consensus? Okay, good. The meeting continues, we decentralized autonomous organizations, we call it *Decisions at Onramp*. Full autonomy, open source, everyone brings ideas. When you look at all of this, you can't say okay, well, we're going to use the capital asset pricing model and we're trying to, let's see if we there are some cash flows for us the discount, that doesn't work here. It's new wine, no old skin. So we just got to create these new models and constructs for asset managers to come in and try and value what's happening here. **But it's still incredibly early.**

Adam: 01:16:28 Fair enough. Well, I don't have any other questions and we kept you for an hour and a quarter. And as new entrepreneurs I'm sure you guys have a lot to do. And Eric, you're on vacation with your family I think, so. I don't know, Mike, you often have...

Mike: 01:16:44 Yeah, I don't mind but on a closing note what are the one or two key tips, thinking of making the advisor the hero? What are the one or two key tips that we can provide that audience today regarding this space, Onramp's roll in it is fine, but what's that one or two shining things that's going to make those advisors stars?

Making the Advisor the Hero

Tyrone: 01:17:18 Eric what do you think?

Eric: 01:17:20 Yeah, I'll say, for all of the younger advisors, I put my entire visit when I was at Morgan Stanley. I finally had to make a choice and I had to say, how am I going to get these clients? I can't keep calling 300 cold calls a day. And because I was young and I was dumb and I didn't know and I finally just said, you know what, I'm going to go after wealthier people and I'm going to target them for something different than what everybody else is talking about. **And I'm just going to say, who handles your alternative investments?** Oh, you don't know what an alternative investment is? Who handles your hedge fund portfolio? Oh, you don't have hedge funds. I could have been right or wrong, hedge funds might have been good or bad. But I would just pique their curiosity of, oh, you don't have? If I was an advisor today, I would be pounding the phones right now saying your advisor doesn't talk to you about cryptocurrencies or digital assets? You don't have? **You mean, you have to do it on your own?** There's 40 million clients that have

accounts at Coinbase right now. 40 million. That's insane. If I was a financial advisor, I would do nothing but call people and say, do you have a Coinbase account? That would absolutely be my life if I was an advisor trying to get new assets.

And it's not just about getting new assets, but really to enable those clients with better advice. And I would become an expert in this asset class, because it's not going away. **And even if it does, people are going to need help, and they're going to touch the person that helped them as it started to melt down or otherwise.** And that would be like the single biggest advice that I can offer any financial advisor whether they be senior financial adviser or a younger financial advisor. It's just talking to people about digital assets and crypto assets, cryptocurrencies and where they own them, if they own and why they, don't they own them. And I think you'll get the rest of the client's portfolio in like moments after that.

Tyrone: **01:19:16** I'll add to that, two things. One, Onramp Academy, educate before you allocate, that's our tagline there. **Get educated, get conversant, listen, learn and lead.** That's all you need to do. Clients just want to be able to bring it to you and have you listen and lead them to some answers. The second thing is, whether you buy Bitcoin, stocks, you do futures derivatives, hedge funds, private equity, whatever, it is a travesty that there are hungry children in the world. So I know if you do the second thing and you help feed a hungry child, it all works out in the end no matter how you risk reduced, no matter how you return enhance. So if you made it this far in the program do what you can. Sell a little Bitcoin to help feed a hungry child.

Mike: **01:19:55** Beautiful. That's the piece of the day, no one has got anything on that. I don't have any notes, no notes on that. All right Tyrone, Eric that was amazing, thank you so much. Thanks for coming back again Tyrone. Thank you all who are listening, please remember to hit the Like Button, share it, sharing is caring. Help us bring more great guests here and help you do what you do.

Tyrone: **01:20:27** Absolutely, we appreciate you. Thank you so much. This was fun.

Eric: **01:20:30** Thank you.

Adam: **01:20:30** Thanks so much guys.