

**WS1408 Kristine Cranley**

[INTRODUCTION]

**Whitney Sewell:**

The comments, the opinions expressed in the podcast are those of Ms. Cranley alone and are intended for educational purposes only.

This is your daily real estate syndication show. I am your host, Whitney Sewell. And there are so many things in this business that just keep me hopping. I hope you as well. Hope you are looking for new things to educate yourself about. I know I am, and I'm hoping that you are becoming better educated because of listening to this show and the amazing guests that we are having on.

Well, today is no different. Or actually the next few days we are having a guest on who is an expert and something I think that we should all know at least a little bit about. It's definitely something that hasn't gone away. And even from the title of the shows, you probably already see that it's about Bitcoin and how that's gonna be connected to real estate or how it is now. And what is Bitcoin mining and the technology behind it. And Christine Cranley, she's the founder of Noah's Bitcoin, a company dedicated to educating individuals and organizations about the value proposition of Bitcoin and blockchain technology, as well as an investment advisor representative at the director of business development at PM Squared Financial, a state-registered investment adviser based in Fort Worth Texas. She began her career doing volunteer work, serving women in crisis in New York city. And with her experience, and even with young mothers struggling to find resources, to enable them to give life to their children, struggled her passion, right for financial education and assisting others in achieving financial freedom. She eventually made her way to Washington DC, where she. Worked in commercial property management until pandemic closures. I afforded her the opportunity to return to Texas and realize her dream of dedicating herself full-time to education on Bitcoin and sound money principles. Obviously there's a disclosure. The comments opinions expressed in the podcast or those of Ms. Cranley alone and are intended for educational purposes only. She's an investment advisor representative with PM Squared Financial Estate, registered investment advisor based in Fort Worth, Texas.

The comments and opinions of those of Ms. Cranley do not necessarily reflect those of myself or the real estate syndication show. However, the presentation is for educational purposes only, just so you know that upfront, of course, but man, amazing guest. And she just, was very transparent. I know you are going to learn a lot today about Bitcoin, or if you thought about investing in Bitcoin or crypto and man, what, what is the difference to some detailed stuff about Bitcoin that I did not know, or I had not heard of before she lays it out there today. And even towards the end of the show, you're gonna, or into, the segments.

You're gonna hear more about some risks about Bitcoin, or cryptocurrency in Real Estate you've not heard of before, how to mitigate those risks, and even thinking through, should I have a wallet? Should I not? And if you don't know what that is, you're gonna hear about it in the show. Thank you for being with us today. I hope you have liked and subscribed to the show. We would still love to hear from you. If you've been listening to the show over the last month or so you've noticed some changes. We have been interviewing people, some amazing guests, but doing more, a longer format, right? And doing segments with that individual. So we can dive a little deeper. I've enjoyed those. It allows us to, you know, dive into a topic where we can ask more questions and better questions and hopefully educate you better. If you like those segments, we would love to hear from you, or if you would love for us to go back to the other way, we would love to hear from you. You can email us at [Info@lifebridgecapital.com](mailto:Info@lifebridgecapital.com). I would love to hear your thoughts, your comments, how you think we can improve, how we can better educate you.

[INTERVIEW]

**Whitney Sewell:**

Kristine, welcome to the show. You are an expert in a topic that I feel like there's a lot of confusion around at times. It's something that I feel like's not going away, right? We all should have some education in this topic. You know, Bitcoin cryptocurrency, blockchain, what are those things? And why should that matter to us as real estate investors? And you're the one that's gonna tell us today. So I'm grateful to have you on.

**Kristine Cranley:**

Thank you so much, Whitney. It is such an honor to be on your show. You do such fantastic work and I'm thrilled to be talking about this, cuz it does happen to be my favorite topic. I could talk about it all day so glad for the opportunity. Yeah. Thank you. Thank you so much for your time as well. I wanna jump right in though. I I've. Quite a bit about you, but, but I want you to share with the listeners just about your background somewhat, you know, and let's talk about how you got to where you're at now.

**Whitney Sewell:**

Know you've done a few different things, but you know, your focus is on, I just Bitcoin cryptocurrency blockchain stuff. Now, how, how did you get there? How did someone become an expert in Bitcoin?

**Kristine Cranley:**

It's a great question. And with me, it's, it's kind of a funny question, cuz it's I've come on a very roundabout. So like you, I'm an educator at heart. So all my life, I've just loved to try and break down what I'm learning about and what I love and to, to spread the good news. But I ended up in this realm of the financial industry from a very roundabout path after graduating from Texas A&M University way back year 2000. I actually joined a religious community [00:05:00] doing volunteer work, serving pregnant women in New York city. And

we were dedicated to promoting a sense of the sacredness of human life. And we were working with these women who came to us because they wanted to choose life for their child, but they were under so much pressure. They didn't know how they were gonna be able to make it happen. And so it was during that time that this passion in my heart. Birth for helping people get to financial freedom. Because with these women, it was often a question of life or death of, you know, they wanted to give life to their child, but they didn't know where they were gonna come up with the resources. So that was kind of where I got my beginning and that was in New York city. Then eventually I made my way to Washington DC and I got involved in commercial property management. But when the pandemic hit, it really gave me some time to take a step back. And I went down what they say as the Bitcoin rabbit hole, so to speak, and so I started taking a long, hard look at the current economic situation and thinking about all the money printing that we'd been doing, and the fact that the federal reserve balance sheet has grown from 2008, from 1 trillion to 3 trillion. And just realizing that in those situations of inflation and the devaluing of the currency, it's the poor that are often hit the hardest it's those that are living paycheck to paycheck because it's the assets that go up. And so just thinking about what to do in this situation, traditional investors, as I'm sure you're aware, have always gone to scarce assets. So real estate, you can't print more of real estate. Or commodities or gold, silver. And so in looking at all that, that I really came to understand the real value proposition of Bitcoin, because it's an absolutely fixed supply. There's never gonna be more than 21 million coins ever mind. So it's perfectly hard money in that sense. So I ended up coming back to Texas where I'm from originally. And I started an education company called Noah's Bitcoin, kind of named after Noah's arc with the flood of inflation coming, you know, how do we, how do we rise up, you know, as the flood comes. And so I began speaking to anybody that would listen to me on the topic. And in the course of my speaking, there is a registered investment advisor firm here in Texas. That heard of a talk that I gave and called me up because they were one of only five in Texas that actually give cryptocurrency exposure to their clients. And so they invited me to sit for the series 65 and join them in the work that they do. So when I'm not talking about Bitcoin, I'm also able to offer exposure to the asset, to our clients who, especially in IRAs, people like to have exposure in the IRAs, but then for our qualified investors, We're also privileged to be able to allow them to invest in the Bitcoin mining structure itself through company that's involved in stranded, natural gas, Bitcoin mining. So very roundabout way of getting here. But that's my story.

**Whitney Sewell:**

That's awesome. I love the thought behind the Noah's Bitcoin. I had, you talked about that. That's so clever. So you even mentioned there offering a product for IRA investors as well. And I wouldn't even planning to talk about this right now, but would you just briefly mention, like, how does that work a little bit while we're on that, then I want us to get into really, really, what is Bitcoin? How does it work a little bit, but since you brought it up, I don't wanna forget about it.

**Kristine Cranley:**

Yeah, that's a great question. So the way that we do it at our firm is we work with a company called equity trust company, and it's a self-directed IRA. So. The clients are able to move their funds from an old IRA or maybe an orphaned 401k. And then we have a working relationship with Gemini, so that equity trust fund holds the asset and they report the asset and then the money is sent to Gemini and then we're able to buy our clients in as the market dips. We kind of get them in and a lot of clients, they really like that setup because [00:09:00] they'd like to invest in Bitcoin and they wanna kind of a long term play. They're not in it to trade it in the volatility, but it's very difficult to get access to the actual assets. So there there's talk right now about ETFs and there's future ETFs that have been approved, but still not a spot Bitcoin ETFs. So this is a way that we're able to get our clients actual exposure to real Bitcoin that's stored at Gemini for them in their IRA.

**Whitney Sewell:**

No, that's awesome. I just have a second there anyway. So at least the listener knows it's a possibility, right. And maybe we'll talk about this more or not, but either way, at least they know they can reach out to you and learn more about, Hey, they, they can use our IRA potentially to invest in Bitcoin. So let's jump in though. Bitcoin, I, you know, hopefully there's probably not a listener that hasn't heard of Bitcoin before, but I think there's just still a lot of confusion around, like, what is this thing? Right? You mentioned there's only so many, and you know, well, do I actually have this coin in my hand? What does that look like? You know, this thing I call Bitcoin. Give us some really basic things about Bitcoin. So the listener and myself can have a better understanding and then we'll go a little deeper as we go into some more segments as well.

**Kristine Cranley:**

Yeah. So, great question. What is Bitcoin? So Bitcoin is a decentralized digital ledger that allows for peer to peer transactions. So what does that mean? It's a ledger, it's an account of who owes what to whom. And in that sense, it's not so different than a bank or the accounting system between banks, right? It's like, I owe you this and you owe me this and it's written down on the ledger. But Bitcoin is decentralized. So what that means is there's not just one copy of that ledger somewhere, but it's everywhere. And I'll explain how that works. When I talk about the technology that underlies it. But basically in a nutshell, there is a copy of the Bitcoin digital ledger on every single computer in the network, all over the world. So the only way to get rid of it is to crush out every single copy of that ledger. And because of the way the technology works, it [00:11:00] allows for me to transfer Bitcoin directly to you without the need of a bank or a credit card company as an intermediary. So it's peer-to-peer. And it was started in 2008, when a mysterious figure, we don't actually know who it is, but they called themselves Satoshi Nakamoto and they published this white paper, which was named Bitcoin, a peer-to-peer cash system. And it talked about how this program would work. And then on January 3rd, 2009, the first transaction took place. And it's really interesting because on that day, the financial times of London had the title on the paper, 'Chancellor on the Brink of Bail Outs for the Banks' and that's because this was right

after the great financial crisis, right? And so Satoshi Nakamoto wrote that into the digital ledger of Bitcoin.

**Whitney Sewell:**

Okay. You answered my question before I asked you, I already had it wrote out about decentralized. So what does that mean? Could you just give us an example there of like, well, okay. A centralized method versus decentralized, obviously, you know, our banking system versus maybe this, just maybe explain that a little more detail there.

**Kristine Cranley:**

So how does it work? What does it mean that it's decentralized the technology behind it is. Bitcoin's digital ledger is secured through its use of blockchain technology, which clumps, it takes the transaction. So you sent me this and I sent her this and she sent me this. It takes all those transactions and gathers them up through the work of the Bitcoin mining computers and puts them into the digital ledgers. And so the way that it does this is the computers are basically competing with each other to solve a puzzle that will enable their proposed new block, their new clump of transactions to fit right within the chain. And based on the number of computers mining, the system adjusts the difficulty of the puzzle to ensure that that only happens once in the world, every 10 minutes. When the computer like *dinging ding* wins the puzzle and it fits the block right within the chain. Then that new updated chain is now longer than the rest of 'em. Right? So maybe there was three blocks. Now there's four blocks. So when the computer wins the prize, it publishes that new updated chain to the entire network. And then the entire network starts again, competing to build on that new updated chain. One of the geniuses of Satoshi Nakamoto and the system, is it solved what they call the double spend problem. Right? So I was cashing checks the other day mobilely and they have check here if you've already cashed this check, because I can imagine, like, let's say you have two bank accounts, right? So you cash it and you send it here and then you cash it and then you send it to your other bank account really quickly. Right. And so this is always a problem is. There's only one copy. And so, and how quickly does it update? And so this technology that Satoshi Nakamoto came up with enabled us to bypass that double spend problem. And the longest chain is always the valid one. That's always the one that is recognized by the system as the right one. And so, and because the computers are basically competing to make it fit. And I can go into that technology a little more if you wanna understand it. But the long and short of it is if you go back and you say, "Oh, I didn't really send you that Bitcoin". Well, you're changing what's in the block and it's going to not fit right anymore. And so in order for me to cheat the system, I would have to have a faster computer than the whole world for the whole forever, because I'd have to like win the puzzle again. But then again and again, and again, as they're all working on the longer change. So because of the system of rewards and punishment, it's not worth it to even try to cheat the system because you can't. And in the meantime, you're missing out on the [00:15:00] rewards that you would get. If you just kept mining and obeying the rules and releasing Bitcoin.

**Whitney Sewell:**

We're not talking about just like one person's computer sitting at somebody's house, doing all this, right. Thousands of computers all over the place. Right.

**Kristine Cranley:**

Exactly. And that is another reason why Bitcoin is so special and there's a lot of conversation going on right now about Bitcoin's use of energy. And we could talk about that later, but you have to understand that the energy that Bitcoin puts out is at the service. Of protecting the system. It's not just a couple computers competing and maybe you have the faster one and you can just kind of win the puzzle all the time. No. Anybody can mine Bitcoin with any resource that you have. In El Salvador, they're mining with volcanoes right now, or if you've got a waterfall, you know, whatever it is, we'll, we'll talk by company invests in stranded natural gas, which is really interesting, very cheap power that we're able to get access to. And so anybody can enter the competition. And so because of that, System that's spoken of as proof of [00:16:00] work, meaning you gotta do the work. If you are going to win the Bitcoin, as opposed to the other way that some cryptocurrencies do it is called proof of state, which basically means the rich get richer in a sense. So you got a bunch of coins and you lock 'em up and then you get more. But with Bitcoin it's naturally decentralized, cuz whoever's Satoshi Nakamoto is he mined like the rest of 'em, but he didn't send a bunch of 'em to his friends and his buddies. He had to join the competition like everyone else. And so the effect of it was that Bitcoin was completely decentralized.

**Whitney Sewell:**

That's incredible. I, I was just thinking through that technology, as you were talking about it, and even like the, you know, not being centralized, like you talking about not, you know, you don't have the intermediary, you don't have to have the bank. It's like the, the one place that. All those records, right? Well, these records are copied everywhere. And so it's practically impossible to break it, right. Or to falsify it, or for me to say, "Hey, I, I didn't send you that money", or "I did send you that money", or whatever. It's copied so many places. I just hope the listeners can understand that to some degree cuz I think it's important to understand a little bit about that technology. If you're gonna think about investing in, you know, Bitcoin or cryptocurrencies and in blockchain type technology. But maybe you could help us to like why should they consider investing in Bitcoin, outside of the technology or part of that?

**Kristine Cranley:**

Yeah. Great question. There's a couple reasons. As an investor, I think one of the most interesting things about Bitcoin is it's absolutely fixed supply. And let's go into why that is. So we talked about the technology and so these Bitcoin mining computers are gathering up the transactions and making their new block fit right in the chain. And when they win the puzzle, they get two rewards for that. So they get the transaction fees within that clump and that'll continue for time and Memorial. But they also there's new Bitcoin that are released with every single block in the block chain. Originally, there were 50 new Bitcoin released

every 10 minutes that were then made available by the mins to be able to sell that. But every four years, that number is cut in half. It's an event known as the halving. Or the halving, it's got two different names. And so after 50, it was 25. And currently, every 10 minutes, there's a new block that's added. And 6.25 Bitcoin are then released and given to those miners and this halving cycle is going to continue throughout the life of Bitcoin. It's gonna last about 118 more years because Bitcoin can be subdivided into a hundred million smaller units called Satoshis. So tiny fractions of a penny. You can think of it that way. We're gonna get to the point where we'll be mining for a whole year and maybe not release a whole Bitcoin. But then at the very end, it'll be one Satoshi every 10 minutes. That's in the year, like 2140. And then after that no new Bitcoin will ever be [00:19:00] mined. So the fact that it's absolutely capped what it turns out to be about 21 million makes it the most scarce. Asset out there because you know, there's rumor that there's gold. You know, they find gold in mountains and they shut it off. Or, you know, who knows how much gold is out there. Or maybe Elon Musk will go to Mars and find more and bring it back. Real estate is pretty fixed, but you can always build up. Right? But this technology has found a way to enforce an absolutely fixed supply. And so, because of this, most people who own Bitcoin, they say they're never, ever going to sell it. Because for them, it's like owning property on Manhattan island. They are going to bequeath that money to their children's children's children. And if they need money, they'll take out a loan against the asset. But if you think about it, there's 46 million millionaires in the world. I've heard that number somewhere. It may have gone up, but 46 million millionaires, 21 million Bitcoin ever to be mined. There's not enough Bitcoin for every millionaire [00:20:00] to have a half a coin. And so where we're at at the adoption curve right now is really interesting because it's been 12 years since it began so it doesn't seem to be going away. And we've got countries like El Salvador that have made it legal tender, but still you have pretty easy access to get some, right? It's I think it's 23,000 today. We're at this place in the adoption curve where it's survived. It's alive. A lot of people are looking to it as kind of a gold 2.0, but we're still very early. So investing wise, that's one of the reasons I find it. So interesting.

**Whitney Sewell:**

That's awesome. You mentioned like the, the hundred, 18 years from now, right. Or that it would be mined, and you know, if it's being mined, is that the same as it being sold or just transacted or?

**Kristine Cranley:**

Yes. Okay. Great question. When it's mined. Made available to the miners to sell, but they don't always sell it. A lot of 'em just wanna hold it because they believe that it's going up. So even though mining is happening now, it's only gonna be sold if someone's willing to pay the right price. And so, and currently a vast majority of the coins are already locked up forever. The people that have 'em, aren't gonna move 'em as you point. As less and less of it becomes available. The only way that you're gonna be able to buy it is from someone that has it that's willing to sell it to you. And currently, 91% of the supply has already been released. So this next 118 years, we're just releasing the last 9% of it. And so even now it is

so scarce and there's 19 million coins that have been mined, but the coins that are available for purchase, it's usually about one to 3 million that are available on the exchanges. And that's part of the reason that the asset is so volatile because there's just not a lot of people selling. And if you're on the exchange, that's where the spot market is found. And so people can come in and dump a whole bunch. And there's just not a lot of liquidity on those exchanges. It'll move the price violently sometimes. Meanwhile, you can also buy it over the counter. So there's minors who have direct relationships with over the counter businesses and that does not affect spot price. So sometimes what may be happening is coins are being dumped on the spot exchange, bringing the price down and then behind the scenes and the over the counter. It could, we well be, that some of those people are picking up at a huge discount. But again, addressing your question, you only are buying it if someone is willing to sell it, including the minors. And if they're not willing to sell it, then at some point, this is why people are often so bullish on Bitcoin. Everybody has a price, but what is that price? So, yeah, so in the future, it'll be only be people that already have it that you can buy it from.

**Whitney Sewell:**

That makes a lot of sense. And it's interesting that it will take that long and as soon as it is, because it it's the havening thing you were talking about, right? I can't explain that, but that's interesting, you know, nine years, but then it's gonna take 118, you know, to sell the rest of them. I was thinking, 'Hey, oh, well, a bunch of people could just go buy a bunch today and it just be all over with'. Right? But it doesn't sound like, or could they?

**Kristine Cranley:**

Oh, they absolutely could. There are some wallets. The interesting thing about Bitcoin and blockchain technology, people talk about criminals use it. But it's not really very good if you wanna do a crime because everything is on the blockchain forever. So that Bitcoin, it came out of whatever block Genesis block had, 50 whatever block it came out of. And then you can trace it to every wallet that it goes to. Now, someone could set up an anonymous wallet. We could both set up an anonymous wallet and I could send some to you and someone might not know that you have it, but as soon as you try to move it into dollars, then you have to do like a know your customer. So they know who's got it, right. So it's not really very good for criminal activity because it's all there [00:24:00] on the blockchain.

**Whitney Sewell:**

Yeah. The information's everywhere. It is tracked and in so many different places, but I wonder too, you know, people talk about Bitcoin or Ethereum or DoS coin, or some people say call it, DOE coin. I know. But you know, those there, like what's the difference, right? From Bitcoin and other cryptocurrencies and, you know, help us to think about.

**Kristine Cranley:**

Absolutely Bitcoin is the first mover and it is the only one. It seems like the S E C is wanting to name a commodity. So it's been called a property. It's been called a commodity and

that's because it's decentralized. And so it doesn't pass what they call a how we test, which is how you decide if something is a security, which is basically it's an investment of money in a common enterprise with the expectation of profit. To be derived from the efforts of others. So the interesting think point there about the, how we test is that it's run by a team. And so Ethereum may or may not be classified as a commodity or security, but the S E C is hinting that they think of most of the other cryptocurrencies as security. Which means that they're centralized more or less, right. Some team invented them and proposed them out there as a way of making money. The Bitcoin community sometimes thinks it's just a way of getting your Bitcoin from you. So there's several different kinds of other cryptocurrency projects. The one that I think is gonna be most relevant to the discussion we'll have later about real estate is we call 'em the smart contract platforms. These networks, they take the decentralized money itself and they make that programmable so that you can write code on top of it. So instead of just being a store value, which is what Bitcoin is. Although, bitcoin developers are kind of developing new things. Everything that the other cryptocurrencies can do, people are making it so that Bitcoin can do it too. But these other cryptocurrencies, they're all kind of competing for Bitcoin's place in the world. The interesting thing about the smart contract platforms is the innovation. There was, well, let's just not just do store value, but let's make computer programs on top. The independent computers in the network. They're not just storing the digital ledger, which is Bitcoin, but they're also storing software applications that anyone can program and then insert into the network. So for example, let's say you and I had a bet on upcoming game, right? So I think team a is gonna win and you think team B is gonna win. So what we can do is we can write a smart contract. And we can tell it, okay, on this date, we're gonna check the winner. And if your team won, then these coins are gonna be released to your wallet. And if my team won, the coins are gonna be released to my wallet. So then we publish it on the network and then it's self executing and immutable. So smart contract platforms. They're essentially one big peer-to-peer virtual supercomputer. And so this is what a lot of people, when they talk about web 3.0, it's these applications that are built on these smart contract platforms, you can think of the smart contract platform, like the foundation of a mall. And then other buildings are gonna be built on top of it. And so Ethereum is the first of the smart contract platforms, but there are others that compete with them like Cardo, Solana. And I think there's room for more than one in the future, but it's probably gonna be a winner take most. And so all of those contract smart contract platform are competing for developers to build upon them. So smart contract platforms and Bitcoin, they all have their own computer network. So they're most properly called coins. Everything else that's built on top of those smart contract platforms. So the mall buildings, so to speak, they're considered tokens cuz they don't have their own network. And generally, there's two different categories. There's utility token. And security tokens, utility tokens serve some use case within a specific ecosystem. I don't know if you had this at your college, but when I went to A&M we had what we called Aggie bucks. It's really kind of a debit card system associated with your ID, but anywhere a lot of the different vendors in the area would accept Aggie bucks. So it's the same kind of idea, right? So it has some use case in a specific ecosystem. In this category, I believe would be stable coins that are pegged to a

dollar. Some of them backed by assets. Some of them backed by algorithms, the algorithmic ones the Luna Tara network went to nothing recently. So, but that's one example of utility tokens and then also coins associated with exchanges or gaming and that kind of thing. There's also what's called security tokens, where you essentially buy a stake in the company itself. And again, this is gonna be very relevant for real estate in the future, but basically these security tokens are digital shares in a stock or an asset that it represent. You can take an asset like a building or like the title to your car. You might not fractionalize that, but like, let's say you could take, take a building and you can represent ownership of that building through a number of different tokens. Maybe you decide to assign one token per square foot, and then you can sell ownership shares in that building. And so basically what you're doing is you're crowdfunding it. And that is where we seem to be possibly moving in real estate in the future. But just something to point out, utility tokens and security tokens are both considered by the S E C most likely to be securities. So that is the realm of the FCC. And so we're still waiting on regulation, clarity about all that on how to move forward. So just because it's not a security token, doesn't mean it's not a security.

**Whitney Sewell:**

That's helpful. And I mean, some of this I've never heard of before, so I know the listeners, there's probably numerous to them to have it. So this is great. Just education as we think through this and so great segment. And just so the listener knows we're gonna do a few segments here with Christine about Bitcoin and this been a moment we're gonna talk about, or tomorrow for you, we're gonna talk about the current state of cryptocurrency and real estate and how some of that's connected, but also wanna come back to even what else we should know before investing in cryptocurrency. I want her to be able to talk through that in just a moment as well. I wanna thank the listeners for being. Today. I hope you are back tomorrow as Christine continues to educate us on Bitcoin and what, what the heck it is so we can all be educated. It's we need to know about it, right? It's not going away as she said. So we'll talk to you again tomorrow.

**Voiceover:**

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