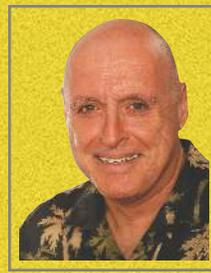


# THE EXTRA POINT

BY JERRY ROBERTS



## # 787 The Strange World of NFTs

If you've heard about this thing called NFTs — non-fungible tokens — maybe you've seen some astronomical numbers associated with them, and perhaps you're a bit confused, I'll try to shed some light on the latest and craziest investment vehicle. I'm Jerry Roberts, and we head into the land of speculation, next on The Extra Point.

If you're someone who scoffs at cryptocurrency, thinks Bitcoin is a fad and people are looney to invest in that world, then the newest craze — NFTs — are right up your alley.

First, let's be clear what we're talking about. NFTs are cryptological assets that reside on a blockchain, which you can think of as an internet-based accounting system.

Each NFT has a unique identification code that distinguishes it from others. To increase the value of an NFT, the creator limits the number available. It might be one, or could be in the thousands, but there is a limit.

The main thing to understand about NFTs is that it is a speculator's paradise. There is no basis of value, except what someone believes an item could be worth someday. Conventional and physical art like paintings, sculpture and similar items, are bought by collectors. The same principle could apply here.

Recently, a digital artist named Beeple had a piece of work auctioned off for \$69 million. The buyer can view it, and has the unique blockchain address where it resides. The purchase is logged there, and indicates ownership and authenticity. It can be published and people can see it, but nobody else can lay claim to this particular artwork unless they buy it from the current owner. Thus, the purchase is secure.

The latest thing I saw is a digital image of NBA basketball player R.J. Barnett of the New York

Knicks, making a layup in a game from 2019. A simple layup, so where is the value? It was Barrett's first two points as an NBA player. That is a significant moment in Barrett's career, but is it enough to warrant selling the image as a digital asset?

I'll answer that question with a question. What if this was Michael Jordan making the layup, scoring his first points — would that have value? Barrett is no superstar player at this point, and may never be one. That's where the speculation comes in.

Here's the strange part. The company that produced the Barrett image has 2,882 of them and offered them up at \$2,000 each, nearly \$6 million in total value if they all sold. One person has already purchased nearly 100 of them.

Musicians, photographers, and other folks who can put together a digital image are getting in on this, and websites have sprung up to handle the sales of these NFTs.

Some artists are known, some are unknown, and all kinds of things are entering this weird space. The digital image can be of absolutely anything.

Is this any better or worse than cryptocurrency? I can't answer that. Will any of these assets appreciate in value. No way to know. Like crypto, only invest with money you're prepared to lose.

Are NFTs a ripoff? A strange sign in strange times? Or are they how most of us will be investing in the future?

One advantage of owning an NFT is that it can't be destroyed or stolen, and doesn't need to be insured. It will always be in perfect condition.

(Con't.)

Will everything become an NFT? What if you could find an old practice tape of the Beatles, where they tried a new song called I Want to Hold Your Hand? What would that be worth?

If someone offered 10,000 certificates of authenticity on the blockchain, would you pay \$1,000 for one of them, knowing no more would be created? In any case, I don't think NFTs are going away any time soon.

Just as I believe crypto could become the common currency for my son and grandkids, NFTs or investments that rely on the blockchain could be the way they build their wealth.

You and I stand at the doorstep of massive changes to probably every facet of life as we know it. It's bizarre, confusing, scary, and exciting. Buckle up.

That's The Extra Point. Be responsible and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

###

For information on training and consulting services with Jerry Roberts, please click this link: [guamtraining.com](http://guamtraining.com)

