



Retirement *Lifestyle*
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RADIO PROGRAM

Expert Interview Series

Guest Expert: Mark Jeftovic
The CryptoCapitalist

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Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544

Phone: (866) 921-3613

Email: info@plplanners.com

Website: www.RetirementLifestyleAdvocates.com

Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen.

Joining me on today's program is returning guest Mr. Mark Jeftovic. Mark is the publisher of The Crypto Capitalist Letter. You can get a special rate on The Crypto Capitalist Letter or check it out by visiting thecryptocapitalist.com/tubbergen, T-U-B-B-E-R-G-E-N, and I'll give that site again later on in the interview.

So, Mark, welcome back to the program.

Mark Jeftovic:

Hey, Dennis. Thanks for having me. It's always nice to talk to you.

Dennis Tubbergen:

So, Mark, let's just talk a bit about The Crypto Capitalist Letter. What motivated you to found the publication? What's really the motivation behind publishing The Crypto Capitalist Letter, and what can listeners and readers hope to learn?

Mark Jeftovic:

Sure. Well, I've always liked the information publishing business, especially in the financial sector. I've been reading newsletters like The Daily Reckoning and Early to Rise since the late '90s and I always just loved getting quality information outside the mainstream sort of contrarian, not toeing the line of just the prevailing orthodoxy because I found that that's been wrong for the past bunch of decades.

Like a lot of people under lockdowns, I just started something on the side to keep my sanity and I started writing about Bitcoin and cryptocurrencies and a lot of these crypto stocks that I were finding that were trading at really low multiples, even though cryptos at the time were heading to all-time highs. I just thought that this is a real mismatch and an asymmetric trade, and I started writing some reports on it. I started assembling my newsletter and it just kind of took on a life of its own, so it's become an ongoing concern. We started our third-year last month and it's been going great.

Dennis Tubbergen:

So, Mark, when you were providing that explanation to the listeners, you used the term crypto stock and it's my guess that there are many listeners that might be a bit confused by that term. Could you define it, please?

Mark Jeftovic:

Sure. So those are publicly traded equities whose core business is involved in either the Bitcoin space or the crypto space. And I do differentiate now because we are seeing the emergence of a delineation between Bitcoin and the rest of crypto. That's something that played out over the crypto winter, like the bear market of the last year in change.

But these are companies like Bitcoin miners that are publicly traded and all they do is mine Bitcoin. There are publicly traded crypto yield farming companies that just do things like hold a basket of cryptocurrencies and earn their income from staking those cryptos or from providing lending activities on those cryptos. Then there's even publicly traded crypto exchanges now like Coinbase is sort of the 800-pound gorilla in the space. So, this sector has become a very real sector.

Here in Canada, we even have straight ETFs on Bitcoin, Ethereum, and a few other cryptos. In the States, there is only futures ETFs. That's an ongoing battle, but I think a Bitcoin ETF is just a matter of time in the US.

So, this is an entire sector that's being represented in the stock market, in the equities markets and on ETFs and mutual funds and it's a real asset class that's not going anywhere soon except up.

Dennis Tubbergen:

So, Mark, there's a lot of talk and here on the program we've discussed with other guests in the past that there seems to be this agenda worldwide by central banks to issue their own digital currencies. They're called central bank-issued digital currencies.

So, assuming that banks continue to move along those lines, and the Fed has stated that's a goal, it seems that the politicians and policymakers, they're probably going to do what they can to attack the private cryptocurrencies because they're competition. So what's your take on the viability of central bank-issued digital currencies and how does that affect the private cryptocurrency world moving ahead?

Mark Jeftovic:

Sure. Well, this is a major theme in the newsletter. We have a section every month in the month-end review on central bank digital currencies. We keep a very close eye on this.

For one, we've noticed that pretty well every cryptocurrency project that has launched done a public launch has flopped. There has not been widespread public acceptance of these cryptocurrencies. Two, they're still a long way off in the US, in Canada, in most G7 or G20 nations. They're still in the planning phases, still issuing white papers and jockeying for different policies. This is not something we're going to wake up tomorrow and there's suddenly a CBDC that's taken over the entire banking system.

For that reason, I actually think that they will end up deploying CBDCs on some kind of crypto that already exists. I've written about this at length as well over on my Bombthrower blog, which is a free blog. Anyone can read that.

My guess is it's going to be Ethereum is my front-runner for the base layer, the dial tone for central bank digital currencies. The reason I think this is because the global financial system is imploding, unraveling. It's kind of blowing apart at a rate faster than the world's central banks can actually design and develop and implement the CBDC from the ground up.

Will they supplant these private decentralized cryptocurrencies and Bitcoin? Not a chance. It's just not going to happen because the incentive structure is such that the central bank digital currencies are going to evolve into de facto social credit systems, whether they're designed that way or not, and private wealth is simply not going to store itself inside a system where that wealth is outside of their control like fiduciaries and allocators. They're just not going to take their retained earnings and their savings and their endowments and put them into something where somebody else can type a keyboard and just make it vaporize. It's just not going to happen.

So, I think both of these systems are going to coexist in parallel. I call this scenario The Great Bifurcation, almost like a monetary apartheid because CBDCs are going to be the rails for things like universal basic income. They're going to, as I say, morph into social credit systems and let's face it, a lot of people, the way they went along with everything under the COVID years, they're going to like it. They're going to say, "Hey, this is great. I get free money on my phone every month. I just have to spend it by the end of the month, or it goes away and I get extra points if I lower my carbon footprint." Some of these people, their lives are going to be gamified and dictated by the confines of these CBDC systems and they're going to like it.

But a meaningful chunk of wealth and capital in the world is not going to go inside those systems. They're going to build up outside those systems and that's going to be hard assets. It's going to be things, real assets like real estate, gold, silver, money, income-producing businesses and Bitcoin and to other extent cryptocurrencies in general. So, I call that The Great Bifurcation. There's going to be this divide.

A lot of the capital in the crypto world is going to have no intention of ever going back into the fiat world and the CBDCs are really just this runaway to extend the fiat system by a couple of decades and try and maintain as much control as possible over as large a chunk of the population as possible, but it's not going to neutralize Bitcoin and cryptos. If anything, it's going to incentivize their adaptation.

Dennis Tubbergen:

Well, if you're just joining us, I'm chatting today with Mr. Mark Jeftovic. Mark is the publisher of The Crypto Capitalist Letter. For a special rate, you can go to thecryptocapitalist.com/tubbergen, T-U-B-B-E-R-G-E-N.

Mark, we have just about two and a half minutes left in this segment. You had mentioned, I think the phrase you used was the global financial system is imploding, and we certainly saw the beginnings of that. I share your view incidentally with Silicon Valley Bank, Signature Bank, Credit Suisse, so we're starting to see cracks in the banking system. Is it your view that we're just getting started here and there's more to come?

Mark Jeftovic:

Yeah, we're in the early innings here and my latest issue I put out has a graphic of Wile E. Coyote sort of in those moments after he goes off the cliff and he hasn't looked down yet. He knows that gravity's about to take over or he is about to find out and down he goes. I think we're in that kind of an awkward pause in this slow-motion banking crisis.

What was telling was how fast that banking crisis unraveled when it started. We weren't measuring it in weeks and months the way we were, let's say Cyprus, back in 2013 or the euro crisis played out over a year. This happened at internet time. It played out over 72 hours and suddenly you saw all kinds of frantic actions by the Fed and central banks to shore things up. The taper got thrown out the window in 48 hours. They added back like 75% of the taper in hours and suddenly all the FDIC deposits were insured, were going to be covered, covered with what, with printed money, of course, and so it just happened with blinding speed.

We're in this. We're levitating right now before the next round kicks in because every dose of medicine for this financial system that's imploding is just making the financial system more likely to implode. It's making it sicker. So that's where we are and who knows where the next systemic shock is going to come from?

Dennis Tubbergen:

Well, my guest today is Mr. Mark Jeftovic. You can subscribe to his Crypto Capitalist Letter or learn more at thecryptocapitalist.com/tubbergen. I will continue my conversation with Mark when RLA Radio returns. Stay with us.

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. I have the pleasure of chatting once again on today's program with returning guest, Mr. Mark Jeftovic.

Mark's a very bright analyst in the crypto space. He publishes The Crypto Capitalist Letter. You can learn more about that letter at thecryptocapitalist.com/tubbergen, T-U-B-B-E-R-G-E-N. You can also get a special rate if you wish to subscribe.

Mark, let's just jump back in. When we talked about cryptos and you talked about gold and you talked about hard assets, explain to the listeners why Bitcoin is as good a choice to store some wealth as gold and silver or real estate assets that would be, at least from most people's perspectives, be more tangible.

Mark Jeftovic:

Well, what makes Bitcoin tangible is actually what you hear it criticized for the most, and that is the proof of work mining algorithm to mine Bitcoin. It was completely ingenious when the author, whoever he or she or they were back in 2008, came up with this algorithm because it takes energy to mine Bitcoin. And the more adoption Bitcoin gains, the more market uptake it gets, the more energy it takes to mine this Bitcoin.

So, Bitcoin, the frequent opposition you hear about this is, "Oh, it's backed by nothing." No, actually a US dollar is backed by nothing because you, literally, create trillions of them from keystrokes on the computer. Bitcoin takes more and more energy to produce a Bitcoin because it's backed by that energy input, and it's backed by the math that's used to solve the equations to append the block. On top of that, it is capped at 21 million Bitcoins. There will only ever be 21 million.

To put that into a little bit of perspective, give or take, depending on what numbers you use, there's something like 65 millionaires in the world. So, if every millionaire decided they wanted one Bitcoin, there's not enough Bitcoin to go around for every millionaire in the world to get it. So, it's going to subdivide down. Bitcoins can be divided into a hundred million subunits; each one called a Satoshi after the creator.

The other objection you hear about it is, well, you can't have a currency or a money that we can't expand, that you can't keep pace with inflation that can't be inflated. But that's actually false. An inflationary monetary system is more of an aberration than the norm. We've been in this fiat currency experiment for 50 years and there's been some books written that show exactly how a deflationary inelastic currency like gold, like silver, like Bitcoin, and I say Bitcoin, not the others, how they can be a functioning monetary system. Imagine a world where your currency, your savings, the money that you manage to get off the table and put aside, it actually increases in purchasing power over time, instead of decreasing and decaying.

It's a whole different mindset. It takes a while to wrap your head around it, but once you do, it just explodes in your brain.

Dennis Tubbergen:

So, Mark, when you look at what's going on with fiat currencies in particular, the US dollar, the move away from the US dollar around the globe from my perspective seems to be accelerating. You've got China and Brazil now that have their own trade agreement bypassing the dollar. The BRICS countries have stated it is their goal to have a currency backed by a commodity or something tangible. There are rumors that might even be gold, that they want to have that for trade amongst those countries. You've got Mexico and France that have expressed interest in joining BRICS, Saudi Arabia even.

Are the dollars' days numbered as a reserve currency and how do you see this playing out?

Mark Jftovic:

Yeah, they are numbered and the recurring theme, since I started this newsletter three years ago, I mean, I've been covering Bitcoin since 2013, but since the newsletter launched, I've written more than once that these events are playing out faster than I thought. A lot of this stuff I would predict when I started writing the letter and my original thesis, which is called The Crypto Capitalist Manifesto, I said this stuff is going to take 5, 10,

20 years to play out, and 18 months later, we've ticked some of the boxes of these things that I thought would take years or decades.

So de-dollarization used to be something we were prognosticating in the newsletter. We said it was coming and it's turned into something we are now tracking in the newsletter. It is happening. It is happening now. I have no idea how long the US dollar will remain the world reserve currency, but it is coming unraveled at alarming speed, even faster than I thought it would.

Everything that is entrenched has a long tail. So even if suddenly next week the US dollar is declared no longer the world reserve currency, you're still going to be able to spend US dollars probably in almost every country in the world, but you're going to have to spend a lot more of them to get what you used to get. So it's happening. It's real. It's not some airy-fairy theory. We are witnessing it in real time because that's the times we live in now is everything is accelerating and everything is moving faster than everyone can track.

Dennis Tubbergen:

I think, Mark, it was Hemingway that said you go bankrupt slowly, then suddenly, or something to that effect.

Mark Jeftovic:

Yeah, gradually then suddenly, yeah.

Dennis Tubbergen:

Gradually, then suddenly, yeah. So, it seems like that's the case with the US dollar when you're taking a look at how this could play out. The Fed now seems like they have said, "We're going to insure all bank deposits." My research says there's about \$11 trillion of insured bank deposits and the Deposit Insurance Reserve Fund has less than 200 billion. It seems like that we can see a lot of currency creation moving ahead, and that could really mean that we moved from gradually to suddenly, to correctly quote Hemingway.

Mark Jeftovic:

Yeah, for sure. And I did a similar analysis on the Canadian Deposit Insurance Corporation back in 2008, 2009 during the financial crisis and I found the same numbers. If you look at the total insured bank deposits, it was one number, I can't remember exactly what it was. You look at the financial resources of the deposit insurance corporation, whether it's FDIC or CDIC, up here, it's like a 10th or I think it was 3% is what I found. And now

if you're going to insure all the deposits, not just the ones up to the statutory limit, that amount of funding that these corporations have, the deposit corporations have to cover these losses, it's infinitesimal.

So, there's a couple of Bitcoiners up here in Canada that run a podcast called The Canadian Bitcoiners Podcast, and they always like to say, "The money comes from somewhere or it comes from nowhere." So, if the money to cover all these deposits comes from somewhere, that means everyone's got to pay more taxes. And you're in an environment where telling everyone they have to pay more taxes; the bailout banks is a hard sell. So, if it doesn't come from somewhere, it's got to come from nowhere, which means the money printer goes burr again, and that is the most likely course of action. We're already seeing that and that's what's going to happen. So, these fiat currencies are going to print their way to high heaven and it's going to be a pretty nasty inflationary dynamic.

Dennis Tubbergen:

When you visit your website, Mark, which I did prior to this interview, you talk about the fact that there's going to be this great reset and you're offering strategies to help people stay on the right side of this.

As we close this segment, can you talk a little bit in as much detail as you can, and to the extent you're comfortable about how will our average listener that aspires to a comfortable stress-free retirement, how will they stay on the right side of this great reset and what does it look like?

Mark Jeftovic:

My answer to that usually surprises a lot of people because they think I'm going to tell them to buy gold, buy Bitcoin, and I'm going to tell you to do that. You should. I'm going to guess a lot of your listeners probably already are invested in gold, maybe less so in Bitcoin. I'd say start a dollar cost average on Bitcoin, even if it's just going to the ATM once a week and putting 10 bucks in and just as long as you custody it in your own wallet.

But my main answer, the surprising part of the answer is I tell them to get into business, either like a side hustle or start a business in your core competency or buy one that already exists, and you start a business that you can scale over time to diversify your reliance on the economic system. Then in that business, you start accepting Bitcoin and crypto as a payment method, and then you just stack those Bitcoin and cryptos. That's the mantra, that's the drum I've been pounding.

It's like the Sovereign Individual Thesis. I don't know if your listeners have read that book, but it's the holy writ of the Bitcoin space. It was written 20 years ago, 25 years ago, uncanny prescience to the world we're living in today. That's the advice and the guidance that I'm trying to steer my readers through.

Dennis Tubbergen:

Well, my guest on today's program has been Mr. Mark Jeftovic. Jeff. He is the publisher of The Crypto Capitalist Letter. There is a special rate if you'd like to subscribe at thecryptocapitalist.com/tubbergen, T-U-B-B-E-R-G-E-N. You can also learn more about the publication there as well.

Mark, always a pleasure to catch up with you, really appreciate your perspective and your hard work, and I'd love to have you back down the road.

Mark Jeftovic:

Oh, always eager to come on, Dennis. I love talking to you.

Dennis Tubbergen:

We will return after these words.