

EPISODE 756

[INTRODUCTION]

[0:00:34.3]

FT: We're talking about bitcoin on So Money today, welcome to the show everyone, I'm your host Farnoosh Torabi. Remember when bitcoin surged to over 10, \$11,000 per coin? I've always been a bit skeptical of the hype. I don't own any cryptocurrency, full disclosure. When people ask me for advice on the situation, I usually will say that I consider it to be like any other alternative investment and that means invest what you can afford to lose and don't bet the house. You know, I'm open minded about the possibilities of a more crypto focused financial system.

I think that there are merits to it and our guest today, I wanted him to come on the show because I wanted to visit this again. I mean, we've done a couple of episodes now on the whole bitcoin, crypto situation. Nick Saponaro is really at the forefront in many ways. He is the cofounder of a company that's bringing cryptocurrency education to the masses. The Divi Project is also developing a new cryptocurrency and blockchain.

His team has created a unique digital wallet to actually hold what they call their Divicoin and he says, it's as easy to use and as convenient as PayPal. If you've ever wanted to own digital currency or you want to earn an income in fact by using your computer as part of a blockchain because that's also part of what he is bringing to market.

You'll want to listen to this episode but I also wanted to bring Nick on the show because outside of the cryptocurrency market and his job as a cofounder in this industry, he is an internationally sought after DJ people. Yes, I know, right? Obviously, I had a lot of questions about this and just want to say sorry in advance because Nick's audio for some reason got a little echo-y at times.

It wasn't something that we realized during recording, it was only in post and we tried to level it out and hopefully you won't be an annoyance to you but if you do notice something, know that I know and I'm sorry and hopefully we can avoid this in the future. It is worth listening to and if it

gets really annoying, we have the transcript over at somonypodcast.com where you can at least read this interview.

Would love to hear what you think, here we go, here's Nick Saponaro.

[INTERVIEW]

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FT: Nick Saponaro, welcome to So Money. Ready to talk crypto?

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NS: Sure am, thanks for having me on.

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FT: Absolutely. You know, it's no secret to my audience that we are a little bit on the fence when it comes to cryptocurrency, a lot of us frankly don't have the disposable income to be investing in this aggressively. There is curiosity if I may speak for our audience, we're curious about it, we obviously have heard about it and I have done some podcast episodes dedicated to what is crypto, you know, is it just a trend, is it just something that we're going to look back in history as a blip on the radar or is this something that we really have to reconcile with. The more we learn about it, the better.

I'm more of in the camp that the technology is definitely fascinating and I think that this concept of decentralizing the financial system, there is some merit to that. Though, we're still very much I guess, if you're looking at the history of this, in the early days and anyway, wanted to bring you on because you're clearly at the forefront of all of this and your big goal currently is to bring crypto literacy to the masses and you've launched this very interesting campaign project called The Divi Project.

Would love for you to start maybe there and tell us what is it and then in this kind of big puzzle piece of crypto history like where does it fit in?

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NS: As you said, we started The Divi Project, we just launched it yesterday and what Divi is, it's basically an ecosystem, it's a cryptocurrency ecosystem that aims to take the sort of jargon and if you will, geekiness out of cryptocurrency and make it more accessible to the average, every day consumer. Which we believe is inherently difficult yet extremely important if we want to reach that critical mass of usage.

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FT: Why is it so hard, to use your words, why is it so difficult?

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NS: It's difficult because I mean, think about what it is, it's cryptocurrency right? Cryptography, as I said, inherently difficult to extrapolate, right? As it stands today, most of the technologies are being built by people who have a very deep understanding of how it all works.

Bridging the gap between that, you know, that deep understanding and someone who maybe is only familiar with apps like PayPal or Venmo can be quite the challenge but I think one that we're up to.

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FT: Critics would say a part of the reason why crypto has not really gotten to a point of mass adoption is because financial institutions are not ready to really get behind this. It's a unregulated system. Blockchain is unregulated and frankly, crypto advocates would say, "Look, it's super secretive, it's no one's – it's a very protective of your identity," which is great but for my understanding, isn't like every transaction – I would get a code or a number or some sort of identification that is secretive in mind only that is exclusive to me.

That would represent all my transactions in this blockchain. But, as soon as somebody finds out what that is then my whole history is exposed and for a financial institution, that's a huge risk, everything they're trying to put their money towards is combating fraud and protecting people's identity and so, I've heard from critics that like, the reason cryptocurrency and bitcoin and all the others have yet to reach mass adoption is because institutions, big institutions, which really drive markets, see this get worried and they're not willing to play the game.

What would you say to that?

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NS: I think you're definitely right that the big institutions are afraid of this technology for multiple reasons. One, it is honestly kind of a threat to their business model because we're used to a bank, you know, FDIC insuring our funds and keeping it safe but really what you're doing when you're putting your money in the bank is you're giving the bank your money

The bank actually owns your accounts, of course, you're guaranteed that money and whereas cryptocurrency, you're the bank. You own, as you said, your public and private keys and that gives you full control over your finances. That said, I think another big reason at the financial institutions and bigger tech companies and such have yet to fully embrace cryptocurrency and blockchain is because of the regulatory landscape, right?

That's changing, the FCC has definitely taken notice, at least in the United States, other countries are already embracing the technology and beginning to manufacture regulations around it. It's going to come down to – before I say this next part, I agree with you that these large institutions are market makers, right? Without them, you're not going to see it, a push in one direction or the other or not a major one.

Because of that, I think that it's important that we work together. I personally, I'm not one of those people that is like, "I want to bring the government and the banks down." Of course we're going to find those people.

I'm more in the sense of, let's comply and let's find a way where we can incorporate this amazing revolutionary technology into what you guys have, to give you guys more security for your customers and just be – the facilitation of faster and more secure transactions like wire transfers take days and you know, they're going through all these different intermediary parties where as a cryptocurrency transaction can go across border in seconds.

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FT: Back to Divi Project. You said you launched just hours ago more or less. What is phase one of The Divi Project and how can our listeners experience it?

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NS: Yes, yesterday as you said, we launched, our main network and that includes a master node system which is basically a program that allows for the security and verification of transactions through our smart wallet. Right now, the smart wallet is available on desktop and we'll have it on iOS and Android in the next two weeks to a month.

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FT: What's the experience like? Walk us through it.

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NS: We try to eliminate some of that obfuscation of, you know, the long addresses and public keys that you may have seen – have you ever used bitcoin personally?

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FT: No, negative.

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NS: Okay. When you send a bitcoin transaction right now, it's a little bit complex. The address that you're sending to is this crazy string of numbers and weather. We've taken that, we put it in the background and you can now use just a regular old username and password combination, just like you would with PayPal or Venmo. Of course, there's more to the system than that.

The master nodes are really, I think, where the true benefit of our ecosystem come into play. As I said, a master node is essentially a way of securing and verifying transactions on a network so it's a computer program that you would download on your computer. You run it and as a reward for helping us secure and verify those transactions, you get a little bit of Divi, which is our coin and our ecosystem.

I can give you an example. When you send a PayPal transaction, what's happening is you're sending money basically to PayPal. PayPal then verifies and authenticates that you have enough money in the accounts, you're not, you know, committing some crime by sending us money and they decide that it can go to the merchant. And the merchant pays a small fee to PayPal. Rather than paying the small fee to PayPal, the people that are running this program get the fee.

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FT: Last question about crypto and the ecosystem is like, where do you predict we will be in 10 years as far as the advances in crypto and the way that we're using it and who is adopting it? What kind of a financial system do you imagine in 10 years? Maybe even sooner, maybe I'm like talking dog years here but like, okay, five years -

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NS: Well no, I think five to 10 years is a solid timeline, I think it's realistic, it's conservative. You know, it's going to take some time, much like the internet took some time to get to the point where we really trust it with everything, almost probably to a fault sometimes if we're being honest, right?

Yeah, I think to reach that point of critical mass, it's going to take some time. But where do I see it in 10 years. I really do believe that most of our transactions will be using cryptocurrency of

some kind even if that means, you know, that USD, the current currency that we use all the time to cash is just digitized. I don't see why we've digitized every single other thing in our lives except money.

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FT: We've digitized the transactions, I mean, we pay everything online if that counts, we don't have digital currency necessarily but when was the last time you use a dollar bill?

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NS: Right. Yeah, I mean, of course, we're still carrying some of us still carry round cash, I think you can even make the argument, the debit cards, sort of a form of that digitizing it but you're still losing out on the security. As the technologies grow and the scalability increases past the point of what even Visa can handle, we're going to see that it is actually a better alternative and a more secure alternative to the current system.

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FT: Time will tell and while we have you, I have to ask you about your other life as a DJ. We did a little LinkedIn snooping and we found that you also have DJ producer and performer on your LinkedIn profile and so, tell us about this other very interesting part of your life and what – I mean, do you see parallels or is it just like you needed a technical out of your creative life?

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NS: You know, I've always kind of been a nerd ever since I was a kid and despite what – how cool DJs may look on stage, they're just nerds, yeah, we just like playing with computers and making songs and stuff like that.

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FT: Isn't this hard as people make it out to be, DJing? Or is it just pressing buttons? I'm not – I don't know –

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NS: No, it's valid, it's totally valid. No, DJing is not actually that difficult but producing music is definitely more of a difficult skillset to master and they are very different things. I initially got into music as a producer, I was running a music studio and Philadelphia for a little while before I moved to California to try to pursue some more of the performance aspect of it. No, to answer question, DJ is not that hard but making music is. That's really the important part.

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FT: Where were you in your life when you decided you wanted to make this transition and it doesn't sound like you abandoned your music life and your creative side but what inspired you to pursue The Divi Project and what was it about your creative side that was not fulfilling enough?

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NS: You know, I was following crypto for quite some time before I got in to Divi. Even when I was DJ'ing, I was very interested in the space. I've been trading it for three or four years now and studying it for even longer than that, you know, just reading a about it and I got this opportunity to work on this project through a friend of mine who introduced me to it and you know, I just see this industry as such a big opportunity for change that I may not get to see again in my life. Especially not my young life, my young adult life. I wanted to take the opportunity to maybe possibly affect some change in this world.

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FT: Tell me about your background? I want to get into some of our money questions as we do with all of our guests. Take us back to your upbringing, what kind of – I mean, you are an

entrepreneur create obviously and you have a creative – you have creative tendencies, you're very much like a passion project kind of guy and I really love that. Where did it come from?

Did you grow up knowing that you, I mean, my parents would never let me become a DJ, absolutely not, was not allowed to be any one creative, I had to be someone who was going to like, go out there and get a job and pay the bills. I've pivoted a little bit since that.

You know, my childhood was, there was a lot of emphasis on getting an ROI in everything that you do. So I want to know, what was childhood like for you and what kind of education that you have around money and work? 50% of parents have had a money conversation with their kids according to Chase Slate our sponsor, so just wondering what was your money story growing up.

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NS: Yeah, so my mom was single growing up and my parents were divorced really early on. So I definitely watched her as a strong independent black woman just trying to make it with a kid. I saw her struggle and I saw her succeed and I think that had a large influence on how I sort of view money and savings and stuff like that. She was always very prudent with her money and she taught me a lot about – she was one of those parents who had a money conversation with me.

My dad is very prudent as well. You know he is always talking about getting a Roth IRA and you have to put away for retirement stuff but –

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FT: Do you have one? Do you have a Roth IRA?

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NS: I do. I do, that is a yes. But at the same time while they were both very educated people and very prudent with their money, they also allowed me the freedom to pretty much pursue

whatever I wanted and they were very encouraging and supportive to some degree. Some things were less supported than others of course over the years but I think that just openness and freedom to explore different things is really important for young people.

And if you don't sort of dip your toe in various different pools, you may not find that thing that's really your passion.

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FT: Do you think you've found your passion?

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NS: You know what? I am one of those people who I feel like I have a lot of different passions but I love what I do right now for Divi. I am a programmer and it's afforded me some of the most incredible opportunities I've ever had. You know, talking to people like yourself and just spreading the word about something I am passionate about.

But also with music. You know music will always be a passion for me whether I do it professionally or just as a hobby. You know I've gotten to share my music all over the world and I just get something out of that that is hard to explain.

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FT: What has it been like supporting yourself financially as somebody who works in the creative space, music, while it sounds like you're super talented, you've gotten a lot of opportunities but in the beginning I am sure it wasn't always so consistent. So take us to where things are consistent and you were just trying to make it in this career as an artist. How did you make ends meet?

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NS: Yeah, I remember one of my initial mentors who was teaching me how to produce music said, “You know you don’t get into music to make money.” And he was serious about that. So I always had little odd jobs. I mean in the very beginning I just had a regular job I was selling cellphones for T-Mobile until I started to get my chops and I was getting more consistent gigs and running the studio of course back then and you know, you kind of live by the seat of your pants a little bit.

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FT: Did you get into debt?

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NS: I did, definitely. At one point, I had to sell one of my cars. I only had one car but one of the cars I have owned over time. I had to sell that car just to cover some things and honestly, up until pretty much a year and a half ago, I had no idea what I was going to do.

It’s definitely not an easy – even my most successful musician friends who play at the big festivals like EDC are not necessarily rolling in it, if you will.

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FT: So do they have a lot of aspiring actors, we have a lot of them on this show, they talk about when they were starting out they had their jobs, their ‘job-jobs’ which was waitressing or baby sitting or you know something that was sort of flexible, they could go to auditions. So did you ever have a side gig while pursuing music?

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NS: I sure did and actually it was what pretty much led me into what I do today. So I started learning how to develop websites probably a year or so into doing music full time because I learned that you could pretty much throw together a WordPress site and you could sell it to people.

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FT: And people will pay you for it.

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NS: Yeah.

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FT: Time is money.

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NS: Exactly but over time, I wanted to get that skill set a little bit more flush out. So I started researching and I started learning more and more and more on my own about how to actually make websites by hand by coding which eventually led me to enroll at UCSD Coding Bootcamp where I learned and got certified as a web programmer and that kind of like topped off my learning and actually, it didn't top it off.

I will never top off the learning, it just helped me expand my learning and led me into being able to develop professional level websites like the one for Divi.

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FT: I love that story, okay so if I am hearing it correctly you were using both sides of your brain. You were pursuing the creative industry but you realistically got to pay the bills. I just sold my car, not great.

So what skill can I learn that can have a faster return on the investment and that was developing websites which is brilliant and now you can do that from anywhere in the world. You don't have to be going into an office or speak a particular language.

It is the universal language of code in WordPress and so what were you just starting to get, opportunities left and right and that was helping you and I'm sure that probably made you better at music because you didn't have the stress of the money aspect of it.

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NS: Yeah, the more you alleviate the money aspect of music the better the music becomes and I started to learn that and that was really the breaking point for me saying, "You know what? I think I am okay with sort of putting that goal or that career on the back burner while I work towards this career on cryptoconcurrency because I can still go back I can still make music comfortably with a clear head," and you are a 100% right with that.

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FT: So going back to Divi how much can people make as a side hustle and I understand there is also going to be a Divicoins, what does that cost?

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NS: Yes, so basically in crypto in general, there is a lot different ways to try to make money but in reality they only sort of guaranteed ways to generate more tokens is to either mine or run a master node. Now mining requires an insanely powerful machine that is very expensive which makes your ROI obviously hard to meet. So master nodes are incredibly less intensive on your computer's hardware.

Meaning you can run them on just about any laptop computer. So as a side hustle, you know I look at the way our master nodes work almost like an alternative to driving for Uber or Lyft where in Uber and Lyft, I mean you are spending obviously your car, spending money on gas, putting all these miles on it, wear and tear, you have to get additional insurance for driving people around, etcetera, etcetera.

By the end of the day, are you even making money? It's hard to say and of course you are spending time which in my opinion is the most valuable resource you have at your disposal. So by putting your computer to work, yeah you have the opportunity to work without spending time basically if that makes sense.

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FT: Yeah, you're just using your computer's hard drive I suppose, storage?

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NS: Yeah, so the way it works is it uses the power cycles of your computer's processor to secure and verify the transactions in the network and we do have a coin. Divi is the coin's name and we are on the exchange now, as of this morning actually.

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FT: Congrats.

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NS: Thanks, so yeah.

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FT: When it comes to and this is my last question because I know everyone is curious, there is so many different types of crypto now. There's all these different names, there is so many as they say initial coin offerings in the last year, there has been an explosion of them.

So let's say there are some people listening who have a few thousand dollars and they want to invest it alternatively in something that they know is high risk and they are curious about the crypto space, how do you go about evaluating a coin and how do you – can you even be diversified in this space right now if you don't have a lot of money?

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NS: So yeah, well to start with how to evaluate it, research, research, research, look at the team, look at their LinkedIns, do they even have the companies name on LinkedIn? What else have they done?

It is really important that if you are going to put money into someone's idea that you can at least to some level trust who they are and that they are able to deliver on their promises. I can't stress enough how important it is to research before you put money into this industry and that's it. I am sorry what was the second part of that question?

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FT: The second question was diversification, yeah. So I know this is an alternative investment category. So you know it's not that at this point, diversification is not the top thing that you have to be worried about. Although it would be nice because that is always a good way to mitigate your risk and so are there bonds with this type of currencies where you can get a little bit of everything, a little bit of a variety?

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NS: Well there are some, I know they are trying to get some bitcoin ETFs through on the actually stock market and such but there are ways to diversify in just cryptocurrency investing. I mean for example, you can mine or run a master node which is essentially a hedge against actually trading or investing and coins just for the code for profit. Because in a volatility of this industry, you need to hedge against that risk.

And you can do that by generating more coins as such through master node, right? Because you are generating more tokens even if the price of the coin goes down, you're are essentially dollar cost to averaging against yourself for free.

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FT: Got you and there are tons of crypto currencies that are penny stocks essentially, right? Which could be another way if you don't have a lot of money and you want to be in the game and in the market, that's the way that they do it but where do you cash in and where do you buy and sell? I mean there is, what is it called, Coinbase?

[0:29:10.6]

NS: Yeah Coinbase. Coinbase is probably the most popular at least for Americans, the most popular on ramp and off ramp to and from cryptocurrency because you can use credit cards or a debit card to purchase with some limits of course imposed on how much. And it's hard for them. You know it is very expensive I should say for them to be able to do that to obtain the [inaudible] stuff like that to offer that opportunity.

I think moving forward we will see a lot more of that and it is definitely something that is on our road map and a lot of it also comes down to facilitating ease of use. So I know a lot of people that at the end of last year were on Coinbase, posting their coin base redemption codes and getting the extra five or \$10 or what have you and I saw an article a few days ago that said all these people are filing complaints at the SCC against Coinbase or losing money and stuff like that.

And that I think is a result of lack of education about crypto currency and what people are investing in and lack of ease of use.

[0:30:21.9]

FT: You are passionate about this, you are trying to move the needle and get us all educated on it so we appreciate that. Thank you for coming on the show, when is your next DJ gig?

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NS: Geez, I don't even know at this point. I've really been so focused on Divi that it is just my main focus right now so.

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FT: So tell us how we can all get on the platform if we want to.

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NS: So you can go to our website, diviproject.org now and you can download the desktop app, start playing around. Over the next couple of weeks we will have a lot of educational video content coming out that will not only show you how to get involved with the platform but how to understand it and utilize crypto in the real world and within the ecosystem as well.

[0:31:15.2]

FT: All right, thank you so much Nick Saponaro.

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NS: Thank you so much, thanks for having me on.

FT:

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You can learn more about The Divi Project and Nick by visiting diviproject.org and you can also follow the team over on Twitter @diviproject. If you missed any of this or want to download the transcript or send me some direct mail, head over to somoneypodcast.com click on 'Ask Farnoosh', and leave me your question or your comment, let me know maybe you want to co-host and we will be in touch soon and I'll be sure to get in touch.

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Thanks for tuning in everyone and I hope your day is so money.

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