



FOR RELEASE JULY 20, 2021

Cryptocurrencies ... the Future, a Fad, or Simply a Fraud?

Trial Attorneys and Expert Witnesses share their opinions
regarding the Cryptocurrency Phenomenon

Top Line Report

RECOMMENDED CITATION: Advice Company - July 2021 Cryptocurrencies ...
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Background / Overview

Bitcoin or Dogecoin? Investment or Ponzi scheme? Does anyone know what is happening in the cryptocurrency world?

The first Cryptocurrency (bitcoin) launched in 2009, using a technology (blockchain) developed just one year earlier. Although only a dozen years old, cryptocurrency now seems to be playing a significant role in numerous areas such as financial speculation, cybercrime and ransomware.

Widely quoted consumer crypto research has estimated general “awareness” of cryptocurrency at approximately 80%. However, these same studies indicate that while awareness has been increasing, there is a profound lack of understanding as to precisely what cryptocurrencies are, how crypto is “mined,” and how crypto can serve socially valuable purposes.

That research was geared to a broader consumer market. We wondered what awareness and understanding exists among groups of highly educated individuals across a broad spectrum of subject expertise – architecture, medicine, engineering, finance, and accounting – as well as a group of nationally recognized attorneys. Fortunately, Advice Company regularly communicates with our current panel of more than 20,000 expert witnesses, litigation consultants, and attorneys who have graciously participated in our groundbreaking studies for more than 15 years.

As a first step, we asked both panels (attorneys & experts) a series of questions to ascertain their general knowledge of cryptocurrencies and elicited their opinions on crypto’s advantages and disadvantages, and their views as to a need for greater regulation. For the attorney panel, we asked if they, in their legal practice, had dealt with, or anticipated dealing with, cryptocurrency matters. We also asked both groups if they have previously purchased crypto, and if so, what was their experience.

The Top Line results are presented herewith.

Key Findings

- The largest group (43%) consider themselves only somewhat familiar with cryptocurrencies. Interestingly, the percentage of those being Extremely / Very Familiar (30%), and those Not so / Not at all Familiar (28%) are statistically the same. Given all of the press coverage of cryptocurrency recently, one would have surmised that the percentage of those who are not familiar with cryptocurrencies would have been substantially lower.
- Bitcoin (84%), Dogecoin (78%) and Ethereum (75%) are clearly the most widely known of all the current cryptocurrencies, although the Dogecoin numbers have undoubtedly been influenced by an extraordinary amount of press coverage during the survey period.
- While practically half (49%) of respondents said Very speculative, less than one-in-ten (7%) see it as an investment, yet twice as many (15%) wish that they had bought some. Verbatim comments ranged from the highly thoughtful: "Depending on the crypto, it's a store of value (e.g., Bitcoin), a way of decentralizing the monetary system, a way of facilitating new processes/ways of doing things, or a hybrid of all of these" to the very negative: "Tool for terrorists, criminals and speculators."
- A strong majority (82%) believe cryptocurrencies needs regulation. and the overwhelming majority of those respondents saying Yes think that the current levels of regulation are insufficient with more than nine-in-ten (96%) saying regulation should be increased to More than the current levels (20%), or, As much as necessary to eliminate fraud 76%).
- Almost seven-in-ten (69%) have not purchased any cryptocurrencies.
- Of those who have purchased cryptocurrencies approximately 40% more respondents (32% vs 23%) found their purchase of cryptocurrencies to be a positive experience rather than a negative. However, almost half of respondents (45%) have found their experience to be neither positive nor negative.
- Excessive Speculation (54%), Facilitation of Illegal Transactions (58%), and Tax Evasion (55%) were all seen by more than half of respondents as primary negatives of cryptocurrencies. Environmental Impact was seen only by one-in-three (33%) as a primary negative perhaps due to the ongoing conversations regarding new low power crypto mining techniques. Verbatim comments included: "Money laundering", "No intrinsic value" and "Current levels of fraud, excessive pricing viability, need for consolidation."
- Decentralization (37%), Security (33%), and Democratization of Markets (39%) were all seen by one-in-three respondents as primary benefits of cryptocurrencies. Access and Ease of Use, both at 19%, were substantially lower but higher than anticipated. None that I am aware of, at 25%, was not surprising considering verbatim comments such as: "Totally socially and economically useless. Vacuous, of no utility value."
- Almost three-out-of-four (73%) of responding attorneys have dealt with cryptocurrency (18%), or anticipate (55%) doing so in the future as part of their legal practice. Only one-in-four (27%) have not, nor anticipate doing so in the future.

Narrative Summary

1. How familiar are you with cryptocurrencies such as Bitcoin?

Extremely familiar	17%	Extremely / Very Familiar	30%
Very familiar	13%		
Somewhat familiar	43%		
Not so familiar	16%	Not so / Not at all Familiar	28%
Not at all familiar	12%		

The largest group (43%) consider themselves only somewhat familiar with cryptocurrencies. Interestingly, the percentage of those being Extremely / Very Familiar (30%), and those Not so / Not at all Familiar (28%) are statistically the same. Given all of the press coverage of cryptocurrency recently, one would have surmised that the percentage of those who are not familiar with cryptocurrencies would have been substantially lower.

2. Of the many cryptocurrencies available, which ones have you heard of? (Check all that apply)

Binance Coin	22%	Bitcoin (84%) / Dogecoin (78%) / Ethereum (75%), clearly the most widely known brands.
Bitcoin	84%	
Cardano	16%	
Dogecoin	78%	All others with less than one-in-four brand recognition.
Ethereum	75%	
Polkadot	18%	
Tether	24%	
XRP	22%	
USD Coin	24%	

Bitcoin (84%), Dogecoin (78%) and Ethereum (75%) are clearly the most widely known of all the current cryptocurrencies, although the Dogecoin numbers have undoubtedly been influenced by an extraordinary amount of press coverage during the survey period.

3. What is the first thing you think of when you hear "cryptocurrency"?

Very speculative	49%	Most see cryptocurrency as Very Speculative	49%
I wish I bought some	15%		
Fraud	3%		
Ponzi scheme	15%	Few, see it as an Investment	7%
Investment	7%		
I do not understand it	11%	Many, wish they bought some	15%

While practically half (49%) of respondents said Very speculative, less than one-in-ten (7%) see it as an investment, yet twice as many (15%) wish that they had bought some. Verbatim comments ranged from the highly thoughtful: "Depending on the crypto, it's a store of value (e.g., Bitcoin), a way of decentralizing the monetary system, a way of facilitating new processes/ways of doing things, or a hybrid of all of these" to the very negative: "Tool for terrorists, criminals and speculators."

Narrative Summary ... contd.

4. Do you believe that cryptocurrencies should be regulated?

Yes	82%
No	18%

A strong majority (82%) believe cryptocurrencies needs regulation.

5. How heavily do you think cryptocurrencies should be regulated? (Among those saying "Yes" above)

At the current levels of regulation	4%	Current levels	4%
More than the current levels of regulation	20%	More / As necessary	96%
As much as may be necessary to eliminate fraud	76%		

The overwhelming majority of respondents think that the current levels of regulation are insufficient with more than nine-in-ten (96%) saying regulation should be increased to More than the current levels (20%), or, As much as necessary to eliminate fraud (76%)

6. Have you purchased any cryptocurrencies?

Yes	31%
No	69%

Almost seven-in-ten (69%) have not purchased any cryptocurrencies.

7. How have you found the purchase of cryptocurrencies?

Positive Experience	32%
Negative Experience	23%
Neither positive nor negative	45%

Of those who have purchased cryptocurrencies approximately 40% more respondents (32% vs 23%) found their purchase of cryptocurrencies to be a positive experience rather than a negative. However, almost half of respondents (45%) have found their experience to be neither positive nor negative.

Narrative Summary ... contd.

8. What do you think are the primary negatives of cryptocurrencies? (Check all that apply)

Excessive Speculation	54%
Facilitation of Illegal Transactions	58%
Environmental Impact	33%
Tax Evasion	55%

Excessive Speculation (54%), Facilitation of Illegal Transactions (58%), and Tax Evasion (55%) were all seen by more than half of respondents as primary negatives of cryptocurrencies. Environmental Impact was seen only by one-in-three (33%) as a primary negative perhaps due to the ongoing conversations regarding new low power crypto mining techniques. Verbatim comments included: "Money laundering"; "No intrinsic value" and "Current levels of fraud, excessive pricing viability, need for consolidation."

9. What do you think are the primary benefits of cryptocurrencies? (Please check all that apply)

Decentralization	37%
Security	33%
Access	19%
Democratization of the Markets	39%
Ease of Use	19%
None that I am aware of	25%

Decentralization (37%), Security (33%), and Democratization of Markets (39%) were all seen by one-in-three respondents as primary benefits of cryptocurrencies. Access and Ease of Use, both at 19%, were substantially lower but higher than anticipated. None that I am aware of, at 25%, was not surprising considering verbatim comments such as: "Totally socially and economically useless. Vacuous, of no utility value."

10. As a part of your legal practice, have you dealt with, or do you anticipate dealing in the future with, any matters involving cryptocurrencies? (Asked only of Trial Attorneys)

Yes, I have dealt with cryptocurrency matters	18%
Yes, I have not dealt with cryptocurrency matters, but anticipate doing so	55%
No, I have not, nor do I anticipate doing so	27%

Almost three-out-of-four (73%) of responding attorneys have dealt with cryptocurrency (18%), or anticipate (55%) doing so in the future as part of their legal practice. Only one-in-four (27%) have not, nor anticipate doing so in the future.

Methodology

Advice Company's ExpertPages unit retained DeBow Communications Ltd., New York, NY (www.debow.com), an independent market research firm, to conduct an online survey of professionals identified as expert witnesses, litigation consultants and trial attorneys. More than 100 responses from throughout North America contributed to the survey. Of the total, approximately one quarter (27%) were current ExpertPages or AttorneyPages accredited Members. The Survey was conducted from 5/15/2021 through 6/25/2021. At the 95% confidence level, the margin of error is +/- 9.8 percentage points overall, although margins of error are higher in sub-groups.

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