

POD OF JAKE  
#72 – JOEY KRUG  
AI-GENERATED TRANSCRIPT



**Jake** 00:59

Thank you, Joey for taking the time. And joining me on the show today. I really appreciate it. You're joining us as the CO CIO of Pantera capital, you also co founded a couple of crypto companies, one called augur focused on prediction markets, and other called Echo, which is sort of like a modern, I don't know what to call it exactly. It's not quite banking. And it's not quite a credit card, but it's something in between and seemingly a little bit better. So I'm looking forward to talking about all these things. But before we get started, for those who aren't so familiar with your story, I would love to just have you take people up to speed from you know, as early as you're willing to go to where you are today and sort of some of the decisions you made along the way to get to where you are

**Joe Krug** 01:43

awesome. Yeah, thanks for having me on. I guess where I'd start is, you know, kind of going back to 2011 is sort of how I got into crypto in the first place. And I used to do a lot of I used to be really into overclocking computers so making your computer run faster than it then it comes stock you know, kind of overclocking your CPU and your graphics card or whatever. And there's a forum posts about mining Bitcoin on one of the forums I used to go to all the time, called the overclock. dotnet and I looked into it ended up started mining, just with a couple GPUs I had in my gaming computer at the time. And I didn't really like read anything about it though I about a month later though. After my computer been mining for a while I read the Bitcoin white paper, and was super fascinated by it was a really interesting idea. It's kind of the first time I'd seen a currency not attached to a government. And it's like kind of just I didn't really do much in this space. So I was like, okay, bitcoins cool. seems really awesome. I was in high school at the time. And I ended up just kind of holding on to them, and sitting on it not really doing anything. Until 2013. When I was going to school up kimono in Southern California, I studied computer science there. And a few friends and I we started to a Bitcoin or crypto club there. And then in 2014, I decided I was gonna drop out, I thought the space was, you know, moving very rapidly and that I thought this could be as big as the internet, but for finance, and so I left in 2014 started building one of the first projects on Ethereum at the time called augur, which is



really two things. One, it's a peer to peer prediction market or betting platform. And then the other thing is, it's a Oracle system for getting data about the real world into the blockchain. So started building that in 2014. In 2015, we did the first we call it a crowd sale. But later people started using the term Ico on aetherium, back in 2015. And then the rest of my story is, is I started getting into angel investing, started investing in some early companies in the space, wrote the first check in two 0x, that decentralized exchange. That's kind of one of the first big lessons I made in this space. And then also nuber I, in through that met the folks at Pantera. Around the same time, you mentioned Ico around the same time, Ryan brazeau reached out and basically just asked like, Hey, you know, I'm thinking about doing this new crypto thing and payments, would you be interested in kind of helping with like the architectural stuff, and I said, sure. But anyway, you know, fast forward to today, so I ended up joining Panthera in the summer of 2017. As co CIO, we invest solely across the cryptocurrency and blockchain space, I'd say we're one of the only funds that has, you know, liquid set strategy in the public markets illiquid strategy on early stage tokens venture, and also a quant strategy and it gets pretty unique Have all those in the space. That's, that's me. That's my background. And that's what I'm working on happy to get into any of those areas, whether it's augur Ico or Pantera.

**Jake** 05:10

Yeah, it's an awesome story, and I appreciate you sharing it. I'm trying to think of where to dig in first, maybe we'll take it sort of chronological starting with the early days. So you started mining Bitcoin in high school, and you're sort of on? I don't know, if it was like, one of the main forums or whatever, but you're sort of probably talking with some people online. When was the first time like, in college? You mentioned you started this club? When did you start to find people like in real life and in the real world, rather, you know, not not online, that we're also paying attention to this Bitcoin thing? And back then, were you looking at it as like a currency? Were you starting to think of it as like the digital gold narrative? Or sort of none of the above is just sort of a fun thing that seemed like it might be interesting that you started to get involved with.



**Joe Krug 05:59**

Yeah, I mean, I think by then, you know, 2013 or so? I definitely started to think of it as you know, both like maybe it can be used for payments someday. And then also definitely the digital gold kind of store value narrative. Other people I kind of met, you know, in real life, I'd say yeah, that was sort of the first time I met people who knew about crypto who weren't people? I told them about it. You already mean? And I'd say except that I was in pretty close to LA I went to a couple la Bitcoin meetups. The, this guy mica from from Gen. He's to organize those, I think, and that was kind of the first time I met other people in the space who were who were interested in Bitcoin. But yeah, I mean, it's, I'd say, like, there weren't that many people, you know, like, you know, at the meetups, there's maybe 50 people at school, there, maybe, you know, 10 to 15, people who are kind of interested in it. Most people thought it was, you know, crazy still. Even then, you know, everybody talks about, like, you know, there's a good chance that it doesn't work, and it goes to zero sort of thing. Versus like, now I think it's, you know, almost no chance to Bitcoin goes to zero versus back in 2013. Like, that was a real, real possibility. Yeah.

**Jake 07:25**

Right. So, you know, you're in college, you're doing this club that you started, you're going to a few meetups, you eventually decide to drop out, like you said, was that difficult decision for you? You mentioned sort of seeing crypto as maybe the next internet, this one for the finance world more so. And sort of thinking that you had to jump or else you might miss it. Now, although things are developing extremely fast, from sort of one perspective, it's also relatively slow. And that like you probably could have, you know, entered the space a couple years later, and still done a lot of meaningful stuff, not saying that, that that's something you should have done. I think what you did is seemingly worked out, you know, perfect, but But how did you think about that decision at the time was it you know, you're someone who's certainly not foreign to just the overall concept of making bets auger is central to what augur does, and seemingly, your interests. How did you think about that, that of dropping out at the time?



**Joe Krug 08:29**

Yeah, that's a good question. Yeah, definitely, with with hindsight, I think, you know, I definitely wouldn't have had to drop out at that point in time. I mean, if you're still entering the space today, as a new person, it's still it's still fairly early, you know, compared to where things are going, I think. But I do think it was the right decision. You know, even if I had had perfect foresight, and was able to know what I know, now, I still would have done it. I hate the way I thought about it was, you know, there's, there's this new space. It's not like my professors are teaching me about it. It's kind of at the forefront of computer science. And, you know, my options are, I could do another three years of school, and then miss out on the three years of like, stuff, that's advancements that are happening in the space because I'm doing computer science and pre med so I wouldn't have really had time to like pay attention to what's happening in crypto, I would have just been three years behind or whatever. And so, I thought about that as like, you know, I could just kind of stay at the forefront, keep learning all this stuff on my own, is I'm not going to learn it in school anyway. And then from like, building something in the space standpoint, I just thought that like the expected value of leaving and doing that was higher than than staying in school. It's also just much more Interesting. I definitely like to do things that are fun and interesting in life. And while school is thought and super interesting to me, like starting something brand new, in this new tech ecosystem, that's, you know, gonna transform finance is even more interesting. And so, you know, I'd say like, it wasn't necessarily, you know, get down in pen and paper and do some super rational calculus, it was more just like, I optimize around what was more fun and what I thought had more upside.

**Jake 10:32**

So if you think of that decision, I imagine, that's like one of the more important decisions you've made in your life, just because it sort of changed the trajectory to some degree where if you'd stayed in school, you know, you may have ended up in crypto, you may have even ended up doing similar projects to what you've done and investing like you've done, but at least the way I look at things, you know, things would have changed quite a bit, just as a matter of, you know, taking a very separate very different path for a few years. If you think of

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that decision as sort of one of the most impactful decisions you've made to date in your life. Are there any other decisions along, you know, in the same league as like dropping out of school that you've made that you think, have been sort of similarly, like risky, seemingly risky decisions, at least, that have really paid off in, you know, the few years that have happened since or however long it's been since that decision might have been?

**Joe Krug 11:26**

Yeah, I mean, I think I think the two, the two other ones, you know, joining Panthera, you know, at the time, like, I remember talking to a lot of people about it. And, and, you know, some of the people I talked to were like, no, like, you shouldn't do that. And some people said I should, and I kind of ignored both of them and just thought about what I actually wanted to do and made my own decision. I think that's usually the best way to make decisions, by the way is, is you can't really go off of what other people say you can even take their input, and but you kind of have to make your own decisions in life. And that was one of them where, you know, it's kind of a pivotal decision that I made to actually join tentera. And I think another one that was like that is, you know, saying yes, when when Brian Breslow, who's kind of the first person who came up with the very initial idea for Ico apps, if I was helping an interested in helping spec out the architecture, you know, cuz I was pretty, I was pretty busy at the time. And I could have just said, No, like, I'm too busy. But I thought it was interesting enough to say yes. And so I think those are kind of like two other ones that that I put in that category.

**Jake 12:42**

Yeah, it seems like both of those have certainly served today. So I want to come back to Panthera and ego. But before we do so, sticking with the early story for a second, you're now you know, you've co founded a couple of companies, pretty prolific investor from your syndicate on angelist, through Panthera, you mentioned like 0x I think that was like 100x return and a year, some of these other crypto projects have done exceedingly well. Do you like as a kid, obviously, you were interested in, in technology and computers, you mentioned like hacking away to make computers, you know, run faster and things like that, where they're sort of early forays in either, you know,



entrepreneurship or investing that from like, a very young age, you were into sort of building things or, you know, even just investing when sort of like when you were young and like I know for me, my first investing experience was when I was little, maybe not first, but my first like meaningful one was with Tesla when I was like, pretty young. What sort of started you off in either investing and or entrepreneurship?

**Joe Krug 13:56**

Yeah, I think the way I got started, I think first I started kind of, you know, building things. When I was eight or nine, my dad had this like, big HTML in JavaScript textbook that I read through and did a kind of lot of the exercises in that book. And then when I was 10, he got me a old Apple two on eBay and and you know, like a manual for Apple soft basic, and said, Hey, you should check this out. And he wasn't like a programmer or anything. He just he just thought it was will be interesting and it's and it was like, that's how I got into programming initially is three that it the next thing that you know, on the investing side. I initially got into investing through through horse horse racing. I used to in like seventh or eighth grade. I have an extra hour for you at the end of the day and I would didn't want to start working on my homework yet, because you know, you've been to school in nine hours, kind of just want a break. And so I kind of got up a hobby took up a hobby, it might have us betting on horse races. And so I would, you know, kind of scour through, you know, 100 or 150 different races, you know, get all the data on all the horses. And then I built these models in Excel where it would basically say which horse I should bet on, based off a ton of characteristics of each horse, like, you know, who the jockey was, who the trainer was, what the track conditions were, you know, how the horses previous performances were, what distance to the horse run in its last race versus his current race, you know, all that sort of stuff. And I started with \$20, and ended up with a couple \$1,000. And then once I got that money, I, I decided to start trying to invest in the stock market. And made a ton of mistakes. Luckily, on a small pool of capital, it's always better than make your main mistake, kind of small, small amount of capital. And that's sort of how I initially got into investing in finance and that kind of stuff.



**Jake** 16:17

So a couple questions going off on investment pieces, I think that's a really interesting and pretty uncommon, I would imagine way to start, why horse racing, like how did that come to be. And then, secondarily, with investing, if you don't mind sharing, like some of those early mistakes, as well as some early signs that you might have found that, hey, I can actually do this pretty successfully, I should keep out this.

**Joe Krug** 16:40

Young man, I think horse racing horse racing, mostly just cuz that's, that's something I discovered that I had an edge in. You know, I never been a person who really likes to do things that I'm not good at. And, you know, I don't know anything about betting on soccer, or football, or I don't really know anything about those sports either. But horse racing is something that I'm actually super interested in. I love horses. It's I knew a lot about like the sport and how it worked. And you know, who the players are that sort of thing. And it's interesting to me. And then I guess the other component is that it's one of the few sports that you can bet on where you're betting against the market. So it's not like traditional sports betting, where you bet against the house. And that house, you know, has an edge. And they know, they know like how much money they can make off of you, and they'll cut you off, you start winning? Well, some some places offshore will do that for horse racing, too. But for the most part, horse racing is what's called a paramutual market. So you're actually betting against other people. So it has real market pricing. It's like, it's like a financial market. And I discovered that I had an edge in it. And so that's, that's why it was interesting to me, I liked horses, and I had an edge on the finance side of things, you know, some of the mistakes that I made. I mean, like, one of the first mistakes I think that anybody makes when they start, you know, investing in stocks, is they start looking at a bunch of like, really small, small companies like very small cap stocks, or penny stocks, or that sort of thing. Because it seems like there's so much more upside. But actually, most of those companies are just really bad. You see the same dynamic in crypto, by the way, like people who are buying, like, you know, all coins that are below the top 500 on coin market cap, like, you know, most of that is just not good stuff to buy, like,

there's no reason you want to, you know, 99.99% of it sounds like one of the first things I learned. Also, like, another kind of like intuition most people have when they first start, you know, investing in companies is like, oh, like, you know, you want to buy companies that are cheap. It's like, well, like, what makes a company cheap versus what makes a company expensive, right. And it's not like a cheap company is not just because it trades at a low price to earnings multiple. A low p e company could actually be very expensive, and it's a company that's going to be dead and to eat or, you know, things things like that are kind of some of the first things that I learned. I think one Yeah, like kind of, you know, where did I discover that I had an edge or, or signs of that. But I think one area I realized that I had some level of an edge was in things that are technology focused. Like I got super into trading, you know, biotech companies, because there's a lot of research that you can read about, you know, the drugs that they're working on. You can look at the phase two trial results and try to see like, how well you think that's going to map to what they're doing in phase three. You can do a lot of really deep due diligence, like you can try to find people who are in the phase three trial and see you know, how well the medicines working for them. You know, like things like that you can do really kind of boots on the ground diligence So I just heard that he kind of had a bit of an edge in that in that area. And that's sort of how I kind of fell more into tech investing. Versus, you know, buying stuff that seemed cheap. Which was really more kind of, you know, Buffett would call like cigar butt investing. I'm not very good at cigar butt investing, apparently.

**Jake** 20:21

Yeah, I mean, it sounds like basically both these areas where you found your edge, whether it's horses or tech stocks or tech companies, the key was sort of marrying an area where you had just a lot of natural interest with an area where there is at least the possibility of gaining an edge whether it's horse racing, betting against people in the market, rather than the house or, you know, biotech stocks or any stocks for that matter where it's, you know, you do the work and work harder, more than you know, other people are willing to do and you have sort of an some sort of Ajit and being able to sort of consume the data and make good decisions, then you can get an edge there as well. So that's pretty interesting, and obviously has served



you well, in the time since where you've now sort of gone. Even if even more Nisha and focused on on crypto, what seems to be a great time to do so. So that's an interesting sort of origin story there on the investing side. I understand I actually don't know the exact timeline, but I understand you dropped out and applied for the teal fellowship at some point at around that time. Period. curious to hear, I've heard you sort of tell the story on another podcast of moreso, like the application process and things like that, but I'm curious to hear, from your perspective, being in a part of it. How the teal fellowship has been your Well, maybe not that the fellowship has been successful, necessarily, although I'd say that it probably has something to do with it. But at the very least, objectively, you can look at the people who have taken part in it. And like, they've basically just been an extraordinary success. And I guess you could argue whether it's causal from the fellowship itself, or maybe the fellowship just knows how to pick the right people who are going to be successful anyway. But I'm curious to hear why that sort of cohort of people has been so extremely successful, you know, yourself included, the types of people that the teal fellowship has brought in over a relatively short period of time.

**Joe Krug 22:25**

Yeah, I mean, I think, what's what's interesting about it, it's a great program. But what's interesting about it is, you know, if you look at, like, what are the common themes among people in it, you know, I'd say, at least in my experience, you know, all the people in it are genuinely nice people. Like, there's never met somebody who, who's like an asshole. It's, it's a little fella, you know, what I mean? Like, everybody's really genuine, nice, kind people, which I think is important. You know, people don't think about that as much as they should, in a business context bank, it actually matters. I think the second thing is that, you know, everybody in it is incredibly, intellectually curious about anything. It doesn't have to be about their kind of area of expertise. And I think, you know, they, they're, I mean, there is some element of like, they're, they're selecting people who, who kind of has done some things before. So you have a bit of a selection bias in that sense that you mentioned. But they're still selecting people fairly early in their careers. So like, there's that kind of flip side of it as well. But I think those those are kind

of the common things that that tie it together. And then like, you look at the process of how they select people, it's it's very thought through, like, it's not like, like, you look at a lot of scholarship programs, and not really a scholarship program, but you feel like things like on the actual University side, there's so much randomness to it in, like, you write an essay, and then like, somebody reads the essay, and then, you know, how you talk like two people, and then they select you, you know, for reasons that look good on paper, or whatever. And that's, that's not really how the fellowship works, it doesn't really have to do too much with what you've written down on paper. It's more about like, who you actually are as a person, what you actually working on, that sort of thing. So they're very careful about how they like, run the selection process, but I think is important. That's probably one of the main reasons why it's, you know, created such a high quality group of people.

**Jake** 24:30

Have you taken anything from that process that you went through to your companies or even Panthera when it comes to acquiring talent?

**Joe Krug** 24:41

I say interesting, nobody's asked that before. I think one thing you know from it. I haven't really even thought about it until now. But you know, one thing from it is just like the importance of being really selective about who you decide to work with you See, if you look at, you know, the like geopolitics or whatever, when they, when they, you know, I guess you could say, like, accept people to it or grant them the fellowship or whatever. It's very selective in the sense that like, they're very careful about about who they add to it in very thoughtful and that sort of thing. And I think from a hiring standpoint, you know, you should hire people the same way, like hiring processes should be very thoughtful, shouldn't just hire people, because you're trying to, like, throw a bunch of humans at a problem. And you need to scale up, quote, unquote, is the thing startups often say, Yeah, you do need to scale up, but you should still do it carefully. Because if you don't, you're just going to put more work in later when you have to fire the people that you hired, because you, you didn't run a proper process. And so I think that he does something that's really important.



**Jake** 25:52

Yeah, that's interesting. And I think to your point, people sometimes will just say, like, Hey, we need numbers, or like this business need has popped up, and we need to, like get someone in the door who can do it in two weeks, or whatever. But people sort of underestimate the, I don't know, if it's like, first of all, there's like, sort of the cost down the line of having a poor performer or even just like a decent performer who you later have to, like, let go or whatever. There's also just the opportunity cost of like, what if you had got that amazing person? Or contrary, you know, what, if you had never got that amazing person you got because you sort of had the patience and took the right framework to make them the higher, I think there's there's got to be value and just being more thoughtful and treating every addition as sort of an important person and being just, you know, considered and careful sort of about that, that process. So that makes a lot of sense. When you apply it to, to the teal fellowship was, was the project that you had said you were working on, was that auger or was that something else?

**Joe Krug** 26:54

Yep, yeah, that was auger.

**Jake** 26:55

So auger, I understand, like you initially had tried to build on Bitcoin, realized that probably wasn't going to work. And, you know, then aetherium comes out, and you ended up building on aetherium. You mentioned before, like, you sort of did this crowdfund It was like, crowdfunded. And you know, later that was called like an Ico. This was also like, basically, the first defy app. And that really wasn't a term heady there. So you're sort of like, doing these things that ended up becoming standard terminology. Before that was the case. What gave you like the initial? I mean, obviously, you had sort of this history of interest in embedding and maybe that had sort of bordered on an interest in, in prediction markets, sort of like a fancy word for for betting. But how did you actually decide like, this is the project I want to pursue once you sort of identified that like, okay, crypto is something I don't want to miss the boat on. I'm gonna drop out of school and they do the teal fellowship. This is what I'm

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working on. How did that come to fruition? How did with Park punter fruition Exactly. Like pursuing augur? Specifically an a prediction markets project?

**Joe Krug 28:10**

Got it. Okay. Yeah. So I mean, that sort of goes back to the horse racing in, in a sense. You know, like, the pace that you had to go to, this has changed in the US, by the way, but back when I was doing it, you know, this hypothetical, you were kind of sketchy, they are all offshore. You know, they, you, sometimes your money got frozen, like they're a bunch of issues with it. But I never really thought about solving that problem, you know, that this is like when I was like, 10 1112, sort of thing. You know, I, that problem wasn't really in the back of my mind. But then when I came across a theory, in 2014, there were kind of like three papers written. There is a paper written by this type, Paul stork, there's a paper written by this guy, Joseph Bhanu, at Princeton, thanks at Stanford now. And then metallic wrote a blog post as well. And they're all about this idea of prediction markets, where you could, you know, have people create these real world events that you could basically bet on. And the point was that blockchains are perfect for this use case, because they're inherently global. They're censorship resistant, you know, they have very low fees in the long run, all these sorts of benefits. And I read those and realize that those actually kind of solved the problem that all the software books had. And, you know, even outside of betting, they're also very interesting for kind of, like, information gathering purposes. Like it's really cool to know that what the exact percent chance that you know, somebody becomes president is according to the market, or you know, what the percent odds are that the next SpaceX rocket launch, you know, goes, you know, successfully, things like that. And so I decided that it would be really fun to build that basically because It kind of solved the problem that I had. And also just intellectually interesting.

**Jake 30:06**

So this is sort of a weird question, but I'm curious to pose it and see if you have like a response if there was like a prediction market for prediction markets, and like there, I don't know what sort of what stat you might use, but maybe like overall dollars, or pick your unit

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of currency, you know, of liquidity and prediction markets, perhaps reaches x, like, you know, milestone amount, pick your sort of like large target of maybe what you think prediction markets could be in five or 10 years or something like that. How does that look historically? Like, was there? And let me know if this doesn't make sense. But like, was there sort of previous instances pre crypto of hype around prediction markets, maybe even under another term? At the time? Was there sort of a peak of hype in the last few years that has since like, calmed down a little bit, but you expect to like go up again, in the future? How does that chart look? Like if that makes any sense?

**Joe Krug 31:09**

Yeah, it makes sense. I think in terms of hype, you know, their prediction markets have had like, a no hype for a long time. And then just eight 712 elections within trade, they had a ton of hype around them. In 2016, there wasn't really that much. Because in trade was gone. There was some traffic on Betfair for betting on the election. And then the 2020 election was was pretty sizable, like a good amount of factor and on all prediction markets surrounding surrounding the election. I think the issue with prediction markets has always been that it's hard to get traction on things outside of politics. And, you know, if you look at like, blockchain based ones, like getting liquidity is a is a hard problem. Yeah, and that's something that you know, will take time to solve or want, it needs to be deeper to provide liquidity. You have things now that are that are on layer two, like polygon, a Matic, like augur just launched on automatic about a month ago or so. Now, it's cheaper to use, but like, there's still like an awareness problem. And there's still the problem, how do you get like dollars into the system from the external world, which isn't necessarily super easy. And so those are kind of the things that like, you know, may hinder adoption to some degree. And if you look at the total market size over like a five to 10 year horizon, it's basically probably, you know, the TAM is basically the size of like the global betting market, which basically is, you know, sports betting plus politics. You can envision it expanding beyond that, you know, that's, that's sort of five to 10 year view.

**Jake 33:03**

Right? And do you think that people will sort of, you know, do you think that this market has to start with sports and politics, but that eventually, people may take an interest in betting on, you know, things that are less popular today? Or do you cuz that's sort of I think, necessary, if you're going to go for the, you know, if the argument that the sort of information that emerges from prediction markets is going to be useful for the world, like such as like the SpaceX launch probability and things like that, you know, having information about like, how sports games might wind up or how political excuse me elections might, like go is maybe marginally useful on like, the political side, at least, but and you can make money and you can have fun. But do you think that there's sort of a, a, you know, untapped interest in betting on outside events from from those major use cases that we've seen today?

**Joe Krug** 34:05

Yeah, I think I make today people are mainly interested in betting on sports and politics. And I think, you know, once you get them betting on those, there's always been this idea that you can get them to bet on other things. But I'm not sure. Like, I think like, you know, you could put you could definitely be able to bet on eSports. But if you look at eSports right now, it's a massive market, you know, more people watch that, in many cases, the natural regular physical sports. But then you look at the betting market, and it's much smaller. And that's like an obvious reason why it's smaller. It's because almost everybody who watches eSports is age 13 to 18. Fast forward five years, they'll all be 18 or more, and then you have a massive market that can now bet on you know, eSports and so that market will become huge. That's probably the next market to get big in this sector. Outside of that, there's there are people who are experimenting with With like other ideas, like, you know, very specifically policy markets and stuff like that, like there's a company called cow Street, which is trying to do this. But I think the the next one that like has a huge market size is probably like, just eSports.

**Jake** 35:15

Yeah, that makes sense like a natural natural tangent from from sports, I guess and targeting the younger generation and especially to have that be a crypto native platform probably makes a lot of sense as

well just given the, the increased sort of, you know, interest from from younger people in crypto and they just don't think twice about it's just natural sort of what they're growing up with. This is switching gears a little bit, but I'd heard you talk on another podcast about you said as like sort of like a joke. But basically, you're like I was talking about auger at these early Bitcoin meetups, even though you were building on aetherium, like the sort of the best place to talk about it with people, you know, there, there weren't really Ethereum meetups, maybe there was like a couple, but not as many as Bitcoin. But you said sort of as like a joke that now nowadays, if you were to talk about it at a Bitcoin meetup, like you'd get shot, there's like, there's this. And I don't know, maybe this isn't what you were sort of referring to, but my impression from that was like, you're talking about sort of the sort of, like extreme nature of Bitcoin maximalists, or at least a sub sect of Bitcoin, maximalist these days where you can't really talk about any of these other projects that at least to you and I are pretty interesting within crypto. It's just like Bitcoin or nothing. And if that's sort of right, in terms of like, what you were getting at, what do you think of that general trend? And, you know, maybe why has that developed? Why is it like good or bad? How is it helping or hurting crypto as a whole or Bitcoin? And in and of itself? It's just a curious thing that's happened even since I've really gotten into crypto, which was much later than you things really weren't that way, it seemed for a while. And now, it's like this. There's a lot of people who are who, you know, are invested in Bitcoin and believe in Bitcoin, but they also are excited about crypto as a whole. But there's this at least sub sect of people who are only into bitcoin that just take like a really adverse reaction to anyone who's into anything else. So I'm curious to hear sort of your general thoughts as someone who's been in around space since 2011.

**Joe Krug 37:30**

Yeah, I mean, I think it's an interesting, it's an interesting question. Yeah, that that is what I was referring to, on, on that podcast, there was a lot more openness, and in the early days of the, of the space I get, and I guess, like, maybe the reason that's changed is actually very simple. It's that, you know, anybody who is open to other ideas, it's open to them and probably uses things like the



theory of defy in anybody who's not, you know, only goes to Bitcoin only meetups. And so you kind of have like this, you know, reinforcement of people who are less open to things cooperating together, which makes them more and more recursively, left open to new ideas sort of thing. Good examples. Can you look at like what, you know, jack Dorsey's doing recently with, you know, smart contracts on Bitcoin, which is just like, total nonsense, and makes zero sense. I mean, I love Bitcoin. I still own a lot of Bitcoin, but like, the concept of running smart contracts on Bitcoin doesn't make any sense. Like, it just doesn't work. And so, yeah, I'm not really sure why the space went that direction. Those are a couple ideas for maybe why, why it has, but yeah, the early days were definitely simpler time. where like, you could totally just mention any idea, and people would talk to you about it. If they did disagree, like, they wouldn't, you know, they wouldn't do so. So dominantly, you know, they would, they would say, you know, I disagree. And here's the reasons I disagreed. And it was kind of more of a jovial thing versus like, if you look at, you know, Twitter today, people are much more harsh, I would say.

**Jake** 39:13

Yeah, I think that's a pretty reasonable assessment. And I always like the simple answer if, if it can be given and I think just the fact that people are interested in other things, maybe have gravitated towards those other things. And people who go to the Bitcoin meetups, or the people who don't accept anything else is actually like a pretty reasonable to be part of the you know, it's reasonable to say that that might be part of what's gone on and, and it's just sort of a simple answer. That's, that's easy to wrap your head around. So a question, you know, you talked about, like how Dorsey is doing the smart contracts on Bitcoin. A question that I think a good amount about or have over the last few years is sort of a I tried to like think in probability terms of you know, Which platform, there's arguments or protocol rather, there's arguments for each protocol. Or rather, there's arguments as to whether there will be like one dominant protocol like the Bitcoin maximalist would certainly say it's gonna be 99.9%, Bitcoin and the rest everything else or whatever. Some people think that there's like a number of different protocols that can succeed in a huge way over the, you know, years and decades to come. So there's sort of like that meta question of like, Is it going

to be one big winner in crypto or money? And then within that question, if you accept the premise that there might not be one that's like, 99%, I at least don't think that's going to be the case. But you know, who knows? But there's going to be one that's like, you know, the largest market cap crypto for quite some time. And I think about like, Okay, what are the odds that that's gonna be Bitcoin? What are the odds that aetherium flips it? And it's going to be aetherium? What are the odds that it's something you know, it's a different protocol that exists today? That's, that's not quite as big or really nearly as big given the size of those versus others? And then what's the probability it's going to be something that's not created yet? What's your sort of perspective on on that question? And you don't have to, like give specific numbers? Or you don't even have to answer the question if you don't want, but I'm just sort of curious to hear your take on that.

**Joe Krug** 41:26

Yeah, I mean, I think, you know, if you look at like, what's the kind of dominant smart contract platform going to be, you know, five years from now, to kind of rephrase the question. I think, you know, if you look at history, it's probably, it's probably a theory. You know, I'd say, like, maybe 75% shops, if I had to bet on it. And I think that's because all these layer queues are existing on top of aetherium. And then even things like polka dot, you're building bridges to a theory again. So, you know, if you think of it like, nation states against use an analogy, you usually have one or two world powers, then those kind of everybody else. You know, for a long time, it was a British Empire, for a long time, it was, you know, the US Empire, maybe the next one is China. But if you look at blockchains, like, I think you're going to have a few dominant players. And then everybody else kind of builds things around them. So like most trade today still takes place using the dollar. They hit a year from now, it's the yuan, I don't know. But in crypto, you know, most new blockchains are still bridging back to Ethereum. And so you'll have things that get traction and have interesting use cases for certain reasons. Like, there are reasons why you might choose to go live in Singapore, or Switzerland or the UK or whatever, you know, not everybody needs to come to America. But the same thing is true with blockchains. Like, you look at polka dot, there's reasons why you might want to build on polka.as

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opposed to aetherium. But I still think like the majority of kraid, similar to how the majority of trade 1000s of dollars today, the majority of trade in the space, in my opinion, is going to happen on a cerium. And the fact that everyone's building bridges to it sort of reinforces that notion, like pretty implicitly and explicitly. So that's why I'm so confident that it's probably a theory.

**Jake** 43:26

And do you think the value of winning that, you know, smart contracts, protocol, like the dominance smart contracts protocol, is going to be greater than or equal to or less than? Like, if Bitcoin continues to be the dominant store of value? Do you think that they go up against each other, or one sort of pulls off as just being the much more valuable thing? Or does Ethereum start to capture some of the store of value use case? How do you think about that?

**Joe Krug** 43:59

Yeah, I think I think a theory is probably going to capture some of the Storify use case but I think like you don't need smart contracts to capture it. Like I think that client is is still probably going to be the main you know, winner a store of value will be my guest. And because he looked at it very a lot of while the usage has happened in stable coins. Granted, decentralized ones do require each as collateral. I could see each becoming a more valuable store of value especially because like with things like VIP 1559 proof of stake it's actually going to become more deflationary for Bitcoin than Bitcoin, which is very interesting. But I don't have the store of value in or something I have a less clear view on the the smart contract cleaner, if that makes sense.

**Jake** 44:50

Yeah, totally. And yeah, that's a it's like the way I think about it. I'm not nearly as you know, I haven't spent nearly as much time and I'm not nearly as Like, fluent and all that a few are, but I think for me the thing that like digital gold, it's really easy to sort of approximate a value that that winner might, you know, capture, like, if Bitcoin becomes you know, if Bitcoin matches the market cap of gold, it's what it's like, you know, 10 or 15x, something like that from from where it is now in terms of value. But there's not really



like, it's hard for me to analogize Ethereum to anything like there's, it's a new thing, it's like talking about what's the value of the internet going to be in, in the 90s. And, you know, of course, the internet wasn't something you could like directly own a piece of necessarily, but Ethereum is and so it's, it's just harder for me personally to like wrap my head around. But I do tend towards the the idea that there's like, crypto is not something where it's just going to be one massive winner. I think there's room for at least a few different winners and a few different major sort of use cases. And so it's, it's gonna be interesting to see how all of that plays out. So switching gears a little bit, again to, you know, ask you the question about like, to the best decisions you've made outside of dropping out of school earlier, and you mentioned ego, deciding to work on that, as well as Panthera deciding to, to go work there. So I want to touch on both of those. Before we wrap up here. I know we're coming up on time. But could you talk a little bit about Ico and why you're so excited about that project? In particular, I sort of introduced it a little bit at the top of the show, but if you could sort of introduce it for those who are totally unfamiliar and describe like why it's such a valuable, such a valuable idea and concept that they're executing on from from your perspective.

**Joe Krug** 46:53

Yeah, so. So the idea behind Ico, it kind of goes back to this idea that if you look at the banking system, and in FinTech, Africa today, FinTech is ridiculous today is really lipstick on a pig, and the pig of the existing rails, you can make it look a little prettier on the UI side. But you can't really fix the underlying reasons why banking today sucks, you're not going to make you know FinTech app is not going to enable you to send money 24 seven globally, at basically no fees, and haven't just worked, it's not going to give you a higher interest rate than the bank, they'll maybe give you a little higher one, maybe they'll fund it with VC funding or whatever. But they're definitely not going to pay you 3%. So they may take your money, loans out to mortgages at two or 3% pays you two basis points. That's just like, it's kind of a scam. And so if you look at what we're trying to do with Ico, the idea of Ico is that you have one simple balance, basically like a digital wallet, that let you spend, send in save, basically earn money at the same time. And the idea is that it

replaces both a checking account and a credit card. In long run like that's, that's our aim, and to offer the user really good rewards on both of those. So when you spend, you get really good rewards, when you just kind of save your money and eco and store it in your account, you get really good rewards. And the important thing is it's not a bank. It doesn't rely on the existing rails, they use crypto on the back end for everything. And so the vision kind of long term is to build, you know, 100x better banking experience. And if you look at most successful technology companies, like, you know, Uber is not the typical taxi company, but it but it owns no cars. Two people have said this a million times, right? Like Airbnb is the most successful, you know, property company, but it owns no properties. You know, the idea of Ico is to build the best banking experience, but it's not a bank. So that's sort of what we're what we're working on.

**Jake** 48:56

Yeah, it's interesting, I come across it, I think a few months ago, and, and just glazed over and sort of like never dug in. But now in preparing for, for this podcast, this conversation with you, I think I got to go give it a download it and check it out and put some money in and start using it. Secondarily, to that Panthera you joined? What's it? You know, I'm curious to hear what sort of whatever has been interesting that that you might like to share on your experience and that decision to join but specifically, what's it been like working with Dan, who's sort of like a, you know, a, he's been he's extremely successful and sort of a pretty traditional non traditional life but in the traditional finance world, and decided to sort of go and and focus on crypto but he's he's like a bit from like an older generation than, than you and I, what's it like, where do you guys sort of overlap and sort of different decisions and what's it been like sort of running the firm alongside him

**Joe Krug** 50:01

Yeah, you know, Dan has a has a great background in, you know, finance having been, you know, the global macro trading that Tiger management in the 90s, which was the world's largest hedge fund back then. And so, you know, he's, he's been around the block longer than I have in the finance world, and that's sort of his DNA. And I come more from the tech side of things. And so it's a great partnership. For that

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reason. It's ongoing from kind of from the war tech perspective, and he's kind of but more from the pilots perspective. There's not a huge amount of overlap in our skill sets, which, which is like, look at any good partnership in general, it's bringing people together who can get along, you know, who can always be up front with each other, no BS, and then who has skill sets that don't overlap a whole lot? If we did the exact same things, then probably wouldn't be a good partnership. It though. It's been great. I've been working with them since you know, I guess for years now since 2017. And it's super, super fun. Yeah, as I said before, that one of the things I ended up thought is like, if what I'm doing is not fun, like, the life is short and also very long, like why bother doing something that it's not fun? And, yeah, working with Danna canteras. Super fun.

**Jake** 51:26

Great. Well, look, Joe, I got a lot of fun talking with you today to use your own. I guess prioritization. I certainly wouldn't be doing the podcast if it wasn't a lot of fun for me. So I appreciate you sharing the time. And you know, sharing your perspective with me and with everyone who chooses to listen. Where can people go to continue to follow your story and you know, whether it's Twitter or Panthera where can people keep up to date with you and everything that you're doing?

**Joe Krug** 51:53

Yep. So on Twitter I'm just at Joey crew, just my name all one word. If you want to shoot me an email my email sis Joey at pincher capital comm if you have a company you're working on or anything really feel free to reach out