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Being new to crypto means making costly mistakes.

I'm not scared to share 11 of the mistakes I've made along the way.

Please cry with me: 🧵 👇

Mistake 1: Broadcasting that I needed help

Guess what happened when I tweeted about issues I was having with Coinbase and MetaMask?

The fraudsters came out to play. I can't tell you how many official looking bots contacted me and tried to steal my credentials.

If you need help, ask a real person in the crypto space. I've found most people (even strangers) have been willing to guide me through my issues.

And if someone reaches out to me for help, I plan on being generous with my time because I know how it feels from the other side.

Mistake 2: Accepting free "stuff" without doing any research

It's amazing how many people think that free is always good. I've found in the crypto space that one has to be very skeptical of free things because fraudsters are everywhere.

I accepted a token drop without doing any research (TKNFY). I paid more in gas to claim the tokens than they were worth. I bought more on SushiSwap because I felt silly. I staked the tokens without doing much research. Then I unwound the position when I came to my senses.

The same is true of NFTs. I almost made the gigantic mistake of clicking on the "hidden" NFTs that suddenly showed up in my OpenSea account. I asked a Discord group I'm in about them and quickly realized that interacting with "free NFTs" could wipe out my wallet!

Mistake 3: Keeping valuable assets in a generic wallet

I hear really sad stories daily about people who interacted with a smart contract (like a NFT mint) and had their wallets drained. Smart contracts can move assets out of wallets so DYOR (do your own research) is important.

Hard wallets can help. But another solution is to set up a separate wallet for minting and then move assets out of the minting wallet once you know it's safe. This has extra cost associated with it (gas prices suck) but it does protect your assets from bad actors.

Mistake 4: Not internalizing how currency pairs work

It took me a while to realize that while token farming/staking is a statement about your belief in the new token, it's also a statement about your belief in the base token you're exchanging for the new token.

Being tethered to a highly volatile currency isn't easy to understand until you go through the math of unwinding a transaction. More than once I thought I was gaining ground when in reality I was losing ground.

I read up on the LooksRare project and exchanged 3 ETH for LOOKS for staking purposes. What I hadn't internalized immediately is that I was making a bet that LOOKS + the interest gained through staking was going to accrete in value at a faster pace than ETH.

I did well on the trade until ETH ran and then I watched my "ETH denominated return" fall rapidly. And with gas prices, unless you're staking a lot of ETH and generating a lot of interest in WETH, the conversion rates into and out of ETH can crush your return.

Mistake 5: Interacting with DMs in Discord

This one is simple. Turn off your DMs in Discord!

I was pummeled by bots and fraud attempts immediately upon joining various Discord groups until I locked my DMs down. There's no reason to keep DMs open. None!

Mistake 6: Not mentally adjusting to the daily volatility

I wasn't used to the magnitude of volatility in the crypto and NFT spaces so small dips in token values or floor prices felt like buying opportunities when bigger swings were right around the corner.

I felt like I was “catching a falling knife” because I lacked grounding to determine the likely floor. More than once I bought a 10% dip into a 50% correction.

And when I invested in a NFTs, dips in the floor felt like a personal attack that I had to solve by buying more.

Mistake 7: Not checking the rarity of a NFT

Minting is fun because you don’t know what you’re going to get. It’s like opening a pack of baseball cards hoping to get something valuable. But it’s not obvious what traits are “rare” without research which makes it easy to trip.

I minted 6 NFTs in a project for 0.05 ETH each. A few weeks later the project had a sudden runup to a 0.7 ETH floor and then quickly retraced to 0.5 ETH. I decided to sell 2 to lock in some profit and listed the 2 for sale that I liked the least.

You can guess what happened. One of them was very rare (top 1.5% in the collection) and was picked up instantly. Seconds later it was relisted at 1.75 ETH and it sold instantly. People in the Discord group made fun of me for my mistake which didn’t make me feel good at all.

Mistake 8: Anchoring to all-time highs

I found myself constantly comparing a token or a NFT that I owned to its ATH. But if the ATH was achieved quickly then it was most likely due to a “pump”. Rarely are quick ATHs based on fundamentals because value takes time to build.

It’s easy to get caught up in narratives that drive quick movements in tokens and NFTs

It’s difficult to remain grounded when good information about traction/progress is difficult to come by

ATHs have messed with my mind and made me lose track of fundamental business thinking

Mistake 9: Experimenting with the wrong number of zeros

Fees and friction are maddening in the crypto space right now (especially anything ETH denominated or on OpenSea). The result is a bleeding of economics at every step of a many-step process.

What I realized over time is that I needed to experiment with larger sums to make the fees bearable.

This feels horrible because I don’t know what I am doing yet, but winding up and winding down positions is very costly so bigger positions help make the “math” work.

I now have the view that if a project pumps it will likely retrace. This means a good strategy is to wait for a pump, sell to lock in gains, wait for the retrace, then re-buy. But this requires playing with enough money to overcome all the fees in the system.

Mistake 10: Gold fever is real in the crypto space and I caught it

It took me a little while to realize that gold fever is VERY present in the crypto and NFT spaces. It's too easy to catch the fever because everyone around you seems to be getting rich quick.

The truth is that most crypto teams are figuring things out as they go and hype around their projects precede tangible results.

It's also sad but true that NFT Roadmaps and the utility promised for most NFTs are mostly bullshit.

But social signals, influencers and FOMO are at play in a really big way. They create the "itch" to take risk in search of riches.

To be clear, many projects will create tangible value over time, but the fever encourages the chasing of windmills that are everywhere you look.

Mistake 11: I forgot that for every buyer there's a seller taking the other side of the trade

Everyone tries to convince the world that their "trade" is amazing and about to break out. It's all about creating a supply/demand imbalance which has nothing to do with fundamentals.

I've definitely been caught up in this hype in the NFT world and found myself pumping projects I'm invested in. I really want to build "ride or die" communities that surround the projects so my motivations are pure.

But I found myself studying floor prices, seeing how thin they were and thinking: "Just 20 more people until the floor moves". How does the floor price impact the long-term project? It doesn't. It just makes me feel good about my investment decisions. Madness.

Staring at these mistakes really hurts me in a profound way. I'm forced to admit that it didn't take much to turn off my rational brain, and those of you who know me should understand why this bothers me.

And the sad truth is that if it can happen to me it can happen to anyone.

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