

8-2023

Public Relations for Cryptocurrency: Coinbase Guidebook

Logan Odneal

Follow this and additional works at: <https://scholarworks.lib.csusb.edu/etd>



Part of the [Public Relations and Advertising Commons](#)

Recommended Citation

Oodneal, Logan, "Public Relations for Cryptocurrency: Coinbase Guidebook" (2023). *Electronic Theses, Projects, and Dissertations*. 1784.

<https://scholarworks.lib.csusb.edu/etd/1784>

This Project is brought to you for free and open access by the Office of Graduate Studies at CSUSB ScholarWorks. It has been accepted for inclusion in Electronic Theses, Projects, and Dissertations by an authorized administrator of CSUSB ScholarWorks. For more information, please contact scholarworks@csusb.edu.

PUBLIC RELATIONS FOR CRYPTOCURRENCY: COINBASE GUIDEBOOK

A Project
Presented to the
Faculty of
California State University,
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts
in
Communication Studies

by
Logan Odneal
August 2023

PUBLIC RELATIONS FOR CRYPTOCURRENCY: COINBASE GUIDEBOOK

A Project
Presented to the
Faculty of
California State University,
San Bernardino

by
Logan Odneal
August 2023
Approved by:

Dr. Theo Mazumdar, Committee Chair, Communication Studies

Dr. Thomas Corrigan, Committee Member

Dr. Daniel MacDonald, Committee Member

© 2023 Logan Odneal

ABSTRACT

Cryptocurrency has emerged as a disruptive force in the global financial landscape, challenging traditional systems and offering new possibilities for economic transactions. As this innovative technology gains traction, its reputation and public perception have become crucial factors for its widespread adoption and long-term success. However, the reputation of cryptocurrency and cryptocurrency organizations have been in crisis as multiple and widescale frauds and crashes have threatened the growth of the industry.

This project seeks to answer this issue by applying crisis communications and public relations frameworks to create a plain language guide to inform the consumer base and restore investor confidence in cryptocurrenc

TABLE OF CONTENTS

ABSTRACT	iiii
INTRODUCTION	1
THE ECONOMICS OF CRYPTOCURRENCY	2
RELATIONAL MAINTENANCE	6
CRISIS COMMUNICATION AND CRYPTOCURRENCY	11
STATEMENT OF PROBLEMS	15
METHOD	16
AUDIENCE	21
DATA	21
PROJECT OUTLINE	22
DISCUSSION	23
CONCLUSION.....	26
APPENDIX A: COINBASE GUIDEBOOKS: AN INTRODUCTION TO CRYPTOCURRENCY	27
REFERENCES	49

LIST OF FIGURES

Figure 1. Top Crypto Currency Exchanges.	3
Figure 2. Historic Price Chart of Bitcoin.....	4
Figure 3. Penguin Publishing Audiobook Advertisement.....	20

Introduction

In the early 2000s, a means of engaging in commerce and peer-to-peer payments without the need for banks or governance was conceived on an internet forum and Bitcoin was created. Nearly 20 years later there's competition between businesses that exchange cryptocurrencies and fiat money. One of the exchanges, Coinbase separated itself from the competition early on by advertising a pay-to-learn feature where users would earn small amounts of cryptocurrency by signing up and watching videos on Coinbase's website. Because of this early aim at educating its users, Coinbase would be a natural fit for an informational guidebook.

Following the year that cryptocurrency had in 2022, research into the public relations of cryptocurrency is becoming one of the more important aspects to study. Despite the highs, cryptocurrency had in 2022, the collapse of multiple cryptocurrency developers, the all-time low price that Bitcoin hit, and the bankruptcy of FTX, caused enough chaos in the industry to require a response from the remaining exchanges.

An informational guidebook on cryptocurrency serves multiple functions. One of which serves as a way of building a relationship with the exchange's users, in addition to the expected roles of the exchange such as privacy and efficiency, any additional benefit helps strengthen the relationship between the exchange and the user. The guidebook also serves as a crisis response to downturns in the cryptocurrency market. Because the majority of Coinbase's

revenue comes from fees made from each trade, an attempt to maintain trading volume during economic downturns would be the most effective response. By aiming the guidebook to address trader confidence, it could maintain the trading volume necessary to keep the organization out of crises.

The contents of the guidebook include information on the complex technical aspects of cryptocurrency, the history of cryptocurrency, insights into the business elements of cryptocurrency, descriptions of individual coins, common forms of fraud related to cryptocurrencies, and a glossary or dictionary on cryptocurrency terminology. While people who have been trading cryptocurrency for years are likely not in need of the guide, it is meant for people with little knowledge about cryptocurrency. The overview of individual crypto projects would be helpful for people to identify a safer cryptocurrency to invest, trade, or hold. Finally, a description of common scams might be one of the most important parts of the guidebook because it would describe immediate red flags about crypto projects for low-information people who otherwise would not know any better

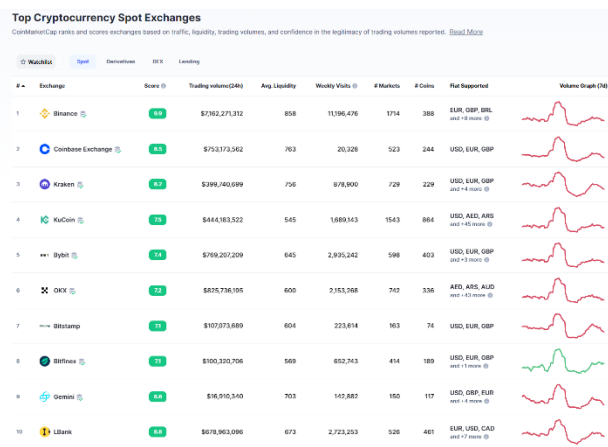
The Economics of Cryptocurrency

Coinbase is a digital wallet and trading platform allowing for the exchange and storage of digital cryptocurrencies. It was founded in June 2012 by Brian Armstrong, and Goldman Sachs trader Fred Ehrsam later joined as a cofounder (Locke, 2021). Coinbase was founded on the idea that there should be an open and global financial system to increase economic freedom (O'Connell, 2021).

On April 14, 2021, Coinbase became a public company on the Nasdaq exchange via a direct stock listing (Hagler-Geard, 2021)

Cryptocurrency is a digital currency that uses a public ledger called the blockchain (Fincen, 2013) the blockchain is able to record transactions through to use of miners. The purpose of miners or nodes are computers dedicated to running the blockchain program, nodes constantly broadcast, communicate, spread information, and warn each other of changes in the blockchain as well as synch the blockchain updates regularly (Abuselidze & Zoidze, 2021). In return for powering the blockchain network, the nodes generate cryptocurrency as a reward (Abuselidze & Zoidze, 2021). The most popular cryptocurrency, Bitcoin was created in 2008 with the intention of serving as a secure and private way to make exchanges on a peer-to-peer basis (Nakamoto, 2008). The key principle of cryptocurrencies is decentralization, meaning no single institution controls the network. (Agbo & Nwadiolor, 2020).

Figure 1.
Top Cryptocurrency Exchanges



Bitcoin was designed to be a way for people to exchange funds on a peer-to-peer basis (Nakamoto, 2008). If this worked effectively, it would alleviate the necessity of banks and other third parties in everyday transactions. This along with decentralization is the biggest development cryptocurrency has to offer.

While Bitcoin has been mostly faithful to the creator of Bitcoin Satoshi Nakamoto's vision the success of bitcoin as a proof of concept has led to the creation of numerous other cryptocurrencies and an economy to support it.

While the early Bitcoin community primarily consisted of individuals accumulating it mining on their home computers. It was not until the creation of Mt. Gox, the first cryptocurrency exchange, that the accumulation of cryptocurrency changed (Vigna & Casey, 2016). Mt. Gox, like all following cryptocurrency exchanges, allowed the exchange of a fiat currency for cryptocurrency and vice versa. CoinMarketCap.com lists cryptocurrency exchanges through a combination of traffic, 24-hour trading volume, coins

Figure 2.
Historic Price Chart of Bitcoin



available, and fiat currencies accepted. Coinbase is rated in second place and enjoys a comfortable lead of around 1.5 billion dollars in trading volume above the third-rated exchange Kraken but is behind Binance by about 11 Billion Dollars in trading volume. Since Bitcoin was created it has inspired the creation of hundreds of other cryptocurrencies referred to as altcoins. The amount of Bitcoin users has been rapidly expanding, in 2016 Bitcoin had 6.56 million users, and that amount grew to 11.05 million in 2017 (Agbo & Nwadiolor, 2020).

At the beginning of 2017 Bitcoin averaged \$1,000, by the end of the year Bitcoin hit its all-time high of \$20,000. Starting in January 2018 the price of bitcoin rapidly fell to under \$5,000 where it remained until May 2020 when it increased to \$10,000 and remained between \$5,000 and \$10,000. In October 2020 Bitcoin began to rapidly increase in price reaching an all-time high of \$63,000 in April 2021 and again in November reaching a price of \$67,000. Since then, the price of Bitcoin has fallen until it hit a floor in June 2022 and has remained relatively stable at \$20,000.

There is some explanation for the turmoil in 2017 and 2018. In January 2017, the Chinese government banned and started cracking down on cryptocurrency activities, which created some instability in cryptocurrency markets (Kumar & Aanandarao, 2021). Chicago Board Options Exchange listed Bitcoins futures in December 2017 which caused the price to go up (Kumar & Aanandarao, 2021). The 2018 fall has a few reasons attributed to it there were rumors about a ban on cryptocurrency operations in South Korea, the Bitconnect

crypto exchange shut down, and the Japanese exchange Coincheck lost over \$500 million dollars worth of NEM coins. (Kumar & Aanandarao, 2021).

There are several events that have a correlation with the exchange rate of Bitcoin. Unsurprisingly the role of Bitcoin-related events impacts the exchange, regulation also plays a significant role in the exchange rate of cryptocurrency. (Zhou, 2021). It was found that news coverage played a big role in driving the price of Bitcoin (Zhou, 2021). However, the exchange rate of Bitcoin is not heavily influenced by other financial indicators.

Returns of global stock markets and gold do not have a causal effect on BTC returns. However, smaller cryptocurrencies (ex: XRP) are more sensitive to gold prices and general stock market volatility and can have a causal effect on BTC prices (Malladi & Dheeriya, 2021)

While the focus has been on Bitcoin, this is generalizable to most cryptocurrencies, during the 2017-2018 market fluctuations similar fluctuations and sudden crashes was visible in other cryptocurrencies, except for Ripple (Kumar & Anandarao, 2021).

Relational Maintenance

At the core of Public Relations is a focus on establishing and maintaining mutually beneficial relationships between an organization and the publics which it depends on for success (Ferguson, 1984). Emphasizing relationship building enables an organization to engage in two-way communication (Avidar, et al., 2013). In order to determine and research strategies for maintaining and

managing relationships, it's important to know what comprises a relationship. Previously being defined as “the state which exists between an organization and its key publics in which the actions of either entity impact the economic, social, political and/or cultural well-being of the other entity” (Bruning & Ledingham, 1998, p. 62). Part of the process of maintaining relationships is a performance of symbolic behaviors that communicate a desire to continue the relationship and performs symbolic behavior with the goal of maintaining relationships (Bryant & Marmo, 2009). When performed online some of that symbolic behavior becomes distinct from other behaviors associated with maintaining relationships in person.

A focus on relationship building is one of the most important things an organization can do. A study where the researchers analyzed four crisis response strategies in groups with positive relationships with the organization and groups with negative relationships with the organization. They found that among groups with a positive relationship with the organization there was no significant difference between crisis response strategies and responsibility placed on the organization, for the crisis (Brown & White, 2010).

Among relational maintenance scholars, there are four commonly held definitions of relational maintenance behaviors (Dindia & Canary, 1993). The four relational behaviors are as follows the first type concerns itself with keeping the relationship in existence, which is the most basic form of maintenance as it does not concern itself with keeping relationships at a certain state, or about the quality of the relationship. The behaviors used to keep a relationship in existence

differ widely depending on how the participants value the relationship (Littlejohn & Foss, 2009) (Dindia & Canary, 1993). This is where relational maintenance behavior overlaps, some behaviors used to keep a relationship in existence also change the state of the other forms of relational maintenance behavior (Dindia & Canary, 1993).

The second type of relational maintenance behavior is keeping a relationship in a certain state. This has the most meaning for relationships seeking to maintain a level of intimacy, but it can describe any other state of the relationship that is desired to keep in its current state (Littlejohn & Foss, 2009) (Dindia & Canary, 1993). "Relationships are stable to the extent that partners reach agreement on the major aspects of their relationship and stabilize their relationship around their relational definition. Similarly, their relational definition is reflected in their communication patterns (Dindia & Canary, 1993, p, 164)". This does not mean relationships never change or are static, rather the more major parts that the relationship is built upon stays the same (Dindia & Canary, 1993).

The third definition of behavior refers to keeping the relationship satisfactory. This focuses on bringing satisfaction to the relationship for all parties, as it is possible to have a stable but unsatisfactory relationship (Littlejohn & Foss, 2009) (Dindia & Canary, 1993). This means that it's important to keep all parties involved in the relationship satisfied with the outcomes.

The fourth definition is to keep a relationship in repair which means two things. The first is to keep the relationship in good condition. The second is to

repair a relationship that has been damaged. This means prevention and corrective action are both components of this behavior (Littlejohn & Foss, 2009). Maintenance and repair can overlap but are at their core two different concepts, maintenance refers to keeping a relationship in its current state, and repair means changing a relationship from a current damaged state to a previous state when it wasn't damaged.

One addition to the study of relational maintenance theory is equity theory. It summarizes that the reason people engage in relational maintenance activities is the benefits of doing so. It operates under the premise that everyone involved in the relationship requires a balanced state of effort on behalf of the parties to achieve a sort of relational equity. Equity theory makes an argument that the ratio of rewards to the cost of the relationship means the relationship is equitable and satisfying (Littlejohn & Foss, 2009). This applies to interpersonal relationships as well as business and consumer relationships.

Researchers have also found that there are three different types of relationships that customers of financial institutions expect. The three types of relationships are professional relationships, personal relationships, and community relationships (Bruning & Ledingham, 1999). When managing a professional relationship, it is important for services to be rendered in a way that meets the business needs of the customer and in a businesslike manner. Additionally, the organization should demonstrate a willingness to put finances into its relationship with the public. When managing personal relationships, it is

important that the organization's representatives build trust with members of the key publics, spend time and effort in their interactions and take a personal interest in the wellbeing of members of the public. When an organization is managing a community relationship it is important that the organization be open with community members, that the organization support/sponsor events that are of interest to community members, and that the organization engages in activities that can be used to improve social and economic aspects of the community, and that the organization takes an active role in community development (Bruning & Ledingham, 1999).

These behaviors that organizations engage in to build and maintain relationships with the publics are subject to being equitable. Coinbase's early advertising promised users the opportunity to earn small amounts of cryptocurrency while learning about cryptocurrencies on the Coinbase platform. This helped mediate the relationship between the individual cryptocurrencies and any cryptocurrency development company that lists on Coinbase, but it also helps build relationships between Coinbase itself and the individual users. The pay-to-learn approach used by Coinbase also builds equity, by making an attempt to educate the users about the cryptocurrencies the user invests in. This demonstrates relational input beyond the minimum expectations of a professional relationship.

The advent of the internet has been acknowledged as one of the easiest ways to build relationships with outside publics. Both relational maintenance and

equity theory acknowledge this. Equity theory takes special note that the internet has decreased the cost and effort of engaging in relational maintenance activities (Bruning & Ledingham, 1998). Blogs in particular are seen as useful for keeping a relationship in existence as they are perceived to be more casual than an organization's website, the casual nature indicates that is positively correlated with relationship outcomes (Kelleher & Miller, 2006). However, when people want to further their relationship with an organization, or when an organization wants to expand its relationship with its publics, traditional venues where people expect to find pertinent information works just as well as informal means of communication (Kelleher & Miller, 2006).

In addition to being congruent with the early educational advertising Coinbase has previously performed, the creation and distribution of an informational guidebook acts as a way to maintain consumer relationships with Coinbase. At a minimum, it serves the purpose of keeping the relationship between consumer and exchange in existence, but it also keeps the relationship in repair by helping the consumer increase their knowledge about cryptocurrencies. Additionally, by making the guidebook, it serves the purpose of raising Coinbase's perceived effort in the relationship, this essentially makes them more equitable in the arrangement with the consumer.

Crisis Communication and Cryptocurrency

The cryptocurrency industry is no stranger to crises, many of which are currently unfolding. In 2022 alone FTX, Voyager, BlockFi, Three Arrows Capital,

and Celsius went bankrupt. Terra Luna's value fell over 90% and in May Bitcoin and all other cryptocurrencies fell in price dramatically and have not recovered (Oi, 2022). None of this bodes well for the crypto industry as a whole, the exchanges and cryptocurrency development companies that aren't in dire financial straits still have a crisis on their hands from the issues plaguing the industry. This is what is referred to as a spillover crisis, which is when a crisis in one organization negatively affects the entire industry (Coombs, 2019). While cryptocurrency is a unique and interesting phenomenon, it is not unique in the sense that traditional crisis communication strategies apply to cryptocurrency organizations just like any other organization.

Benoit's theory of image restoration operates under the premise that communication is goal-oriented, and one of the goals of communication is to maintain a positive image or reputation (Caldiero, et al., 2009). Additionally, there are two components to a reputational threat that an organization might face, responsibility and offensiveness. Responsibility refers to the organization being perceived to be responsible for the action that caused the crisis in question. Offensive refers to how bad the public perceives the impacts of the crisis to be (Caldiero, et al., 2009).

There are five general strategies used to address the real or perceived responsibility and offensiveness of the crisis facing the organization. These strategies are aimed at reducing the perceived responsibility or offensiveness of the act. The first of the strategies is denial, the organization outright denies

responsibility for the offensive act (Benoit, 1997). The second of the strategies is the evasion of responsibility, where the organization tries to downplay its responsibility in the crisis. The behaviors that the organization could engage in to evade responsibility could look like excusing the action for being performed with good intentions or as a response to another organization or even saying the act was accidental (Benoit, 1997).

The third of the general strategies is reducing the offensiveness of the act, this strategy has the most behaviors associated with it and varies widely. These behaviors can look like downplaying the offensive act, attacking the credibility of the accuser, compensating the victims, or stressing the good traits of the organization (Benoit, 1997). The fourth strategy is corrective action, where the organization promises to make the situation right, often entailing a plan to restore to the pre-crisis condition and to prevent the crisis from happening again (Benoit, 1997). Finally, the fifth and final strategy is mortification, which is when the organization admits fault and apologizes for its actions (Benoit, 1997). It is not uncommon for an organization to use multiple strategies in its response as displayed by Do Kwon, and the collapse of Terra LUNA.

One of the crises in 2022 was the collapse of the stablecoin Terra LUNA, stable coin refers to a cryptocurrency meant to stay stable at a certain price point. Terraform labs which launched the algorithmic stablecoin Terra UST and LUNA. The setup between UST and LUNA is a little complex, but in essence, UST is supposed to be pegged so one UST is equivalent to one US Dollar, the

primary asset backing UST is the LUNA coin which has a value that fluctuates (Geron, 2022). In May 2022 UST became “unpegged” and fell to about 10 cents under a dollar, this caused a spiral of users selling off their coins and causing the price to fall even further resulting in more users selling. This resulted in Luna falling to practically nothing and UST dropping to mere pennies (Tjahyana, 2022).

The collapse caused Terraform Labs founder Do Kwon to issue a response, on Twitter Kwon engaged in Mortification by apologizing for the pain caused to LUNA holders caused by his algorithm, and by admitting the problems that caused the crash (Tjahyana, 2022). Kwon also engaged in corrective action by tweeting about his recovery plan, and he reduced offensiveness by bolstering the strengths of his Terra ecosystem and how it was able to survive an over 90% collapse (Tjahyana, 2022).

While Coinbase is not in any immediate danger of collapse, it is publicly traded and legally required to publicly share financial documents (Napolitano, 2022). Additionally, Coinbase has a history of engaging in non-risky and safe behavior (Napolitano, 2022). Coinbase staying around a little longer aside, there could be longer impacts on the finances of Coinbase caused by the Bankruptcy of FTX, such as impacts on trader confidence. 90% of Coinbase’s revenue comes from transaction fees. When the collapse of FTX happened and Bitcoin fell below \$16,000, trading volume on Coinbase fell as well (Napolitano, 2022). This is likely because investor confidence fell, the release of an informative guide

about cryptocurrency could serve as corrective action aimed at addressing trader confidence among low-informed people and emboldening them to trade again.

Statement of Problems:

Problem Statement 1: The industry is in crisis.

As mentioned previously in this paper the cryptocurrency industry is in crisis. In 2022 alone multiple exchanges, and cryptocurrency development companies have gone bankrupt, and billions of dollars have gone missing due to fraud (Oi, 2022) and Bitcoin, which all cryptocurrency trends after (Kumar & Anandarao, 2021). The FTX collapse was especially devastating as FTX purchased and propped up other cryptocurrency companies such as BlockFi and Voyager, whose acquisition status following the FTX bankruptcy, is up in the air.

This has major effects on trader confidence, if people are not confident that they are not going to be able to trade profitably or fall victim to fraud, then they won't trade on any platform. An exchange such as Coinbase, which pulls the majority of its revenue from trading fees, heavily suffers from a lack of trades. The problems that low trader confidence presents could, at least in part, be remedied by addressing the lack of confidence stemming from not having much knowledge of cryptocurrency. The release of an informational guidebook was able to address investor confidence by raising their knowledge and understanding of certain characteristics of good cryptocurrencies and fraudulent schemes.

Problem Statement 2: People do not know enough about cryptocurrency.

Unless one wants to operate under the pretense that cryptocurrency is magic internet money, then there is a hefty learning curve involved. The complexity of the blockchain algorithms, the jargon used by cryptobros and developers, and the financial arrangements between exchanges and users make for a sizeable amount of information that one would need to learn in order to be informed. That's to say nothing about what makes for a successful and unsuccessful cryptocurrency looks like. Additional knowledge of accounting and financial practices that is uncommon, even among crypto bros, would be useful in order to detect fraud or unsavory practices perpetrated by cryptocurrency companies.

Method:

The creation of a guidebook was made with a specific objective in mind, this is not only keeping a consistent belief with Benoit and Image Restoration Theory, but a group of medical professionals writing guidebooks on increasing patient engagement advised writing guidebooks with an objective in mind as well (Kruger, 2021). As part of the process of designing how-to guides, the researchers found several components that were included.

The how-to guides have a consistent format and structure that promotes user familiarity and ease of navigation (Kruger, 2021). This only applies to the creation of multiple guidebooks, and there is only the proposed creation of one, there is no need to plan a format for multiple documents. It is advised that each how-to guide begins with a descriptive overview to provide the user with

background and context (Kruger, 2021). This was followed by a description of the rationale and scope of the guide, including the intended audience and how it should be used (Kruger, 2021). Most guides conclude with a glossary or terminology section (Kruger, 2021).

To help write the guidebook, rhetoric was employed to keep the guidebook written and presented in a persuasive manner. The practice of rhetoric dates back to ancient Greece with Aristotle. Rhetorical theory started in Syracuse, Greek law at the time stated that individuals had to represent themselves in court to argue their case. Because there was no hiring of professionals, Corax, the person credited with the first formal rhetorical theory when he made a treatise titled *The Art of Rhetoric*, in this he emphasized the importance of probability, saying a speaker should argue for probabilities to make a connection or basis for belief when facts are not present (Littlejohn & Foss, 2009). Now rhetoric is no longer confined to speech or discourse, and now includes other forms of media such as advertisements, film, and radio (Buhre & Bjork, 2021).

Like other academic theories there is not a simple definition, rather the description of what rhetorical theory is shouldn't focus on the structure of persuasion or communication and instead evolve out of a community need to focus on understanding and solving certain problems (Hauser et al., 2003).

In rhetoric, there are three appeals, Ethos, Pathos, and Logos, each describing a type of persuasive aspect that could be incorporated into one's communications (Stucki & Sager, 2018). Ethos is best described as one's

personal character and credibility. While often achieved through authority there are other ways of establishing one's ethos, In a rhetorical analysis of TED talks it was found that one of the speakers observed enhanced her trustworthiness by using videos as visual examples. Furthermore, there are inner displays and outward associated with ethos. Inner displays usually refer to displays of virtue meant to relate to the audience. Outer signs refer to visible displays of character such as clothing, credentials or symbols (Heinrichs, 2020). (This put her into an agreement with the audience and built her ethos on similarity rather than authority (di Carlo, 2014).

Pathos refers to an appeal to the audience's emotions, it was used by the speakers at the Ted talks by using stories and visual media such as videos, pictures, and graphs. One speaker in particular used stories about the injustices HIV+ women in Egypt face. She spoke about women in Egypt reporting sexual assault by their spouses to the police would be dismissed and told to go home and that's a "Private Matter", and how women with HIV in Egypt were to have abortions and be sterilized (di Carlo, 2014).

Logos is an appeal to logic and reason, outside of citing facts and drawing logical conclusions it can be used in the organization of the argument in whatever form of media it takes place in to make the point in a clear, cohesive, and coherent way (di Carlo, 2014). An important distinction to add is that in order to use logos as an appeal one does not have to be rational, rather they have to present the appearance of rationality (Higgins & Walker, 2012). Giving the

appearance of rationality could be as simple as paying mind to the order of argumentation and techniques of attribution (Higgins and Walker, 2012). While almost all messages contain all three appeals, they are usually dominated by one appeal (Higgins & Walker, 2012). Any attempt made at utilizing rhetoric should try to encompass ethos, pathos, and logos to some extent.

Incorporating the rhetorical appeals into the document might look like the following. Logos could be used in the design and layout of the guidebook, as well as using logic and reciting accurate facts and figures in the early part of the document in regard to purpose, scope, or facts on the intended audience. Pathos could be used in the same section, used as an appeal to emotions by reciting individual cases of bankruptcies or dire financial problems for individuals who lost money trading cryptocurrencies. Ethos is displayed throughout the entire document by aiming at informing people rather than converting them to customers, this would grant goodwill to the audience to the ethos appeal being used. The document also serves as a way to display inner virtue by providing readers advice for avoiding fraud.

Figure 3.
Penguin Publishing Audiobook Advertisement



Visual rhetoric does have to account for a few outside factors. Visual rhetoric has to account for the observer's visual literacy and cultural competency (Grancea, 2014). Visual Literacy refers to a person's ability to grasp the meaning of images comprising the document. Cultural competency is required to understand the meaning of the document as a whole (Grancea, 2014). Ioana Grancia demonstrated that visual literacy and cultural competence by examining an Audible print advertisement. The ad features two people who could be identified as Shakespeare hanging upside down resembling the shape of headphones. The ad has a plethora of white space and the Penguin Publishing logo in the bottom center of the ad. In order to understand the advertisement one would need to identify Shakespeare, identify the Penguin Publishing logo, and understand that Shakespeare is the author of the written work but a character in the ad (Grancea, 2014). Implicit information is often inspired by one's culture and is a key part of extracting meanings from visual messages (Callow & Shiffman, 2004). Other contextual components of understanding the visual message include the explicit message contained in the advertisement, and situational factors such as brand, product category, and location of the ad (Callow & Shiffman, 2004).

Components of visual rhetoric include, but are not limited to, consistent application of basic design principles, effective design choices, appropriate use of document form, consistent and effectual use of visuals, effective use of white

space, visible document structure, informative and helpful use of headings, and appropriate typeface (Brumberger, 2005).

Audience:

This booklet is aimed at introducing new or inexperienced users make safe choices in regards to cryptocurrency and avoid losing their money from scams. The guidebook is for people who know little about the topic of cryptocurrency but are interested in investing in it, or for people who may have lost money from the crash and need encouragement to reinvest in crypto.

Data:

As the guidebook's primary function is to serve as a plain language guide for the preexisting cryptocurrency landscape the information in the guidebook will primarily come from an extensive review of cryptocurrency literature. Access to the literature can be attained through a library database and books such as *The Age of Cryptocurrency* by Paul Vigna and Michael Casey, and *The Basics of Bitcoins and Blockchains* by Anthony Lewis. Access to a library database and the books mentioned can be obtained from the Pfau Library.

Topics planned for the guide include technical information about the blockchain, the history of cryptocurrency, the cryptocurrency business industry, common types of fraud and scams, and details on individual popular coins.

The complex technical information that cryptocurrency and the industry are built on can be found in tech journals. The history of cryptocurrency and its founding can be found in books as well as most journals. Industry information

such as developers, exchanges, and other business aspects of cryptocurrency can be found in business journals or in any article written about the political economy of cryptocurrency. Information about individual cryptocurrencies might have to be found in white papers or the websites of development companies. Common types of cryptocurrency scams and frauds can be found in financial journals.

Project Outline:

In order to keep with the advised layout, set forwards in a previous section, the guidebook will be following the format below.

1. Introduction
2. Intended audience and scope of the guide
3. Description of cryptocurrency and technical information
4. History of cryptocurrency
5. Cryptocurrency industry ecosystem
6. Details on top crypto coins
7. Common types of scams, schemes, and frauds.
8. Glossary and terminology

The description of cryptocurrency and technical information serves as the basis for the guide. The intended audience and scope of the guide was advised to be early on in the guide, its most appropriate place would be

before the “meat” or the important bits of the guide. How the technology functions are what enables the industry ecosystem, schemes and scams, and variations among coins. The glossary and terminology are one of the most important sections of the guide. Terminology and jargon are a heavy part of what makes up the barrier to entry to understanding cryptocurrency. It could very easily be placed early in the guide, but it was in the end to be consistent with expectations from other guidebooks.

Discussion

Being an attempt at maintaining relationships with crypto investors following the crypto crash of 2022, the guidebook omitted certain topics that could seem to be trying to convert customers or sell cryptocurrencies like investment tips. Topics such as investment tips could be perceived as marketing strategies which would negatively impact the overall credibility of the document. While tips to safely invest in cryptocurrency are important for work such as this, it should be addressed in later installments which not only preserves the integrity of this guidebook as a means of repairing relationships but also gives people a continued reason to engage with Coinbase.

The rhetorical basis of the paper encompasses the three main appeals of ethos, pathos, and logos. The document is laid out in a straightforward manner that builds a basic understanding at the beginning of the guide before elaborating on more important information about the industry, top coins, and fraud. Ethos is

built throughout the entirety of the document by focusing on displaying an inner quality of virtue by informing the reader and placing as well as providing practical wisdom with advice on avoiding fraud. Additionally, the straightforward layout of the document adds to the overall ethos.

Pathos, while not prominent, is present, with the guidebook being aimed at building relationships damaged by FTX and helping readers recognize and avoid fraud, some of whom may have been or know victims of FTX. By being sympathetic to victims of fraud it helps build an emotional appeal. Logos is used inductively to help readers arrive at the conclusion that Coinbase is a trustworthy company.

The use of visual rhetoric is somewhat limited and largely consists of the Coinbase logo on the title page, a watermark, and page border with the blue Coinbase color throughout the entirety of the document. However, the limited use of the watermark, logo, and page borders cuts the whitespace down. Additionally, the inclusion of a timeline of major events included in the history of cryptocurrency section makes that section easier to read without taking anything away from what's written there. All of this, the clear section separation and general layout make the use of visual rhetoric sufficient. This is not to say that there is no room for improvement, with more time and graphic design expertise the visual rhetoric of the guidebook could be improved.

This guidebook employed the use of Benoit's theory of image restoration by focusing on the fraud crises in the industry to reduce the perception of

responsibility that Coinbase might have. While it's easy to deflect as the crisis was caused by FTX committing fraud there are other industry problems that Coinbase could be perceived as responsible for, such as cryptocurrencies that are highly susceptible to market manipulation that are available on the exchange. Instead, the guidebook is aimed at corrective action on behalf of the industry by better preparing potential traders and enabling better due diligence on their part.

The enabling of individual due diligence may imply that Coinbase is unwilling to take actions of their own to remove certain coins from their exchange against the best interests of their consumers. This would not be a sentiment supported by facts, Coinbase does have a standard for coins to meet if they want to be listed on the exchange and has delisted coins in the past. However, some fraudulent coins may slip through, which is why the consumers should be better informed on the matter as ultimately the individual consumer is responsible for their financial decisions.

This guidebook serves as a way of maintaining Coinbase's reputation for being a safer alternative to other exchanges during the spillover crisis caused by FTX. The action taken by creating this guidebook addresses the loss of reputation that exchanges have suffered following the collapse of cryptocurrency.

There are some things that cannot be done, there is not any plan to measure how effective the guide is at building and repairing relationships Coinbase has with the public. Additionally, the guidebook may be targeting the wrong thing by attempting to raise trader confidence. With such a massive year

of cryptocurrency fraud, bankruptcies and, crises it may be better to aim the guide at avoiding fraud. However, the guidebook is meant to be a strategic communication document for Coinbase, and while Coinbase may benefit from helping crypto traders avoid fraud, it is of greater benefit to the company to increase trader confidence as an increased trade volume would increase Coinbase revenue, so there is a line to be had of benefit to the company and assistance to the public.

Additionally, this guidebook is written from an outsider's point of view. Coinbase has no relation to this project and as a result, the insight into Coinbase's needs is limited. Because Coinbase positioned itself to be a safe exchange by not making risky or reckless decisions so it may be the case that Coinbase thinks a guide like this is unnecessary. Especially considering how well they weathered the FTX bankruptcy fallout.

Conclusion:

In conclusion, the integration of relational maintenance, rhetoric, and crisis communication principles in a guidebook on cryptocurrency can enhance its effectiveness in informing readers on the topic. The integration of these theories were used to navigate the current crisis that is effecting the cryptocurrency industry and relays the proper information to the readers. Ultimately, this guidebook serves as a valuable tool for readers to navigate cryptocurrency, helping their chance of success in the chaotic industry of cryptocurrency.

APPENDIX A

COINBASE GUIDEBOOKS: AN INTRODUCTION TO CRYPTOCURRENCY

coinbase

Coinbase Guidebooks: An Introduction to Cryptocurrency



**Written by Logan Odneal
For Coinbase
7755 Somerset Lane, Highland, CA
guide@coinbase.com
(855) 225-4826**

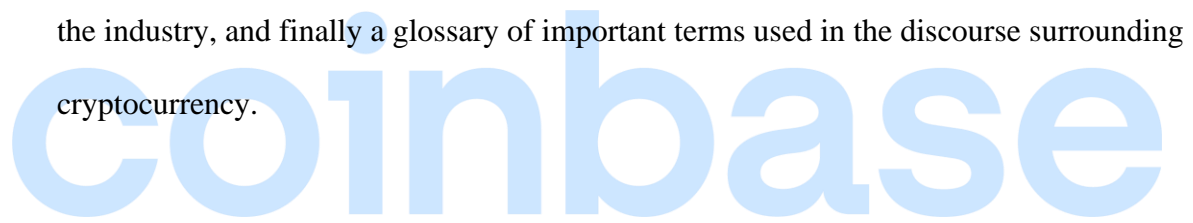
coinbase

Cryptocurrency has exploded in popularity since the inception of Bitcoin in 2008.

This coincided with the growing popularity of the internet and issues with transacting on digital platforms. The issue has only become further complicated by the shrinking use of paper money. Currently, only 11% of American dollars exist physically (Ahga, 2017).

Coinbase was an early player in the new cryptocurrency industry, founded in 2012 Coinbase has been one of the earliest exchanges. From the start, Coinbase has been a safer or more conservative option opting for safer strategies in a risky and volatile industry. Coinbase has always been a proponent of educating its users about cryptocurrency. This is especially true following the crash in 2022. This booklet is aimed at helping new and inexperienced users navigate through cryptocurrency and avoid losing their money from scams.

This guidebook is for people who know little about the topic of cryptocurrency but are interested in investing in it. This guidebook serves as an introduction to the topic and as a first step towards due diligence one may engage in before engaging with any investments into a cryptocurrency. This guide contains technical information on blockchain, and cryptocurrencies followed by the early history of Bitcoin and the development of the robust industry that exists today. This is followed by details on some of the largest and most successful cryptocurrencies, common types of fraud that plague



the industry, and finally a glossary of important terms used in the discourse surrounding cryptocurrency.

1. Description of Cryptocurrency and Technical Information

All cryptocurrencies are digital currencies but not all digital currencies are cryptocurrencies. Digital currencies are electronic money that is used in place of or supplementing the dollar and is created by non-sovereign entities. Digital currencies largely exist in two forms, one of which is used exclusively on a single platform like a video game, and the second can be used in a multitude of places (Kostakis & Giotitsas 2014). Bitcoin is credited with being the first cryptocurrency, but it was not the first digital currency. For this, e-cash created by David Chaum, has the title. E-cash was a way to privately send funds. While not being successful it had a tripart exchange that requires the use of a bank to go between the individual and merchant.

Cryptocurrency is enabled by cryptography, the practice of securing communications, and usually has the following components:

- Authentication: The process of proving one's identity.
- Privacy/confidentiality: Ensuring that no one can read the message except the intended receiver.
- Integrity: Assuring the receiver that the received message has not been altered in any way from the original.
- Non-repudiation: A mechanism to prove that the sender sent this message.

There are three methods in which cryptography is used to encrypt digitally, users can use Secret Key Cryptography which uses a single key for both encryption and decryption. Public Key Cryptography which uses one key for encryption and another for decryption and Hash Functions which uses a mathematical transformation to encrypt information (Kessler, 2015). For example, Bitcoin uses public key encryption. When put on paper it resembles having two wallets per wallet, meaning that they have a private wallet address that is only known to the user and a public address that does the transactions that are recorded on the blockchain. The process looks like this: Sender's private wallet anonymously sends Bitcoin to the Sender's public wallet; the Sender's public wallet sends the Bitcoin to the Receiver's public wallet. Then the Receiver's private wallet anonymously sends the Bitcoin to the Receiver's private wallet. Some cryptocurrencies follow a similar form of cryptography while others make use of single key or hash protocols. (Kessler, 2015)

Another component necessary for the functioning of Cryptocurrency is the Blockchain which is a digital ledger that records all cryptocurrency transactions identifying them by the wallet's public address. This process protects the user's privacy by using pseudo-anonymous identifiers as well as creating an inalterable and publicly accessible record of transactions. The blockchain and cryptography is how the code functions but there's still a need to provide the hardware and computing power necessary to make the program run, that's where the miner/node network comes in.

The way that new cryptocurrency units are created and the system that enables the hosting of the blockchain is the collective use of computing power all running the

cryptocurrency algorithm where they constantly broadcast, communicate, spread information, and warn each other of changes in the blockchain as well as synch the blockchain updates regularly (Abuselidze & Zoidze, 2021). These mathematical computations are required for the transaction of cryptocurrency. In return for the borrowed computing power the user is rewarded with small amounts of whatever cryptocurrency the program is contributing to.

While there are several differences between the individual cryptocurrencies such as mining protocol, cryptography, purpose, and smart contract differences all cryptocurrencies share six commonalities.

- The system is decentralized its state is maintained through distributed consensus.
- The system maintains an overview of cryptocurrency units and their ownership.
- The system determines whether and in what ways new cryptocurrency units can be created and the ownership thereof.
- Ownership of cryptocurrency can be proved cryptographically.
- The system allows transactions to be performed in which ownership of the cryptographic units is changed with a record proving ownership has changed.
- If different instructions for changing the ownership of the same units are given simultaneously at most one of the instructions is performed.

The principles of cryptocurrency resonated with Americans even before cryptocurrency existed. The history of cryptocurrency dates back to the 1980s when digital transactions had begun to become an established medium of exchange, and many had concerns of privacy.

2. History of Cryptocurrency

The roots of cryptocurrency can be traced to 1983 when David Chaum wrote a white paper for E-Cash which outlined a means for the anonymous exchange of funds using public-key encryption. It served as a way to send banknotes with no way for a third party to observe them. In 1989, Chaum created the company Digicash, which trademarked ecash and sold rights to use it to the Mark Twain bank in Saint Louis, MO where it was used as a micropayment option (Kagan, 2023). Ultimately ecash was not successful as a micropay option and Digicash went into bankruptcy in 1998. While not technically a cryptocurrency ecash was very similar and was influential on cryptocurrency projects going forwards with the emphasis ecash placed on anonymity.

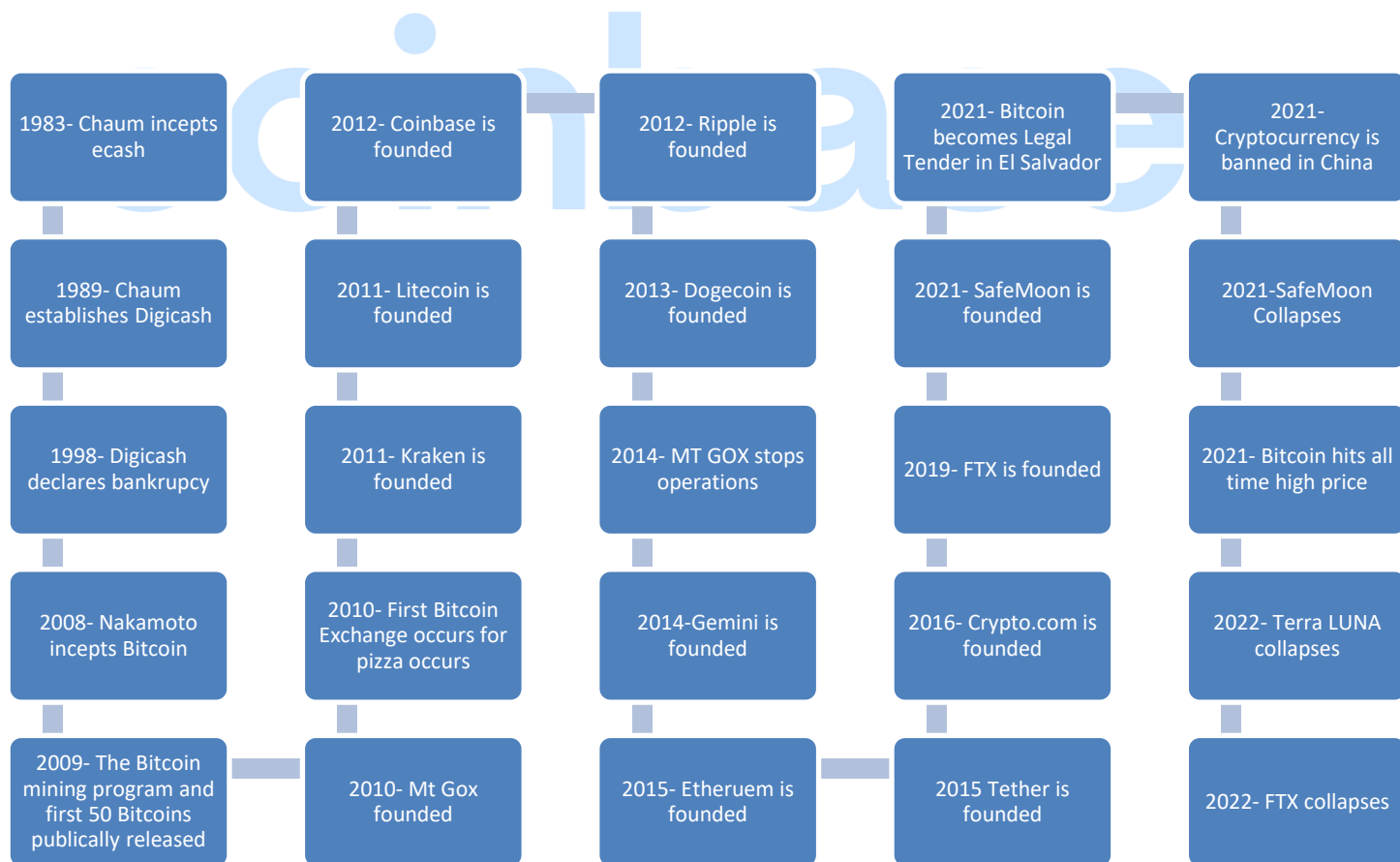
In 2008 the pseudo-anonymous Satoshi Nakamoto released the whitepaper titled *Bitcoin: A Peer-to-Peer Electronic Cash System*, in which it described a way to exchange funds anonymously with no third-party oversight. In 2009 the first Bitcoin was mined. Between 2010-2014 the first transaction for consumer goods took place when Papa John's Pizza was purchased for about 10,000 bitcoins (Vigna & Casey, 2016). Following this, the black market website, The Silk Road was started and operated for about 30 months. During this time other important cryptocurrencies such as Litecoin and Dogecoin are founded as well as some of the major exchanges, Coinbase, Kraken, and MT GOX are founded (Vigna & Casey, 2016).

Between 2014 to 2020 the price of Bitcoin skyrocketed and governments around the world took action to regulate cryptocurrencies or ban them entirely. In 2014 the MT GOX exchange ceased operations the same year the exchange Gemini began operations

(Vigna & Casey, 2016). The cryptocurrency Ethereum, which has since earned the second largest market cap, as well as Tether, was established in 2015. In 2016 the exchange Crypto.com was founded and in 2019 the exchange FTX was founded.

In the 2020's cryptocurrency had the most turmoil, despite having some successes in 2021 El Salvador named Bitcoin as legal tender alongside the US Dollar (Alvarez et al., 2022). In 2021 SafeMoon began operations and later lost almost 99% of its value during the same year. Additionally in November of 2021, Bitcoin hit its all-time high of \$67,587. In 2022 several cryptocurrency institutions collapsed, in early 2022 Terra LUNA, a coin that was matched to the US Dollar to keep the currency stable, became unsynchronized and collapsed in price. In the November of 2022, the largest cryptocurrency exchange became insolvent and collapsed which was the biggest impact on the price of cryptocurrency.

Below is a comprehensive timeline of all major cryptocurrency developments.



A large and extensive industry has become an established part of the modern economy and as such it's important to have an understanding of how the industry is organized.

3. Cryptocurrency Industry Ecosystem

Miner Network

The complex interconnected system of relationships that comprise the cryptocurrency ecosystem has a few stakeholder groups. In the original peer-to-peer nature of cryptocurrency outlined by Nakamoto, the first and primary stakeholder group is the miner network that runs the blockchain, mints new coins, and records transactions (Farell, 2015).

Individual Investors

The second stakeholder group comes into being shortly after the miner network becomes established. That being individuals who don't have the crypto mining equipment but still want to purchase, own or invest in the cryptocurrency (Vigna & Casey, 2016), Without the third stakeholder group/network member exchanges the first buyers had to personally know a miner, either from their personal network or someone they met through a forum. For example, the Bitcoin Miner network was operating over a year before the first exchange so the only way to buy Bitcoin was to know someone mining it (Vigna & Casey, 2016). Now with multiple exchanges the first-round buyers are often people involved with a business creating a coin before the coins release on an exchange (Vigna & Casey, 2016).

Exchanges

The third network component Cryptocurrency exchanges allow for the exchange of fiat money for cryptocurrency. This has allowed a large general audience to purchase and own cryptocurrencies. A recent industry development is companies creating their miner network and raising the average price of the coin through technological distinctions of the coin or business model. Companies like SafeMoon promised users that a portion of each transaction becomes locked in a liquidity pool that couldn't be accessed to ensure that no one would be able to tank the price of the coin by selling a large amount. However, the locked liquidity pool had funds embezzled from in by the SafeMoon CEO John Karony and the coin has lost about 99% of its value (Ramirez, 2022).

Regulatory Agencies

Finally, the last industry component is regulatory agencies. International governments such as China have banned the possession or trade of cryptocurrencies while others like El Salvador have granted Bitcoin the status of legal tender (Farell, 2015). The United States government has been so far hesitant to heavily regulate it. So far, the United States Government has categorized cryptocurrencies as property for taxation purposes. The Financial Crimes Enforcement Network (FinCEN) has been the leading federal agency for the regulation of cryptocurrency. So far, the largest restriction placed was to require exchanges to follow record-keeping and reporting standards of the Bank Secrecy Act of 1970 (Farell, 2015). State governments are also able to set standards for virtual currency operations and currently, only twelve states and Puerto Rico have issued licensing requirements for virtual currency operations (Farell, 2015)

With the industry explained now its important to gain an understanding of some of the most popular cryptocurrencies and the differences between them. The following coins are not in any particular order, nor did they earn their way on the list by market cap or any singular metric, rather a combination of metrics including market cap, trading volume and adoption.

4. Details on Top Crypto Coins

Bitcoin: Bitcoin is a proof-of-work model coin that holds the distinction of being the first cryptocurrency. Founded by the pseudo-anonymous Satoshi Nakamoto in 2009. Bitcoin was created to enable anonymous and trustworthy transactions free from third-party interference or oversight (Nakamoto, 2008). It was designed to have a 21-million-coin total limit (Antonopoulos, 2014). The operating program used to mine Bitcoin is publicly

available so anyone can mine it. Part of the Bitcoin mining protocol involves increasingly more complex code requiring more computing power to mine the coins (Antonopoulos, 2014), this has resulted in increased energy demands to continue creating new Bitcoins, however, when the 21-million-coin limit is reached the energy required to sustain the blockchain will be drastically reduced.

Ethereum: the conception of Ethereum started with Vitalik Buterin's belief that the Bitcoin network can be expanded to attach real-world assets to a blockchain and enable the same level of financial services provided by current financial institutions to be administered digitally via the blockchain (Buterin, 2014). Buterin partnered with Gavin Wood, Charles Hoskinson, and Anthony Di Lorio in early 2014 who were the initial founders, since then Ethereum has had multiple people leave and join its executive board, this is because Ethereum is very active in continued development on the network.

Ethereum is characterized by its flexibility which allows for smart contracts which is an automated enforcement of a contract when terms are met (Olivia, et al, 2020). This also helped with the creation of Non-Fungible-Tokens or NFTs. While initially operating as a proof of work model Ethereum changed in the September of 2022 to a proof of stake model which drastically reduced the energy required to operate the network by 99% (Clark, 2022)

Litecoin: Litecoin was created to be the silver to Bitcoin's gold (**Litecoin whitepaper**), by creating a cryptocurrency that has a better technological performance than Bitcoin.

The main difference is Litecoin has an increased amount to be circulated, 84 million to Bitcoin's 21 million, less intensive mining requirements, and a transaction process speed about 4 times higher than Bitcoin (Bhosale & Mavale). Similarities with Bitcoin include the mining software for each being open source.

XRP/Ripple: The Ripple payment mechanism enables the rapid transfer of funds in any currency to another user on the Ripple network within seconds. It primarily uses the centralized network cryptocurrency token XRP for its transactions (Bhosale & Mavale,). The blockchain powering XRP is held by the company and not publicly released and as a result, XRP is not able to be mined by the public (Du'Mmett, 2022).

Tether: Tether was created in 2012 on the Bitcoin blockchain when the developer J.R. Willett sought to innovate and build new cryptocurrencies off of it (Tether, 2012). Tether promotes itself as a stablecoin with three separate tokens staked to US Dollar, the Euro, and the Japanese Yen. Tether reports that the cryptocurrency is backed by real-world fiat currency and can be redeemed at any time (Tether, 2012). Like XRP Tether is centralized and held by the development company so it is not possible to mine.

5. Common Types of Scams, Schemes, and Frauds.

While the legal definition of fraud is the intentional use of deceit, a trick or some dishonest means to deprive another of his/her/its money, property, or a legal right (Hill & Hill, 1995) is broad and can cover a large range of behaviors there are several types of

fraud that are common with cryptocurrencies. The common forms of criminal behavior include pump and dumps, fake initial coin offerings, rug pulls, and wash trading.

Although other forms of market manipulation and fraud occur.

Pump and Dump

A pump and dump sometimes referred to as a rug pull by community members is a form of market manipulation where an entity controls a large amount of an asset, artificially raises the value through a combination of promotions, and encourages people to buy substantial amounts of the asset, thus raising the price, then the entity sells all assets causing the price to tank leaving all who bought in to drive the price up in the hole (Wiley, 2020; Baum, 2018). This is difficult to enforce because of the anonymity of crypto traders and the volatility of the market making pump-and-dumps a common crypto fraud. (Baum, 2018)

Fake ICO

A false initial coin offering or ICO is a way of raising capital where the issuer accepts funds in exchange for a crypto token. Often the ownership of coins acquired in an ICO does not guarantee ownership in a company as an IPO would. The ICO process starts with an announcement by the issuer followed by marketing the offering, and finally offering the coins in a set period. Typically, with an ICO announcement a whitepaper is released alongside it which contains pertinent information about the project, investor rights, legal terms, etc. (Tiwari et al., 2019). With cryptocurrency being a relatively new thing, a lack of regulations results in about 10% of the money raised from ICOs being lost to fraud (Tiwari et al., 2019). ICO fraudsters do have a modus operandi which

consists of four behaviors. First, make attempts to attract investors using various social media channels and celebrity endorsements. Secondly, the information on the white paper, official website, or other communication channels is vague and presented in a complicated manner. Third, unexpectedly high returns are promised, and finally, a sense of urgency is created by advertising a limited-time discount (Tiwari et al., 2019).

Wash Trading

Wash Trading is another form of crypto fraud. Wash trading occurs when an individual or group artificially inflates the price of a cryptocurrency or NFT by repeatedly trading it between multiple wallets that are controlled by the entity which is then sold to an unsuspecting trader for an inflated price (Gilbert, 2022).

Rug Pull

A Rug Pull scam occurs when an individual or group takes capital raised for a crypto project and disappears without fulfilling the promised service (Gilbert, 2022).

While the following tips are not specific to cryptocurrency it is good general advice that can be applied to cryptocurrency. Some red flags for financial schemes include the following.

1. You Do Not Control Your Assets.

For traditional finance options, this may refer to an advisor or stockbroker who has custody of the asset, for cryptocurrency it may refer to an exchange, developer, or company (Fisher & Hoffmans, 2009). A positive sign for an institution is if one can buy a cryptocurrency and transfer it to a private wallet. Most crypto exchanges offer custodial wallets which make transactions with the exchange easier but also leave the exchange

with custody of the funds. During the collapse of FTX, the exchange took advantage of its custody over the funds and did not allow its users to sell or get their funds out of the exchange. However, FTX users who moved their funds to a private wallet prior to this were able to hold onto their cryptocurrency.

2. The Investment is too Good to be True.

Being too good brings to mind high returns but it can also mean consistent returns. Cryptocurrency exists in a category where massive spikes in value followed by massive drops are common, so consistent performance in cryptocurrency warrants a second look (Fisher & Hoffmans, 2009). Stablecoins are made with the to hold a consistent value, often doing so by tying the coin to a separate asset. But the expected returns on those coins shouldn't outpace the asset it's tied to, price increases above that warrant a red flag.

3. Investment is Needlessly Confusing.

Confusing and cryptocurrency are often synonyms, but if the cryptocurrency and its protocols can be explained without too much jargon in a way that makes sense is a good sign. If a brand representative or developer uses jargon and presents the cryptocurrency in an overly complex way then one should scrutinize it more, it may be an attempt to confuse and swindle investors (Fisher & Hoffmans, 2009).

4. Appeals That Don't Matter.

Fraudsters and other shady sorts employ persuasive elements that in no way impact the performance of the investment. One may look at a nice office, fancy car, or an expensive dinner and be persuaded to invest, however, none of these appeals mean

anything about the performance of an asset. The promise of being in an exclusive group has no impact on the asset performance either (Fisher & Hoffmans, 2009). These warning signs should be even more obvious with the social media and various influencers promoting cryptocurrency, exchanges, or NFTS and scamming their audiences. This isn't to say any influencer with a sponsorship, ad, or project is trying to defraud their followers, but the appeal of an influencer should not be the reason to buy in.

5. Lack of Due Diligence.

While regulatory agencies exist to help prevent fraud they are not omnipotent and cannot be relied on to snuff out fraud before there are any victims. Due diligence is always on the individual investor, while friends or acquaintances might have done some research into their recommendations the one who is ultimately responsible for avoiding fraud and catching red flags is the investor (Fisher & Hoffmans, 2009).

Now that some essential tips for avoiding fraud in cryptocurrency have been covered. It would be wise to take the time to stay informed and up to date with the latest developments in the rapidly evolving landscape.

6. Next Steps

Users interested in receiving more guidebooks, opportunities or news should subscribe to our mailing list. Benefits of subscribing to the mailing list include receiving an exclusive guidebook of investing tips aimed at helping the user safely and profitably invest in cryptocurrencies. The mailing list is the best way to stay updated on all new coins, web3 content, and helpful documents coming to Coinbase. Users can also follow

Coinbase on Facebook, Instagram, and Twitter to receive updates and be informed of events, industry news, new coins coming to Coinbase, and future guidebook installments.

10. Glossary and Terminology

Not all of the terms and definitions have been previously mentioned in this guide but are important to the discourse surrounding cryptocurrency and are used in other written works on the topic.

Airdrop - The distribution of an NFT or another token to a wallet for free.

Altcoin - Any cryptocurrency that exists as an alternative to Bitcoin.

Bitcoin - Is credited with being the first cryptocurrency. It operates on a decentralized platform, unlike most currencies.

Block - A package of data containing multiple transactions over a given period of time.

Blockchain - A form of distributed ledger in which details of transactions are held in the ledger in the form of blocks of information (Salah & Youseff, 2020).

Coin - A synonym for cryptocurrency.

Crypto-Assets - A type of private digital asset that depends primarily on cryptography and distributed ledger or similar technology as part of their perceived or inherent value.

Cryptocurrencies - A crypto asset used exclusively/primarily for payments.

Cryptocurrency Exchange - A cryptocurrency exchange is any system that operates on the basis of trading cryptocurrencies with other assets. Like a traditional financial exchange, the cryptocurrency exchange's core operation is to allow for the buying and

selling of these digital assets, as well as others. A cryptocurrency exchange is also known as a digital currency exchange (Salah & Youseff, 2020).

Cryptography - The conversion of data into private code using encryption algorithms, typically for transmission over a public network.

Drop - The release of a collection as NFTs.

Ecosystem (in general) - The community of interacting firms and the financial services environment.

Encryption - A technology that codes data into an unreadable form so it can only be decoded by a computer that has the correct key. Encryption prevents unauthorized users from reading data that is transmitted over a network (Salah & Youseff, 2020).

Ethereum - A public blockchain system developed as an open-source project, its architecture running remotely on the Ethereum Virtual Machine. It uses 'ethers', a cryptocurrency, as its token and supports the storage and execution of 'smart contracts'.

Fiat currency - Conventional currencies such as USD or GBP, which are backed by government decree.

FinTech - A technologically enabled innovation in financial services that could result in new business models, applications, processes, or products, with an associated material effect on financial markets and institutions and the provision of financial services (Salah & Youseff, 2020).

Fork - The event of a DLT system splitting into two or more networks.

FUD – Stands for “Fear, Uncertainty, and Doubt”. Used by crypto advocates to describe people spreading negative feelings about cryptocurrency.

Hard Fork - Alters the blockchain data in a public blockchain. Requires all nodes in a network to upgrade and agree on the new version.

Hash - The result of applying an algorithmic function to data in order to convert them into a random string of numbers and letters.

Hodling/hodl - Slang term holding cryptocurrency, usually in the context of adverse price movements.

Initial Coin Offering (ICO) - The form in which capital is raised to fund new cryptocurrency ventures. Modeled after an Initial public offering (IPO). Funders of an ICO receive tokens.

Issuer - Refers to the entity providing the crypto-asset.

Miners – A class of agents, who update the blockchain via computational work, and in return receive block rewards and transaction fees when they add batches of valid transactions to the blockchain (Salah & Youseff, 2020).

Mining - Validating cryptocurrency transactions in exchange for cryptocurrency.

Minting - The process of creating an NFT for a digital file on the blockchain.

Nocoiner - Slang term for a rejector of cryptocurrencies.

Node - A copy of the ledger operated by a participant with a blockchain network

Non-Fungible Token -These tokens are not interchangeable within the same blockchain. They are unique and non-divisible, which enables the transfer of information and value.

Private key - A unique string of data that represents proof of identification within the blockchain, including the right to access and own that participant's wallet within a

cryptocurrency. It must be kept secret: it is effectively a personal password (Salah & Youseff, 2020).

Proof of stake - A system in which coordination on blockchain updates is enforced by ensuring that transaction verifiers pledge their coin holdings as guarantees that their payment confirmations are accurate (Salah & Youseff, 2020).

Proof of work - Repeatedly running a hash function, the mechanism by which data miners win the right to add blocks to a Bitcoin-style blockchain (Salah & Youseff, 2020).

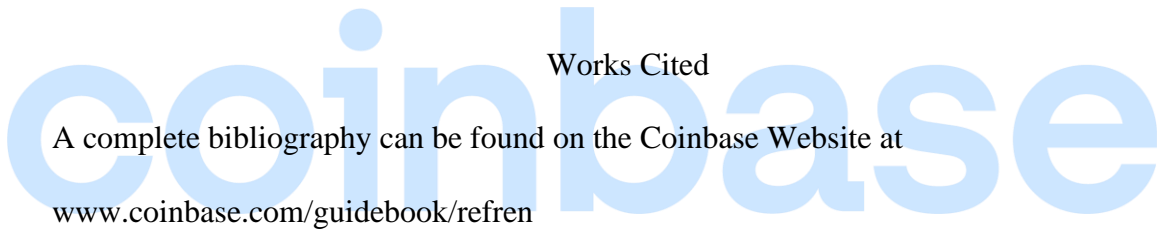
Public key - A unique string of data that identifies a participant within the blockchain. It can be shared publicly (Salah & Youseff, 2020).

Public key cryptography - public key cryptography Encryption that uses two mathematically related keys. A public and private key. It is impossible to derive the private key based on the public key (Salah & Youseff, 2020).

Rigs - Powerful computers used to mine cryptocurrencies.

Stablecoin - Crypto assets designed to maintain price stability, either in relation to a pegged asset or a basket of goods.

Wallet - A secure electronic repository for cryptocurrency and other crypto assets.



Works Cited

A complete bibliography can be found on the Coinbase Website at
www.coinbase.com/guidebook/refren

REFERENCES

- Abuselidze, G., & Zoidze, G. (2021). The gravity of cryptocurrency and prospects in a post-pandemic economy. *SHS Web of Conferences*, 126, 04001. <https://doi.org/10.1051/shsconf/202112604001>
- Agbo, E. I., & Nwadiakor, E. O. (2020). The genesis and development of value added tax administration: Case study of Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 10(2). <https://doi.org/10.6007/ijarafms/v10-i2/7266>
- Avidar, R., Ariel, Y., Malka, V., & Levy, E. C. (2013). Smartphones and young publics: A new challenge for public relations practice and Relationship Building. *Public Relations Review*, 39(5), 603–605. <https://doi.org/10.1016/j.pubrev.2013.09.010>
- Brown, K. A., & White, C. L. (2010). Organization–public relationships and crisis response strategies: Impact on attribution of responsibility. *Journal of Public Relations Research*, 23(1), 75–92. <https://doi.org/10.1080/1062726x.2010.504792>
- Brumberger, E. R. (2005). Visual rhetoric in the curriculum. *Business Communication Quarterly*, 68(3), 318–333. <https://doi.org/10.1177/1080569905278863>
- GRANCEA, I. (2014). Visual Rhetoric and Framing Strategies in Advertising Word-Based Product Categories. *Argumentum: Journal the Seminar of Discursive Logic, Argumentation Theory & Rhetoric*, 12(1), 146–162.

- Bruning, S.D. and Ledingham, J.A. (1998) Relationship management in public relations: Dimensions of an organization-public relationship. *Public Relations Review* 24(1), 55–65. [https://doi.org/10.1016/s0363-8111\(98\)80020-9](https://doi.org/10.1016/s0363-8111(98)80020-9)
- Bruning, S. D., & Ledingham, J. A. (1999). Relationships between organizations and publics: Development of a multi-dimensional organization-public relationship scale. *Public Relations Review*, 25(2), 157–170. [https://doi.org/10.1016/s0363-8111\(99\)80160-x](https://doi.org/10.1016/s0363-8111(99)80160-x)
- Bryant, E. M., & Marmo, J. (2009). Relational maintenance strategies on Facebook. *Kentucky Journal of Communication*, 28(2), 129–150.
- Callow, M., & Schiffman, L. G. (2004). Sociocultural meanings in visually standardized print ads. *European Journal of Marketing*, 38(9/10), 1113–1128. <https://doi.org/10.1108/03090560410548898>
- Caldiero, C. T., Taylor, M., & Ungureanu, L. (2009). Image repair tactics and information subsidies during fraud crises. *Journal of Public Relations Research*, 21(2), 218–228. <https://doi.org/10.1080/10627260802557589>
- Carruthers, M. J. (2013). Rhetoric beyond words delight and persuasion in the arts of the Middle Ages. *Cambridge University Press* 31(2), 220–223. <https://doi.org/10.1525/rh.2013.31.2.220>
- Coombs, W. T. (2019). *Ongoing crisis communication: Planning, managing, and responding*. SAGE.

- di Carlo, G. S. (2014). New trends in knowledge dissemination: TED Talks. *Acta Scientiarum: Language & Culture*, 36(2), 121–130.
<https://doi.org/10.4025/actascilangcult.v36i2.22619>
- Dindia, K., & Canary, D. J. (1993). Definitions and theoretical perspectives on maintaining relationships. *Journal of Social and Personal Relationships*, 10(2), 163–173. <https://doi.org/10.1177/026540759301000201>
- Ferguson, Mary Ann. (1984). *The Relationship of Public Relations and Board-Level Boundary-Spanning Roles to Corporate Social Responsibility*. [Washington, D.C.]: Distributed by ERIC Clearinghouse, <https://eric.ed.gov/?id=ED245268>.
- Frida Buhre, Collin Bjork. (2021) Braiding Time: Sami temporalities for indigenous justice. *Rhetoric Society Quarterly* 51(3), 227-236.
- Fincen.gov. 2013. Statement of Jennifer Shasky Calvery, Director Financial Crimes Enforcement Network United States Department of the Treasury. [online] Available at: <<https://www.fincen.gov/sites/default/files/2016-08/20131118.pdf>>
- Geron, T. (2022.). *Yellen cites UST stablecoin risk after it loses its dollar peg - Protocol*. www.protocol.com. Retrieved January 7, 2023, from <https://www.protocol.com/bulletins/terra-stablecoin-loses-peg#:~:text=The%20SEC%20has%20previously%20issued>

- Hagler-Geard, T. (2021, February 25). Coinbase files for public offering. *The Wall Street Journal*. Retrieved February 5, 2023, from <https://www.wsj.com/articles/coinbase-files-for-public-offering-11614265432>
- Heinrichs, J. (2020). Thank you for arguing: what Aristotle, Lincoln, and Homer Simpson can teach us about the art of persuasion (Fourth edition.). *Broadway Books*.
- Higgins, C., & Walker, R. (2012). Ethos, logos, pathos: Strategies of persuasion in social/environmental reports. *Accounting Forum*, 36(3), 194–208. <https://doi.org/10.1016/j.accfor.2012.02.003>
- Kelleher, T., & Miller, B. M. (2006). Organizational blogs and the human voice: Relational strategies and relational outcomes. *Journal of Computer-Mediated Communication*, 11(2), 395–414. <https://doi.org/10.1111/j.1083-6101.2006.00019.x>
- Kumar, A. S., K., H., & Anandarao, S. (2021). Explosivity in the cryptocurrency market: A panel GSADF approach. *IUP Journal of Applied Economics*, 20(4), 60–73.
- Littlejohn, S., & Foss, K. (2009). *Encyclopedia of Communication Theory*. Retrieved 16 October 2022, from <https://sk.sagepub.com/reference/communicationtheory/n336.xml>
- Locke, T. (2021, April 14). The coinbase co-founders met on Reddit and launched the company out of a two-bedroom apartment when 'a bitcoin was worth

\$6'. CNBC. Retrieved February 5, 2023, from

<https://www.cnbc.com/2021/04/14/coinbase-co-founders-launched-when-a-bitcoin-btc-was-worth-6.html>

Malladi, R. K., & Dheeriyaa, P. L. (2021). Time series analysis of cryptocurrency returns and volatilities. *Journal of Economics & Finance*, 45(1), 75–94.

<https://doi.org/10.1007/s12197-020-09526-4>

Nakamoto, S. (2008). Bitcoin: A peer-to-peer electronic cash system. Bitcoin.org.

Retrieved 11 October 2021, from <https://bitcoin.org/bitcoin.pdf>.

Napolitano, E. (2022, November 12). *For Coinbase, FTX's Bankruptcy Has Its Pluses and Minuses*. *Www.coindesk.com*.

<https://www.coindesk.com/business/2022/11/12/for-coinbase-ftx-bankruptcy-has-its-pluses-and-minuses/>

O'Connell , J. (2021, March 4). What is Bitcoin exchange Coinbase's vision,

Mission & strategy? *CCN.com*. Retrieved February 5, 2023, from

<https://www.ccn.com/bitcoin-exchange-coinbases-vision-mission-strategy/>

Oi, R. (2022, December 20). *Top 10 Biggest Crypto Failures of 2022*. *Fintech*

Singapore. [https://fintechnews.sg/67859/crypto/top-10-biggest-crypto-failures-of-](https://fintechnews.sg/67859/crypto/top-10-biggest-crypto-failures-of-2022/#:~:text=The%20Terra%20Luna%2FTerraUSD%20Crash%20On%20March%2012%2C%202022%2C)

[2022/#:~:text=The%20Terra%20Luna%2FTerraUSD%20Crash%20On%20March%2012%2C%202022%2C](https://fintechnews.sg/67859/crypto/top-10-biggest-crypto-failures-of-2022/#:~:text=The%20Terra%20Luna%2FTerraUSD%20Crash%20On%20March%2012%2C%202022%2C)

- Stucki, I., Sager, F. Aristotelian framing: logos, ethos, pathos and the use of evidence in policy frames. *Policy Sci* 51, 373–385 (2018).
<https://doi.org/10.1007/s11077-018-9322-8>
- Tjahyana, L. J. (2022). Crisis response strategies during cryptocurrency crash: A netnographic studies of Lunatics community. *Petra International Journal of Business Studies*, 5(2), 145–154. <https://doi.org/10.9744/ijbs.5.2.145-154>
- Vigna, P., & Casey, M. (2016). The age of cryptocurrency: How bitcoin and the blockchain are challenging the Global Economic Order. *Picador/St. Martin's Press*.
- Walther, J. B., Liang, Y. J., DeAndrea, D. C., Tong, S. T., Carr, C. T., Spottswood, E. L., & Amichai-Hamburger, Y. (2011). The effect of feedback on identity shift in computer-mediated communication. *Media Psychology*, 14(1), 1–26.
<https://doi.org/10.1080/15213269.2010.547832>
- Wilson, K. B., Karg, A., & Ghaderi, H. (2022). Prospecting non-fungible tokens in the digital economy: Stakeholders and ecosystem, risk and opportunity. *Business Horizons*, 65(5), 657–670.
<https://doi.org/10.1016/j.bushor.2021.10.007>
- Zhou, S. (2021). Exploring the driving forces of the Bitcoin currency exchange rate dynamics: an EGARCH approach. *Empirical Economics*, 60(2), 557–606.
<https://doi.org/10.1007/s00181-019-01776-4>

Guidebook References

- Agha, A. (2017). Money Talk and Conduct from Cowries to Bitcoin. *Signs & Society*, 5(2), 293-355. <https://doi.org/10.1086/693775>
- Alexander, C., & Cumming, D. (2020). *Corruption and fraud in financial markets: Malpractice, misconduct and manipulation*. Wiley.
- Alvarez, F., Argente, D., & Van Patten, D. (2022). Are cryptocurrencies currencies? bitcoin as legal tender in El Salvador. (No. w29968). *National Bureau of Economic Research*. <https://doi.org/10.3386/w29968>
- Antonopoulos, A. M. (2016). *Mastering bitcoin: Unlocking digital crypto-currencies*. O'Reilly.
- Astrakhantseva, I.A., Astrakhantsev, R.G., & Los, A. (2021). Cryptocurrency fraud schemes analysis. *SHS Web of Conferences*.
- Bhosale, J., & Mavale, S. (2018). Volatility of select Crypto-currencies: A comparison of Bitcoin, Ethereum and Litecoin. *Annual Research Journal of SCMS, Pune*, 6. ISSN 2348-0661
- Baum, S. C. (2018). Cryptocurrency fraud: A look into the frontier of fraud. *Honors College Theses*. Retrieved April 11, 2023, from <https://digitalcommons.georgiasouthern.edu/cgi/viewcontent.cgi?article=1432&context=honors-theses>
- Clark, A. (2022, December 6). Ethereum cut its energy use 99% but climate gains may be curbed. *Bloomberg.com*. Retrieved April 10, 2023, from <https://www.bloomberg.com/news/articles/2022-12-06/ethereum-cut-its->

energy-use-99-but-climate-gains-may-be-
curbed#xj4y7vzkg?leadSource=uverify%20wall

Du'Mmett, S. (2022, August 11). How to mine ripple (XRP) in 2022 (Complete Guide). Cryptopolitan. Retrieved April 10, 2023, from

<https://www.cryptopolitan.com/how-to-mine-ripple/>

Farell, R. (2015). An Analysis of the Cryptocurrency Industry. *Wharton Research Scholars* , (130).

Fisher, K., & Hoffmans, L. (2010). *How to smell A Rat: The five signs of financial fraud*. John Wiley & Sons

Hill, G., & Hill, K. (1995). The People's Law Dictionary . Law.com Legal Dictionary.

Retrieved April 4, 2023, from

<https://dictionary.law.com/default.aspx?selected=785>.

Kagan, J. (2023, February 11). *ECash: Overview, history of its rise and fall*.

Investopedia. Retrieved April 11, 2023, from

<https://www.investopedia.com/terms/e/ecash.asp>

Kessler, G. C. (2003). *An Overview of Cryptography*. United States: Gary C.

Kessler.

Kostakis, V., & Giotitsas, C. (2014). The (A)Political Economy of Bitcoin. TripleC

(Cognition, Communication, Co-Operation): *Open Access Journal for a*

Global Sustainable Information Society, 12(2), 431–440.

Lansky, J. (2018). Possible state approaches to cryptocurrencies. *Journal of*

Systems Integration, 9(1), 19–31. <https://doi.org/10.20470/jsi.v9i1.335>

- Lee, C. (2011). Litecoin whitepaper. *Litecoin LTC whitepapers*. Retrieved April 10, 2023, from <https://whitepaper.io/document/683/litecoin-whitepaper>
- Nakamoto, S. (2008). Bitcoin: A Peer-to-Peer Electronic Cash System. *Bitcoin.org*. Retrieved 11 October 2021, from <https://bitcoin.org/bitcoin.pdf>.
- Oliva, G.A., Hassan, A.E. & Jiang, Z.M.(2020). An exploratory study of smart contracts in the Ethereum blockchain platform. *Empir Software Eng* 25, 1864–1904 <https://doi.org/10.1007/s10664-019-09796-5>
- Ramirez , D. (2022). *SafeMoon (SFM): Structure, controversy and lawsuits*. NerdWallet. Retrieved April 11, 2023, from <https://www.nerdwallet.com/article/investing/safemoon>
- Saleh, A., & Youssef, N. (2020). Financial Technology Glossary. *Arab Regional Fintech Working Group*.
- Tether, (2012), Tether: Fiat currencies on the bitcoin blockchain - [assets.ctfassets.net](https://assets.ctfassets.net/vyse88cgwfb/5UWgHMvz071t2Cq5yTw5vi/c9798ea8db99311bf90ebe0810938b01/TetherWhitePaper.pdf). Retrieved April 1, 2023, from <https://assets.ctfassets.net/vyse88cgwfb/5UWgHMvz071t2Cq5yTw5vi/c9798ea8db99311bf90ebe0810938b01/TetherWhitePaper.pdf>
- Tiwari, M., Gepp, A. & Kumar, K. The future of raising finance - a new opportunity to commit fraud: a review of initial coin offering (ICOs) scams. *Crime Law Soc Change* 73, 417–441 (2020). <https://doi.org/10.1007/s10611-019-09873-2>

Vigna, P., & Casey, M. (2016). *The age of cryptocurrency: How bitcoin and the blockchain are challenging the Global Economic Order*. Picador/St. Martin's Press.