

Why I think Ripple (XRP) is a shitcoin

Description

If you're new to crypto, please read these first:

- [A step-by-step guide to buying \(and **owning**\) your first Bitcoin](#)
- [A step-by-step guide to buying alt coins](#)
- [Understanding crypto speak](#)

Moving onto Ripple, which has now climbed to #2 in the world.

Yet I think the Ripple tokens (XRP) are shitcoins, and I'm not alone on this. Read on for my analysis.

The funny thing is, most of the people who have been in crypto the longest are almost absolutely anti-XRP. But if you ask the fanboys and the fangirls...they're often the newbies, who will tell you that XRP is the next Bitcoin in making, only better.



Note: If you don't understand crypto speak, [first check out this post](#) and then come back here.

Yes, I know XRP is now #2 in the crypto universe, but that doesn't change my opinion about it being a shitcoin. If you bought into it because it was so hyped up recently, congratulations! You might want to look at this hilarious graphic (ignore the spelling errors) first before I delve into XRP deeper:

MUST HAVE

Cryptocurrencies for newcomers

RIPPLE
We do centralized settlement for the banks.. thats a new thing!. One day they will use our token....

NEO
We love and trust the chinese government and heruko. we can tell you anthing and you will belive it. decentralization...yes soon we will add another sever to heruko

CARDANO
We have a lot of whitepapers.. we might rebrand to acm

STELLAR
We are Non-Profit!.. to the moon! Shh! ..Don't tell banks can just download it from hyperledger.org and use it privatly.

VERGE
Our 1 Developer is very busy!. Remember to use TOR.

Source: [Reddit](#)

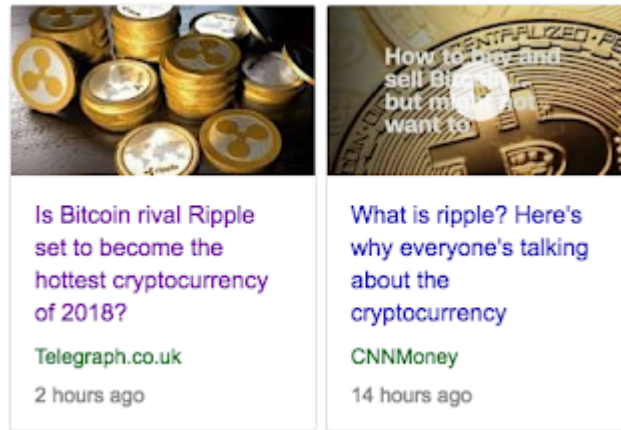
Why did YOU buy XRP?

Whenever I ask someone that, they give me the same usual reasons:

- The Ripple system solves a real problem for banks and they already have banks using them

- The payments industry is huge. Banks are more likely to use Ripple than Bitcoin. In fact, they already are! (Cites list of banks and Jap / Korean credit card companies here)
- It is the world's second most valuable payment currency

Mainstream media continues to shill and mislead by calling Ripple the "Bitcoin rival", perhaps for clickbait. That's an insult to Bitcoin if I ever heard any.



Ripple caught my attention much earlier last year, after I saw on CNBC that it rose a spectacular 4000% to finish the first half of 2017. At that time, XRP's price was \$0.23 when I first started studying it, but eventually decided not to buy because it is a shitcoin.

Well, XRP is \$2.90 today. Earlier in November, I shared with a few friends that I believed XRP would rise because people won't understand, or perhaps won't be bothered to try and understand XRP from beyond all the shilling that they read online and on the mass media. And then there'll be a crash after these people wake up and realise the gap and these glaring red flags. I hope you won't be one of them. I might be wrong, and I'm open to being corrected, but so far no proponent of Ripple has ever been able to convince me otherwise.

Why didn't I buy it at \$0.23? **Because I don't believe in investing in shitcoins.** Go ahead and trade them if you will, but when a crash comes, mark my words that the fundamentally strong coins will survive while the weak ones will get weeded out by the market.

But what do I know? I can't predict the future, and I'm just a girl blabbing online. So do your own homework and make up your own mind. But since a few readers have requested for me to write on WHY I think XRP is a shitcoin, here are my thoughts.

Why I think XRP is a shitcoin through and through



RideTheLightning ⚡ @MediumSqueeze · 1h

The day ripple was switched on, 100bln XRP was created out of thin air. 60bln still held privately by founders and aren't included in the market cap.



It'll be helpful to start with an analogy. Someone shared this earlier today and I thought it was really apt, so I'm passing it on here.

Think of

- Ripple as Apple
- The Ripple system as iOS
- XRP tokens as iPhones

But unlike how you can buy the shares of Apple to benefit from their growth (which I did), you cannot buy the shares of Ripple. You can only buy their tokens, which can be used in their system. Note that the tokens do not give you any share of the profits that Ripple makes, unlike Apple shares.

If you're happy buying iPhones because you believe its value will go up, go ahead and buy XRP for all you want.



Other issues why XRP makes me really uncomfortable:

- XRP tokens are pre-mined.
- The ex-founder is holding tons and tons of it.
- The system is centralized, which goes against crypto's vision of decentralization.

Most people don't understand that **Ripple's technology is not dependent on the token**. I repeat, **you do not need to use XRP tokens in the Ripple system**.

This is where some XRP fans step in and argue, *but using XRP tokens will give the banks greater cost savings!* Sureeeeeeeeeee, but the banks aren't using it. XRP's valuation at \$117 billion is downright ridiculous when the tokens aren't even needed to use the software and no one is using it anyway.

In fact, banks can actually create their own tokens to be used in Ripple's system. What's so hard about that when you can literally do it in minutes? [Just take a look at how one guy created his own coins that easily here](#). Also, [here's DBS about to launch their own digital coin through their off-shore subsidiary bank](#). Can those coins be processed on RippleNet? I sure bet they can.



RideTheLightning ⚡ @MediumSqueeze · 58m

Ripple also includes an array of features to freeze user balances in the name of KYC/AML. A detailed list of this theft mode can be found here.

ripple.com/build/freeze/

On August 1, 2014, Ripple introduced a feature called "Balance Freeze" which allowed the network's gateways to freeze and prevent funds from being traded, an action that they claimed was necessary to protect the gateways' wallets from being compromised, or in the case that Ripple would be "called upon [freeze funds] by the authorities."

Ripple introduced two different methods for the "freeze protocol extension." The first method is known as the "global freeze" and allows gateways to freeze all of their issued funds. The second allows the gateways to freeze funds of a particular user, while the frozen funds are sent back to the gateway.

As explained in a [Ripple Labs document](#), this feature gave Ripple permission to freeze accounts in the following circumstances:

1. They notice "suspicious or unusual activity is noticed on an individual account."
2. Funds are being held during a dispute resolution.
3. A gateway's terms of use are violated by an individual account.

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RideTheLightning ⚡ @MediumSqueeze · 1h

In 2015 Ripplelabs was fined \$700,000 by FinCEN. This kind accountability is one of the obvious drawback to a centralised currency with a CEO.

The screenshot shows the FinCEN website with the article title "FinCEN Fines Ripple Labs Inc. in First Civil Enforcement Action Against a Virtual Currency Exchanger". The article text includes: "WASHINGTON, DC - The Financial Crimes Enforcement Network (FinCEN), working in coordination with the U.S. Attorney's Office for the Northern District of California (USAO-NDCA), assessed a \$700,000 civil money penalty today against Ripple Labs Inc. and its wholly owned subsidiary, XRP II, LLC (formerly known as XRP Fund II, LLC). Ripple Labs willfully violated several requirements of the Bank Secrecy Act (BSA) by acting as a money services business (MSB) and selling its virtual currency, known as XRP, without registering with FinCEN, and by failing to implement and maintain an adequate anti-money laundering (AML) program designed to protect its products from use by money launderers or terrorist financiers. XRP II later assumed Ripple Labs' functions of selling virtual currency and acting as an MSB, however, like its parent company, XRP II willfully violated the BSA by failing to implement an effective AML program, and by failing to report suspicious activity related to several financial transactions. "Virtual currency exchangers must bring products to market that comply with our anti-money laundering laws," said FinCEN Director Jennifer Shasky Calvery. "Innovation is laudable but only as long as it does not unreasonably expose our financial system to tech-savvy criminals eager to abuse the latest and most complex products." FinCEN's assessment is concurrent with the USAO-NDCA's announcement of a settlement agreement with Ripple Labs and XRP II. In that settlement, the companies resolved possible criminal charges and forfeited \$450,000. The \$450,000 forfeiture in that action will be credited to partially satisfy FinCEN's \$700,000 civil money penalty. A Statement of Facts and Violations, describing the underlying activity and details of the BSA violations, is incorporated into FinCEN's assessment as well as the USAO-NDCA's settlement. Both actions were accompanied by an agreement by Ripple and XRP II to engage in remedial steps to ensure future compliance with AML/CFT obligations, as well as enhanced remedial measures. Among these steps are agreements to only transact XRP and "Ripple Trade" activity through a registered MSB; to implement and maintain an effective AML program to comply with the Funds Transfer and Funds Travel Rules; to conduct a three-year "look back" to require suspicious activity reporting for prior suspicious transactions and a requirement for the companies to retain external independent auditors to review their compliance with the BSA every two years up to and including 2020. Pursuant to the agreement, Ripple Labs will also undertake certain enhancements to the Ripple Protocol to appropriately monitor all future transactions.

1 13 29

Or have you been buying XRP because you believe it'll be listed on Coinbase? I don't know what Coinbase will do, but you might want to check this out:

GDAX Digital Asset Framework



1.0	GDAX MISSION & VALUES	Does the asset align with our mission and values?
1.1	Open Financial System (1)	Open financial system is defined as being available to everyone and not controlled by a single entity.
	Innovation or Efficiency Gains	New or improved technology which helps solve a problem, creates a new market, addresses an unmet market need, or creates value for network participants.
	Economic Freedom	A measure of how easy it is for members of a society to participate in the economy. The technology enables individuals to have more control over their own wealth and property, or the freedom to consume, produce, invest, or work as they choose.
	Equality of Opportunity	This technology is accessible to use by anyone with a smartphone or access to the internet. It contributes to the broader mission of building the on-ramps to Finance 2.0.
	Decentralization	The network is public, decentralized, and enables trustless consensus.

<https://www.gdax.com/static/digital-asset-framework-2017-11.pdf>

GDAX is Coinbase's exchange.

Decentralized. What was Ripple again? Oh, centralized. Rightttttttttt.

Most of the nodes that are being run right now are owned by Ripple, and the majority of Ripple tokens are held by their founders. Rightttttttttttttttttttt.

Still not convinced? [Read this.](#)



So, should you still buy XRP? Or sell the XRP tokens you bought without realising this major red flag? Those are questions only you can answer. While I label it as a shitcoin, there's no denying that it has gone up exponentially in recent months, and you would have grown disgustingly rich if you had bought

it earlier.

In the meantime, I'm just waiting for a massive crash to happen once all the buyers who had FOMO-ed into XRP realise what a big mistake they've made. But who knows whether that crash will come? After all, humans believed the Earth was flat for the longest time until someone successfully sent a spaceship into outerspace and proved otherwise.

I think it is a scandal that XRP is #2 instead of ETH, and am waiting for it to be dethroned so ETH can be back in its rightful place where it belongs.

But no matter what happens to XRP, you can be sure I'll be watching on the sidelines.



I've got no love for XRP.

Signing off,
Dawn.

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