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From GOP to NFT: Anthony Scaramucci and the Launch of Flatter NFT

"In the age of mechanical reproduction, it is the aura of art that withers."

— Walter Benjamin, "Works of Art in the Age of Mechanical Reproduction" (1935)

"We're not in the first inning; we haven't even left spring training. But I think Bitcoin is here to stay. I think we'll be sitting here in five or ten years, and people will say then, 'I heard about Bitcoin in 2021. It's unfortunate that I didn't invest in it.' I don't want any of them to be SkyBridge investors."

— Anthony Scaramucci, *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!*

In September 2021, Anthony Scaramucci, Founder and Managing Director of SkyBridge Capital, a global investment firm, sat at the bar of Hunt & Fish Club, his Midtown steakhouse as he waited for his clients to arrive for a dinner. While he sipped his whiskey at the bar in the restaurant's "Black Room" lobby, he mulled over whether to go through with an idea for SkyBridge to launch its own NFT platform. Three months earlier in June 2021, he had been approached by Joe Ciccone and Jason Tolliver, old acquaintances who were metaverse enthusiasts with a plethora of ideas to jump into the space. They proposed launching an NFT platform – with SkyBridge's support.

NFTs, or non-fungible tokens, had recently risen to prominence in the crypto space. An NFT platform leveraged blockchain technology to establish the uniqueness and ownership of a digital piece of art, known as an NFT. As an NFT was bought and sold on the platform, its ownership record, known as a digital provenance, would be available to anyone to view and verify. See **Exhibit 1** for information on how a blockchain works. In the first half of 2021, NFT sales reached a volume of more than \$2.5 billion with numerous corporate sponsors, such as Coca Cola, jumping in the game.¹

¹ Michael Golomb, "Rise of a New Disruptor: How NFTs are Revolutionizing the Art and Entertainment Worlds," *Forbes*, September 7, 2021, <https://www.forbes.com/sites/forbesbusinesscouncil/2021/09/07/rise-of-a-new-disruptor-how-nfts-are-revolutionizing-the-art-and-entertainment-worlds/?sh=2c7b7b641a90>, accessed May 2022.

HBS Professor Lauren Cohen; Professor Richard Ryffel (Olin Business School, Washington University in St. Louis); and Research Associate Grace Headinger prepared this case. It was reviewed and approved before publication by a company designate. Funding for the development of this case was provided by Harvard Business School and not by the company. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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The first in his family to graduate from college, Scaramucci had started his life from humble beginnings and grew to amass a fortune on Wall Street – in no small part due to his appetite and tolerance for risk. He reflected, “I have failed upward consistently in my life. I grew up in a blue-collar neighborhood, and I remember wearing a polyester suit in the Charles Hotel in Cambridge for my first job interview at Goldman Sachs. It was 100% flammable. I could have caught fire from what I was wearing if there was a single spark in the room.” He maintained this dedication to the ‘little guy’ to democratize access to hedge fund investments when he founded SkyBridge, a global investment firm that allowed retail investors with as little as \$25,000 to invest in his fund at a time when other hedge funds had minimum investment thresholds of millions of dollars.

After he departed from his role as the White House Communications Director in July 2017, Scaramucci started molding SkyBridge into a crypto-first global investment firm, which would cement him as a thought leader in the crypto space. “However you earn your money last week might not be how you earn your money next week,” he thought. “What entrepreneurs do is they say ‘Let me try this. Let me see if this thing works,’” Scaramucci mused. He knew that finance remained a dinosaur in need of innovation – and that blockchain and associated technologies were the future. To that end, Scaramucci wanted to do something that would put SkyBridge and himself on the map in the crypto space. Launching an NFT platform could be the way to stake his claim.

NFTs had not necessarily been on his radar screen for investments – and SkyBridge did not intend to invest in purchasing and holding NFTs itself – but this was an opportunity to become an NFT wholesaler in itself. “NFTs could be the start of something – not the end game. NFTs are the start of the future of commercial activity, artistic expression, and all of that sort of stuff. Where it’s going no one knows. But do you start that journey?” he questioned. “You’re already in the metaverse because your screentime on your phone is pretty high. My screentime is about 4.5 hours a day over two phones,” he reflected to himself.

The trio had discussed the idea over many calls and were planning a potential announcement of the platform for the September 2021 SALT NYC conference later that month. Now was the time – every moment he waited, SkyBridge slipped behind the hundreds of other firms rapidly expanding into the crypto space. However, if the venture failed, as many new entrants into a new market do, SkyBridge and Scaramucci himself would take a loss on all investments it put into the platform – which would continue to grow as the platform chugged along. But was this the right way to do it? What would success in the NFT space look like for him and SkyBridge Capital?

SkyBridge Capital & Entering the Crypto Industry

In March 2005, Scaramucci founded SkyBridge Capital with his own savings. Four years later in 2009, he launched the SkyBridge Alternatives Conference, or “SALT” Conference, as a networking forum for thought leaders and alternative investment gurus. The conference convened 2,000 thought leaders and investors annually for a three-day forum, most often in Las Vegas and NYC, on emerging issues in finance, technology, and geopolitics. Scaramucci reflected, “The conference has turned into Davos in Vegas for the financial community.” By 2021, the company had more than \$7.5 billion of assets under management with far-flung offices in NYC, Florida, and Abu Dhabi, and the conference had expanded to events in Singapore, Tokyo, and Abu Dhabi.

After leaving the White House in July 2017, Scaramucci refocused on SkyBridge and was joined by his Harvard Law School classmate, Brett Messing, who initiated SkyBridge's first move into Bitcoin.² At first, Scaramucci was reluctant to get involved. Its scale and survivability had not yet been proven. In his mind, he set a goal that SkyBridge would get involved once Bitcoin reached 100 million users.³ However, after the March 2020 COVID-19 economic collapse, he began to realize that Bitcoin was a potential store of value, particularly as the Fed embarked on a new accommodative monetary policy to support financial markets, which Scaramucci summed up as unprecedented money printing.⁴ "I made a decision in June 2020 that Web 3.0 and the world of digital currency and blockchain were going to transform the world," he declared.

SkyBridge's Steps Towards the Crypto World

In September 2020, Messing bought Bitcoin for his own portfolio. On November 15, 2020, SkyBridge took its first major leap into the cryptocurrency space by setting up a full node, a software package that could host and synchronize a copy of the entire Bitcoin blockchain to substantiate transactions, in its NYC office. At the time, there were 40,000 nodes mostly maintained by volunteers, but SkyBridge cleared the infrastructure and security hurdles to put themselves on the map.⁵

By late 2020, SkyBridge also decided to offer investment opportunities in cryptocurrency by creating a Bitcoin fund.⁶ First Trust SkyBridge Bitcoin Fund L.P. launched in December 2020 in partnership with Fidelity Digital Assets, who served as the Bitcoin custodian. The fund's strategy sought "to provide exposure to Bitcoin through an institutional-grade fund."⁷ The fund required a minimum investment of \$25k and charged a 0.75% management fee and 0.25% placement fee. By August 2021, the Bitcoin Fund had appreciated 18.07%.⁸ Later in July 2021, First Trust SkyBridge Ethereum Fund L.P. was launched in partnership with NYDIG Trust Company LLC, which served as the Ethereum custodian. The Ethereum Fund pledged to maintain 100% of its investments in Ethereum, the second largest cryptocurrency after Bitcoin, at all times.⁹ The fund similarly required a minimum investment of \$25k and charged a 1% management fee and a variable placement fee. By August 2021, the Ethereum Fund had appreciated 41.02%.¹⁰ SkyBridge further planned to launch First Trust SkyBridge Crypto Industry

² Anthony Scaramucci, "Crypto Cavalier," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 7.

³ Anthony Scaramucci, "Not for the Squeamish," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 14.

⁴ Anthony Scaramucci, "Not for the Squeamish," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 15.

⁵ Anthony Scaramucci, "Inevitability," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 18.

⁶ Anthony Scaramucci, "Inevitability," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 17.

⁷ "First Trust SkyBridge Bitcoin Fund L.P.," PowerPoint presentation, August 2021, <https://www.skybridgebitcoin.com/documents/overview-pdf>, accessed April 2022.

⁸ *First Trust SkyBridge Bitcoin Fund L.P. Fact Card*, (New York: SkyBridge Capital, December 2021), p. 1.

⁹ "SkyBridge Ethereum Fund," PowerPoint presentation, August 2021, <https://www.skybridgeeth.com/documents/overview-pdf>, accessed April 2022.

¹⁰ *First Trust SkyBridge Ethereum Fund L.P. Fact Card*, (New York: SkyBridge Capital, December 2021), p. 1.

and Digital Economy ETF (CRPT) later that month on September 20, 2021, to invest in common stocks and American Depository Receipts of crypto industry and digital economy companies.¹¹

Scaramucci's Crypto Philosophy

Scaramucci's reasoning to invest in Bitcoin was based on two trends: "One was continuing mainstream and institutional adoption, meaning there would be more buying of an asset with limited supply. That only leads to an increase in price. The second trend is rampant monetary printing and fiscal spending; you have just this flood of liquidity. And as long as those two themes were flashing green, we intended to stay long in the position and let it grow."¹² He decided to tell clients to buy 1, 2, or 3% of their full portfolio because of the high volatility and to embrace the HODL philosophy to 'Hold on for Dear Life.'¹³ Scaramucci explained, "We're really trying to target our investors to think about this long term. Don't trade it.... It just basically means buy and hold it."¹⁴ He continued, "If we're wrong, you're going to be okay. If we're right, you're going to be super happy, as delighted as a 1999 holder of Amazon shares."¹⁵

How to Launch an NFT Platform

When it came to expanding SkyBridge's offerings beyond cryptocurrencies, the NFT space had piqued Scaramucci's interest. Ciccone proposed, "As NFTs started having more utility and we are so early in the space, we could help innovate and bring more people into the space." The trio discussed ideas for integrating NFTs into a variety of different areas, and as he thought it over, Scaramucci thought Ciccone and Tolliver's idea presented an intriguing opportunity.

Background on the NFT Industry

Since the first NFT, 'Quantum,' was minted by Kevin McCoy in 2014, the digital asset had proliferated across new platforms and mediums. Nearly anything could be turned into an NFT – a picture, a music album, a short video of a sports game, and even a meme. Initially, the NFT space included collectibles such as CryptoPunks. Although some sold for millions, a study conducted in March 2020 found that 53% of primary sales on OpenSea were sold for \$200 or less, and 68% of NFTs were not sold after its initial acquirement.¹⁶ See **Exhibit 2** for a diagram of how OpenSea works and **Exhibit 3a and 3b** for data on NFT sales growth.

¹¹ "First Trust SkyBridge Crypto Industry and Digital Economy ETF," <https://www.ftportfolios.com/Retail/Etf/EtfSummary.aspx?Ticker=CRPT>, accessed April 2022.

¹² Anthony Scaramucci, "Inevitability," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 17.

¹³ Anthony Scaramucci, "Inevitability," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 17.

¹⁴ Anthony Scaramucci, "Inevitability," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 18.

¹⁵ Anthony Scaramucci, "Inevitability," in *The Sweet Life with Bitcoin: How I Stopped Worrying About Cryptocurrency and You Should, Too!* (New York, NY: Post Hill Press, 2021), Hoopla, p. 19.

¹⁶ Kimberly Parker, "Most artists are not making money off NFTs and here are some graphs to prove it," *Medium*, April 19, 2021, <https://thatkimparker.medium.com/most-artists-are-not-making-money-off-nfts-and-here-are-some-graphs-to-prove-it-c65718d4a1b8>, accessed April 2022.

Oftentimes, the scarcer and more significant the NFT became, the higher its price rose. For example, Jack Dorsey's first tweet – only one in the world, sold for \$2.9 million in March 2021.¹⁷ Those with existing brand power, such as the NBA Topshot or a bundle of 101 of 10,000 Bored Apes fetched respective valuations of \$7.5 billion and \$24.4 million.¹⁸ Many other qualities intrinsic to the art world translated into these pieces of digital art. For example, the issue of reproducibility of art predated NFTs. Walter Benjamin spoke to these concerns over the value of original art pieces with the rise of photography in the early 1990s: "Even the most perfect reproduction of a work of art lacks one element: its existence in time and space, its unique existence in the place where it happens to happen. The unique existence of a work of art determines its presence."¹⁹ This halo effect, or the record of ownership – by royalty in the 1900s or celebrities in the 2020s – added premium value for potential buyers. For NFTs and other digital assets, the blockchain's verification of ownership provided this unique capability.

Still other NFT platforms turned into a new reality in and of itself through community-building among their user bases. For example, Axie Infinity pioneered turn-based combat between digital assets in the form of Pokémon creatures in a game in which players earn cryptocurrency for winning against other players' creatures.²⁰ Another NFT network, Loot, created a fictional universe through the minting of 'Loot bags' which gave their owners lists of randomized adventurer gear, around which players created guilds, set up storefronts, and built an improv-like community.²¹ One more example, launched in May 2021, Bored Ape NFTs also doubled as membership cards to the Bored Ape Yacht Club. See **Exhibit 4** for a selection of NFT examples.

A Non-Fungible Token with Fungible Experiences

"Anthony has always embraced new technology and innovation, and once we started the conversations together, we felt there was a great opportunity," explained Ciccone. "We wanted to 'flatten the curve' with DeFi really coming into existence with NFTs." Since the initial conversations over the summer, the idea had started to take shape.

The name Flatter NFT was selected for the platform as a way to 'flatter' someone with an NFT gift that extended into multiple other business areas. Flatter NFT would be custom user interface platform based on the Ethereum blockchain, and users would require a digital wallet to connect to the website. See **Exhibit 5** for a diagram of the Ethereum NFT minting process. Users could purchase the platform's NFTs using either ether (ETH) or credit card via their digital wallet.

To produce and trade the NFTs on Ethereum's network, SkyBridge would incur various minting costs. For example, Ethereum charged 'gas fees' for any transaction on their network to recoup their

¹⁷ Taylor Locke, "Jack Dorsey sells his first tweet ever as an NFT for over \$2.9 million," CNBC, March 22, 2021, <https://www.cnbc.com/2021/03/22/jack-dorsey-sells-his-first-tweet-ever-as-an-nft-for-over-2point9-million.html>, accessed April 2022.

¹⁸ Langston Thomas, "A Guide to NBA Top Shot NFTs: Videos Are the New Trading Cards," NFT Now, April 13, 2022, <https://nftnow.com/guides/nba-top-shot-guide/>, accessed April 2022. Elizabeth Howcroft, "Set of 'Bored Ape' NFTs sells for \$24.4 mln in Sotheby's online auction," Reuters, September 9, 2021, <https://www.reuters.com/lifestyle/set-bored-ape-nfts-sell-244-mln-sothebys-online-auction-2021-09-09/>, accessed April 2022.

¹⁹ Walter Benjamin, "The Work of Art in the Age of Mechanical Reproduction," 1935.

²⁰ Casey Newton, "How Axie Infinity is turning gaming on its head," The Verge, October 13, 2021, <https://www.theverge.com/2021/10/13/22725083/axie-infinity-sky-mavis-blockchain-economy-game-pokemon>, accessed April 2022.

²¹ Casey Newton, "Loot is a Viral Social Network that Looks Like Nothing You've Ever Seen," The Verge, September 3, 2021, <https://www.theverge.com/2265077/loot-social-network-open-source-nft>, accessed April 2022.

network costs, such as verifying transactions and maintaining network security, for a user to interact with it. Different interactions on the blockchain cost different amounts of gas, as the fees dynamically increased based upon how many transactions were active on the blockchain at a time to compensate for increased verification costs. See **Exhibit 6** for a graph of Ethereum gas fees over time and **Exhibit 7** for an explanation of Ethereum's total fee structure.

Flatter NFT would feature three kinds of exclusive offerings: art, collectibles, and experiences. "An NFT is an artistic, digital expression of something," Scaramucci described. The digital expressions could be combined with popular culture as collectibles. He reminisced, "There is a mid-century piece of cardboard that is very small and has four color process in on it. Mickey Mantle: height, weight, birthday, and minor league experience. \$5.2 million worth. Scarcity, nostalgia, cultural attribution, and someone who is old and rich wants to relive their youth and will buy this card. Fast forward, the generation below me will have no problem owning a digital, unique piece of something." He contemplated, "You know that I could show you a picture of the card and the actual card, so if I had a digitally printed, encrypted, smart contracted specifically to me – that becomes worthy." Furthermore, the digital assets would be paired with real-world experiences, such as the SALT conference, where the attendee would have access to global thought leaders in business and politics alike. Across these three offerings, Flatter would embrace three categories of content creators: celebrities and influencers, like Scaramucci himself, established brands, such as Louis Vuitton, and events, such as Ultra Music Festival.

The Proof of Concept

In its first iteration, the platform would first launch two NFTs linked with SkyBridge experiences, leveraging SkyBridge's annual SALT conference to introduce the platform to the wider public.

The first, a whiskey bottle adorned with Scaramucci's face, would be combined with a package including a ticket to SALT 2022 and two tickets to a VIP dinner with the NFT's designer. A part of the proceeds would go to the U.S. Olympic and Paralympic Committee. 140 whiskey bottles would be produced and sold in three rounds priced at 1 Ethereum (ETH), 1.25 ETH, and 1.5 ETH. At the \$2,300 USD to 1ETH conversion rate, the three rounds would be valued in USD at \$2,300, \$2,875, and \$3,450 respectively. See **Exhibit 8** for a replication of the whiskey bottle.

The second, a saltshaker adorned with the SALT conference logo, would offer a lifetime ticket to all U.S. and international SALT conferences with VIP treatment for their lifetime. Holders of the NFT would also receive Green Room access, two tickets of admission to Wine Party, coffee with Scaramucci at the conference, two tickets to a power breakfast with Scaramucci, and invites to other SkyBridge Capital events. A part of the proceeds would also go to the U.S. Olympic and Paralympic Committee. Five saltshakers would be produced and sold in a single round for \$25,000 USD. See **Exhibit 9** for a replication of the saltshaker.

Becoming an NFT Wholesaler

"I'm a cynical person about markets," Scaramucci asserted, "and I don't think people can make money in markets without an edge. I don't think you could make money trading NFTs, and even if the market is going up, that's not trading." However, he drew a distinction between trading NFTs and manufacturing them. "The NFT space is a manufacturing studio quite different from a crypto exchange," he thought. "If we craft the right ideas, we can draw people in."

He considered the cost of his bet. "SkyBridge will likely be in this for around \$100 million, but that's only three Bored Apes! I can buy three and put them in my portfolio, sure, or I can put them in my

skillset to create a business." In his favor, he could grab the public's attention: "I know how to promote things. I am relatively articulate on television. I have a million-plus Twitter followers, good moderating skills, and a fairly large network. I can take advantage of name recognition for the NFT space."

With these advantages, he expected he could grab enough attention to cultivate a strong user base. In addition to the proceeds from the NFTs' initial sales, SkyBridge would receive a 10% royalty from each trade of the NFTs on its platform as built into the platform's smart contract. With this royalty, the NFTs could provide a constant revenue stream for the investment firm. "If I'm manufacturing, and they catch on, then we're in a good place," he anticipated. "If I can create a team that can manufacture this idea, then all of a sudden, we're manufacturing the Bored Apes for little to no cost at all."

To Launch or Not to Launch?

The plan lined up. As he sat at the bar, Scaramucci turned the idea over in his mind. Should Skybridge launch its own NFT platform? This was not a question of whether the technology worked – it did. Rather, would people use it? Would it provide a return on investment? How would it impact SkyBridge's standing in the crypto world? By what metrics should he measure Flatter's initial success?

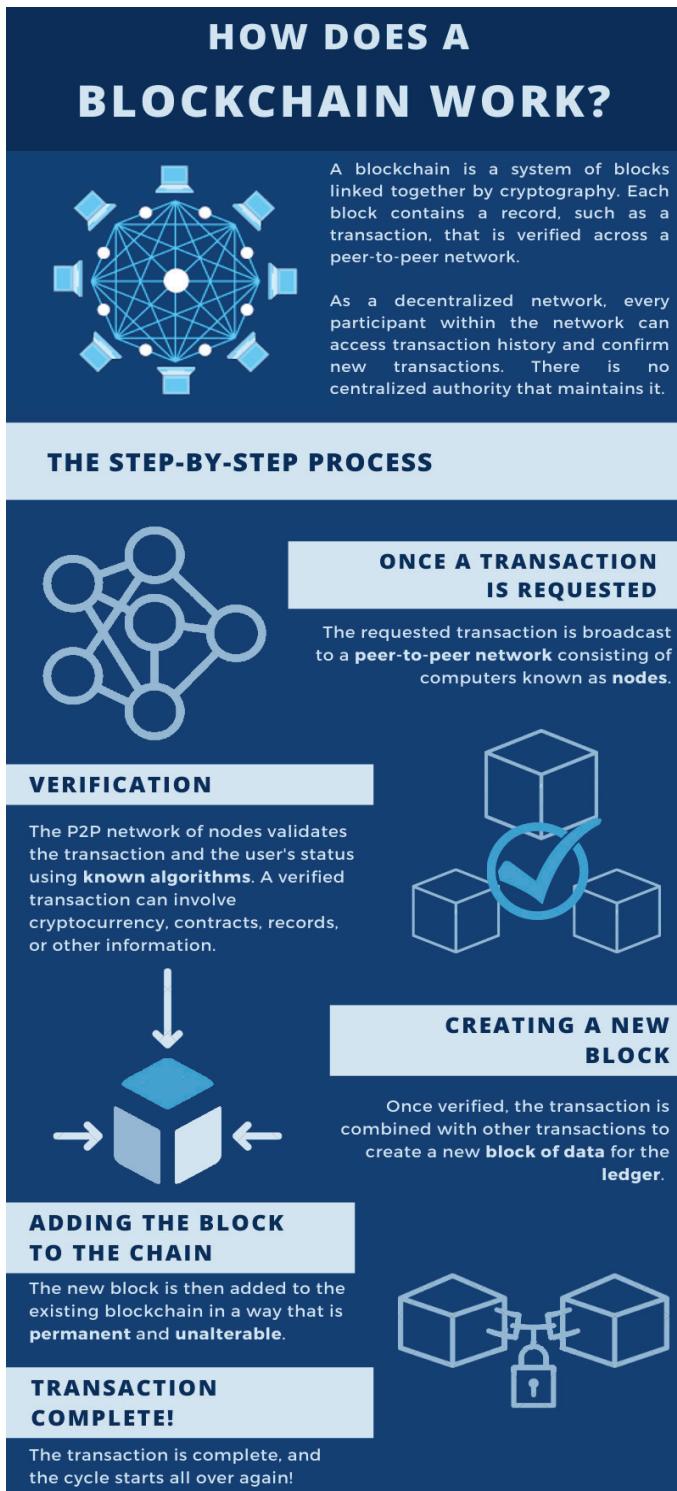
In terms of expenses, Scaramucci estimated that the initial phase's costs would be minimal – at first. "We can incentivize talent with meaningful equity, a high salary, healthcare and other things," he thought to himself. "If it fails, then SkyBridge would take a loss on that. Even phase one we would initially write it off as a loss. But loss assumption is a prime quality of an entrepreneur."

Flatter would also need to convince others to join the platform, as opposed to its competitors, such as OpenSea. Although he planned to use his public persona, Scaramucci refused to consider drumming up market hype through a high-value wash trade, in which a seller sold a NFT asset to themselves, a tactic which was becoming more and more common in the industry to boost an NFT's value and liquidity. "I want low price points to bring people onto my platform without wash trading. Wash sales in the securities industry are illegal because it's market manipulation, but there's no regulation in the NFT space. Many others in the industry have done that, but I don't need that money. I would never dishonor my family by doing that." He accepted, "I can fail at this, but if I don't fail at it, then it can grow into its own ecosystem and its own business."

The proposal seemed like a mutually beneficial arrangement that would yield a multitude of future possibilities and opportunities. "We're so early with NFTs, I'm not sure I know where it's going," he reflected. "Where it is right now is not where it's going to be." He considered all of the possibilities for future growth once the platform was established. "Why not tokenized real estate?" he questioned. "Not just IP, but also the tokenization of hard assets. Of all the assets in our society, only 30% of assets are liquid and tradeable. This is going to allow for the other 70% to become liquid and tradeable."

With the 2021 SALT NYC conference coming up soon, Scaramucci felt it was the time to make a decision to jump in feet first into the NFT world and launch the platform or to focus SkyBridge's resources elsewhere. But again, he ruminated, this was not the *only* way to invest in NFTs, and this approach represented a different strategy than SkyBridge had used for Bitcoin. Would this maximize the chances that he would "right on the space" but "wrong on the asset"? Or was this SkyBridge's chance to take their first-mover advantage to another level of success in this speculative, but fast growing, NFT space? Markets wait for no one and do not reward half-baked efforts. So whichever path he chose, Scaramucci knew he and SkyBridge had to jump in with full firm conviction and support.

Exhibit 1 How Does a Blockchain Work?



Source: Created by casewriter from "Transaction Cycle," Blockgeeks, <https://blockgeeks.com/blockchain-infographics/>, accessed May 2022.

Exhibit 2 OpenSea Explained

OpenSea Explained

A P2P MARKETPLACE
OpenSea is a P2P marketplace on the blockchain where goods such as gaming items, trading cards, domain names, and digital art (NFTs) can be purchased. It makes most of its revenue through a 2.5% service fee.

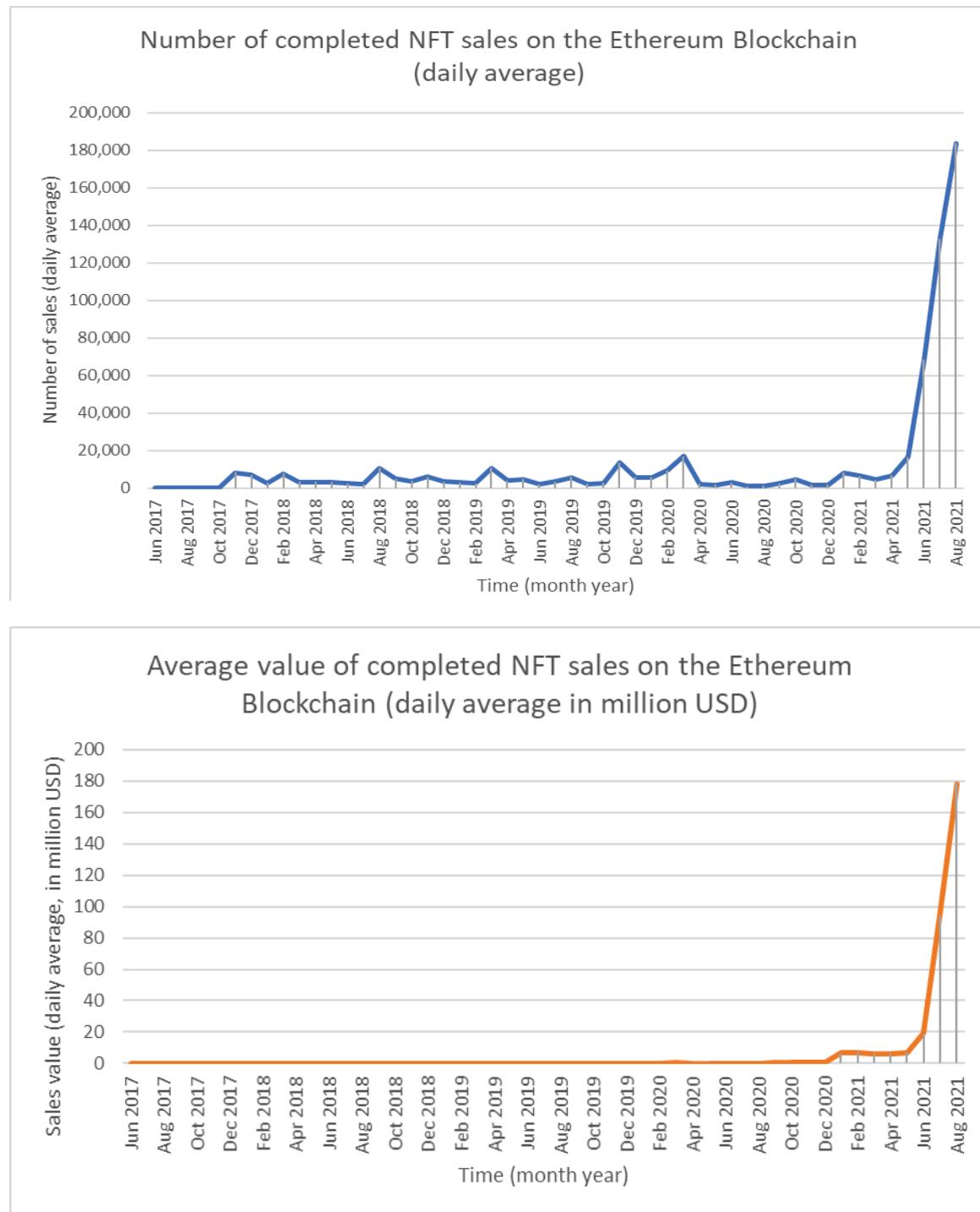
GAS FEES
OpenSea charges gas fees to cover the cost of the computing energy required to process and validate Ethereum blockchain transactions. For example, buyers pay the gas fee when purchasing fixed-price items, while sellers pay the same fee when accepting offers.

ACCOUNT REGISTRATION FEES
New sellers on the platform must pay an account initialization fee before they can list. They are charged to enable trading between the seller's wallet and OpenSea.

CONTRACT APPROVAL FEES
Users wishing to sell an item minted through a custom NFT contract will also need to pay a one-time approval fee for authorizing transactions. This fee is also required when a user uses a new cryptocurrency for the first time.

Source: Created by casewriter from "The OpenSea Business Model in a Nutshell," FourWeekMBA, March 30, 2022, <https://fourweekmba.com/how-does-opensea-make-money-opensea-business-model/>, accessed May 2022.

Exhibit 3a Average Number and Value of Completed NFT Sales on the Ethereum Blockchain (June 2017-August 2021)



Source: Created by casewriter from “Average number and value of completed NFT sales on the Ethereum blockchain up to May 5, 2022,” from NonFungible, via Statista, accessed May 2022.

Exhibit 3b Reasons why consumers would buy an NFT in the United States in March 2021, by age and gender

Survey Answers	Total (n=173)	Male (n=112)	Of which: 18-34 years old, male	Of which: 35-44 years old, male	Of which: 45-54 years old, male	Of which: 55-64 years old, male	Of which: 65 years and older, male
The return on investment	40%	39%	41%	25%	36%	54%	83%
I am an art fan	36%	39%	30%	58%	44%	39%	31%
My family, friends, or coworkers are buying them	30%	34%	44%	29%	15%	0%	56%
It is trendy/popular right now	30%	26%	25%	34%	23%	19%	14%
I consider myself an early adopter	28%	33%	39%	27%	35%	40%	0%
Bragging rights	17%	21%	24%	30%	9%	0%	14%
Other	0%	0%	0%	0%	0%	0%	0%

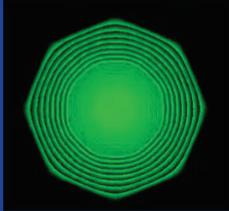
Survey Answers	Total (n=173)	Female (n=60)	Of which: 18-34 years old, female	Of which: 35-44 years old, female	Of which: 45-54 years old, female	Of which: 55-64 years old, female	Of which: 65 years and older, female
The return on investment	40%	40%	39%	49%	11%	59%	68%
I am an art fan	36%	28%	33%	30%	12%	29%	32%
My family, friends, or coworkers are buying them	30%	22%	16%	18%	43%	30%	0%
It is trendy/popular right now	30%	36%	43%	45%	18%	11%	32%
I consider myself an early adopter	28%	18%	23%	16%	11%	16%	0%
Bragging rights	17%	7%	2%	22%	10%	0%	0%
Other	0%	1%	0%	6%	0%	0%	0%

Source: Reasons why consumers would buy NFT in the United States in March 2021, by age and gender, from Adweek and Harris Poll, via Statista, accessed May 2022

Exhibit 4 Seven NFT Examples

7 NFT Examples

A video minted in 2014, "Quantum" was the first NFT.



CryptoPunks were an NFT collection of 10,000 unique characters.



NBA Top Shot NFTs displayed a video of a favorite player.



Axie Infinity NFTs battled against one another in a virtual universe.



Bored Ape Yacht Club NFTs doubled as a membership to a virtual club.



Jack Dorsey made headlines in March 2021 when an NFT of his first tweet sold for \$2.9 million USD.

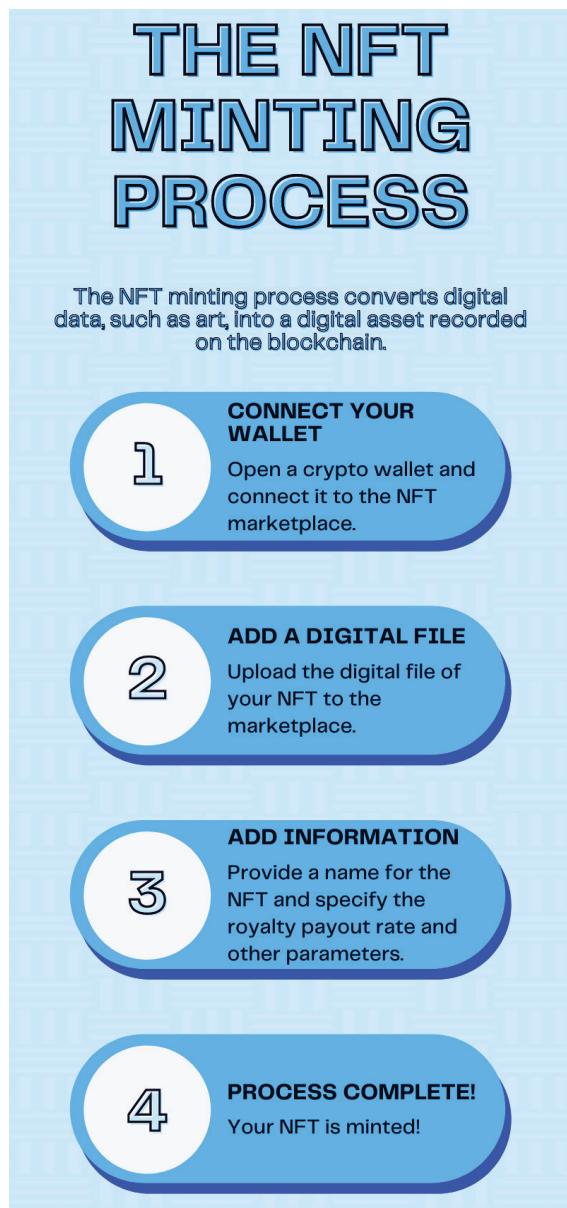


Loot NFTs gave users 'Loot bags' to use and trade in a fictional universe.

- "Grim Shout" Grave Wand of Skill +1
- Hard Leather Armor
- Divine Hood
- Hard Leather Belt
- "Death Root" Ornate Greaves of Skill
- Studded Leather Gloves
- Necklace of Enlightenment
- Gold Ring

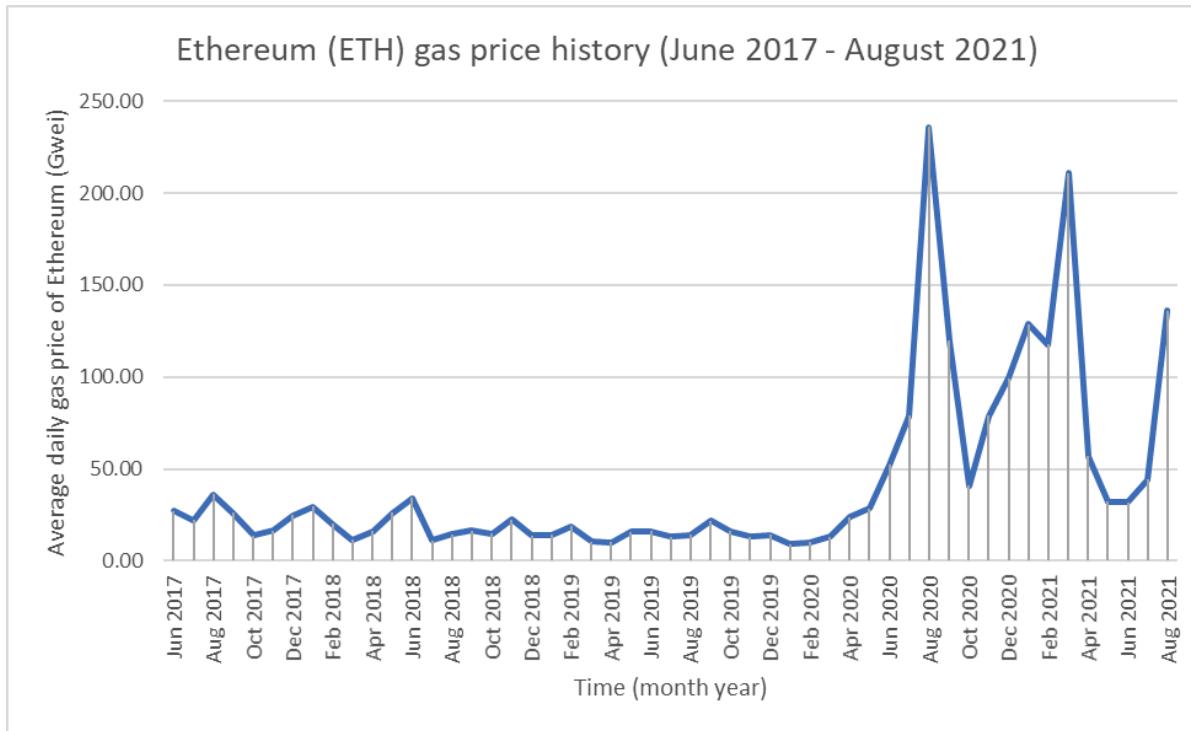
Source: Created by casewriter from: Alex Amsel (@sillytuna), "So happy to own the first ever NFT, Quantum, from @mccoyospace A piece of history. Let's see how we can continue its story," Twitter, June 10, 2021, 11:28am EDT, <https://twitter.com/sillytuna/status/1403011184899629069>. Larva Labs, "CryptoPunks," <https://www.larvalabs.com/cryptopunks>, accessed May 2022. NBA Top Shot, "Brittney Sykes,"

<https://nbatopshot.com/listings/p2p/69ae4a5a-6ddf-4bcd-9f7f-0d53f604ecd3+12e8e70d-7b13-422d-85e4-49376b4c7043>, accessed May 2022. Axie Infinity, "Axie: Battle," <https://axieinfinity.com>, accessed May 2022. OpenSea, "Bored Ape Yacht Club #6226," <https://opensea.io/assets/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/6226>, accessed May 2022. Jack Dorsey (@jack), "just setting up my twtr," Twitter, March 21, 2006, 3:50pm EDT, <https://twitter.com/Jack/status/20>. Dom Hofmann (@dhof), "LOOT - randomized adventurer gear - no images or stats. intentionally omitted for others to interpret - no fee, just gas - 8000 bags total opensea: <https://t.co/qSnRJ1FD0n> etherscan: <https://t.co/bF9p0RSHX2> available via contract only. not audited. mint at your own risk," Twitter, August 27, 2021, 2:04pm EDT, <https://twitter.com/dhof/status/1431316631934967815/photo/1>.

Exhibit 5 The NFT Minting Process

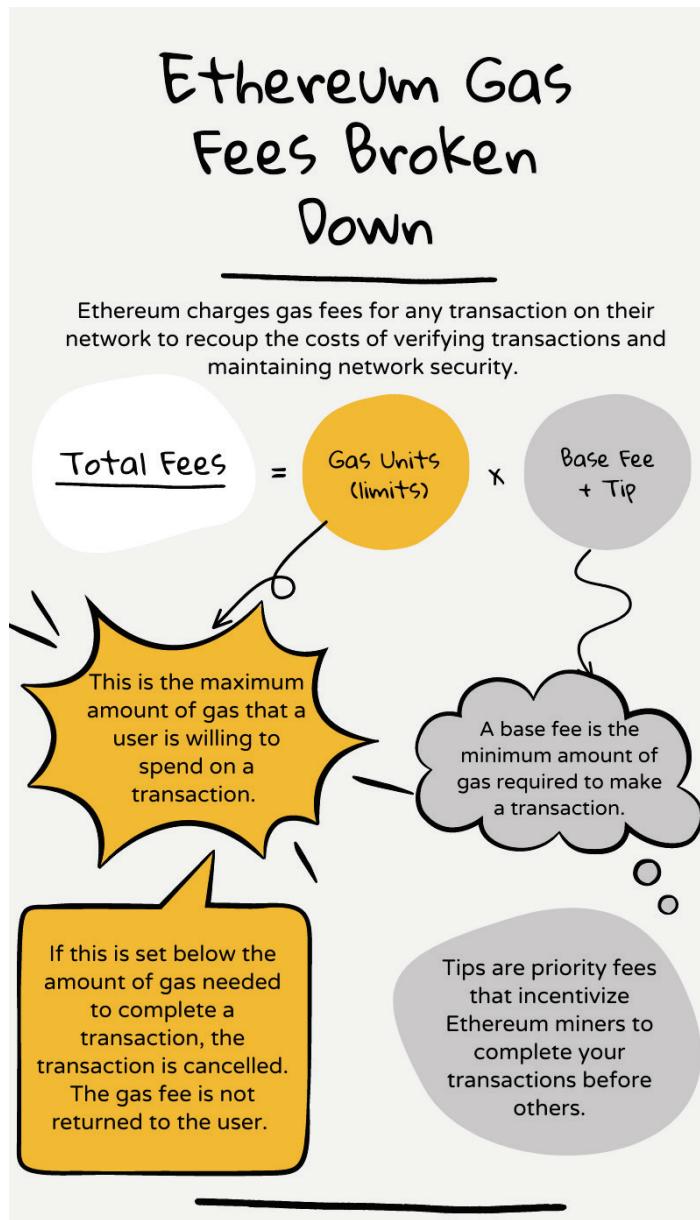
Source: Created by casewriter from "NFT Minting Process," Corporate Finance Institute, <https://corporatefinanceinstitute.com/resources/knowledge/data-analysis/minting-crypto/>, accessed May 2022.

Exhibit 6 Average Daily Gas Price of Ethereum from June 2017 to August 2021



Source: Created by casewriter from, "Average daily gas price of Ethereum from August 2015 to May 5, 2022 (in Gwei)" from EtherScan.io, via Statista, accessed May 2022.

Note: Gwei, or gigawei, is a denomination of the cryptocurrency ether (ETH). Transaction fees were considered to be low until 2020, when the Ethereum network encountered increasing traffic volumes and complexity of transactions.

Exhibit 7 Ethereum Gas Prices Broken Down

Source: Created by casewriter from "What are Ethereum Gas Fees," Coindesk, <https://www.coindesk.com/learn/what-are-ethereum-gas-fees/>, accessed May 2022.

Exhibit 8 The Whiskey Bottle

Source: Created by casewriter from company documents.

Note: Top left depicts the NFT, top right depicts the label artwork, and bottom depicts the physical whiskey bottle.

Exhibit 9 The Saltshaker



Source: Company documents.

Note: This image depicts the saltshaker NFT.