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Don't buy bitcoin, warns wealth manager: We're likely 'going to see cryptocurrencies collapse'

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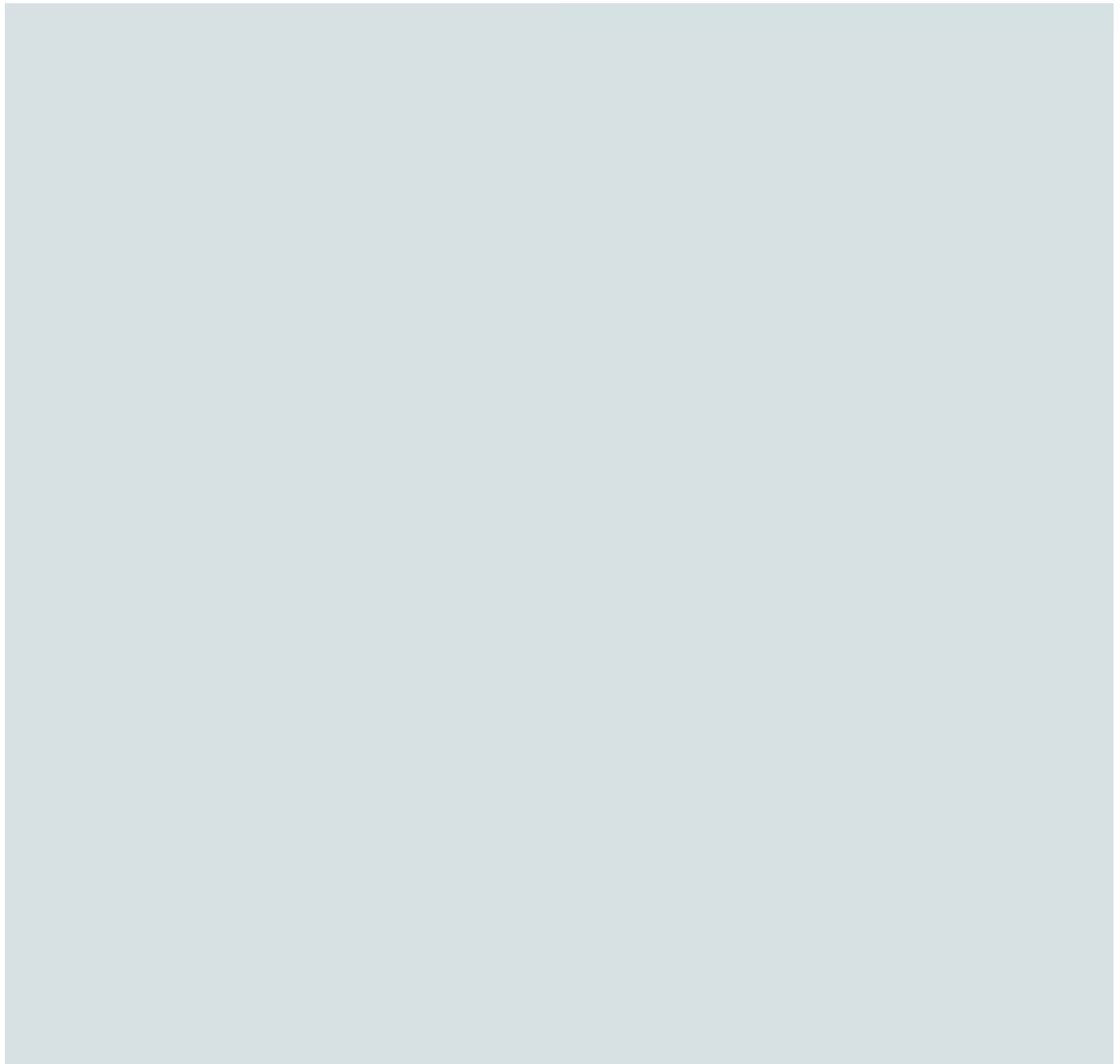
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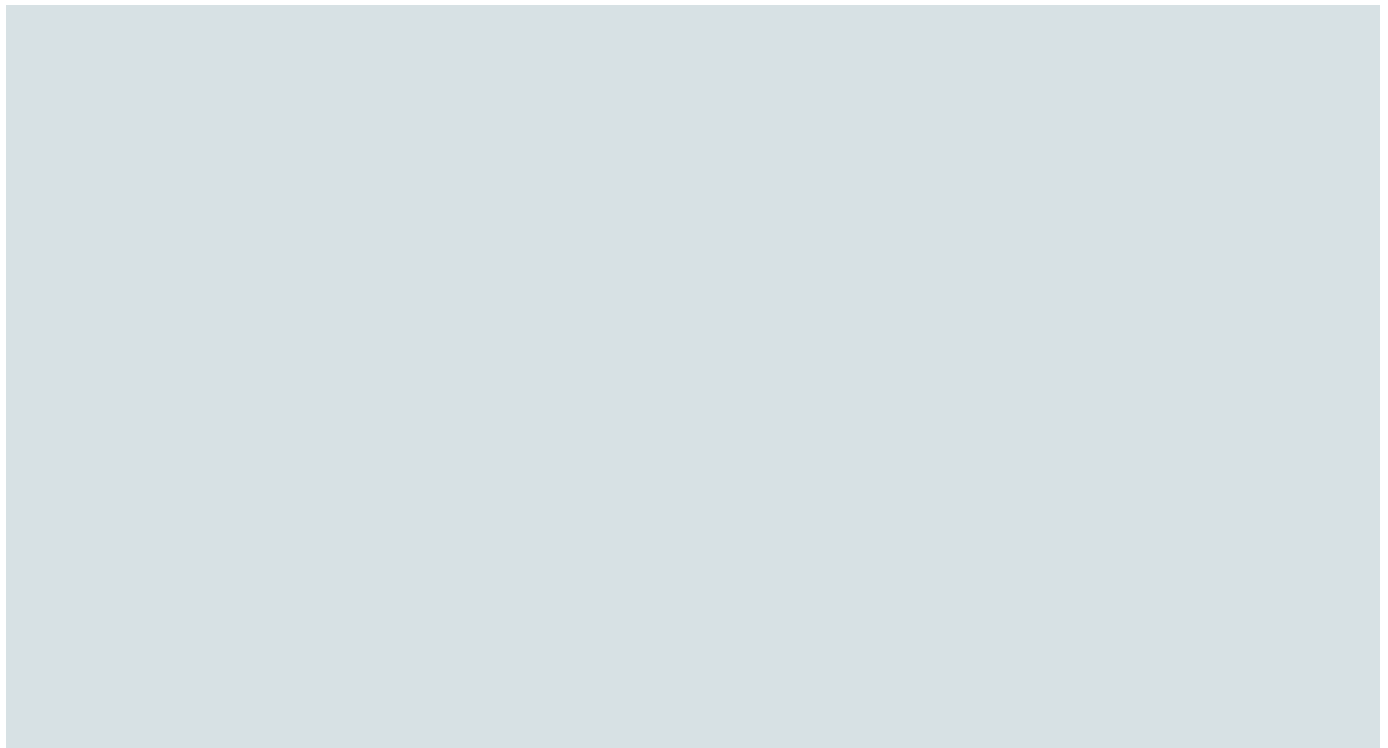
The price of bitcoin [surged more than 15 percent](#) Tuesday and briefly crossed the \$5,000 mark for the first time since mid-November. It's still well below the all-time high it hit in December 2017 of near \$20,000.

Other virtual currencies saw sudden price jumps, too: Ether and XRP both rose around 7 percent.

Before you start buying cryptocurrency, though, consider the advice of [Peter Mallouk](#), certified financial planner and president of wealth management firm [Creative Planning](#): "What we're going to see, most likely, is, we're going to see cryptocurrencies collapse."

There are so many types of virtual currencies — like litecoin, ethereum, ripple and, of course, bitcoin — that "there's no way that even a fraction of them can survive," Mallouk, who is also author of ["The 5 Mistakes Every Investor Makes and How to Avoid Them,"](#) tells CNBC Make It.



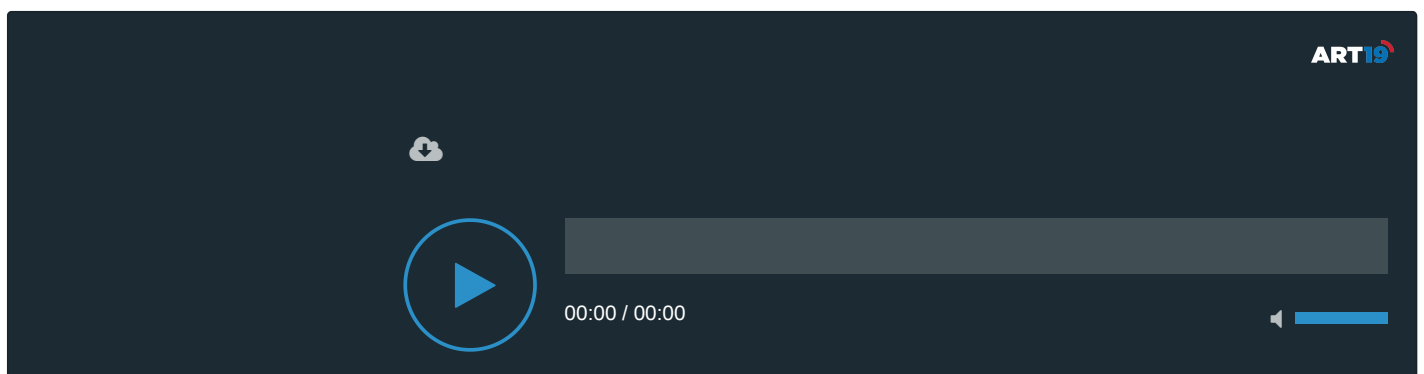


Peter Mallouk, certified financial planner

"Is it possible that maybe one or two will work out in the future? Sure it is." But, he says, "in the meantime," if you buy cryptocurrency, "you get no income. It's not a real investment. It's speculation."

Instead, invest in "things that are going to pay you to own them," he says. "Own real estate, where you're collecting rent. Own stocks, where you're collecting dividends. Own bonds, where you're collecting yield."

As a general rule of thumb, "You don't want to own something that's not going to pay you," says Mallouk.



If you're excited by blockchain, the technology behind cryptocurrency, there are ways to invest in that besides buying crypto, he adds: "There are companies that are very heavily

investing in blockchain and you can buy those companies — companies like IBM and Accenture."

And "companies like Walmart are using it to develop ways to run their inventory," he adds. "That's the way to play blockchain technology — not by trying to buy cryptocurrency."

Keep in mind, he continues, that while "blockchain technology is real and you've got big companies like IBM and Accenture and others investing in it, that doesn't mean that bitcoin is going to work out or ripple is going to work out," says Mallouk. "The TV worked out, but everything that comes out of it, we don't want to watch. Palm and Blackberry were fantastic, but Apple came in and took them out. Lycos and Excite were here before Google."

He's not the only expert who has warned against buying into digital currencies.

In 2017, CNBC's Jim Cramer said that bitcoin is [a pure gamble](#) and "kind of like Monopoly money. Obviously, there's people who use it. If you ever say anything bad about it, there's like this bitcoin mafia that comes after you. But it is an oddity that has nothing to do with us" as investors.

"It's just pure gambling at this point," the market expert continued on ["Squawk Box."](#) "I mean, if you want to gamble, go to Vegas. Vegas is fabulous."

And J.P. Morgan Chase CEO Jamie Dimon said that bitcoin ["is a fraud"](#) at the Delivering Alpha conference presented by CNBC and Institutional Investor in 2017. "It's just not a real thing, eventually it will be closed."

He added, at a separate conference organized by Barclay, "It's worse than tulip bulbs. It won't end well."

Don't miss: [Should you buy into bitcoin? Here's what top investors say](#)

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