

Barefoot Innovation Podcast: Stu Alderoty, President, National Cryptocurrency Association & Chief Legal Officer, Ripple

***Note that transcripts may sometimes contain errors and that transcript timing notations do not match the posted podcast**

Jo Ann Barefoot: [00:03](#) I have been looking forward to this show for a long time. It's going to be a really fun one because my guest is Stu Alderoty, who is the chief legal officer of Ripple and the president of the National Cryptocurrency Association, the NCA. Stu, welcome to the show.

Stu Alderoty: [00:23](#) Well, Jo Ann, I'm excited as well. Can't wait to get started and jump into the conversation.

Jo Ann Barefoot: [00:27](#) Absolutely. We've known each other for a long time through your work at Ripple. And then more recently I've had the honor of joining the advisory board to the National Cryptocurrency Association, and we're going to spend a lot of time talking about the mission and the work of that effort. But to get started, let me ask you to just talk a little bit about your own background and then also a little bit about Ripple itself. What are the highlights of what's going on at Ripple?

Stu Alderoty: [01:02](#) Sure. So I've been at this legal profession for a long time. I think my profile says more than 35 years. I may have to change that now to say more than 40 years, but I'm trying. At some point, I had to stop counting. The early part of my career was I spent well almost two decades in big law in New York City, the traditional route of young associate, working your way through the ranks to partnership. And then I moved into the in-house world first at American Express where I was a managing council. And then I served as general counsel, both at HSBC North American Holdings and then at CIT Group before joining Ripple in 2019. And when I got the call to join Ripple at that time, I didn't know really anything about blockchain, I didn't know much about crypto other than maybe what you would read in the mainstream press.

[02:10](#) So it was curious that I got the call from the headhunter to begin with. But once I met the leadership at Ripple, including Brad

Garlinghouse, the CEO, the founder, Chris Larson, our board members, I came to learn that what Ripple was doing, and they've been doing it since 2013, [00:02:30] is building out a blockchain and crypto infrastructure solution for enterprises. When I say enterprises, I mean traditional financial institutions, payment providers, small and medium and large enterprises as well. So this wasn't a what good does crypto serve. This was a company that really [00:03:00] had a mission and a business plan that I was attracted to. It just so happened that the world of crypto when it came to laws, rules and regulations was a bit of a blank slate. And that's where I think they saw value in me, and that's where I thought I could add value, helping to shape the laws around crypto, both domestically and internationally.

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And also knowing the world of [00:03:30] financial services. And since that was the world in which Ripple was interfacing, I also could add value there. So joined in 2019, jumped off the clip without a parachute. It was pretty nerve-wracking at the time, but I've never looked back and it's been absolutely a thrilling and rewarding venture.

Jo Ann Barefoot:

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I cannot resist asking you what surprised you the most about going [00:04:00] from traditional finance into the crypto world or what advice maybe do you have for other people who are thinking about making that particular leap?

Stu Alderoty:

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I think what surprised me most, and it was a pleasant surprise, is in the world of crypto, blockchain, or I'll even draw the lens back a little bit more. In the world of entrepreneurial founders, when you go to work every day, you really [00:04:30] feel that you are contributing to building something. There's a vision that you're contributing to, you feel part of that vision, and every day you feel like you have accomplished something. When you work for a bank, I was at my desk at 7:00 AM in Midtown Manhattan, I probably didn't leave my desk till close to 7:00 PM. So worked tirelessly. But when I got home and you would ask me what I do today or how I contributed, I wasn't really sure. You felt [00:05:00] a little bit like you were a hamster on a wheel, working really hard every day, reacting, being defensive, not really being on the offense and not really building.

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So it was and continues to be incredibly rewarding to feel that you are actually building something and innovating in a space where I think ultimately you're changing the way folks are going to be dealing [00:05:30] with financial services on a daily basis. And I think ultimately you're going to be improving their lives. You never really have that feeling when you work for traditional finance.

Jo Ann Barefoot: [05:39](#) I love that. I've taken a version of that journey myself, and I know so many people have. And it really is rewarding and eye-opening, I think, for so many people. So I guess the message has come on in the water is fine here, right?

Stu Alderoty: [05:56](#) Yeah, yeah. It's a little nerve-wracking, but [00:06:00] it's great. Look, in traditional finance, you're working, I think, with the best and the brightest. I work with some really great lawyers. But in this world, I think you're working with the best and the brightest who are innovating, and that's the difference.

Jo Ann Barefoot: [06:16](#) Yeah, absolutely. We're going to turn to looking at the broader landscape, but before we do that, are there any updates you want to share with us about what's been happening at Ripple? It's been busy with the new [00:06:30] trust charter and so on. What's the latest on the Ripple front, though?

Stu Alderoty: [06:36](#) So I've described Ripple. Ripple now is, as a company, well over a decade old, which I think in the world of crypto and blockchain is probably the equivalent of 100 years in traditional finance. Ripple is incredibly well positioned turning the page into 2026. [00:07:00] In 2025, we completed \$2 billion in strategic acquisitions, including a prime broker, a treasury management company, a software stablecoin solution. Prior to that, we had acquired a custody bank. And I think now if you combine Ripple's core product proposition, which is [00:07:30] payments, with these other services that we can now offer to our enterprise customers with these acquisitions, I think we are uniquely positioned. I don't think anyone really has the suite of products and offerings. So if you are an institution or an enterprise that wants to improve your business by integrating blockchain and crypto into your business, we can do it in any number of ways. It's really a cafeteria menu.

[07:59](#) If you want to [00:08:00] improve the way your bottom line and cost efficiency of making payments, we can help you do that. If you want to do treasury management, cash management, manage your cashflow with a combination of cash, fiat, blockchain, and crypto, we can do that. If you want to hedge in terms of your day-to-day balance sheet, again, fiat, crypto, we can do that. If you want to integrate stablecoins into your platform, [00:08:30] we can do that, really a one-stop shop. And we've always done this with a compliance-first and a regulatory-first approach because we have to do that given who our customers are. Sitting here, and we're recording this in mid-January, we came out of 2025 with 75 licenses, both domestically and globally. [00:09:00] Those include money transmitter license and virtual asset service provider licenses.

We have licenses in Dubai, we have licenses in Singapore. We just announced successfully obtaining licenses in the UK. And even more recently, we were successful in obtaining a license in Europe through our Luxembourg entity.

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Also, one of the approvals that we did get was the [00:09:30] OCC granted us permission for a National Trust Bank charter, which we were one of the very first non-traditional banks to get that permission. That is really exciting. I'm going to be serving on the board of that National Trust Bank. That's going to support our stablecoin business. We launched a stablecoin [00:10:00] last year. We now have a market cap of well over \$1.3 billion in that stablecoin in just 12 months. That stablecoin is managed through Standard Custody, which is a Department of Financial Services in New York, trust-chartered institution. But now combining what we're doing with the DFS with what we are now able to do with the OCC charter, putting those together, again, I think we're building a [00:10:30] level of sophistication and robustness that institutional clients I think are going to be gravitating to.

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And then the last two points I think I would make, we're a private company. We have no desire or intention for an IPO, which I think folks like you will say, well, boy, that's odd. Private company for more than 12 years, aren't your shareholders getting antsy, don't they want to return? We've been fortunate because of our healthy balance [00:11:00] sheet to actually engage in a number of tender offers where we were buying back shares directly from our shareholders in 2025 alone. We completed \$2.2 billion in tender offers. And we also finished out the year by having a \$500 million investment at a \$40 billion valuation come in from the likes of Citadel, Fortress, and a few other very well-regarded [00:11:30] Wall Street names. So boy, Ripple, I don't think could be in a stronger position as we go into 2026.

Jo Ann Barefoot:

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Fascinating. Thank you for that overview. That is a perfect segue then into talking about where we are with digital assets and cryptocurrency in terms of policy and in terms of the public. So you said you came in to Ripple in 2019. [00:12:00] I remember writing a blog post in about 2015 that I entitled The Benefits of Bitcoin at a time when nobody in my circle either was paying attention to Bitcoin or thought there were any benefits to cryptocurrency at all. And as you noted, the regulatory framework around these innovations was very unclear. And that arc [00:12:30] over the last decade has really come to a whole new place.

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In the United States, we have the 2025 passage of the GENIUS Act. And now as you noted before, we're talking in mid-January, there's activity on the hill regarding the market framework game plan. And then you're obviously, as well, [00:13:00] doing a lot of work globally, and there's activity everywhere. Give us the big picture of where you think we are in developing a sensible regulatory framework in this field, and what are the attributes of a good framework? What should we be making sure we get right?

Stu Alderoty:

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It's been quite the journey over from 2019 to where we're standing here today in very early 2026. [00:13:30] I keep talking to my colleagues and others in the industry, "We need to write a book." But the problem is it's hard to write a book if you don't have the last chapter yet. And the last chapter still hasn't been written. So in 2019, and this was one of the reasons why I joined Ripple, and I mentioned this earlier. I wanted to be a builder, I wanted to be a contributor. And it was a blank slate when it came to laws, rules, and regulations around crypto, I think both domestically [00:14:00] and internationally. Internationally, over the course of many years, we started to see progress and we saw progress through licensing frameworks. So for example, Singapore said, we're not going to ban crypto or fight the crypto industry, but if you want to engage in a virtual asset service provider business, meaning a crypto business in our jurisdiction, you have to get licensed. [00:14:30] And then once you're licensed, you need to be supervised by the monetary authority of Singapore.

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And then we started to see other jurisdictions around the world adopting that approach, which led to our getting the licenses and the jurisdictions that I mentioned earlier. Getting those licenses are very, very hard. It's a two, in some cases, a three-year journey to get that license and to pass the application process. [00:15:00] It's frustrating that it takes so long, but once you do get the license, the rigor in which they put you and your company through, I think becomes a badge of trustworthiness, both for your customers and the public at large.

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While all of that was happening outside of the US, I think until [00:15:30] January of 2025, the hostility in the US to crypto was growing exponentially in ways that I didn't understand at the time, and I still don't understand. I don't see crypto as a political issue, I see it as an innovation, I see it as a technology. And again, I'll talk about where we are sitting here today in January 2026. But prior to January [00:16:00] 2025, there were no sincere bipartisan efforts to create a regulatory framework

around crypto. And in fact, what we saw was something called a regulation by enforcement, which means you have regulatory authorities like the Securities and Exchange Commission rather than working with Congress to build laws, rules, and regulations. Rather than working through a [00:16:30] rulemaking process where you propose rules, you get comments, you modify those rules, and then the industry knows the rules by which they need to play.

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The administration, the prior administration, decided to go into the court and started to file lawsuits against basically everybody in the industry. Hoping that they could convince judges that their view, which really at the end of the day, their view would [00:17:00] essentially have banned crypto in the US was the correct view. And when you litigate against the government, it's not for the faint of heart. These are the people who built space shuttles and aircraft carriers, they have limited resources, and most people and most companies don't have the resources to stand up against the government.

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Ripple was sued by the prior administration. We did stand up against the government. [00:17:30] We spent \$150 million defending ourselves, basically saying, "We think your legal view of the way crypto should be regulated is wrong." And we won. And in 2023, we won a court judgment in federal court in the Southern District of New York that basically said the SEC's view was wrong. And I think that was a watershed moment for the industry. And along the way, other industry players were sued. [00:18:00] Coinbase was sued. And if you think about it, Coinbase is a public company. They were approved to become a public company by the Securities and Exchange Commission. And that very same Securities and Exchange Commission, which said Coinbase as a crypto exchange, you can go public, they were then sued essentially saying, "You're running an illegal business." So along the way, judges started to take a really skeptical view of what the SEC [00:18:30] was doing.

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In our case, our judge criticized the SEC for not adhering to a faithful allegiance to the law. In the Coinbase case, several judges found that the SEC was acting arbitrarily and capriciously. There was even a judge in Utah in another crypto case that found that the SEC, again, prior administration, had outright lied to the court about the facts of the case and they were sanctioned. [00:19:00] So we were in a really dark place in the US, building outside of the US in all of those jurisdictions that Hyatt talked about, but in a really dark place in the US. The election happens, the new administration comes into seat. Macropolitics aside, this administration committed to making

the US the crypto capital of the world. And [00:19:30] in very short order, we started to see really healthy bipartisan discussions about what legislation should look like.

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The GENIUS Act, as you mentioned, was passed last year. It was the first major piece of financial legislation passed in Dodd-Frank. It provides clear rules of the road for stablecoin issuers in the US. And as we sit here today, a very [00:20:00] live event in the middle of January of 2026. We've got the broader crypto market structure bill working its way through the Senate and then hopefully getting to the president's desk in this quarter.

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What does good legislation look like? What does good crypto laws, rules and regulations look like? I think simply stated, it's complex. You want laws, rules, [00:20:30] and regulations that protect consumers, protect the integrity of the market, do their best to keep bad actors out, but do that in a way that doesn't suffocate or limit the innovation. So if you simply were to lift and shift rules that were designed for traditional finance and overlay that onto the world of crypto and [00:21:00] blockchain, those laws and rules don't really work and you'll end up suffocating the innovation. So I think what we've done proactively now with Congress, a bipartisan basis, educating Congress, I think we've now have a market structure bill working its way through Congress that recognizes some of the unique attributes of the world in which we're playing. And creating those laws, rules and regulations that still [00:21:30] protect consumers, still protect the integrity of the market, still do their best to keep bad actors out, but do it in a way that respects the technology and the innovation so that technology and the innovation can grow.

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I think this is all great for the US. The US should not lock itself out of technology innovation. Crypto is an industry, as you well know, because you've been in it [00:22:00] as an academic, and otherwise from the very beginning. It's over 15 years old, it is not going away. It is borderless. So the US really had a choice, they could either seed control of this industry offshore or they can bring it onshore and have it built in a very safe but innovative way. If you think about the [00:22:30] internet in 1996, we were at that inflection point. We could have legislated the internet out of the United States and what we decided and recognized that the internet could not be legislative with rules that were designed for transistor radios and rotary telephones. And we have what we have now in terms of the US being the global leader when it comes [00:23:00] to these technologies.

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We can argue sitting here today in 2026, whether it's perfect, whether some of these companies have grown too big and are too powerful, but I think we can have those discussions. But I would rather have that discussion about whether one of these, I don't want to name a company by name, but one of these companies became too big and too powerful all these years later rather than getting into a discussion about, [00:23:30] boy, we missed the boat, how do we bring this industry back onshore?

Jo Ann Barefoot:

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Yeah, yeah. Thank you for that overview and that analysis, there's a stereotype that industry businesses don't want to be regulated at all maybe, or when they do, they're mainly aiming to create barriers to entry for competition and so on. And there's [00:24:00] certainly elements of truth in all of that. But I think what people underestimate is just the need for clear rules of the road and the ability of responsible actors to be sure that they're following them correctly. Not only to keep the company out of trouble, but to create a marketplace that is serving people well because everybody understands what's okay and what's not okay. And we had a big void of that for a long time in the US, for sure.

Stu Alderoty:

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[00:24:30] I think that's a really important point when people hear crypto, their first reaction may be, oh, crypto, they don't want any laws or they want to really light touch regulation. Actually, this has been an industry that has been asking for clear rules of the road for a very long time because you can't run a business without clear rules of the road, think about it. And I think [00:25:00] if you're able to get pulled over on the highway because you were driving too fast, air quotes, but no one tells you what the speed limit was, that's no way to operate a regulatory environment. And that's really the regulatory environment we were in the US for a very, very long time.

Jo Ann Barefoot:

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So Stu, you have said that crypto has what you've called a branding problem. And I think we've definitely [00:25:30] seen that in the political sphere as we've just been talking about. And also with much of the public as well, people are confused, they don't understand the antecedent or original versions of bitcoin were just intensely confusing to people. What do you mean we're mining it and things like that. And [00:26:00] in the beginning, it was for a small audience that was trying to do things in a unique original way. But as we mainstream these financial services, there's a lot of work for crypto to do to help potential users, including investors, understand how to safely and appropriately apply to it. So talk about the branding

problem and what do you think [00:26:30] is the key thing that is most misunderstood and needs to be addressed?

Stu Alderoty: [26:35](#) So crypto clearly has a branding problem, and a lot of this is self-inflicted wounds. Although there has been a constant drumbeat of a negative narrative driven by some policymakers and even some mainstream media. Some of the self-inflicted wounds are quite frankly just the name crypto. If we all could had a time machine [00:27:00] and we could go back and call it something else, we probably would. Crypto, it's a scary term and it's like secret, and what are you hiding?

Jo Ann Barefoot: [27:09](#) It's a great point.

Stu Alderoty: [27:13](#) What's that?

Jo Ann Barefoot: [27:13](#) It's a great point, yes.

Stu Alderoty: [27:13](#) Right. And really crypto is just cryptography, it's a way you code things. But whether it's the Silk Road days or more recently, the Sam Bankman-Fried in the FTX days, crypto has generally been [00:27:30] associated, I think in the public's mind, not for the people who've actually been living and breathing this with bad things. That is not unusual for a new technology. Even if you go, any new technology, whether it was railroads, whether it was automobiles, whether it was electricity, whether it was the internet, when you have new technology that is introduced, people automatically say that's going to be used for bad things or that is going to hurt you.

[28:00](#) [00:28:00] Electricity, before electricity was as common and universal to a point where we don't even think about it today. There were arguments that if you introduced electricity to your house, it was something going to infiltrate your brain and damage you. And by the way, what do you need electricity for? If you're staying up after the sun goes down, you're doing something bad. Well, the internet in the very early days, why do you need an internet connection [00:28:30] other than the fact that you want to buy drugs or go onto websites that you shouldn't be on? So I think that was a little bit of the early perception for crypto. But what we have learned through the research and the data that the National Cryptocurrency Association has been compiling, is crypto doesn't have it type. Crypto holders come from all walks of life. [00:29:00] Sitting here today, 55 million Americans own and use crypto.

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Let me just pause on that 55 million for a minute. In 1997, the cellphone industry was 13 years old and there were 55 million holders of cellphones in the US. And the smartphone had not even been developed. So I think we're at that point. So [00:29:30] 55 million Americans own and use crypto, and they aren't just crypto bros, a third of them are women. Nearly as many work in construction as do in technology, just as many are under 25 as over 55. And nearly a quarter of them are in household that earn less than \$75,000 a year. So this is an not [00:30:00] for, again, crypto bros or driving Lamborghinis around. And it's more than just investing in speculation. We have found that nearly 40% of crypto holders shop and pay with crypto for goods and services, and they're doing it with some frequency. So it's that type of data that we want to get out.

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And if you visit the NCA website, we spend a lot of time traveling the country [00:30:30] meeting with real Americans who own and use crypto to tell their story. Whether it's a single mom in Texas or a dad in Oklahoma who is using crypto to educate his daughters about how you can own pieces of real estate all throughout the United [00:31:00] States or cattle rancher in Wyoming who is using crypto to track the quality of cattle as it's traded and then create liquidity pools for cattle ranchers so they can trade in ways that are much more efficient. Whether it's an artist in LA who is using this technology to [00:31:30] gather and distribute royalties for artwork. These stories just continue on and on and on. And you say, you know what? This is a real technology that is improving the lives of people who take the time to understand it, and we're going to continue to tell more of those stories.

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And part of this, I think, so we have the 55 million Americans who own and use crypto today. We also know through our data that we have 80 million Americans [00:32:00] who are crypto curious, that have their nose pressed against the glass, that all want to see how they can use this or curious about using it, but don't know how. And the NCAA is spending a lot of its time on educational resources. We've built out a Crypto 101 course on our website. You can go into and do different modules, and this is jargon-free, technology-free. I don't want [00:32:30] to crypto for dummies suggest, it's disparaging. But really it's sort of what's a blockchain, what's a wallet? We even created a crypto simulator where if you want to go in and how do I create a wallet? How do I create a passcode? How do I transfer crypto? And you can do it in a simulated environment, super safe. You can do that. We have a podcast, a crypto explained podcast where every week we take on issues.

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Again, [00:33:00] what's the jargon in crypto? What does this all mean? How does a blockchain really work? What's the different uses for crypto? We partnered with PayPal to show major shifts in consumer behavior, including strong interest in gifting crypto and even preferring crypto over gift cards. We did that over the holiday break and we invited an executive from PayPal onto the website. [00:33:30] We're also, even though the National Cryptocurrency Association is apolitical, in other words, we're not a lobbying organization, our educational reach is also directed not only to everyday Americans, but also to policymakers. Because I think the way to get to good policy in this country is to demystify the technology and the industry. And the more you understand it, I think the better you will [00:34:00] be as a policy maker. So at the end of the day, the National Cryptocurrency Association, we're dedicated to helping everyday Americans understand and use crypto with confidence, and we're doing it in a lot of different ways. But I do think education is the number one barrier to entry, and we're providing those tools.

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And I think the last thing I'll say, Jo Ann, on this is that [00:34:30] crypto, I don't know, there's not going to be a big bang moment where we're going to say crypto is just part of everyone's life, just like there was no big bang moment with the smartphone. Yet we're sitting here today and everybody's walking around with a supercomputer in their pocket. At what moment did that happen? No one can really point to it. I think that's what's going to happen with crypto, especially now that we have traditional finance and crypto working [00:35:00] in parallel, not fighting each other. I think eventually crypto is going to become another financial alternative for everyday Americans. And I think it's going to be important for everyday Americans to understand it at the level in which they need to understand it.

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They don't need to understand the technology. We're doing this podcast through a Zoom call. I hit a link and all of a sudden I see Jo Ann on my screen and I'm talking and recording it. How's all of that [00:35:30] working? I have no idea. And so if I want to send you a fraction of a Bitcoin, I don't necessarily need to know the technology of how to do it. I need to know that I could do it easily, efficiently, safely, and in a way that makes my life easier. And I think that's what's important. But I think it's not a matter of if, it's a matter of when. And crypto is going to insinuate itself into everyone's life. It's not going to displace [00:36:00] traditional finance. It's going to exist alongside traditional finance. And I don't think you want to be that person that's still walking around the streets with a flip phone when everyone has super computers in their pocket. And that's what we're trying to

do to educate everyday Americans so they can start to feel more comfortable about this technology and integrating this technology into their everyday lives.

- Jo Ann Barefoot: [36:25](#) On that study that you did with PayPal, am I remembering right that there was an interesting [00:36:30] stat in it that a lot of people asked for crypto for holiday gifts this past holiday season?
- Stu Alderoty: [36:38](#) Yep. Nearly a quarter of Americans have given or were considering giving crypto as a holiday gift this last season as compared to other gifts, including gift cards. And nearly 20% said they would prefer to receive crypto as a gift instead of a gift card.
- Jo Ann Barefoot: [36:59](#) Definitely interesting.
- Stu Alderoty: [36:59](#) I don't [00:37:00] know if they've ever gotten a gift card. I have, I think most of them are in my junk drawer or my nightstand. I have no idea what I've spent on them or what's the balances. Yeah, I would rather somebody send me a token or a fraction of a token than a gift card to my wallet. We also learned that a nearly quarter of a consumers plan to shop with crypto during the holiday season. And you tell people that stat and, "Oh, that can't be right. I don't know of anybody's shopping in crypto." [00:37:30] But people are, and there's a lot of different ways you can do it. And traditional retailers are starting to provide interfaces where you can shop at crypto, including Walmart. Sheetz department store, which is a convenience store, which is a big convenience store brand I think in the Midwest, like a 7-Eleven or a Wawa or a QuickChek, they actually provide incentives for folks to shop with crypto.
- [37:57](#) So again, I think crypto, [00:38:00] whether it's two years, five years, 10 years. I don't know, Jo Ann, what that tipping point is going to be, but when I shop, I think I can use cash, I can use my credit card, I can tap using my smartphone, or I can combine all of that with some of my crypto balance to pay and to shop. And I think again, it's going to happen [00:38:30] in ways that we don't notice. The way you adopt new technology into your life is because it makes your life easier, it's accessible, and at some level you trust it. Getting back to that cellphone analogy of 1997, so 55 million Americans that owned cellphones after the cellphone industry being in existence for 13 years, exactly what we had today, 55 [00:39:00] million Americans owning and using crypto. But one of the major barriers to entry was for cellphones was fraud. People taking your cellphone number, transporting it to another device and using it for bad stuff to buy drugs, to go

onto websites you shouldn't be on. And people were scared about that and that was a barrier to entry.

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People are scared [00:39:30] about crypto. If I lose my crypto and I can't call up, there's no central authority that I can call up and there are scams and I hear that people are getting ripped off all of the time. Yes, that also happens with your bank account, it happens with your Venmo account. In 1997, it was happening with your cellphone. The way to deal with that is through education and using the technology itself to help prevent and police [00:40:00] those scams. But again, people need to be educated and they need to trust the technology at some level that they can interface with the technology safely. And if it's going to make their life easier, they're going to adopt it.

Jo Ann Barefoot:

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Yeah. I know we're going to start running short on time and there's so many more things I want to ask you. On the point that you just made about scams and fraud, I know at the heart of the NCA's mission is safety. [00:40:30] And we know there are real risks, there are risks across all of financial services and all of life these days, as you said, AI is making them worse also. We're seeing more and more AI rocket fuel on a lot of patterns of criminal activity. So I want to ask you about that. And if we have time, I want to also ask you about safety on the investment side. But [00:41:00] how are you looking at the patterns that are emerging and what should be done about them, including, as you say, better consumer education? We know that crypto and probably Bitcoin in particular are the medium of choice in a lot of the romance scams that we see in some of these really, really devastating problems that consumers [00:41:30] are getting caught up in.

Stu Alderoty:

[41:31](#)

Yeah. So you mentioned that we're really fortunate and privileged to have you join the advisory board of the National Cryptocurrency Association. And one of the reasons, not the only reason, but one of the reasons we were so excited to have you join is because of the work you have done on safety and scam prevention. So you know a lot more about this than I do. But that having been said, we [00:42:00] start again with education and we've spent a lot of time on our website and we've devoted a podcast episode to educating consumers about some of the more common scams that people run. And again, these scams are not unique to crypto. A pig butchering or romance scam is not unique to crypto. When folks run [00:42:30] these scams, they'll go after your traditional bank account, they'll go after your PayPal, they'll go after your Venmo, they'll go after anything you have. If you own crypto, that's what they're going to go after.

[42:41](#)

So educating people about what to watch out for in terms of falling for these scams. One. Two, educating people about how to safeguard your passwords, your private keys, your wallet information. [00:43:00] And again, not unique to crypto. The very same precautions I take when I log onto my bank account, how I guard the password for my bank account, how I now have two factor authentication for my bank account, how I now get an alert on my phone anytime a credit card charge is made on my credit card over a certain amount, and I set that amount.

[43:26](#)

And then those things we're doing [00:43:30] I think are front facing. I think people can see them and they can learn from them. The other thing that we're doing is we're partnering with law enforcement. We're partnering with law enforcement at the federal level, getting a better understanding of what they're seeing. And then again, mentioning an earlier that with cellphones in 1997, the technology was actually used to help combat the scams and the frauds, seeing how this [00:44:00] technology can actually be used better to combat the frauds and the scam. So we're doing it at the consumer level, we're doing at the technological level, and we're doing it at the law enforcement level.

Jo Ann Barefoot:

[44:15](#)

Yeah. If we do it right, there are actually advantages to blockchain-based transactions in tracing financial crime, and that has to be done with protections for privacy and so on. And it's not easy, [00:44:30] but it's easier to trace a crime that's occurring in crypto than it is cash, for example.

Stu Alderoty:

[44:39](#)

Absolutely. And then when you meet with law enforcement and meet with the FBI, they will tell you that. And hypothetically we weren't going to do this, but if I wanted to give you a suitcase with a million dollars and made up of \$100 bills and we were to meet in a park and give you that suitcase, there would absolutely [00:45:00] be no trace of that. If I were to do that by crypto, at least law enforcement has a place to start. They can see a wallet address. Again, it's anonymous or pseudoanonymous. They can see that the million dollars in crypto traveled from wallet one to recipient wallet two. It's a starting point. It's a starting point and you don't have those breadcrumbs when it comes to cash.

Jo Ann Barefoot:

[45:30](#)

[00:45:30] So maybe the last question is, this technology is profoundly powerful in ways, as you say, we haven't written that last chapter. We have no idea everything that it's going to bring, but we've got the potential of stablecoins, I think redesigning financial [00:46:00] infrastructure, massive amounts of cost and friction and so on being taken out of the financial flow. We have

the confluence of stablecoins and crypto with AI right now, as I said, in crime, but also in people now thinking about agentic commerce and finance and so on. A lot of work to do to think about that.

[46:29](#)

And then we've also [00:46:30] got, we know that crypto, some people are more focused on using it for payments and some people are more interested in using it for investments. And back to the branding problem, I think a lot of the hostility to it arises from the traditional consumer protection assumption that we need to protect people from themselves from making a poor choice. I'm [00:47:00] not trying to make a speech here, but it can kind of distill into saying, unless you're already rich, you shouldn't be able to take any risk. Unless you can afford to lose the money, you shouldn't be able to put it at risk, which ends up meaning that people without wealth are stuck with their password savings account type of investments and people who have wealth can build more wealth through their investments.

[47:30](#)

[00:47:30] But on the other hand, it is true that people can be at risk and that some of these things can be very susceptible to influencers creating excitement that may or may not be well-founded. I guess my question is, how do you think about this issue of wealth building as a goal of [00:48:00] our society? We have a huge, huge wealth gap by race and by class. And do you see these kinds of instruments as being part of the solution to that challenge?

Stu Alderoty:

[48:15](#)

Yeah, absolutely. One of the things that I learned through my work with the NCA was really eye-opening. When I first joined this industry, I heard a lot about the [00:48:30] unbanked and how crypto can help the unbanked. And I was so skeptical coming from traditional finance. What do you mean unbanked? We're talking about Sub-Saharan Africa, who is unbanked? And I started to hear stories. One of the stories I think is really compelling, and we've told this story through a spotlight series. A single mom in Texas, a mother of daughters [00:49:00] in a bad relationship where the partner controlled all of the finances. There were other things going on in the relationship where the wife, the mother, the women's just simply had to leave, packed her daughters into her car, left. Found her way into a motel. Zero access to any traditional financial instrument, none. The partner owned it all and the partner cut [00:49:30] her off from everything, but she had a hard drive. And on that hard drive, she had started to compile a small amount of crypto, and that was her path from abuse to financial independence and sovereignty.

[49:47](#)

I find that an incredibly compelling story. And then that's certainly on one end of the extreme. But I do think that crypto is used for so much more than investing, [00:50:00] but it is part of an investing toolkit. And I do think it provides access either to the unbanked, underbanked, or a demographic that is simply do not find traditional products available to themselves. Now people speculate in a lot of different things. A lot of people, they can bet on whether a field gold's going to be made this week in an NFL [00:50:30] playoff game. I wouldn't. People make some dumb choices, they make some good choices, but I think if you give people the tools to understand what it is they are buying, and you protect them from fraud and market manipulation.

[50:46](#)

And by the way, fraud and market manipulation has always been against the law since the beginning of time. You don't need special laws, rules, and regulations for that. Law enforcement can swoop in if anybody is engaging in fraud [00:51:00] or market manipulation or taking advantage of a consumer, but I don't think that it should go so far as to ban someone's access for a choice. There's also an apocryphal story that in Massachusetts, in the '90s, Massachusetts state legislature had banned Massachusetts state residents from buying Apple stock because they thought it was too [00:51:30] speculative. So again, the government should not be making choices for individuals, but I think the government can certainly supervise and police markets to making sure the markets are not taking advantage of individuals.

Jo Ann Barefoot:

[51:50](#)

Yeah. Is there anything you want to add before we finish up?

Stu Alderoty:

[51:57](#)

Just invite everybody visit the National Cryptocurrency [00:52:00] Association website. There's a lot of great tools and information there. And thank you very much for a really great conversation. The hour flew by, I've got to tell you.

Jo Ann Barefoot:

[52:13](#)

It really did. We will put that website information in the show notes at regulationinnovation.org. And I just cannot thank you enough, Stu Alderoty, thank you for being our guest today, it's been fantastic.