



## 2 Reasons You Should Avoid Bitcoin and Other Cryptos Like the Plague

### Description

Bitcoin and other top cryptocurrencies have suffered from price stagnation since a sharp drop in late 2018. Back in the spring of 2018, I'd [warned investors](#) that international regulatory pressure would result in volatility in Bitcoin's price going forward. Even as a long-shot safe haven, Bitcoin and other cryptos are an unappealing gamble.

Today, we are going to discuss recent events surrounding two companies that had a stake in Bitcoin and blockchain technology. Both have been exposed in some way to the consequences of Bitcoin's rapid fall and some of the shady enterprises that were facilitating crypto transactions. Below are two reasons investors should steer well clear of Bitcoin and other cryptos in 2019.

### Quadriga case shows banks extremely skeptical of crypto market

QuadrigaCX was believed to be Canada's largest cryptocurrency exchange in terms of volume up until 2019. The company's CEO and founder Gerald Cotton was found dead in mysterious circumstances on his honeymoon in Jaipur, India. In the aftermath, up to \$250 million owed to over 115,000 customers has gone missing or cannot be accessed, as only Cotton held the password to offline cold wallets. The company is now under investigation from the RCMP and FBI.

In May 2018, **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) chose to block IOP transactions that were specifically related to crypto purchases. In late February, a Nova Scotia judge issued an order for the eventual disbursement of more than \$30 million that belonged to the Quadriga platform. Royal Bank and **Bank of Montreal** have stated that they are uncomfortable handling money from cryptocurrency exchanges.

In February 2018, Royal Bank CFO Rod Bolger said that Bitcoin was an unsafe place for clients to park their money. This time last year, cryptocurrencies were battling for legitimacy. One year later, and that goal now seems like a pipe dream. This is one of the reasons I'd recommended investors [buy Royal Bank instead](#), which has made strides in facilitating transactions with blockchain technology.

## Another top Canadian company pulled the plug on Bitcoin in March

In late 2017, **Goldmoney** ([TSX:XAU](#)), which had risen as a FinTech company operating a gold-based financial services platform, revealed that it was selling more Bitcoin than precious metals. The company dipped into the craze in 2017 and saw a marked increase in volumes. However, recent volatility and broad concern over Bitcoin's viability has sparked a reversal.

On March 6, Goldmoney announced that cryptocurrency purchases would no longer be available on its platform. Customers will be required to liquidate their positions or take delivery up until May 2020. Shares have responded well to the news. The stock surged 8.21% on March 7 and was up 40% week over week.

It is a bad sign that smaller firms are turning their back on Bitcoin and other cryptocurrencies. The surge in 2017 and early 2018 looked like it had thrust cryptos into the mainstream. Instead, the attention its rise drew sparked a regulatory crackdown that has, in many ways, crippled the cryptocurrency market.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)
3. TSX:XAU (Goldmoney Inc.)

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