

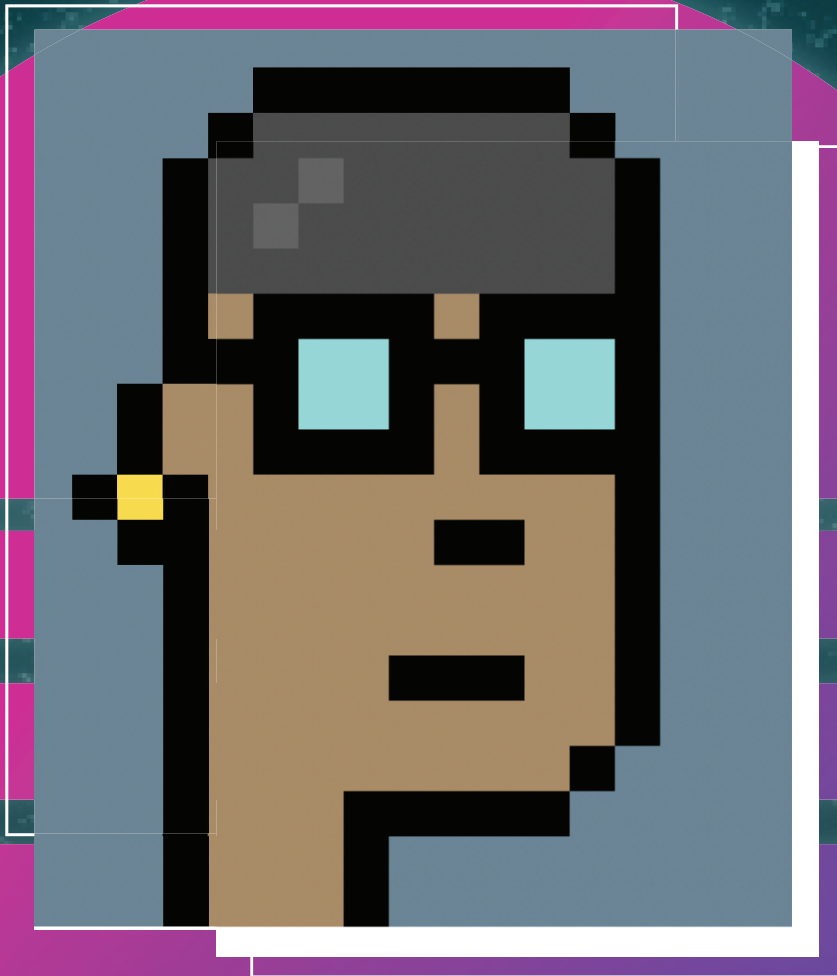
QUICKSTART

WITH

CRYPTOPUNKS

05/01/21

ISSUE 1



By: Shaheer Shahid

QUICK START GUIDE/ HOW TO GET STARTED & RESOURCES!



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What are NFT's

2

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Terms



DISCLAIMER:

This E-book references my opinion only and is purely for educational purposes. I am not a financial advisor. My intention is not to give any investment advice on CryptoPunks or NFTs, rather acquire some for art and trading purposes. I may own 1, 0 or multiple CryptoPunks at any given moment, entering and exiting the market. As of

writing this E-book I own 1 CryptoPunk.

HOW WRONG ARE THOSE
SIMPLETONS, OF WHOM THE WORLD
IS FULL, WHO LOOK MORE AT...
COLOR THAN AT THE FIGURES WHICH
SHOW SPIRIT AND MOVEMENT.

-MICHELANGELO





HEY, I AM SHAHEER SHAHID.

I am writing this e-book to shed light on what I believe to be one of the most thrilling movements of our generation.

An awakening of all the unlimited possibilities of digital innovation. A measure that cuts the intermediary and puts more power in the hands of the people. Think back to the Renaissance, a period of cultural, artistic and political revitalisation. Where the worlds of art and science collided and enhanced.

Today, arts and sciences are joining hands once again, in the pursuit of pushing the needle forward for a more decentralized society. I am referring to the technology of blockchain and smart contracts.

This piece is a condensation of my personal research on NFTs and more specifically "CryptoPunks." This e-book will consist of five major portions.

- **Part one is an introduction to Non-Fungible Tokens and how they function.**
- **Part two goes in-depth on what CryptoPunks are and their origin story.**
- **Part three will talk about popular influencers who are bullish on CryptoPunks.**

- **Part four will dive deep in the data and address what makes a punk special.**

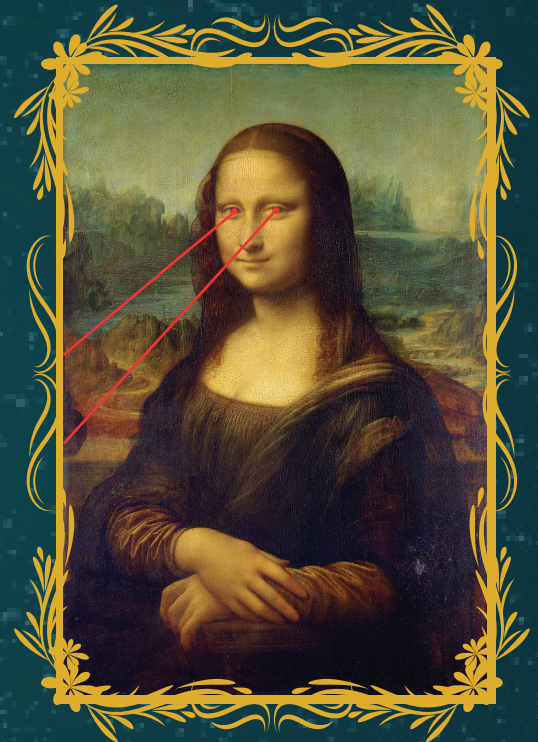
- **And lastly, a quick tutorial on how to purchase your first CryptoPunk!**

Now, if you're brand new to the NFT space, don't panic! I have included a glossary and FAQs to attempt to simplify confusing topics and assume a basic level of understanding so you can decide for yourself whether this investment is right for you. Let's get started.

WHAT EXACTLY ARE NFTS?

"NFT" IS AN ACRONYM FOR "NON-FUNGIBLE TOKENS."

A non-fungible token simply means that the token cannot be recreated or exchanged. Unlike cryptocurrencies (Bitcoin, Ether or Litecoin), NFTs cannot be exchanged for an asset of the same kind. Imagine trading 2 art pieces, such as - "The Starry Night" by Van Gogh for "The Mona Lisa" by Da Vinci- Though they both hold value in their respectable ways; they are not equal.



This means you can't use an NFT to purchase another NFT, instead, you can exchange it for some form of money like USD, BTC or Eth, also known as fungible tokens.

NFTs are known as digital collectibles, each being unique and in limited quantity. As NFTs are not interchangeable with each other, they function as proof of authenticity and ownership within the blockchain. That is the whole point of NFTs - owning the rights to the exclusive digital asset.



FOR EXAMPLE:

FUNGIBLE TOKENS:

Dollars and coins can be exchanged for one another, and are worth the same value.



NON-FUNGIBLE TOKENS:

A Lamborghini. Even if it's the same exact make/model they can't be interchanged for the exact same value because of age, add-ons, mileage, etc..



HOW DO NFTS WORK?

Knowing that NFTs work through a blockchain. There are various underlying structures for the creation of these NFTs. The first and most popular one is ERC-721, a standard for the issuing and trading of non-fungible assets on the Ethereum blockchain.

An improved version of ERC-721 is ERC-1155. It allows both fungible and non-fungible tokens to be used in a single contract. It allows a higher degree of interoperability; it basically means that unique assets can be transferred between different applications.

ERC20= Identical tokens
ERC721= Unique Tokens
ERC1155= Semi fungible tokens (An improved ERC721)

BLOCKCHAIN STANDARDS

(stateful data storage and logic)

ERC20, ERC721,
ERC1155, BC

INTERNET STANDARDS

(stateful data communication)

TCP/IP, HTTP,
HTML/CSS, REST

CONTENT STANDARDS

(data format)

File formats,
HTML/CSS, JSON

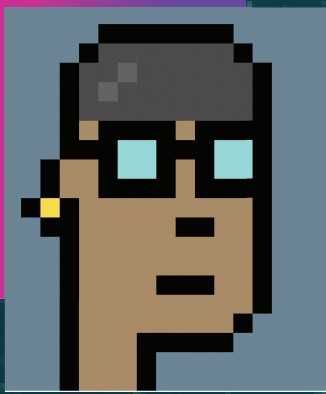
If you are looking to store your NFTs, you can do so whether in a hardware or a software wallet. Just like other blockchain tokens, your NFT will exist on an address. **It's important to note that NFTs can't be transferred without the owner's permission – even by the issuer of the NFT.**

NFTs can be traded in open marketplaces, such as OpenSea, Rarible and Sorare. These markets connect buyers with sellers.

Now, you must be wondering who on earth would buy a digital and intangible item. Just like with any other valuable item, the value isn't to the object itself but is rather assigned by a perceiver who deems it valuable. It doesn't really matter if it's fiat money, precious metals, or a vehicle – these things have value because people believe they do. **This is how every invaluable item becomes valuable, so why not digital collectibles? This is a good transition to my next topic.**

WHAT ARE CRYPTOPUNKS?

THE FIRST **NFT** ON THE ETHEREUM BLOCKCHAIN.



A CryptoPunk is a 24x24 pixel cartoon character, algorithmically generated through computer code.



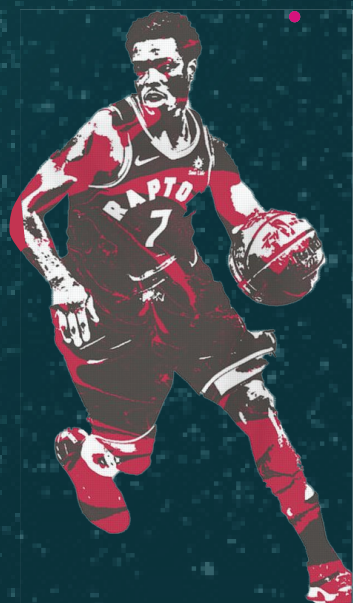
This is my first Punk!

These avatars range from males to females, but there are a few rarer types like **Apes**, **Zombies** and **Aliens**. There are only 10,000 unique **CryptoPunks** and no two characters are exactly alike, however some physical traits are more exclusive than others.

Ex, A beanie is rarer than a cowboy hat since there are only 44 characters that wear a beanie compared to 142 characters that wear a cowboy hat.

To simplify, imagine the Toronto Raptors (basketball team) created playing cards

for their roster and let's say only 15 cards were made (scarcity). Now, each of the players have a unique role in the game. Some may shoot better, defend better, assist better and so on. Thus, no two players are built the same because they possess unique traits/qualities in their own respectable way. This means, the players who possess rarer traits/stats are more valuable than others. Subsequently, since there were only 10,000 **CryptoPunks** minted and each of them have unique characteristics - some hold more value than others.



THE FOUNDERS

CryptoPunks first launched in June 2017 and were developed by a two-person team of Matt Hall and John Watkinson, at American Game Studio Larva Labs. They were originally released for free and could be claimed by any Ethereum users – you just had to pay transaction fees (Gas fees).



John Watkinson

is a Canadian computer scientist, software developer and artist. He holds a PhD in Electrical Engineering from Columbia.



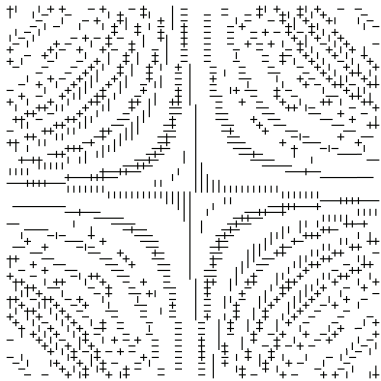
Matt Hall

is a Software Engineer - graduated from University of Toronto with Computer Science & Math degree.

Matt & John refer to themselves as “creative technologists.” They were early mobile developers, writing games and applications for before smartphone platforms like IOS and Android. In early 2017 both partners had been experimenting around pixel character generators, and it was getting to the point where they were making lots of really cool interesting characters. They weren't quite sure what to do with them, until they discovered Ethereum, and had the idea to make them unique and ownable on the blockchain.

Matt & John weren't sure if it would work from both a technical and a psychological perspective. What is the best way to represent the artwork on the blockchain? Would people even buy and sell them? Some of the issues the founders were facing early on were the cost of storing actual image files on the blockchain, so they needed to figure out a way to represent the art being owned. After going through various developments, the system they came up with seems to be the standard now for most projects.

The founders are working on some other cool projects such as Autoglyphs, Appchat, Flowhome, etc..



Autoglyphs being the first “on-chain” generative art on the Ethereum blockchain. Only 512 glyphs were created and immediately claimed for a creation fee of 0.20E (\$478). What’s really cool is, all of the proceeds will be donated to 350.org, an organization founded to resolve climate change.

POPULAR PUNK SUPPORTERS:

(As of May 1st 2021)



KEVIN ROSE
OWNER OF 4 PUNKS



ALEX BECKER
OWNER OF 1 PUNK



1-\$83,931:
March 06/21



CHRIS LYONS
OWNER OF 2 PUNKS



GARY VEE
PUNKS UNKNOWN



LOGAN PAUL
PUNKS UNKNOWN



WILSON CHANDLER
OWNER OF 1 PUNK



1- \$47,615:
April 13/21



MARK CUBAN
PUNKS UNKNOWN



FAZE BANKS
OWNER OF 3 PUNKS



Right now there are countless influencers that currently own and promote CryptoPunks .

Now you might be thinking... Now what can they do with Punks once they've bought one? Nothing at all, well beyond bragging that they own one. And that's the point.

For most NFTs, the community is the most important piece of the puzzle. Your primary community is the people who will support you, spread the word about your project, invest in you, and buy your NFTs.



NFT Collective @NFT_Collective · Feb 21

Replying to @garyvee

Aside from Punks, what other projects are you studying up on?



1



6



Gary Vaynerchuk ✓ @garyvee · Feb 21

Punks :) I want to go deep on this OG first ...

90+% of NFT's won't be a good investment so I want to focus on what speaks to me and I enjoy and understand why it can last too



9



7



65

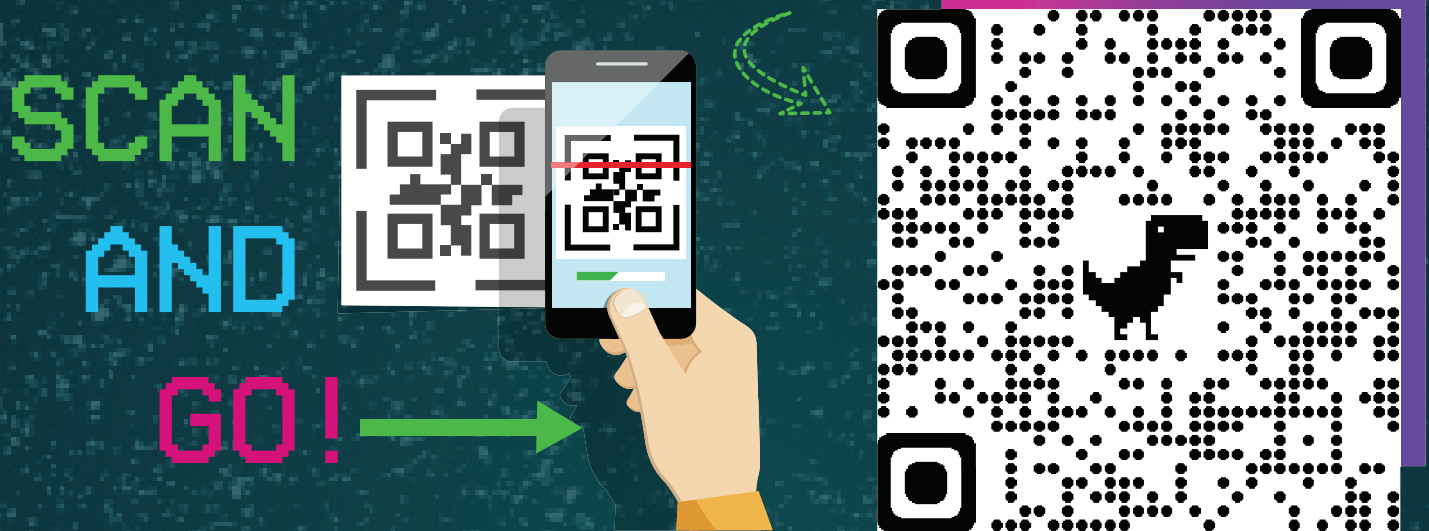


By these influencers purchasing CryptoPunks, they are voting with their actions/money that they believe in the project. Whether it may be for an investment or a “flex” – probably both. The buzz that they are creating with CryptoPunks is increasing demand in the marketplace, and since there are only 10,000 Punks generated – you can see where this will eventually lead.

ATTRIBUTES & SALES DATA:

Every punk has their own profile page that shows their attributes as well as their ownership/for-sale/for-bid status.

Now these CryptoPunks can now be bid on, sold and transferred to other Ethereum users on their official website.



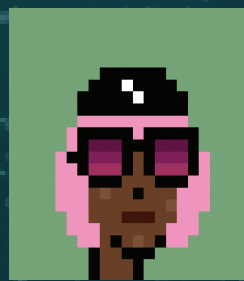
<p>The red background indicates The punk is currently for sale by it's owner.<p>



<p>The purple background indicates there is an active bid.<p>



<p>The blue background indicates no activity. Not for sale or bids.<p>












<p>The green background indicates The Punk is wrapped. In other words Switched from one standard to another. It enables non-standard NFTs to be "wrapped" within the ERC721 standard, and tradable on any Ethereum marketplace such as OpenSea and Rarible.<p>

More information on Wrapped punks here:












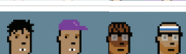

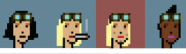






<https://opensea.io/collection/wrapped-cryptopunks>

Punk Types

Attribute	#	Avail	Avg Sale ⓘ	Cheapest ⓘ	More Examples
Alien	9	0	3KΞ		
Ape	24	6	548Ξ	 2.1KΞ	
Zombie	88	11	196.90Ξ	 420Ξ	
Female	3840	550	25.56Ξ	 15Ξ	
Male	6039	830	20.60Ξ	 14Ξ	

Above are all the different types of CryptoPunks ever created. The rarest being the Aliens since only 9 out of 10,000 were generated.

Different Accessories & qualities

Attribute	#	Avail	Avg Sale ⓘ	Cheapest ⓘ	More Examples
Beanie	44	12	81.82Ξ	 199Ξ	
Choker	48	8	45.41Ξ	 60Ξ	
Pilot Helmet	54	9	88.32Ξ	 120Ξ	
Tiara	55	9	71.05Ξ	 99.99Ξ	
Orange Side	68	11	68.96Ξ	 75Ξ	
Buck Teeth	78	10	37.23Ξ	 40Ξ	
Welding Goggles	86	19	44.00Ξ	 47Ξ	
Pigtails	94	15	41.21Ξ	 38.88Ξ	
Pink With Hat	95	12	34.93Ξ	 38Ξ	

of Qualities a Punk can have

Attribute	#	Avail
0 Attributes	8	0
1 Attributes	333	29
2 Attributes	3560	491
3 Attributes	4501	613
4 Attributes	1420	214
5 Attributes	166	30
6 Attributes	11	2
7 Attributes	1	0

There are different methods to Evaluate/Value Punks.

- 1) On the left side, having uncommon accessories make the punks more valuable
- 2) On the right side, having more or less attributes make them more valuable
- 3) Now, the question is, what is the sweet spot?

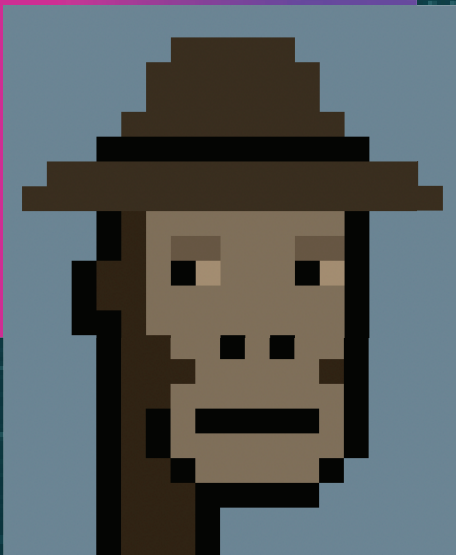
IN MY OPINION: A female with 4 Attributes with at least 1 rare accessory below #300 is a good bet long term.



This Alien (#7804) was initially purchased three years ago, in January of 2018, for 12 Ether or \$14,988.

It was then put up for sale again on February 26, 2021, for 4,200 ether, which at that time was \$6.49 million.

As of March 11th, 2021, this Alien holds the title for the highest punk ever sold at a whopping \$7.57 million or 4,200 ether.



This Ape (#6965) was initially bought for \$1,106 (4 Ether) in July of 2017.

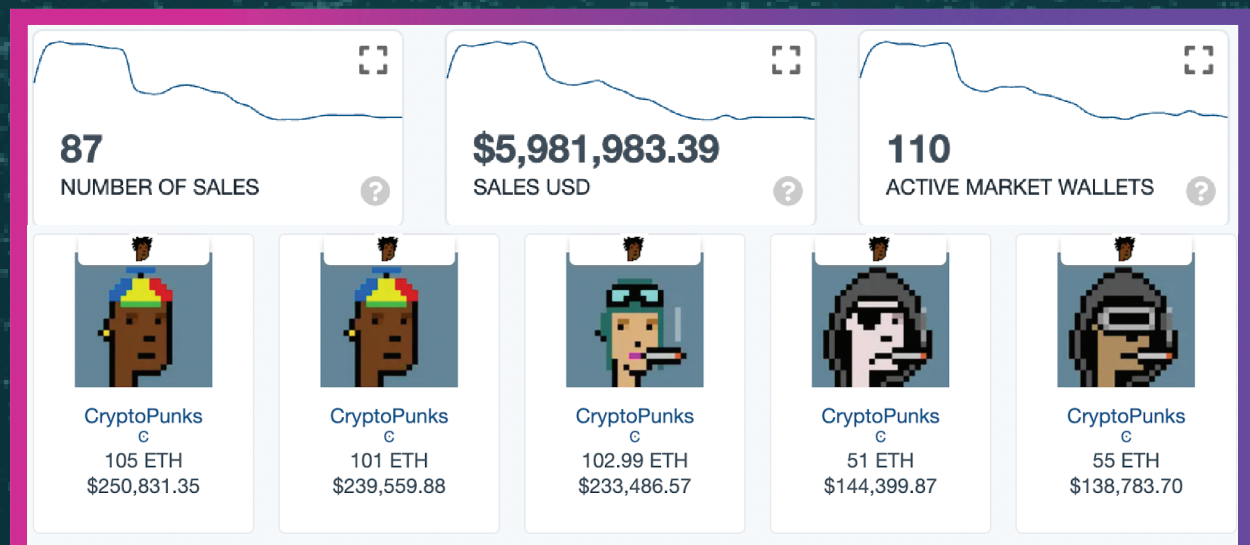
Being bought and sold multiple times in the past 4 years.

On March 11th, 2021, this Ape sold for \$1.54 million or 800 ether.

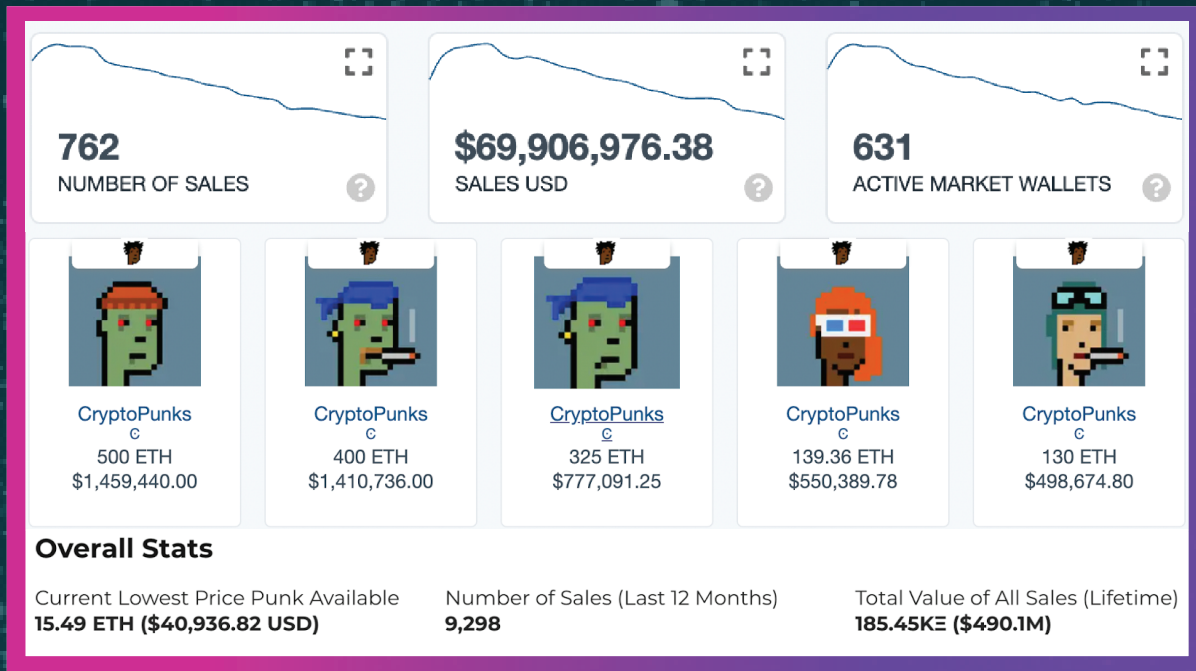
Currently this punk is for sale by its owner for 2100 ETH (\$4,404,498.00 USD).

AS OF MAY 31, 2021

7 Day Sales History: Date Range

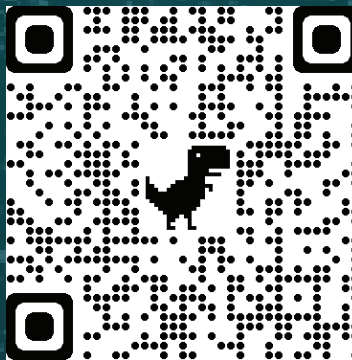


30 Day Sales History:



VISIT THIS WEBSITE TO RESEARCH FOR YOURSELF:

<https://nonfungible.com/market/history/cryptopunks>



HOW TO PURCHASE A PUNK

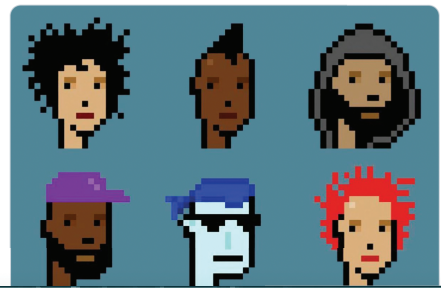
Fun Fact: Christie's auction house has announced that it will offer up nine CryptoPunks, at its 21st century evening sale on May 13 in New York. The punks are estimated to collect \$7 million to \$9 million.

 **Christie's** @ChristiesInc

9 rare CryptoPunks from @LarvaLabs own collection to star in our 21st Century Evening Sale this May in NY.

All mint numbers under 1k and yes there is a rare Alien! Punks 2, 532, 58, 30, 635, 602, 768, 603, 757 #CryptoPunks

More at: bit.ly/3fValMu



THE BREAKDOWN

CryptoPunks have a simple decentralized trading platform written into the code of their NFTs and when a bid is placed for a Punk, that amount in ether tokens is attached to it. When and if the offer is accepted, the tokens and the NFT are swapped, and the transaction is complete. The smart contracts act as escrow for the transaction.

1



METAMASK

First, you must download a chrome extension called MetaMask.

2



Deposit Ether into your hot wallet

3



Larva Labs will then request access to your wallet (Authorize it)

4

Once everything is connected, the website will add buttons that will allow you Buy, Bid and Sell punks directly on the website.



FAQ

1) What are the benefits of owning digital over a physical art?

- A) Requires no maintenance
- B) Can't be destroyed or damaged
- C) Has guaranteed a source when buying or selling (Blockchain)
- D) Requires no insurance, shipping fees, storage fees or transaction fees

2) "Why don't I just screenshot the NFT or CryptoPunk?" "I technically own it."

- A) Yes, by screenshotting a CryptoPunk, you now have a "fake copy" of the original, it's possible to possess a digital work of art, but still not own it.
- B) What makes an artwork valuable is its authenticity, scarcity and proof-of-ownership.

3) How is the artwork stored in the blockchain?

- A) The actual art is not stored on the blockchain. Instead, the files are stored on a distributed ledger so multiple copies of the file can exist on many different computers. The file is connected to the blockchain record (via a "cryptographic hash").

4) Any downsides for NFTs?

- A) Energy consumption is a major one. Like cryptocurrencies, NFTs use up a lot of electricity & resources. On the Brightside, Ethereum and other blockchain companies are improving their systems to become more carbon-neutral and energy-efficient.

If you received any value from this e-book, feel free to show your support by tipping us with the QR Code down below! We are focused on providing as much value to you as possible, we appreciate it.

SCAN AND GO!

if you like to receive our weekly newsletter on NFTs, Cryptopunks and Crypto in general.



GLOSSARY

Blockchain: A distributed ledger system. A sequence of blocks, or units of digital information, stored consecutively in a public database. The basis for cryptocurrencies.

Cold Storage: Offline storage of cryptocurrencies, typically involving hardware non-custodial wallets, USBs, offline computers, or paper wallets.

Cryptography: A field of study and practice to secure information, preventing third parties from reading information to which they are not privy.

Cypherpunk: The Cypherpunk movement promotes the use of cryptography and other privacy-focused technologies to advance social and political progress.

ERC-20: Tokens designed and used solely on the Ethereum platform.

ERC-721: A token standard for non-fungible Ethereum tokens. An Ethereum Improvement Proposal introduced in 2017, it enables smart contracts to operate as tradeable tokens similar to ERC-20 tokens.

Ether: The form of payment used in the operation of the distribution application platform, Ethereum, in order to incentivize machines into executing the requested operations.

Flex: Anything you might want to flaunt — most often associated with status

Gas: A term used on the Ethereum platform that refers to a unit of measuring the computational effort of conducting transactions or smart contracts in the Ethereum network. It is the “fuel” of the Ethereum network. *see Gas Limit and Gas Price.

Hot Storage: The online storage of private keys allowing for quicker access to cryptocurrencies. *see Cold Storage.

MetaMask: An online digital wallet that allows users to manage, transfer and receive Ethereum, operating as an extension to a regular browser.

Proof-of-ownership: Certifying the ownership of a piece of data on the blockchain & public ledger. It establishes that the data existed at a certain point in time.

Smart Contract: A smart contract is a computer protocol intended to facilitate, verify or enforce a contract on the blockchain without third parties.

