

 **BUILDING BLOCKS STUDENT WORKSHEET**

Wondering about virtual currencies

Virtual currencies are a kind of electronic money that's not issued by a government.

While they're drawing lots of attention from consumers and investors, they can pose significant risk. Reading about virtual currencies can help you understand some risks and benefits.

Instructions

- 1 Read the Consumer Financial Protection Bureau's "Risks to consumers posed by virtual currencies" consumer advisory at https://files.consumerfinance.gov/f/201408_cfpb_consumer-advisory_virtual-currencies.pdf.
- 2 Answer the reading comprehension questions.
- 3 Answer the reflection questions.

Reading comprehension questions

1. In the first paragraph, the word "virtual" most closely means:

- a. Near
- b. Digital
- c. Practical
- d. Indirect
- e. Pretend



2. This passage is written from the viewpoint of:
- a. A person who made a lot of money investing in virtual currency
 - b. A company that makes virtual currencies
 - c. A celebrity that likes virtual currencies
 - d. A helpful expert sharing information about virtual currencies
 - e. A victim of fraud related to virtual currencies
3. The primary purpose of this text is to:
- a. Persuade you to invest in virtual currency
 - b. Inform you about a hot new trend in investing
 - c. Make you aware of the potential risks of investing in virtual currency
 - d. Make sure you don't invest in virtual currency
 - e. Help you if you've been a victim of virtual currency fraud
4. The following were all discussed as a potential risk of virtual currency EXCEPT:
- a. Hackers
 - b. Scams
 - c. Fewer protections
 - d. Cost
 - e. You may be arrested
5. The text explains that virtual currencies are not kept in banks or credit unions. Rather, they're stored in a "digital wallet" that you access through a "private key." Which of the following is true about a private key? (Select all that apply.)
- a. It is a physical token that you must have on you at all times.
 - b. It is a random sequence of 64 letters and numbers.
 - c. It should be kept secret.
 - d. It is critical to owning and using virtual currency.
 - e. It can be seen by everyone in your virtual network.

6. The text box on the top of page two describes Nicole's experience making a Bitcoin purchase. From this description, you can infer that:
- a. Nicole was the victim of a scam and lost all of her money.
 - b. Nicole sued the company that had set up the Bitcoin exchange.
 - c. Nicole made a lot of money from her investment.
 - d. Nicole's bank reimbursed the money she lost in the Bitcoin exchange.
 - e. The author believes Nicole's investment was worth the risk.
7. The key message of the section "Know who you're dealing with if you decide to buy" can best be described as: It's important to know _____.
- a. What country you're buying virtual currency from
 - b. Who is behind this investment and what your contractual rights are
 - c. The phone number of your virtual currency exchange
 - d. How much you're likely to make from this investment
 - e. The minimum investment you need to make
8. A virtual currency account is often referred to as _____.
- a. A Bitcoin
 - b. A private key
 - c. A wallet
 - d. A bank account
 - e. A media account

Reflection questions

Write a sentence describing why advisories such as this one are helpful to consumers.

After reading about virtual currencies, do you think you'd consider investing your money in them or using them like cash? Why or why not?