

Get Your Crypto Off the Exchanges – Now

- Exchanges expose you to hacks — and sudden collapse
- Exchanges usually sell you IOUs, not actual cryptocurrency
- Cold storage eliminates that exposure and puts you in charge

Last week was “Crypto Week” on Capitol Hill. Summary [here](#). And last Monday, Bitcoin hit an all-time high north of \$123,000.

Here is your evergreen reminder to get your crypto off exchanges like Binance and Coinbase and into cold storage.

Hot v. Cold Storage

There are two ways to hold cryptocurrency (and yes, Bitcoin purists, for now I am treating Bitcoin as “crypto,” even though, as an avid Bitcoiner myself, I am sympathetic to the point that [Bitcoin isn't crypto](#)).

If your crypto is on an exchange like Coinbase, Binance, Gemini, or Bitstamp, this is called hot storage. The other, wiser way is cold storage. When your crypto is in cold storage, it is offline and under your complete control.

The Problems with Exchanges

If you are a neophyte dabbling in the world of shiny internet coins and hoping to make a quick buck, then cold storage may not be a priority. If you are betting on meme coins like [Hawk Tuah](#), then good luck to you. But if you have built anything approaching real wealth in crypto, then keeping it on an exchange makes about as much sense as trusting Lyle Lanley to build your town a [monorail](#).

Why? First, hacks are more common than most realize. Once your assets have disappeared down the blockchain river, you are probably not getting them back. And customer service will offer you about as much support as a shrugging poker dealer. When devastated clients ask us what can be done when this happens, there isn't much we can tell them except to fill out a bunch of reports that create a paper trail to nowhere.

Second, when you “buy” crypto like Bitcoin on an exchange, you are usually not buying actual Bitcoin. You are buying an IOU, not a blockchain entry in your name. Your purchase is a handshake in a dark room that offers little recourse if something goes awry. If that exchange goes belly up (looking at you, FTX), then you might be left holding an empty bag instead of BTC.

Cold Storage

Cold storage is the solution because it means you alone own and control the private keys to your crypto assets. Hardware wallets and air-gapped devices are two such solutions. And third parties, like [Unchained Capital](#) and [Casa](#), offer multi-signature encrypted wallets that, among other things, combine self-custody with backup recovery features.* These multi-sig solutions are especially appealing to people who are serious about security but may lack the confidence to undertake self-custody on their own. Another benefit is that some of these third-party solutions offer inheritance protocols tailored to the unique challenges of ensuring that your digital assets pass properly to your heirs.

It's Not Paranoia

Cold storage is not about paranoia. It's about sovereignty, security, clarity, and peace of mind.

Now get off those exchanges!

For guidance on moving your cryptocurrency into cold storage or exploring secure custody options, please contact [Brad Davis](#) or your relationship attorney.

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