

MATT FORTNOW • QUHARRISON TERRY

Foreword by KENDRICK NGUYEN, *CEO of Republic*

# THE NFT HANDBOOK

HOW TO CREATE,  
SELL AND BUY  
NON-FUNGIBLE  
TOKENS

SOON  
TO BE A  
FEATURE-LENGTH  
DOCUSERIES  
"THE NFT  
REVOLUTION"

WILEY



# **The NFT Handbook**



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**How to Create, Sell and Buy  
Non-Fungible Tokens**

**Matt Fortnow  
QuHarrison Terry**

**WILEY**

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*In memory of George Cowdrey, Joe Shary, John Henderson, and  
Robert Washington*





## About the Authors



As someone who has founded, built, managed, and sold a successful Internet company, **Matt Fortnow** has been in the tech startup trenches. In 1996, he cofounded Commissioner.com, the Internet's first fantasy sports service. Matt grew the company, which created fantasy sports games for the NFL, Major League Baseball, CBS SportsLine, and several others, as well as international games for soccer and cricket. In 1999, he and his partners sold the company to CBS SportsLine (currently CBS Sports), which still runs their products today.

Previously, as an entertainment lawyer, Matt co-authored the 7th Edition of *This Business of Music*, the bible of the music industry. He's represented a variety of musical artists, songwriters, producers, and record companies; appeared as a regularly featured copyright expert on television; and lectured internationally. An honors graduate of Carnegie Mellon University and a Cum Laude graduate of the Benjamin N. Cardozo School of Law, where he edited and wrote for the *Cardozo Law Review*, Matt has also written several articles on music industry issues.

Since the sale of Commissioner.com, Matt has been consulting entrepreneurs and has been involved in various startups as an investor or advisor. Six years ago, he dove into the world of blockchain, doing business development for GameCredits (GAME). In 2018, he arranged a deal between GameCredits and FanDuel, the largest fantasy sports company, for contests throughout the FIFA World Cup. Matt is cofounder of Blockchain Guys, a premier blockchain and cryptocurrency consultancy. He has become increasingly enamored by digital art and non-fungible tokens since the original CryptoKitties, and he has created the official NFTs for iconic brands such as The Three Stooges. Matt recently discussed the future of NFTs on Marketing for the Now with Gary Vaynerchuk.



**QuHarrison Terry** is a growth marketer at Mark Cuban Companies, a Dallas, Texas, venture capital firm, where he advises and assists portfolio companies with their marketing strategies and objectives. Previously, he led marketing at Redox, focusing on lead acquisition, new user experience, events, and content marketing. In 2015, he cofounded 23VIVI, the world's first digital

art marketplace powered by the blockchain. In 2021, he sold an NFT of the Worldstar Hip-Hop Chain for 121 ETH on OpenSea.

QuHarrison has been featured on CNN, Huffington Post, Xconomy, Cointelegraph, MobiHealth News, MedCity News, and many others. As a speaker and moderator, QuHarrison has presented at CES, SXSW, TEDx, Marquette University, and the Open Data Science Conference. QuHarrison is a four-time recipient of LinkedIn's Top Voices in Technology award.

## About the Technical Editor

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Thank you to anyone who has ever conversed with us about NFTs, collected NFTs alongside us, or consulted with us about their NFTs. All of those interactions helped make this book a reality.

—Matt Fortnow and QuHarrison Terry

# Contents at a Glance

<i>About the Authors</i>	<i>vii</i>
<i>About the Technical Editor</i>	<i>ix</i>
<i>Acknowledgments</i>	<i>x</i>
<i>Foreword</i>	<i>xvii</i>
<b>Chapter 1</b> Introduction to NFTs	1
<b>Chapter 2</b> What Are NFTs?	7
<b>Chapter 3</b> Why NFTs Have Value	49
<b>Chapter 4</b> History of NFTs	93
<b>Chapter 5</b> NFT Marketplaces	115
<b>Chapter 6</b> Creating and Minting NFTs	125
<b>Chapter 7</b> Selling NFTs	161
<b>Chapter 8</b> Buying NFTs	195
<b>Chapter 9</b> Legal Aspects of NFTs	213
<b>Chapter 10</b> The Future of NFTs	239
<i>Index</i>	<i>255</i>



# Contents

<i>About the Authors</i>		<i>vii</i>
<i>About the Technical Editor</i>		<i>ix</i>
<i>Acknowledgments</i>		<i>x</i>
<i>Foreword</i>		<i>xvii</i>
<b>Chapter 1</b>	Introduction to NFTs	1
<b>Chapter 2</b>	What Are NFTs?	7
	Why People Collect	7
	What Exactly Are NFTs?	10
	Types of NFTs	16
	Aspects of NFTs	32
	Extrinsic Elements of NFTs	44
<b>Chapter 3</b>	Why NFTs Have Value	49
	Why Do Collectibles Have Value?	50
	The Problems with Traditional Art	53
	The Problems with Collectibles and Memorabilia	57
	Digital Art Before NFTs	60
	The True Advantage of NFTs	61

	NFTs Aren't Perfect	74
	External Forces That Drive Value	89
<b>Chapter 4</b>	History of NFTs	93
	Andy Warhol Presents Pop Art	94
	Beeple's Cyberpunk World Meets NFTs	99
	The Story of Digital Art	104
<b>Chapter 5</b>	NFT Marketplaces	115
	OpenSea	116
	Rarible	117
	Nifty Gateway	118
	SuperRare	118
	Wax (Atomic Hub)	119
	Foundation	120
	NBA Top Shot	121
	VeVe	122
	Known Origin	122
	Myth Market	123
	Wrap-Up	124
<b>Chapter 6</b>	Creating and Minting NFTs	125
	Creating the Aspects of Your NFT	126
	Creating a Cryptocurrency Wallet	134
	Creating an OpenSea Account	144
	Creating a Collection	147
	Minting an NFT	157
<b>Chapter 7</b>	Selling NFTs	161
	Your Exchange Account	161
	Buying Cryptocurrency	167
	Funding Your MetaMask Wallet	170
	Selling Your NFTs	172
	Marketing Your NFTs	181



<b>Chapter 8</b>	Buying NFTs	195
	Why Buy NFTs?	195
	Buying NFTs	199
	Building an NFT Collection	206
<b>Chapter 9</b>	Legal Aspects of NFTs	213
	Are NFTs Securities?	214
	Intellectual Property Rights	218
	Right of Publicity	225
	Right of Privacy	231
	Contracts	232
	Taxes	235
<b>Chapter 10</b>	The Future of NFTs	239
	The Metaverse	240
	Non-bankable Assets	246
	Digital Wallets	251
	The Unwritten Future of NFTs	254
	<i>Index</i>	255



## Foreword

**G**reat artists focus on one thing: their creations. Musicians spend months searching for perfect harmony or lyrics, architects belabor the most minute details on their building plans, and painters search for the ideal place for their last stroke.

But once they finish their masterpieces, successful artists must also figure out how to monetize them while likewise protecting their provenance and future value.

That's where the intermediary comes in. Content creators of all kinds, including musicians, podcasters, painters, writers, performers, directors, and composers, are typically forced to use an intermediary to share their creations with the world. Whether it's the art gallery, the music label, or the concert promoter, these functionaries all promise artists the ability to monetize their work in exchange for a healthy cut of the profits—and sometimes even ownership of the artist's work.

Although not all intermediaries are bad; some have made headlines in recent years for the underhanded deals they've struck with their clients. Taylor Swift has spoken out about the unfair contract she signed as a teenager and how her music was sold multiple times without her knowledge or consent. Musicians like Prince and Michael Jackson were known for feuding with their record labels, too.

In recent years, technology platforms like Spotify have offered some hope of disintermediation. However, as the platforms

evolved, artists have learned that their economics have been reduced—not enhanced. So, it’s no wonder that the creative community has long sought a way to regain control—and ownership—of their valuable creative assets.

Enter the NFT, a tool that allows creators to bypass the intermediary altogether. Understanding how to harness NFT technology can put creators back in the driver’s seat. At first glance, NFTs are shrouded in cryptocurrency jargon, scaring off anyone without a computer science degree, but they’re relatively simple. They’re a way for artists to embed a snippet of code into their works so that they can share them without fear of piracy and with the security that they will be paid directly by their supporters and fans in perpetuity. This gives them back control of their intellectual property with enhanced transparency while tracking and distributing payments to the creator for royalties and sales.

One of the most valuable parts of NFTs is the way that they allow a community to form and participate in supporting something in which they believe. In 2000, I went to my first concert in New York City to see one of my favorite bands, U2. Had they been selling NFTs that night, I might just be HODLing it for life.

Imagine having been one of the first 100 fans of U2 or having gone to a basement show and bought an NFT of a song from the next David Bowie before they blew up. The early supporters are rewarded, the artists are paid, and the community grows stronger.

It’s clear now that NFTs are not only here to stay but that they stand to radically transform the creative and content industries. As a result, investing in this market is no longer a fringe idea but rather a core strategy for anybody who wants to participate in the creative economy in a meaningful way.

As an attorney who has devoted my professional career to understanding how to securitize and monetize assets in a compliant way, NFTs represent a tremendous opportunity for those who understand them.

The best time to get on the NFT bandwagon was in 2020, but the second-best time is right now. That's why I'm so excited that QuHarrison Terry and Matt Fortnow have decided to build this straightforward educational tool, opening up the possibilities of NFTs to the millions of people who make their living in creative fields. *The NFT Handbook* affords those creatives a real path to controlling their own destiny. This book is likely to become a bible for a brewing revolution.

It takes a visionary to see the future and to understand how to make it a reality. QuHarrison Terry is that visionary. He's also a businessman who began selling digital art online in 2014 and has seen firsthand how transformative this knowledge can be. Matt Fortnow has been at the forefront of the Internet revolution since his early days as an entrepreneur who built his first Internet company back in 1996, and he understands the bleeding edge of technology. Their combined experience and conviction about the future of NFTs speaks for itself. There are no two individuals more qualified to write this book.

As the CEO and cofounder of Republic, a company that also aims to demystify some of the financial world and to give people the power to invest in the future, we've gotten used to the criticism that comes with innovation. When we first started to apply traditional investment principles to crypto, some onlookers thought that we were out of our minds. Time and again, we have seen that what seems crazy today will seem normal tomorrow. (And we all wish we invested when things seemed crazy and out of favor.) The same can certainly be said for NFTs.

I cannot wait for the future that this book and this technology will bring us to. It's not if, but when.

Kendrick Nguyen  
CEO and Cofounder of Republic



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## CHAPTER

# 1

## Introduction to NFTs

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**B**y many accounts, Google was late to the search engine game. Founded in 1998, it was the 24<sup>th</sup> search engine to come onto the scene. What's Google 24<sup>th</sup> at now?

Larry Page and Sergey Brin, the cofounders of Google, focused on differentiating their search engine and creating a compelling product from the outset. Monetizing the search engine was an afterthought. Search engines are all about connecting people from a query to a destination. It's a game of understanding the user's intent. What do they want to find? Ideally, the engine gets it right on the first search result; otherwise, you're forcing the user to do the hard work of finding what they're looking for.

Google's revolutionary idea was *PageRank*, a ranking system that prioritized web pages by social proof. The more that other domains link to a web page, the higher it ranked on Google's search results because there was social proof from other users that

it was a helpful resource. Google's indexing method was in stark contrast to other search engines, which ranked pages by analyzing the page's content for keyword density.

Backed by this superior theory of ranking the web's content, Google showed promise of having a better utility than any other search engine of the time. It also attracted the attention of computing pioneers. Before Google was even incorporated, it received its first investment of \$100,000 from Andy Bechtolsheim, cofounder of Sun Microsystems—a legend in the world of computing. Google rounded out this investment in 1998 with money from three other angel investors, including Amazon founder Jeff Bezos, Stanford University computer science professor David Cheriton, and entrepreneur Ram Shriram.

Page and Brin were just a couple of smart kids from Stanford trying to solve a problem on the Internet. Their laser focus on creating a great product that understood the user's search intent was the utility that they brought to the world. The utility they made was enough to attract attention from some of the biggest names in tech. It wasn't until two years later that they would finally incorporate AdWords into their search engine and monetize their traffic.

We see a lot of similarities when comparing those early Internet days with early non-fungible tokens (NFTs). The vast majority of NFTs have no utility beyond investment speculation—in much the same way that Ask Jeeves and Yahoo Search were simply joining in on the action of search engines with no real differentiation. And because we're in the early days of NFTs, these directionless projects can get a lot of attention, even though there's no use case for them. However, as time passes, we'll see a greater focus on NFTs with utility—tokenized projects solving a problem or creating something unique for users. Those projects that lack a use case will miss out on the real money to be made a few years from now.



Take, for example, the Bored Ape Yacht Club. The founders have created 10,000 Bored Ape NFTs that act as membership cards into the Internet Yacht Club. Right now, this membership card gives you access to a digital bathroom where you can take a “pen” and draw, write, or graffiti on the walls every 15 minutes. It sounds insignificant, but it’s a unique experience. They’ve carved out this digital environment reserved only for the Bored Ape NFT owners. Yes, the Bored Apes are collectibles in essence. But it’s the access and the utility that they provide that excites us for the future of this project.

Access might be the most significant use case of NFTs currently. In other words, to what does owning an NFT grant you access? We’re surely going to see the utility of NFTs go way beyond this. Especially considering the wide variety and diversity of people getting into NFTs right now, there are so many exciting individuals with all types of ideas coming together to collaborate and create magical experiences.

Now is the time for experimentation, collaborating with others, and not working in a silo. This book is a product of two people experimenting with NFTs in their respective fields and starting a random conversation that ballooned into so much more.

QuHarrison Terry was working on selling the World-StarHipHop Chain NFT and creating liquidity for pop culture-focused NFTs. Matt Fortnow created the official Three Stooges NFTs and contemplated how iconic intellectual property could exist as NFTs.

Let’s rewind the tape back to the early Internet 1.0 days: 1995. Matt practiced entertainment law in New York City when a few fraternity brothers from Carnegie Mellon University recruited him to start an Internet company. They founded *Commissioner.com*, the Web’s first fantasy sports service, which they sold to CBS SportsLine in 1999. Always looking to

develop uses for new technologies, Matt got heavily involved in blockchain in 2015, virtual reality/augmented reality (VR/AR) in 2016, and NFTs in 2020. It's actually through the VR/AR connection that he met QuHarrison.

QuHarrison recalls:

"I got a call one day from a friend who said I had to talk with this Matt Fortnow guy. This was at the early peak of NFT hype in March 2021, so I was used to talking with many people about a lot of NFT ideas every day. The conversation took on a life of its own and went on for a couple of hours. We were just riffing about how NFTs were all about sales and liquidity, the possibilities of tokenizing IP and revenue streams, and just having a fun time sharing ideas. By the end of the conversation, we were like, 'Yeah, we need to write a book on this.' And that's how a marketer and an attorney-turned entrepreneur came to write a book on NFTs. Literally a chance conversation around this shared culture of NFTs. And I think that's the beauty of this space right now. At the precipice of any new technology, it's prime for collaborations between people of different backgrounds."

It may feel like you're late to NFTs. But you're actually early in the grand scheme of things because we just haven't seen all the use cases of this technology yet. For reference, there were only about 130,000 active users on OpenSea, the largest NFT marketplace, in August 2021. With more than four billion people who have access to the Internet worldwide, we're nowhere near the exciting times of NFTs.

If Page and Brin thought they were late to the Internet in 1998, we wouldn't have the most effective and intuitive search engine that we have today. But they looked at the emerging Internet technologies around them and had a theory on how it could be done better. That's where we are at with NFTs today.

Take the information in *The NFT Handbook* as a starting point for your NFT journey. We'll take you through the history of NFTs to the basics of creating and collecting NFTs to marketing your NFTs, and much more. There are many people talking about NFTs and sharing their thoughts, their strategies, and their ideas. Use this book as a launchpad to go out and learn more about what interests you about NFTs.

Equipped with what you've learned in this book, start connecting with people in the NFT ecosystem. There are many NFT communities on Twitter, Clubhouse, Discord, Instagram, and other Internet destinations with people just like you who want to connect and learn from each other. At this stage in the lifespan of NFTs, it pays to communicate, experiment, and collaborate. Ultimately in the canon of NFTs, we don't know whether the current NFT projects we're seeing will be more akin to Infoseek (one of the earliest search engines, not around today) or Google (late to the game but created a superior product that stands even stronger today).

We've also created [TheNFThandbook.com](https://TheNFThandbook.com) with extensive resources and links. Since the NFT space is ever evolving, the website will feature ongoing updated information.

As we dive in, your first question may be, "What are NFTs?"



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## CHAPTER

# 2

## What Are NFTs?

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**E**ven before you think about non-fungible tokens (NFTs), which in their most basic form are unique digital collectibles secured by the blockchain, you must understand how collectibles work. Perhaps the following eclectic Beanie Babies parable will clarify the erratic and eccentric psychology behind why we collect.

### Why People Collect

Before NFTs, there were Beanie Babies . . .

From stamps to Civil War weapons to sneakers, people collect many different objects in various formats. So, it should come as no surprise that there is a market for collectibles in a digital form. Conceptually, it's confusing. But on the sheer basis of