

UNDERSTANDING WEB3**LESSON 9: CRYPTOCURRENCIES, COINS, AND TOKENS**

A Prison Professors Self-Directed Course

Estimated time: 65–100 minutes

Educational Boundary:

This lesson provides general education about technology and risk. It does not provide individualized financial, investment, legal, or tax advice. It does not recommend any network, company, product, token, or digital asset. You do not need internet access, an account, a wallet, or a digital asset to complete the lesson.

OPENING GUIDANCE

Lesson 8 separated a blockchain network from its native asset. That distinction prepares us to examine a wider category: digital assets. People often use words such as cryptocurrency, coin, and token as if they mean exactly the same thing. In practice, speakers, projects, regulators, and technical documents may use those labels differently.

I encourage you to look beyond the label. Ask what the asset is, where its record exists, how it was created, what function it performs, what rights it provides, who can change its rules, and what important risks remain. A familiar name or a confident explanation does not answer those questions.

Some participants may wonder why these distinctions matter if they cannot access a blockchain, create an account, or use a digital asset. Later in this lesson, we will examine how an independent Web3 community used BNB Smart Chain, a token, a smart contract, and a public treasury address to support the Prison Professors mission. That real example shows why the vocabulary matters. It also shows why inspiration should be accompanied by careful questions.

This lesson will not ask you to predict a price or decide whether to acquire an asset. The objective is to build a classification and evaluation process. That process can help you separate a technical function from a promotional claim and explain what information is still missing.

PURPOSE AND ESSENTIAL QUESTION

Lesson 9 explains the difference between a blockchain's native asset and tokens created through a blockchain platform. It also introduces a disciplined way to evaluate claims about digital assets.

Essential Question:

- » What questions should a careful learner ask before accepting a claim about a digital asset?

LEARNING OBJECTIVES

After completing this lesson, you should be able to:

- » Distinguish cryptocurrency, coin, token, and native asset using the course definitions.
- » Explain several functions a digital asset may perform without treating those functions as proof of value.
- » Identify the rights, restrictions, control points, and missing information associated with a hypothetical asset.
- » Explain why a utility label does not guarantee usefulness, price, liquidity, or legal treatment.
- » Identify volatility, limited liquidity, fraud, technical failure, and regulatory uncertainty as material risks.

KEY TERMS

CRYPTOCURRENCY

Definition: A broad label for digital assets that use cryptography and blockchain or related distributed-ledger systems to record or transfer value. Usage varies, so the speaker's meaning should be defined.

Sample sentence: The word cryptocurrency described the broad category, but the learner still asked whether the asset was a native coin or a token on another network.

COIN

Definition: In this course, a digital asset that is native to its own blockchain network and operates under that network's protocol rules.

Sample sentence: The network used its native coin to pay transaction fees.



TOKEN

Definition: In this course, a digital asset created and recorded through code on an existing blockchain platform rather than serving as that platform's native asset.

Sample sentence: The organization created a token through a smart contract on an existing blockchain.

NATIVE ASSET

Definition: A digital asset built into a blockchain protocol and commonly used for functions such as paying network fees or supporting network security.

Sample sentence: The native asset belonged to the base network, while many separate tokens operated through programs on that network.

UTILITY

Definition: A practical function or use that an asset is designed to support within a network, application, or service.

Sample sentence: The provider claimed that the token's utility was access to a digital learning service, but the learner asked whether the service was operating and whether access could be revoked.

LIQUIDITY

Definition: The ability to buy, sell, or exchange an asset without excessive delay or a large change in its price. Liquidity can vary across markets and over time.

Sample sentence: A displayed price did not prove liquidity because very few buyers or sellers might be available at that price.

MAIN LESSON

BEGIN WITH THE BROAD CATEGORY

A digital asset is a record of value, access, rights, or information represented in digital form. Some digital assets operate on blockchains, while others exist only in a company's conventional database. Not every digital point, credit, or electronic balance is a cryptocurrency or token.

For this course, cryptocurrency is the broad category for digital assets that rely on cryptography and blockchain or related distributed-ledger systems. A coin is the native asset of a blockchain. A token is created through code on an existing blockchain platform. This teaching model helps organize the concepts, but industry

usage is not perfectly consistent. A source may call a native asset a coin, a token, a cryptocurrency, or all three.

I encourage you to define the term before debating it. If two people use token differently, they may appear to disagree when they are describing the same technical object with different vocabulary.

A COIN BELONGS TO THE BASE PROTOCOL

A native coin or native asset is part of a blockchain's base design. The protocol defines how the asset is recorded and how it may be used. Common functions include paying transaction fees, rewarding participation, or supporting a proof-of-stake system.

Bitcoin is the native asset of the Bitcoin network. Ether is the native asset of Ethereum. BNB is the native asset used on BNB Smart Chain. These examples identify a relationship between an asset and a network; they do not recommend the asset or predict its price.

A coin's technical role does not make it safe or valuable. Network defects, governance decisions, market conditions, concentration, loss of access, fraud, and legal developments may still affect people who use or hold it.

A TOKEN USES AN EXISTING PLATFORM

A programmable blockchain can support code that creates and manages other digital assets. On Ethereum, the ERC-20 standard defines common functions for fungible tokens. BNB Smart Chain supports contract-based tokens commonly described as BEP-20 tokens. The code may track balances, transfers, total supply, permissions, or other rules.

The token depends on more than its own name. It may rely on the base network, a smart contract, developers, administrators, an issuer, an application, data providers, marketplaces, or legal agreements. A failure or decision at one of those points may affect the token.

A token may also include administrative powers. Depending on its code, an authorized party might pause transfers, create more units, destroy units, restrict certain addresses, or change connected services. Those powers may help correct problems or comply with obligations, but they may also concentrate control. A careful learner asks what powers exist, who holds them, and how their use is governed.

FUNCTION DOES NOT ESTABLISH VALUE OR RIGHTS

Digital assets can serve different functions. An asset may be used to:

- » Pay a network or application fee.
- » Participate in network security under defined rules.
- » Access a service, feature, membership, or digital resource.
- » Record voting power or participation in a governance process.
- » Represent points, rewards, or credits within a program.
- » Represent a claim or interest described in a separate agreement.

The function must be verified. A token that is advertised as providing access may depend on a service that does not yet exist. A governance token may provide only limited voting power, while a small group retains authority to override decisions. A token described as representing an asset may not create an enforceable ownership right unless the technical record and the governing agreement actually do so.

For that reason, identifying a function is only the beginning. The learner should ask what the holder can do, what the holder cannot do, who owes any obligation, what restrictions apply, and what evidence supports the claim.

THE UTILITY LABEL REQUIRES INVESTIGATION

The word utility describes a proposed use. It does not guarantee that the use is necessary, available, valuable, or lawful. It also does not guarantee that the asset will have buyers, maintain a price, or avoid regulation.

Suppose a project calls an asset a utility token because people may use it for future access to an educational platform. Important questions remain:

- » Does the platform exist and work?
- » Is the token necessary, or could the service use an ordinary account or payment system?
- » What exactly does one token permit the holder to do?
- » Can the issuer change the rules, supply, price, or access conditions?
- » Does the holder receive a contractual right, or only a technical ability under current code?
- » What happens if the organization, website, or development team stops operating?

I encourage learners to replace the question “Is it a utility token?” with “What verified utility does it provide, under whose rules, with what limitations?”



LIQUIDITY IS DIFFERENT FROM A DISPLAYED PRICE

Liquidity describes whether an asset can be exchanged without excessive delay or a large price change. A market screen may show the most recent trade, but that number does not prove that many buyers and sellers are available.

An asset with limited trading activity may have a large difference between the price buyers offer and the price sellers request. A person trying to sell may receive much less than the displayed price, may wait for a buyer, or may find no reliable market. A platform may also halt withdrawals or trading. Liquidity can disappear during stress, even when it appeared sufficient before.

This course does not ask participants to trade. The lesson uses liquidity as an example of why a claim about value requires more evidence than one price or one advertisement.

RISKS DO NOT DISAPPEAR WHEN AN ASSET HAS A PURPOSE

A digital asset can perform a real technical function and still involve serious risk. Material risks may include:

- » Volatility: The market price may change rapidly and unpredictably.
- » Limited liquidity: A holder may not be able to exchange the asset when expected or near a displayed price.
- » Fraud and misrepresentation: Promoters may invent partnerships, hide control, exaggerate demand, or promise returns that cannot be supported.
- » Technical risk: Code defects, network failures, compromised credentials, or administrative powers may cause loss or restriction.
- » Concentration and governance risk: A small group may control supply, upgrades, validation, markets, or decisions.
- » Regulatory uncertainty: Legal treatment can depend on jurisdiction, facts, rights, marketing, and how an asset is offered or used.

As of July 21, 2026, United States regulatory advisories continue to warn that digital-asset markets may involve volatility, illiquidity, fraud, hacking, platform failure, and limited remedies. This lesson does not classify any asset under law. A label such as coin or utility token does not settle whether a particular law applies.

APPLIED EXAMPLE: BNB SMART CHAIN

As of July 21, 2026, BNB Chain documentation describes BNB as the native utility token of BNB Smart Chain and identifies BNB as an asset used for transaction



fees. The same documentation distinguishes native BNB transfers from transfers of contract tokens such as BEP-20 tokens.

Under this course's teaching distinction, BNB functions as the native coin or native asset of BNB Smart Chain. A BEP-20 token is created through code operating on that existing network. Official documentation may still use the word token for BNB, which shows why labels should be defined rather than assumed.

This example does not establish that BNB or a BEP-20 token is useful, safe, liquid, or appropriate for any person. Each asset requires separate analysis of purpose, code, rights, control, market conditions, and risk.

A DISCIPLINED EVALUATION PROCESS

Before accepting a claim about a digital asset, organize the questions into six groups:

1. Technical identity: Is it a native asset, a token on another network, a database entry, or something else?
2. Function: What can the asset actually be used to do today?
3. Rights and restrictions: What does a holder receive, and what limits or obligations apply?
4. Control and dependencies: Who can create units, change rules, pause activity, operate the service, or influence decisions?
5. Evidence: Which official code, documentation, agreements, audits, or records support the claim?
6. Risks and alternatives: What could fail, what information is missing, and could a simpler system serve the same purpose?

That framework does not produce a guaranteed answer. It helps a learner explain what is known, what is claimed, and what must still be verified.

REAL-WORLD CASE STUDY: A WEB3 COMMUNITY SUPPORTS PRISON EDUCATION

WHY THIS STORY MATTERS TO ME

I served 26 years in federal prison. During those years, I did not have access to the tools that define today's digital economy. I could, however, read, write, study, ask questions, and document what I was learning. That pattern of self-directed learning helped me build credibility. After my release, relationships and opportunities opened because other people could see evidence of preparation.

That experience shapes the way I view Web3. I do not want participants to study vocabulary only to pass a knowledge check. I want them to see how learning can

PRISON PROFESSORS CHARITABLE CORPORATION

Prison Professors Charitable Corporation / 1205 BMC Drive / Suite #706 / Cedar Park, TX 78613
IRS 501c3 #85-2603315 / www.PrisonProfessors.org



prepare a person to recognize opportunities, communicate with new communities, evaluate claims, and contribute responsibly.

The Prison Professors Token provides a real example. It does not prove that every token is useful or that any person should acquire one. It shows how the concepts in this course can operate together in the world.

HOW I CAME TO KNOW CZ

Changpeng Zhao, widely known as CZ, is the founder of Binance, a global cryptocurrency exchange. I met him while he was going through his own challenges with the United States justice system. As he prepared for and then served a four-month sentence in federal prison, we communicated frequently. I assisted him as he worked on the manuscript that became *Freedom of Money*, and I later narrated the audiobook.

In the book, CZ wrote about his support for Prison Professors. He also provided resources that help us expand our mission of making educational materials available to people in prison without charge. Through the book and CZ's public support, people in many parts of the world learned about our work.

PEOPLE WE DID NOT KNOW RESPONDED TO THE WORK

After *Freedom of Money* was released in 2026, a group of people formed an independent Web3 community around the Prison Professors mission. Neither CZ nor I knew the organizers. They learned about the mission, decided that they wanted to participate, and used the BNB ecosystem to launch a token commonly identified by the symbol PP.

Neither CZ nor I created the token. Prison Professors did not organize, manage, or control the token project. The community website identifies it as an independent effort, not as an official Prison Professors product or endorsement. Preserving that distinction helps a careful learner understand that a token can refer to a person or mission without being controlled by that person or organization.

The community used a smart contract on BNB Smart Chain. Its website states that the system applies a 3 percent charge when trades occur and directs the resulting resources toward a public donation address. The website calls the charge a tax. In this course, transaction fee is the clearer term because the charge is created by program rules, not imposed by a government.

I find another lesson in the way this community formed. The organizers did not need to know me personally before they could evaluate the work. They could read about the mission, examine the record, and decide whether they wanted to help. A person in prison can begin building that kind of record now by learning, writing,

keeping promises, and documenting progress. No journal entry guarantees that a future employer, mentor, or supporter will respond. A sustained body of work can, however, give people who do not yet know you something meaningful to evaluate.

THE CASE CONTAINS SEVERAL KINDS OF DIGITAL ASSETS

The case becomes easier to understand when we separate its components:

1. BNB Smart Chain is the blockchain network. It provides the shared infrastructure that records transactions and executes the smart contract.
2. BNB is the network's native asset. It can be used for transaction fees under the network's protocol rules.
3. PP is a token created on that existing network. Its balances and transaction-fee logic depend on smart-contract code and the BNB Smart Chain.
4. WBNB is Wrapped BNB. It is a contract-based token representation of BNB that can interact with applications using the BEP-20 token standard.

This is why a treasury screen may show both native BNB and WBNB.

This one case therefore demonstrates the lesson's principal distinction: BNB is native to the base network, while PP and WBNB are tokens that use the network.

WHAT BSCSCAN AND TELEGRAM CAN SHOW

BscScan is a blockchain explorer, which is a public search tool for activity recorded on BNB Smart Chain. A person can enter a public address and view balances and transactions associated with that address. BscScan does not open the wallet or reveal its private key. It organizes information that the blockchain makes public.

Telegram is a messaging service that many online communities use for group announcements and discussions. The PP community uses a Telegram channel with an automated tracker that posts notices about transfers and maintains a running donation total. The tracker is a community communication tool; it is not the blockchain itself.

On July 21, 2026, a live BscScan screen supplied for this lesson showed the public treasury address holding more than 943 WBNB, along with a smaller native BNB balance. At approximately the same time, the community's Telegram tracker reported more than 943 BNB in cumulative donations. These figures describe related information in different ways: BscScan showed assets held at the public address at that moment, while the Telegram tracker reported a running total of transfers. The totals continue to change as transactions occur, and any dollar estimate changes with the market price of BNB.

I use a cold-storage arrangement for the treasury and have pledged to reserve these resources at least until summer 2027 while we build a responsible, mission-aligned

plan. I have also connected future use of the resources to reaching meaningful participation in Prison Professors programs.

The public ledger allows an observer to examine the address, balances, and transaction history without relying only on a private report. That transparency has practical value. It does not answer every question. A blockchain record does not prove how private keys are stored, who can authorize a future transfer, whether a public promise will be honored, how a nonprofit will account for the resources, or what the resources will be worth later. Those questions require policies, governance, documentation, and human accountability.

WHAT THIS CASE DOES AND DOES NOT DEMONSTRATE

The case demonstrates that a community can use a blockchain and smart contract to coordinate support across borders, automate a transaction-fee rule, and make treasury activity publicly visible. It also demonstrates that technology can connect people who may never enter a prison with a mission serving people inside prisons.

The case does not establish that PP, BNB, WBNB, or any other digital asset is safe, liquid, legally classified in a particular way, or appropriate for any person. It does not guarantee that community attention will continue or that a displayed market price can be obtained in a future transaction. The community's enthusiasm, the smart contract, the public treasury, and Prison Professors' stewardship are related but distinct parts of the system.

Reasoned conclusion: The Prison Professors Token fits this course's definition of a token because it was created through a smart contract on an existing blockchain. Its programmed transaction fee provides a real function: directing resources toward a public mission address. That function is meaningful, but it does not eliminate questions about control, security, liquidity, governance, legal treatment, or future use. A disciplined learner can appreciate the social impact while still asking careful questions.

A RECURRING EXAMPLE IN LATER LESSONS

We will return to this case as the course introduces wallets and public addresses, transaction flow, smart contracts, treasury governance, real-world applications, and transferable skills. Each later lesson will examine a different part of the case. Repeated study can help participants connect new vocabulary with one documented example while continuing to distinguish public evidence from claims that require human judgment.

WHY THIS MATTERS WHILE YOU ARE IN PRISON

You do not need internet access, a wallet, or money to learn from this case. You can identify the network, distinguish the native asset from the tokens, explain what the smart contract is intended to do, identify what the blockchain can verify, and list what still depends on people.

Those are transferable skills. Employers, partners, and community members value people who can study unfamiliar systems, separate evidence from claims, communicate clearly, and exercise judgment. Every thoughtful journal entry can become part of the record you are building.

BENEFITS, LIMITATIONS, RISKS, AND MISCONCEPTIONS

POSSIBLE BENEFITS

- » A native asset can support fees, incentives, or network security under protocol rules.
- » A token can represent access, participation, points, or other functions through programmable rules.
- » Shared technical standards can help applications recognize and interact with compatible tokens.
- » Public records and code may allow independent review of some supply, transfer, or permission rules.

IMPORTANT LIMITATIONS AND RISKS

- » A technical record does not prove that an issuer's outside claim is truthful or enforceable.
- » A useful function does not guarantee market value, liquidity, safety, or legal compliance.
- » Smart contracts, administrators, platforms, or connected services may fail or change.
- » Prices can be volatile, markets can become illiquid, and fraud can cause permanent loss.
- » Legal and regulatory treatment may change or differ across jurisdictions and circumstances.

COMMON MISCONCEPTIONS

- » "Coin and token always mean exactly the same thing." Usage varies; define the term and examine the technical structure.



- » “A utility token must be useful.” The proposed service may be limited, unnecessary, unfinished, or unavailable.
- » “A displayed price proves I can sell at that price.” A market may have limited liquidity or unreliable withdrawals.
- » “A real use guarantees a rising price.” Function and market price are different questions.
- » “Blockchain code guarantees legal ownership.” Rights may depend on agreements, law, authorization, and facts outside the blockchain.
- » “Native means safe.” A native asset can still involve technical, governance, market, fraud, and legal risks.

OFFLINE EXERCISE: CLASSIFY ASSETS AND IDENTIFY GAPS

Estimated time: 20–25 minutes

Materials: Separate paper and a pencil.

For each hypothetical item below, write four headings: classification, function, control or dependency, and missing information.

1. BaseUnit: Built into a blockchain’s protocol. It pays transaction fees and may be committed by validators under the network’s rules.
2. CoursePass: Created by a smart contract on BaseUnit’s network. The provider says ten units permit access to one course, but it can change the access policy.
3. StudyPoints: Recorded only in one school’s conventional database. They cannot move to a blockchain address or another organization.
4. CommunityVote: Created on an existing blockchain. Holders may vote on proposals, but the development company can reject any vote.
5. FutureSkill: Advertised as a utility token for a service planned for next year. One recent trade is displayed, but the number of buyers and sellers is unknown.

FOR EACH ITEM:

- » Classify it as a native coin or asset, a token, a conventional database entry, or unknown—needs verification.
- » State the function that the description supports without adding a promise.
- » Identify one person, organization, program, network, market, or rule on which it depends.



- » Write at least two questions that must be answered before accepting a broader claim.

Then explain why neither the word utility nor a displayed price proves that an asset is useful, liquid, safe, or legally classified in a particular way.

Important limitation of the exercise: The descriptions are simplified and hypothetical. Classification helps organize questions; it does not provide investment or legal advice and does not establish whether any asset should be created, acquired, or used.

KNOWLEDGE CHECK

MULTIPLE CHOICE

1. Under this course's teaching distinction, which description best fits a coin?
 - a. Any points stored in a company's private database
 - b. A digital asset native to its own blockchain network
 - c. Every digital item created by a smart contract on another network
 - d. An asset whose price is guaranteed to remain stable
2. Which question is most useful when evaluating a token described as providing utility?
 - a. Does the advertisement repeat the word utility?
 - b. Did one recent trade show a high price?
 - c. What verified function exists, who controls it, and what restrictions or dependencies apply?
 - d. Does the token have a memorable name?
3. Which statement best describes liquidity?
 - a. A guarantee that an asset's price will rise
 - b. The ability to exchange an asset without excessive delay or a large price change
 - c. The legal classification assigned by a project's website
 - d. The number of technical terms used in a white paper

TRUE OR FALSE

- » If a token performs a real technical function, that function guarantees market value, legal compliance, and protection from fraud.



SHORT EXPLANATION

- » In three or four sentences, explain why a careful learner should examine an asset's technical identity, function, rights, control, evidence, risks, and alternatives instead of relying on the label coin, token, or utility.

SUMMARY AND PRACTICAL TAKEAWAYS

- » Cryptocurrency is a broad label whose meaning should be defined.
- » In this course, a coin is native to its blockchain, while a token is created through code on an existing blockchain platform.
- » Industry sources do not always use coin and token consistently, so technical structure and function are more reliable than the label alone.
- » A digital asset may support fees, security, access, governance, rewards, or other functions.
- » A function does not guarantee usefulness, rights, price, liquidity, safety, or legal treatment.
- » Liquidity describes the ability to exchange an asset without excessive delay or a large price change; a displayed price does not prove liquidity.
- » Volatility, limited liquidity, fraud, technical failure, concentration, platform failure, and regulatory uncertainty are material risks.
- » A careful evaluation identifies what is known, what is claimed, who controls the system, what evidence supports the claim, and what remains unknown.

The practical skill is learning to replace a label with a structured set of questions. That habit can strengthen critical thinking even when you never own or use a digital asset.

PROFILE JOURNAL ASSIGNMENT

Write one coherent journal entry of approximately 300–400 words. Do not submit a disconnected list of answers. Use the prompts below to organize a beginning, middle, and conclusion:

- » Explain the course's distinction among cryptocurrency, coin, token, and native asset.
- » Describe two non-investment functions a digital asset may perform.
- » Explain why the word utility does not prove usefulness, value, liquidity, or legal treatment.
- » Identify at least four questions you would ask before accepting a claim about a digital asset.



- » Describe one material risk and one important dependency that a promoter might leave out.
- » Use the Prison Professors Token case study to explain one fact the blockchain can help verify and one question that still depends on human accountability.
- » Explain why a conventional database, membership account, or other simpler system should sometimes be considered as an alternative.
- » Connect this evaluation process to the critical-thinking, communication, or self-directed-learning skills you are developing.

Your response should demonstrate your reasoning. You are not being asked to purchase an asset, create an account, open a wallet, connect to a network or application, disclose financial information, or conduct a transaction.

SUBMISSION REMINDER

Write your response on separate paper or in an approved institutional messaging system. Include your name or approved Profile identifier, Lesson 9: Cryptocurrencies, Coins, and Tokens, and the date you completed the entry.

Use one of the established Prison Professors Profile methods, subject to your facility's rules:

1. Send it by institutional email to Playbook@PrisonProfessors.org. Suggested subject: Web3 Lesson 9 — [date completed].
2. Send it by postal mail to: Prison Professors, 1205 BMC Drive, Suite 706, Cedar Park, TX 78613.
3. Send it to an approved family member or supporter who can enter it on your Profile at PrisonProfessors.org.

Keep a copy when circumstances permit. Never include passwords, private keys, seed phrases, authentication codes, account numbers, real wallet addresses, or other sensitive credentials.

