

The Disciplined Investor Podcast – Guest Interview Summary

Guest: Pat Camuso

Show Date: May 24, 2026

TDI Podcast Episode: 974

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Content Strategy and Advertiser Concerns

Andrew and Patrick discussed avoiding prediction markets in their content, primarily due to Interactive Brokers' concerns about discussing potentially negative topics. Andrew explained that Interactive Brokers has been a consistent advertiser for two years and requested that Patrick prepare a self-introduction for the upcoming segment. The conversation then shifted to Patrick's background, particularly his expertise in cryptocurrency taxation, though the full details of his explanation were not captured in the transcript.

Cryptocurrency Taxation Career Journey

Patrick described his career journey from working in the financial services space at a big four firm to starting his own firm in 2016 focused on cryptocurrency taxation. He explained how he identified early tax challenges associated with Bitcoin investments and expanded his practice to work with both investors and Bitcoin miners as the cryptocurrency industry evolved through different phases including Ethereum, DeFi, and NFTs. Patrick noted that while the IRS had issued guidance in Notice 2014-21 treating cryptocurrency as property for tax purposes, there remains significant non-compliance in the space.

Cryptocurrency Noncompliance and Mainstream Shift

Patrick and Andrew discussed the high degree of noncompliance in the cryptocurrency space, attributing it to the cypherpunk mentality that views Bitcoin as an independent instrument outside governmental oversight. Patrick noted that while the industry initially sought institutional adoption, this runs counter to the original cypherpunk ideology. Andrew suggested that crypto has lost its edge since becoming mainstream, citing examples like Michael Saylor and the decline of companies like MicroStrategy as evidence of this shift.

Cryptocurrency and NFT Applications

Patrick and Andrew discussed the evolution of cryptocurrency and blockchain technology, noting its increased regulatory focus and compliance requirements. They reflected on the brief popularity of NFTs, with Patrick explaining their purpose and limitations. Andrew proposed the idea of using

NFTs to simplify the complex process of buying and transferring property ownership, including associated records and information.

NFTs and Stablecoins Discussion

Patrick and Andrew discussed the potential for NFTs in real-world asset tokenization, focusing on legal standing and regulatory aspects. They highlighted the benefits of tokenization, including ease of transferability, verification of ownership, and fraud reduction. The conversation then shifted to stablecoins, exploring their use cases in foreign transactions, cross-border payments, and emerging markets.

Stablecoins for International Payments Discussion

Andrew and Patrick discussed the benefits and challenges of using stablecoins for international payments. Patrick explained that stablecoins offer faster and cheaper transactions compared to traditional wire transfers, giving remote workers overseas access to funds within minutes with minimal fees. However, Patrick noted that stablecoins are taxed as property in the United States, requiring tracking and accounting for tax purposes.

Stablecoin Tax Reporting Requirements

Patrick explained how stablecoins are tracked and reported for tax purposes, describing the process of establishing basis when purchasing and transferring the digital asset. He clarified that while there may be no gain when transferring stablecoins, taxpayers still need to report dispositions on Form 8949, though the transactions would typically be tax-neutral overall. Patrick acknowledged that while the transactions themselves might be tax-neutral, dealing with reporting requirements and potential IRS reconciliation could be cumbersome.

Digital Asset Tax Form Challenges

Patrick explained that 1099-DAs are new tax forms issued by exchanges for digital asset transactions in 2025, but they have limitations as they only cover transactions that occur on exchanges and don't include assets moved to personal wallets. Patrick noted that non-custodial wallets and exchanges were excluded from the regulations through a Congressional Review Act in 2025, which creates challenges for taxpayers whose full transaction history isn't captured on the forms. The discussion highlighted ongoing issues with cost basis reporting and the burden of accounting for digital assets, particularly when transactions cross between exchanges and personal wallets.

Crypto CPA Demand Growth Discussion

Patrick and Andrew discussed the growing need for crypto CPAs due to increasing complexity in digital asset transactions. Patrick highlighted the challenges posed by forms like 1099 DA and emphasized the importance of accurate calculations and liability considerations for preparers.

They agreed that as more people encounter these tax forms, there will be a greater demand for specialized expertise in crypto accounting.

Digital Asset Legislation Proposals

Patrick discussed ongoing legislation proposals related to digital assets, including potential implementation of wash sales rules, staking income recognition, and de minimis exceptions for crypto transactions. He noted that while these proposals are gaining traction, nothing has been finalized yet, and implementation would create additional accounting requirements for crypto transactions across different custodians.

Form 1099-DA Implementation and Compliance

Patrick discussed the implementation of Form 1099-DA, noting that while it can simplify reporting for some with simple fact patterns, complex cases and non-compliance issues remain prevalent. He provided insights into recent crypto tax evasion cases, including Waylon Wilcox's settlement with probation and a \$150,000 fine, and compared it to the harsher sentence of Frank Algren, who was sentenced to prison and had assets seized. Patrick emphasized that these cases serve as warnings and examples as the IRS continues to push for higher compliance through third-party reporting.