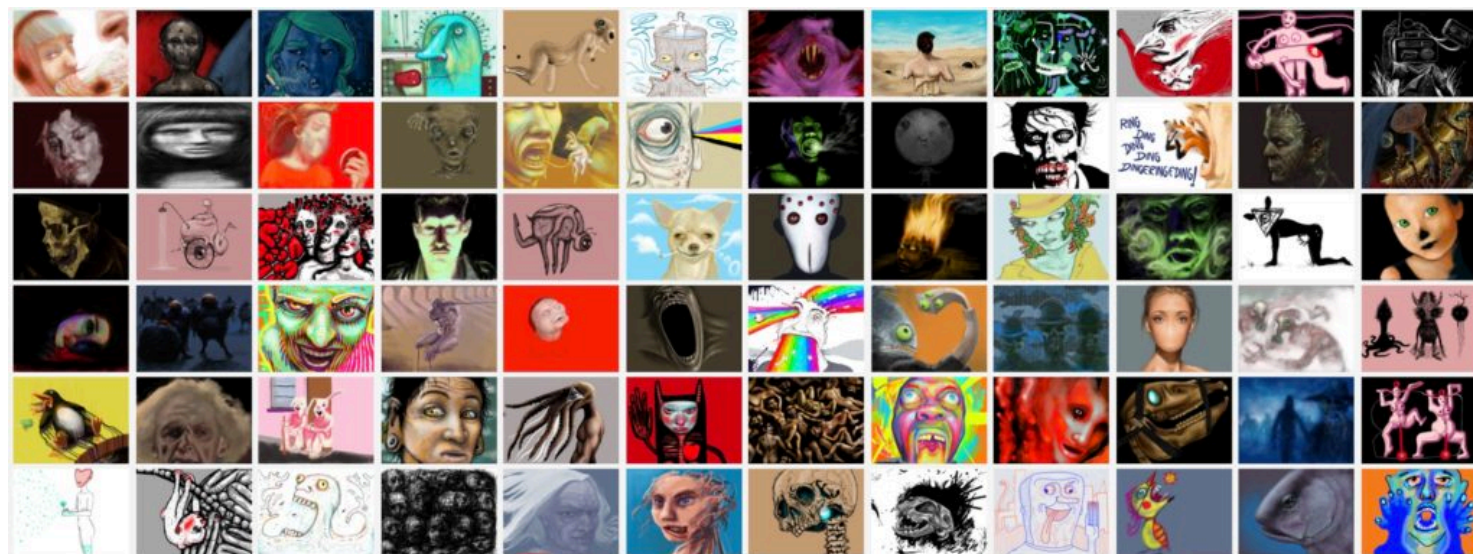




By Daniel Penny January 23, 2018

ARTS & CULTURE

Blockchain technology could reshape the digital-art market for years to come.



DIGITAL ART COLLECTION BY ARTISTS FROM DADA.NYC

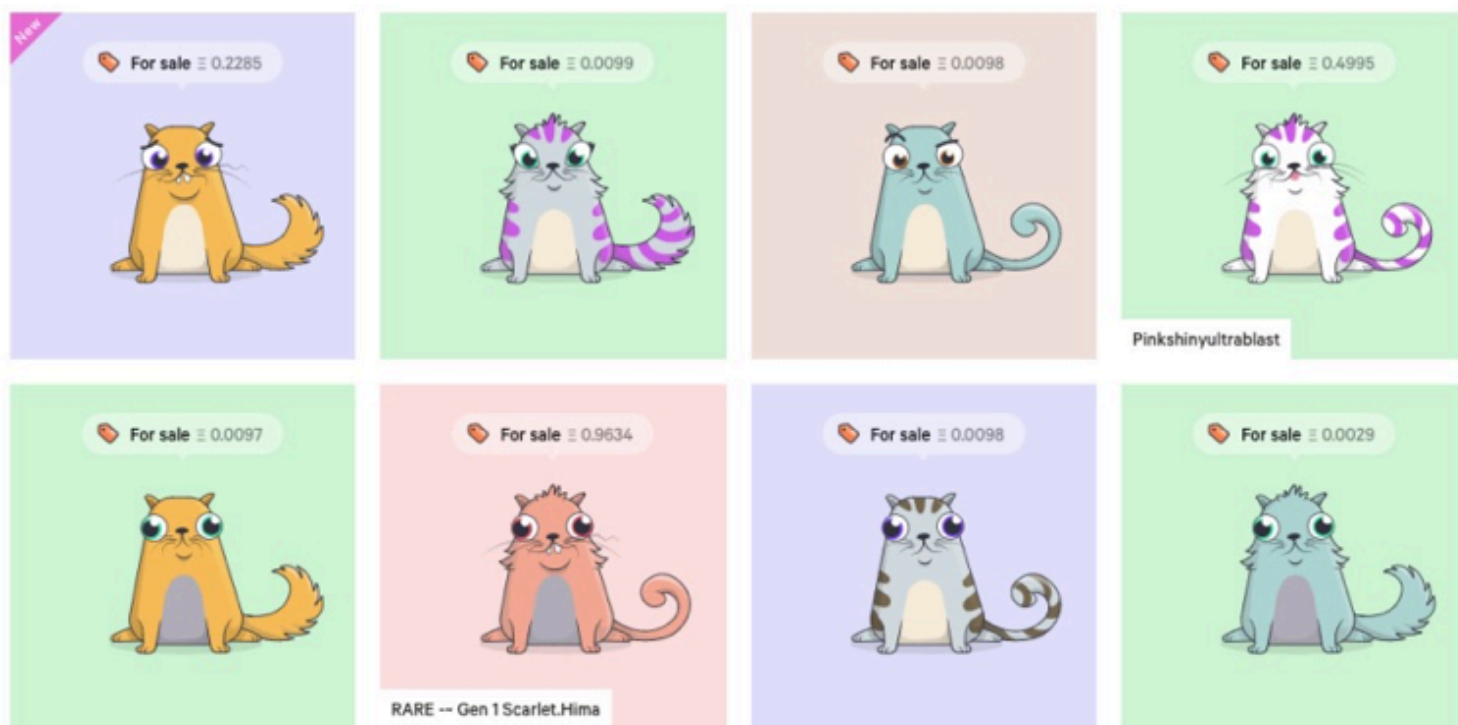
The first **Rare Digital Art Festival**, aka Rare AF, aka Rare as Fuck, was held on a cold January Saturday in the offices of Rise New York. The organizers, Kevin Trinh and Tommy Nicholas of the **Rare Art Registry Exchange**, had announced the event only a few weeks earlier, but by midmorning, the airy coworking space was swarming with crypto boosters and speculators, gamers, meme aficionados, artists, and collectors. This unlikely crowd (mostly young men, though I heard one audience member marvel at “all the women” present) had gathered for panel discussions, demos, an initial-coin-offering announcement, free sandwiches, and a live digital-art auction. Like many tech events, the aim of the conference was ambitious bordering on grandiose: the attendees of Rare AF believed they were witnessing history. They were certain that blockchain technology would reshape the future of digital art for years to come.

All the panels shared an underlying premise: The rise of digital media has made every kind of art widely accessible, but it has also created many problems. Because people can copy and share files freely and infinitely, artists don’t receive compensation for their work. Worse, an increasingly powerful cadre of middlemen services (Amazon,

Spotify, etc.) have been fracturing the media landscape while reaping almost all of the profits.

Enter the blockchain, a decentralized and immutable ledger of digital transactions with the power to reintroduce scarcity and property rights to the digital-media economy. Many conference participants held strong beliefs about the superiority of a particular blockchain (Bitcoin vs. Ethereum), but for artists and collectors, the processes and results of these competing cryptocurrencies are fairly similar. An artist creates a limited-edition crypto collectible—the digital equivalent of a signed print—and exchanges it with a buyer for some cryptocurrency. The new buyer truly owns this digital object; they can keep it in their crypto wallet, show it off in a virtual gallery, or project it from a digital picture frame hung on their wall—a service offered by panelist Vladimir Vukicevic’s company *Meural*. Just as you can share reproductions of the *Mona Lisa*, someone could still copy and paste the image, but the provenance and price history of the original are accessible to all. The original of these works is identifiable and cannot be replicated, which is why they are called “provably rare.” Kieran Farr, a panelist representing a virtual-reality platform called *Decentraland*, summed things up to a round of applause: “Finally, authenticity has value.”

The most basic application of this technology comes in the form of digital collectibles and in-game purchases. These are items that artists or developers have either created whole cloth or licensed from preexisting brands—the digital equivalent of *Star Wars* figurines, baseball cards, or Beanie Babies. Crypto artists and collectors assess the value of their products in four ways: intrinsic (Do you personally like it?), extrinsic (Does it make you look cool?), utility (Can you do stuff with it?), and store of value (Will it maintain its worth?). The most successful crypto collectibles will not merely sit on your desktop—they will be unbearably cute, the envy of your friends, able to interact with other digital objects in a digital world, and maintain or go up in value.



CRYPTOKITTIES

So far, collectors have mostly ignored these questions, focusing on the novelty of the underlying technology. In the past year, whole ecosystems of collectibles have sprung up. The most famous of these is *CryptoKitties*, a game where collectors breed and trade digital cats. The game is so inexplicably popular that, recently, rare CryptoKitties have

sold for as much as 253 Ether, which at the time of sale on December 6 was equivalent to just over \$110,000 (and, as I write this, is now worth about \$251,000). During the CryptoKitties Q&A, an audience member asked Dan Viau, the founder of an app devoted to selling hats and costumes for CryptoKitties called Kitty Hats, whether the company was concerned that CryptoKitties were being used to launder money.

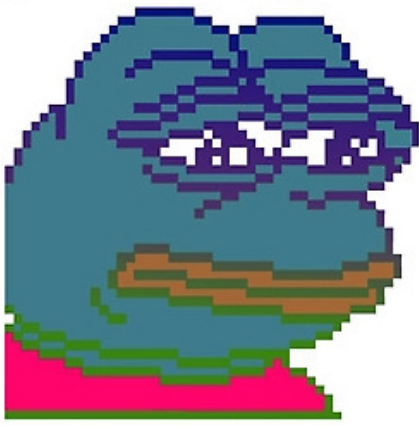
“If you were a money launderer,” he replied, “I think it would be malpractice *not* to use CryptoKitties.”

Though the crypto collectible market is frothier than ever, traditional fine-art collectors have been slower than the Reddit crowd to adopt blockchain. During a talk called “How the Blockchain Changes the Game for Artists,” panelists agreed that the technology offered great value to artists but were concerned about the structural issues posed by introducing it to the museum world. Michael Xufu Huang—a New Museum trustee and cofounder of the Beijing museum M Woods—expressed reservations. “I’m a little skeptical,” he said.

The history of digital-art collection has been one of beneficence; institutional collectors typically choose to pay artists because curators deem their work important and want to preserve and archive it, but most digital art has no resale value because it cannot be rigorously authenticated. The advent of blockchain is poised to change that.

But major art collectors have been hesitant: they value discretion and exclusivity. Institutions, who would have the power to shift the art world toward this development, have been risk averse. Though MoMA, the Whitney, and the New Museum (and their digital-art affiliate, Rhizome) have amassed or commissioned significant holdings of digital art, none of them currently own any work disseminated or purchased through a blockchain. (The Whitney, however, is in the process of commissioning a blockchain work by Jennifer and Kevin McCoy to be launched in spring 2018.)

Despite these headwinds, individual artists are beginning to show interest in the technology. Sotheby’s graduate student Jess Houlgrave presented a roundup of artists who had used blockchain in their recent work: Simon Denny created a crypto-themed version of Risk called *Blockchain Future States* for Petzel Gallery; Ed Fornieles developed a series of Tamagotchi-like creatures called *Finiliars*, whose health and happiness are algorithmically tied to the fluctuations of various market instruments and cryptocurrencies; and Sarah Meyohas minted her own parodic cryptocurrency back in 2015 called *Bitchcoin*. In their own ways, each of these artists is exploring the technological, economic, and cultural properties of the blockchain. The most compelling work to come out of the panel, though, wasn’t somebody Houlgrave mentioned but rather a fellow panelist deeply embedded in meme culture: DJ Pepe. On stage, he appeared as a six-foot cardboard cutout of a frog man hunched over an invisible set of turntables. Attendees and fellow panelists addressed their questions to the cardboard DJ Pepe, while his creator and “manager,” DJ Scrilla, answered over the PA system from the back of the room.



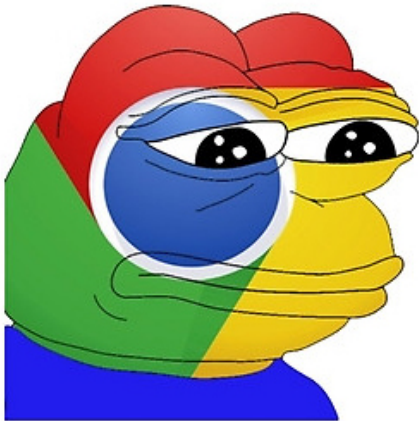
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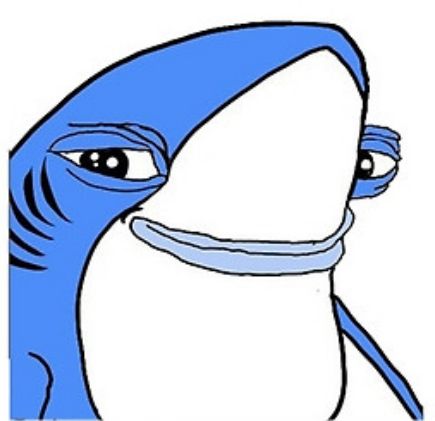
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DJ Pepe is a crypto collectible rare Pepe meme certified by the [Rare Pepe Foundation](#). Though Pepe began life as a web comic by artist Matt Furie, users of the online message board 4chan have long traded images of the cartoon frog, producing increasingly obscure and bizarre variations of the character, which users ironically refer to as “rare.” (In 2016, Pepe rose to prominence as a hate symbol of the alt-right, which Furie and the Rare Pepe Foundation disavow.) Despite, or perhaps because of Pepe’s mutability—the frog is practically a metonym for memes—collectors have begun to buy and sell limited-edition cryptographic trading cards of Pepe submitted by artists and issued by the Rare Pepe Foundation, which buyers subsequently store in [Rare Pepe Wallets](#). The content of these Pepes varies. Many are satires of the crypto scene itself, like a froggy version of the twins from *The Shining* called Winkelpepe, but others feature Pepe smoking fat joints, [dabbing](#), or eating animated flying pizzas. Some are released in editions of thousands; others are limited to single copies. With the help of a Bitcoin-based platform called Counterparty, collectors conduct their sales with their own currency, PepeCash, traded on exchanges in the U.S. and Japan for about \$0.08 to 1 Pepe buck (at least at the time of publication).

What set DJ Pepe apart from these other memes was the moment DJ Scrilla began releasing mixes supposedly authored by DJ Pepe himself. Owners of the DJ Pepe card are granted special DJ Pepe cryptographic tokens, which allow them to access limited-edition content, like DJ Pepe’s “exclusive jams.” In essence, DJ Pepe is the first blockchain performance artist, a character who is not merely commenting on the technology from the outside but is literally a part of it: “I’m on block 434,102, on the Bitcoin blockchain,” he reminded the audience.

During the Q&A, somebody from the audience asked him, “How does blockchain prevent what’s happened across the digital media space, especially in music, of somebody being able to download it, and—” DJ Scrilla used a microphone to interrupt. He felt he’d already explained this issue, and was getting annoyed.

“You just own the token—you’re getting blessed by Kek—I could take that music away, but you still own me, and you still love me!”

“We’re going to move on now,” the moderator announced.

To the uninitiated, this may all sound like a convoluted Internet rabbit hole, but DJ Pepe and the rare Pepe collectors may in fact be auguring a new digital-media economy, an organic community of artists, collectors, and enthusiasts who took a kind of social currency and turned it into both a form of folk art and a digital asset. For them, crypto collectible ownership becomes a point of pride and, potentially, a kind of investment. What’s more, DJ Pepe’s model is open to non-meme artists, who are free to create their own cryptographic collectibles and to use them as tokens to offer buyers value in the real world, like early access to new content, extended cuts of time-based work, or invitations to secret shows.

After a long day of disrupting, the attendees of the Rare Digital Art Festival were growing impatient for the art auction. This would be the first ever live auction of rare digital art, with rare Pepe memes certified by the Rare Pepe Foundation, represented in person by Joe Looney, creator of the Rare Pepe Wallet. Coffee had been switched out for cans of IPA, and the mood of the room grew restive as the auctioneers, two rail-thin crypto developers named Louis Parker and Jay Rosenstein, came to the podium and introduced themselves.

“Do you want these rare Pepes?” Parker asked the cheering crowd. “We’ve been in the Pepe-verse a long time,” he added, by way of bona fides.

On the giant screen behind them appeared the first lot, a diptych of Salvador Dalí–inspired Pepes. The bidding, held in PepeCash, began at 5,000, and soon the first lot was sold for a cool 12,000 PepeCash. The next lot was five “certified DJ Pepes.” Matt Hall, creator of [CryptoPunks](#), stage-whispered, “That is an amazing deal, I think!” But it was Joe Looney who took home the prize, including the six-foot cutout still looming on stage.

“I’ll sell you that,” Looney pointed to the cutout, “for \$5,000.” There were no buyers, but some audience members did climb onstage to take selfies with it. Five hundred Kekistan passports went for 20,000 PepeCash, while twenty animated Japanese-watercolor Pepes by the celebrated artist DaVinci9 sold for 26,000. Bidders furiously typed on their laptops to determine whether the lots were inflated.

“That’s actually a good deal,” one of them said. “That last tea Pepe sold for 15,000,” and that had been only a single Pepe, not a set of twenty.

“We’re a little short on time, so we’re going to skip to some of the danker lots,” Parker told the audience. When a rare frog Satoshi appeared on the screen behind him—one of only three hundred ever made—the giddy energy in the room seemed to change. Satoshi Nakamoto is the mysterious creator of Bitcoin. He may actually be a collective of people and is estimated to hold nearly a million in his own currency. When the price of Bitcoin hit \$19,000, Nakamoto was temporarily [the forty-fourth richest person in the world](#). Bidders fidgeted with excitement; DJ Scrilla repeatedly crossed and uncrossed his legs, revealing a pair of black socks decorated with golden Bitcoins. The

bidding was fierce, with a handful of enthusiasts driving up the price until the last offer came in at 60,000 PepeCash. I asked one of the losers, an older man with a shaved head and rumpled shirt, why he was willing to spend so much on Pepes.

“Some months ago, my son said, ‘Dad, buy this thing, Pepe, it’s rare.’ I don’t know what the fuck.” He shrugged. “It’s like rounding out my crypto portfolio.”

And then we came to the final lot. Emanating from the grid of screens on stage was a single edition Homer Simpson Pepe—the only one in existence. His skin was green instead of yellow, and his eyes bugged out like the doppelgänger Homer finds on a detergent box during a *Simpsons* episode set in Japan. He smiled beatifically against a backdrop of blue sky and fluffy clouds. Not only was Homer rarer than Satoshi, but he was something even “nocoinerz” could understand. The bidding began at 20,000 PepeCash and quickly surpassed 100,000.



“It’s a fucking historic event,” an audience member exclaimed.

“Go alpha!” said another.

DJ Scrilla used his phone to blare a reggae-style air horn: *Bwong bwong bwongggggggg*.

The price cleared 350,000 PepeCash, with only two bidders remaining.

“Can I get 360?” Parker asked. “Alright, 350,000, going once, going twice ...” he paused. “Sold for 350,000 PepeCash.” Someone next to me held up his phone with a calculator: at a little over 0.11 PepeCash to the dollar, the Homer Pepe had sold for \$39,200, making it the most expensive rare Pepe ever. The room erupted in cheers of excitement and disbelief. These Pepes, many of them drawn in Microsoft Paint, had gone from being infinitely reproducible kitsch—“rare” only in an ironic sense—to being actual rare art commodities, at least in the eyes of the people who had bought them.

When the winners came up to the podium to collect their purchases, it became clear that two different people believed they had been the one to place the final bid on the Homer Pepe. It was an awkward situation, and Parker and Rosenstein didn’t know how to proceed—this was their first auction. Both bidders looked like they were having second thoughts.

“We’ll flip a coin,” someone suggested. “Who has a coin?” They searched their pockets, but nobody had any change.

“I’ve got a better way,” a young woman said. “We’ll use a hash and guess if it’s odd or even.” The bidders didn’t like this method, so somebody went into the crowd and retrieved a quarter.

The young woman who’d suggested the hash acted as referee and flipped the coin. One of the bidders, Peter Kell, who wore a hat with the words *Don’t Be A Little Bitch* on the back, called heads and was determined the winner. A strange look passed over his face, as if he were envisioning all the things he could have bought with that money—a new car, a two-month trek climbing Mount Everest, a down payment on a house—but then he cheered and clapped

for his victory.

Why had he been willing to spend so much on this Pepe? Was he an early adopter, swimming in PepeCash, a devoted memer, a crypto developer with the inside scoop? Actually, Peter told me, he works in marketing and had flown in from Florida just for the event. His friends had gotten him curious about Pepes, which he felt were a good investment opportunity. “I was like, Why are all these rich people into PepeCash?” He turned to Parker and Rosenstein and asked if the auctioneers would accept Bitcoin, as he hadn’t gotten around to buying any PepeCash yet. “This is actually my first Pepe,” he explained. “I don’t even have a Pepe Wallet.”

Daniel Penny writes about art and culture at The New Yorker, Boston Review, and elsewhere. He teaches writing and visual culture at Parsons School of Design.



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TAGS

[CryptoKitties](#), [CryptoPunks](#), [DJ Pepe](#), [Ed Fornieles](#), [Homer Simpson pepe](#), [Kieran Farr](#), [Michael Xufu Huang](#), [Pepecash](#), [Rare Digital Art Festival](#), [Rare Pepe](#), [Rare Pepe Foundation](#), [Sarah Meyohas](#), [Simon Denny](#), [Vladimir Vukicevic](#)

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