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# Despite NFTs, some small sports cards dealers are doing it the old-fashioned way

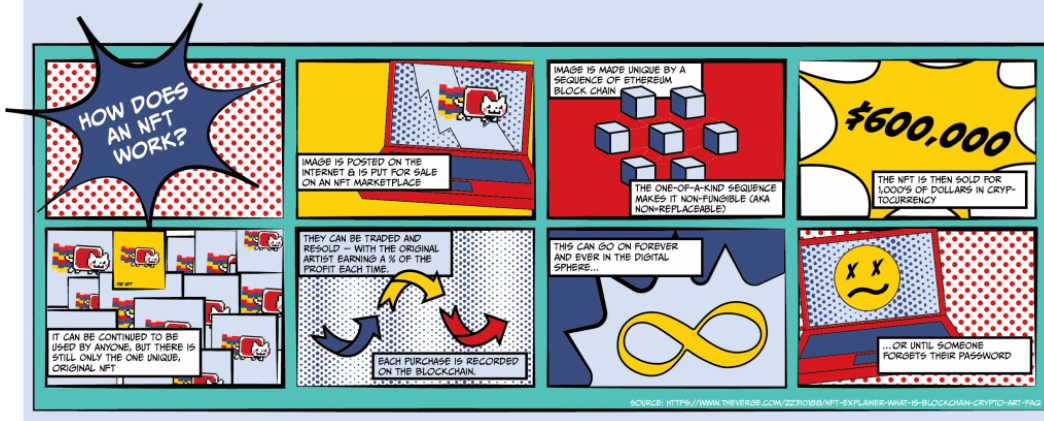
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# NFT: NON-FUNGIBLE TOKEN

NFTS ARE AN INTANGIBLE DIGITAL SERIAL NUMBER OR TOKEN TIED TO A PIECE OF ONLINE MEDIA THAT CAN BE TRADED OR INVESTED IN SIMILAR-TO-TRADITIONAL ART AUCTIONS OR STOCKS.



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It's a scene Patrick Coleman has played witness to thousands of times.

A young Little League baseball player wraps up a pleasant afternoon batting session at the Greensboro Batting Center. He leaves with his father or coach before the store next door — Coleman's store — catches the child's eye.

"Dad, can we please just check it out for five minutes?"

Cards at the Cages has been in Greensboro for more than 30 years. It's one of the oldest sports cards and memorabilia stores in North Carolina, and that history smacks those kids and parents across the face like a Barry Bonds home run as soon as they step foot in the store.

A deep blue carpet shifts into hardwood flooring as you enter the showcase area. Glass display cases show off anything from Michael Jordan to X-Men to Pokémon cards and everything in between with framed jerseys hanging from the shop's white walls like war medals.

In short, it's a collector's paradise.

"The shop has always done well," said Coleman, who was an avid customer at the shop before he bought it from the previous owner in 2017. "Every month, every year, however you want to look at it, it's always gradually been getting better and better."

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But when COVID-19 hit Coleman's store, like many business owners across North Carolina, he was forced to temporarily close his doors, leaving him uncertain if he'd be able to continue bringing joy to kids' faces through trading cards.

Enter NFTs, or non-fungible tokens.

NFTs are an intangible digital serial number or token tied to a piece of online media that can be traded or invested in similar-to-traditional art auctions or stocks. The market for NFTs has exploded recently, with customers ranging from rich meme collectors to casual sports fans cashing in on original ownership of their favorite funny pictures or highlights of a LeBron James dunk. Collectors have spent about \$200 million on NFTs in the last 30 days alone, according to NonFungible.com, compared to \$250 million in all of 2020.

The combination of sports fans sitting at home, looking to shop on their phones or laptops and the meteoric rise of these digital highlight reels or rookie cards has snowballed into a resurgence in the popularity of sports trading cards. What some people saw as a death sentence to the card industry has actually helped reinvigorate the sale of physical cards. Like many other store owners, Coleman was able to reopen his store shortly after closing to find that demand was higher than ever. And he has the world of NFTs to thank for this jolt of business.

"My best month of sales since I took over has been this April," Coleman said. "My next best was the March right before that. It's been crazy, just crazy."

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Traditionally, eBay has always served as the go-to destination for those hoping to cash in on a rare Mickey Mantle card someone may have stumbled upon in their childhood home's attic.

But over the last few months, the blockchain-based online auction site NBA Top Shot has become the new norm for consumers and traders looking to get rich quick in a fresh market. The site saw more than \$150 million in sales of NFT digital basketball highlights just during the final week of February.

"I think the NFT market sort of resolves this age-old debate in favor of the bragging rights associated with owning original artwork and related items," said David Yermack, a professor and chairperson of the finance department at New York University. "It's a little discouraging because it puts more of an emphasis on being the first in line to buy."

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For some sports fans and industry leaders, there's no problem with that. Why buy stock in Apple or Google when you can haul in a hefty chunk of change off your favorite Kevin Durant shot?

"As they often say, value is in the eye of the beholder," said Stuart Madnick, an MIT Sloan professor of information technologies who has studied NFTs and blockchain technology. "We've seen 50-year-old baseball cards sell for millions because that's what people value them at. But if I offered to sell you the secret serial number 4379954394662404 for \$10,000, would you pay it? That's sort of what we're talking about here with NFTs and if they'll hold value."

Dallas Mavericks owner Mark Cuban, Tampa Bay Buccaneers tight end Rob Gronkowski and Kansas City Chiefs quarterback Patrick Mahomes have all hopped onboard the NFT hype train.

Cuban has invested in moments of his players' digital dunks, Gronkowski has sold more than \$1.7 million in NFT trading cards using Ether, the cryptocurrency of the blockchain platform Ethereum. Mahomes reportedly sold \$3.4 million of digital artwork in a 15-minute span in March.

With so much money being thrown around in the digital space, though, Madnick reiterates that it's important to be wary of how much money you allocate for the NFT craze. Consumers should be informed on all the risks, which range from hackers to lost passwords for million-dollar accounts, that come with the territory.

"People can make money in bubbles," Madnick said. "The trick is to make money while the bubble is growing and knowing when to get out before the burst. Unfortunately, timing is only perfect in hindsight."

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Right off the main street in Rolesville, North Carolina, you'll find the E&E Card Shop in a white, stained brick building with a faded sign next to the entrance. The shop has operated for 31 years, with co-owners Barry and Don Eddins running things part time now that they're both in their mid-70s.

Outside the store is Barry's lemonwood yellow 1966 Chevelle. Inside are dozens of hats hanging from clothespins on the ceiling, guarding over jerseys and boxes of sports cards like stone gargoyles.

Sure, the Eddins have seen how digital trading cards are all the rage with the new generation. They've overheard their customers' rumblings about the new trends with online highlights going for a fortune. Despite NFTs, some small sports cards dealers a...



That's not why they got into the card game, though.

"It all started when I was 6 years old and my brother was a year older," Barry said. "We'd put the cards in our bike spokes and all the other horror stories you'd hear about what kids would do to them."

From there, the two brothers became collectors as they grew older, or at least when they weren't busy with their "real jobs." They graduated to an occasional stand at the local flea market, building their collection and selling enough rare cards to keep a few bucks in the brown cigar box they used as a cash register.

They've learned from their mistakes — like paying \$750 for a counterfeit Michael Jordan rookie card — but fast-forward to the present day, and although the interest in NFTs has certainly brought more customers in, that blessing is starting to seem like more of a curse for the pair.

"The problem you got is this stuff has just gotten so expensive from the manufacturers," Don said. "You used to buy ball cards for \$70 a box, but now it's easily \$300 or \$400. It's gotten kind of expensive for a small-town store like ours."

Over the last three decades, Barry said, almost all the other small card shops in the state have shut their doors because they — like today's NFT gurus — thought they could pay for college educations and buy boats with the money from trading cards. What's kept E&E's lights on is the owners' realistic expectations for a store like theirs.

"We pay the bills," Barry said, "but I'm still driving that old Chevelle."

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For store owners like Coleman and the Ennis brothers, the murkiness and volatility of the NFT market is too much of a gamble to get them distracted from the practices they've known for years.

Finding Trevor Lawrence or Zion Williamson cards before those players are too far removed from their rookie seasons is much more of a priority than researching what economists have to say about when NFT prices will level out.

"I'm here six days a week," Coleman said. "I would be here seven, but we've got a 5-month-old son, so we take Sundays off."

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When it comes to the trading card world, Coleman’s approach is simple: Have faith in the idea that the nostalgia that comes with holding a physical card in your hand will always be worth more than any risky digital token.

“People will always want cards they can hold in their hand, not look at online,” Coleman said. “For some people, it’s NFTs and stocks, but I have a lot of people here investing in cards instead of stocks. They want something from their past you can put your hands on.


“Sure, a small guy in the industry isn’t selling physical cards for \$5 million, but all it takes is for a few of them to go at that price before the benefits trickle down and help everybody out in the long run.”


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