All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite. Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything. Basically all the things you want to know about how to survive the tank and scale your company on your own. If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now. All right. Back to the show. So, in introduction here, this is Jack Smith. He's one of my one or two closest friends. He's number one, dude. He's number one. He's up there. Sam tells everyone they're the number one, so. No. It's like, there's like a couple guys who are the crew. We have like a tight-knit group. Jack doesn't like to brag. I'm going to brag for him, but basically he started this company called Vungal, which was sold to Blackstone, the large PE company for, I think, 750 million in cash. They had raised a little bit of money, but not a significant amount. It was a wonderful exit. He also helped start this company called Ship, which crashed and burned, but it was awesome. It was cool while it lasted, and it was a good idea. And then he was, he had his, did you know, Sean, Jack had his hands, he was involved slightly with that. Remember that credit card that went viral in 2013 or 14, where it was like called COIN. I remember this. And you click a button and it would change your debit cards. You could have five cards on one card. Yeah. It was a sweet concept. It was one card, and then you just switch over. You just push a button. It's like, now it's your business. Now it's your travel rewards card or whatever else. I think it was a Kickstarter project, right, Jack? Or like, you've got a big...

Yeah, it started as Kickstarter, yeah.

Yeah.

It was like one of the first to use sandwich video, which is the guy that has done videos for like Square and all these lot after.

His was one of the first ones to do it, and then it kind of went viral mainly to the video. So talking about the sandwich guy, because that guy is interesting, right?

So he has, if you haven't seen it, basically he was like an ad agency or not ad agency. I don't know what to call it, but marketing agency, and he would make videos.

So people wanted their version of the Dollar Shave Club launch video, which was like this really like funny, entertaining, but like told the company's story really well and got a bunch of customers, got a bunch of hype.

And so if you go to their portfolio page, it's like kind of like a bunch of big winners like Slack and others.

And at some point, they were just charging, and the guy himself, I think his name's Adam, is that right?

Yeah.

Yeah.

He's in all the videos, which is cool.

He's a good actor.

He's like a good straight man.

He's the perfect normal dude just explaining this cool thing.

And it got to the point where it was too expensive, he would only take equity or he would like require equity now for these projects that he was helping launch into the kind of the stratosphere.

Is he still doing that or have they pivoted or what's the latest, because that was a few years ago.

Well, actually coin was one of the first ones.

So I think coin, it was something like, the video was something like \$75,000 or something. I don't know.

So they paid in cash, but actually because of the video that they just did so much better than they thought, then the guy just told him, like, hey dude, you pretty much blew it out of the park for us.

So he just like gave him it to me even though he'd never asked for it.

And so after that, then the guy was like, hmm, probably should ask for just equity and any future deal that I do.

If this guy's giving it to me voluntarily, I probably should ask for it.

We're going to talk about today is collectibles.

And the reason why Jack is here is because Jack sold Vongole, is it two years now or a year ago?

It's like a year, one year.

But prior to that, he wasn't working there.

He left and has had a lot of free time, like three years of free time, four years of free time.

And what Jack does in his hobby is so weird, he just like buys and reviews tons of stuff and he definitely returns a lot of it, but he just could, he just consumes information and he, and he loves trying new products.

Like he's up.

So like, I remember for his birthday recently, his wife and me and a couple of buds, she got, we went to Tahoe and she got him a cake that was an Amazon box.

Like that's what he's famous for is like just buying stuff.

And for my wedding, the gift that he got Sarah and I was, he wrote two or three pages and he said, this is the best soap for black women's hair.

This is the best low sugar gummy bears.

This is the best foot cream.

This is the best towel because it has copper in it and copper prevents mold and he like explained, so he bought us like probably a thousand dollars worth of just gadgets that were his best.

He reviews everything.

And the, his latest kick is collectible.

Hold on.

Before we even go to the collectibles, because that's an amazing intro, Jack, why do you do this?

This is so funny that you do this.

Just like, I mean, Sam is exaggerating the thing about like best shampoo for black people was there.

That's what you got her dude.

You got her a demon curl.

Yeah, but that's just the best shampoo in general.

Like it doesn't matter that it's made of African-Americans.

Well she's black and I thought that you were being thoughtful and you got her like, I don't know.

I just got her good shampoo.

But it's just like, if I'm buying something like a backpack, then I want to have the best backpack.

So I'll just buy 10 of them, try them out and then return nine and then were you always this way?

Like you're like, I got it because I remember even when product on launch, I think you were the number one person on product time and you were like a successful busy dude at this point, but you were like just like kind of these randos on product time, but you were like all over it.

You were on every, you had the number one most hunted products or something crazy too. So have you been this way for a long time?

So I think product time is similar with the collectables thing in terms of just like, I joined when it only had a couple of hundred users.

And so it's like identifying something nascent and then seeing if there's obviously when things are small, there's more opportunities around because there's lots of competition.

Product hunt just joined early.

And then as you said, I was kind of posting every day, I basically built a bot to post to it.

Nowadays you can schedule a post, but then you couldn't.

So I just built a bot to schedule a post each day, but I was still kind of manually involved having with being products, but it was kind of just fun to be seeing what's new.

I just like trying out new stuff because then I feel that is when there's like opportunities. Okay.

And I called you a few weeks ago, maybe a month ago now, because I had this very interesting collectibles situation and I didn't even know you were into collectibles, honestly.

I just called you because I said, Jack's really, really clever.

And I think for this business opportunity, it's a, you either out clever it or you don't do it at all.

And so I just thought only talk to the most clever guy, no.

And it turned out that you were like super heavy into the collectible space and you start telling me all these interesting things.

And now you can, we'll talk about it.

And then anything you don't want to talk about, we can just cut afterwards.

That's no, no problem.

Just pull that back.

But basically let's start with what I learned on that call.

Okay.

So I call Jack and I say, Hey, Jack, I don't know if you know anything about the collectible space.

And you were kind of, of course, understood.

Like, yeah, I know a bit, which really was like, I know everything, you know, you don't know shit.

And you were like, yeah, I know a bit.

And I said, you know, there's this opportunity to buy this multimillion dollar collection for like kind of 10 cents on the dollar, but I don't know what I would do with it.

I don't know how I would flip it.

How would you flip this?

And what you told me was like, okay, there are these platforms out there, these new emerging platforms for collectibles, like rally road, like Otis.

And you said, I've been using these.

And in fact, here's some of the things I learned from this conversation.

Like is not only an investor in a couple of these platforms is the number one, probably

power user of all these platforms, you are, it's like product hunt all over again.

You are all over these platforms while they are small.

You're probably the most active user on the platform buying and selling stuff.

You have a full operation in the Philippines, kind of like helping you, you know, like a machine work the system.

So tell us what you could tell us about this stuff.

Sure.

Yeah.

Um, the CEO of masterworks just like, they randomly just like sent me an email, like, hey, can we chat?

And then we got on the call and they're just like, dude, what are you doing? We're looking at the logs, this many orders late at the time they're like, and then I just told them like, Hey, I have these guys in the Philippines, like \$3 an hour just placing dates because they were like, yeah, because we were pretty confused.

Like this guy who sold his company, is he just bored in Hawaii that he's just logged onto our platform 24 seven, like video stuff.

So they were a bit confused.

They think you're like a virus.

Yeah.

Or they were just trying to figure out like, dude, what are you actually trying to do? Like, how can we help you?

Because this is not a good use of your time to, but it's just as you highlighted, like emerging platforms, there's kind of different arbitrage opportunities somewhat.

And what I've seen is, um, so from speaking, I've spoken to like the founding teams of these different platforms.

I believe I'm like, they didn't want to confirm that you said you're the number one or number two user, probably in terms of like assets under management there, because they're so small, it's not that hard to be their biggest user.

What I learned as well, speaking to these, some of these others is that you've kind of got a few different users that are using these platforms, the majority of whom would fit into their calling in stocks is just like the Robin Hood users that just don't care about valuation and they're just buying stuff just because it sounds cool, you know, so kind of what they're saying about stocks with Robin Hood is what the most users and collectibles are doing as well.

And then you actually, it seems like you have sophisticated, collectible people more sophisticated than me.

I don't know anything about what these things are actually worth.

You're actually seeing a pretty, um, strong, the market seems to be working there.

Like assets that undervalued, they jump to being valued what they maybe should be.

So for example, there's this Pokemon card collection that launched maybe like six months ago.

And then now the platform got an offer that, hey, someone actually wants to buy the collection for X the price they listed it at.

And actually what they do is they let the people that own that piece, they vote, should we sell or should we not?

And that you voted not to sell.

And now it's trading at like six X the price.

And so I was speaking to a founder of one of the other platforms and he's like, yeah, that piece was undervalued, somehow people that are really into Pokemon cards, obviously

have found the platform and found that it's undervalued.

And now they've kind of bid it up to what it kind of should be.

How about we structure this conversation this way?

So first of all, we got to get background here, which is last week, Sean brought up PSA.

What's PSA stand for?

Does that important?

I don't even know.

Sports.

Yeah.

It's a, it was a company that grades sports cards, right?

They grade not just sports cards, they'll grade other cards as well.

They were doing, I looked it up, they're doing about 80 million in revenue, 20 million in profit, publicly traded company.

And then this guy named Nat Turner alongside Steve Cohen.

Steve Cohen is the guy who was inspired, the TV show billions or partially he owns the mess now, big time billionaire.

And then a couple other folks, Nat Turner is a tech guy who's very wealthy now and they bought this company and I actually don't know what they're going to do with it. Maybe just like make it cooler.

Anyway, Sean brought this up and it was very interesting and we're like, all right, let's do a whole episode just on collectibles.

So for this conversation, how about we structure it like this, let's just go through some of the interesting platforms and some of the big winners and some of the trends in this collectible space.

Does that sound good?

Well, and to highlight how I got into it is that I actually started looking at the collectible stuff based on the, because I was listening a bit to the podcast that Sam, you did with Gary Vee.

And you know, you just kept asking him like, what's the best opportunity?

And he just kept on saying sports cards and then you were like, yeah, but what else is interesting?

And I can't think of anything, just sports card is the only decent thing.

As I'm like, okay, well, if he's going into it that heavily, then maybe it might be interesting. And so actually how I started is I, again, with people in the Philippines, I just bought my own collection of 500 or so trading cards, like individual ones, and I'm storing them. But then I was like, this is like so much work trying to research what the actual fair valuation for a card is and doing all the accounting for it and then listing it to sell. So even though I did actually buy and flip some cards for a profit myself, I'm like, this is kind of loads of work.

And then I found that there's these fractional ownership platforms.

And so they're basically doing all the work.

And then they basically bring you like, hey, this, any collectibles, but some are trading

cards.

It's like, here's a really valuable card.

It's worth \$100,000, but users can buy like \$25 pieces of it.

Let's talk about Rally Road, because I think that's actually the one, the coolest one.

Sean, do you know Rally Road?

Yes.

They'll give you kind of the two second, they'll give you the layman version of Rally Road. So Rally Road is a platform that's letting you invest in what they call alternative assets. And these are things like it could be a vintage car, it could be a Michael Jordan rookie card, it could be a Pokemon collector set that's, you know, unopened and, you know, they'll put it up and it'll be thousands of dollars.

And then like Jack saying, you can do the sort of fractional ownership component where I can buy, I don't have to buy the full collection, but I can invest in that asset in the same way, you know, I could buy shares of Apple, I can buy shares of Tesla, that's the way that Rally works.

Is that the, they capture the main bits there, Jack, did I leave anything important out? One of the main bits is that it, the way they've designed it is maybe like Tinder and Robin Hudeskin, that they basically made a game, it's extremely gamified and addictive and awesome that basically they'll just be like, all right, we're dropping this asset, like they do a drop kind of like an IPO, you buy in and then basically that asset is locked up for three months and then they'll basically trade each asset once a quarter, but only for one day.

And so they're like, all right, this asset is trading that day.

So basically they're kind of compressing all the demand also into one day.

And then it's really gamified because when they drop the IPO is like, oh, it's selling out and it sells out in like under a minute.

So like, unless you're on the app at that time, you miss out, so it's really gamified. And they don't actually have that many products.

I think they have like dozens of products on there, right?

Like they have like a...

Like they have a few...

It's blown up a lot recently.

It's got a lot more recently.

Well, as of recently, they had like dozens and it was like a million dollar Ferrari to a like a Babe Ruth baseball card, Harry Potter first edition.

So it was kind of a random collection, but it was all so cool looking.

They make it look so cool.

It's the Chicago Bulls six championship rings from Michael Jordan's run.

It's a complete set of six rings.

And I just click notify me when this goes live because it's valued at \$300,000.

And you can own a piece of the Michael Jordan kind of dynasty championship rings that they have.

And this company has raised about \$30 million.

They're based in New York.

Very interesting company.

So one of a bit as well is that I think a lot of their users, they're not doing anything about valuation of it.

They just want to own a piece.

Maybe they support that sports team and they're like, oh, wow, I can own a piece of that rings thing.

So what they do is when you invest, they also sometimes they give, sometimes they actually sell memorabilia associated to it so you can get like a share certificate being like, I own a piece of something you can put on your wall at home because otherwise you have nothing to show for it.

Right.

That's that's how when I used to go buy like an autographed basketball, that's going to sit in my office and people are going to see it and you lose that value.

You gain a lot of convenience, but you lose that value when you use one of these platforms. So it's smart, really smart.

I think they're doing a bunch of really smart things.

So I'll give you some examples of what's smart.

So the things Jack talked about where they kind of gamified it, I think it's really smart because in any marketplace, like a marketplace all about liquidity and early on you have pretty poor liquidity in the marketplace.

So by compressing it where it's only going to IPO for one day and it's only going to trade one day a quarter, you're compressing all of the whatever little supply and demand you have gets like aggregated into a short time window.

So it actually feels like you have high liquidity during that period.

I think that's really important.

That also creates, you know, FOMO and it builds hype and it drives more demand, which is another way to fill the marketplace is by sort of manufacturing or amplifying the demand that already exists for it.

So I think that's like a really smart business and product decision that I honestly don't think these businesses would work if you didn't do that at the early stage.

Where are they storing all this stuff, Jack?

Because you were toying around with this idea of doing this like, what's it called a free port or is that what it's called?

That's what it's called in the art world.

There's different rules for art and other assets have other rules.

So the free port stuff is specifically to art.

So it depends on the platform, but what let's say Otis, for example, is doing that they're just storing their stuff, they actually outsource it, they're just storing it in a normal collectibles vault.

They're actually using PWCC, which is what I store my cards in.

PWCC is a company that does their own grading, but they're not really reputable like PSA. So they kind of just not that reputable for grading, but they grade stuff.

And they're the largest auction house for trading cards.

So it's kind of like whatever the big art auction houses are, they are that for sports cards.

But then as well, they're in somewhere, maybe it's Texas or somewhere that basically doesn't have any sales tax.

And then there was news articles about it, they spent \$3 million building a vault in the basement of their office, kind of like a bank vault.

And so they can store trading cards for you as well.

So they're kind of a all services shop grading, storage, listing it on their own auction house or eBay.

And they also do lines of credit against your collection, which I can talk about more. But Otis and stuff store their trading cards there.

However, some of the places like Masterworks actually have their own art gallery and are doing their own storage in New York, because one of the aspects they wanted and Rally Road does this with some of their cars is pre-coronavirus, a bit tougher now.

They wanted it that users come and see the assets they own, like, hey, come and see the car and you can tell your buddy, like, I own \$25 of this car, they can see it in real life, a real life museum art gallery.

So if I was going to invest in these companies, I think if I was going to rank them, PSA would have been number one, because I think that they have the dominance of, they're the certifiers. So they become the king makers.

And obviously the demand has far outstripped their ability to fulfill it.

So Jack, give people a sense of like, you send something in to be graded by PSA, roughly what does that cost?

Roughly what's the turnaround time right now, which I think is kind of shows the opportunity that they have.

Well, you say opportunity they have, but they're like the dinosaur encumbered, you know? So it doesn't, just because they've got the opportunity, it doesn't mean someone else can come up and grab it.

PSA, basically all of the collectors respect their gradings, but this is because they have decades-long reputation and history of being the market leader.

There's actually a competitive company called Beckett, which is, they were head and head, but then basically Beckett, maybe even like a decade ago, I'm not super expert on this, but this is what I remember.

They basically had a scandal where some like professor had been like doctoring cards. He would just like take a knife and like cut the edges.

Like he was like really precise.

And then it kind of got exposed that he had been doctoring them and Beckett had graded them like, oh, these are 10 out of 10, amazing.

And so basically all the collectors started boycotting them and we don't trust their ratings. So PSA is like the only one that people trust because of these decades-long reputation.

So if someone new comes up, they're not going to respect them because they don't have a history and track record.

I don't know if I would invest in them now because I'm not sure how much growth potential there is.

It's a decades-old one.

But to answer your question, right now, apparently they have a massive backlog like four to six weeks or something, and basically the price that you pay to have your card graded varies based on what you estimate is actually worth.

So they have different price brackets.

Like if your card is, you think it's worth over \$5,000, then you have to pay more.

I think the cheapest is something like \$25, \$50.

Yeah.

I think it might go down as well as 10, but yeah, they have like kind of like a three-month backlog right now.

And I think that the opportunity for them would be you have the brand and the trust.

They're going to use technology to drive more velocity, more volume, and make more money. Right?

So I think they have the defensibility, but they don't have the innovation yet.

The other thing that I think is interesting is PWCC.

Ever since you told me about that, I really like what they're doing.

Can you talk about the lending thing that you're doing with them?

I thought that was really smart.

Yeah.

So I actually, I've only got a small amount of money here, but this for me is like a really good, safer side of investment opportunity.

So right now, like my wealth advisor and stuff, like typically wealth advisor will want you to just buy bonds as long as they're safe, but then even though they've tried explaining to me like multiple times, I still don't get what the hell they are.

And I'm just like, these are so boring because they want you to just put your money in that. And then it's like, oh, this will go up 4% a year and it's tax-free.

So this is so boring and I don't even get what I'm investing in, it's like California water supply bond, I don't understand it.

So PWCC have this lending program, which basically how it works is, as I said, let's say, Sean, you have a collection of a thousand trading cards and you're storing them at PWCC. Now PWCC, when you send them the cards, they were able to grade them.

And because they're the largest auction house, they have all the data about how much your card is really worth, like they're monitoring in real time.

So they basically have a very accurate idea about how much your trading card collection is worth.

So they'll be like, your collection is worth like \$50,000, according to us.

They also are storing your collection.

So they actually have your asset in their possession.

And so they'll say like, hey, listen, your collection is worth \$50,000, I'll give you

a line of credit because you need to buy a house or something.

So I'll give you a line of credit of like 50% of the value of your collection.

I'll give you like a loan of \$25,000 and they're going to charge you pretty high interest on that because you can do the loan just for like one month or something.

So it's about 10% a year interest.

But this is like way safer than normal loans because like normally a bank giving you a loan, you're banking on like your paychecks, whereas you might just lose your job or like a mortgage.

I've never seen your house and it could get blown up by a storm or something versus, or you could just run away, but PWCC, they own your trading card collection.

They have custody, right?

Yeah, they've got custody.

And so basically me as a lender, I can lend money against that trading card collection and it basically pulls all of the users.

So basically what for me as a lender, I put in let's say \$250,000 that I'm lending and

 $\ensuremath{\mathsf{PWCC}}$ will then spread that across all the loans that they have.

And I get paid like 9% a year interest.

That is taxed at order of the income.

So it's the highest tax, so up to 50% interest.

So it's not the most lucrative thing.

You're looking at a stable 9% before tax, maybe 5% after tax.

However, it seems very safe to me and is stable income because they've been doing this program for 10 years.

They've never had any one default.

If someone did default, as in like they gave them a loan, the guys refused to pay it back,

PWCC would just sell their trading card collection.

They know how much it's worth.

They only gave a loan against 50% of the value anyway.

So the trading collection should be more than enough value.

If that wasn't enough to pay back your debt, then they use all of the other collection

of trading cards they have because it's appalled.

You're not only doing a loan to one user that you're investing in all of them.

What's your current net worth?

What percent is in these alternative assets?

Maybe 10%?

That's a substantial amount.

Right.

That's a lot.

I view these loans as like a separate asset class to owning.

For me, I view this as like fixed income.

Basically, I'm just getting a check in the mail every month.

Yeah, that's true.

But to a normal person, like to my parents or your parents, they're like, Jack, this is kind of strange.

This is, falls on that category of alternative.

But you're saying 10% is just the collectibles part, not the lending part. Yeah. Well, I mean, the lending of only really started with it. So I only have a small. Stability. Yeah. It's a high end road, which is base, which is everything, baseball cards, cars, boxing gloves, whatever. You do masterworks, which is basically you can buy a portion of a Picasso. You can buy it's high end art. What's Otis? It's very similar to Rally Road. It's kind of a mix between Rally Road and masterworks and high end art, but also high end collectibles. What's mythic markets? It's more like niche. They're figuring out there that one of the, they're the smallest player, I think they're figuring out the positioning. It gave them the feedback. Some of their stuff is like so niche. It's just targeting people that play magic, the gathering. Like, so they have like this painting of a card from magic, the gathering. I'm like, what the fuck is that? I don't know what the hell is this? Like Rally Road is awesome because your parents would know most of the assets on there and be like, all right, that's pretty unique. They have like the joystick controller that they used for the NASA mission that landed on the moon. They have the first edition signed Harry Potter, like everyone knows this stuff. But then mythic markets has like some stuff that's kind of decent. Some stuff that's just like, oh, this is the highest value card in magic, the gathering. It's like this plant. I'm like, what the fuck is that? What other categories interest you? Because I have a few that I'm thinking about. Do you have any that you're like, there needs to be a marketplace for this or this is the category that I think is going to pop in the next five years? Well, Rally Road is trying to be the platform with all of those. They have different tabs for all of the assets. They have wine, all of these. They don't have art, but there isn't really much of an asset class in terms of collectibles. I could think of that. I guess one I haven't seen is maybe like currencies, like unique currencies or historical artifacts

from like dinosaur bones or something.

That's interesting.

I just know, I actually don't know how to pronounce it, even though I go to it all the time.

Is it called Hadoke?

It's the watch one.

The watch company?

Yeah.

How do you, I don't even know how to pronounce it.

It's one of those words that you like read it all the time, you know what I mean?

Hodenke or Hadoke.

They just sold a majority of steak.

So basically it's a weird company.

I don't know if it's considered a media company or an e-company, but they started out by just blocking about watches.

Now they sell special edition watches.

And I believe, and Abreu, you'll have to double check.

I believe they just sold on Friday or Thursday last week.

And I think they sold for around \$100 million and they're doing 20 million in revenue.

But basically the idea, and I, I'm a very low collector of watches.

It's I'm very new to it, but it's for like roll, you know, high end Rolexes and things like that.

And I noticed that when I went to go and buy, I bought a two, I own two Rolexes from the 80s and 70s.

And if you want to buy an older Submariner, they are so hard to find right now watches. I mean, they've always been popular, but Louis Vuitton bought this company, which is an interesting signal.

Well, also they also had an interesting background because they were a company that had been going for many years.

And then Kevin Rose, who's the fan of Digg and stuff, he had raised maybe like five or 10 million, like a startup studio, but he was kind of messing around with ideas and he didn't really know what to work on.

And so he just like merged with the H of companies and then just kind of made them like sexy with CEO for like a year or two, then quit.

And then so maybe he just made them like more tech, respectful to represent.

I think that's an interesting category is watches.

I think so they're growing, you know, a lot of young celebrities, John Mayer, like cool people are like super into them.

I think that's categories can actually get a lot bigger.

I think that categories is hard because like Jack was saying, I think that the larger,

the most popular platforms will do well as they can just add your category fashion and you can become large.

There might be some exceptions.

Like I was looking at a company to invest in that's comic book space and they have like a good reputation in the comic space.

They are, you know, well known in that community.

They already have relationships with all the kind of brick and mortar stores.

And so, you know, they might be able to get to escape velocity and let's say the comic book world, which would maybe have a different population.

I think that for the most part, there's the opportunities in this are look a little bit different.

So there's things like Sam, do you know NBA Top Shot?

The game you played the bar?

No, that's Papa Shot.

So Top Shot is a new collectibles type of thing.

You know the guys who started Crypto Kitties?

Do you remember Crypto Kitties?

Yeah, it was like a joke that turned into like a huge thing on accident.

Yeah, kind of.

So they pivoted to something called NBA Top Shot or that's what they focus on now.

I don't know if they fully pivoted or what, but what it is, is it's a crypto based thing.

These are called NFTs, non-fungible tokens, meaning like for Bitcoin, all Bitcoin are the same.

My Bitcoin or your Bitcoin, you can't tell the difference.

But like for a collectible, like mine and yours are two distinct things and there may

be only 10 of mine in existence, right?

So that's what NFTs are.

The blockchain now allows for people to build NFT based things.

And so what these guys did was they initially made Crypto Kitties, which was a collectible of these different types of kitties that they made and it kind of went viral because it's kind of funny and goofy or whatever and it kind of faded out.

But what they're doing with the top shot is they licensed, they partnered with the NBA and they licensed out moments, highlights basically.

So you open up a pack and instead of getting a player's card, you get LeBron dunking in 2009 on the, against the Atlanta Magic, there's one awesome donkey head and you get that. And they basically say that there are 400 of these highlights in these moments, these top shots in existence.

You got one of them and that's in your collection now.

They tried to turn, instead of a static trading card, they're saying of this video moment that's five seconds long from the NBA, that's actually like, they sort of artificially create the scarcity around it by saying there will only be this many of this moment ever created. That bullshit to me, right?

Well, everyone's got a different opinion of it.

I don't know.

I've opened up one pack just to see what it was like and actually Ben, Ben, you should, Ben's on the call too.

Ben, you should tell them about the top shot you just opened and your reaction to it. Yeah.

I opened a pack and I got a Cam Reddish dunk for like \$30.

I don't know if you guys know who that is.

He's like a subpar NBA player.

He's like a scrub.

And I was like, I was like, how the fuck is this going to be worth anything at any point? This is kind of odd to me.

I'm on it right now.

They're selling stuff for two, \$300.

The reason that I wouldn't be bullish on this is because they are the ones claiming that the assets are valuable and facilitating the trading.

Like in the basketball or the collectible world, it kind of works because the grading authority saying how scarce something is, is independent of the producers that are making the basketball stuff.

So PSA is the one saying this is valuable.

We have the data.

Like if you're just creating, otherwise you could just give a value to every clip on YouTube. Right.

And also just collecting clips, I think is, I can see why you would talk yourself into the idea and why it would sound cool in a pitch deck, but in practice support, I don't think it's that cool.

So one thing that I do think would be interesting, actually sorry to interject, Sean. So I don't think that this like virtual asset on the blockchain is interesting to me right now.

It's too early and these assets, the video clip has no underlying value, but I would be interested to see Otis or Rally Road or a competitor put physical collectibles on a blockchain.

All right.

A quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier.

And while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work days, the same length as always.

But before you know it, we spent three hours just fixing something that was supposed to be automated.

Thankfully HubSpot's all-in-one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and an easy to use interface HubSpot lets you spend less time managing your software and more time connecting with your customers. Learn how HubSpot can help you grow your business at HubSpot.com.

So then I could own, like let's say they could just tokenize assets.

So then a Michael Jordan trading card, I would have it as a coin.

And then I could send it to my friend, the coin, or like sell it on, then you could have

like multiple trading platforms, you know, then independence.

So that would be kind of interesting physical collectibles on.

Does Raleigh or anyone, do they let you send a fraction to a friend as a gift?

No. No.

Okay, that's kind of interesting.

So I would say, okay, one opportunity is these guys who were trying to basically say,

okay, shit, all the traditional collectibles, they're already on traditional platforms.

So let's create a new collectible, right?

That's what they're trying to do with this like moments thing.

Now it may work now.

So just to add in Sean, actually, Otis is doing one bit like that Otis is doing collaborations. So they're doing like Otis X some guy, they haven't done that well so far with it, to

be honest, because again, they're kind of creating a collectible just for Otis.

There's no data on what his actual value is.

Then there's another kind of like angle here, which is like making it easier, right? So one of the problems when I was looking at buying this collection was like, I was like, shit, I don't know what any of this is worth, you know, I'd have to send it into going to graded.

That's kind of expensive.

And then, you know, we looked at, for example, there's a couple of apps that are doing what are called live breaks.

Sam, do you know what these are?

Yeah.

Yes.

And you talked about it last week and then people on YouTube are doing it.

I looked up this, I watched this Logan Paul video, 10 million views of him opening a deck of cards.

And then there's this other guy named, it's his name Pac-Man, I think his name is, and it's a channel with two million subscribers and all he does is opens packs of cards. Yeah.

It's crazy.

And this also happens on Twitch.

There's this guy Castro who does this on FIFA.

FIFA is not even collectibles, right?

It's just like within the game, there's these microtransactions and every kid kind of like begging their mom, like, can I, can I get some coins so I can buy more FIFA packs?

And the mom's like, what?

I already bought you the game.

What are you talking about?

But like the games have started building in these microtransactions.

So this guy will just buy like four grand worth of packs and just open them for three hours and while he's opening them, people are subscribing and donating to him so he can keep it going and like for a kid, it's like the dream.

It's like, dude, what if my mom gave me \$3,000 and I could just buy all the diamond packs and like they could just, they just watch him do it instead because that's like the closest they'll ever get.

So I think that's kind of interesting.

It's interesting that it's interesting to people watch people open, but I was on one of these.

So there's Loop, which is L-O-U-B-E. That's for sports card live break.

So it's like a live stream, like a Periscope or a Twitch stream.

But what it is, is it's a table and the guys, if you push the buy button, the guy will open up the pack you just bought and you'll see the whole group together, we'll see what you got inside.

And then there's what not, which is doing this for Pokemon cards and basically non-sports and they're doing quite well.

So I was looking at these and I was like, okay, that's cool.

Problem was, again, if this guy's opening this pack, I don't really know enough, like a collector will know, oh my God, that's a rare card.

That was worth \$360 that you just got.

It would take me like a three day process to figure out what I really got and what it's worth.

I was curious to see, have people done the thing, I don't know if you know this, Jack, have people done the thing where they kind of like use like an iPhone app, kind of like that plant scanner app that basically just lets you just hold up your phone to a card you own and it tells you like, this is this card, it's worth between this and this, depending on how it got graded.

You can send it in to get graded and like find out if it's the \$30 version or the \$300 version.

Do you know if it's something like that?

Is this, because I think that technology has been used for plant identification, bird identification, like, you know, math problem solving, I don't see why they couldn't do that with cards.

Well, actually had been approached by a couple of users in the Trends Facebook group that are working on business ideas in the trading card space and one of them is looking to build an iPhone app that will try and use AI and stuff to give you their opinion about the grade as well.

Right.

So kind of doing that and grading it that they would maybe grade it for a dollar instead of \$25.

Right.

Obviously, this is just their opinion, but you could maybe just have a rough idea. So one of the reasons I think that's interesting is because there's a lot of people out there

that just have a collection from when they were a kid, when this was not a money making and they're just like, yeah, for the hell of it, let's just do what happens. Yeah.

They have a binder and like, they're not going to go spend \$10 a car descended in a PSA way too extreme.

You know, are they really going to spend the time to list each point on eBay and then like fulfill it and whatever.

Like, I think that's kind of like interesting.

So I think there's a latent demand.

If you could just aggregate, my friend Xavier did this with books where he just got people to send in old books that they didn't want.

And it's like, it's a social impact project, but like he would sell the books and then he would, this is called better world books.

And he would sell, he created a marketplace like Amazon to sell the books, all the books he was getting for free.

All he had to do was just receive mail from people in libraries and stuff.

And then he would also donate books on their behalf to, you know, libraries and mead. So I think somebody could do that.

If you could get everybody to go into their garage or their attic and go get their card collection and just mail you all their shit.

And if you had an efficient way to like scan those, I think that could be a somewhat interesting opportunity, kind of like the junk, the junk, I always get caught up in this shit because

I'm like, all right, Jack's talking, he's got a large potentially maybe millions of

dollars involved in this, but he said himself that he knows nothing about sports cards. It's so odd though that you've got these people that are great.

Like at the end of the day, there's got to be someone who wants to buy this just to hold on to it and look at it or hang it on their wall.

Is it so weird how this market is being created around people who actually aren't fans of it?

Well, I think that's the beauty of it.

Right.

This is just like Bitcoin or many other things, which is that the value is in the belief of it.

So some people want it for the tangible use the same way some people want gold for jewelry. Right.

They want to put it on the wall.

They want to look at it.

They want to think fuzzy thoughts about Michael Jordan every time they see it.

And other people like Jack are just saying, oh, here's a scarce asset.

Here's a rare asset that I can put some percentage of my net worth into.

Because I see the trends of where this stuff is trading and I know that not more is being

produced and it's a safe store of value for me.

I don't think my well, that's my question.

Is it that safe?

So for example, let's say that you have a card of a guy and tomorrow he says something racist or he rapes someone or he dies or like, let's say NBA, these guys get injured, right? And their card value goes down.

Yeah.

Like what happens if Jordan does something tomorrow?

He has a OJ Simpson moment where it's like, oh my God, you are not a good guy.

You're a bad guy.

Something crazy happens.

Does that mean?

When they die, when they die, the price goes up for X overnight.

Jack's waiting for these guys to die.

I don't know who Wayne Gretzky is, but I can't wait till that guy crooks.

They say any news is good news, right?

If he says something racist, it gets banned or whatever, it makes his card more valuable.

Like OJ Simpson's cards are probably really valuable.

That's true.

It also happens, right?

Because right now all these rookie cards for like Luca Donic, or in the NFL, it's got \mathbf{L}

Joe Burrow.

He was a rookie.

He was the number one pick. $% \left({{{\mathbf{F}}_{\mathbf{r}}}^{T}} \right)$

His card was worth X.

He got hurt.

He like blew out his knee in a recent game.

His card value went down by about 50%.

And a whole bunch of people are buying because they're like, look, I believe in Joe Burrow over the 15 years.

This is my opportunity to, but it's kind of like a growth asset then.

I'm trying to make a bet because I think I can get a 4X multiple on this if I'm right.

And that game of being right and wrong I think is what makes it fun, just like in many ways people do that with stock market, right?

It's like, I love listening to mob stories and I fell on YouTube, all these guys who were in the mob and they were like, yeah, two things would happen.

First of all, we would take so much money for a sports game and in the 70s and 80s, you know, the athletes weren't making as much.

And so they were able like, we were able to bribe them or the athletes were notorious gamblers. And we would get into debt with us and we would say, all right, make sure that you,

this happens next game so we could bet money on it.

I wonder if you're going to see anything like that going on because this is like one of the very few assets.

I guess you could do this with stocks, although there's way more regulation around it. But this is one of the few assets that it seems like you can meaningfully manipulate. Yeah.

So you're highlighting good things.

So actually Otis, their tagline is they want to be the NASDAQ of everything.

However, unlike the NASDAQ, NASDAQ calls all these regulations that you can't do inside of trading and stuff.

Here is the Wild West, like anything goes.

There's no inside of trading rules or whatever.

Like that's why there's also women's opportunity because it's so new, there's no rules yet. Jack, if Jack wanted to, could partner up with three other people and could pump.

You could pump and dump like all day probably on these assets because there's not enough volume.

That's what I'm saying.

It's crazy.

You could take \$10 million probably and you could move markets and just profit every single time you do because of that.

The same way people did this with ICOs, kind of like in these shit coins in 2017, 2018. Here's this famous episode from Entrage, that TV show Entrage.

And I'm not a baseball guy, so I'm not going to remember this, but there was a baseball player in the 60s and 70s with the Yankees, Sunny, something I don't know. Maybe you guys know.

And one of the guys on Entrage was like, Hey, my grandpa's neighbors with X player, they say he's really, really sick.

He's about to die.

And so they go and buy his card for \$250,000.

And then they're like, Oh, my grandpa said that he recovered and they're like, they're like, shit, and they lose all this money.

What's like, you know, I'm talking about the famous, I don't have to remember, but anyway, it was like, I'm afraid of that happening.

In terms of the tampering or sort of like the mob, I mean, a sports betting is the way better way to go about it.

If you wanted to do it right, betting on a game and getting somebody to shave points or throw is much easier than like, decapitating or killing somebody for their card value. Right.

So I think sports betting is a much bigger market would be much easier to tamper with. Now there is of course risk, right?

If there was no risk, there would be no reward.

So the risks that you're talking about are the risks that go associated with this.

And I think that's like, okay, I wanted to bring up two other things that are interesting.

I probably should have led with this one, which is eBay,

Sandy Kofax, by the way, Sandy, Sandy, okay, that's sunny Kofax.

I'm so not a baseball guy.

I know he's like a big deal.

So eBay announced today that they had a new program, which is interesting.

And with it, they released some new news.

So the program I'll say was really simple.

It's like, if you're selling a trading card that's worth \$20 or less in value.

Now they guarantee that you can mail it for a dollar envelope guaranteed by USPS, which is like 70% less than it would normally cost.

So it's really helpful for sending, you know, the buying and selling of trading cards.

The reason they did this and they announced this number is because in 2020, they, eBay,

which is still the biggest platform that all these other guys are trying to unbundle, did 45 million cards sold in 2020.

If you just take an average of \$20, that's 900 million of GMV just on trading cards, not alone any other type of collectible that's sold on eBay, right?

So that's the like, the size of the prize I would say is probably that or double that.

If you just add everybody else up, they probably add up to maybe half of what eBay is something like that.

So let's say it's 1.5 billion and GMV is kind of like where this market is today.

Not the biggest market, but also much bigger than, you know, the average person would expect it, you know, about like Pokemon cards and garbage bill kids and baseball cards and stuff like that.

And I think that was pretty interesting to see the scale that eBay has on this stuff.

And they're being really aggressive now because they know that they already like messed up with sneakers.

Sneakers got taken away by StockX and Goat and stuff like that.

And so if you go on Reddit right now, every Reddit ad I see is eBay talking about how you can trade sports cards easily on eBay and you can trust them.

And it's going to be hard for them to fight off all these competitors.

They've also been featuring on their homepage trading cards for quite a long time.

So, you know, they're pushing that to every user that visits the home page of eBay.

Here's another opportunity or here's another idea that I've seen that I actually really like.

So what are the opportunities people are trying to stretch?

So there's Rally Road and others who are trying to be the marketplace.

They're trying to be eBay.

Then you have people who are trying to create new collectible moments or items. That's like in the top shot.

And then you have people that are what I'll call making the on ramp easier.

So that's kind of what I was saying where I was like, even if I bought a pack, I wouldn't know what the hell it's worth.

So there's a company that we, I talked to yesterday about potentially investing in. It's called dibs.

I'll tell you a funny story about the pitch had like every red flag you can imagine during the pitch.

I hope the guy's not listening.

I feel bad if I do, but like, I gotta say it was hilarious pitch.

He's like a nice guy, but he's like, yeah, I'll tell you the five red flags, red flag number one. He's like, oh, my background is I, you know, was doing social media marketing. I was like, that's like, to me, like, I know that type of person. So you have abs. Yeah. He was like, good looking, funny and had abs. And I was like, okay, already I don't want to invest. You're too good looking for, second thing was, oh yeah, I live in Columbia. Well, I live in Medellin. I was like, ah, why do you live in Columbia? I don't, I don't want to know the story. Like, okay. That's already like, it was American living in Columbia, American living club. Yeah. Do you have an ICO under his belt? Yes. So that was the next thing. Oh my God. I spent the last three years doing a marketing for random ICOs. Oh my God. I just predicted this. Does he have a Ferrari? Okay. Very close. Very close. So there's two other ones. I don't want to totally bash the guy because this is just for jokes, but his name is the name of a city and his partner's name is like this total white guy name who lives in Santa Monica. And I was like, oh God, these names. I can't even deal with these names. And then the last few years, he had posted a stalking him on Instagram during the call and he had posted like this video of like Grant Cardone who's like, Grant Cardone is the man. I love Grant Cardone. I aspire to be like him one day. And I was like, you know, no offense to Grant Cardone. I think actually it's kind of interesting, but like anybody who admires him that's like, I'm like, okay, that's the sort of like level of depth you have around kind of your, you know, who you are, what you admire in many ways. And so like for people who are like Gary Vee is the most brilliant businessman I've ever met.

And it's like, you know, he's just so inspirational.

I'm like, okay, that's cool.

Like I'm glad he's inspiring you, but you know, that's one specific type of like celebrity entrepreneur, maybe for that to be your hero.

This guy just checked all the boxes, man.

But the idea is actually really good.

So one thing I really liked that they're doing idea is that you just buy into a player.

So how do you make this so approachable for the average person?

So you just say, Hey, you think LeBron is awesome, or let's say let's take an up and coming player like Giannis or Luca, you know, these like NBA players were still young in their career.

You say, oh, you believe in Luca, you could just buy into the Luca collection.

So they're turning players into like their own little ETF of a collection of cards that are associated with that player.

So you don't have to know that this is a 19, you know, or sorry, like a 2010 rookie card of this mint grade from this base set collection that's never going to get reproduced or whatever. Right.

You don't have to know all that.

You just have to buy into the player at a certain price point and you know that it's collateralized by the underlying card assets.

So I think that's actually like a kind of a smart idea to let people buy into these kind of like known entities and not have to know the science underneath, underneath what they're doing.

So I like that idea of making it more approachable.

Well, I mean, the idea that I was having on this call, I was just thinking you could abstract it a step further.

Like if you get someone who actually knows financial markets, they could just launch an actual ETF on the New York Stock Exchange.

So I would just start with one, you could just have alternative assets as an ETF.

Just have it so broad, but then going in deeper, then you could just have sports cards or art because like actually one guy I know, he's just launched an ETF for Bitcoin in Egypt and Africa region and Europe.

He can't trade it in US for some reasons, but he's just making a bunch of money, just made an ETF for Bitcoin.

How easy is it to make an ETF?

Because I know people have been trying this for Bitcoin in the US and just getting blocked. But I don't know.

Well, just don't do it in the US.

Just do it in the US.

I don't know if that's a Bitcoin regulation.

Do it in Colombia.

How about your boy?

Yeah.

Good guy. Oh, that was the other one. He's like, oh yeah, we use the blockchain and I was like, oh, why do you use the blockchain? He's like, um, sort of our secret sauce. I don't really want to talk about it. And I was like, wow. Okay. How do you say Diego? That's his name. How do you say Diego? It doesn't know his shit. Okay. So you could launch it. So, uh, Jack, do you know how long this guy was working on launching an ETF in Egypt or whatever you just said? Well, you can, it's quite big actually, and you can trade it in, um, he's in Egypt, but then it's basically just can't do it in the US because of some rules. But, um, basically what you, I don't know how long it takes. I would guess maybe like six to 12 months or something, but basically what you can also do is the simpler thing, how these things often start is you, there's ETFs and then there's indexes. So indexes you can't actually trade against. They are just a way of tracking, but then basically people can create ETFs that like mirror an index. So there's probably already an index for the art world, just create an ETF allows it to be tradable. You could do this in Europe. So I was looking at this. So this company that's behind this stuff is called Panini and Panini is a European company. They ended up happening. I was like, why does this European company make all the basketball cards? And what happened was Panini was like a billion dollar company back in 2009, so like that they're doing a billion dollar revenues, probably worth a bit more than that. And they were big in the space in soccer, I believe, and in Europe. And I don't know the full history, but what happened was they came to the US and they outbid tops and upper deck for the basketball rights. So they got the, the NBA rights, they outbid them. And so all the basketball cards that are like super, super hot right now, like that's probably like the most bought into card collection right now is basketball cards. And they're all by this company called, you know, the, the cards are by Prism. Prism is owned by Panini and Panini is the maker of it. And so I don't know how long these rights work, but they got basketball, they got hockey, they got for baseball, they got like a certain type of right where they can't show the player

in uniform.

They can show like something else, but they were basically pretty aggressive and they, they out leaped those guys.

And so I think you could do potentially an ETF in Europe where you have to have the belief in alternative assets and maybe the regulation is looser there.

So I like that.

This could be like the way Chamath and these guys are making like a hundred million dollars per SPAC.

This could be like that.

Is that how much you make per SPAC, by the way?

Oh, more than that, dude.

I think he's making like a hundred million dollars or more per SPAC and he's doing 26 SPACs.

They get like 20% of the capital raised as the manager.

And some of these are like entrepreneurs.

I just had another idea.

So basically the opposite of that kitty cards thing, whatever, I think lots of stuff is going virtual, but I think there just is intrinsic value in physical.

The more stuff goes virtual and virtual, that's why I'm bullish about physical stuff like Harry Potter stuff stored in a vault is you're preserving a time capsule, like physical is important.

I just had another idea.

I'm a bit more niche, but couldn't they just create trading card physical trading cards but for like eSports players?

Yeah.

So there's a couple of companies that are doing this, trying to do eSports.

The more popular version of it actually, because eSports players themselves are actually not that popular, but the idea of like a YouTuber slash Twitch streamer, which is basically the subset of either really good player who actually gets famous because otherwise eSports players kind of like this nameless faceless, one of the hardcore people know about them. There's a company called LMAO.

So what I saw this come out and I thought this was interesting or LAMO, LAMO cards are not cards.

They're what they're doing is dolls.

U2 is another one that's making these little collectible dolls that are on either memes or influencers.

What LAMO did was they partnered with the four biggest Twitch streamers and the way they did this was they gave a piece of the company to the agency that manages it or the agency that manages it incubated this company.

I'm not fully sure what the deal was, but there was this agency called Loaded.

And what Loaded did was they said, Hey, we represent Ninja, who's the number one streamer in the world.

Also Dr. Disrespect, also Summit and Lyric.

And what these guys did was they made this collectible little figurine action figure basically of each of those streamers.

They actually sell them in physical stores.

They did a activation at like Comic Con where they built like a six foot tall version of it, put it outside and said, scan your phone on this, like put your, hold your phone up to this.

And they put a QR code on the body so that when you held it up on your camera and launched their website and said, this is coming soon.

And it also was like an AR thing.

Like when you were holding your phone up to it, action figure like came to life like a transformer and had like smoke coming out and whatever it was like by this thing coming soon.

Pretty intense.

It didn't take off as big as I thought it would have, but I don't think that that's a bad idea.

I would still go after that if I could, right?

Cause it's the same idea, right?

What's the difference between LeBron and Ninja at this point, right?

Both of them have 20 million followers and you know, armies of 13 year olds who think that they're gods.

Could you turn that into a physical trading card asset and license their brand and likeness? Probably in a way that you could never do with sports because it's all too, it's done already.

Is anyone doing like income share agreements for Twitch people?

Now you're talking Sean's language.

Like someone is just a brand new streamer and you know, you joined together to give them \$100,000 because you think they're going to be massive.

And then in exchange, they give you 25% of their next five years income.

So there's two things that are like this that are interesting.

One is some people have tried to copy the K-pop model.

So this is how K-pop works, right?

In Korea, which is they basically say, okay, come to our factory, right?

We have a studio with cameras and lights.

You get to come into our accelerator like a Y Combinator and we're going to teach you how to build your brand and all this stuff, but we get a piece of you and we get to represent you as your agency.

And I think that's what like what, what BTS, what's it called BTS?

I don't know if BTS came out of that.

Maybe they did, but there's a very common, very popular thing in Korea.

So some people have tried that in the U.S. to mixed results.

But the bigger version of this was actually the other day of Mr. Beast, who's one of the,

probably the fastest growing YouTuber, are you guys familiar with Mr. Beast? Yeah.

He does these videos that are like kind of just like random ass stunts and challenges. He like will give away five cars to people who need him. He'll go to a restaurant, he'll tip \$20,000 and just record the waiter's reaction. Or he'll say, he'll buy a Lamborghini and tell his four friends, come here, put your hand on the Lamborghini. And the last person to have their hand on this Lamborghini gets the Lamborghini. And he just films them 48 hours and then someone has to go pee and then they, you know, like eventually they all fall asleep or whatever and one person's left. So what he said was like, you know, there's all these up and coming channels that I think could make really good content. I would love to do like an ISA, like I'll promote you and you keep doing your thing. I'll help you. I'll take, you know, 10, 15% of your, your channel's revenue. This is like a pretty compelling idea cause I think more than the, you have to do it like an income share agreement where you're not just giving them capital. You have to help them get the exposure in the same way that Lambda school helps you get the job. And that betrays you to learn how to code. It's a little bit more than just the money for a future money. How's that different skin and ancient? Because Mr. Beast can blow you up, right? So he can shout you out on his channel. He can basically King make anybody who he thinks has the raw ingredients, but what's the incentive for him to shout out these cool people? Well, if he owned a piece of them, like a portfolio, if he had a portfolio of these up and covers, so he's not on the content treadmill every day. He uses his following to put the next person on the treadmill and he just, you know, sits back and relaxes from there. Yeah. I'm into all this shit.

I think that this is, we're at the hour.

I think that this is, I want to go work at rally road.

That's what I want to do.

How fun would it be to work at those places?

What type of returns are you seeing investing in these IPOs when these things are like,

I guess what's good?

What's normal?

Is it super volatile?

I'm not sure about blended returns and I'm doing this with a longer time horizon.

It's kind of hard to quickly flip stuff, but rally road has had some awesome exits in the past year.

So basically you can buy in at the IPO stage and then maybe someone off the platform is acquiring it for double the price quadruple the price, or you can just buy a bunch of

shares during the IPO and then like flip them to someone else later, you know, the challenges that you kind of have to have some money to start with.

I think the people, if you're coming there, not with much money, like if you're coming there wanting to buy \$25 worth, I don't think you're going to make much money because you're just like washed out by the whales.

They all, all these platforms are having stuff like for me as a whale, like they're doing like pre sales for me.

I could just buy in before anyone sees it.

JP Morgan does this or whoever will do this before an IPO, right?

They go to their big clients and they say, Hey, you get the early bid on the IPO before DoorDash goes public or whatever.

So I'm not sure about blended returns pretty low at the moment because as I said, looking going to have a few year horizon.

I mean, hopefully I don't have like a goal or you have like a 10 to 20% a year.

What did you say?

10 to 20% a year return?

Yeah.

I mean, if something's like an alternative asset, you should be paying outsized returns for the risk.

Are you doing it for that reason or you're just doing it because you just want to do it?

Just both.

Yeah.

It's kind of fun.

By the way, Ben just linked us this thing in the chat.

So after Mr. Beast tweeted that out, he then made a video saying, get this random person a million subscribers on YouTube and he just tagged this guy at zealous.

And if you go to zealous's YouTube channel now, he has almost two million subscribers now.

Thanks to Mr. Beast.

Right.

So he just literally, it's like if Sokoya could invest in you and get you your first

10 million DAU basically, that's basically what he was able to do.

Wow.

What is that one that he got?

Two million views.

What's that called?

Zealous.

Z-E-A-L-O-U-S.

Yeah.

I posted it.

I'm not sure how many he had beforehand, but I think it was a small account and he made a video about it.

Like he made it into a contest.

I mean, that just grew with our, you know, Mr. Beast.

 \ensuremath{I} just got one other idea though is Sam related to the Houdinki thing.

You were saying that are they a media company or are they an investment company?

It's kind of interesting to see like a media type company join, um, tapped onto Rally Road or something, you know?

Like,

Well, that's kind of what they are.

You know, like a good example of this is Huckberry.

Huckberry is a weird store.

Huckberry is a store that sells just like guy stuff.

So camping gear or guy clothes or outdoor stuff.

It's like REI, but for like kind of yuppie guys and they tell the story behind the clothing and with Rally, Rally Road, whenever I go to the stuff, I'm a car fan.

So I like hearing the history of that car or I like hearing the history of that baseball car.

I want to know the history around it.

And I actually do think that they do need to do a better job of telling the story because I used to work for this TV show called American Pickers and we had six or seven million viewers a week at the time when I worked there.

We were number two on cable.

So it was the second most popular show in the country.

And the guy, Mike Wolfe, the main guy would go and tell the story behind a gas pump. He would find a 1960s gas pump and he would say, this was created by mobile oil, mobile oil made it this way because in World War II, they didn't have enough supplies, so they had to do that, whatever.

And people would come in from around the world and they would buy this gas pump because of that story and they would pay a massive premium for it.

And I do think that a lot of these platforms that they need to do a much better job of telling a story.

And if they could copy media company's strategy of storytelling, I think they'll have a significantly larger business.

And I think Ben said something about, what was this, someone's a newsletter for fractional assets.

What are you?

What are your insights?

They're basically a new company.

They're raising money right now.

They're trying the media approach in addition to having a, as they say, a stock market for physical things where the business, you know, a buy and sell platform for collectibles. If somebody's listening to this and you're like, okay, yeah, I don't know shit about Pokemon cards or whatever.

One thing I would recommend is I've learned over time that what smart guys like Jack kind

of do as their hobby or where they start kicking the tires and it seems a little bit weird and it's kind of like laughable and you're like, wait, you know, four years later, that's going to be the thing that's really interesting that like, you're going to wish you got in like this is how, how crypto was for me.

I kind of ignored it initially, but enough of my kind of really smart friends were dabbling with the stuff on the weekends.

And when they were dabbling with on the weekends, that was a strong signal.

And actually I just went to my old, old laptop and I found the Bitcoin that I have stored on that laptop and the Bitcoin I have from back then, right?

I think I had taken like a \$2,000 and \$3,000 budget and just been like, okay, I'm just going to buy some Bitcoin.

I bought a little bit of Ethereum as well when that came out and that's not worth like almost a hundred grand.

And I don't know if that's going to happen, right?

Like Bitcoin was one of these things that panned out as sort of the investment of the decade, but I would say just for a learning exercise, I would go download rally and Otis and loop or one of these live breaking platforms as well.

And I would take like \$300, right?

Like go take like, I don't know, 90 days of coffee money, like skip your daily coffee and like be like, okay, that's 300 bucks and go like get a little bit of skin in the game just to learn how these platforms work and look at, and then you'll, once you've skin in the game, you'll start checking on it and you'll start learning a little bit about it.

And like then you decide later, like if this is a good idea or bad idea or whatever, nine times out of 10, it's not something you're going to pursue.

But that's like the simple way to get in and you don't have to take such a huge amount of money to do it.

Well, this one went a little long.

We normally keep them at an hour, but I think it's good.

This was fun.

Anything else we want to go over, Sean?

No, I mean, thanks to Jack for coming on.

Jack, is there anything else that we didn't talk about that we should have?

You learn by watching how the markets react over time that I've just seen like, oh, okay,

this Pokemon thing, it was available at this price and it now has gone up to this price.

And I would kind of just see how the markets move.

I mean, one insight is for masterworks, they have a minimum of \$10,000 per art piece because these are like \$5 million piece of art.

But what they do is they segment their users, like when they're doing Google ads and stuff, they're like, hey, if you have over \$10,000 to spend, go here.

If you don't, then they direct them to the trading platform where you can buy a piece for like \$20 a piece.

And so actually what I'm observing on masterworks is that on average, like every single piece

on their platform, none of them are trading below the IPO price.

So basically, if you had bought, you would not have lost money.

The challenge is that they don't have much liquidity yet.

So you wouldn't be able to like sell all your shares all at once because \$10,000 would flood the market.

But it is kind of interesting observing on the countryside, Rally Road, bunch of their cars are like, some of them are down 50% from the IPO price.

So it's not to say that you can't lose money on this.

That's why Rally Road does seem to have more accurate market for what the true valuation of the set is because some of their assets are trading below the IPO price. Gotcha.

Okay.

And Jack, do you have a lot of Bitcoin?

Yeah.

And what's your take on Bitcoin?

What's your like?

So I was into all of the different altcoins and stuff like when it was at the bubble

a few years ago, you could very easily see when the market was going to crash because

I went to a friend's wedding in England, met this random guy, and he's like, oh yeah,

I just took an extra mortgage on my house and put it all in for Tron, all it's crypto. And I'm like, what are you doing?

And then so that's what I said, like when your taxi driver is giving you stock tips, that's the time to get out of that market.

So for me now, I'm buying for the long term, but I only have Bitcoin and Ethereum. Okay.

That's great.

By the way, I did the same.

I went to a wedding in DC and my aunt who has a thick Indian accent has tried to tell me about how great Ethereum was.

And she's like, Ethereum's very good.

And I was like, you know, Ethereum, what's so good about it?

She's like, very good, very good investment.

And I was like, oh God.

So I came back and I tried to sell every crypto I had and this one Bitcoin was at 3000.

So I had gotten like a 10X and I sold as much as Coinbase would let me and then I hit the limits and I'm so upset.

And it turned out to be a horrible move, right?

If I just held it, it would have done better, which reminds me of, I think your rule of thumb is absolutely right, right?

It did, it ran up to 20,000 and then it crashed back down.

But there's another phrase that goes around, money is the bubble that never pops is unlike other assets because there is no checks and balances around it.

Like a stock, like Tesla stock is like running up out of control and at some point they will

have to deliver profits against that valuation.

And if they ever have a setback in their production or their profits or whatever, it's going to hurt their stock.

There is no revenue, there is no profits of Bitcoin.

The price is the stock, the price is the profits.

And so the more the price goes up, the more people believe that this thing will keep going up and that is the value of Bitcoin.

My understanding is it's either in the top five or top 10 of all currencies in the world right now in terms of assets in that currency.

So could easily become the number one held currency in the world.

It's very appealing because it's not owned by any government or whatever.

I had a long talk with my wife last night because I told her how much Bitcoin I'd been

buying over the last two weeks and she's like, what are you doing?

She was more like, why did you talk about this?

And I was like, it's an investment.

I'm not buying things.

It's an investment.

And she's like, that's like if I went and bought a house, it didn't tell you.

And I was like, no, but this is an investment.

It's not like I'm buying things.

Speaking of which, Sean, did you ever sell your house?

Yes, I did.

Was it a bloodbath?

Yeah, I lost like 180K total.

Oh, oh, well, I mean, yeah, that sucks.

But like I would have thought it would have been even worse.

Well, it's just like, right, like you lose that out of your down payment, right?

So I lost like whatever 20% of the money I had in the, in the property I lost, right?

So it's a 20% loss.

It's not, that sucks.

Not great.

That's not great.

But like the way that I see the headlines now in San Francisco, it's like death and over and carnage.

I'm lucky that I got out at all.

I think it would have gotten much worse.

That's what I'm saying.

I only had one offer.

I have one offer and I took it and right now was it like a family or just a rich person or what?

So they are like kind of an exec at wealth front and they're both execs at wealth front. One's like the head of whatever engineering or design, the other ones that have been of design or something like that.

I don't know. They're both like kind of like top-ish people at wealth front, I guess. So they were unaffected, you know, by the, you know, they weren't like, the economy was not hurting their business necessarily. Right. But it seems everyone else is getting the hell out of there. Yeah. Tough. I mean, everyone I know at least, but yeah. It's great and easy. You have to be able to short San Francisco. Ah. Now you're talking. I, I really think that Jack, I'm surprised you're not in this back game. I'm surprised you're not the guy with the ETF in Egypt or like, you know, But the thing about Jack is he's got the IQ and the ability to pretty much pull off all this stuff, but he's missing one major component. What's that component, Jack, that you're missing? You know what it is. Um, social emotional intelligence. You're incredibly lazy. Okay. That as well. I'll say, Jack, I'll say, Jack, why don't you do this? And the answer is always too much work. They overboard on things that most people wouldn't lift a finger on. Didn't you like spend like a month building a chair, like a super ergonomic chair for vourself? Oh, I didn't actually send you the photo. I actually, um, I bought the artwork now, which is like the actual. Gotcha. Gotcha. Yeah. Um, but Spacks, I can't say anything, but actually like speak to me in like three months about Spacks. Oh, okay. Okay. Great. I love it. We're recording. We should start talking to him. All right. We should, we should wrap it up.

Thanks Jack for coming on, man. I appreciate it. Thank you.