

[Transcript] My First Million / #171 - How to Generate Millions from Paid Events (Bootstrapped)

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.

When I first hosted my first event in June and the event happened, all right, decided to do it around June 1st, and the event went place seven weeks later in August.

And when I started, I had close to nothing.

I had a 200-person email list, so there wasn't like this, oh, it's easy for you.

You had the hustle.

No, no, no.

It didn't exist.

There was a site.

There was just a domain name called Hustlecut.

And I hosted this event in the first six weeks.

It made about \$60,000 in revenue and \$50-ish thousand dollars in profit.

And a lot of people were surprised by that.

But it wasn't that hard.

The second event, you can see here, I'm going to-

Hold on.

Explain that.

So how did you sell the \$60,000 of tickets during that process?

Yeah.

Today, Sean, let's actually jump right you, I think, want to do this billy of the week right away.

Yeah.

And then I have a thing on events.

Do you want to do events?

Do you want to save that?

What do you want to do?

I want to do that.

So I want to do this billy of the week.

I want to hear your stuff on paid events, and then I have two ideas.

One is a cool idea I've seen, and then the other is a brainstorm of a potential idea.

So I want to do all those things.

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So let's start with the billy of the week.

This one is very interesting.

Have you ever heard of this guy before?

Don't Google.

I want to tell you the story.

So don't Google this guy.

All right.

Let me tell you the story.

Sure.

I Google them.

I'm just thinking, oh, wow.

Okay.

Yeah.

Young guy?

Young guy.

29 years old, I think.

I don't know who he is.

So his name is Sam Bankman Freed.

His name.

And if you heard him talk, I actually want you to listen to a YouTube video for a second because he sounds like an absolute dweeb, and I loved it.

I was like, oh, this guy sounds like he would be a self-made billionaire by the age of 29 because he sounds like a genius.

He sounds like a tech genius.

Have you brought this person up to me before?

No.

I just discovered him like two days ago.

Okay.

So what's this guy's story?

So this guy, well, I'll just come Sam for short, but so this guy, Sam, he's a young guy.

He's very smart.

He takes a job as kind of like a hedge fund trader or something like that with a group called Jane Street, I guess.

And I don't know.

I forget these details.

They don't really matter.

The guy's got a job in finance and he leaves and he starts something called Alameda Research.

And it's called Alameda Research because he needed it to sound as legit as possible and not like what it actually was.

So what was it?

So what this guy did was he was into crypto and there was this known thing in crypto where as crypto was getting popular, this is around 2017 when the first big run up happened and

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Bitcoin went from \$3,000 to \$20,000 and it crashed later.

But during that time, 2016, 2017, 2018, Bitcoin was emerging and there was this, as any new thing, there's these like kind of, it's like the wild wild west a little bit.

And so there was this thing where in the U.S., the price of Bitcoin was let's say \$10,000 of Bitcoin and in other countries where the exchanges weren't built or the country had some regulations or whatever, there was like a premium for Bitcoin.

There was more demand than there was Bitcoin available to buy in those countries because you need, let's say, like in Korea, there was a famous thing called the Kimchi, the kimchi premium.

And the kimchi premium was that in Korea, there wasn't kimchi, like the food, like the food.

So there was no one as a kimchi premium.

And basically it was like whatever Bitcoin was selling for here, let's say it was \$10,000 and Korea, it was trading for \$15,000 because it was that big of 50% premium and it fluctuated obviously.

And I think 30% was kind of like the average of the kimchi premium over time.

So everybody wanted this.

So everybody, you know, any smart person saw, oh, wow, there's an arbitrage.

What if I could just buy it in the U.S. for 10 grand?

And immediately sell it in Korea for 15 grand or for 13 grand.

And so you had this like ability to flip it.

And so a whole bunch of people were trying to do this, but there was all these problems, right?

Like, well, the reason, you know, the reason wasn't easy.

The reason there was this premium because it was hard to buy Bitcoin in Korea.

So one idea was you buy it in the U.S. off a U.S. exchange, you go to Korea and you sell it, but you're going to sell it for in the Korean, you know, Won, which is like the local currency.

But now you need to like for the, for the arbitrage to continue, you have to convert the Korean Won back to dollars to go buy more, go buy more Bitcoin in the U.S.

The problem was you can't convert the Korean Won back to dollars easily because the government was very like tight fisted regulations.

You couldn't funnel large amounts of money from the Korean Won back to dollars very easily.

So a whole bunch of people were trying to get this like pinata of money and they couldn't crack it.

And what this guy did was he was like, okay, fuck the kimchi premium.

He went for the Japan premium, which was far less appealing.

It was only 10%.

But he's like, still, if I can, if I could trade a U.S. Bitcoin for 10% more in Japan every day, I'm making 10% compounding daily.

And so he went through this like Odyssey for like a year.

All he's doing is setting up this trade.

So he like, actually, by the way, first, when he was trying to figure out, could I capture

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the kimchi premium?

He was like doing calculations like if I filled up, if I chartered a private plane and I filled it up with 100 people and I flew, you know, they buy Bitcoin in the U.S. and I flew them all to Korea and then they, you know, sell it there and then I could, each one of them could convert some amount of that money and I could fly them back and every day I could fly this plane back and forth between U.S. and Korea.

Like, could I make it work?

And he was like, I don't think it works.

Wait.

So you had to be there physically.

It's not that you had to be there physically.

You have to do all, like all legs of the transaction.

So you have to be able to buy in Korea or like sell your Bitcoin in Korea at the premium.

But now you have Korean won, now you need to convert that to dollars.

And so how do you do that?

You need to convert it there.

But there's caps.

They won't let you convert it because the way he described it is like, look, he's like, what I wanted to do essentially was to be, you know, selling \$5 million of Bitcoin for the local currency and converting \$5 million of local currency back to U.S. dollars every day.

He's like, if you, if you just go to like, go to Korea, go to Japan, go to wherever and you say, Hey, I'd like to, it's like a one way flow of money.

I have \$5 million of your local currency.

I'd like to convert it to dollars and exit the country.

And they're like, okay, but where are you getting all this money and why are you doing such a large amount?

And like, what is this?

Yeah.

He's like, you know, if you, if you go to bank school 101, that's like money laundering.

That's what money laundering looks like that that is what money laundering, that is exactly what money laundering looks like.

So he's like, even though I'm not money laundering, I'm buying and selling a good that's differently priced in different regions to them on the ground, to the bank on the ground where I need to do these conversions.

It's shady.

It's too shady.

They won't let me do it.

So he spends, I see a year of his life where he's like, goes to Japan.

Now he's got to find, he's got to do each, each one of these was hard.

So anyways, then the net end of this story is this guy's arbitraging \$25 million a day of this currency.

He's making a 10% compounding, you know, margin every single day.

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And this guy, you know, in the three years, basically he's become a self-made billionaire. He's worth \$10 billion now, which is a combination of the money he made from the arbitrage trade as well as he then created his own exchange.

And like, you know, so he has a trading company that's, you know, has made hundreds of millions of dollars on this arbitrage.

And then he built, he used that to create an exchange, which is worth billions of dollars on paper.

So anyways, this guy's worth \$10 billion.

And his, because the currency is called FTX, right?

That's his exchange.

His exchange called FTX.

Sorry, exchange.

And that is, is that basically an alternative to basically a more higher end coin base?

It's a more sophisticated coin base where you can do like derivative trades, option trades on all different types of coins internationally.

And that's like, and that's like a proper company.

It's a proper company.

With like...