if you want to bet on the future of humanity and where a lot of growth is going to come from, investing in technology is the way to do it.
All right. This is one of the best episodes I think we've done in a long time. I'm going to tell you everything that we talked about. But first, Spotify just has this like new feature. I want to see how great it is. So basically, if you're on Spotify, go to pull the app up, look at it, look at our My First Million page, and you're going to see a little bell. Do me a favor, hit that bell. I want to see if you'll be notified when we have our next episode. I want to see if this thing works. If it does work, sign up, click the bell, and then tweet at me, tell me if it works, and I'll give you a retweet or something like that in exchange for clicking it. But click that for me and let me know if it works. 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 host relived 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 today's episode, I think, is one of the best episodes we've done in a very, very long time. We talk about the Amazon liquidation business. I'm actually going to record myself buying from one of these websites. It's a fascinating business where they sell you a bunch of return stuff, but it's packed in a mystery package. We talk about fake data. There's this new company called Tonic that's selling fake data that help you test your stuff. Crazy fascinating business. And then my favorite topic is this guy called Harold Alfon. He's the Billy of the week, this amazing billionaire that started a shoe company and eventually gave away most of his money, but incredibly fascinating. We talk about a few other stuff like how Tiger Global is making all this money in the future of VC. That's pretty fascinating. But my favorite part was the Billy of the week. Check it out. And by the way, on your phone, you're probably listening to this on your phone. Go to Spotify, click that bell. I think they just released this recently. Someone was telling me about it. Tell me if you get notified, like send like a, like a click the bell and then just send me a screenshot when the next episode comes out and tell me if it works. The Sam Parr on Twitter. I want to know if this works. I'll retweet you if you send it to me. All right. Enjoy the episode. Okay. So what did you think about the Rumeet episode?
I thought it was pretty good. I thought he does a good job. Like, I guess I always break it up into two categories. How interesting is the stuff you're saying and then how interesting are you at saying it? So he was like, I thought he was very interesting in how he says things like he brings energy. He is not afraid to like call something stupid. Like, you know, he brings a little bit of that flair that you need for something to be fun. In terms of the info, I thought it was pretty good. I think, you know, we talked a lot about courses and I just think not like we are interested in courses because we can make courses that might be successful. And so he already does that. I don't know how many other people really care as much about how much we nerd out about it, but I don't really care because I wanted to know it. And so it was good. Let me tell you really quick about this book I'm reading. It's called Empire of the Summer Moon. Have you heard of this? No, but it sounds very sounds like a teenage girl book. No, it's

about the Comanches, the Comanche Indians. Do you know what the Comanches are? No, what is that?
All right, so let me this is a quick break out. How much time do you spend reading? I feel like every time you get on the pod, you're reading a different book. Are you reading like four hours a day? What's happening? When I say reading, it's audiobooks. And I could do at least one a week. So like, yeah, like if I exercise, if I go for a walk, I'll listen to it. So and I listen to it at like 1.2 speeds. So like a 10 hour book ends up becoming like eight hours. And so I could do that in a week easy. Is this a problem for you? When I listened to an audiobook and it's read by like a professional narrator, I just hate it and I can't get into it. But when it's the author reading it, I'm like, okay, I'm kind of down with that. Is that a problem just for me? Because it seems like most are professional narrators, professional voiceover actors or whatever the problem. It's actually is a huge problem for me. So I do two things. The first, if I find a narrator that I like, I go, oh, you find their other books that they've read. Yeah. So if I find it, sorry, my phone went off. If I find a narrator, who's your favorite narrator, like some random guy who nobody you're like, yeah, no, Craig Smith, Ron Chernow, Ron Chernow is a great author. He's he wrote Titan. He wrote House of Morgan. I'll go and read books. He gets he has a great narrator that I like the second thing. So if I find a narrator that I like, I'll go and I'll read something that they've done. The second thing that I do is I think more celebrities should narrate books. So I just read this amazing book. I loved it. It was by John Steinbeck. It was like part fiction, part not fiction. And it was read by Lieutenant Dan from Forrest Gump. Okay, you know, his name's Gary Rizick or Resick or something. And it made the book so much better. So lately, I've been trying to find books, sign, I don't even know how to say his name, Sinus is his name. I want to go and find books only by like certain celebrities that I know. And that makes the book more fun. So I actually no way. And you know, it's funny, I always think about this. Sometimes it's like, the reason I don't like, I don't really read like self healthy business books that much anymore. And the reason I don't is I found this one author that narrated, narrated literally like 200 like self healthy books. And I looked at what he was doing now and he like still wasn't doing much. I'm like, well, if this fucker read all the stuff that it should have worked, like you I thought you were going to say the Alzheimer's say, but you're saying this guy read all these books and he's still, you know, an average Joe. So fuck it doesn't work. Yeah, like I looked up like how much he charged to read a book and like, dude, what the heck, like you're making like 50 grand a year and you just read yourself. Yeah. What the hell is going on? So I'm reading this book right now called Empire of the Sun of the summer empire of the summer moon. It's about the Comanche Indians. The Comanche Indians was like 20,000 Indians in America, but they were like in the Colorado and West area. But when you think of Indians, like you stereotype as like, like, when I'm my head, I have this picture of like the pilgrims and the Indians coming together. And then eventually the white people like mess them up. So the Comanches were badass. So they were just like normal. They're kind of normal. They weren't like that particularly special. But then they got ahold of horses in the 1500s and they mastered horses so much so that a Comanche on a horse, what they could do is they could get, they could be riding the horse, lean to the side so you can't see them and then pop up and shoot 20 arrows faster than one person could fire one bullet and then reload and fire another. And they were wild. They were wild, wild, wild. They didn't even have the word surrender in their language. Like it wasn't a word. And this is great. I'm now, that's my criteria now. What do you look for in founders when you invest? Could you have been

a
Comanche Indian, right? Are you a Comanche or not? I want to Comanche as a founder that I'm investing in. They're crazy. These guys were like, were bad to the bone. And the last step they didn't do was like great. Like, like in their, in their culture, it was okay to torture and kill captives and they would kidnap people. And so they're wild. But the whole story is about the history of them. And then also it centers around, they kidnap a family or they like take a family, like a white family. And they kill most of the family, but they keep this 12 year old girl. And they end up like raising her and she marries the chief. And she gives birth to someone who eventually becomes the chief. And the white people, America, after like 25 years, get her, get her and they think that they're saving her and they bring her back. And she's like, no, I want to go back. And they're like, no, look, lady, you don't know what you're talking about. You need to be here. And she's like, no, no, no, no, no, no, like that they're my family now. And so out of protest, because she like inherited these like, these like, you know, these values of toughness, she was like, fine. And she'll see starved herself and died. Wow. It's, it's the craziest book I've been reading. You'll have to read. It's called the Empire of the Summer Moon. It's about the Comanche. I can tell you right now, not going to read the book. Definitely not going to read the book. But I loved that story. And I feel like I already got the win. I feel like if I go in and read it now, I'm going to do a whole bunch of work and not really get that much more out of it than I already have. I'm so happy with what you just gave me. Well, I got like on this kick where I was reading about Navy SEALs. And I was like, all right, who else is badass? And then I got to the Comanche. So is it because you met what's her name, husband, and he's an ex Navy SEAL? 100%. Yes. I met him the other day. He's awesome. You wait. Okay, great. That's good. All right. We have a lot to go through. This is going to be interesting. I could, what do you want to start? You want to start with Harold? No, let's save him for a little bit later. Let's do some cool ideas. I have a couple, you have a couple, I think you want to go first, you want me to go? I want you to. Okay, which let's start with this. I think this one is one of the more interesting ideas. It's kind of random. So I'll start with that. It's pretty fucking random. But this is thing called tonic fake data. And so I'm trying to chase this guy down because I really want to invest in this company now after I heard about it. So I have a cousin. I got a couple cousins that are in tech. I got three, I think three or four cousins that are in tech. One of them, my cousin, Samir, he tweeted this. And I think his tweet literally has two likes, which is just a shame because like, this is actually like an amazing Twitter thread. I'll retweet it right now. So let's go see it. It's on my Twitter feed now. But he's like, you've heard about big data, but what about fake data? You ever heard of fake data? I had never heard of this. So he's like, check out this company called tonic fake data. And they grew about 600% this last year. And he starts to like tie some things together. So he's like, you remember when HBO had that thing where the intern accidentally sent an email to every subscriber? And it's because, you know, they were doing a test of like some software system, the email system or whatever it is. But when a developer is doing a test, they have to input some dummy data, right? Some information. And so typically, like, you know, a developer will just kind of like make it up. It'll be like, first, comma, last name, you know, like, they're just trying to get through the task quickly. So they're just like inputting fake data, you know, just from their head. And so, you know, if you think about this at kind of like a bigger level, let's say you're testing, you know, you're Uber and you have a new feature in your app. And so he gives us example, basically, like, let's say you're Uber, and you are releasing this new

thing about notifications. And so you there's like this process of quality control testing, right? So they'll, they'll, they'll try to like, okay, sign up as a new user and try it. Okay, let's say you're already user log out, log back in, pretend you got a new phone, right? There's all these like, if you have a product that has hundreds of millions of users that are living normal, weird lives, there's all these random different paths a user can take. And you kind of need to test your product reach. And so, and so there was a guy, this is kind of the famous thing is there was a guy who he had logged out of his account on his wife's phone. But even when he logged
out, she kept getting the notifications because of just this, like, the developer didn't test the feature properly of this use case, you go to a new phone, you log in, accept notifications, then you log out, you're still getting notifications somehow. And so, which we did all the time, I would walk around be like, Hey, who here at the office as an Android? Let me see it real quick. Right. Yeah, exactly. Who's got an Android? Okay, I think we tested all of Android. It's like, dude, there's like 200 models of this thing. It's like 2000 models. You think you just tested Android because, you know, the one guy who's an Android bro, like, you know, used it for a second. So, what happened with this Uber guy is his wife got a notification that he was going somewhere, or like, you know, your ride is ready or whatever. And she's like, Wait, he's supposed to be some other place. And she found out he was cheating. He ends up suing Uber $47 million, because, you know, wife found out about this, left and blah, blah, blah, the cheater sued Uber, which is hilarious. And so he's giving all these little examples. I don't know if you want or not. It's not in the thread. I haven't done more than that. So he gives another example. Let's say, here's the last example. It's 2008. The financial system was crashing. Banks are failing. And banks owned at that time, if you remember, like the subprime mortgage crisis, they had basically on their books, a whole bunch of mortgages that they needed to get rid of. And so they needed to sell them super fast because they were like, they were at a risk of going bankrupt. And so they set up a call center that any real estate investor or buyer could call in and make an offer on one of the mortgages they had, because like in auctions, like, you know, closing, you know, final sale, everything must go was the idea. And so they hire Palantir, the big data company that Peter Teal started. And they say, Hey, come up with a recommendation engine that will figure out what offer we should accept because we don't have time to like vet each offer as they come in. It needs to be quick, like a garage sale type of decisions of like, Hey, I'll give you $2 for it. Will you take it? Yeah, go ahead, take it. Everything must go. And so, so the developers were like, okay, we need to like test our recommendation engine for like, should we or should we not accept the offer? But they couldn't use the data because the data have like all this personal sensitive information, right? It's a person's name, credit score, their income, their address, like, who's too much information, the bank couldn't just give it to Palantir and say, Hey, use this real data to figure out what offers we should and shouldn't accept.
And so what they did was the developers went to the bank's office, they go inside the building, and they looked at the data and they said, Okay, we understand we can't take this data and use it for our models. But we can replicate this. So like, the way a mannequin is a replication replica of a human body or whatever, they did that to the real bank data system of all these mortgages. And so they created a replica that would have the same like, let's say, distribution and outliers and whatnot. But it was all dummy data. It was all fake data. And so they'd use this, they go back, they create this thing, they create the model, it's all successful, it all works.

So what happened is, I think the guy from Palantir took, I think he's from ex Palantir, he spun out. He is. And was like, I'm gonna create this. Yeah, Ian Co, I'm gonna create this for any business, because businesses need to be able to generate fake data sets to test all their scenarios from, like the Uber example, show me all the things that users do, all the, all the different, like they do this step and this step and this step and this step. Cool, I need to be able to simulate those steps accurately. And so what they do is they basically say, All right, people are pretty sensitive about privacy and data nowadays, you got GDPR. So companies can't be using digit, using their data for these things or giving, giving data to other groups for it.
So tonic fake data can basically analyze your data, create dummy data and then let your developers or other developers use that data, those fake data, that fake data that mirrors the real data.
And so I thought this is like such a niche problem that you would only understand if you'd ever been through this. But then once you've been through it, you're like, shit, this all is a big problem that they have no other way to solve. And I love this. This is the opposite of guy who can code makes a to-do list app or makes a music streaming, you know, like a playlist generator based on the music you like, right? Those are the ideas everyone has that everyone can do. This is an idea no one has that pretty much no one could do. And so I'm like, dude, I'm like super bullish on this idea. And I love this. I love this. And especially now with machine learning, with machine learning, you need a lot of input data to make recommendation engines better. Well, how do you do that? How do you get more data? Well, you can simulate or create fake data that mirrors a small sample of real data. So I just think it's awesome. It goes on to big mega trans privacy and machine learning. And I just love that I had never even thought about this. This is amazing. How are they doing? I think they're doing well. They raised some money. He said their group 600% in 2020. What he does, my cousin does is he basically helps people do what he did. Like, you're interested in tech, but you're not a programmer or designer.
I'll help you get your first sales job in tech, tech, tech. Yeah. So he went and he worked at SIF Science. It's like fraud detection, like machine learning things, similar story, by the way. X Facebook guys were dealing with the spam problem at Facebook, spun out and created SIF Science.
So if you have any platform, they'll help you fight fraud and spam. And using the same stuff that Facebook was building internally, they exported that idea. This is my old import-export framework. And so he was like, you know, just like what they call SDR, like a sales development rep. Basically, just spam cold emails all day. And then you kind of work your way up. You're from a manager. So what do they do now? He teaches people how to get a gig.
So he's basically like, you want to break into tech and get a sales job? Like, cool. Most people don't know how to interview for this or how to like do well at this. So he takes you for one month. He tells you, here's a bunch of good companies like that you haven't heard of, Tonic fake data. They need sales reps. They have a great product. It's a technical thing.
Dude, really?
I'll help you. I'll help you understand it. And I'll help you do the job interview well.
And I only make money once I place you. And so he's like a one-man recruiting firm right now for this. I think it's kind of an awesome idea. I don't know. I think he's just getting started.
So I think he's got like, you know, five people at a time right now per month that he's helping get jobs. Like very boutique at the moment. I'll give him a shout. So his Twitter handle is Samir

underscore Joher. Unfortunately, no one's going to know how to spell any of those things. But if you go to my Twitter feed, you'll see I retweeted his tweet just now. And I said, that's great. And I, I, I, Samir is more interesting almost than, than Tonic. I always thought that you're going to say than me. Well, he might be pretty interesting, but this guy sounds great too. I've always thought that you should, that, that job that your cousin's doing, Samir's doing, that that could exist for all types of positions. Because I've had, when I was just breaking into Silicon Valley and living there, and I would have so many people email me and they would say, which company should I apply to? And for this, for this role or that role, I've always, I always thought that that could be a cool service. That's so cool that he's doing that. And he's going to take a cut, like a, like a percentage of their first years earning. Yeah. It's like, if I help you get this job, then I get X, X thousand dollars. I don't know. I don't know what his pricing is exactly, but I get X thousand dollars. But hey, you just got a job. That's, you know, 85 K base plus bonuses, whatever. Like, are you cool paying for K to this guy who got you that job? Like really was pretty hands on with it. I think people will make that trade every day of the week. Plus the companies will pay a placement fee. Like once he establishes himself a little more, like they already are playing recruiter fees of 20 thousand dollars per person. So they will happily pay him once he builds his name a little bit, but it's not super scalable. I don't think he cares. He's just like, dude, I just want to make money. And I don't care. Like making 20 K a month would be effing sweet. And if I could just do that with my bare hands and not have to like run a whole business and have a big team, great. I'm going to do that. And I kind of think that's actually pretty smart. I've got a buddy who was a executive recruiter for years. And we, he eventually needed to, he was like, I want to start my own thing. And I was like, all right, I'll hire you. I'll be your first client. I was his first client. In his first 18 months, he's done close to a million dollars of sales. Wow. Just from recruiting a one person recruiting. Of course, he has like 10 years of experience and he's been doing it for, so it's not like it's just like he just popped into it. But recruiting is an amazing business. It's a really good business for like, if you have a one to three person shop, I think you could kill it. It's pretty ridiculous. Yeah. Of the, of the like agency, servicey type businesses, headhunting, executive recruiting, executive placements, seems to be like one of the best, if you're going to go into service, that's like one of the best service industries to do. Yeah. I completely agree. What's Amazon liquidation? Cause you've been talking to Jack about it. I saw
the messages, you were hollering at him. Well, I just start to pay attention, right? This is one of the, one of the, the meta lessons of listening to this podcast, right? You listen to this podcast, you should start seeing businesses everywhere, right? Like your cousin comes up to you. You're just, you're saying hello, but you're looking at everything that they're wearing and you're thinking, Oh, what's this business? What's that brand? I've never heard of that. Where'd that come from? What is this thing you're wearing under wrist? And so you start to like see businesses everywhere you go. You go to the, I told you the story. I was at the dentist. He's doing a cavity thing. I'm looking at his monitor wondering, what software is that? Ooh, who's selling software to dentists that, that looks at the X rates? That is like, this looks like it's from 1980. Like that's probably, that's probably like a super successful business because they didn't have to update their software. That's how I know it's that good of a business. Whenever I drive by a library, a university or a church or a school and I see someone, it's named it for someone,

I'm always looking them up on Wikipedia. I'm like, where did this come from? Because if you, if you have a library named that for you, you're a baller. And we have the, the billy of the week, I'm going to talk about this week is exactly that. So anyways, the idea is you see businesses everywhere. So same thing happens with ads. Now, every time you see an ad, it's not this annoying thing to scroll by. It's like, huh, who are you that you can spend money to get in front of me? Are you making money? What is this business? So I saw this ad on TikTok that was basically like, it was somebody receiving at their doorstep, not a package, but a palette of packages. Like a normal person was like, so excited to open their door and they like, you know, like you see it like a shipyard, like a palette of boxes just taped up and they're all like a mismatch of boxes. It wasn't like, it didn't look good. So I was like, what's that? And he said, get a palette of Amazon, it was like Amazon liquidation, get a palette of Amazon goods for like $10.
Ridiculous, like claim. And the one that I was looking at was, do you remember what the service was called? Okay. So look up this URL. Charming. So C-H-A-R-M-I-N-G. Charming-Z-R.shop. Right. So
you already know this is some fucking drop shipper motherfucker who is doing this. This is not a long-term brand that they are investing into. Charming-Z-R-Shot-Shop. Okay. Okay. So yeah, so it's like a drop. Yes, it's just shit. They're just on crap. They're selling like the crappy leggings that you see on TikTok. So look in the thread that me and, look in the thread that me and Jack and you are in. And click that exact link. So this says, huge value backlog, picking liquidation package, $9.99. And then you see these giants like from an Amazon warehouse packages, and it's basically returns. And you can get like the medium value, you get the large, you get the super large. The super large one, which I think is, or the whole thing, which is what the picture is of, is $60. So $60 for the whole thing. And so here's what it says. If you just scroll down their side and you know it's good because look at this. It has like the flashing yellow and red text. So like this is some, again, drop shipper motherfucker who is like, I'm going to optimize this limited stock. It's flashing red. And he goes, in the United States and Europe, Amazon, eBay and other e-commerce platforms have too many returns. And there's no redundant warehouses to accommodate those returns. Therefore, as a top liquidation company, we've collected these returns at a very low price and put them repackaged into pallets for sale. Some of the packages in the pallets lack the outer packaging, like there's no box. Some of them, and the functions are normal and do not affect the use at all. This is why we can sell these at low prices. And it says, this is a mixed pallet of Amazon bulk, which is also like junk. There's just a whole bunch of random things. And it's like, you get what you get and you don't get upset. Listen to their sizing. It's medium, large and super large. And the picture is like a pallet wrapped in plastic. It looks like a, like a Nintendo and like an oven, a coffee maker. We have to buy this, right? Okay, five to 14 businesses. Yeah, we need to do that. By the way, you want to grow the YouTube channel? Here's a stunt that becomes a YouTube video that I ordered an Amazon liquidation thing for 60 bucks. Here's the unboxing of my liquidation. So I don't know where you're at. If not, if you don't want to do it, I'll do it. But, but we should do this and film it. And I think, I think you'd be great at this. You're American Pickers days are going to come back in handy here. So let me just tell you a few other hilarious things. Oh, customer service. Guess what his customer service email is, Sam? What is it? Is it, is it help at a help desk at Charming's Physician Shop? No. Is it sub service? Is it returns? No, it's like big baller 69. Yeah. Speed arver speed of villa act 96 at Gmail. Oh my God. This is awesome.

Did you saw a Facebook ad for this? TikTok. I've been getting TikTok ads for this thing like crazy. So I bet you this guy's found some arbitrage where this is hitting on TikTok and he's just, he's just advertising or he's retargeting me at least because I'm seeing quite a bit of it. But there is this market. And so I mentioned this to Jack, because Jack, who is our clever friend, Jack Smith, who just finds shit like this before we do typically. He's always like into his drink stuff. So he had told me about this like a year ago. He's like, you know, there's this Amazon liquidation thing. You should check this out. And I was like, what is that? And then he sent me something that was actually like the high class version of this. So blue lot. Yeah. So blue lots.com. So that's the YC version of this. I don't think it took off. What they were doing was they were taking these pallets, these liquidations, and they were just listing them for like an instant auction, like a live auction. It's like the retail price of these items would be $500. You can buy it for 14. Go like just click buy now. And they're just basically taking junk, I think on kind of consignment and flipping it. And so this is like a flipper business of liquidations. But I don't really know anything else about it. I just thought this was funny and interesting. And I don't know, what do you think about this?
Let me tell you what I would do. I wouldn't do it the way the blue lot's doing it.
So there's this company that we wrote about in 2020. It's called it's called unclaimed baggage. That's all it's called. And what it does, it's based out, I believe, Alabama, Scottsboro, Alabama. It has like 200 employees. It was launched in 1970 by a guy named Hugo Owens.
And when he launched it, basically the idea was he made a deal with the local airport and it says any luggage that has been there for like 30 days or whatever it is, you know, we'll take it off your hands and they just have a huge store and they also have an online store, but they have a location. It's like a warehouse that you can go and buy all the stuff and all the stuff that's in it.
And I believe he's crushed it. And so it kind of looks like kind of, you know, like remember, like raw stores or like Marshall's, yeah, yeah, the stores where it's like, it's not high quality shit. It's mostly crap, but you can find some gems, but it's like just there's stuff all over the place. You know, and it's like fun. It's kind of fun. Like you go there and like, I don't even know what this thing is, but like this Bluetooth speaker, I don't need it, but I'm going to buy it. I'm going to buy it. That's what I would do with this is I would have a massive store and just sell the stuff. I wouldn't do it online. I would do it 100% in person in a cheap area where it's relatively low income and I would have tons of stuff. And by the way, by the way, the unclaimed baggage thing, it says cool bags get lost and then 99.5% of them like get back to their owners, but then it says less than 0.03% are never claimed. And so they made an agreement with all the airlines that says with, says, we will kind of give these bags a second life will take it off your hand. So you don't have these bags, unclaimed bags are just sitting here and we can resell, we can resell the items that are from it. They say only about a third, one third of the unclaimed items can be resold. They go through like a kind of a QA process that says, and they have about 7,000 uniquely discounted items for sale each day where they got from unclaimed baggage. And then they have like an online store. And they clean. So what they do is they clean the clothes before they get them. They clean 70,000 clothing items a month and a million people go to the store every single year. And it's about 150 miles outside of Atlanta. So people are going like just for this store. It's like a sticky type of like cute thing to do.
I have a friend, you should check this guy out on Twitter. He's pretty interesting.

This guy, Sonny Bird, Bird with a Y. He has a return, he created like a returns business. He had a clothing brand and he saw one of the challenges is somebody sent something back for return or an exchange and he was selling like suits that were like a few hundred dollar suits or something. And then what he did was he was like, all right, look, you, you, he basically was like, all right, you send back the suit. Now I need to like get this stain off or I need to reapply the tag or I need to do this other thing. Otherwise this is like an unsellable item. And so he like got a facility basically in North Carolina somewhere and started accepting these items for him for his own returns first and started getting good at refurbishing them, like reapply the label, get the stain out, re steam it so it's not wrinkly or crumbled up or like, he's like, dude, I can't even explain the number of variations of how people send back the shit wrong. And he's like, so we just had to handle all those variations. And once he started doing it for himself, he was like, oh, cool, I could just make this any brand. You could just, if you have items like this, just send them to us. We'll turn them over seven dollars per item or something like that. And then we're like, you can go resell that item. We brought it back to life for you to be able to resell it as new. And I thought that was pretty interesting. And he's doing well. It was just one of those like, kind of messy businesses that's like, you wouldn't, I wouldn't really want to start it, but I totally think it's going to kick ass for whoever is willing to do the work there.
In 2014, when I launched my first conference, hustle con, I was like crazy cheap and I didn't have a lot of money. And Costco is famous for like taking so many returns. And I bought like, maybe it was a second conference, but I think I bought like $10,000 worth of stuff from Costco ranging from tables to tablecloths to like two grand worth of soda. And we didn't end up using a lot of it. And I was like, let's just return it. And I returned like $3,000 to $4,000 worth of stuff. And I was like, yeah, I'm so, I'm so cool. I'm like getting money back. So we feel I'm saving. And one of it, I like, to this day, I still lose sleep over this because I found out there, the cashiers were like giving me a hard time. They're like looking at me funny. And the reason why, and I kind of overheard them say it, they threw all of it away. They just threw it right away. It was like, but I was like, but this is like a case of soda that's like still in the wrapper, like there's nothing wrong. And they're like, our rule is we just throw it all the way.
And I was devastated. That was one of the biggest regrets that I've ever had is returning $4,000 worth of stuff that was like consumables that they ended up just throwing away. Like it, it breaks my heart that I did that. And at least you have an answer to the question of like, what's your biggest regret in life? You got your answer. Actually, this should be a thing people do. There's all these questions of like, Oh, you know, what's the best? What's your favorite movie? What's the biggest regret you ever had? You know, what's, what's been a turning point in your life? Whatever. This is random questions that you only get so often, but it's very fucking hard to think of a good answer on the spot. And so we should all just do ourselves a favor and like one day just be like, all right, I'm going to, I'm going to write down my answers to all these questions. Because if you have a great answer in that moment, you're like a star because nobody else can pick up anything. That's one of them. That's one of them. The second one was when I was in college, I went to tip a guy like I was staying at a hotel and the shuttle was driving me around and I gave the guy like $20 and he goes, Oh, well, thank you. And I said, Oh no, you need it. And I meant to say like, you earned it or something like that. And I say, Oh no, you need it. And I was devastated. I was like, so angry that I'm haunted by that. I said, you need it. And I was like, Oh my God, that was the worst thing I could have said. Just to say you deserve it or you earned

it stupid already. I don't know why I was like that already bad. Yeah. Oh, it's like that. Those things I think about all the time. I'm like, what was I thinking? Right? Yeah, that'll hit you once a week and you just have a wave of sadness. Like that's like the bad version of, you know, the flight attendant, you check in at the front desk or whatever for your at the airport and they'll like hand you the boarding pass. Like have a good flight. You're like, you too. And you walk away. Yeah. And you're like, whoa. By the way, bleep that out. If people are listening to the car with their kids, all right, you can bleep that one out. So, okay, so I'll tell you, by the way, I have a theory on this stuff, which is it's my Halloween costume rule. All right. So what is this? There's an art to these stories. So the way you just did it was perfect, which was you tell the story, it does the job. Like you did something regrettable, but it's not like you said, like, you know, you know, I hit my girlfriend back in the day. I was like, whoa, bro, like, you know, you're not actually supposed to like put some dark shit out there or something really bad that makes you look bad. Like these are things that are kind of endearing. Like it's in deer. Like it's, it's funny that you did it. You made an honest mistake and then you recognize it and it still haunts you to this day. Oh, what a good guy. And we all had a laugh. And I feel like I got to know you and you're an interesting guy. It's, so this happens with Halloween costumes. One time I went on a, I was in Australia and it was Halloween and they had a booze cruise. And so we went on and I'll always remember there was this, there was, you know, the Halloween thing, most guys dress up as whatever, but most, most females is like, it's like okay to be kind of slutty on Halloween, right? It's okay to dress a certain way to like kind of like, you could spice it up, but you don't want to have your Halloween costume be accurate and inconvenient. So I saw this one girl, she came on the, on the booze cruise and she was dressed up as a bushel of grapes. And so she just had balloons all over her body, like green balloons. And so she looked like, like, you know, like, like grapes on a, like she was this, the vine or whatever, and there was grapes all over her, but she couldn't like, she couldn't have fun on the cruise. Like she was bumping into everybody, everybody hated her. She couldn't dance. She could barely breathe. It was like so hot in there. And like she paid the price for having this creative and accurate looking costume. And in my head, when I saw this bushel of grapes girl just struggling the whole cruise, she couldn't even get off this boat. She was just stuck there in her costume. I was like, Oh, the Halloween principle, which is like, there, you don't want to be, you don't want to answer all questions accurately if it's going to make you look bad. So there's a way to answer something. There's a way to do the game to play the game, but still look good in the process. I can't believe you're making frameworks up when you're like 18. Yeah, as I'm drunk on this booze cruise, that's what I was thinking about. I like made a mental note, never make this mistake. As I saw her, because I would do this, I would come up with a clever idea. And then it'd be like, I'd have like the most inconvenient night. So I resonated. What Rami actually said something amazing that I that I was just one line. And he said, when I think of copywriting, it's, he goes, uh, effective, not cute. Remember when he said something like that? He's like, effective, not cute, not clever, something like that. Yeah. And that was, and I think that's always the best. I'm like, whenever I see websites that are, I'm like, that's not effective. It's cute. Not effective. Be effective. Don't be charming or whatever he said. Yeah, exactly. You want to do one more or you want to talk about, I'm eager to talk about Harold, but we can do one more. If you want, well, let's do Harold. Cause it's actually, it actually relates to the liquidation,

Amazon liquidation thing. I'll tell you what. So, okay. So where did this come from? This is the cue of the music. Billy of the week is this guy, Harold Alfond. I had never heard of this guy. Did you know, did you know this name before I wrote this here? No, and I added a bunch of stuff though for you. Okay, great. So let me give you kind of like the brief story and then you fill in the gaps of what you found interesting. So here's the brief story. I, or I'll go backwards, Tarantino style. Last time we were on here or two podcasts ago, something like that, we talked about universal basic income, which is the idea of like every year you would just get like a $10,000 check and like, oh, why? Like, oh, so, you know, everybody, it's like social, well, social service or whatever, social security for everybody, including non-retired people, unemployed people, everybody. So I had said, oh, I heard this interesting idea. And I forgot that it was Chamath who had said this that I heard it from, of a birth dividend instead, which is basically giving somebody some money at birth. If you're a citizen, the government gives you X dollars at birth. And the beauty of it is it's going to compound over 18 years. So by the time you're 18, they only had to give you a thousand. It was invested in the economy. And then it grows over time to this larger amount. By the time you're 18, you want to go for college, you have something there. So two things happened. A bunch of people on Twitter were tagging me saying, dude, I actually did this for my kid and look at this. And so some guy was sharing screenshots of like, I put in, I think it was put in a thousand dollars or something like that. And then he's like, and then I added, I think it was $50 or $100 a month. And he showed that the balance was now $93,000. That was in this. And he's like, it's how much have they invested? It's crazy that it grew. I don't know. I don't know all the details. But he was basically saying, like, yeah, I did this for my kid. And, you know, it was a great idea for me. And I thought, okay, that's interesting. And so then I saw that somebody, somebody goes, yeah, it's like Harold Alfond in Maine. I say, okay, I don't even know what any of those words mean. What are you talking about? So I Google it. And basically, there's this guy, Harold Alfond. He was kind of like a shoe mogul, basically. He, he started off as a shoe boy working in a shoe store. I don't even know what the job title is, but he went from like, shoe boy to manager, then he left and him and his dad buy a factory. They buy a factor, a shoe factory, and they flip it in three years to a larger company. And then he goes and he buys another factory called the Dexter, either like the places called Dexter or something like that. But it's like the Dexter shoe factory, something like that. And he becomes, he becomes a private labeler. So he's making the shoes that are being sold in JCPenney and Sears and a bunch of other like department stores nationwide. And so that, that grew pretty fast as he became their shoe, their shoe provider. And, and then he says, all right, I'm so worried about like, if JCPenney cuts me off or they're always putting price pressure on me because they know I'm there, they're my big customer, like screw it, I'm going direct. So this guy hires a sales force, creates a public facing brand called Dexter shoes or whatever, and takes it like kind of nationwide himself starts to be successful. But the thing that's interesting is two things. So his business story gets interesting because he actually ended up inventing the outlet store, which is similar to what we were talking about with the liquidation thing. So in any factory, he knew this because he owned factories and any factory not 100% of the shoes are like up to snuff, up to the standard, right? So what do you do with the like non first grade shoes that were made? He's like, you either throw them away, like you mentioned, or you would sell it to, he called like a jobber, I don't know what that means, but you'd sell it to a jobber for a dollar, he would go market up and sell it for $5 or something. He's like, hey, that's pretty good,

like 5x. Why don't I just do that myself? A job is typically it's just a company that distributes. So it's a they have shelf space at Kmart and they just need to fill it. Gotcha, gotcha, gotcha. Okay, exactly. So what he did was he's like, I'll create my own. And so he creates this kind of signature look, this long cabin looking store. And he's like, this is where you can go get the stuff for cheap because these are the the kind of like refurbished or not quite like kind of odd size, slightly imperfect. And so he creates an outlet store. He's so he creates the concept of outlet stores, it gets really popular, other brands start to see that, oh, wow, this guy's like, he's turning his waste into revenue, his cost into into profits, like, okay, we want to do the same. So they start opening up stores right next to his off the highway. And so that's how you started to get these like fact, so whatever you call like outlet malls, where you would get a bunch of different stores all putting their outlet stuff together here. And so that was kind of like one of his inventions. Anyways, he ends up selling the company to Berkshire Hathaway. So he sells it to Warren Buffett for $433 million in an all stock deal at Berkshire. And I think you added some notes here. But all I know is that later on, Warren Buffett apparently said like, you know, this was one of the worst investments I ever made. So why did he say that? What I added there was basically, when he bought it, I think he bought it in the 80s. When he bought it, he said, it's this business is amazing. He and he wrote Dexter, I can assure you needs no fixing. It's one of the best managed companies Charlie have Charlie and I have ever seen in our business lifetimes. He says a business jewel. He goes, when I go to work, I sing, there's no business like the shoe business. He thinks it's excellent. But what the issue that happened around that time is basically cheap international stuff started coming into coming into America. And he said something like, he goes, well, cheap imported shoes from low wage countries started coming. But someone forgot to tell the Dexter's managers and their workers about that. And they just forgot to address it. And so over time, he predicted that it was going to make about $120 million, $150 million a year in profit. After a handful of years, it ends up losing tons of money. He merges it with Burlington Coat Factory or at least tries to and eventually it goes, it goes, it's done. And a big problem was that Harold started the company in a small town in Maine, where basically 2000 people worked. And at this point, they were mostly older people. And Buffett was like, well, we just lost all this money. It was horrible. He goes, if you look at the Guinness Book of World Records, it goes down as the worst deal ever. But the worst part is now all these people are all out of work and they pretty much are too old to learn new trade and we and they're screwed. And so I called it one of the worst deals of all time. The quote was, we lost our entire investment, which we could afford, but many workers lost a livelihood that they could not replace. Good guy Warren Buffett. All right. So, okay, this is where, okay, Harold Alfon now has a bunch of money, a bunch of Berkshire stock. Berkshire stock continues to appreciate overtime. So he sold it in 1993. Berkshire has just continued to grow and grow and grow over the years. So anyways, I think he owned over 1% of Berkshire halfway stock. Wow. That's kind of incredible. I don't know what Berkshire's market cap is now. Ben, check Berkshire's market cap now, but he sold it in an all stock deal. So whatever that $433 million was worth, if he held, it ended up being worth a hell of a lot more. So what's interesting is, like you said, the guy's in Maine and what do you decided to create? He starts giving away. So he starts giving, right? He's like, okay, I'm going to live, you need a new library. I'll fund it. The University of Maine, you need a football field. I'll fund it. Berkshire Hatham, $6504 billion. And by the way, Ben, check what it was in 1993 when he sold. I want to see how much

it's grown. So he starts giving away. One thing he decides to do, he says, you know, education is the most important thing. I didn't get to go to college just because of what my opportunities were. I want to make sure everybody has that opportunity. I think it's one of the greatest opportunities you could have. So he creates a pledge where he says, I will give $500 to every baby born in Maine on their kind of like birthday, you know, when they're born, that in a 529 account, right? So in this like special kind of like tax-adventure saving account, if you open up your account, I'll put $500 in. And by the time they're 18, that will have grown over time will have appreciated. And so he starts doing this. And at the beginning, he does it for like, you know, whatever, a few hundred people that a few thousand people. So now, let me just break down some of the numbers here. So $60 million has been given away to babies in Maine for their college tuition. That's 117,000 babies that have taken him up on his offer for free money statewide. So it's the largest statewide college savings program is sponsored by this one dude and his like family trust, I suppose. The families, because they open up the account, they can kind of like, he was big on matching. So everywhere he gave, he wanted the recipient to match in some way, whether it's money or effort, or you have to do something rather than just give. So in this, you had to open the account, which was a bunch of people
weren't doing that before this. And the second thing was, you can then match the $500 that goes in because you realize it's a good idea. And so here's the basic math. If you had just, if you just took the $500 by the time you're 18, it's about $2,000, right? So it's gone up about 4x in the 18 years. But if you contribute $50 a month, it's $25,000 by the time you're 18. And that $25 or so, the $50 a month, that's like achievable for many, many families. And then you have $25,000 that like can pay for, for, you know, state college tuition and whatnot, giving education. And so I kind of love this. I thought this was a baller move to like, build up your hometown. And he's given away $500 million just in Maine across various programs. I thought it was pretty remarkable. The foundation has a billion in assets. So they give away about five, I'm sorry, 6 to 8% a year of their total assets. And I think his son is like a senator in Maine, right? I think like, that's right, grandson. So the family is, I mean, I guess they're legends in Maine, that's pretty baller. This makes me want to like get wealthy just for that reason. You're going to go back to St. Louis and do a little something or what?
I don't know. I've been out for so long. But did you, you can make a big donation to Belmont, your Belmont finest alumni? Did you, I'll put you in the spot. Did you donate anything to the Haiti thing or the Afghanistan or any other cause this year?
We did a bunch of stuff for the wildfires, which I don't know if that was this year or not. And then the other one was charity water we tried to support. I don't know if we did it this year or not. And then the last one, Sonia, if she sees anything that's like for like animals or like, it's like, she's a vegan. So if she sees the animals or the distress somewhere, she really wants to give. And so we'll give a little bit there, but we're not big givers. I was actually, we were talking about this the other day. It's like, we had this idea, like my wife really wants to open up an orphanage in India. This has been her dream since we were dating. She's been talking about this. Like she wants to have like, if you go to India, you see these like tiny, tiny kids on the street begging. It's like heartbreaking. So she wants to open up an orphanage where, you know, they can kind of have a place and not be on the street. And, and I told her, I was like, you know, like, I feel like we made it. And she's like, no, like, when we really

make it, I was like, you know, that time will never come. We should just start giving now, proportionally, whatever we can give now. And then like, when the time comes that we can open up a full orphanage, great, we'll already have been like, doing the thing and taking some suffering away for some people. And so we were literally just talking about this.
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 workday is 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 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 I don't really give either. We gave low-digit thousands to the Haiti and Afghan stuff, and that was like a big, that was the biggest donation I've ever made. Right. And maybe, sorry, it might have been two grand, I think, one thousand each. And I tip, that's new. We don't ever do that. And I realize that's a huge mistake.
That is such a huge mistake. And I think it's a huge mistake for one major reason, two major reasons. One, it makes you feel so good to do that. Even, no one has to know, but I guess I'm breaking that rule. I'm telling a bunch of people. But the second thing,
giving away money, I think will make you earn more. So John Rockefeller was famous. He actually gave 10% of his income every single year, starting at age like 12. Like the year he started making money, he always gave it away. We talk to, we joke about Mormons, they do this a ton. A lot of Christians, they do tithing, I guess that's 10%. I don't know how different other, I don't know how other religions do it. I'm sure each religion has like their version of this. We should totally give more, and we don't. And it's kind of messed up. I think it's wrong. I kind of convinced myself, I'm like, well, if I, I'll just tip a lot, which is like kind of bullshit. It's not entirely bullshit, but it's half bullshit. We should totally give more. We don't give nearly enough. And so that's cool to read the story. Whenever I read these stories, I'm like, I want to get wealthier just to do this. There's a guy who, what was the guy's name in San Francisco? And there was this amazing article, it was called The Billionaire Who Gave It All the Way.
You know what I'm talking about? His name was Patrick, Patrick Feeney, I think. Is his name Patrick Feeney? Let me look it up. So anyway, his name is Chuck Feeney. So he created basically the stores that you, I'm going off of memory. I read his book a while ago. He's 90 years old. He currently lives in San Francisco. I'm reading this. The billionaire.
We did a Billy of the Week on him. Chuck Feeney. I remember you brought him on.
Chuck Feeney, the billionaire who wanted to die broke and is now, and did it basically.
And he's now worth $2 million at his height. Was he the one, somebody wrote a book called Die with Zero or something like that? No, that's a different, that's a different topic, but it's also good. But basically the idea is like a lot of people wait to give all their money away.
This guy did it when he was live. His name was Chuck Feeney. He basically created, when you're, if you go to China and you're not China, he did Japan. If you're on your way back from Japan, you can go to the duty free shop. He basically invented that. And now he's got a bunch of duty free shops. They're quite famous. I can't remember what they are, but

his, it was cash flowing like crazy. And so at his height, he had something like,
it was multiple digit billions, I believe $8 billion. And that's how much he's given it away.
So he's given all of it away, except for $2 million. And he currently has an apartment in
San Francisco that costs him $4 or $5,000 a month. And that $2 million is all he's got left.
Crazy fascinating. I remember reading about him and I was like, I want to get rich just to do
that. So pretty cool. But like a lot of people, when they start making money, I'm like, ooh,
I don't know. What is the pot? There is some pot that like kind of like blocks you, but
what? I can't even put my finger on it. It's not like I can say, well, I'm thinking about it this
way, but that's the wrong way. It's like, I don't, I think I'm just not thinking about it or I'm,
I'm thinking about it and then it kind of becomes a heavy topic because I think I should do more
and then I feel guilty and then I just move on with my life and I just do nothing. I distract
myself. You know, I don't want to blow up his spot too much, but the guests we just had on were
me. I've heard stories. I've heard that he is a very good giver. Oh yeah. I like hearing how
people give. I have a friend who, as soon as he made a bunch of money, gave a ton of laptops away
and I thought that, you know, there's like a, there's something really cool about when you give
somebody a knowledge engine or like a monetization engine. It's like, you know, it's sort of like
a teach a man to fish thing, but you're not teaching anybody anything. You're just giving them a tool
that if used well, can generate like kind of infinite number of returns. And so I like that
idea of like, you know, whether it's microlending or it's, you know, what was that project where
they dropped a tablet off? Do you remember this? They dropped a tablet off in the middle of Africa
with no instructions. Do you know what I'm talking about? No way. So Mike Butcher, some of the
details.
They ran this experiment. They left an Android tablet, which I think had like nothing,
like kind of like nothing on it. I think it was like a wiped reset thing. Maybe it was just like
the boot sequence. And they just left it in this like village in Africa. And then they came back
like a year later. And like the whole village had learned how to use this computer, how to use the
tablet. They had like found it, booted it up, got an operating system on it and have apps. It was
like running. And like, they had like learned, put all these education games on it or whatever.
It was like, yeah, Dan just linked to here. I didn't remember the exact story. So I guess it's
Ethiopia. So a box of Zoom tablets was dropped off in Ethiopian village to kids who had never seen
a computer before. And by the time they came back, they had not only taught them how to use it,
they were like modifying the Android operating system on it to like work better for themselves.
It was kind of this like really inspiring story. It was almost so inspiring that I'm like,
all right, is this a little bit of bullshit or what? I kind of don't really care. But
I like that. I think that's that just shows how much power there is in such a simple act.
Yeah, I think it's great. We should have we should organize something for like our listeners
to like, yeah, we should do something via the pod. Let's give some let's give something fun via the
pod. Well, the way that we gave to the Afghanistan, I think we only gave him $1,000. So it wasn't
like that big of a deal. But the guy, his name is soul. S O S O L space and then Orwell is his
last name. He owns examine.com. He just tweeted out that he was going to do this. And he was like,
I'm going to give it away. He's like, I vetted this. I know where the money is going to go to
for this. I know exactly what's happening. You if you trust me, then you'll then you can trust
that this is going to be good. And he raised $400,000 off a couple of tweets. And that was pretty
amazing. And it sounds badass. So we'll have to do something like that. I think there's a lot of

work to vetting in Haiti. Sarah's mom, you know, Haiti had this massive earthquake, you know, and my mother-in-law is from Haiti. And she's got this brother. So my, my, my mother-in-law's brother. Yeah, no, my brother and brother. Yeah, my uncle, I guess, he is a Haitian immigrant. And one and when the another earthquake happened, what he did was he got all of his friends to donate a little bit of money, collectively added it up to like $100,000. So he had $100,000. Maybe he had $200,000, something like that. A lot, but not enough that it's like too much. And he took a hundred grand in cash and $1 bills and $5 bills. And then he hired a private plane and they bought tons of toilet paper, paper towels and peanut butter. They flew into Haiti, they gave out the peanut butter and gave out the toilet paper. And then he had all this cash and he's like, dude, they just needed money to buy shit. And like, US currency was good. So I just started giving everyone $5 bills. Anyone I could find, I would just give them $5 bills. And then he goes, and then we stayed there for a day and we gave it all away. And then we just came right back. And I was like, that's pretty baller. That's pretty great. And so I don't know, something like that, it's inspiring to hear. So we're going to have to do something about that.
If somebody's listening to this and they have a good idea of a way for us to give that, I would say is what my hope is that it's kind of like in line with the values of the pod. Like if you listen to this, you kind of know what we're all about, what we respect. Like I respect that kind of like tab, giving tablets to people who never had a computer before, right? I think that's kind of amazing. And so if you can think of a good way for us to do this, where you kind of, you know, where the money's going, you know, it's legit, you know, that this is kind of like actually help people. Definitely hit us up, hit us up on Twitter or whatever. Give us ideas.
Can we go a little bit over? Can I, can I, there's one something you want? I have a lot of stuff on here. Did you see, I did a ton of research on a variety of different stuff and you totally overlapped with a lot of my stuff. Scroll down, look at all that stuff. I'm not gonna get you at all. It's like so much work that I put in. We're gonna have to get to it next week. But can we wrap up with the theory of the future of venture capital? Yeah. Because I'm curious what your opinion is. Is that one of the things you, research or you want me to spiel? I want you to tell me your opinion. So I was thinking about this. So basically I was like, all right, venture capital, I think is a great place to be because I think technology is driving a ton of progress. So you basically, if you want to bet on the future of humanity and where a lot of growth is going to come from, investing in technology is the way to do it. That's pretty clear. All right. So within that, how do you perform well? So I was thinking about, all right, you have venture capital and venture capital is kind of changing and people like to talk about this. So here's my theory. Why is it changing? It's changing because like A, there's just new, like the secret's out that you should be investing in technology. So you have like SoftBank coming over the top with the 100 million, $100 billion vision fund. And then you have Tiger Global. Do you know what's going on with Tiger? Well, I just know that I see Tiger Global everywhere. I believe Tiger Global, it started out by a guy named Chase Coleman. His wife was in like some actually documentary about being like filthy rich years ago. And he, it was a hedge fund at first. It was just a hedge fund, like a boring, like maybe high speed trading hedge fund, right? Yeah, I have a lot of trading. You got to read this sub snack. I mean, obviously not now we're on the pod, but it's called playing different games. It's by this guy Everett Randall. Phenomenal sub phenomenal blog post about what Tiger is doing and how they're playing a different game. And basically what it talks about is like, what most beautiful headline, by the way, if you want to learn about how to package content into

good stuff, this is a beautiful headline. It says playing different games. The Tiger phenomenon, beautiful headline. And it's not, it's not too click baby either. It's like seven unbelievable things about Tiger. No, it's like, it's, it's a, it's a, this guy has a point of view or a thesis on what they're, what they're doing. Cause to everybody else, it looks a little bit crazy. Cause what, what you were seeing was, oh, new funding round happens, Tigers in it, Tigers in it, Tigers and say, dude, how much, how many deals are these guys doing? They can't possibly be vetting and seeing this many deals. This is an unbelievable pace. And so what he talks about is that they're playing a different game. So a normal fund says, okay, I raised this fund. I'm going to deploy it over the next three years. And that's what I told my, my investors I was going to do. So over three years, I'm going to find the best deals I can. I'll be super selective. I'm going to find the best deals. And then I'm going to maximize this sort of like, the sort of return, the return I'm going to get the IRR. And he says, what Tiger is going to do is like, I'm going to deploy as much capital as humanly possible at a 18% IRR. So I'm not trying to maximize IRR. I'm trying to maximize the gross
dollars that I could shove into a pipe that will give me 18%. So I don't want to fall below 18%. But I don't want to try to get to 28% if it means I'm going to deploy half as much money. So it's a very different game. So, so this happens in e-commerce all the time. You have two people in e-commerce. One, one brand says, we want to maximize our ROI or return on ad spend as some people say. We'll just call it ROI. So they want to put a dollar in and make $3 out. And they're, and if they, if they get $2 out, they feel bad. If they get $4 out, they feel great.
And so they, they spend as much as they can while they're getting, they spend like, as long as they can maintain a certain like above 3x ROI. And they have other people that say, no, you know what, like, I'm happy as long as my ROI is like, yeah, somewhere, but somewhere above 1.5. If it's above 1.5, all I'm going to do is just add more money into the top of this thing. I'm going to shove more money in because I'm taking a larger number and I'm multiplying it by a smaller multiple, but my base, the base amount of money I'm shoving into the pipe is getting bigger. So this, that's my return. So you have different strategies. So what are you saying was Tigers doing this in BC, they're basically trying to deploy way more money, way faster, so that their, and their returns look better because it's instead of deploying it over three years and being selective, they're deploying it all in six months. And so now if it comp, if it starts to return, it's going to already have a faster rate of return because the money got deployed, whereas the VC might have held the money for three years being selective.
How are you solving the hard problem of making sure that the companies are going to collectively do 18% IRR? Well, they're sort of saying, look, if the best guys who are selective are going to hit 30%, 40%, we can hit 18 just by getting, we can hit 18 by doing a lot of deals and sort of like a law of large numbers. We should still get there because technology and aggregate, the index is going to do something close to 18. And plus, as we develop this reputation
of being, we are a trusted fast deal maker. You want money come to Tiger Global, we'll get you money in 24 hours. We'll get you a lot of money. You don't have to do this whole dance with the other
VC's and they're going to debate and they overpay. And they're like, yeah, cool. What valuation do you want? 50? Make it 60. And it's like, oh, okay, cool. I'll take your money. So they're getting into a lot of deals and a lot of good deals because they're not price sensitive.

They're fast and they're aggressive. And they're building a track record because when you do so many deals, they're going to have a bunch they can point to as like, yeah, Tiger was the one behind this winner. And they'll just sweep all their losers onto the table and you don't have to worry about that. So they'll build reputation fast too. So I thought this was kind of interesting.
So I would say there's a whole bunch of reasons why VC changes. This is actually not even what I was talking about. My thought was, if you're creating a fun today, you really, the winning strategies are, you play a different game, which is the Tiger one. So that's strategy one. You play by a different set of rules than everybody else. I love that strategy though. Another example of that is when Chamath moved upmarket to SPACs. So Chamath was doing early stage tech investing
series A, series B, he's competing with Sequoia and Benchmark and everybody else. And then he's like, oh dude, SPACs? SPACs weren't in vogue until he started to make them. The mechanism had been
around, but they weren't popularized and not everybody was trying to do a SPAC. And then he started this wave because he's like, huh, there's a bunch of companies that want to go public. I can take them public faster and get them a higher valuation. And basically I can do super late stage stuff and basically make 10x my money in one year. And so he does one SPAC. He's like, oh, this is amazing. He did SPAC A, then he trademarked SPAC B, SPAC C, SPAC D, all the way through SPAC Z. Trademarked 26 of these. He's like, dude, this is a money printer. I'm 10xing my money. I'm going to do this 26 times if I can.
But the verdict is still out on that strategy, I believe, right?
The sponsors are making their money, dude. They make their money regardless. It's the retail investor who joins in and says, I'm going to invest in this SPAC. They are getting a questionable return. But the sponsor, Chamath, what he's doing. So here's the model, by the way. I learned this recently. So I might be oversimplifying it. I might have some details wrong. I was at a dinner with somebody who was doing a SPAC and I was like, yo. Can you say who? No. I was like, tell me the numbers behind this. I was like, are these guys getting filthy rich? I feel like they're making a lot of money doing this because just of how many they're trying to do, this must be, I'm wondering, he's like, it's unbelievable. So here's how the economics of the SPAC work. You, let's say you're a Chamath. You have great reputation. So for those who don't know what a SPAC is, a SPAC is a special purpose acquisition corporation or something. So it's basically a blank check holding company. So you go to the public market and you list your SPAC there and you say, give me $400 million. I'm going to take that $400 million and I'm going to go find a company
to invest in. And so he goes to the public market. He says, I don't know who I'm going to invest in, but I'm going to invest in somebody. But his reputation was strong enough that he was able to raise $400, $500 billion. Bill Ackman, I think raised $7 billion or something crazy for their SPACs. So they don't even know who they're going to acquire.
You have a deadline. You have a two year, I think, clock, 18 months, two years, something like that. You have a deadline. And if you don't buy a company, you have to buy it back plus a certain amount of interest. Yeah, there's like a warrant, basically. And that's what's happening now with SPACs. A lot of SPAC investors have been sitting around waiting for the company to do a move. It's like a coupon. You can basically say, give me my money back and they have to give you your money back. And maybe plus some interest. I'm not sure exactly what happens. So for a SPAC,

let's say it's a $250 million SPAC. The sponsor who's a chimon or somebody in this case.
And he's not the only one. Reid Hoffman is doing his back. A whole bunch of people are doing them.
They put down about 3%. So let's say $250 million SPAC. I don't do public math, but I think that's
about $8 million that they put in their of their own capital. And then when they...
Everybody froze? Oh, we're back. Okay. So you put 3% down. When you find a deal and you actually
do the deal, you're going to get 20% of the action. So you're putting 3% of the capital
and you're going to get 20% of the deal. So that's your flip right there. You put 3% in,
you're going to own 20% by the end of it. In addition to that, there's things called pipes.
Pipes basically, oh, I raised $400 million, but I need... Turns out I found the company,
but I need $600 million to do the deal. So before it goes public, somebody can come in and give you
that difference, that $200 million difference you're short. And they get a sweet deal too,
because they know the target. They put the money in and then very quickly it gets liquid for them,
like, because the deal ends up in the public markets then announced. So there's a lot of
money to be made in SPACs right now. There's also a lot of money to be lost if you're doing it wrong.
If you're the sponsor, I think you're making money. There's a lot of money to be made if you are
a certain couple of people, a certain handful of people. By the way, is why it's so funny when
people liked Tomoth. And I liked Tomoth. I think he's great, but I think he's a virtue
signaller. Like, I think he loves to say the things that make him sound like the people's,
you know, the people's champion. Like a Robin Hood. Yeah, I'm a Robin Hood up saving and everybody
else is playing these bullshit games. Why don't we do real hard work and solve real problems and
cut out the bullshit? He's all about that. Like those rhetoric. He's very good at those speeches.
But if you look at what he did, it's like, dude, you're playing the game just as hard as anybody
else in my opinion. You might believe you have better intentions about why you're playing the game,
but like, let's be clear. And I don't have a lot of... You're an insider and you're an elite. You're
not the everyday man that you're trying. He tries to kind of champion for, but I can't blame him.
Like that's a good strategy. Instead of saying I'm a rich billionaire, like with insider access,
you know, that doesn't play over so well. And I don't know if this is true today,
but I think it was true. I believe that his SPACs, Chamas SPACs are like
an aggregate of all across all of them, like the most shorted stocks on the stock market.
Maybe they are now. I don't know. I haven't looked at that. But yeah, definitely people have cooled
off on some of the... Because if you look at what the thing is, you look 18 months later after they
do their acquisition target, you're like, how are they doing? So like the typical SPAC curve was,
they list at $10. Before they find a target, they trade up to $13, $14, $15, $16. So you're
getting this return before anything has happened. This is just like greed. And then they find the
target and then it either pops or it starts to shrink depending on how people feel about the
target. And then like 18 months later, where is that stock? Is it at $10? Is it above or is it
below? I think people are doing some good analysis on this. I'm not super up to speed because I didn't
plan to talk about SPACs today. But anyways, I think they're making fun of me.
One example is Opendoor. Have you... Look at Opendoor's stock. I think that's one of his SPACs.
It's doing well now.
Well, just look at it. It's the exact ARC. So you guys couldn't see this, but
Sean's... What's that ARC called? It's just like a standard deviation.

A cycle?
Yeah, like a...
No, it was like a standard deviation, like a chart. And that's exactly what Opendoor looks like.
It starts small, gets huge, goes back to small.
Lists at $10, runs up to $34 and is currently trading at $15, $15 to $17.
And so, if you were in the $10 bucket, yeah, you do have the gains right now.
So I'm not saying SPACs are good about it. I guess what I'm saying is,
if you're... My main theory here was, you got to do something different.
That's one way. If you found a different game.
Now, people are going to copy you just like they...
Chamath is credit.
Figured out that this is a good model, was the first one doing it, and then there's just been a
flood of SPACs since then. Everybody and their mom who can SPAC will SPAC right now.
And even startups who can't really raise well or aren't strong enough to go public,
they can go public via SPAC, and then all of a sudden, hey, we got liquid. Great.
So there's definitely a lot of lipstick on the pig going on.
Wait, so we have to wrap up the segment, which was VC. You do the Tiger thing,
you become like Chamath or do something different.
Those are one. Those are a play a different game. Tiger and SPACing,
that's an example of playing a different game. The second one is, you're the big brand.
So Sequoia, Benchmark, Andreessen, they're always going to get the best deals,
or they're going to get allocation if they want in the best deals because of their brand name.
And those funds are so big, and you can't even invest in them if you want to do it.
That seems like the hardest one to do.
Well, yeah, because, okay, great. It's like saying, start off and checkmate,
you know, like, how do I do that? How do I become that brand? Obviously, that takes time.
But they'll do well. I'm just talking about who's going to do well. People playing a different game,
then the big brands, then the niche specialists. So this is like, I'm a VC fund focused on cannabis.
I'm a VC fund focused on automation and machine learning. I'm a VC fund focused on what's called
it SaaS software, like David Sacks, Kraft Ventures. So there's like a whole bunch of
these, right? Vice Ventures. They brand themselves as specialists in this one thing.
You could do a media one if you wanted to. And basically, what happens is, if you pick
the vertical that works, like SaaS is a good vertical, automation is a great vertical, right?
You're going to see a lot of, you're going to see more deals than anybody else in that
vertical than a generalist because you say no to everything else that's not this.
So you're only spending your time here. You build your brand there by creating a bunch of content,
your blogging, your podcasting about why automation is the future, why self-driving cars are the
future, blah, blah, blah. So those founders will combine you. And then also, they'll keep you in
deals. So even if Sequoia or Benchmark wants to do a deal, the founder will add you for that
credibility because you're a specialist in that niche. And by you stamping them, it's valuable.
And they think you'll add value because you are more knowledgeable about this domain than
anybody
else. So I think niche specialists can do well. Then there's celebrity angels. That's like Neval,
biology, same sort of thing as the big brand. And then the last one is called venture services.

What are venture services? Are you familiar with Tusk Ventures? Do you know what Tusk Ventures is?
No. This guy Bradley Tusk, he's got a book that you might have read. He was, I think he's like an ex Washington policy guy. I don't know. He's like a policy guy. What he got kind of known for was when Uber was in its early stages growing, Uber was having hella trouble with cities and the taxi
cartel and like every market they were fighting against taxis in the cities. And then the people wanted them there. And so he was giving them a bunch of consulting and advice. And then he got to invest and Uber was like one of the best investments of the decade for an angel investor.
And he did that also with Airbnb, another group that had policy questions. So any startup that had a regulatory or policy challenge, which actually many do, it was like, oh, we should include Tusk in our round. That's what their value add is. And so he had a services business that was his consulting business for this that he built. I think he owned 100% of it. I think it's $100 million business. And then he created a venture arm just to invest equity and get equity in all those service just exactly this. Yeah, exactly the sort of policy legal regulatory lawyer, basically, lawyer, but specifically with like public policy, I think. So like lawmakers more so than like drafting your shareholders. And so, you know, built this really successful services business, but didn't leave it as service business added a venture arm to it. And because of that own equity and things that ended up being very, very valuable. And a lot of ad agencies try doing this. And they only do okay. They only do okay. I think that if you did it with a different, a different shtick, like what this guy Tusk was doing, then it could be interesting. A lot of ad agencies do that. Like even you remember Red Antler and all those guys. Yeah, I think they took a sliver of equity. You had to give them like, like, there was a minimum, it was like 50 grand plus some type of equity. Right. Well, friend of the pod Andrew Wilkinson, he was doing this with Tiny, right? Or sorry, with MetaLab, the design agency. So design agency. And so Slack is paying them cash to design the first Slack client could have took equity also or could have had an equity arm that says, great, let me also invest in your next round or in this round with you separately. We'll take the cash on the balance sheet that we're making from consulting. And we will invest it into the projects that we believe in that are in this portfolio would have done phenomenally well, but didn't do that in his case. He used it to go buy businesses separately.
Did you hear, do you know who David Cho is? No. So David Cho, and this will be the last story, David Cho is this kind of degenerate gambler, crazy guy. He's, he, when he was 18, he started traveling. He had a show when Vice was popular of him hitchhiking across the country. It was called like David Cho hitchhikes across the country. And he's just kind of this degenerate crazy person. But he's an artist and he's like a wonderful artist, a graffiti artist. He's so good at it.
And he's got some amazing work. And right when Facebook got started, David Cho was kind of like a cool guy. Like a lot of people knew who he was and they wanted this work. But, you know, he was hard to get. And so eventually, Sean Parker hires him to paint Facebook's office. They want this. They want to paint this like amazing graffiti. And David Cho goes, yeah, you know, it'll be 50 grand. And Sean Parker goes, well, you want 50 grand of cash or 50 grand of Facebook stock? And he goes, well, I'm a gambler. Give me the stock. He takes the stock and it's worth like $300 million a few years after Facebook goes IPO. And it was all from this Facebook wall that he painted. And I went to the Facebook office and they ended up taking down the,

or they moved to a different office, but they saved the wall. So throughout the office, you can still see the David Cho painting. And so he ends up at the time when I wrote the article, like four years ago, it was like $200 million that he made from the $50,000 worth of art. Now it's way more. He's actually on Joe Rogan all the time. He's a crazy guy. This guy, David Cho is nice. I like it. Yeah. Basically, I think there's this model of venture services, which is, you know, Bobby Goodlady is doing this with design. Bain did this back in the day. So you have Bain and Co, the consulting company, and then Bain Capital was their venture on that they use. So I think that investors, you can't just say, you know, I'm good at this, I'll give you advice. It's like, I think there's going to be investors that say, yeah, use my, like I have a company that does this as an agency, as a, as a services company. And then we also invest. And that combination, I think it's going to be pretty powerful.