

## [Transcript] The Realignment / 406 | Zeke Faux: Inside Sam Bankman-Friend & Crypto's Rise and Fall

Marshall here, welcome back to The Realignment. Hey guys, as you can see, this is a Friday episode, increased the tempo of the show, because honestly there are so many different authors, books, topics, events I want to cover and that cannot be done with just two a week. Secondly, this is actually the last recording I do before I get married this weekend, just small Jewish ceremony in D.C. And now this week is the bigger party of friends and family in Austin, so we're going to pump for that. So we're going to make this intro pretty quick and dirty, super straightforward. I'm interviewing Zeke Fox of Bloomberg. He's got a new book out. It's called Number Go Up, Inside Cryptos, Wild Rise and Staggering Fall. Cover his book, Features, Sam Bigman Freed, SBF, so there will be plenty of coverage of that topic. We're also going to have crypto finance right into Washington and the longer term lessons and debates over the future of cryptocurrencies. Hope you all enjoy this conversation and have a great weekend. Zeke Fox, welcome to the realignment. Thanks a lot, Marshall.

This is my favorite meta question to ask any tech journalist when we discuss anything related to crypto. So the title of your book is Number Go Up, Inside Cryptos, Wild Rise and Staggering Fall. I'm going to offer you a warning as someone who hangs out with the tech and a lot of the pro-crypto crowd. If crypto comes back and you write anything negative about crypto, people will take this cover and your usage of the word staggering fall and dunk on you for eternity. In the same way that that Business Week author who wrote that anti-Amazon piece in 2000 has been dunked on for the rest of time since. So I'll just ask you kind of like the meta question, like how much of when you're thinking about this topic and thinking about new technology. Is there in the back of your mind a concern that I'm calling something a little too early? So I certainly crossed my mind that I could enter the ranks of like famous donkeys and that everyone would just tease me about how wrong I was while they're all, you know, while we've all moved from banks to like, our wallets are just full of Solana tokens and we've forgotten about US dollar and like the Winklevi are the kings of the world because they own the most Bitcoins and board apes have filled the Museum of Modern Art. Like in that scenario, yes, like people will laugh at me, but I actually, I think it's like a, it's very unlikely and Amazon, I was happy to see Amazon made number go up and editors pick in the history section,

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which I think totally appropriate.

Like we're never going to see a bubble like this again.

And I'm, I felt like I had to, I had to call it like I see it and not try to hedge even, even risking some embarrassment.

Yeah, there's the, there's the cowardly question mark.

You could have dropped at the end of staggering fall.

I mean, there's a terrible update note in the paperback edition, but I think this is actually a good place to start though.

Considering your claim is that we are never going to see a bubble like this again with crypto because that kind of takes us back to the Amazon example in the year 2000, because like once again, you know, you're coming out of the dot-com bust, Amazon's kind of like cratering, like not doing as well.

I think it'd be easy to say something similar along the lines of like, the nineties were crazy.

You know, it's never going to be like that again.

Obviously the 2010s call and then things are even crazier.

Well, how would you separate our understanding of crypto and this topic and SBF for maybe Amazon and Jeff Bezos kind of bookending two different areas of the tech industry?

Yeah, I mean, crypto advocates will often bring that up to me and say, look at like the early days of the internet, you know, not everything.

People made all sorts of wild claims now, then they didn't work out.

But now we all live on the internet and like some of those dot-com companies are some of the biggest, most successful companies in the world.

And to me, it's different.

I lived through the early days of the internet.

I was a kid. I love the internet. I use it all the time.

I was downloading games.

I would dial my friend directly in order to, our modems would connect and we could play Warcraft against each other.

I was on like Bolton boards.

The internet was awesome.

And with crypto, I came into this book not really that knowledgeable about crypto.

I just like read about it like everybody else.

And I had this sort of impression from hearing people talk about crypto.

Even though I'm skeptical about it, I thought that it must be somewhat useful.

When I dove in, whenever I would meet a crypto founder, I'd say like, your product, can you demonstrate it?

Like I'm a writer. I need to see how this works so I can write about it.

And they would be like, oh, like we've raised \$100 million for our coin.

But, you know, we haven't done anything yet.

There's nothing you can see.

Or I'd ask like, where in the world is crypto really being used?

And people would point me to El Salvador.

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I went down there to see how it was working out.  
And it was like a total mirage.  
They'd painted this picture of like a country that had adopted Bitcoin and where Bitcoin was helping the poor.  
But I get to Elizonte, which Bitcoiners have nicknamed Bitcoin Beach.  
It's like this little surfing village.  
And there are claims being made that this is like a place where locals have like changed their lives by using Bitcoin.  
And I get to like a bodega.  
It's the first place I try and buy anything.  
And I get it.  
Yeah, it's like, you know, 90 degrees there.  
I grab a bottle of water.  
I go to pay.  
And I'm like, I don't speak.  
I, you know, I've got like my gringo Spanish.  
So I'm like, Puedo pagar con Bitcoin.  
And the clerk is just like basura trash.  
And he grabs the water and just he's like, get out of here.  
And that was like the reaction I got there where like, nobody wants to use Bitcoin.  
Nobody wanted to talk about it.  
It was just like this annoying thing that tech bros would come and, you know, make YouTube videos about on their beach.  
And I am, I felt that that a lot of that applied to that applied to like a lot of crypto world where, you know, it sounds good if you hear somebody talk about it for a minute.  
Or actually, sometimes it sounds pretty crazy.  
And then in practice, it just the promises are not, it's not living up to these promises.  
You know, I really appreciate your point about how like you actually grew up on the internet in a way that the business week writer from 2000 obviously didn't because like, I think we're from like similar age cohorts.  
And like, I remember when we got Windows 95 in our house, and I first got on the internet and like did all these things.  
And the line I've interviewed a lot of crypto founders and like the, you know, my more tech focused podcast where it's like very positive.  
I'm not a journalist.  
So I was just kind of asked them a friendly question.  
And my current frustration or then current frustration, I never had a good answer to was, hey, like, I remember when I was at debate camp in 2007, and someone like showed me Facebook.  
And I'm like, what's Facebook?  
They're like, dude, it's my space, but it's like a hundred times better.  
It just opened up for high school students like you're going to love it.  
And it was just the coolest thing ever.  
You didn't have to write.

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You didn't have to spin a narrative.

Like, I think you'll appreciate this because I think we could may share like journalistic frustrations here.

I would have these people I'd interviewed these founders and they'd give me this like very well written narrative of like, man, like doesn't it suck how like the banks did this or like all these people promise that the internet would do this, this, this or that.

And I kind of rose.

I was like, wait, like, all that could be fair from a narrative perspective.

But Mark Zuckerberg in 2007, his company built such a good Facebook that someone didn't need to come to me and say, hey, man, like, don't you feel like we're just bowling alone?

Don't you wish that like we had a way to like integrate?

And no, they just showed me a cool app that did cool stuff.

And that's why I used it.

So from your experiences, I'm curious how because that was me interviewing people and having that kind of frustration.

How did this intersect with your frustrations?

I had it.

It was exactly the same for me.

Like, I remember getting to.

So I'm trying to solve this mystery, right?

I approached it like, I'm an outsider.

I'm just like, why are all these coins going up and up?

Why are my friends making big money on Dogecoin?

What's at like the center of this media?

And one of the first places I went was Bitcoin 2021.

There's like a big conference in Miami.

It's one of the first ones after like COVID rules loosened up.

And I sit down with this guy, Alex Machinsky.

And like you said, he has a, you know, he has a good spiel.

He's like, the banks are ripping you off.

We're the ones who are going to advocate for the customers.

The banks could pay you higher interest rates, but they're just like pocketing it for themselves.

They're lying that they can't afford to pay higher interest rates.

I pay 18% on if you deposit your crypto with me.

And if you want to loan, I'll give you a loan for like 0%.

So this is like the new kind of bank.

It's like the friendly bank.

And yes, his criticisms of the old system may be accurate, but his business plan doesn't make any sense.

You can't borrow money for nothing.

And you can't, like he's, he's a.

He's, he's giving out so much money to an interest,

but he has no way of earning returns to like make money for the company.

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And I said, I was thinking to myself, like, this sounds like ridiculous.  
And I was, I've tried to be polite when I meet these guys, save as you.  
So I'm like, okay, that sounds interesting.  
How much money have you accumulated for your thing to myself?  
And he's like \$20 billion.  
And I'm just floored.  
I'm like, what is this weird world of crypto where somebody can say they can pay 18% interest, have no real plan for how to back that up and raise \$20 billion.  
But he, and he said to me, somebody's lying, either, either the banks are lying or I'm lying.  
And he liked, he liked to, he loved that line.  
He liked to repeat it.  
Good line.  
That's a good one.  
Great line.  
A couple of weeks ago he got arrested.  
It was all a big fraud.  
Like, and like I saw that quite a lot in crypto where the people who I met who were like the Titans of the industry, like just two years ago, so many of them are now bankrupt or in jail or facing, you know, civil lawsuits.  
This is where this gets hard for me because I'd love for you and especially because there's a there's a coin with SBF, Sam Bankman-Freed's had on the cover.  
So this will be, this will be relevant.  
Can you and I work to separate the underlying technology of crypto from the issues of scams, criminality, DC corruption and offer kind of like the fair side of these.  
Because once again, I spent so much time in those worlds where I'm being positive.  
I could recite the narratives myself.  
Come on, man.  
There was so many scams on the internet.  
That's like us writing a book in 1996 separate from the tech bubble and saying like, look at this internet pirate.  
He stole all this stuff and he's in jail.  
Totally crazy.  
You know what I mean?  
Like, how do you separate those two things from each other?  
Because I think when you don't do a good enough job of separating, you set yourself very easily as kind of like the adversary who like a crypto founder wants you to be.  
Like, come on.  
Like I work at think tanks.  
I work at the University of Texas.  
You work at Bloomberg.  
There's a certain person who wants us to do a version of this podcast where we're just like laughing at ourselves and saying, God, this is all so stupid.

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Who are these jokers trying to upend the status quo?

They kind of like want that.

So I want to kind of separate those two things.

So how do you think about that?

So I think that certainly like some of the technical aspects are interesting and it's like a lot of like nice people have worked really, really hard to come up with cool things to do with crypto.

But as a nonfiction writer, I see my job not as to like predict the future, but to write about what's actually happened.

And I think it's actually amazing how many people have spent so many hours working on crypto stuff, how little they've accomplished.

And I will ask you a question, which is, have you ever used MetaMask?

This is a popular crypto wallet.

I during, do you ever constitution now?

Yes.

That was like the rare constitution that copy that they wanted to buy as like a club.

Yeah.

So this was, I had two constitution founders on.

You're noticing a theme here.

This episode is for my own personal integrity, obviously.

But I had two constitution founders on this was their efforts to like build a decentralized autonomous organization or DAO that was going to purchase a copy, one of the original copies of the constitution and then use the DAO to like vote.

Like, does it go to this museum or does it go to this house?

Like this, this, this or that.

I started to use MetaMask to be a part of that process, but it got terrible.

And I just backed out is the honest answer.

Yeah.

So like, like a lot of people when they say they like crypto, they maybe they went on Robinhood and they bought some Dogecoin, right?

Like that, that you might as well buy, be buying a share of GameStop or something.

There's nothing crypto about sending cash to Robinhood and buying like some random coin and then getting selling it when it goes up or down and getting your cash back.

Like when you, and then when you actually go to use the crypto technology, it's so user unfriendly that some of these claims about mass adoption just become laughable.

And so I use this MetaMask is a way where you can a decentralized wallet.

So you can like hold your crypto yourself instead of involving some Robinhood or some sort of like bank type company that's essentially doing it on your behalf.

I crypto people would give me a hard time.

They'd be like, Hey, you don't know about crypto because you don't own any crypto.

How, who are you to write about crypto when you haven't seen as a miraculous benefits for yourself?

And I started to feel like, you know, it's been like a year in this market.

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I was like, I got a, maybe, maybe they're right.

Maybe there's something to it.

And I decided that I was going to get some crypto.

And I'm like, if I want to get some, I want something cool.

I want to go right to the top.

At the time there was this board eight yacht club, the NFT collection, these images of like, kind of grotesque cartoon monkeys that celebrities were buying for like 500 grand supposedly.

And I decided, I decided I had to get one.

I use MetaMask to do it.

And I realized like, it was educational to try to join this, send my money in crypto world.

And like what it boils down to is like keeping your money in this like little fox head icon next to like the ad block in Chrome.

And if you like click the wrong thing, you enter like the wrong string of letters and numbers, your money's gone forever.

And the MetaMask made me watch an instructional video before I installed it that where it suggested that I should engrave my like secret phrase on a metal plate and bury it in my backyard.

And when I did this, it was so painful that I was like, who absent the lure of riches, who will ever do this?

What would ever make my mother do this?

Like I said, I like spending time on the computer.

I like being online, but this is completely unappealing.

Like bring me, give me back my Visa card with like the customer service line.

And I think the way, I think the way you told that story is key, because once again, as we started the conversation, a lot of crypto founders and crypto VCs used a lot of, I think very effective narrative setting to say like, for example, this is like Web one, Web two, Web three, if we're just going to describe Web two as basically post 2006, post Facebook, that like level of the internet, social media, et cetera, there are lots of aspects of that that people are really dissatisfied by.

So I'm more willing to be sold an articulation of why we don't like the status quo.

But in your articulation of everything that you had go wrong or unenjoyable about MetaMask, you could say everything from like, I don't like privacy.

I don't like Mark Zuckerberg.

I don't like this, this, this, this or that.

None of those annoyances are enough to force you into using the Web three crypto alternative.

And that just seems to be the underlying issue here.

Yeah, I mean, I totally agree.

I think that, yeah, Facebook sold itself.

Everybody was talking about our college.

People couldn't wait to use it.

And like crypto has been around for 14 years.



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It's as old as Uber.

It's as old as WhatsApp.

And like ask yourself, do you ever use it for anything?

Do you know anybody who does other than maybe buying some coins on a centralized exchange?

But I think that for a couple of years there, like all these,

this is where the title of the book comes from, like number go up and crypto did have a killer app, which is that if you bought it, the price would go up and you would get rich, which is really cool.

And that's actually the ultimate use case.

Yeah.

And I actually, so at this Bitcoin 2021 conference in Miami, my introduction to crypto world,

I gave a speech with a straight face where he talked about what he called number go up technology.

And he was like, as the number goes up, people make money.

Then other people want to make money.

So they buy a Bitcoin, then the number goes up more.

It's like this never ending cycle.

That's too close to the Ponzi scheme thing.

That's a little too.

But people really bought into that.

And the deeper I went, the more, I always wondered like,

is there something more to this?

Like when I met food onto the Bahamas to meet Sam Bankman freed when things were going well, right after FTX aired that Super Bowl ad with Larry David, it was like a week.

A week earlier, he'd been testifying before some congressional committee and getting fond over by Cory Booker.

And I'm thinking to myself, I don't know, like, I don't like to think that I'm the smart guy in the room.

So I'm like, all these smart people are saying that this guy is like the future of finance.

What's he got going on?

Like, what is there something more to it than just betting on like these coins with like weird random names going up and up and up?

But, you know, time, give it like a few months later, it was revealed that like his exchange collapsed and he'd been,

he borrowed the money entrusted to him by the exchanges customers and gone and gambled it on random crypto coins going up.

Like, even the guy held is like the brightest mind in the industry was partaking in this like number go up thinking.

What do you think DC saw in Sam Bankman freed?

He, he didn't come off like one of these crypto zealots who's trying to tell you he did he it was like a soft sell.

He acted like he was really familiar with the language of Wall Street.

And even though he and everyone else at FTX were like these kids in their 20s, they acted sort of like the adults in the room, and they'd acted like they weren't wild gamblers,

and that they were the ones who could like bring the benefits of this crypto technology to the masses and kind of bring this kind of a sketchy industry under control.



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And he, he also was able to through like his advertising of FTX associate himself with all sorts of like powerful brands.

Like, I don't I think people underestimate how helpful it is to have a Super Bowl ad with Larry David. And for people like, I think if you're like a congressman, you're like, Hey, me paid for a Super Bowl ad with Larry David, like how is he seems kind of legit.

He's probably not the, you know, the, the one that we should go after.

I know like people aren't thinking that explicitly, but I actually I don't know what do you think I feel like that is actually pretty powerful to have like be associated with Tom Brady.

I think it helps you when you go knock on doors.

Well, it's like you said, well, Tom, and this is why it was genius marketing until it, you know, doesn't work.

But a look FOMO FOMO is a huge part of any crypto discussion.

There's the monetary aspect, you know, the FOMO part, like, you know, look, a lot of people made a bunch of money off of like Constitution Dow, even though they didn't end up purchasing it.

I was thinking myself like, man, like kind of missed out there.

But like that said, you know, because you're a journalist, I am in a quasi journalistic role and like policymakers obviously are in like regulatory roles.

I think for a lot of us on the upside, the FOMO is less about like, oh, I could have become like a crypto billionaire.

That's kind of like, once you engage in these professions, that's kind of like off the table to a certain degree.

What is on the table though is like missing the next wave.

Like for example, I think if you're in DC, you see that crypto is happening.

You see technology, you see all this language like this is happening.

It's going to bowl over the regulatory barriers.

It's a response to the 2008 financial crisis.

And you do want to participate in that, but you just can't.

I'm not going to name names here because this is going to get too personal, but there's just a lot of like crypto VCs and crypto founders who have like insane Twitter's.

So there are people who are like, oh, like I'm getting, I'm engaging in politics now.

Actually, I'll just name one like, I don't know if you like Ryan Selkis.

Ryan Selkis is like, yeah.

Ryan is, and this is sort of like the tragedy of like politics taking over American life right now.

Ryan is like a crypto dude.

He's like super like into it.

His firm seems legit.

He's like very into things, but over time over the past year, I've seen him like get more and more and more aggressive like screw DC.

You're trying to destroy crypto.

We're going to flee to Singapore.

I'm going to support RFK Junior now.

And I'm like, wait, whoa, I'm like, whoa, dude, just like dial it back.

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So like if you're a Cory Booker, you're not, no matter what Ryan says, you're not going to go with him.

But when you get SBF, who's this like cuddly, like nerdy guy who's weird enough that you still feel like you're with it because you can't have the guy in the suit.

A guy who's just like globally in a suit like this, that wouldn't work.

You're like, oh, this guy's like, it's like the like, you know, not too hot, not too cold, just right.

He seems very authentic and it really helped with that, you know, he gave, he had 5,000 bucks or for every, you know, congressman that he met.

Yeah, FTX gave out, I think a total of like 100 million prior to 2022, both sides of the aisle.

And it was actually very funny that they, I think the FTX people, they took this like really cynical approach to, to Washington, where they concealed their corporate giving by funneling it through two executives, and they realized that one of them should be like the Republican, and one should be the Democrat, because they, that way they could each build their own spheres of influence and they didn't have to try to like play, play both sides.

And I think, you know, 100 million, so what people forgot when Sam was like the hero of the crypto world and testifying before Congress and like practically getting applauded, is that this is a guy who's running, he's in the Bahamas, because his offshore casino would not be legal in the US.

Like they're offering all sorts of crazy bets, they're not following SEC rules, you know, they weren't taking US customers there technically, that's how that that was okay.

But like, nobody was stopping to say like, setting aside any potential fraud, this is a dude is taking out ads to tell people to go gamble on like, Solana coins or like Dogecoin or whatever.

Is this like really a positive activity that we want to endorse and that we think is going to be the future of finance?

I got a lot. Yeah.

So I guess what I'll ask them to then like, let's go back to the, you know, the board apes for a second, right, because, and this is where like, and this is my cryptos, I think, so fascinating because like, more than a lot of because the immediate user prop value prop is a little weaker.

I think crypto people I think actually in good faith because like a lot of people like, I've never interviewed or like publicized crypto content with someone who like, I didn't think was like acting into good faith you got to meet all the scammers I legitimately I've not done anything of any scammer.

But because I'm the user proposition for basically all of these guys and gals was not obvious. They had to spend a lot of time on the intellectual side of what they were working with so they're like, this is why you want to do this.

This is why eventually this is going to be this this this and that this is why this isn't a scam like all those, all those different categories and I think one of the most interesting arguments and this is what the board apes are kind of like based off of just the idea of like, no, no, like it's digital scarcity. Like, it matters that like, who cares about the art who cares about the apes. The smarter people would say like, dude, like, of course, that's like a grotesque or weird looking cartoon, the thing that actually matters here is that for the first time in the world, you have one of one thing that can't be duplicated replicated buddy buddy buddy va and you as a consumer should believe that if scarcity produces value in the real world, scarcity online will also produce value.

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What's your response to the intellectual side of that argument.

Um, so I acquired the one I acquired was a mutant ape. That's the cheapest way to get into the the ape fest party. And it cost me \$20,000. And it was kind of a picture of like this melty.

Did your publisher come to that?

I got an advance for the book. So that was like my gamble. I'm going to buy this, this, this ape and hope that I get a good chapter out of it. Um, so I want to I after I got it, I wanted to like experience this for real.

So I started telling, I told my family and friends that I sent them pictures of this ape. And first of all, like everyone's making fun of me and my mom, who's like not the most, she's not, doesn't spend her days online.

She just sent me back a picture, the same picture of my board ape. And she's like, this is my ape now. And I'm like, listen mom for like a lot of block chainy reasons that you I can't we don't even have enough time to

play. You will never own this ape. It's mine. But like this idea. So like these NFTs can be downloaded. Anybody can look at them. I do understand that like, yes, it's cool that we can record somebody's ownership on the on the blockchain.

But like,

what do you really own when you buy this when you buy this board? And one thing I thought was funny is that they've invented the NFT. You know, it's like a cool idea gets invented. Yeah, you could have like these unique art pieces.

What do crypto guys do as soon as they invent this? Oh, let's have like 10,000 board apes that all look basically the same, so that they're like actually pretty fungible, and we can gamble on their price more easily.

And like, let's just have a lot of like anime cartoons that people can use for their Twitter icons. So like, there might be some value in the technology, but like immediately everyone's like, how do we just turn this into like some sort of gambling craze.

And make a lot of money on it.

You know, that's actually such an because that actually gets to the big problem I had with Constitution Dow, which is just like when you find because because okay, this is actually good because if you listen to any crypto interview I've done or any like the red reading the work that you've done.

The crypto proposition is essentially that if we financialize x y or z thing, it will result in a better endpoint. So with the Constitution Dow people a part of their marketing, which is why I made a good podcast was, hey, like, we're not just doing this, because it's cool in a constitution, we think this is like the next evolution of a human governance. So in 1776, one man insert yes, you know, not equal, but hypothetically like all men create equal one person one vote, that's an innovation 1776.

Their argument was 2021. The next stage of governance are going to be these dows where we vote and we do this this or that. But like the problem was and there was no answer to me on this I was like wait guys but like, because this is based on crypto if you technically like pay more money.

You get more voting power over the thing. It's not quite clear why introducing wealth to voting scenarios results in like a better outcome like how does having a whale, make an election system, any inherently better so I think that goes to your point you're like,

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So here's what I'm really asking you. It seems like financializing this dynamic made it so any technological or sociological advantages were pretty much neutralized by the incentives that making a lot of money brought into things.

I mean, that isn't I like how you said that. And I feel like they even tried to financialize humor, like you take like the board ape is like a kind of joke. And like a joke, jokes are voluntary, right like we laugh at whatever jokes we want to like my book I think is really funny.

And I hope you laugh when you read it. But like you don't have to. But with once you join the board a yacht club, you're committed to this joke. The mission of the yacht is like, we all have to tell a joke. It's what's the joke.

I have no idea what the joke is to me they look kind of racist. I don't think it's funny. But they like, if we don't the harder we laugh the higher the price will go. So like, like dogecoin or like, oh, isn't it funny we all buy dogecoin and like the price goes up.

And to me, like, turning a joke into money makes it not funny. Like the finance. I don't think that financializing more aspects of life is the way to go. I feel like our lives are already very financialized.

Yeah.

Yeah. So, and I totally agree with you. Like if you if you if you listen to the Bitcoiners, and like their vision of the future, where Bitcoin becomes ultra valuable. I was joking about this, I think at the beginning but it's like, so are we going to have are the Winklevoss twins going to be the kings of the world?

Like, are we all going to just be begging at the feet of the people who own Bitcoin? Like what is the how it just it doesn't really make sense. Like, there would be a revolution. We'd burn all the Bitcoin computers.

Well, and this actually gets at the awkwardness of the joke, right? Because on the one hand, this kind of interesting story like populism and politics on the one hand, like the joke with the board apes, what's what's put aside the like, you know, quasi racist caricatures, if you want to argue that, and

it's just focused on like the yacht club part. It's like, oh, look, like, it's a yacht club. Hardy har har. Like, we're not the establishment, but like, we're banging on the doors of the establishment. Like, that joke works a lot better.

If the people I knew who had board apes weren't rich, right? That's that's that's like the awkward dynamic like you're using populist language, which like I think is totally great. Like that's entirely a valid critique.

But if every single person I know is either rich or like is connected to people or went to like the certain set of like Ivy League to Stanford schools, it defeats a lot of what I think would actually like be funny there because like the funny thing is like a lot of the people who I know who are board hate yacht club owners are also people were like in a different America, you guys would also be joining yacht clubs. So it's kind of it does this like, do you know what I mean? Like who I'm from Oregon, who wants to join a yacht club? We're slightly past that being the like image of like the establishment being mean.

Well, so people in the NFT world like to talk a lot. They also like to talk a lot about community and like storytelling like collective storytelling. I obviously love stories. So I thought that was cool.

And when I bought my mutant ape, I named him Dr. Scum. And I said that he I've invented some lore

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for Dr. Scum, which I thought might make it more valuable. I was like, he can smoke weed and it gives him super intelligence.

But he's tormented by his sweater that's made of maggots. It was really ugly that he's got one in the did he have did he have the sweater first?

The sweater inspired the story and he had a pike.

I just want to make that part clear.

So but I get to this yacht club, right? It's a bunch of dudes. They're all drunk. They're all stoned. And some people like politely would pretend to be interested in Dr. Scum.

But it's clear that nobody cared. Nobody's asking for the backstory. There's like no collaboration on like building new worlds for our board apes.

There was nothing to do with the board apes at the party. And it was clear that this community was false and there was no way for us to build any affinity over our shared gambling on apes prices.

And at the party, I saw I did see Snoop and Eminem, which was cool. Snoop performed a whole song about how we should all buy Apecoin, the official currency of board apes.

I think the SEC should go listen to that song. I don't know how they missed it.

But I saw Jimmy Fallon there. He was a member of the club. He had showed off his board ape that cost a couple hundred grand on The Tonight Show with Paris Hilton, who also had one in this really awkward segment.

And I thought, you know what? We're both apes now. We're bros. I'm going to go talk to Jimmy Fallon. So I went behind the velvet rope or behind his like, there's no velvet rope, but he's kind of in this VIP area with his security guards, which I'm going to go over to him.

I'm back over to him. I showed him Dr. Scum. He like pretended, you know, like everyone, he's like, okay, cool. Thanks. We all have them. We're all here. And I'm like, at this point, the price of apes was dropping.

So if you were there, you probably lost like at least 100 grand in like the last couple months.

So I was like, Jimmy Fallon, you endorse these board apes on your show. And like a lot of people, I think that was actually pretty influential in getting this going. Now people are losing real money.

What do you think? And it's just like, oh, it's not like about investing.

It's just for the community. And I'm like, all right, first of all, you want to be put this, what, come on, you're standing, you're off in the VIP, you don't want to be part of this community. And second of all, maybe it's not investing for you, you've got like \$100 million.

But these other people, it's like, that's a lot for most people buying a \$500,000 board eight, that's like, probably represents the majority of their, of their investment portfolio.

So, yeah, in the end, I was able to unload my Dr. Scum. I posted him on OpenSea, the website where you sell NFTs, and somebody bought him for even though when I, as soon as I got Dr. Scum, I was like, I'm going to be the last idiot who ever buys one of these.

Like I knew that, that I'd be able to sell them because they sell every day. Like you can look, people are buying and selling them. Once you have one, I'm like, I just felt like it will never happen. Who would ever pay me \$28,000 for this stupid thing on my phone?

But somebody did. And I only lost 2000 or so overall, mostly in transaction fees.

That's not bad. Yeah, that's a, that's a respectable.

No, I considered that, I considered that a win. But then I felt bad that, that I had tricked someone into buying my horrible eight picture that was nothing but torture for me to own. So then I just felt

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guilty about that.

I guess the real, and this is what I'm actually super curious about. I mean, actually, you know, this is, this is actually great. You're actually the perfect person.

And by the way, like we're obviously like making jokes and kind of like, like dunking on like the crypto community. But like, I actually hope that the crypto founders in the audience, because I know you're there, are actually kind of like listening to this conversation and taking it as like a challenge. Because like we're raising like serious critiques here. Like, dude, like you're like, you're a journalist, like this is the age of journalistic IP, right? Like best case scenario for you, probably Michael Lewis is going to end up winning it.

But like, someone's going to get their SPF book turned into a movie.

He already got, he already got \$5 million from Apple.

Well, you know, showtime, maybe you can find showtime.

It's kind of the, who gets like the WeWorks, like there's the Apple on WeWork, and then there's the one on Hulu.

No, wait, I just want to, I want to challenge you for a minute there, because I want to say that I'm a writer. I'm not in the IP business. I wouldn't, this was my, ever since I was a kid, I wanted to write like a crazy nonfiction book.

And like, I went out and did it. And I feel like the ultimate version of this story is the one that's in my book. And it's like, I feel lucky that I was able to be there for this crazy bubble so that I could write it.

And I was actually, I was kind of worried when I heard, at first, when I heard that Michael Lewis was going to write a book about crypto too, like who wouldn't be, like the goat is coming.

A nonfiction financial journalism.

Yes. He's coming to write about the guy who's on the cover of your book. But honestly, at this point, I feel like I don't care if he's able to write, if his book is better than this, I'll tip my hat to him.

But what I'm mainly worried about is where am I going to find another story filled with like so many crazy characters that's so much fun? Like how will I top this adventure and write a second book?

Like that is my main, that is my main concern.

It could get turned into like a mini series or whatever.

Well, actually, now we'll get personal, right? I'm not really doing that stuff, interview much, but like, why don't you want the IP, right? Like, the reason why this is fascinating, right, is that like, now we're intersecting with the creator economy space, right?

Like, journalistic institutions are failing. Bloomberg News has less credibility than it did 10 years ago. All you are is you, Zeke. Why wouldn't you want there to be a broad, the stories you're telling hold a different format to making you different money in different ways?

Like, why doesn't that appeal to you as much?

Well, like, I'm not opposed to someone paying me money to make a movie about my book, like, please give me a call. But I, like, I grew up reading, like, what got me into wanting to be a writer was reading books like John Krakauer's Into Thin Air,

or like The Perfect Storm, or I loved Ben Mesriks bringing down the house about the MIT Blackjack kids. And like, I love reading and books. I find reading those books to be a lot cooler than, I don't even know, I think they are probably all turned into movies, but I didn't see them.

And I think that there's something that is that reading is actually a great form of entertainment. And



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I feel like by writing this book that's really accessible, like, don't read this book if you want to learn about how blockchain works.

This is like, a really fun adventure story. And I feel like I am encouraging people to read who might not otherwise want to, like, pick up a book. So I actually don't, there's something I don't want them to be like, Oh, this should be a movie.

I want them to be like, reading this book was awesome. I missed my stop on the subway.

No, that's really fair. So I guess like the here's like the last like big quick because like everything you're just a like your, your, your story about my quick Jimmy Fallon. I was walking around New York when I was working at PBS, just in midtown and it was like at 645am.

And I saw Jimmy Fallon. He had like cap on and sunglasses. I've seen a lot of celebrities out, especially in New York on the list of people who least wanted to be said hi to or approached. He was very high on that list.

He actually saw me do the like, you know, the, is that Jimmy Fallon? And he looked terrified. But I was gonna be like, Jimmy, he looked terrified. And I was like, I want to be like, no, dude, like it's chill at 645.

Like I don't watch, you know, late night. So like, you're okay. But the point is, like, you're just raising a point of like, you weren't in a community with Jimmy Fallon, but as you two bought something.

So like, how do you actually think community is wrong? Because like, you know, I think the country comes kind of on the way and but like, you know, I'm in Austin, there's a million country clubs around here.

But that's like a legitimate community. And obviously, you have to spend a lot of money to get into those country clubs and there's like long waiting lists. So it's not there. It can't be money isn't inherently money in class aren't inherently barriers to community.

So what kind of goes wrong in the crypto sense?

I think, yeah, they they, it's like a really flimsy basis for affinity with one another, just like interest in in gambling. And yeah, I mean, I look at my community is like the other dads and moms that I see at the playground at Brooklyn, you know, or in the

And like, you know, we're talking about our lives and about like real things, not about, you know, what's in our wallets, you know, there was a this is not like a really direct response but there's a kind of like a I don't know if it's a strip club but kind of like a just like a club in Miami called 11.

That was really popular with crypto guys. And the after the bubble burst that someone did a fun story about hard times in Miami, and they talked to this club owner and he was like, it's terrible. Like we're not selling any bathtubs of champagne anymore.

But he said, he said something that stuck with me where he's like, like, nobody shows me their wallet, like nobody's like, we had a lot of rich people here they never like pull out their checkbook to like show me how much money they have with these crypto guys, I've seen a million crypto wallets They're all showing them off. They're all just being like, Oh, look how many like a theorem or am I met a mask and it's like, that's not a, that's not a basis for a community. Another problem with the crypto community is that the leaders of these communities time and again, after acquiring these followers like Alex mission to give Celsius,

they ripped them all off. So like the, the only community that I see one one community I do see built building in crypto is like everyone who got ripped off by Celsius like teaming up to try and get their money back.



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But when the when the leaders of your community are continually shown to be frauds, it's a disappearing for the, for the followers to say the least.

I think what you just said around the issues of community like really resonated just because there are a lot of people who, you know, are lonely want to be a part of something but just because you introduced money to it.

It's like you have money and you like boats, or you have money and you're in Texas, but you also like golfing, or you live in a specific region of the country. It can't literally just be the fact that through a variety of different means you have access to money.

That's a great place to leave it. So this is the way I'll close the episode with you. Once again, SPF is on the cover. Government folks are listening. What is your number one piece of advice when you are a senator member of Congress or frankly a staffer who's approached by the sort of, you know, foppish, like whatever.

Not even crypto person just like how do you what should DC learn from SPF story. That's the real question here.

I think it's a really tough one because I just do these people even have time to research everyone they meet with. Like how are they supposed to evaluate the company founders that they meet. But I think

To me, the lesson of the bubble is like the old rules were there for a reason, like the securities laws created, you know, almost 100 years ago. And like while they may be annoying and have some flaws, they are protecting people from all sorts of ripoffs.

And the crypto world just like reinvented a lot of these old ripoffs and put this cool sounding like technological gloss on it.

And, you know, I was just listening to a crypto lobbyist talk today on on TV, and they're like we need like a comprehensive framework for crypto regulation. And it's like, we can't be we can't be regulated by enforcement action.

But which, you know, it sounds kind of appealing, but it's like, you know what, we actually have a whole lot of regulations around investments. And if people should follow those regulations, they're there for a reason.

And I think like the SEC and the DOJ is going to be sorting out what happened in this crypto bubble for like many years to come.

Yeah, like I said, great place to end it.

So the book is number go up inside crypto's wild rise and staggering fall seek. This is really fun.

Thank you for joining me on the realignment.

Thanks much.

\$50 a month, \$50 a year or 500 for lifetime membership rates. See you all next time.