

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find another bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

All right.

Today, we talked about liquid death.

We talked about how we're going to be on the Gary Vaynerchuk podcast and we need your help to make something special happen.

Sam talked about how he was very touched by boys, scouts, and the business behind it.

We also talked about how I, one time, befriended the biggest drug kingpin in the world.

Another podcast.

Let's go.

Please subscribe to the podcast and unsubscribe and then subscribe again so we can go up the charts.

We are moving up the charts faster and faster.

Have you seen the results today on A-Cast?

No.

How is it?

Good.

With the 24-hour release, its numbers are going up.

It's going up.

It should go up.

We got a lot of responses about private equity rollups.

I think that I didn't do a lot of research on it because what I want to do is you have

Brent coming on.

Yes.

The two of our buddies are doing a rollup business also.

Yeah.

I want to wait for them to come on.

Today, I want to go real deep on, I said this out loud earlier, I was like, today on the podcast, I want to touch boys, scouts.

All right, that's the intro.

I want to talk about, I have a really interesting story about some Boy Scout stuff and it's shocking what I want to talk about.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

But first, you want to get to a few things?

Okay, sure.

I didn't know where you're going with that.

Let's do liquid death.

Yeah.

Go for it.

Liquid death.

We tweeted out and we put in the Facebook group, hey, what should we talk about this week?

A bunch of people mentioned, hey, what do you think about liquid death?

They just raised a round of funding.

What is liquid death?

It's a canned water, so not like La Croix or whatever, it is, the look of it is like heavy metal, so it's basically just a canned water drink, but they went all in on the brand. It's made by these guys out in LA, the incubator science, and they're behind things like Dollar Shave Club and Wishbone, this like teen app, and a bunch of other things, they're an incubator studio out there.

And the guys who started it, Mike and Peter, are our internet veterans.

Mike was like CEO of MySpace and Peter, I think Photobucket, I think was his kind of claim to fame, Peter Pham, and so anyways, they're an interesting crew and they came up, you know, the sort of bottled water or canned water market is actually pretty huge now, and they just wanted to come out with a different angle.

So they're like, look, you know, how the hell are you going to sell water?

Well, you have to create a brand and a story around it, and almost a use case.

And so the thing they wanted to do was sort of, you know, in many social situations when you grab water, you're opting out of like the fun of the social thing, you know, if you're at a bar or if you're at a festival or something like that.

So they wanted to make a can that looks cool, feels cool, is something worth talking about, and it's just like you, you know, you're having a drink of some kind.

So the trend that they're hopping on, so like, do you know, we wrote about this on trends, but do you know that alcohol consumption amongst young people is going down like crazy?

I didn't know that.

It's going down a lot.

They're not drinking a lot.

And so it appears this is what they're, they're pouncing on this trend.

There's some alternatives.

Yeah.

And so they raised a bunch of money.

I don't remember how much, 10, 15 million bucks.

And so Twitter got outraged and was like, you know, some people are like, oh, this is hilarious.

Good, good product.

And then other people are like, you know, people love to just, you know, shit on Silicon

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

Valley for doing dumb things.

And this is one of those things.

First of all, they're not even in Silicon Valley.

I hate when people say Silicon Valley, like, we were like, we work, it shows how bad Silicon Valley is.

We works and is started by an Israeli guy who lives in Manhattan.

Right.

Okay.

So the tech world, let's call it, right?

Startup, the startup world.

People love to shit on the things in the startup world that don't solve big problems that are toys, gimmicks, stupid, blah, blah, blah.

And so there was, this was a kind of interesting, people had a big reaction.

What's your reaction?

Welcome.

I think it's great.

I think that there is room in this world for all types of cool things.

Sometimes it can be a guy who wants to build a car company that's going to save us from fossil fuels, fossil fuels, or they want to take us to space to save us from the end of the world.

Sometimes people just want to make a game that makes me smile a little bit, or they want to create a piece of art that makes me feel good when I look at it.

Even if it costs a hundred million dollars, there's room for everything in this world and you shouldn't hate on anyone for being ambitious and trying something cool, particularly if customers love it, which I'm a customer and I love it.

So I don't hate on them at all.

Yeah.

Is it sparkling or is it still?

Yeah.

I've had it a while ago.

It was just normal water.

It's water.

Okay.

But I buy Evian every day.

I love Evian.

I'm a big bottle water guy.

Yeah.

Voss?

I don't do Voss.

I don't like Voss because I hate the bottle.

Oh my God.

I love the bottle.

Voss is the bottle.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

Well, so I like the Evian bottle.

Oh my God.

And I like Fiji water.

I actually think it tastes better.

But in terms of hating on someone, look, if they have, the economics are probably there.

It's not that hard to imagine how that works.

So no, hating on them for raising money.

Silly.

Silly and yeah.

What kind of business do you hate on?

Where do you judge a business?

Because, you know, there's certain things that get a reaction out of YouTube where you're like, oh, that's stupid.

I hate that.

So like I defended Theranos when they raised money.

I was like, oh, no, it's awesome.

Turns out she lied and I looked like an idiot.

So I don't support fraud fraud.

I don't support fraud at all.

I debt, but I do find some positive attributes and even people like her, Adam or even the guy who had the fire festival, I'm like, so because in my mind, the threshold between fraud and you pull it off and it's amazing.

It's real thin.

Yep.

Whenever you start something, it always seems like it often seems like, I can't believe it.

People are buying this.

It all a lot of times it feels that way, but it's not fraud.

If you pull through and that like line of pulling through is often so thin, much thinner than people realize.

I had the same reaction.

When I watched the fire festival doc or whatever, in my mind, I was like, this was a great idea and almost great execution.

And then they didn't pull it off and okay, if you don't pull it off, then you got to wear the bag.

But like, and I'm fine with him going to jail.

Yeah.

Totally.

He deserved it.

He deserved it.

But it could have worked.

There's an element of fake it till you make it in many, many businesses.

Now, there's a difference between fake it till you make it and fraud.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

And so you want to find that line.

You're not, you don't want to sort of defraud customers or put people at risk.

But there is a whole bunch of saying, yeah, we're going to do this.

We can pull this off.

Yeah.

They're in if you're in.

And that happens a lot.

And you sort of need those pieces to, you know, you need to sort of represent strength when sometimes things are fuzzy or uncertain.

And so, yeah, I'm down with that.

And so even when I saw that company, Yo raised money in, I thought, man, that's really dumb.

That is a stupid thing.

But a lot of things that are amazingly big and wonderful right now also appear dumb.

And so in my head, I'm like, I think that's stupid.

I would not have done that, but I don't hate on them for trying because a lot of shit turns the gold.

Yeah.

My Snapchat handle today still is my initials SVP test because I was like, well, this is going nowhere.

But like, yeah, I'll make a test account.

I heard this is like the fad of the day.

I was wondering what that meant.

And so it's still just test because I just thought this was a throwaway, not even a throwaway account.

I thought this was a throwaway app that I'm not going to look at it a month.

Yeah.

Here I am like seven years later.

I'm not, I'm not hating on liquid death.

Are you?

I don't handle it on liquid death.

I think it's a, you know, interesting business.

I want to bring on.

We have a friend who started a vodka business and another one who started a sake business.

You don't know them.

And they, but they took, one of them took the sake business public.

And I think that's pretty interesting.

So he's in the Bay Area.

So I'll bring him on because I think in general creating a, you know, new liquor brand, new water brand, you know, you're selling a commodity product, but you're creating, you know, a brand, the brand is what you're selling.

You know, often they all use the same tequila, whiskey, whatever.

And it's just about what lifestyle you tap into and how you market it.

And so those people end up being some of the best marketers out there.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

So I just respect that part of it.

I respect the marketing and the balls of liquid death.

I think right now there's this big thing going on with like the media and tech media and tech journals hating on people who are trying to do something big.

And oftentimes they prefer celebrating the losses.

Right.

And I just don't support that.

I'm so in favor of criticizing as long as it comes from a good place.

I'm super down with that, but I have you seen this blog post called what time is it in Silicon Valley?

Yeah.

We've seen this clock.

Yeah.

So it's basically, it describes what you're talking about, which is this guy who was doing like PR or comms for tech companies for a long time.

He's like, Hey, you know, I've been through the cycle five times now.

This is how it works.

Like imagine a clock and, you know, from midnight to 1 a.m., it's like, okay, this new thing is born.

Oh, this is interesting.

That's the narrative.

And then as you get to sort of like three, you know, three o'clock, it's like, oh, this is the shiny new fun thing to play with.

Everybody talks about it.

Everybody has opinion of it.

Everybody wants to show their friend this thing because it's the new thing.

And then when you get by the time you get to four or five people start to the narrative changes to like, Hey, this is not just a toy.

This could be something big.

And by 6 p.m., you know, you know, the clock hand is gone halfway around by 6 p.m.

It's like, um, this is going to change the world.

And that's, so like right now the company going through this is Lambda school where it started.

Yeah.

This little boot camp.

Then it was like, Holy shit, this is going to disrupt universities.

And then if you've noticed in the last month, there's all this press coming out in some ways rightfully so because they make mistakes as they grow and whatnot, but some of these things were always there.

It's just a narrative change.

So by 7 p.m., it starts to be like, Hey, you know what, it's not as good as everyone says.

Actually, the product kind of sucks.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

You know what this founders like doesn't know what the hell they're doing.

This thing's about to crash.

And then it goes through the cycle of rebirth.

And so now once you read that post, then you start reading the news, you start to just see that everywhere.

It's like, Oh, this is the hype cycle.

It's going, you know, you can just tell what, what hour of the clock are we in?

And it's like, you know, not to use the pun, but it's like clockwork.

It just, you see it happening over and over again.

Yeah.

And I read a lot of history books.

It happens like that.

Like Rockefeller had the same thing, anti billionaire, anti this, anti that it's cyclical.

So this isn't anything new.

Yeah.

They build you up.

They break you down.

And if you're, if you're in that company, you just got to know this is, these are the waves to be expected.

You shouldn't be surprised and reacting when it happens.

And if you're the reader, like, you know, the stuff is entertaining, but like, don't just go for the ride.

And if you're going to be successful, you're going to, you got to go, you got to get a, you're going to get a lot of hate.

Yeah.

Like on this little podcast in the comment section, we get called, we get made fun of all the time.

Not enough hate.

I would like more hate actually, but we've, we've been called ugly.

Yeah.

We've got ugly.

Some guy wrote like, when we started doing video, they were like, Hey, audio guys, audio.

And then another guy was like, you know, you should show background video of whatever they're talking about because I don't want to look at these fools.

Yeah.

People make fun of our math, but we're not really getting hate, which just tells me we haven't arrived.

We haven't even arrived yet.

You know, when you're only getting love and not the hate, you're not even in the game yet.

Let's just insult the listeners.

You guys fucking suck.

All right.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

What else we got?

So, um, okay.

I tweeted ahead of this, uh, what you want us, what, what you want us to talk about.

I want to get into this segment.

I have in a minute because it's really big, this Boy Scout thing, but I'll quickly tell you the story.

Someone tweeted at us saying, tell us about the first time you found Bitcoin.

Have I ever told you my story?

No.

Okay.

So, um, in 2014, my years, maybe off in 2014, I think, or 13 or 12, um, I went to a party and I met this guy there named Ross and he was pretty good looking and tall.

So he definitely kind of stood out because it was all nerds and we just started talking and I was flirting with this girl and he swoops in and takes her home and, uh, I was like, ah, Ross, it's, I, I started talking to him and friend him online and whatever.

And friend him online.

That's what I do when you win.

Well, I wasn't angry at him because I wasn't angry at him because I was like, damn, he was pretty charming.

Um, whatever.

We became friends with him, um, he turns out he lived, he lived on the street from me.

Well, um, a few months later, I walked home and I walked by the library that I live next door to and there's always police there and I go home and find out what happened.

And I had heard of this thing called the Silk Road.

I'd heard about this.

I knew about this for a couple, about a year or two and I go home and I look up what happened.

They go, Ross got it.

Ross Albright was arrested and for being the founder of Silk Road and I was like, explain Silk Road.

If you don't know what it is.

It's a, it was like eBay, but for drugs and murder and you could buy anything online and use Silk Road and it sold \$2 billion worth of merchandise in only two years and Ross was the sole owner.

And now if we look at Bitcoin price, he had roughly \$10 billion at Bitcoin, uh, that he had made.

Um, and it got seized or he has it.

He's in jail.

What happened?

And so what happened was he was at his library or at the library next door to my house, the Glen Park library, and he was upstairs on the computer doing deals or whatever.

And it run the business and the feds had been tracking him and he tried to kill.

Like he hired, he did a couple of hired hits, um, where he tried to get someone killed and but the person on the other end was an FBI agent.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

So they went and staged the murders and he did that multiple times.
So he thought he had killed three or four guys and, uh, when I got home, I looked it up and I was like, holy shit, that's Ross.
I know Ross.
He was this guy the whole time.
And so you had hung out with him before?
Yeah.
And what was your cool guy?
Did he sit?
What did you ask?
What do you do?
You know what I'm saying?
Like, did you know he ran?
I looked up on LinkedIn.
He said he was a equities trader or like a bank, like some technically true.
Yeah.
And, um, like I had friends on Facebook and he was like, uh, hey, everyone, I'm selling my truck for \$2,000.
I mean, when he had tens of millions of dollars at Bitcoin and, uh, I go to the, my office the next day, I go, I talk to this guy named Billy.
I go, Billy, did you hear about this Ross guy, this silk road thing?
And Billy, his father was, uh, Tim Draper.
Right.
And I go, Billy, this thing, your dad has talked about this Bitcoin thing.
And he goes, yeah, he saw that, that guy get arrested.
He's buying a lot of it.
And I was like, should I, and he goes, yeah.
And I was like, well, I don't know anything about this Bitcoin thing.
So I, but if your, your dad says to do it, it sounds good to me.
So I went and bought a little bit of it.
And then for each family member that year in 2000, I think it's 2013, I bought like \$200 of Bitcoin for each family member as a present and they all laughed at me.
And then a few years ago when we got the \$20,000 that each made like five grand, right?
And, uh, that was how I heard about Bitcoin.
That's amazing.
And so, so Tim Draper ended up buying all the seized Bitcoin, I think it was like \$20 million with the Bitcoin.
I think it was more than that, dude.
I think it was like in the hundreds, I think it was like \$200 million of Bitcoin or something.
I don't remember.
I think, I think his initial purchase at the time was 20 million and it ballooned to billions.
I see.
Okay.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

And he bought it from the government.

And he bought it like at a discount, essentially to the market, right?

I think he paid 20 million, uh, but this is all public, um, and that is how I found out about Bitcoin.

That's an incredible story.

Um, okay.

I have some Bitcoin stories.

Not as good as that, but I'll share, um, so 20, 20, 13, uh, I'm running monkey inferno.

And so I basically, it's me and I don't know, 15 engineers and one, one designer.

And one of the engineers are sort of IT security guy, um, or ops guy, uh, Pete, he was always talking about Bitcoin at lunch.

And Pete's also always talking about like a bunch of anarchist shit.

And so, you know, I just kind of bucketed it with that.

And Pete's like, no, you know, these ops guys, they hang out in IRC channels with other ops guys.

And this is all they talk about.

And so he's like, no, we should be doing something with Bitcoin and like we're an idea lab.

And so people are always saying stuff we should be doing.

I was like, you know, all right, tell me about it.

And I think at this time, Bitcoin had just had its like spike out of the sense into the dollars.

And he was like, Hey, dude, I've been mining Bitcoin on our servers.

Like we made some money.

And I was like, okay, Pete, but like we really need to stay focused on like business, not like this thing that you're talking about.

I'm like way off here.

But I start catching the bug.

I start tracking it and it goes to seven bucks.

And then it went to like, you know, \$70 and everybody was like going crazy about it at that time, which is funny because now it's at like whatever, 10 grand.

And and so we we start getting greedy and we're like, all right, we got to do we got to get this Bitcoin game.

Coinbase was out there.

We're like, we got to get in there and start a company.

And so we we start sprinting on this product that's going to be like a Coinbase type of competitor, but with a different angle.

And and then Michael Burch, who's our investor, gets word of it.

The lawyer basically calls him and is like, hey, you know, they're like doing a Bitcoin thing.

I think Bitcoin's for drugs.

And like, I don't know what Sean's up to now.

And so he, you know, comes over for lunch on an ounce, he's just like, hey, what's going

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

on?

I heard we're doing a Bitcoin thing.

And I was like, yeah, it's, you know, this could be the new financial system.

And I start like trying to explain it, but I don't actually know my shit, right?

So I'm just in the hype cycle as well.

And so he's like, I don't think we should do this.

I think it's a lot of risk.

He's like, you know, he's a billionaire.

So he's like, you know, you can lose the money I give you.

Just don't lose all my other money by getting me sued because you started a crypto like exchange.

Like, don't do that.

And so he's like, you know, are you sure you want to do this?

And I was like, and this is where I made the mistake.

I didn't have enough knowledge or conviction at that time to stand up and be like, no, we need to be in this game.

This is real.

And so I missed that.

But I did buy some then and I made a pledge.

I was like, 10,000 or bust because the daily jumps and drops were like so much.

I was like, I can't even look at this because every day I'll be tempted to sell.

So I was like, 10,000 per coin or bust.

And I thought that was my way of saying like, I'm going to be a billionaire.

You mean you're going to buy, you bought coins, you go, I'll sell it at 10,000.

I'll sell it only at 10,000 or zero.

Like I'm not selling in between.

And I thought that was such an outrageous number, 10,000 a coin because it was at like whatever.

It had just touched a hundred dollars and I was like, you know, 10,000 per coin.

That's insane.

And but at the time I started looking into it.

So what's cool is you can go back and find the original forum posts where Satoshi posted the Bitcoin white paper and you could see the reaction in those forums of what people are saying about it.

And you could read all these sort of like, you know, the correspondence back and forth.

It's really fascinating.

Like if you're a nerd, this is a, this is a great three hours of your life.

And so, so I got into it and then I got spooked, which is a big mistake.

I go to a wedding in DC and my aunt, who's like an old Indian, what is she like?

How do you, how do you dig in the ground and know she's telling me that she's like, have you heard about Ethereum?

Like very good.

Very good.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

Very good.

I'm like, wait, you know what Ethereum is?

I was like, I know what Ethereum you don't even know what like your phone doesn't even work.

You plugged in like it's a cord like it has a cord in it.

It's like, dude, you have a, you're, it's like anti at AOL.com.

Yeah.

Exactly.

And so I was like, what's good about it, auntie?

And she was like, oh, it's very, you just, you buy it and it makes you money.

And I was like, oh, this is like what a bubble is.

I was like, this is, you know, I've read about the.com boom and bust and I was like, this is what happened.

People just thought you buy it because it makes money.

And that's what was happening.

And I had cousins quitting their jobs and becoming like crypto traders and they had like good jobs before this.

And I was like, I got to go.

And this was at 3000.

Oh no.

So I tried to sell everything.

Luckily, Coinbase has like limits.

You can only sell certain.

Yeah.

It's like five grand a day or five grand a week.

It was like 15 grand a week.

So I start selling.

I try to sell 15 grand each week for, I do that for like two or three weeks.

And then by the end of it, I'm like, okay, I've cashed out a profit, maybe I'll just hold the rest.

So I think I still had like half of whatever left.

And then it ran up to 20 grand.

And then my mom's like, dude, your aunt knows more about this than you.

Like she was telling you it's good.

Why did you sell?

And so, and then it did bust eventually.

But like that's like kind of a lesson learned.

You can't actually, even when you know your new financial advisor, even when you know it's overhyped, you don't know when it's going to burst.

And that's like, you know, just a big problem.

I've held it the whole time.

I just said, I'm just never going to sell it.

I'll just, I mean, like if I ever have to pay rent, but yeah, I don't care.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

I don't even log in.

Yeah, forever now.

Yeah, it's amazing.

Well, those are, hopefully we'll have some good clips there.

I think those are both good stories.

Okay.

You want to talk about some ideas?

Yes.

Okay.

So what's going on with Boy Scouts, Adam, look at this up.

So Boy Scouts, look it up on just Google.

Boy Scouts, it's a, everyone knows what Boy Scout is.

We actually have a lot of non-American listeners, which I just remembered that.

And even me, I grew up in America, but I didn't do Boy Scouts.

So I have a very loose understanding of what it helps us all about.

Okay.

So Boy Scouts and Girl Scouts, when you're in between the ages of eight and maybe 18, it's just like an after school program and a weekend program.

And for Boy Scouts, it helps you become a man.

It was, it's an organization that's been around probably since the late 1800s.

It was rude.

Did you do it?

No, I played sports.

My joke was, you do Boy Scouts?

No, I do sports.

So Mike, my mom and dad made me choose between ice hockey and Boy Scouts.

I did hockey, but a lot of my friends did.

Um, like when I grew up, I grew up Catholics.

It was like altar boy, Boy Scouts, or house sports.

That's like what you choose.

Um, and so, you dodged a bullet, but yeah, fuck yeah, I did.

I got all my teeth.

I got my teeth knocked out from hockey, but at least I didn't get that other shit happened to me.

Um, and so, um, Boy Scouts and Girl Scouts, it's basically when you're a youth, it's a youth group.

It teaches you how to be a man, how to be a woman.

All right, we got nuts and sell cookies and all that good shit.

It's rooted in religion though, which is controversial now that religion is not as popular in America.

Um, Boy Scouts, what happened?

They recently got sued, um, because of molesting boys.

Is that right?

Um, okay.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

Not just sued once.

Like there's just like a litany of lawsuits and they were like, what are we going to do with all this?

They basically are declaring bankruptcy.

Yeah.

It was a huge, very big deal.

Um, and so I was curious and so here's something that's interesting about Boy Scouts and Girl Scouts and any non-profit, um, all their financials are available.

Yeah.

Just look up annual letter, annual report Boy Scouts and it'll all be there.

Any non-profit, you can go and see everything, see how they spend their money, what they own.

It's really cool.

And so I looked up Boy Scouts and let me give you some stats here.

So they had \$1.5 billion in assets, um, membership right now they have around 2 million members.

That's at an all time low in the 60, 70s and 80s.

It was all the way up to six or 7 million members.

Uh, they make hundreds of millions of dollars in revenue.

Uh, I think in 18, it was \$200 million in sales.

Most of that revenue came from fees.

So you pay a fee, uh, actually Adam, look up how much it costs, how much does it cost to join Boy Scouts?

Um, so, and then, um, they also, uh, make money from some merchandise and everything.

But the majority of their revenue comes from fees and then they make between \$15, \$80 million a year in contributions and gifts.

\$60.

It's called \$60 a year.

So they receive 50 to 80 million in gifts or they give received, received to donations.

And what HQ 50 million, what are they, what are they spending on here?

What's going on?

Yeah.

So HQ and clue.

So HQ and programming and all that stuff.

So basically they're HQ.

So they have 2 million members.

So they have offices where their headquarters is and then people volunteer to lead troops and you probably give them a little bit of money, like an allowance or something like that, like a small stipend and then they pay for all the programming.

So maybe kids got to raise money to go camping and I think Boy Scouts will contribute a little bit of that.

So what's interesting here for you is that you're interested in the business, the ideas of the bank.

The business.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

And here's why.

So Boy Scouts, I'm going to compare Boy Scouts to Girl Scouts and then I'm going to show you the differences in financials and then I'm going to compare it to one other group that I think is actually doing it right.

And here's what I think.

I think that you can, these new clubs, these young men and young women clubs, particularly young men clubs, I think could be massive and can exist in today's world.

And so, um, and you want to know what Boy Scouts biggest, biggest expenses insurance insurance.

They pay \$120 million for insurance.

They pay a lot of money because they're taking kids out into the wild.

Yeah.

And that was wild to me.

That's the biggest cost.

Okay.

So now let's compare this to Girl Scouts.

This is timely because Girl Scout cookies just got released.

Girl Scouts, they sell \$800 million a year in Girl Scout cookies.

Unbelievable.

Fucking crazy, right?

Crazy.

Um, 75% of that revenue is there.

That's how much they pay 25.

They pay 25% to the bakeries.

And I think they actually might, at this point, own the bakery bakeries.

And then, uh, uh, so that's their take.

The majority of that revenue goes to the, the, the troops, is it called troops chapters or the chapters and that pays for, um, they, they do, they give young women, um, scholarships. They just teach them how to be young women.

They do all types of programming and things like that.

And so here's a few ways in which they're different, um, \$36 million in dues.

So way less.

Their membership, Girl Scouts is about the same.

And, uh, they receive roughly 10% of the gifts back that Boy Scouts.

The donations.

Yeah.

So, but Girl Scouts is a way better business.

Right.

Now, I don't, I'm not trying to advocate that these types of things necessarily should be for-profit businesses.

There is a place for nonprofit, but let's just say that we want to make this a for-profit.

Here's what I would do.

Yeah.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

Boy Scouts, they're, they're fucked.

The reason they're fucked is this whole, uh, so regardless if you're religious or not, religion in America is not as popular.

It's still very popular, but it's declining.

Right.

It's not, it's not growing.

It's not growing.

And Boy Scouts has a very religious component about it.

Extremely.

And America, like we don't have like wars going on right now.

And, uh, when you turn 18 and like could join the military in World War II or the one Korean war, Vietnam war, even up until the, uh, late early nineties with the Iraqi war.

I mean, there was, there was a little bit of a right of passage for a man.

You know, you get a job.

You have kids or you go to war.

Like there's like this like right of passage that allows, that's like, all right, you're, you're the man, you're a man now.

We don't really have that now.

Right.

And I think that's actually a huge problem in young men's lives.

Women have it a little bit because just biologically they get their period.

I mean, that's like, you are by definition of a woman.

Men, that's why the whole thing of men, you could be like a 25 year old boy or a 35 year old boy.

Like especially in Silicon Valley, there's these guys that they dress like kids still and they don't act like men.

And so I actually think that there could be a right of passage, a right of passage.

It's some type of group of like you are a boy, we're going to, we're going to help you become a man.

But you're thinking past the boys got age.

You're talking about 18, 18, you're talking about younger.

No, no, no.

I think that you can learn that from age eight to 18 slowly.

And so the best membership, how would you do it?

So the best membership group I've ever seen, and I've done a lot of research on this is AARP.

Okay.

And AARP, what it is, is once you become 60 years old, and I actually signed up for this because I want to see the marketing, I was really interested in this.

Once you become 60 years old, they mail you a thing, an AARP card and they go, you're in and you're like, what?

I'm in.

Like, yeah, you just turned, they find out how they work with the post office and they

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

find out when you're turned 60 years old, they turn, they send you a card that day.

Nice.

And you get your card and AARP has 38 million members.

It's really cheap to become an AARP member, like 50 bucks, maybe less, but maybe \$18.

It's really cheap depending on the tier you get.

And so, but AARP makes \$1.6 billion in revenue.

So where's all that money coming from?

It's not coming from fees.

It's all coming from the back end.

So once you become an AARP member, they go, all right, they partner with, I think, United Insurance and a few others and they make, what is it, what's it say up there, a billion dollars a year from affiliates, meaning you're now old, we're going to give you a discount on some insurance because we're pooled everyone together.

You should use the United Insurance, it's the best one, and that's when they get their billion dollar cut.

It's a discount club, so as you as a member, you pay a low fee, you make your money back in discounts pretty much from day one.

They make their money by getting the vendors to offer them a cut for all these customers that they can drive to them.

And yes, this is brilliant.

The first time you told me about this, you were talking about, can we do this for millennials?

Yeah, I wanted to do this for the hustle and I was like, why didn't you do this?

I've always thought this was your best idea, but you must have learned something along the way that made you less bullish on it.

What was that?

I'm not less bullish on it, but I'll explain that.

I know, sorry, I am a little less bullish, but I still think it could be great.

So AARP, it might be one of the largest lobbying groups ever.

So if you want to become president, you have to appeal to AARP, 38 million members.

You've got to like, elderly, we're going to make sure you're insured.

Take care of you.

Yeah.

And AARP is so big, they have like two, what does it say?

Oh, sorry, three, three and a half billion dollars.

They have a hedge fund.

I mean, this is like a legit, this is how much cash they have.

And so when you think about what makes like a group like this passionate, it's real similar to a cult, right?

So I think what you need is you need like a common bond.

So what brings you guys together?

So for Girl Scouts, it's you're a young girl.

For Boy Scouts, you're a young boy.

For AARP, it's we're all 60.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

And so it's like, we have to figure out how to get through this together.
You need an enemy, I think.
So a good example of a really good group like this is the NRA.
And so the NRA, like if they say they're going to take our guns, they're going to raise so much money off that.
So you need like an enemy.
Another thing is you need a leader, like a face.
And so NRA had that.
It was a Wayne LaPierre was the leader in like, I'm not even a gun guy, I know his name.
And their other one was the famous actor, Heston, Charleston, Heston.
And he had that phrase from my goal, my cold dead hands, like you're going to take my, that's the leader.
So you need that leader.
And then you need this mentality of us versus everyone and we're the underdogs and they're going to come at us.
Boys scouts and girls scouts actually could have that a little bit with that Christian vibe, but I don't know how you would do it without the Christian vibe.
And then finally, you need like rituals, girls scouts and boys scouts all have that.
They have like the pledge, you know, and I don't know what AARP does.
But when I'm thinking about this, I totally think that you can create, recreate some of these.
I think it would take a long ass time.
It would take a long ass time.
I don't think you need all those things.
I think those are all like boosters.
Those all strengthen the whole thing.
And I think they come over time, but I don't think they're prereqs, right?
I don't think they're prerequisites.
You know, like, I don't know who's the leader of who's the charismatic leader of Boy Scouts.
I don't know.
Like maybe there was one.
Maybe there wasn't.
Well, I agree with you.
You don't need it.
But I think your point here is proving my point, which is they're declining and there is.
Sure.
But I guess like they got to a certain size and mass.
So what I think you just have to do is sort of align a common set of people who have a sort of similar desire or desired lifestyle, whether it's like, you know, Christian faith combined with, you know, learning life skills and will and being out in nature, right?
Boy Scouts.
And actually, I think you can have this like Christian conservative group that will can

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

crush it.

Right.

Because what I do every morning is I go to opposite news sites.

I go to HuffPo and then I go to Bright Part.

Bright Part, you know what that is?

Yeah.

Okay.

They have a smaller audience than HuffPo.

Every article has 5,000 comments.

Right.

Super engaged.

Yeah.

So there's a big enough group there.

Right.

So I think as long as you tap into any lifestyle that people care about.

I think you can create a group like this, as long as you have the sort of right combination of like benefits and like programming and rituals, all those things I think are good and helpful.

I also think that these can happen when I saw Boy Scouts was going out of business.

I went and looked up biggest Boy Scout competitors and they were all Boy Scout clones.

So they were all faith based nature programming for young men and it's like, okay, well, it just seems like there are other people who will want, who have the same job to be done as they say, like who want the same outcome, but they put less value in, let's say the religion component, religious component, or maybe it's less value in the nature component.

Like did I tell you my sister runs a program?

She has the daycare.

So she has two like childcare facilities that are like in-home childcare facilities.

So she took a house, she turned it into a daycare or a preschool.

So one's for younger kids, one's a preschool.

So she wanted to do a third.

The permitting was going really slow.

And so she bought this house, but the permitting was going slow.

So she did kind of a genius thing.

She created this program called Nature Kids.

She's like, okay, I can't do the, I can't get the permit for my in-home thing.

They're just taking six months.

But I have this huge wait list of people who want, you know, the kids to be a part of something.

What if I made a nature based program?

So she created Nature Kids.

She now needs no permitting.

They just go around through like the, you know, the parks and the nature right here.

They do, they like learn about plants and animals and they do little exercises and they do outdoor painting and tree climbing.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

And they're just out all day and parents love it because they're like, yeah, I want my kid to be out and not, you know, sort of cooped up or looking at a screen or all this stuff.

And so I want my kid out there in nature learning these skills.

There's no religious component to it.

She has a wait list out the door now.

It can scale.

Like she could just create a franchise out of this.

Like this Nature Kids thing is like a tiny spec, but it's a comparable, I think, to what Boy Scouts is providing, you know, providing a certain.

So here's the two trends that this is capitalizing on.

The first is, I don't know about you.

I bet, I bet you fall in the same category as me, but tech executives, people who have grown up with the internet now and phones, do not want their kids, do not want their kids doing this shit.

I'm the same way.

I bought this thing that locks potato chips in a sealed, like a time locker, KitchenAid and I put my phone in there.

Okay.

So like I will, I don't want my kids using phones and stuff like that.

So we're, we're, we're, this is trying to get bigger as you and me start having children.

The burger's like, yeah, we're going to limit this to 40 minutes a day or so.

Right.

And so we're going to see that happen.

The second trend that I don't know if it's trend, but I do think it's actually needed is we have to have artificial, we have to actually start creating these things that allow young women and young men to become men.

Right.

Character building.

Yeah.

And, and, and I've seen it too, where I've seen these things now for grown men where you can pay a fee.

Mankind project is super popular.

And they're awesome.

I totally want to do it.

Yeah.

Yeah.

Catholic high school, which was pretty good because we got to, they helped us evolve and grow and everything.

Um, but I so wish that I had, my father wasn't like very hands on.

I, I wish I had more of like a hands on like, all right, son, here's, you got to do this.

You treat people this way.

You do it.

Like, you know what I mean?

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

And I think that, that can actually be way more popular, um, now.

Side business idea here.

So a while back, um, I had Xavier on the podcast and we talked about the Junto group or the mastermind group that we, we were in and me and you, that's how we met.

Uh, that, or sorry, that's how we got to know each other was being in a mastermind together.

And I'll start with a book club.

And so I just mentioned this on the podcast and I think I've had over 400 people and I just said, Hey, if you're interested, uh, I can, I have a playbook on how we run it.

Like, you know, how we recruited people, how we run the thing, blah, blah, blah.

And 400 people have messaged me saying, I'd like that playbook.

And so they're on this list of people.

And one of the things that came out of it was, uh, people really want to be in these CEO groups and these exist.

I think Vistage is one that's popular.

They charge a bunch of money.

18 grand.

Yeah.

\$10 a year business.

Crazy.

Uh, but like, to me, those feel like fucking dinosaurs.

I remember when Vistage first called me and I was like, this is a fucking scam.

Like, do not call me for this.

And like, I know people get value out of it, but the amount you're charging for something that is like a very basic service seemed very odd to me.

Um, so I actually want to do this out of the community of people who listen to this podcast, um, who want to have, you want to be in CEO groups, I don't know if it's digital or we find you people in your cities because there's enough people who listen to this where we can create groups of eight in cities.

Um, so if somebody wants to like take this idea and run with it, I don't have the time, but I think we can create a business doing that.

Well, and so this is what we're doing with trends, which is, we don't charge 18 grand.

It's trends is \$300 a year and we have a group and we found that group to be the most valuable valuable thing for people.

So if you want like a little taste of this sign up for trends, um, but then we're, we're considering the same thing, which is how do we have a higher end thing, which self selects a little bit more.

Right.

Well, yeah, I'm, I'm super bullish on these types of groups.

Um, I feel like I understand how they work.

Now the hard part is you've got to really pick the right angle.

Yeah.

That's the hard part, but, um, there is absolute need for this and I think it's only going

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

to grow as digital gets more popular.

Right.

Uh, yeah.

Digital detox is like the trend that, that, you know, all these nature based programs we talked about fall into.

Okay.

What else we got?

So I, um, I exhausted my ideas.

I just, I, I think that was fire.

So hopefully I could get off easy, but that was all I, I got a quick one.

Did you see this Harvard rejection video that happened?

No.

So this, uh, this kid, um, uh, I don't know the guy's name, Ethan Kim.

I feel like his name might, might be.

Uh, but if you just YouTube, go to YouTube or Google and just type Harvard rejection video or Harvard let me in.

I think is the name of the video, um, guy gets rejected from Harvard and he's like a kind of like wants to be a YouTuber, but wasn't super big.

And so he made this, this Asian kid made this rap video, uh, as a reply to the Harvard admissions uh, thing saying like, yo, let me in cause he's on the wait list and, uh, it's gone viral.

So he's got 400,000 people, 400,000 views of this YouTube video.

And uh, this is just a generic thing that I think people need to do more of, which is when you want something, um, go above and beyond.

So like I am shocked anytime I see somebody who's like, yeah, this is my dream job.

I really want to get this.

My damn.

So what did you try?

And they're like, well, I gave him my resume.

Oh, fuck that cover letter.

And then they haven't called me back and I'm like, yeah, of course they haven't called you back because you put your name in a pile of papers with everybody else.

And like, of course they're not going to call you back.

And so, um, you know, I think in any case, what this guy did is smart, which is what I call turning disadvantages into an advantage.

So anytime in my company where something bad would happen, we get a cease and desist letter. Our competitor would launch like something that just straight attack at us.

I would always ask, okay, this is a big disadvantage, right?

How do we flip this into an advantage?

And so the principle here is like, I learned this in the restaurant industry, which is you actually get bigger tips and more avid fans.

If you fuck up things once in a while, but over correct them, then if you didn't fuck up in the first place,

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

we did this before.

One time when our email list was only 100,000 people, we accidentally sent the same email two times in a row because we like loaded the wrong one.

And then I immediately thought send up a new email and I just took a picture of our slack and I was like, Hey, have all who is my partner.

I was like, just, uh, let me use your slack.

I'm going to use both of our slacks.

And I wrote like a message like, have all you fucked up, you sent the same email twice and have all goes, Oh my God, they're going to hate me.

And I go, no, they won't, I promise, just, uh, just send them a picture of this message and say how we screwed up and have all goes, okay, fine, I'll do it.

And then I replied and said something like, also, if they, if 5,000 of them don't reply, you're fucking fired or something like that.

And then, and then he goes like, he responded like, Oh shit, well, if they're reading this guys, please just read this whole email and reply and make sure I don't get fired or something like that.

So rather than a, just panicking and melting down, that's option a option B damage control, just do the stock standard.

We're sorry we messed up ignore and people are just mad at you.

You guys took it, turned it into an advantage to show your personality, make it real, get a bunch of people to engage and made it relatable.

Like everyone makes mistakes.

Uh, I love that we had, um, when we graduated from Duke, we, uh, we were, we had entered this business plan competition and we won the competition, uh, with our sushi, uh, concept, which is like Chipotle for sushi.

We were the first undergrads to ever win the first non technology business to ever win in 10 years.

And so we got all this prize money and people, they treated us like the liquid death thing.

They were like, this sushi thing, are you serious?

They won.

I have this like cure for cancer and this one.

And so we had a lot of haters.

And so this one guy, I remember just sent this email, just ripping us.

And, um, he was like, it was three months later that he sent this email.

So it wasn't even the moment.

It wasn't he to the moment.

He like watched us for three months.

He tracked our progress and then he was just like, look at you guys.

It's been three months and all you're doing is wasting time doing this, this and this.

You haven't got, you haven't made any sales.

You have no customers.

You don't have your location for your restaurant.

Like you guys are going to piss away this money.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

He was just, he just went in and it was very true, honestly.

Like what, uh, do you sell this contact information?

Um, I could find it.

Yeah.

Call them.

And then that moment was, we took this email and we were like, how do we turn this into an advantage?

And so what we did was we filmed this video response, which was mimicked off of, um, when LeBron James did his decision and went to Miami and everyone hated him.

Nike came out with this commercial and it was like, it was LeBron and he was sitting there and he goes, what should I do?

Should I give up?

Should I, uh, should I listen to you?

Should I just hang up my, my sneakers now?

Like, should I listen to the haters?

Oh, that's hilarious.

So we filmed a parody of that with, we put his, his, his email to us right at the front.

That's the best.

And then we said, what should we do, John?

We just hang it up.

So we just quit because we, we don't know what we're doing because we wait, we got, we got this wrong because we've wasted some of the prize money.

What should we do?

And, uh, and then it went sort of semi-viral back at the college.

And so we got all this like surge of support because everybody loves to, I hope you sent him like the, I'm sure he saw it because he was somebody from the school.

He was anonymous.

He anonymized it.

Right.

So we can contact him now.

Yeah.

I'm going to find this guy's email.

I, I, that type of, uh, look at me now, John, those grudges fuel me.

I'm like, totally fueled by that.

I forgot about it till you just told me, let's go.

I want to celebrate that, that with you.

Okay.

I'm going to find, let's contact him.

I'll write an article about you and we can even like inflate everything and you could send it to him.

We can even inflate everything.

Fuck that guy.

Cool.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

Anything else?

Yeah.

So, um, on Monday, I've got to go to New York.

I set this up before we even had the podcast.

I'm going to be on the Gary Vaynerchuk podcast, so I'm going to promote this and trends and a few other things.

Oh, this is what you need to do.

Help a brother out here.

So, uh, forget to subscribe, unsubscribe, forget the lever review, tweet at Gary Vee.

I'd be like, holy shit, you have Sam on the pod.

Like I don't know how much Gary Vee knows you, but I want him to get like 100 tweets that are like, oh, Sam, no, I think I have a big deal.

You just be like, dude, congrats, Gary, I want like, we just need a hundred people.

Just go with us.

No, no, no, no, we can just get one person to do it and go pay a bunch of bots to like it.

Yeah.

So we think I want 100 people to just be like, dude, big snag, Gary, I'm so happy for you.

Yeah.

That's awesome.

So I want him to start the interview being like, um, like, should I have looked you up?

Like, who the hell are you?

Well, let's do double.

We'll get double pressed when I'm there.

I'm like, by the way, when's Sean coming on?

He'll be like, Sean, I'm like, what do you, what do you mean?

You know, Sean, Puri, you know, from the podcast, from Twitter.

Reach out to his people.

Yeah.

Like, how have you not done this yet?

And so we'll get double the podcast love.

So I'll be out, um, I think I come back Wednesday or Thursday.

Um, so you'll either have to do it alone or get a guest.

Yeah, we'll figure it out.

Um, all right.

Please hit subscribe a ton of times and then unsubscribe and subscribe again.

That makes a moment.

Message Gary V do it.

That makes us go up and message Gary V and tell me he's lucky that we're going to be on that show.

Yeah.

I want to see it on Twitter.

[Transcript] My First Million / #49 - Meeting Bitcoin's Billionaire Kingpin, Boy Scouts Files for Bankruptcy & Branded Canned Water

I'm going to search after this.

All right.

We're out.