

[Transcript] My First Million / Part 1: Pomp On Balaji's 90 Day Bitcoin Bet, Digital Catastrophes, And Failing Banks

But I think that's kind of why I write that way,
is just argue ferociously,
and then you'll get the ferocious response.
But if you get new information or you see a critique
that you're like, oh, that's actually a great point,
and you're willing to change your mind,
then you can very quickly iterate your way
closer to the truth,
and that will help you get to the truth faster.
I feel like I can rule the world.
I know I could be what I want to.
I put my all in it like no days off.
On the road, let's travel, never looking back.
All right, we got an episode here with Pomp,
Anthony Pompliano, who you may know as the Bitcoin guy.
He's huge all over YouTube, Twitter, everywhere else.
He came on.
We're actually gonna do this as a two-part episode,
because at the beginning, it was all business.
We were business in the front.
We were talking about this crazy million-dollar
biology bet, where he's betting that Bitcoin
is going to a million dollars in the next 90 days.
We talk about that, why biology thinks it,
what we think about the bet,
and Pomp does a, I don't know,
Econ 101, where he explains what's going on with the banking
system from his perspective.
That was good.
But here's the thing though, in that episode,
the whole episode is about something
that's gonna happen inside the next 90 days.
So if you're gonna like, it is a little fearful
listening to it, and so actually listen to the whole thing
because, and do it now, because we're talking about
something that's happening in 90 days,
and then go ahead.
The second episode was way more fun,
and it was pretty wild.
Go ahead.
We talk about his business empire,
what he's building and why he's building it that way,
why he gave back all the money from his fund

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and shut that down, why he's-
It's huge.
Turned off all his advertisers,
millions of dollars of advertisers,
what he's doing instead.
And then it went off the wall,
and the pod got a little crazy, but in a great way.
I think people are gonna,
you're gonna love part two.
He broke down like all of his businesses
and how they work, it's very impressive.
It was pretty wild.
And he told some pretty funny stories,
which Pomp is usually, he's pretty buttoned up
on his main channel because he's talking finance,
he's talking serious,
but he told some pretty funny stories.
So the second part two is the more fun episode,
part one is the more serious episode.
I think you'll like them both.
And we have to remind you guys that our episodes,
we work really, really hard.
And unlike every other type of podcast out there,
our stuff's not free, but you don't pay with money.
All you have to do is go to our YouTube page,
we call this the gentleman's agreement.
What is it?
The lady's understanding.
The lady's understanding.
You go to our YouTube page,
and the reason it's called that
is because it's an understanding, it's an agreement.
We can't be there behind your screen to check this,
otherwise we would.
But everyone's doing it.
So just go ahead and do it
and click subscribe on YouTube.
And then just go ahead and do that on Spotify and iTunes
because Pomp ain't gonna come on to episodes like this
if we don't have a big listenership.
Same with all the other guests.
All right, enjoy.
Pomp, we're live by the way.

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We always just jump right into this thing.
No small talk.
Let's go.
What do you guys wanna talk about?
Dude, I'm so glad you're here.
You are the right secret of the industry.
You are the hardest working man and content entertainment.
I'm so glad you're not doing your like 5 a.m. show anymore.
I'm sure you're also pretty glad
you're not doing that every morning.
How does it feel to get some sleep?
I've always slept pretty well,
but the content stuff is the best way in the world to learn.
You put information and ideas out there,
and the people who agree or have like things to add,
they're super constructive and they respond to emails,
they tweet at you, they do all that stuff.
And then the people who vehemently disagree,
they make their voice heard, you know, very well.
And so you quickly figure out good ideas, bad ideas,
and then you also get all these rabbit holes to go down.
And I think that probably the reason why YouTube, myself,
and many of the other people that we all know
and spend a lot of time talking to, we enjoy it.
Like the internet is this amazing thing
that we all get to use on a daily basis.
And so creating content I found is just this great way
to elicit like-minded people and to learn.
We have a lot to talk about,
and we'll do like a proper intro in a second,
but I was talking to my friend Jason Yanowitz,
who you guys used to work together.
He works for you, now he has his own company.
And Jason works pretty hard.
He told me that you were the hardest-working person.
Jason Yanowitz used to work for you?
Him and his partner, Mikey Palito,
they were the two guys who helped me
start the podcast initially.
They tricked me.
They literally came to me and they were like,
hey, you should have a podcast.
And I was like, what's a podcast?

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And they were like, you know, like all these other examples.
And then I was like, I don't know how to do that.
They're like, well, we do.
And little did I know they had no clue what they were doing.
They instead convinced me to do a podcast.
And then they DM'd, I'm pretty sure,
Gary Vaynerchuk's like podcast guy.
And I was like, hey, we're gonna start a podcast.
Like what equipment do we need?
So like kudos to those guys.
That was pretty special.
And now they have a media company
that does tens of millions of dollars, whatever.
It worked out.
And Jason works pretty hard.
Jason told me that you're the hardest-working person
he's ever been with.
He said that they used to work at your office
seven days a week and that you just were nonstop.
But then when I went out to dinner with you recently,
you told me your schedule, it didn't sound very hard.
It sounded just normal.
So which is it?
Which is true?
I think it's probably both.
So one of the things I always use as a framework
is there's kind of gas and brakes in life.
And so at certain points, you need to hit the gas.
And other times you can kind of like
let your foot off the gas coast as the car.
And then other times you need to hit the brake.
And knowing when to hit the gas, when to hit the brake,
is pretty important actually.
You don't want to kind of be hitting the gas
when there's a wall in front of you.
Like you want to make sure that you are able
to kind of go all in when it's necessary.
But the second thing is you got to last, right?
You can't just sprint all the time.
No matter how athletic you are,
you got to have some level of endurance.
And so that's probably one of the things
that I've really learned to do over the years.

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I wasn't great at it at the beginning.
Now I'm probably pretty good at it.
But we're recording this on Monday.
Yesterday was Sunday.
I recorded a podcast Sunday morning at 11 o'clock
in the morning after I did a two hour meeting
with a friend at 9 a.m.
And a lot of people were like, that sounds crazy.
But I'm like, no, what did you do?
You like went and did all your hobbies.
I have no hobbies.
I literally hang out with my family and I work,
but I do it because I enjoy it.
And so if you enjoy doing it, like this isn't hard.
I'm like looking forward to today talking to you two.
Because I'm like, you know what?
They're probably going to be ridiculous,
probably going to have a lot of fun
and we're going to learn something from each other.
Like how lucky are the three of us?
Two out of three ain't bad.
A quick break to let you know
that today's episode is brought to you
by the Side Hustle Pro Podcast.
A podcast hosted by Nikela Matthews Akome,
which is also on the HubSpot Podcast Network.
So the Side Hustle Podcast is focused on people
bringing their side hustles
into making them their full-time gigs,
making them big businesses.
And so she's got a bunch of really interesting episodes.
Her most recent episode is about a woman
who was popular on Instagram
and created a bunch of products
and brought it into Target
and got it into retail stores,
which is really, really hard.
She has a few other episodes
on changing the relationship with money
and building a healthy, emotional relationship with money,
which is something we talk about here,
which is definitely challenging,
mastering self-talk,

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and then also how to have a plan for the year
and put it into action and much more.
So go check it out, Side Hustle Pro,
wherever you get your podcasts.
All right, everyone, on the podcast about last year,
one of the best guests we ever had
was this guy named Neil Patel.
It was kind of controversial
because he said that he was spending \$200,000 a month,
which is a ton of money.
And the truth is, even though it was controversial,
everyone was asking about him,
and if we can get him on again,
well, I've got good news because he has a podcast.
And today's episode is brought to you by his podcast.
It's called Marketing School,
and it's a daily marketing podcast
brought to you by Neil Patel, the guy we had,
and his partner Eric Sue.
So they share all types of stuff
about marketing, business, investing,
and your friends will think you are a marketing genius.
So check it out.
You can just search Marketing School
on your favorite podcast platforms or on YouTube.
So search Marketing School on YouTube and check it out.
So we gotta get to this crazy biology bet,
and then I'm gonna ask you
what you're doing with your life after that
because I think you got an interesting little empire.
So let's start with who Pop is.
So I think you're known as the Bitcoin guy, I would say.
That's kind of how you built your brand.
You've obviously done a lot more than that before that.
I think you worked at Facebook
and even Snapchat for a little quick lunch.
And so you worked in tech.
You started to build a big following on Twitter
around crypto and Bitcoin,
built one of the bigger newsletters
and brands in that space,
and since then launched a bunch of businesses around it.
So you sort of had your own VC fund

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or you worked at a VC fund and then launched your own.
You have kind of like a crypto jobs company.
You have a bunch of things in that ecosystem.
Since then, I think you've made some changes now.
So I wanna hear about those in a bit.
But then we have this biology bet.
Pop, why don't you just give us the quick 60 seconds
on who biology is and then we'll frame
what this crazy bet is.
And then I have some inside info also.
All right, so I don't wanna be a spokesperson for Bellagy.
So everything I said is my opinion.
This is my description of him.
This is my description of the bet.
But Bellagy Srinivasan is probably best known now
for being one of the more kind of public figures
to have predicted a lot of what happened for COVID.
He was very early calling out, hey, this is a risk.
If this risk becomes a reality, here's how bad it could get.
And again, as with predictions,
a lot of it was right, some of it was wrong.
But generally, I think people point back
and they're like, man, we should have listened to that guy.
He then went on like a two or three year heater
where he kept making predictions
and kept being right about a lot of things.
And so the internet kind of rallied around this idea
of like the worst words to ever hear was Bellagy was right.
And so when you build that type of reputation,
now people put a lot of weight when you say something.
And so his latest thing is Bitcoin
is going to hit a million dollars in the next 90 days,
which sounds absolutely insane.
Bitcoin's trading at \$27,000.
It's like 40X from here and to do it in 90 days.
Like we've never seen an asset really ever do that before.
Now, I don't agree that that is highly likely.
I would put it at like maybe, I don't know, 5% chance,
which is actually much higher
than probably most people would put it.
But to me, the most interesting part is like
the reasoning behind why he's saying this.
And I think it's important to call out the Bellagy's bet

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is like the best meme of 2023.
He was able to essentially create a meme
that has caused millions of people
to now talk about this idea of hyperinflation,
bank failures, and Bitcoin.
And I think that's ultimately what he was trying to do.
So if you asked him in a private room,
like, hey, do you really think Bitcoin's
going to be a million dollars in 90 days?
He's putting \$2 million on the line.
So like he definitely thinks there's a chance,
but I don't know if he's at like 99.999% likely,
or if he's trying to call it.
What's 2 million to him?
Is that a big deal or no?
It's hard to tell.
So Bellagy, before he became known as the like,
Bellagy was right guy,
he built and sold a number of companies.
I think at least two that I know of had nine figure exits.
Like he's like real, right?
He's a great entrepreneur.
He worked in Andreessen Horowitz for a while.
He was that coin base as the CTO.
Like he's a very real entrepreneur and investor.
And so he's done well for himself financially.
But like, I don't care how rich you are.
Like you don't go publicly bet people \$2 million on Twitter
unless you have some degree of confidence.
Because in some way like 2 million may or may not be
a big number, but like your personal reputation is,
you know, quote unquote priceless.
And so like that's basically what he's staking here is
he's using the money to draw attention to what he's saying.
But really he's staking his reputation on something
that a lot of people think is absolutely insane at the moment.
And the bets started because this guy met Locke.
I actually don't know who, I forget his first name,
but he basically tweeted something and said like,
hyperinflation is not going to happen.
And then Bellagy replied and said,
I actually think it will happen.
And in fact, I'll bet, I'll take your \$1 million bet

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that hyperinflation is going to happen in the next 90 days.
And this is related to the Bitcoin,
or that's another bet on top of the Bitcoin one.
Then you wrote this post and you had one line.
And you had a couple of lines in there that I hated.
And by hated, I mean, it was like, it's stung me.
One of them was you quoted Lenin, you know,
one of the folks who ran the Soviet Union.
You said, there are decades where nothing happens.
And then there are weeks where decades happen.
You said that and then you had a few other lines
and I started reading this and I got scared.
I was legitimately scared and I texted you
and I was like, is this real?
And you're like, maybe, maybe not.
I forget exactly what you said,
but you wrote this in such a way that I was fearful.
Yeah, so I definitely don't want to fear monger,
but I do think that there have been two points now
in the last three years where it's like kind of a
shake people and wake them up and be like,
hey, pay attention right now.
The first was during March of 2020,
I wrote a couple of different pieces.
People had similar reactions to it.
And, you know, one of the pieces was like,
I basically was arguing that unemployment
was going to be double digits and millions and millions
of people were going to lose their jobs.
And I had people like privately emailing me and be like,
you are insane, please stop fear mongering.
Like this is crazy.
And then the next week, 6.6 million people
filed unemployment claims, right?
And so like, if Bellagi is like A plus,
I'm like D minus maybe in analyzing some of this stuff.
But at least what I want to do is call attention to like,
hey, this is serious and like you should pay attention
because if this goes the wrong way, it could be catastrophic
not only for people with their personal finances,
but also like as a nation.
And I think it's also important to call out that like,
yes, it is important, but I don't think most people

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want this stuff to happen, right?
Like the United States of America is this amazing place.
There's millions of people around the world
that try to come to this country.
And it's because we have democracy and capitalism
and stability and like all the things
that we know make this country great.
If we were to lose some of that stuff,
like this isn't about a financial product
or an asset going up or down in price.
It's like, if there is complete chaos in a country,
people don't care about what currency they're holding.
Like they want guns, right?
And like that's not a world we want to live in.
And so I think it's less about kind of finance
and kind of investing.
And it's much more about like,
pay attention to this serious situation that's playing.
I think that's what Bellaghy's doing with his bet.
That's why I tried to get across with the piece
that I wrote last week.
You also had this other line where you said,
a friend yesterday told me,
bodies keep floating to the surface.
Meaning the Silicon Valley bank, that's just one body
and we're gonna keep seeing more bodies.
And so you like used a language that I'm fairly on.
I mean, I have a high level understanding of this stuff.
So nowhere close to a lot of smart people,
but you use language that stung me.
And when I see people who like you who write like that,
it's almost like,
this is how I describe Malcolm Gladwell.
When I read his books, they're so convincing.
Tucker Max is another guy who does this.
They're so convincing because they're such good writers
and they're so good at just explaining their points
that I have to remember that
when like a Malcolm Gladwell book,
it's like, dude, this is all just a theory.
And I could probably find lots of examples of why he's wrong,
but he's so good.
And you are so good at writing about it

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that I begin to believe you.
And I have to like pinch myself sometimes like,
wait, this is just his opinion.
And there's actually people
that are probably equally smart and equally experienced
that have a different opinion.
And I find that to be that whole thing though,
I find to be very confusing and unsettling.
This viewpoint that like,
you want to argue ferociously one point of view
so that the response,
both the critiques and the support is as ferocious back.
Right?
If you write a piece and people are just like,
eh, whatever, like, you know, I've heard this a hundred times.
Like nobody even takes the time to respond.
But on the internet, like you kind of have to go all in
and really argue a point.
But if you are intelligent, hopefully,
if you get new information
or you see a critique that you're like,
oh, that's actually a great point
and you're willing to change your mind,
then you can very quickly iterate your way
closer to the truth.
It's hard to always get to the truth.
But I think that's kind of why I write that way
is just argue ferociously
and then you'll get the ferocious response
and that will help you get to the truth faster.
What's the best argument as well as the best person
that you like to read
that takes the opposite stance of you
that you can see that you can,
you would say, if I'm wrong, I think this could be true.
Like who do you like to read that thinks you're wrong
and they could be right?
So it's different on every topic, obviously.
And even in individual situations,
I have friends who I agree on 95% of stuff with.
And then there's that one thing
that they like vehemently disagree with me on.
And I actually pay attention more when they disagree

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than to the person who disagrees with everything.
Right?
It's like once somebody has shown
that they're a clear thinker
and somebody's able to actually think through
individual ideas and they don't just succumb to like,
oh, Sam and I are friends.
We always agree on everything.
So like on this new topic, I should just agree with them.
Actually, I want to surround myself with people
who they are very clear when they agree
and they're very clear when they disagree.
And what you want to look for is like volatility
in agreement.
So the more that somebody agrees with you,
you pay attention and put weight on when they disagree.
And then the more that somebody disagrees with you,
that you want to pay attention when they actually agree.
So it's that volatility or that kind of reversion
away from the mean that ends up being important
to pay attention to.
But who are those people in this case?
Is there anyone?
Right now, I would say,
so it's less about like individuals.
I think there's a whole cohort of people.
Everyone has kind of a little bit different view,
but let me explain first kind of what's happening
and then it'll help me explain why I think
that there could be a counter argument to it as well.
So the main argument is that if you go back
to the beginning of 2020,
the economic and financial system was like pretty good,
right?
Unemployment was pretty low.
Inflation was under 2%.
Like we were kind of chugging along.
We had been in a decades long bull market.
Everything seemed fine, if not good.
Obviously COVID happens.
And the first kind of big shock to the system
was all the government lockdowns, right?
So across the world, people said,

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hey, go sit in your homes.
When you do that, what's called the velocity of money
or the amount of commerce goes down.
So if you used to go to the bar,
if you used to go and buy stuff at the store,
like you're just locked in your house now,
you're not spending as much money.
So when velocity of money goes down, people get scared.
And when they get scared and they're fearful,
there ends up being something called a liquidity crisis.
And the best way to think of a liquidity crisis
is just like, you look at your portfolio of assets
and you're like, I want dollars.
I want safety.
And so you just sell everything that you can
to try to get dollars.
So people didn't care if it was stocks, bonds,
cryptocurrency, if they had liquid real estate assets,
they could sell commodities, anything.
They just sell everything and they want dollars.
And so if you go back and look in March of 2020.
Literally meaning cash in a checking or savings account.
So that's like step one.
And then if you remember during March and April of 2020,
people didn't know what was going on.
Like I went to the ATM and I pulled out a bunch of cash.
If you were literally pulling physical cash out
and they're like, well, just in case, right?
Like who knows what's gonna happen?
They also were like buying toilet paper
and doing all like the crazy stuff
because fear takes over.
And so when these liquidity crisis happen,
all assets go down and the dollar becomes stronger.
And central banks and governments have to make a decision.
They can say, hey, we believe in the free market.
And we're just gonna like, let this play out.
Yeah, it'll be painful in the short term,
but like the free market will kind of figure it out
over time or they can, what they normally do,
say we are gonna intervene, we're gonna step in.
We can't let our people suffer.
And so of course, like politicians and central bankers,

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they're very short-term optimized
because there's pain that millions of people experience
on a day-to-day basis.
And it's hard to sit by and watch people suffer.
So it makes sense from like a human viewpoint
as to why they would step in,
although I disagree that many times
they probably should not step in.
And so that's what they did.
They stepped in, they basically dropped interest rates
to 0%, which just made it incredibly attractive
to borrow money, right?
If people are borrowing money,
that means they're going and they're spending it.
They're buying houses, they're buying
all this kind of different stuff.
And then they also pumped between the central bank
and the politicians, trillions of dollars into the economy.
One key thing that a lot of people missed,
including myself initially,
is that regardless of how the money got into the system,
the money ended up in the banks.
So if they gave \$1,200 checks to individuals,
whether they bailed out the airline industry,
whether they created all sorts of stimulus packages,
whatever, when people received the money,
whether they spent it or they held it,
someone, an individual or a company,
put that money in the bank.
And so the deposits of these banks exploded.
Silicon Valley Bank is a great example.
They had about \$60 billion of deposits to start.
They ended up having about \$190 billion of deposits.
So kind of 3X growth, \$130 billion or so.
But what does the bank do when all of a sudden people show up
and like, here's \$190 billion.
They're in the business of making money.
And so in a zero interest rate environment,
they can't buy short-term debt, right?
All that means is like they're buying treasuries
that are three months, six months, nine months,
12 months, two years, whatever.
But all of that basically has no return

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because interest rates are at zero.
So instead what Silicon Valley Bank did is they went
and they bought 10-year bonds,
meaning that they're gonna buy a bond today.
If they hold it for 10 years,
they'll get back their principal
plus whatever the return on the bond is.
Now that bond that they were buying
had about a 1.5% return, right?
So you buy it today, you hold it for 10 years,
you're getting your principal
plus the 1.5% type return over that 10-year period.
Which is a conservative play.
Super safe, super conservative,
backed by the US government.
Like everyone looks at treasuries
and like that's the safest thing to buy, right?
Now that is all good and fine
if the environment continues how it is.
What ended up happening is that all that money
got pumped into the system, inflation exploded.
We had the highest inflation in 40 years.
And so now all of a sudden inflation's at nine plus percent
and the central bank's like, oh boy, this is not good.
We have to bring inflation down
because inflation actually doesn't hurt rich people.
Rich people make money on inflation
because they own assets.
It's the poor people, the bottom 50%,
they're the ones who get hurt by inflation.
So let's try to get inflation under control.
And so the way they did this
is they jacked up interest rates from 0% to about 4.5%
and then they started selling assets off their balance sheet.
They sold about a trillion dollars of assets.
When they do that,
basically they are tightening financial conditions,
making it harder and less attractive
to borrow money and spend money.
What did they sell?
What did they sell?
The central bank, this is actually a crazy statistic.
They had about a \$900 billion balance sheet

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coming out of the global financial crisis.
They 10 bagged it.
They literally went from \$900 billion to \$9 trillion
between the global financial crisis and 2022, right?
So they expanded by buying all sorts of debt
and treasuries and various assets.
And that's how they get money into the system
is they exchange the dollars for these assets.
And then when they contract
or they try to make tighter financial conditions,
they sell all of those assets, right?
Or a good portion of it
to kind of pull liquidity out of the system.
But when they did this,
the banks are basically left holding the bag.
And what I mean by that is the banks took that,
Silicon Valley Bank, \$130 billion, \$80 billion of it,
they bought these bonds that earn 1.5%,
which is great in the 0% interest rate environment.
When they've now increased interest rates to 4.5%,
that bond that you bought previously is no longer good.
It's actually cheap.
And so it trades lower.
So if you spent \$100 on the bond,
now if you were to sell it to someone,
maybe you could sell it for 80 cents.
So you'd lose 20% on that bond.
The reason why that doesn't matter historically
is because the banks actually get special accounting treatment.
So let's say that Sean has a portfolio
and in one of them, he bought a stock
and he spent \$100 a share, right?
So he bought a stock for 100 bucks.
If he goes to the bank
and now the stock is trading at \$80
and he wants to use that stock share as collateral,
they don't give them credit for spending \$100.
They're like, hey, moron, it's worth 80 bucks.
Like you get credit for \$80, not 100.
But the banks have a special accounting treatment
where they can actually take some of the assets
on their balance sheet
and they can put it in a special area

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and they call it hold to maturity.

Hold to maturity basically means we get to count what we bought it for, not what it's worth today.

And the reason why they're allowed to do this is because they can hold the bond

until the maturity, the 10-year period,

and they'll get the principal plus the return.

So as long as they don't sell it before it matures, then it ends up being worth what they paid for it.

The only time that this does not work

is if all of the depositors want their money back at the same time.

Because now the banks have to sell all those assets and take that money to give back to depositors.

And that's what happened to Silicon Valley Bank is basically there was a bank run

when the bank run caused the bank to sell assets, they lost billions of dollars,

which then scared more depositors.

So then they went and said, hey, give me my money back.

And it just became this reinforcing cycle.

And in 24 hours, \$42 billion was drained out of the bank, which caused them to eventually be insolvent

and the government took it over.

And ultimately, great explanation.

That was awesome.

You killed it there.

Biology and a few other people are betting

that that's gonna happen to other more consumer-based banks in the next 90 days, is that right?

So it's already happened.

Like this isn't just a Silicon Valley Bank thing.

Like a lot of the politicians,

this was like a softball served up to them down,

right down the plate, they were like, oh, great.

The crypto and tech companies are a bank customer.

It must be their fault.

But like Silvergate Bank, Silicon Valley Bank,

Signature Bank, now Credit Suisse.

Like these are not crypto banks or just tech banks.

This is a complete global financial system issue.

And now there's reports coming out that hundreds of banks are actually underwater in terms of holding these assets.

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And so that's why you've seen the central bank and the governments around the world step in and say we will backstop a lot of these deposits because they don't want people to be so scared that they go and they try to take their money out of the banks because if everyone goes to do that, that then basically creates a cascade of bank runs.

And so Balaji's argument and why he's making this bet is that when the government steps in to protect the depositors, that is an inflationary pressure. And it's going to take trillions and trillions of dollars to do it.

And so at the same time, you're getting trillions of dollars of inflationary pressure. You also are getting this psychological awakening and people are saying, wait a second, maybe the dollar isn't as strong as we thought it was. I should look for an alternative.

And when those two things happen, hyperinflation can occur, doesn't guarantee it, but it can occur.

And I think really if you kind of boil down his entire argument and why he's created this essentially meme with the bit signal is that people in the United States, we've never worried about this, but this is not new globally.

There are people listening to this podcast right now, they'll tweet at us afterwards.

They're like, dude, I live in Argentina, like inflation's like 70, 80% year over year.

I live in Venezuela, I live in Zimbabwe, I live in all these countries

where they live with hyperinflation on a day-to-day basis.

It's just that in the US, we've never thought about it.

And then two is like, you add complexity because the United States dollars, the global reserve currency.

So if we screw this up so bad that we hyperinflate the dollar, I don't even understand,

I don't think a lot of people understand like, what happens globally when the global reserve currency hits high inflation or hyperinflation?

So again, it goes back to like, we don't want this to happen, but damn, people should be paying attention right now

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to make sure that they understand what's occurring and kind of how to prepare for it.
So let me add a little color on what you just said.
So there was a biology, tweeted this out,
it was just like a memo or a note
from the Kansas City Office of the Federal Reserve.
And they had said, there's kind of this like one section
that he highlighted, which it said,
at year end 2021, so basically two years ago,
only four community banks were below the kind of 5% ratio
of their assets that they had available.
So they were basically only four banks would be
at this threshold that we would be worried about.
Fast forward to today,
that's now 333 community banks in the United States.
So 333 community banks are essentially insolvent
is what this means.
And could be if there was a bank run
on any one of these, we would have the same problem
that we had first at Silicon Valley Bank.
And then what was about to happen on, you know,
last Monday or whatever, where everybody was gonna go to,
you know, I know here in California,
First Republic Bank was like, you know,
the domino that was ready to fall
before they came in and said, no, no, no, everything's safe.
All your deposits are guaranteed.
Don't worry to try to stop that from happening
because there are 333 banks just in the United States
that they say are below that ratio.
Now, what that would do to the next tier, who knows?
And also overseas, because the dollar
is the reserve currency,
overseas there's a bunch of banks that hold dollars
and they're worried about,
what if there's a bank run on us?
And so like, you know, just last night overnight
on a Sunday night, you know, it's bad
when they're sort of working on a Sunday night
and you know, making these announcements where they're like,
oh, we're establishing this like swap line.
And I was like, what's the swap line?
The swap line is basically, hey, we'll bail you out too.

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So if you need dollars,
the central bank of the United States
will give it to you to European central bank
and all these other places.
So they basically established this overnight back channel
which said, if you need dollars
because you're gonna get hit with a run,
we don't want you to fall over
and cause this cascade of fear and panic and withdrawals.
So we will also backstop you just like we backstopped,
you know, the community banks in the United States.
So that's, to topology's credit,
I think he is correctly identified
just like he did with coronavirus
that, hey, this might be a lot worse than you think.
And there's actually data to support
that the conditions are worse than you think.
Now, what's funny is, apology actually did this twice.
So he had like a V1 of trying to spread the word same.
I don't know if you saw this one.
So the V1 was, he goes, the bit signal.
He goes, how do you raise,
ring the fire alarm on the internet?
How do you show it's not a false alarm?
I'm putting up the bit signal.
He goes, I'll put a million dollars in Bitcoin
to alert people about this stealth financial crisis.
I'll give a thousand dollars to the best thousand tweets
that show a reply with a graph, a stat, a meme,
that will bring attention to what's happening.
Because the central bank and the banks
and the bank regulators have bankrupted us.
They're trying to hide the insolvency of the banks
to you, the depositor.
Which is a weird thing to do, right?
That's like, it's helpful that he's trying to help,
but sometimes that doesn't help, right?
So this was a pure giveaway, right?
That's not a bet.
He said, I'm giving away a million dollars
to the, I'll give a thousand dollars
to the thousand best tweets that will spread the word.
This tweet did pretty good, 13,000 likes.

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And he tried, but then he hit you with just like a bunch of like, you know, things that topology is like light reading, but to the rest of us is like, oh man, like, I gotta hook up to an oxygen tank just to intake this amount of information. So it's like this crazy thing. So he'll treat this table of like, you know, 45 currencies that have done hyperinflation. He'll tweet out a thing that basically shows some random meeting minutes from the Fed in 2022 that showed that they knew something, right? Like all these data points, but it wasn't really going viral until this guy, James Medlock, comes out and he goes, I'll bet anyone a million dollars, the US does not enter hyperinflation. And James Medlock, by the way. I think, by the way, he had it, it was even scarier. I think he said, everything that we're talking about, by the way, it's within 90 days of like last week, right? No, no, first it was James Medlock just said, I'll bet anyone, one million dollars hyperinflation doesn't happen, okay? That was just, that was that guy's tweet. Apology just takes this brand though. By the way, I interrupted you, say who he is. Say who he is. I don't know who this guy is. His bio says social democrat markets, market socialists in the sheets. I don't know what this guy's talking about. This guy's like, it's a meme account, it looks like. So I think he's got a picture that I don't know who this is. Meme watch with a million dollar bets. Yeah, exactly. This guy. His email is at mastodon.lol, okay? So like, let's be real, what's going on there? So apology comes out, he says, I will take that bet. You buy one Bitcoin and I'll send one million dollars to an escrow. To be clear, this is 40 to one odds. So he's basically saying, not only is this unlikely

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to happen, like if this was even odds,
it would have been like dang,
Apology is gonna lose a million dollars
because Bitcoin's not likely to be worth a million dollars.
Then he added in 90 days, which is already a radical move.
Then he said, and by the way, the million dollars
versus one Bitcoin, Bitcoin's currently at 26,000
at the time you made the spend.
He goes, that's 40 to one odds that I'm laying you.
And he says, all we gotta do is find,
you know, a mutually agreed on like escrow or custodian.
And he, again, he tweets out this bit signal graph.
And so he's like, you know, I'm doing this again.
Now this tweet goes viral.
This one gets 11 million views
because it's more provocative.
It lets anybody, at first the wave of tweets
from myself included was like, Apology's nuts.
He's gone crazy.
Like this doesn't make any sense.
And so, you know, because it was like,
not only was the bet unlikely to prove in his favor,
it was a perfect bet for Mr. James Medlock over here,
the social, the Democrat in the streets
and the socialists in the sheets.
All he had to do was buy two Bitcoin, right?
He could buy one that he's putting up for the bet.
And if he's wrong and the dollar does hyperinflate
and Bitcoin becomes worth a million dollars,
all he had to do was buy a second one.
So if he could, for \$52,000,
he could guarantee himself a million dollar payday.
So it was like an absolute no-brainer.
And, you know, the poker player in me was like,
Apology, what are you doing?
That's a, you've given this guy like a, you know,
a no-lose bet.
And so I messaged him and I was like, you know,
hey Apology, this is crazy.
What are you thinking?
And here's what he replied.
I think I could share this
because it's not anything that he's not tweeting out.

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He's tweeting all this stuff out anyways.
So it's not overly crazy, but here's what he said.
He just replies, all the banks are insolvent.
That was the first reply.
He goes, have you seen the big short
where one guy figured something out early
and everybody else thinks he's crazy?
That's what's happening here.
He goes, people think this was a single bank issue
like Silicon Valley Bank.
It was a central bank issue.
All the banks are dead.
10 days ago, there were no dead banks.
Today there are five.
And if people realize this
and they start to pull their money out,
they'll realize that the banks don't have it.
It's Uncle Sam Bankman Freed, not Uncle Sam.
Which is basically what happened with FTX.
So people realized the money's not in the bank with FTX
and then that caused the extreme crash.
And then he tweeted out a bunch of stuff and he goes,
I'm not doing this to make money
because I pointed out that the guy could just hedge
and win the bet.
He goes, yes, I'm not doing this to make money.
He goes, if I had the beliefs that I do
and I was just purely selfish,
I would simply just take the million dollars
and buy 40 Bitcoin.
I would take another million dollars by another 40 Bitcoin
and I'd do it quietly because I believe
that the million dollars is gonna be worth zero in 90 days.
I'm doing this to alert innocent people
and to send a message, get to the exits.
And so I wanna bring up a couple of cases here.
So that's the bet.
Hold on, really, really quick.
There was also this other thing,
apparently right around this time,
there's a picture of him.
So this guy, biology, he's like, has this like,
stereotype- We gotta throw out the picture.

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On the YouTube video, gotta throw out the picture.
So he's got this stereotype of being like,
the forgetful scientist of like,
he's just this guy who only cares about being brilliant
and oftentimes he's right and he's eloquent, whatever.
There's a picture of him.
It looks like he's giving a seminar at like a university
and someone tweeted, he goes,
biology's saying, get the F out of the US
and it's very scary.
And he's sitting there giving this presentation
in front of like a class
and he's wearing pajamas, like a pajama looking hoodie,
basketball shorts and Nike Air Jordan flip-flops
with his laptop sitting on top of like two cardboard boxes.
And so if you needed like any more of the stereotype
of this like brilliant, like the image that we have
of Mark Zuckerberg, you know, just sitting in a hoodie,
coding, eating pizza and drinking Red Bull,
biology's going all in on that image.
And it almost makes it worse when I see this picture.
But I think a lot of why he has so much credibility
is that he has been able to identify a number
of these like exponential situations.
And if you really think about what he's saying here,
it's almost an exact overlay to COVID, right?
He saw very early on a couple of data points
and he was able to extrapolate
from a couple of those data points.
Hey, this isn't a linear line.
Like this is literally an exponential curve
and the top of the exponential curve is really scary.
Like let me go yell, scream and like call attention to it.
He's doing the exact same thing here.
And I think that's what Sean was reading about like,
hey, 10 days ago, there was no dead banks.
Now there's five.
Like he's just trying to put a couple of data points
and be like, if this goes exponential,
like this is really bad.
And I think that one of the components
that's important to call out is like,
I don't know what the percentages of Americans,

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but most Americans don't know that if you go
and you deposit your money in the bank,
it's not your money anymore, right?
Like just that alone, like the lack of financial education
of the average American is astonishing.
And so yes, there's FDIC insurance
that covers up to 250K.
Like there's all these different things.
But if you go look right now,
like the FDIC does not have enough money
to backstop every bank in America.
Yeah, what is it?
It's like a hundred and something billion.
I think they use 20 or something.
I think the 20% of it was used to help Silicon Valley Bank.
Yeah, that's like, yeah.
Yeah, Silicon Valley Bank
is like the 20th largest bank in America.
So it's like not very big compared to the big, big ones.
One other thing that I think is important to understand
about these situations is this idea
of like a digital catastrophe.
And this is a concept that,
frankly, I struggled a little bit
to come up with like a good name for it.
But I think digital catastrophe
kind of really articulates it as best as I can,
which is you need to understand this concept
because it is going to become very, very common in our lives
over the next 20, 30, 40 years.
But the way that I define a digital catastrophe
is it's an event that occurs, that is negative,
usually plays out in the analog world, kind of the real world.
But it is drastically accelerated
by the speed of communication and action online.
And so Silicon Valley Bank is like the prime example.
If you think about what happened there
on Wednesday afternoon, they made an announcement.
By Thursday morning, people were scared.
By Thursday afternoon, \$42 billion had been withdrawn
from the bank and by Friday morning, the bank was dead.
So like in 48 hours,
it was the second largest banking failure

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in the United States history.
But in the old days, what you would have to do
in order to have a bank run is like,
Sean would walk over to Sam's house
and be like, yo, Sam, did you hear like,
the bank's probably not doing so hot?
And then like Sam would be like, huh, that's kind of crazy.
And you would walk, ride your horse, maybe get in a car
and like show up to the bank physically,
wait in line and be like,
when you get to the teller window,
can I have my money back?
Like that takes a lot of time, effort, energy,
all that type of stuff.
Now you can literally open a new tab on your browser,
click a couple of buttons and move your money.
And so when the speed of information occurs
that it does on the internet, millions of people,
whether you're a customer of Silicon Valley Bank or not,
like Twitter knew that the bank was insolvent
by like noon on Thursday, right?
And so if that happens,
that's how you get \$42 billion withdrawn from a bank.
That is a digital catastrophe.
It's the speed of information,
the speed of action online has real world consequences.
And so another way to think about it is like,
the internet was weaponized
to create the second largest bank failure in history,
but it was in response to the knowledge
of an insolvent bank that was caused
by a fractional reserve banking system
and an increasing of interest rates
that basically left the bag holders as the banks.
And so people were just operating
out of personal incentive to get out of the way.
Yeah, there's a, it was kind of amazing.
Like a Thursday morning, I remember waking up
and in our group chat, Sam,
there was like somebody posted Silicon Valley Bank stock
was going down.
I was down like 30 or 40%.
It was like, oh wow, must've had a bad earnings call, right?

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Or, you know, that was kind of my assumption.
It wasn't anything too, too bad.
You know, by 11 or noon, I'm scrolling Twitter
and I start to see, you know, if you scroll,
this is just a general tourism.
If you scroll social media
and you see four or five different sources
talking about the same thing,
your brain is just like wired to be like,
this is a big deal.
Topic X is a big deal.
Marketers use this to their advantage
when they want you to like go buy a product
or know about a movie that's coming out or whatever.
They do the same thing.
That's why they get, why influencer marketing
is a big deal.
But it also works just organically.
Five people say the same thing on,
and one Twitter scroll, I know that something's up.
And so I remember being on the phone
and basically in the manner of like 15 minutes,
it was like, I'm on the phone.
We're not even really sure what to do.
It was like, let's just be safe, take it out.
Sent an email saying, hey, we're taking it out,
opened up a new tab, clicked wire the money,
took a screenshot of the wire,
sent it back into six group chats,
then went ahead and tweeted out a thing.
It's like, wow, like in 15 minutes,
I just like propagated this more than I could have done
if it had been my full-time job, you know, 20 years ago,
which is kind of what to your point.
And the funny thing is people are mad that like,
well, if there wasn't a bank run,
there would have never been a problem.
And it's sort of like, you know, they use this example
of like what's it called, like screaming fire
in a movie theater or something like that.
It's like, then everybody runs the exits.
Well, the reality is if there's no fire in the theater,
everybody run to the exits and getting stuck there,

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then, you know, trying to get out,
like it's not that big of a deal.
There was actually a fire.
And so, you know, I don't know how the blame gets shifted
to the people who successfully got out of the fire
versus pointing out that, hey,
somebody caused this thing to catch fire,
which is kind of Boloji's point.
Boloji, he tweets out this graph of the,
like the balance sheet or whatever.
It's basically like goes up, up, up, up, up,
which is like during the money printing era.
Then the last year or so, it's been trying to tighten.
So it's been going down, it's been contracting.
And then like overnight, it just goes straight up vertical,
like no graph you've ever seen
because it's \$2 trillion was basically of liquidity
was added to the market.
Now, some people say, no, it wasn't really
like put into the supply.
Like, pop, you might have an idea about this.
Some people say, well, that \$2 trillion
is not really being given out.
It's not going into the supply.
It's kind of just there as a borrowing facility
in case the banks need it
in order to like prevent any panic.
And other people say, money print to go bird.
This is the same thing.
So, you know, what are you talking about here?
I don't know.
Do you have an opinion on that?
You know, when you're in like high school
and there's the like, but actually kid in class
who like sits there in the corner
and no matter what anyone says, like, but actually
and they try to tell you about something they read
or this or that or whatever.
It's actually called Barcelona.
Exactly.
Oh, you mean bruschetta?
No, I mean bruschetta carrot.
Like that is those people on the internet, right?

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These people who they're the same people during COVID that were like, but actually, and then they would go on some rant, right? Like, no, the government locked us in our homes and literally printed trillions of dollars and created 40 year high inflation and absolutely screwed millions of people. I don't care what, but actually you have to say. And then you look at the same situation as like, they're like, but actually inflation will be transitory and it will come back down, right? And then you're like, no, that's not how this works. And so ultimately what you end up having, which makes markets, so like this is a part of capitalism is you have theory meet reality. Sometimes theory is a great primer and overlay on reality. And other times it's not. And what I've learned over time is that the more complex the system, the less likely it is that the theory overlays perfectly on reality. And like there is no more complex system than the economic system of America, let alone the world. And so all these people who are like, oh, inflation will come down because the Fed will do this or that. Well, like the Fed isn't the only thing that contributes to inflation. There's supply chain disruptions, there's geopolitical war, there's like all these different components to it. And so I think that you've got to be very careful just looking at theory and trying to impose theory onto reality. But the other thing that I would say throughout this entire kind of cycle or kind of news development, man, are we lucky we have the internet. Like the internet is the greatest place in the world. And like Sean did a great job explaining, you can propagate some of this information, but imagine being in the 1950s or 60s and like you basically could read the newspaper

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and maybe you watch like the nighttime news.
And you have to listen to the talking points
from the like public narrative
or like the government or the Fed or whatever.
On a daily basis, there are things that are said
by those who kind of set the public narrative
and within seconds, people on the internet
destroy the narrative.
And they're like, nope, that's not true.
Here's these five points.
And like, I don't care necessarily
who's right or wrong every single time
as much as it's like, I want both sides.
I want what the people in charge are saying.
And then I want the people who like
think the people in charge are idiots are saying.
And then I'll kind of like think for myself,
but the internet is what has empowered that.
And so like, wow, what an amazing time
for us to be alive, to have that ability.
Because literally two generations ago,
they didn't have like, what are you gonna do?
Go to the encyclopedia and look up,
like what is a bank run, right?
Like how does central banking work?
It's just amazing that we now have this capability.
So I think we should wrap this segment up.
And I wanna wrap it up by each of you
in just a couple of sentences saying,
what do you think is gonna happen in the next 90 days?
And what are you, are you guys doing anything?
Shawn, you go first.
Okay, so I'm gonna say two things.
I think in the next 90 days, basically,
I think biology is actually correct
on everything except for his 90 day point.
Because I think that's too hard to know.
And he might end up being correct
that something happens in the next 90 days
or it might take 900 days.
And I think either way, the important part is he was right.
It's just the time, the time window,
I think makes things impossible.

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But the good news is you don't actually need to know the time window to act accordingly. I've said this for a very long time. And I think what Balaji is saying is a much louder, better version of that, which is for a long time, people thought, if you're buying Bitcoin, you're trying to make a buck. And from the beginning, once I started to understand what is this, I was like, oh, this is not about making money, it's about saving money. It's a savings technology. Which is basically to say, even when inflation was only two or 3%, if you just look at two or 3% over a 40 or 50 year period, the money that you have in the bank will still, if you put \$100,000 in the bank, it'll still look like \$100,000. But it will only have the buying power of something that's \$60,000, for example. And so why would you ever save your money in something that is designed to lose purchasing power? You wouldn't do that. And so I've always thought, the core value of it is it's a savings technology. It's a currency whose one big feature is it doesn't inflate. And so if you wanted to save your money, you'd rather save your money in something that doesn't inflate, cannot inflate, versus something that either inflates slowly or quickly. Low inflation or high inflation. I don't want any inflation if I'm saving my money. And so anyways, I think that he is correct about, if you're going to save money, you should do it in a hard currency that's not gonna inflate. I've already been on this bandwagon, obviously been the kind of crypto person that's obviously a believer in crypto, created the milk road because I believe in crypto, still believe in crypto. And so nothing has really changed there. In the next 90 days, I would guess that follows you looks like a fool,

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because people are gonna point out that it didn't happen in that time period. But in the next 900 days, I think that he will be proven correct. And 30 seconds pop, what do you think? Or 60 seconds? I think that Bellagio is correct somewhere to Sean. The timeline is hard to get there. I will put a higher probability on the 90 day timeline than most because I do think that there's tail risk. And mainly it's because when hyperinflation happens, it happens very fast. Like in episodes of hyperinflation, everything's fine, 90 days later, there is hyperinflation. So it's less about like, has this ever happened? And it's more about like, is it going to happen? Again, I'm like, maybe 5% because I do think there's very systematic problems and issues currently in the global financial system. I do think that the banks or the central banks when faced with save the bank, save the dollar, will save the banks, which will lead to inflationary pressures. But I would not bet a million dollars that Bitcoin will be a million dollars in 90 days. Woo, are you guys hyped up or what? I'm ready to go get a fight. We should say one thing, which is the other take that people have on this, which is that if biology has like a hundred million dollars of Bitcoin, he doesn't need to be right for this to be a profitable bet for him. So if he's got a hundred million dollars of Bitcoin, already, Bitcoin's up like 20% last week or something like that, but it's up like four or 5% right now. He basically would only need to move it by like 3%, or it only need to move up by 3% in order for him to be profitable losing 2 million USD if he's got a hundred million dollars of Bitcoin, which I suspect that he does have a hundred million dollars of Bitcoin.

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I think he now has moved 90,
I think he said this,
he's moved 99% of his net worth into crypto.
And so I think he can lose the bet and still make money
and be doing the thing that's,
to his beliefs, the right thing to do,
which is alert people
that the banking system is currently broken.
And he is the Michael Burry of our industry.
So we'll see if he's correct.
Dude, I just feel like I drank,
just drank like a liter of Mountain Dew.
I'm just like drinking buckets of dew.
I'm just like hype up right now.
When Pomp tweeted out that he's coming on,
people wanted to know,
how are you gonna sit in a room with the two of us
and still be sitting there in cash, ETFs,
and not own any crypto at the end of this segment?
Well, hold on, hold on, hold on.
51 minutes of hell.
Are you gonna go buy Bitcoin or what?
I own Bitcoin, I own.
Not that I own it from 2015,
a small percentage of my portfolio.
I've made purchases and I don't have cash.
I have real estate and I have,
but here's the thing though,
which is in hyperinflation periods, I own equities.
Those also go up.
I don't, you know, to get to a million dollars,
Bitcoin right now is at 27,000.
You know, that's like, what's that?
Like 50X or something?
I don't know if equities will 50X,
but I mean, they will go up.
Yeah, maybe, but also all those businesses running dollars
and all their earnings are in dollars.
If dollars are not useful anymore, right?
Like the whole system, that's the thing.
I'm a Bitcoin bull and you don't wanna see this happen
because the world will be chaotic.
Absolutely chaotic.

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It will be bad for a lot of people.
I think everybody even who's the biggest Bitcoin bulls,
you saw this yourself, Pomp,
you're not rooting for it to happen this way.
A slow transition is really the only thing you want.
A fast transition would create a lot of damage
and so you don't really want that to happen.
I feel like I can rule the world.
I know I could be what I want to.
I put my all in it like no days off.
On the road, let's travel, never looking back, life.