

[Transcript] My First Million / This Hedge Fund Manager Got Away With Insider Trading... Then Made Billions

Uh, Sam, what's up, man? I got, uh, I got some good news for you.
Great.
Click that link I just put in there.
It's, uh, it's your lucky day, bro.
Here's an article in the Financial Times called The Alpha of Ugliness,
and it turns out that being ugly outperforms.
They analyze a bunch of investors and the investors who were conventionally ugly
outperformed by 2%, I think.
So, uh, yeah, I saw that, but here's the problem.
I'm, I'm a five, I'm five, 10.
I'm not ugly enough to be made fun of,
but I'm definitely not hot enough to be six foot.
To get any advantages.
Yeah, so that's the issue.
Should I get uglier or hotter? I guess uglier.
Yeah. When I was in second grade, I really liked this one girl and I was like,
hey, uh, I'm going to ask that girl to the, whatever the dance or something.
We had like some party in like third grade.
And, um, now that I think about it, that's kind of young to be asking girls,
but that's what happened.
So I went up to her or no, my friend went up to her and he was like, hey, Sean likes you.
And she goes, um, Sean's ugly.
And then that was third grade.
And then I'm still reeling.
I'm 30, I'm 35 now.
I'm hoping at 36, I'm off that.
But, uh, you know, still recovering, I would say.
We're going to be back in a second.
But first, let me tell you about something magical happens
when the third quarter ends and the fourth quarter begins.
It's where the sales teams become legends.
That's why hub shop built its sales hub to give sales reps the deal making tools
that they need to win in Q4 and close the year strong sales hubs prospecting
workplace, organize your schedule goals, a to-do list in one place and save your
team precious time in the fourth quarter.
And with the easy to use deal management tool reps can fine track and close deals
all in one place.
Plus, AI forecasting helps you accurately predict future success.
So put your sales team on the fast track into winning in Q4 with sales hub.
Learn more at hubspot.com/sales.
All right, let's get back to the pot.
So Anand, the founder of CB Insights tweeted this out, I think a week ago,
and he does really in-depth tweets where he looks at data and stuff.

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And he had this one thing where he said, um, he said, uh, I found this data that talks about how good you look in your returns. And a lot of people think that the hotter you are or the taller you are, the better returns you're going to have, which, which makes sense. Taller people get more, get better treatment. And he said, no, it's the opposite. There's a correlation between attractiveness or I guess an opposite correlation. So between attractiveness and rate of returns for investment managers. Well, yeah, because the investment doesn't know how tall you are. Tall guy probably can raise more money, but not necessarily make more money. Well, Anand, it's, uh, I guess, is it the uglier you are, the harder you've had to work? Yeah, that's what I've been clinging to. That's the story I've been telling myself. So speaking of hedge funds or investments, let me ask you a question. Do you know anything about hedge funds? Not a lot. Okay. What you need to know is that they work really hard and it's a really intense lifestyle. So you understand that, I'm sure. If I paid you \$10 million a year, if you could earn \$10 million a year, would you be a hedge fund? Would you work at a hedge fund as like a portfolio manager? Would you live that lifestyle for \$10 million a year? I don't know the lifestyle, but probably not. Because I really like my lifestyle. So I would not trade it for a worse lifestyle, if that makes sense. But like, let's assume, let's assume 10 years ago, would I have made that trade? Yeah, I would have made that trade. And that's what I think they do. I think they make that trade earlier in their career. And then they get, that's what they do. So I'm reading this book about Steve Cohen. Do you know who Steve Cohen is? I know that he owns sports teams and he's one of the most successful hedge fund guys. But, and I think Billions is based off of him, right? Roughly, yeah. So Bobby Axelrod is off him. But basically Steve Cohen, he started as a, he's basically a day trader, a glorified day trader.

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That's how he made his first couple billion.

Worked at like, almost like a \$1 billion day trading.

Yeah, that's not the best explanation, but basically it's day trading on steroids.

So it's kind of like calling like a bodybuilder like, oh, you like to exercise, but it was basically his own money or he was at a fun.

It started with his own.

So well, he started as a, he started as a kid, 23 years old.

He worked at like something that looked like the Wolfville Wall Street style setup, where it was like a dingy in the beginning that Wolfville Wall Street, he's selling petty stocks at like a, like a garage basically in a small, like 30 person operation.

He kind of started at a thing like this.

The story is, and they interviewed his boss in this book.

They're like, dude, on this first day of work, he came and he goes, if I was you, I would do that and make that trade.

And the boss was like, who do you think you are telling me what to do in your first day of work?

And Steve was like, that's, I'm telling you, that's going to work.

Within a few hours, it made a great profit.

After two years, he was making a hundred grand in profit a day for the firm.

And it was like a day, it was like a day trading firm where they basically in the 80s, it wasn't quite popular to do day trading.

It was more so hold something for a long period of time, pick stocks based off the businesses. He's so good because he's a savant, because he figures out some arbitrage and he's exploiting that.

Why is he making a hundred grand a day?

So at first it was, he claimed it was intuition, which I believe, he claims that he's a bad at math, which is uncommon for a lot of these folks, but he claims he's bad at math and it was intuition.

He said, I would just look at the ticker.

It was at the time it was a physical ticker that would be on the board.

And it would like change stock prices.

And he was like, I would just find these weird arbitrages.

And he would short stocks based off of like, this just changed by one dollar.

I think it should be 50 cents higher.

I'm going to buy it and sell it within a few hours.

It's incredibly challenging reading this book to figure out exactly how he did this.

That's so frustrating as an answer, by the way.

It's like, that's like my idiot friend from college who's looking at the roulette wheel and is like, guys, it's got to be red.

It's been black four times in a row.

And I'm like, that's not how this works.

That's very frustrating.

If that's the answer of how this guy became a billionaire is good old gut.

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I just don't, I don't know.

I don't believe that.

That sounds crazy.

It's very frustrating.

Like he looked at the ticker like Rain Man and just figured out which direction things are going to go.

Well, I tweeted out about it and Martin Scurelli, who worked in the hedge funds world, has been replying to my tweets.

And he's like, yeah, it does seem like intuition base.

More so intuition base, like when you're playing Blackjack or poker, you know roughly the odds as you're going really quickly.

The problem with Steve Cohen is he's never done a wonderful job of explaining exactly how he did it.

However, at the age of like 32, he started his own fund.

He had \$10 million of his own money and that's why he started a SAC.

That's what the, his firm was called.

And he hired a bunch of people and he gave them like crazy commissions where you could earn 30% of the profits you made the firm.

And by the time he's like 42, SAC, which is mostly his own money, accumulates like \$10 billion.

However, after the first like \$600 million,

then it's all not all, but it's a lot of insider trading and they would do crazy shit.

Like they would fly to conferences,

take the conference speaker out to dinner at a conference

where they're like talking about like different drugs

that might become legal based off of different trials

that they're currently running.

They basically bribe these guys to give them information.

Like this trial is going really bad.

So he got in trouble for this or no, because he's, I'm looking it up.

Steve Cohen net worth 19.8 billion and appears to be a free man.

So yeah.

So here's the, here's, here's the rub.

He does get in trouble for it,

but after he's worth already probably five or \$10 billion,

he's, they do it very quietly.

He's been very quiet for years,

building, accumulating about a billion dollars.

The old whoops he do later, huh?

Then he gets in trouble and you want to know something?

He completely gets away with it.

He gets convicted and he gets in trouble.

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SAC has to shut down technically,
although now it just becomes his family office.
A year later, he starts another firm called 0.72.
The guy, he did not get in trouble at all.
Clearly broke the law many, many, many, many times.
However, as I'm reading this book,
I'm reading about the lifestyle of what it's like.
It is seven days a week, 12 hours a day,
more than 12 hours a day.
Before you do the lifestyle thing,
I want to read Martin's reply to you.
So you were like, this guy, Steve Cohen, fascinating.
What I don't understand, you know,
he's basically become worth over a hundred million dollars
as a day trader on steroids.
It says he followed his intuition with bad of math.
What does that mean?
Great question.
So here's what Martin says.
I studied Cohen for a good part of my life
and I think these were the key components.
As a trader, he has an unbelievably capacious memory for stocks.
Capacious.
Wow, that's a word.
I love that.
I don't quite know what it means,
but you'll see me sprinkling that around for the next three days.
I guess it means good.
We'll just say good.
Good or spacious, one of the two.
Yeah.
So for any given stock,
he literally knows what is the situation
and controversy.
This is a little bit like how it impresses some people
that Kramer knows most of the stocks he's asked about.
They are similar animals.
Number two, he's unwavering on discipline
and portfolio slash firm structure.
With leverage and a diversified group of portfolio managers,
the net result for investors is incredible.
Other firms like Millennium and Citadelville
have figured this out too.

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Cohen is also a very smart business person, which most traders are not. He can attract impressive talent because he speaks the trader's language, whereas other similar firms don't have active traders managing the company. I think it's a competitive advantage. The style has been somewhat effectively replicated by his competitors, however, and the arbitrage has all but vanished in U.S. public equities. Yeah. So that's still not the best answer, right? That's a very... That answer doesn't feel good. Like it's not giving me exactly what I wanted. He said one more thing that I think is great. You were like, it's crazy that he was getting 30 to 50% annual fees. He goes, remember, Marin goes, remember, that's 50% net of fees. So his fees were 50%. So basically he had 10 years we made about 100% a year. It's arguably the strongest stretch of high returns ever done similar to Renaissance capital. It's amazing. And this guy, he's sneaky. He's a sneaky guy. He does a lot of bad things in this book. Okay, tell me some of them. For example, you know GLG, which we've talked about constantly. Expert. He was... Yeah. So basically what GLG does, I'm a consultant technically, every once in a while on GLG. So a bank is going to take a company public. They will, let's say it's HubSpot, for example. They want to know all about email marketing. They find email marketers and ask them about which software they use and they want to learn about if it's a good company or not, whatever.

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Well, Steve Cohen was GLG's biggest customer.
He spent millions of dollars a year.
He would become friends with the quote consultants,
get their information,
take them out to dinner and be like,
look, just tell me the truth.
And I'll put you on salary.
Tell me like, for example, if you're on this board,
if you work for the government
and you're getting ready to approve a drug,
just tell me if it's going to get approved.
Tell me how the trials are going.
He's brought this napkin.
I've written the number three.
And as you keep talking, I will start adding zeros.
Go.
Yeah. I mean, it was basic like that, like that.
And then they get the information from the guys
and they just...
They basically like, they honeypot these guys
where they become friends with them,
ask them about their families
and then they get the information
and they bail, they never see them again.
Sounds like you're dating like that today.
By the way, this GLG thing is really funny.
So when you do these calls, tell me if you're like me.
So I've done a couple of these calls.
Talk really slow.
Yeah. First of all, it's like eighth grade
and I'm trying to hit the word count.
Yeah. Yeah.
So basically with GLG, they pay you by the hour.
You can charge three grand an hour.
I become very capacious.
Yeah.
I feel absolutely silly doing these.
Like, I know in my head,
like there's an intellectual part of me that's like,
of course, \$2,000 an hour.
Hell yeah, I should be making that.
And you know what?
This is going to be such...

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This I'm giving them liquid gold.
That's what in my head, I say that.
However, during it, I become very insecure
about what I'm saying.
And I'm like, none of this is special.
This is all so basic what I'm saying.
And I feel like I'm a high paid escort
that doesn't know how to have sex.
And I'm like, I hope they're happy
with what they're getting here for this \$2,000 hour because...
Did he ask how maybe it was good for them?
This was very mediocre.
It's a weird thing.
I don't actually do it anymore.
But in this book...
So one of the ways they made like a billion dollars
was doing this for drugs.
And they found out through their investigation
that 10% of US doctors admitted
to being one of these consultants on some of these networks.
And that's the only people who admitted it.
And so it's like a pretty widespread problem.
My takeaway so far in the book is,
if you're a white-collar criminal,
you could basically get away with it.
You can get away with it.
That's crazy.
So he got convicted of insider trading.
And what did he have to pay and did he go to jail?
He paid billions.
He did not go to jail.
Wow.
Maybe he paid \$2 billion,
but he started a new firm the next year.
Right.
He paid \$2 billion as he laughed uncontrollably.
All right.
So you were going to talk about their work culture sounded like.
Yeah.
So I got obsessed with this work culture.
And I saw this quote by Keith Reboi.
And so Keith Reboi was at POMPS conference
and he talks about 996.

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Do you know what 996 is?

It means...

Chinese work schedule.

That's the Chinese work schedule.

It stands for 9 a.m. to 9 p.m.

six days a week.

And Keith stands, it seems, as he loves 996.

And he tells a story about one of his portfolio companies.

They just hired the CFO and the woman who'd got the job.

She was like,

I was specifically looking for a 996 culture.

And I googled and I found out that on your job listing, you said that you guys were 996.

And that seems crazy to me

because that I don't think is a lifestyle that I want.

And so I was curious about 996.

And so I got down this...

I went down this rabbit hole of working.

So do you know the history?

Have you ever read the history of the 40-hour work week?

Do you know how it came to be?

Roughly, here's what I know.

You tell me where I'm missing something,

which is just that when we went to the factory industrial thing,

that's when the 40-hour work week of going into the quote,

clinical office, the plant, the factory became a thing.

It wasn't that way before.

So somewhat, yeah.

So basically in the book Sapiens,

the author hypothesizes that hunter-gatherers,

we're talking pre-civilization,

worked something like 30 hours a week

and spent a lot of time just being idle with family.

Then the industrial revolution comes along

and factories and machines come about.

And in the late 1800s, early 1900s,

there was a bunch of surveys done amongst the workers

and it was found on average,

most of them were working 100 hours a week,

six days a week.

So they were working constantly and it was a grind.

There was constant protests.

There was constantly people fighting over this.

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There was legislation that went into power in both England and America in the 1920s, where it was like government workers, you don't have to work that much, we're going to give you a normal work week. But basically factory workers didn't get shit. Then in the 1920s, Henry Ford was like, hey look, the thing about our guys working so much and my company is so big, Ford Motor Company, I need people to buy cars because if they're working so much, they can't buy pants, they can't buy shirts, they can't go out to eat and thus they can't buy cars. Therefore, I'm going to try this thing where we're going to create the weekend. We're going to give Saturday and Sunday off because if they don't buy shit, people aren't going to buy cars. So in the 1920s, Henry Ford says the weekend's a thing and that was the beginning of the 40-hour work week, at least in terms of it being systematic. Wait, Henry Ford created the weekend? He made it like a thing. Yeah, he was the first big company to make it a thing. Yeah, and he made it a thing. And what he found was he did something crazy at the time. He goes, hey workers, guess what? I'm giving you Saturday and Sunday off. I'm not even going to touch your pay. Your pay is going to stay the same. And that was really revolutionary at the time. His workers ended up loving him more. He also did a bunch of crazy stuff. So he built towns. So there's towns similar to what Facebook does now and Google, they actually give you a stipend if you live within five miles of the office because he was like, I want you to be close to the office. I want you to be available when you can. But I'm going to give you Saturdays and Sundays off. And that was kind of the beginning of the weekend. And then since then, that's kind of become standard. Even though he gave them the weekend,

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people were still working 12 hours a day.
So people were working 60 hours a week.
But then he eventually lowered it a bit to 40 hours a week.
And that became kind of what the 40 hour work week
in America is for workers.
And so he sort of invented that.
What a legend.
Yeah.
Well, he's done a lot of bad stuff too.
So I just Googled.
So Sundays were kind of casually off,
but it was like for church.
But he's the one who made Saturday also off basically.
And then also the 40 hour work week versus 70 hour work week,
which is crazy.
Yeah.
And he didn't change their pay.
He goes, I'm going to give you what you want.
What's the bad stuff Henry Ford did?
Like, how bad?
How bad are we talking?
Super anti-Semitic.
So he, big fan of Hitler wrote books called like,
he has a famous book.
I forget exactly what it's called,
but it's called like our problem.
And it's like basically why Jews are bad.
Oh, wow.
So, yeah.
So a very, very imperfect person.
But that's okay.
We could talk about the 40 hour work week,
which is interesting.
And so that worked out.
And that's how the 40 hour work week came to be.
Now over time, a lot of companies have tested four day weeks.
And some claim that it's effective,
but I think the verdict is still out.
These things are really hard to measure.
And then I went and read a bunch of studies on,
what's the optimal amount of work time?
Have you ever studied what the optimal amount of work time is?
No.

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A lot of research says that humans can only focus and concentrate really hard five hours a day. That's what some of this research says. There's also a ton of research that shows that there's like, stupidly high, it's like 30% increase of heart attack, blood pressure, things like that, of anything above 50 hours a week. And so there's like a huge issue at 996 in health. And I've read enough biographies to know there's definitely a trend. Have you ever heard the story of like, rich people having in the 1900s, having to go to Florida for fresh air, because they needed to like relax, or they have like stomach ulcers? Have you ever like heard like, there's like- No, I don't read history books. There's a pretty like common story amongst tycoons. Because of air pollution or because of something else? Well, they were just like having nervous breakdowns. It's like a common thing amongst the biographies. And the doctors would be like, you need fresh air. You have to go to Florida. You need fresh air. You're having a nervous breakdown. It's a very common thing of these guys, like Joseph Kennedy, John Rockefeller, having to retire for basically, or take a three month sabbatical, because they're broken. John Rockefeller, at the end of his life, do you know what Alpecia is? Yeah. He had Alpecia. So at the age of 50, he lost all of his hair. And that's a stress induced disease, at least a lot of people think so. So is your, first of all, a couple of questions. Number one, is 996 still in effect? I thought I had heard something that China was like rolling that back, that they don't do that anymore. Technically, it's illegal.

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But still, some people are doing it.

But still, it's practice.

So for example, there's a lot of quotes that says, like JD.com, as well as Jack Ma from Alibaba.

There's quotes where they're like, look, do you want to be successful?

If you do, you have to do 996.

And they like say this on record in their weed chat, talking about it.

So it's still common.

I think though, there is an interesting point here, which is I think Americans in particular don't want, you want to create a narrative about why China can potentially beat us.

And you say to yourself, like all they care about is work, work, work, work, work.

And I just don't want that life.

And so there could be the case of like, well, they don't actually work significantly harder than Americans.

But that's just the excuse that we're going to give in our head.

Because in reality, I think a small percentage of Chinese companies are still doing 996.

In general, a lot of the young Chinese are revolting against that.

And that's one of the reasons why you see a lot of Chinese American workers, I think, because they prefer the American style versus the Chinese style.

So, okay.

So that's what's going on in China.

Keith Rebois says that he runs his companies on 996.

No, you guys at Barry's Boot Camp like twice a day.

What was he talking about?

Here's what he said.

So there's a company called TAVA, which ironically is a service for warehouse workers to help factories find warehouse workers.

He says, it's a 996 in the office every single person, every single day.

It's very impressive and it's not surprising why that company has done so well.

In fact, he says, this is why the Asian companies succeed

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because they do 996.

So as an investor, you love when your companies do 996.

Why not?

Of course.

Of course you love it.

Hey, guys, let's take a quick 30 second break to tell you about another HubSpot podcast network show called The Hustle Daily Show.

Every weekday, there's a team of writers at The Hustle that break down the biggest news stories and headlines in 10 minutes or less.

They'll tell you why you should care about them and it's funny, it's irreverent, and it just touches on everything from business, culture, news, and tech.

They also do deep dives on topics like, why this man won the lottery 14 times, or why it's nearly impossible to buy an original Bob Ross painting, or how Taylor Swift literally affects the local economy when she pulls into a city for a tour.

If nothing else, you'll walk away with some interesting stuff that you could talk about with your friends to make you sound smarter than you actually are.

So search for The Hustle Daily Show on Apple Podcasts, Spotify, or wherever you listen to podcasts.

All right, back to MFM.

Okay, next thing.

Do you feel that with Hampton, you're gonna be the Henry Ford of our generation and take us down to the five-hour workday rather than the eight-hour workday?

Is that a thing you're doing?

Because I'm trying to bring it,

I'm trying to revolutionize the adult nap, right?

Like, the adult nap is gonna be my lasting legacy.

When I die, people are gonna be napping in the middle of the day and they're gonna, every day, they're gonna thank Sean for bringing this new nap culture to adulthood.

By the way, naps, I've read thousands,

I've read hundreds of biographies.

Naps are very common amongst a lot of the people

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I've read about, by the way.
So if it makes you feel good, naps are common.
You read about legends, legends nap,
I nap, therefore, Sean equals legend.
Yeah, you're Indian, you're good at math, you get it.
Do I think that, no, I think the 40-hour work week,
I don't think it's broken.
That's what I think, I don't think it's broken.
How many hours a day are you actively trying to work?
And then how many hours a day do you think you're productive?
I'm just, those two numbers.
So, like, I don't plan, nine to six, I don't, like,
that's, I treat my, running my companies,
I remember my parents were like,
oh, you work for yourself, you can come out to lunch with us.
I'm like, no, nine to six, it's my job.
I'm available and I'm working.
Right.
So I say that I'm nine to six.
I spend a lot of time thinking.
Like, I'll literally just be sitting there
thinking and writing notes.
So if you consider that work, I think I work 40 hours a week.
If you consider work, like, typing and actually contributing
to a product, way less, 10 hours a week.
Yeah, I do the same thing where I'm like,
it's awesome, I'm my own boss, problem.
I'm an asshole as a boss to myself.
You know, like, I work harder when I'm my own boss
versus if somebody else was managing me.
But nowadays with kids, my schedule is very different.
I basically do these sort of, like,
three-hour sprints three times a day, but at different times.
So, like, this right now is my first sprint.
It basically starts at usually 8.30 or 9.
And I'll go till 11.30 or noon.
Then I go play with my kids for a little bit,
which is honestly only, like, 20, 30 minutes,
but we'll do something fun.
And then I'll come back.
I'll do another 90 minutes in that next block.
Then I'll go work out.
And then after the workout, I got another 90 minutes.

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So that's kind of like the second block is those two 90 minutes to split with a workout. And then late at night, after my kid's sleep, I'll do another 90 minutes. And so I don't know what that adds up to 90, 90, 90, plus the three hours in the morning, but that's how much I work, which is probably, like, six, seven hours a day. And by the way, I think I kind of glossed over this, but at By Dance, they currently have employees work six days a week every 14 days. And then what's the big, like, phone company over there? Is it called the Hawaii? How do you pronounce that? Huawei? They routinely ask staff for six day weeks every month. And they pay them extra for it. Right. So, like, it's still pretty common. But at the end of a 40-hour work week, where it's been a hard week, I find myself fried. Like, I'll sit and, like, either play a video game or, like, watch TV. Like, I can't do much. I don't know how a guy like Elon Musk or some of these folks, like, have an intellectual stimulation for that long. I find it to be very, very challenging, and I personally cannot do it. So, would I take \$10 million a year to be a hedge fund portfolio manager and live that life where you're on call 20 hours a day? Maybe for \$20 million a year. For \$10 million? Probably not. I think it would be hard. I mean, there's a number, right? There's a number where you would do it for a couple years. I mean, not to put you on blast, but, like, you're already going to be creating that much or more value without doing it. So, why would you ever make that trade, right? Like, it's not...

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I didn't say I would.
I said maybe.
I said there's a number.
Yeah.
There is a number.
That number has to be pretty high.
\$10 million, not a chance.
20, probably not.
I don't know.
Yeah, but that sounded like...
That probably not there sounded like,
give me three more seconds of silence,
and I'll change my mind.
But have you ever read a book?
Like, have you ever watched James Bond
and you see the villain's lifestyle
and you're like, that's exciting.
I want to do bad stuff.
That's what it...
That's what working in a hedge fund is.
That's what you think a hedge fund is?
Yeah, just do it hood,
ret stuff with your friends.
That's what it feels like.
You're doing bad stuff with your homies,
and that does seem appealing.
You know, the one sexy thing I like about hedge funds?
So, there was a guy when I was in college,
guy comes into the office,
or a guy comes into our class,
slick back hair.
And I forgot his name,
but his dad is like a legend in the hedge fund game.
Like, he was like one of the OG hedge fund guys
who made a billion dollars or whatever.
This is the son.
Son's got his own hedge fund.
And he comes in and he just had...
Like, you guys were talking before we started recording
about somehow the more successful and rich people get,
the actually the more at peace and chill they are.
They're more generous with their time, ironically,
and they're nicer and kinder.

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So, this guy kind of had that energy where he was in no rush. And I just remember, I could literally feel that energy coming off. And this guy was in no rush, which is very different than every other person I had seen. Who was this person? We're always rushing from one class to the next, cramming for finals and shit like that. Like this like high achiever stress. It's just like... Who was this person? I forgot his name. Regardless, the guy comes in and he's there to give a talk. And he says basically two interesting things that always stuck with me. First thing he said was, he's talking about his hedge fund and blah, blah, blah. We're all kind of like eating out the palm of his hand. And he's like, you know, who here would find it fun to work at a fund like ours and do this? Like make big bets for a living. And like, you know, 80% of the class hands up and he goes, he goes, okay, so look around. Here's 80% of the people, 80% of the class just raised their hand. And imagine if you all applied, because somebody had asked him a question about risk, like how much, you know, should I work this career ladder or should I try this thing that's like a little bit of a risk? And so he's explaining, he goes, look around. He goes, imagine all of you applied to this job. What would your resume look like? All of you would just give me a white piece of paper with black text. You'd put your little name at the top and then you'd put Duke University and you'd put your stupid GPA and then you put your internships, you put four internships and you'd make it sound like you changed the world in those internships. He goes, there is nothing that differentiates you.

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He goes, you have a degree.
Great, that's table stakes.
Like, you know, like, oh, great, you went to a good school.
Like, so what?
So did everybody else that applies to this job.
He goes, the only thing I can look at
to even decide do I want to meet this person
is the bottom fifth of your resume,
the very bottom 20% where it says other.
And that's your chance to say other stuff you're into,
your interests, your store,
something you've done that's remarkable or notable.
He goes, that's the only way I'm going to differentiate
between all of you that are raising your hands right now
because otherwise you're all students.
You all did an internship.
You all got a three point, whatever GPA.
It doesn't matter that you were on student council,
like no one cares.
And when he said, he goes, so I would take the next three years,
four years of your life after college
and I would go stuff that other column
because either you're going to make it big,
doing something cool, or even if all those fail,
when you go to apply to a job like mine,
I'm going to have some reason to actually want to talk to you.
And that was one of the most, I don't know, profound things,
but like best pieces of career advice that I had ever heard
and actually changed my,
I went and started a goddamn sushi restaurant afterwards
because I was like, that's part of my other.
Either this works and I create the next Chipotle
or it's a great story for my other section
because he's right.
That ring, that was, the truth was told to me.
And the commonality between a lot of these folks,
which I think you have, they play poker
and they got really comfortable gambling.
So that was the other thing that stood out.
He's looking around and in class,
everybody's got a laptop open and he's looking around.
I'm like, I could see he's like counting or something.
He's like measuring something.

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And I asked him, I go, are you, I was like, what are you counting?
What are you doing?
He goes, oh, I'm looking at how many of you guys have max versus PCs?
He goes, because my entire year right now is I'm going to make a long short bet.
I'm either going to go long Microsoft and short Apple or I'm going to go long Apple and short Microsoft.
And he was like, I was like, what?
I didn't even know what,
I didn't even understand what he was talking about, like a long short sort of spread trade.
And he was like, yeah.
So like, you know, my entire, like he's like, I'm going to make a \$10 million bet or I'm going to make a whatever.
He said something ridiculously big number.
He goes, I just have to make one bet this year.
And I'm going to bet \$10 or \$50 million on either Apple or Microsoft here.
And so I'm just trying to understand like, what are you guys using and why, why do you pick this?
And I thought that was the coolest shit in the world.
Like that was like, you know, he could have lit up a blunt in front of me and I wouldn't have thought he was cooler than what he had just said that his entire year was to figure out, should he be long Apple or Microsoft?
And he was just going to walk around the world trying to figure this out.
He's going to make a \$50 million bet on it.
And I was like, that's so cool.
That's incredible.
And I'm sitting here playing like poker during class, you know, on the one, two tables trying to make 200 bucks.
And this guy was like gambling at a whole another level on one concentrated bet.
That shit was like very attractive to me.
I wonder which one he picked.
Hopefully, I think he had told us at the time I had asked him.
I was like, so which one he's like, I think Apple because, and he had said some reasoning because of Apple.

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It wasn't just like Apple because it's cool.
It was something like he was looking in the education market to figure out like basically our age cohort.
What were we buying?
What were the schools like recommending?
And then what was like the he had done?
I forgot exactly what he was doing,
but he was like looking at basically like he thought that it was important to know what high schoolers and college kids and like young professionals were being told to buy and buying voluntarily.
And if there was like some difference there, he had said something.
Now this is like 15 years ago.
I don't remember the exacts,
but I remember it being Apple that he was leaning towards.
So that's my whole summary of hedge funds of the 40 hour work week.
This stuff interests me.
Henry Ford, by the way, came up with a lot of good stuff.
Invented Kingsford Charcoal.
That was his doing.
Obviously Ford, the assembly.
He's like, yeah, I got a cool side hustle.
Yeah, that was the side hustle.
The assembly line, the guy is super fascinating.
A very imperfect person did a lot of bad stuff too, but very interesting.
What do you want to do?
All right.
So I saw something come by that I think you'll find pretty fascinating.
Have you heard about this company called Law and Crime?
I saw they were acquired recently.
They were acquired.
And so this is a media company that does a combination of like true crime plus just coverage of trials.
And media companies started by this guy, Dan Abrams, and they got acquired for rumored nine figures.
And I was like, wow, that's a pretty impressive exit for like this kind of like crime niche media thing.
Do you know about this guy, Dan Abrams?
He's got like an interesting backstory.
No, what's he do?
So he's basically pretty prolific with these like niche media sites.

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So 2009, he launched something called Gossip Cop.
It's celebrity gossip blog.
And it gets to 8 million monthly uniques.
So he goes into celebrity gossip.
That's number one.
I go to TMZ.com every day.
Homepage.
A home page every single day, every day.
That's on my list of things that I check every morning.
That's part of your eight hour workday.
Well, you know, you got like the same news websites that you check.
I just want to see what's going on.
I check no news websites.
But anyway, it's this guy.
So then he creates GecoSystem, which is a internet site for meme culture.
Launches that in 2010.
He creates something called Mediate,
which is basically power rankings for media personalities.
That one gets to 14 million monthly uniques still going today.
He launched something called Stylite,
which is kind of like the same thing, power rankings,
but for designers, models, writers, people in the style business.
Holy shit.
He launched SportsGrid, which is a sports news business
that was acquired in 2013.
So he's creating a bunch of these all in this period of like 2009 to 2015.
Roughly, he created all of those that I just mentioned.
He created one more in 2012 called Brazer,
which was basically personality like chef personalities.
And I'm like, this guy's like, hey, that's just interesting.
Like an interesting model.
But B, like all of those are like the right niches.
Like there's like, you know, missionary versus mercenary people.
Like he strikes me as somebody who's mercenary where he's like, oh,
these like these idiots care about like, you know, celebrity chefs.
All right, here you go.
I'm going to tell you every goddamn thing you need to know.
News, information, you know, stories about these celebrity chefs.
Oh, these people love, you know, whatever it is.
Stylite media personalities or style or celebrity gossip.
Great. I'm going to create.
I'm going to go fulfill demand.
I got thirsty customers.

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I'll go open up lemonade stands right next to them.
That's the style of entrepreneurship that I get out of this guy.
And if you Google this guy and you click images,
most people will recognize him.
Do you recognize him?
He's on MSNBC.
He's on TV all the time.
Yeah, exactly.
He's like really good looking.
He's got a great voice.
He's always commenting on like like another guilty pleasure.
I watch cops all the time.
I freaking love cops.
That's my favorite show.
And they have like a spinoff called Live PD.
He's always on there saying like, oh, what she did,
she's about to get charged with X, Y and Z.
Right. So this guy, he's basically a media entrepreneur
and he's on, yeah, like all the things that you mentioned.
He, so Abrams media, I guess,
is the thing that's like launching all the stuff.
One of the things he launches.
So 2016, he launches Law and Crime.
That's the one he just sold.
It's basically, it starts, you know, legal news website.
Then it's live streaming trials.
And then they have a cable show.
They have an OTT show.
They have a YouTube channel.
They got five million subscribers on YouTube.
They cover every trial because like,
I'm like pretty knee deep in this SBF trial right now.
Can't look away from the car wreck.
You know, like rarely does news get me, but this one, I mean,
I'm, I'm, I'm embraced in its arms.
He's lapping it up.
Yeah. I'm just fully engulfed by this SBF trial.
And so definitely there's like this like part of our brains
that's just wired to tune into the stuff.
Like I watched the depth versus herd Netflix show.
I don't know if you saw that one really, really well done,
like the Netflix documentary on the Johnny Depp trial.
And you can't, I mean, you, you watch these things.

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They just get fully engrossed in them.
So he, you know, he sees that creates this
and they raised five million bucks
and reportedly have sold for nine figures.
So over a hundred million dollars.
I don't know if that's exactly true.
Three years ago, the reported revenue was like 13 million top line.
And so, you know, who knows where it landed at.
Maybe it's at 20, 25 million now.
I'm not exactly sure, but amazing exit
and kind of amazing entrepreneurial career.
He also, by the way, launched during the time
he was launching true crime, law and crime.
He launched a Christian TV streaming service called Ambo TV,
which I bet is also like, that's a, I love that niche.
Um, you know, the, which is crazy.
I mean, the guy's not Christian, um, at all.
Uh, so that, that's very, I said,
do you know Dan Abrams from five minutes ago?
You didn't know the guy.
You're like, he's not Christian.
Well, Abrams is a Jewish last name.
And I'm looking at his, um, um, I'm looking at his Wikipedia.
And he's, he's, he says he's raised in a Jewish family.
And his, his father has a Wikipedia page.
And fair enough.
Okay.
Okay.
You win.
So that's how I'm looking.
Point, point, point, point, Sam.
All right.
So this is, so what's the Christian show?
So go to AmboTV.com.
And so they're just live streaming, like, you know, uh,
I don't know, good old Christian entertainment.
Uh, I don't, I don't know what that is.
It's not something I normally watch,
but like you can watch basically like live biblical literacy.
You can watch like, you know, inside one of these churches,
the Christ event eligible, like church live,
you can view past sermons, you can watch interviews and shows.
And, uh, this thing doesn't seem to have a ton of traffic on here,

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but let me look at the YouTube channel.
I bet the YouTube channels, uh, it's pretty small too.
So the, this Christian site thing, it looks like it hasn't,
hasn't quite taken off yet, but I do like this niche.
I feel like this could be, could be successful as well.
And then he has another one called the whiskey raters,
a site that uses a proprietary algorithm
to rate whiskies on a scale of 50 to a hundred.
Yeah. I mean, this guy's just goes into passion niches, right?
So it's like passionate niche.
Let me create it, right?
Like this is what Ramon did with the soap opera blog.
It's like, wow, you built and sold a soap opera blog for \$9 million.
That's like incredible.
How'd you even have this idea?
And he was like, well, I created Facebook pages
around a bunch of niche topics, wrestling, politics,
soap operas and others.
And I saw that the fan page for the soap operas was like popping off.
It was like the second or third most, most popular one.
And so then he created a blog,
he'd never seen a soap opera in his life
and created a blog where they would write spoilers and recaps
and stories about the soap operas
and built up so much traffic
that he was able to sell it for almost \$10 million
without ever raising any money.
It was incredible.
By the way, the, the, what this guy's doing, uh, Abrams, Dan Abrams,
how he's launched, he's politically launching new stuff.
I think media is the best industry
if your intention is to launch a lot of things.
Someone kind of described it once
where they told me that a media company
is basically a collection of different projects
all under one brand,
whereas a software company typically is one product
with added features and you're just scaling it.
The interesting thing about media
is when you understand what types of things
grabs people's attention,
attention and how to look at certain numbers
to understand where there's an underserved need.

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And nerd.

And nerd, yeah.

You can basically do that for any niche that like, like, there's a, it's a formula.

A lot different than software.

E-commerce is a lot like that too.

You notice that somebody who knocks it out of the park with one e-commerce thing, they know that they could do this five times over.

It's just, do they have the energy and the desire to create an organization that's going to launch multiple brands versus the one?

But it's so applicable to do exactly what you did for one.

But there's a problem with e-commerce, which is your cash is tied up in inventory.

With media, you typically have more operating cash flow.

And so you have more money to deploy to some of these resources.

How many, how much of your,

how much of your business,

so you have a business in e-commerce business,

how much of the money is in inventory?

A significant amount, without saying like, particular numbers.

Probably 30% in inventory.

So that's not what you're thinking.

That's not horrible.

That's not, that's not horrible.

A lot of times it's worse, so I would imagine.

It can, you can go wrong if you, if you mess up, if you miss forecast or you get a bunch of dead stock, slow moving inventory.

Yeah, you can, that can stockpile real quickly and become a big issue for you.

But also, it depends how you run it.

So in the same way that there's a hundred people now trying to create newsletter businesses, and those hundred are not going to have the same success that you did with the household or that I had with Milk Road, why is that, right?

Because it's how you operate.

And the same thing with e-commerce.

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You know, with e-commerce,
if you set up the right payment terms with your factory,
for example, like for us,
we sell inventory before we have to pay money for it.
Yeah, so that's great.
Right, negative cash conversion.
So once you get set up like that,
then you're, you know, you're an idiot if you're,
if you're losing money or you're tying up
too much money in inventory, right?
Because that's not necessary if you run it well.
It's when you make a mistake or thing,
or the market turns that, you know, you can get in trouble.
So you may know this,
but my beginning in business was being a copywriter.
It just basically means figuring out what motivates someone
and how to use the written word to take an action,
get them to take an action or to think a certain way.
And the way that I learned how to copyright
was I did this thing called copy work.
And copy work is this famous technique
that's not really popular anymore,
but it used to be really, really popular.
And you basically take writing that is great,
writing that you love,
and you write it out by hand and you copy it
and you make notes of what particular thing
that that writer's doing that makes it special.
That's how I learned how to write.
I locked myself in a room for six months
and I just did this for many hours a day.
I created a program to make it easy.
So you can do that.
It's called copy that copy that.com.
You can go there and you can check it out
to 10 day exercise to make it really easy
to learn how to write.
If you want, you can just go do this on your own.
You can find great writing.
You just literally copy it by hand.
I know it sounds crazy, but it works really effectively.
But I made something that makes it a little bit easier.
So check it out copy that.com and back to the pod.

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Tell me about this guy Tyler and what his post said.
I think I know who he is.
Yeah, so I don't know a ton about this guy.
This guy Tyler Hodge.
I've seen him on Twitter.
He's around on Twitter,
but he wrote a great blog post that I loved.
I don't know if you saw this, but it was about sardines.
Did you see this blog post about sardines?
So I didn't see it, but I'm pulling it up now.
By the way, the blog post,
it's going to make a comeback, I think.
Dude, I'm with you.
I read this one post and I was like,
I don't know who this Tyler guy is, but I like him.
I was like, I like him and I respect him.
One blog post could do that for you.
It's very hard for that to happen in a single tweet
or an Instagram story or a TikTok short.
It takes a little bit more.
One blog post.
You need more time.
Yeah, exactly.
I think podcasts work well with it, but...
Podcasts, YouTube videos, if they're longer worked out.
It's basically the amount of time that you've taken from someone.
So you read this post and he's like,
he's like, I'm reading this book, Margin of Safety,
and in it he writes about this famous bubble that happened
that you probably haven't heard of.
I guess it's not that famous,
but there was a bubble that happened
that you probably are not aware of,
which was the sardine bubble in Southern California.
So I'm going to read it out for you here.
He goes, there's an old story about a market craze
in sardine trading where sardines disappeared
from their waters in Monterey.
And so the commodity traders started bidding up
the price of a can of sardines,
the price of one can of sardines soared.
And everybody's buying up these cans of sardines.
They're making a bunch of money, flipping them.

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And one day a buyer decides, you know what?
I'm going to treat myself to,
I'm going to take one of these expensive cans of sardines.
I'm going to pop it open and I'm going to enjoy.
He pops it open and immediately just becomes sick.
He's vomiting and he's like, oh, he's like, tells the seller.
He's like, hey, man, I bought these expensive sardines for you.
These are no good.
And the seller's like, you don't understand these.
These are not eating sardines.
These are trading sardines.
And he's like, so then Tyler draws the point.
He's like, it feels like this is what's happened
in the last few years with tech company valuations.
He's like, there was a game to be played.
You would invest in the seed round and then the A.
And this company is trying to use that money to grow.
It's not really profitable, but don't worry about that.
We're losing money, but it's all good.
We're growing and we got this narrative.
And the narrative just needed to be sold
to the next round investor, the B round, the C round.
The better analogy for this is crypto.
Well, I don't think it's quite...
There is some in crypto, right?
But there's the NFT stuff in crypto,
but the difference is to get to the point of what he's saying.
So crypto is a different type of asset, right?
Crypto is not a productive asset.
It's not a cash flowing asset.
So what he's talking about, he's like,
you would get these businesses that would go later
in later stage and each round is getting bigger and bigger
because everybody is basically is greater fool theory, right?
They're thinking, well, I don't care if this business
actually generates a lot of free cash flow.
I can just sell it to the next buyer
and they would do that.
They would get to the point where it goes public.
But now the music stopped and these companies have to be...
They're opening up the Kansas Sardines
and realizing that, oh, shit, these were not eating sardines.
These are trading sardines.

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And so you see a company like Hoppin go from \$4 billion valuation or \$2 billion valuation, whatever it was, to I think it sold for like 10 million bucks or 20 million bucks the other day. It's down whatever, 100X from its peak valuation just two years ago. And there's another company called Better, which is a mortgage company that's also about to go bankrupt after a billion dollar valuation. And this is going to keep happening. You're going to see a bunch of these sort of dead unicorns. And in crypto, there was a version of this, like NFTs, for example. Are you buying this because you love the art? Are you buying this because you think the price is going to go up? And up for 95% of the people, 99% of the people, it was, I'm buying this because the price is going to go up. That works until the price stops going up. And then at that point, we all are sitting here holding these trading sardines that we don't want to eat. The difference, of course, is that, and the point that Tyler's making is that, what's in vogue now is eating sardines. Companies where if you couldn't sell it to the next, but if you can't exit, if you can't IPO, if you can't go raise the next round, well, it doesn't matter. Just pop it open and eat it, right? It doesn't matter. The company has profits. It has cash flow. So we don't need to flip this to the next person. It produces enough cash flow. This sounds very basic to a lot of people. The whole idea of crypto is triggering to them, or the idea of venture capital and these unprofitable tech companies that raise money at these crazy valuations, that's just triggering to them. And so for the cash flow, Kings out there, this is like, today is your day. Now is your era. You are now king of the hill at the moment. And I wanted to bring this up with you because I feel like you have really never gotten

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into any of these trading games.

I have never seen you get swept up in angel investing where you're like, yeah, this company today, it's worth 10 million, even though it's got no product and no revenue.

But it doesn't matter because they'll raise an A at 50 million.

I'll be marked up 5X.

And then it will raise a B at 120 million.

I'll be marked up 10X, whatever.

I've never seen you fall into that one or crypto, really any of these trading games.

You seem to be a guy who always goes into eating sardines games.

Whereas I've dabbled in both and made money and lost money in sort of both.

I'm curious what your reaction is to this.

Yeah, so a bunch.

The first thing is, the reason I've never got into that is I think people default to being too optimistic about particular businesses.

You know, what's interesting is one of the very first signs or pieces of writing that humans have ever discovered, we're talking cavemen era, they wrote on the cave that said the generation after them is lazy.

And they just don't care.

And that's like a common theme.

Every generation says the one after them is lazy.

They just don't care.

And their music sucks.

Yeah, their music sucks.

It's like the same thing over and over again.

And you said something about we're caught up in this at the moment.

My philosophy is we have always been caught up in that.

Human nature doesn't change.

We have been the same for almost forever.

And the way that we act today is the way we have always reacted.

And so when I see new things, I think this isn't new.

This has been here many, many, many, many times.

And my goal is to find out what has been here for hundreds and hundreds and hundreds of years and what or thousands of years.

And that is where I choose to place my time in.

For example, in this blog post, he quotes Sarah Gao, who says who's like a famous investor.

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And apparently one of her portfolio companies said,
Sarah, tell all the founders their jobs to generate cash flow.
Because no one has ever told me that.

And that's crazy.

But that's a common thing.

Yeah.

And I was, I'm taking this,
do you know how to read a balance sheet
or cash flow statement or P&L?

Yes, but, you know, of course, there's levels to that game.

So I don't really know how to read it.

And so I'm taking a, my intent to take a course at like,
I want to do like one of these executive MBA classes,
like one of these fancy ones.

But before I even did this, I bought this course.

It's called the four day MBA,

where this guy's teaching me how to read a balance sheet.

And his whole course is summarized in a very simple way.

And it's basically the point of cash is to generate,
or just to buy stuff that you can then sell to create profit,
which that profit can turn into cash flow.

And a lot of times people focus on profit,
but profit is a hypothesis.

Cash is a fact.

And it took me to take that course to realize
and get back to basics of like,

wait, everything is about creating cash flow.

And he uses this wonderful example of Enron.

He's like, check this out.

Look at this balance sheet.

They're generating lots of profit, lots of profit.

Goldman, Morgan Stanley, they're all saying,

buy this company, buy this company.

They're stuck, it's great.

Look at the P&L.

The P&L will show you the profit.

No, that's the issue is profit isn't important.

Operating cash flow is.

On paper, they were making lots of profit.

The problem is is that it was all,

they weren't like, they weren't actually making profit,
or they were rather,

but they weren't creating operating cash flow.

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The vast majority of their cash came from financing activities, aka raising more money.

And this is why there's a book called the smartest guys in the room, because apparently everyone was like, oh, they'll be fine.

They're the smartest guys in the room. And you see these trends today with crypto, with web three, now with AI, before that with social media, where the smartest guys in the room say, it's okay that they're not making profit. It's okay that they're not making cash. It's okay that this valuation is huge, but that's like just a common problem that we see over and over and over again.

And so I get suspicious of all of those things, because I read a lot of history, and you see patterns.

And this is a very common thing. We have thought this way from the beginning.

Yeah, but the story of the tech industry, like the story of all the startup industry, Silicon Valley, is that that actually was correct.

Like you're saying it like, with social media, the story was these companies, you know.

Yeah, but most of them fail.

Most fail.

Of course, of course.

Some worked.

That's what I think what it is.

The real lesson is you have to know what game you're playing.

So for example.

Correct, I agree.

When you're playing the Silicon Valley game, the Silicon Valley game is most of these companies are going to fail or be sort of inconsequential to your returns.

The only thing that matters when you're doing venture capital or doing tech investing is every year there's like 20, maybe 30 companies that matter.

Did you get into them?

How many of those did you get into?

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Is it zero?

Is it one?

Is it two?

Is it three?

The issue, though, is that people put too large of a percentage of their net worth into these things.

That's where it becomes a huge problem.

And a lot of people do that.

I don't think that's true.

I think most people are not even invested in startups.

The average person is not invested in startups.

No, get startups out of this example.

You could say crypto.

You could, I mean, a lot of people have gone broke because of it.

And at the underlying asset,

still does not have like a repeatable way to deliver cash flows.

But that's the difference, you know.

There are different types of assets.

So, for example, you could buy a watch or you could buy art.

They're never going to produce cash flow.

You could buy gold bars.

They're never going to produce cash flow.

There's definitely certain types of art.

Certain Rolexes have grown.

No, no, no.

They're non-productive assets.

But they are collectibles.

But there is a history of 100 years, 50 years of repeatable, of people wanting to purchase it.

Of course, of course.

Not as much with crypto.

Yeah, and of course, and of course that the,

of course, you don't get the same upside because it's sort of a, you know, that game is played out.

It's more efficient market versus crypto collectibles came out.

So here's a new version of collectibles.

And in this one, you could be Jack Butcher

and you could make millions and millions of dollars

because you understood that crypto collectibles

are going to be a thing.

Or you could have come in at the wrong time

or put the wrong percentage in.

Of course, you could make money and lose money in any of these.

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But the idea is you have to know a game you're playing. If you're playing the game of crypto or investing in gold or investing in art or investing in watches, you are not playing the same game as somebody who's investing in cash flowing businesses. If you're investing in startups, you're not playing the same game as somebody who's investing in cash flow businesses. So I think the important thing is you have to know which game are you even playing. And then what are the rules and topology of that game? So for example, with venture investing, the mindset is actually I'm going to lose money eight out of 10 times here. And then if you go read Warren Buffett, you're like, oh, this guy's the greatest investor of all time. Let me learn something about that that I can apply to angel investing. And Warren Buffett's first rule is don't lose money. His second rule, don't forget rule number one. If you use Warren Buffett's rule, you could never be Peter Thiel. If you use Peter Thiel's rules, you could never be Warren Buffett, right? Like, you know, these are, they're different games and you have to know the rules of that game in order to play it. What I think is interesting is that at different times, that at different times, each game might have a sort of like hot season. There is a, there is a, there are these like windows where certain games are more ripe or more attractive, more lucrative to play. But my point is you ask why I don't do this type of stuff is I get nervous about many of those games because I believe that, for example, before startups in the early 1900s, there was car companies. Do you know how many car companies existed in the 1920s and 1930s? Tons, tons. Most, all of them went bankrupt, except for like five. There was tons of car companies and it was the exact same thing as tech companies today.

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And so I'm wary of those types of games where I, I fall a little bit more into the warm buffet thing where I'd rather have steady but smaller returns as opposed to big lumpy jumps. I do get big lumpy jumps, but I do those in things with things that I can control which is starting and selling companies. I just prefer not to do it in things that I don't have control in. Yeah. And typically you don't actually play the warm buffet game. You play the index investing, you know, basically I don't try to make my money on the investments. I try to be sort of safe and conservative with my investments because I'm going to be aggressive and risky with entrepreneurship, which is not what warm buffet does. He doesn't, he doesn't start companies. He buys companies in... I met warm buffet in the sense of... I'll try not to lose money and I will do, I'll take a somewhat more conservative approach than many of my peers. Yes, yes, yes. The startup game is a, the startup investing game is a chasing and waiting game which is a very strange combo. You're trying to chase to find these one, these breakouts that are going to become one of the 20 companies that mattered this year, not the 2000 that didn't matter. And then you have to play a waiting game to let those seeds kind of bloom over the next, you know, seven to 10 years. A month ago you went to Brian Johnson's house. So I want to ask you about that or do you want to save it for Friday? Yeah, you can do it. Let's do it. Well, so Brian Johnson, the crazy guy who I love who claims he'll, or he's trying not to die by decreasing his age. You went to his house, you interviewed him. That's going live soon. How was it? Was there any like spectacular learnings from him?

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Yeah, going to his house is kind of remarkable.
So- Big house?
Not huge, but like nice, definitely a nice place.
Walk in and actually meet his son first.
So I see his son, his son who's on the same-
I've seen him on Instagram.
He's on the same protocol as his dad pretty much.
Yeah, rips, right?
But he's like 20, whatever,
he's like 20 years old or 19 years old or something like that.
And so he's like, I think he's in college
or going to college or something like that.
He is super ripped, super kind guy.
And I was like, so what's it like to be,
eat lunch with your friends
and you've got the green sludge
and they're eating not just or whatever.
And he's like, yeah, it's cool tonight.
I don't care.
You know, I'm doing what I want to do.
It's like the independent mindedness
that it takes to live a lifestyle of Brian Johnson.
You can see like, even this as a parent,
how that like shapes your kids to be a little bit different.
And you're like, oh, you're emotionally healthy.
He was like, you know, I was like,
what do you think would be great out of this interview with him?
And he was like, you know,
I hope you clear up like some of the misconceptions.
Like there's a bunch of misconceptions
as to why he's doing this.
And if people understood why he's actually doing this,
they would feel a lot differently about what he's doing.
And so, you know, I just, I enjoyed that.
Got a tour of his house,
showed us where he works out, how he eats.
He opened up his fridge and literally,
I was like, let's see what's in here.
He opens up his fridge and there's literally nothing in the fridge.
There is absolutely nothing in the fridge.
There's like one bottle of red wine on the side.
And then he's like, oh yeah.
He like opens up his freezer and there's like some medicine in there.

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I'm like, oh, what's that for?

He's like, oh, that's like this drug that they give to people with leukemia, but I just take it proactively.

I was like, oh, cool.

You know, you're trying to find rapport when you go to someone's house.

And I was like, so I wear this Fitbit.

I'm cool.

I'm into tracking too, right?

Like, yeah, I work out sometimes.

Sometimes I eat chips, you know, like, you know, it's like, wow, it's literally like meeting a bit of an alien person because his lifestyle and his discipline and his values and his priorities are just very, very different than mine, but also very cool, very inspiring.

He's a very, very cool guy.

So he was like, when you go to someone's house, you meet somebody and you're off camera.

Within three minutes, you get a vibe of like, what's this person's vibe?

Some people will give you a hardcore fuck off vibe.

Some people are kind of like, let's get this done, you know, vibe.

And he was totally different.

He was very kind, very curious.

You know, it felt like, you know, respectful, very, very respectful, very nice.

What was he curious about you?

Um, well, first, he was just like, thankful.

He was like, oh, yeah, the first episode we did was a lot of fun, the one that we had him on a long time ago.

And he's like, that really kind of like, you know, helped get the word out there, got a bunch of good messages from it, and that led to more good things.

So I think first thing was like, kind of like, thanks for, you know, thanks for doing that.

Yeah.

Um, that was the first thing.

The second thing was like, you know, how do you react to this?

He's like, so I'm curious, like, what do you think of this?

And this is something you would do.

And how can I make this more approachable?

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And like, what do you find, um, you know, he was like, almost like doing a bit of research in a way to like, versus just being a know-it-all.
Like, I already know the answer.
I have the answer.
You guys are all idiots for not following versus, you know, versus having an open mind on, on, you know, what's an old, you know, a person who's not in the protocol.
What's a reaction to this?
And did he, uh, have help running around his house?
Like doctors and shit?
He's like kind of like number two person.
And she like helps do a bunch of things.
Um, but not like, it's not like household.
That's like his like, you know, she's like, no, I meant like nurses.
Oh, there was no doctors or nurses there when I was there.
We went up to like his room where he's got like all the heavy machinery to like measure your skin and then measure your eyes and measure your ears and all that stuff.
And I was like, I was like, so you're really measuring like every organ separately.
He's like, of course, you know, skin is the largest organ in your body.
It needs to be healthy.
And like, you know, my eyes are important.
That's how I see it.
And I'm like, well, would you say it like that?
Yeah, sure.
Um, I was like, so what's the weak link?
And he's like left ear, uh, or like, no, one, right or left here.
I can't remember.
He's, and I was like, he's like, I have the ear of like a 70 year old.
And I go, why?
He goes from shooting.
He's like, you know, I used to whatever he's like, one ear is down, but the other ear is exposed.
And so he's like, when I would shoot that loud, uh, gunshot that I used to do, like, you know, with some frequency, it messed up my ear.
And it's very hard to rejuvenate or recover an ear.
And he's like, so, you know, this goddamn thing is the weak link.
Did you change anything in your life after seeing him?
I tried his protocol for about 20 days.
Um, so I, no way.
Yeah.
So I ate the, I told my chef, I was like, Hey, this is the new thing.
I would like some sludge for lunch.

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And then I want some nutty pudding.
And, um, and I tried to buy, I didn't do all of his supplements.
That's the one thing I didn't do.
Cause to do his supplements, you need like 65 things
that I couldn't even source online.
I was like, how the hell do you do this?
And did you feel good?
I mean, it definitely felt light, uh, lighter, like lighter weight.
Like you can literally feel your body has like less baggage on it when you're doing it.
However, I, um, I really detested that, like the main meal,
the like kind of lentils and green stuff.
And the one I had, the one I, when I followed the recipe
did not taste like the one he had his house.
So I think he's got like new versions of the recipe that are better tasting.
That's so fascinating.
I'm seeing a lot of people.
There's a whole subreddit of people saying they're living his life.
Well, there's a, there's a group of people like living his life light.
That are doing this.
So, uh, they hold what's called tea parties, which is a testosterone party.
So you, it's a bunch of guys, they get together.
They have a tea party where you get tested and you get your testosterone levels.
And you find out, you know, do you need to be taking testosterone or what?
And then that same guy has created a meal delivery service
called the blueprint delivery service, which is takes Brian Johnson's meal plan
and makes it easy to do.
Cause again, that's, that's honestly the hardest part of the whole thing.
It's like, it's not easy to just do it.
And there's like, it's hard enough to stick to something.
It's, if you add a bunch of friction of making it hard to even do, that's, that's pretty tough.
So I think it's great that somebody's doing that.
I think that's honestly a good business idea.
Cause when I met with this guy, I was like, oh, between the first time we talked to you
and now he is way more famous.
And then between now and where he's going to be in like sort of three years,
you could tell this guy is just going to become one of the most well-known people in this world.
Like I think that his story is going to be one of the most well-known people in this world
because he is essentially donating his body to science while he's still alive,
which is like just a crazy thought.
And he said this during the interview, he goes,
a bet against me is a bet against AI.
And I probably wouldn't bet against AI.
And I go, what AI, what do you mean?

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He goes, well, I've basically handed over my body and the decisions I make for my health to whatever the technology tells me is optimal.

And so if you think this is not going to work, you're basically saying that science and technology is not going to make better decisions than the average human.

Like no way, of course it's going to make better decisions.

And I'm just going to do what the data tells me, what the algorithm will tell me to do.

And he's like, long term, that's AI.

And he goes, a bet against me is a bet against AI.

And then the crazy thing, by the way, and this is in the interview, and I don't know how people are going to receive this because it's like kind of intense.

The interview is a bit intense.

He's like, he's basically like I'm competing with Jesus.

And he doesn't say that, but he keeps comparing himself to Jesus.

And I'm like, that's kind of blasphemous.

So what do you mean?

And he's like, well, here's the thing.

He's like, I was told because he grew up pretty like a very religious like upbringing.

He goes, I was told, do XYZ and then you'll die.

And then after you die, you go to heaven.

I have a different offer for you.

Do XYZ and don't die.

And he's like, that's my whole thing.

Don't die.

If you're against me, you're on team death.

If you're with me, it's team don't die.

And it's like, that's how simple he's bowled it down to.

And I'm like, well, you're still going to die.

The current thing is you're aging slower, but you're still aging.

And that's where he was like, correct.

That's currently what's happened.

Yeah, for now.

The better the tech gets, the better the AI gets.

The more I'm able to experiment, the closer I get to just slowing down the point, the speed of aging to the point where I'm not going to die.

One of the takeaways I have is what he has done, it's significant.

But you can do a version of this where you dedicate your life, or it's just six months to something, and some crazy experiment and talking about it, and you could build a career.

Another example of this that's way more attainable is the carnivore diet is a thing right now.

Be one of these guys that only eats meat for six months.

That's challenging, but it's not that challenging.

And you could build a career out of that.

And that is really interesting.

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So he's spent a lot of money.

I think he says he spends \$2 million or \$1 million a year.

That's out of this world for just about everyone.

But there are other experiments that you can do, and it becomes your identity, and you can build a career around that.

Tim Ferriss did that a little bit with the four hour body, where he tried things that weren't crazy, but he did a really good job of explaining it, and making that part of his identity.

And he built a really great career around it.

And I think that's really fascinating.

That's a takeaway I have, which is,

can you dedicate six months to something and talk about it?

And will that actually change your life for the purpose of actually talking about it?

You know what I mean?

Yeah, I think that's totally true.

And one of the cynical ways to look at Brian Johnson is, he just did one of the greatest pre-launch marketing campaigns of all time.

Because now he's rolling out his olive oil, and he's launching his blueprint supplement pack, or whatever, ability for anybody to follow his protocol simply.

I don't think that's simple.

I don't think that's true at all.

The guy's way too rich to become an olive oil salesman.

He's got \$800 million or whatever.

He sold his last company for \$800 million.

I don't think that he's doing this to launch a new supplement brand.

I don't think that was his intention at all.

I genuinely believe that he needed some purpose in his life, and he found purpose and meaning in doing this.

And now he's trying to just do it at level 12.

So he's like, cool.

For most people, they can find some purpose and feel good in exercise or taking care of themselves.

He just turned that dial up to level 12.

And that's what I see out of him.

Well, that's awesome.

And you don't necessarily want to also be at level 12, because the wheels start to come off when you're at level 12, and it's pretty intense.

But it's cool.

It's very cool that there are people who live at level 12.

I'm glad that Michael Phelps exists.

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I am glad that Elon Musk exists.

I am glad that Brian Johnson exists

so that you can see what level 12 looks like.

And then you dial that down to whatever makes sense for you,

but you can take inspiration.

You at least know what level 12 is.

What I'd say about those people is I say,

two things for sure.

I love that they exist, and I'm not them.

That's what I know.

Well, that's sick.

I'm excited to see the episode.

And I guess we'll end there.

That's the pod.