

**EPISODE 732**

[INTRODUCTION]

**[0:00:36.8]**

**FT:** Five years ago, two billionaires named Bill Ackman and Carl Icahn duked it out on national TV. I'm talking big fight, big fight. The clip went viral. They hurled accusations and insults at each other over differing opinions on a deal. Our guest today Scott Wapner was the CNBC host who was right in the middle of this live battle.

Welcome back to So Money, everyone. I'm Farnoosh Torabi. Scott Wagner is on the show today to discuss this TV battle that helps make a name for himself as a serious and talented journalist. He didn't stop there. He recently published a book last month called *When the Wolves Bite; Two Billionaires, One Company, and an Epic Wall Street Battle*. I definitely see a film, or a TV series in its future.

The book is the real story of this viral disagreement, including unparalleled access to both of these men and where they and the deal stand now. We'll talk about the book, but also Scott's career, how he got his start, because believe it or not, he didn't always want to be a financial journalist, and what makes him so money.

Here's Scott Wapner.

[INTERVIEW]

**[0:01:48.2]**

**FT:** Scott Wapner, welcome to So Money. Congratulations on your new book.

**[0:01:54.1]**

**SW:** Thank you so much. It's really a pleasure to be here.

[0:01:56.9]

**FT:** Take me back to when the wolves first bit on your show. Your book is called *When the Wolves Bite: Two Billionaires, One Company, and an Epic Wall Street Battle*. That battle was between Carl Icahn and Bill Ackman. It was over Herbalife, which is a supplements company. This all started on your show, the halftime report on CNBC, where the two just went head-to-head, a big brawl. Did you expect it?

[0:02:21.0]

**SW:** I didn't. It's funny, when they first bit. I mean, they really bit, because it was almost a surreal moment. I had booked Bill Ackman to come on and talk about Herbalife, which he had already gone public with and was short a billion dollars. There were rumblings in the market that Icahn was long the stock and was taking the other side of Ackman, and the day before, all of this unfolded on live TV. Icahn was on a different network. He was really laying into Ackman in a way that you just don't normally see.

I asked Bill if he wanted to come on and defend himself from that. Another producer here by the name of Max Myers, who already had a relationship with Icahn had reached out to him and told him that he should watch the interview, and that if he was interested, he should call in and have to try and have this conversation with him on the air.

One thing led to another. I was anchoring the show from the floor of the stock exchange, and we had this brawl for almost a half an hour, no commercial breaks, or anything where these guys were insulting each other. It was truly surreal. You just don't normally see two billionaires insulting each other, especially their generational differences. It was like old-school versus new-school, their different upbringings.

Icahn went to Princeton, Ackman went to Harvard, so you had this Ivy League battle as well. It was just one of those moments that we knew, or certainly sensed that was going to live on. Now I had no idea that the Herbalife saw itself so would live on for as long as it did over the course of five years. Because it did, and I ended up being in the middle of it from really that very first

moment and covering it every step of the way thereafter, it just became a natural thing when it was all said and done that I wanted to write a book.

If I was ever going to write a book, that this would be the story that I would really want to recount and dive into in a way that I couldn't as just a reporter, or an anchor covering the story. I really needed to dive in deeper to find out what was going on behind the scenes. I decided to write the book and here we are.

**[0:04:40.4]**

**FT:** Right. Because the book is not just about – and this story is not just about money and business, it is about personalities, egos, history, the way you were raised. It played out for me, and watching the brawl live – I didn't watch it live. I watched it back on YouTube. Everybody should check it out. By the way, it's just their audio, but you can just imagine these two men in person brawling. Though it played out like an episode, or a scene in billions. Probably inspired some of the episodes in billions. This book could definitely be a movie.

**[0:05:16.8]**

**SW:** Yeah, it really was one of those things, where you remember where you were. It was just so out of the ordinary that you'd have these guys yelling at each other. What I try to do in the book is give you a sense, a true sense of who these people really are. Then you decide for yourself what makes each of the main characters in the book act the way they do, invest the way they do, make the money decisions that they do. If you can read through the pages in the book and come away with a window into their psyche and psychology of investing, then I tried to give you a deeper layer than just the background of this story itself. I think readers will take a pretty clear view of who these individuals are, by virtue of the stories I tell.

**[0:06:12.2]**

**FT:** Were you surprised by the ultimate fate of this story that where you have now Herbalife, which is up 120% over the last five years, Icahn the victor in this story. Are you surprised by the turnout and who are you rooting for?

**[0:06:32.2]**

**SW:** I'm not surprised that it turned out the way it did. Look frankly, I mean, I have no rooting interest in it at all. I'm not surprised the way it turned out, because the minute that Icahn emerged in the story, the game changed in a real and dramatic way. I'm not sure that Bill Ackman fully understood how much the game had changed and how much the goal posts had moved.

He went short the stock, he made a big public presentation, and the stock got hammered in half. I think he thought that he was going to win, that this was going to be over fairly quickly. Then Carl Icahn emerged. It was simply different after that. I don't I think that that Ackman truly expected Icahn to remain as resilient and just be there as long as he really planned to be. I don't think he was prepared to deal with the fact that Icahn would continue to build his stake bigger and thus supply more leverage and the potential of a short squeeze in the stock, which would mean that Icahn and others who were long would take so much stock out of the marketplace, that if Bill Ackman ever had to cover, or get out, it would be incredibly difficult and very expensive, and his losses could be infinite. I just don't think that Ackman truly understood where the game was going from those initial days.

**[0:08:13.3]**

**FT:** Scott, you've always wanted to be a journalist, I read. Did you always think that you wanted to be in this beat covering the markets and business? Did you gravitate towards this, or did you just accidentally fall into this field?

**[0:08:29.6]**

**SW:** You know, Farnoosh, if you told me that today, okay, you're going to – or you told me, say 20 years ago, you're going to be a business journalist and you're going to cover the markets and you can have all these relationships with these billionaire investors, and that's going to be the focal point of your professional life. I would have told you you're crazy. I really grew up having

an intense interest in media and journalism and news, but I always thought I was going to be a sports broadcaster. That's what I wanted to do when I was growing up.

I was obsessed with sports, and I thought I was going to be the next Bob Costas or Howard Cosell, at least I hoped to be. One crazy little break to another, I ended up getting a job right out of school with a guy who ran a syndicated business show in the town in DC. I grew up just outside of DC. I took that job and it was a do-everything job.

It's just that you cover business news there. One thing leads to another, I ended up getting a job in New York as a reporter for a business feed, where I would do reports on maybe it was a big economic report that came out that day, or a big analyst call and. I would prepare a reporter package on that. Then I got a job offer in Dallas for a local affiliate down there, as their franchise business reporter. It was a really up-and-coming market for the type of business news that the station wanted to do.

People like Mark Cuban were emerging on the scene as real players, and there were so many corporate headquarters located there, EDS, Frito-Lay, Dr Pepper, J. C. Penney, so many of these fortune 500 names were down there that they wanted to add a business reporter, so I got that job. Here I am. I've been at CNBC in one capacity, or another since 2001, first as a correspondent for The Wall Street Journal report.

I'd be honest with you, I would never look back, or want to go back. I love this. I love the markets, I love business news, I love how relevant and important it is. Instead of wanting to be around the Tom Brady's and these other great professional athletes, I love being around the billionaires who move the markets and move money and really have waiting on the way that the world really truly operates.

**[0:11:11.1]**

**FT:** The business world definitely takes on its own form of athleticism.

**[0:11:16.0]**

**SW:** It does, right? Covering the markets is like a sport.

**[0:11:18.9]**

**FT:** It is. It is. I want to share a story with you. You have no idea that this ever happened, but I do because, so I used to report from the Nasdaq for the street.com years ago and you were there, I believe at some point, right? Didn't you report for the Nasdaq?

**[0:11:34.9]**

**SW:** I did. Yes, I did.

**[0:11:36.2]**

**FT:** You did. You are like the North Star for all of us else other reporters working for these dotcoms and our little digital channels. CNBC was you've made it. We were very much in awe of you. I remember one day, Microsoft came to ring the opening bell and Steve Ballmer was going to be there. The press team said absolutely no interviews with Steve, no way. You got in there and you got – I don't think he wanted you to interview him, but you got an exclusive with Steve Ballmer. Do you remember that?

**[0:12:08.7]**

**SW:** I vaguely remember that.

**[0:12:09.6]**

**FT:** Vaguely?

**[0:12:11.7]**

**SW:** Well, first of all you're very nice just saying the things that you did. Covering the markets for me was critical, again because I didn't grow up and I didn't have a learned background at

school, or anything. I didn't have any practical experience on the street. Being at the Nasdaq in those days, and I was there I think for around three years, which felt like an eternity, but it was necessary, it was like boot camp of really learning the markets and talking about these stocks all the time, and then being on the floor of the stock exchange.

It literally was like going to graduate school for the stock market. It was just really running on your feet, whether it was Ballmer. Or I remember Oprah showed up there one day to do an interview, actually to ring the opening bell. I can't remember what it was for. Again, it was no interviews, but I somehow ended up dragging her into an interview with me on stage, that little stage that they have there.

It was one of those moments where you were a hustler and you just tried to do whatever you could possibly do to make a mark, and beyond the mundane of okay, Microsoft is trading here, Apple is trading here, Intel's here, to try and take advantage of those fun little moments that you could at least make a name for yourself beyond just a simple stock coverage that we all did.

**[0:13:46.6]**

**FT:** What's your opening line when you're approaching Oprah for an interview that she doesn't really want to do?

**[0:13:52.5]**

**SW:** It may have been something like, "Hey, we're on live TV." You've got to give an opportunity after that job.

**[0:13:58.5]**

**FT:** You look like you're interested. You have no choice. The camera is all rolling.

**[0:14:01.3]**

**SW:** Yeah, exactly.

**[0:14:03.1]**

**FT:** That's funny.

**[0:14:03.7]**

**SW:** Yeah, so it's funny. I mean, I still, I still have this photo that was blown up of me standing there interviewing Oprah. It's definitely one of the main memories I have from reporting from the stage. As I said otherwise, it says – the memories are what we all did all day there. You get up there and you talk about the stocks that are moving, but one day doesn't truly resonate from the next, unless you somehow have one of those moments. To bring it full circle, it's what I got lucky and I had it on the halftime report, and here I am six years later and you got – you have a book.

**[0:14:42.5]**

**FT:** I'd love to dive into your personal finances a little bit. This show So Money is what people come for. They come here to learn about our guest's money mindsets and experiences. Going back to childhood, you mentioned you were raised outside of DC, what was your foray into the financial world as a kid? Did you have an education around this? What was your most memorable moment?

**[0:15:08.4]**

**SW:** Around money?

**[0:15:09.6]**

**FT:** Yes, learning about money, or you know.

**[0:15:12.3]**

**SW:** Geez, maybe learning the hard way. I remember getting my first credit card. Let's take it to that stage, because prior to that, I have no real great recollection of lessons that I would have learned at an early age. Although, my parents were clearly careful about the money they spent. When you're young and a child, you don't know from what you don't have. Really, you're happy with what you do, you don't think of things in that sense.

I do remember getting my first credit card, maybe it was in college. Man, I wish I knew then what I know now about debt and all of that. Because I mean, I really enjoyed having that credit card, let's just say that. Until the bills start rolling in and you realize, "Okay, that you have to pay the piper at some point."

It really was a somewhat life-changing, life-molding event when it comes around money, because I never forget it, of having to pay off those bills myself. My parents weren't going to come to the rescue for me. I did whatever I had to do, working extra jobs and doing whatever to pay off – we're not talking about astronomical debts, but enough that when you're in college, you don't have a few thousand dollars at your obvious disposal in your own bank account. It was a good lesson learned, and I truly do think about that today, which is why now I literally – I don't carry balances on credit cards, or certainly try not to. I always think of those moments.

**[0:17:13.5]**

**FT:** Our podcast sponsor Chase Slate did a survey recently and found that over half of parents have talked about money with kids. It sounds like maybe you didn't have that direct lesson, that teachable moment, maybe you did. I'm wondering though, what was – was there anything your parents taught you either through conversation, or just modeling around money?

**[0:17:35.1]**

**SW:** I'm sure they did. I'm sure they did. It's just nothing that I can say, "Oh, I remember this one story that my mom or dad told me," or the ways that we talked about money. I just don't really have the recollection that we had some big – now we may have and for all intents and purpose, we probably did, but it wasn't a revolutionary conversation.

I think what I learned about that was mostly through my own trial and error. I mean, it was always the importance of making your own money and working hard and stuff like that. I always had, for the first time that I was old enough to work, I always had jobs and tried to make and save money, so that I wasn't reliant on anything, if I wanted things that maybe my parents couldn't provide for, I wanted to make sure that I could do it myself.

I think those were valuable lessons. I'm sure there were things that they fulfilled for me in terms of those discussions about money, but the most valuable stuff truly is what I learned from my own errors.

**[0:18:58.0]**

**FT:** Yeah, the school of hard knocks. You talked about trial and error and it like sounds the error might have been – one of the errors was the credit card in college, been there. What was the wind, what was your so money moment, or moments? What's something that you're really proud that you accomplished in your financial life?

**[0:19:18.5]**

**SW:** I'd say really being responsible about putting money away diligently for kids schooling. My wife, I have to give all credit for – I'd say the biggest financial win, so to speak, was really orchestrated by the brilliance of my wife, who ended up buying an apartment in Manhattan, in an area downtown that wasn't very hot at the time. It was not, I mean at all. She really had the vision to do it, and she sold it, when we were together she sold it at the, what would be the top of the market.

I mean, that was a tremendously successful financial transaction, that I only get any credit for, because I happened to be there. It was really her wisdom about that. Mine, I would just say just being diligent about saving money. I just think it's because of some of the things like around with this story I just told you before, really making sure that you're thinking about the future, that you don't need – I really try and live on that you – I do try and live life well in the way that I'd like to, but not stupidly, or frivolously. Then I do think of do I really need that thing? Or, I want that, I

want this. Do I really need that? I hope that I make smart decisions today in ways that maybe I wouldn't have in the past.

**[0:21:01.8]**

**FT:** I want to get let you get back to your job, which is your halftime show, the halftime report and you're on the – are you at the New York Stock Exchange now?

**[0:21:11.2]**

**SW:** I'm not. We do our show probably 99% of the time from our studio in Englewood Cliffs, New Jersey. I go to the Stock Exchange every now and then, when maybe we have a guest who wants to join from there, or we feel it's a big day is upon us, so we'd like to be in the center of the action down on the exchange. More times than not, I'm here at our studio.

**[0:21:34.3]**

**FT:** All right, so two last questions. The first is where are the markets headed? A lot of people who listen to this show, although we're smart enough to not make knee-jerk reactions, right everybody, to market news. We're all about the long-term approach to investing. We're investing in our retirement portfolios, but we're curious, we want to know as far as maybe the rest, the second half of this year. You know and it's been reported widely that the markets are – they've peaked, everything's really hot right now, we're overvalued. I know we're going to be headed for a dip, but how big are we headed? How big is this dip?

**[0:22:17.0]**

**SW:** I wish I knew. I mean, I'm cautiously optimistic still on the markets. I don't think the cycle is over. I really don't, unless I'm missing something. I just think global growth is synchronized in a way that I just can't see it as having topped out. Our earnings are good. Have they peaked? I don't think so. I still think that the tax law and the benefits from that, and buybacks, companies buying back their own shares which stimulates and got prices higher. I think we haven't even seen the full bore of that.

I think as long as interest rates don't get out of hand, I'm optimistic. I mean, I'm cautious only because there are wild cards around the world that you don't know how they're going to ultimately play out, that the trade and tariff narrative is – I think of full negative for the market. Is it a big enough negative to cancel out the positives that I mentioned? I don't I don't necessarily think so, and I also don't think that it's going to reach the point where it becomes so punitive for the market that we have some dramatic upset in stock prices.

We had that big pullback in early February. It was scary and volatility after having such sanguine markets in the most calm year on record. Last year in the market, a jolt back of volatility felt earth-shaking, but I still think the table is set pretty well that this can be a decent six and a half months left in the market. I'm not suggesting that we're going to go to the moon, or that there won't be some pull back again, but I really have a more optimistic view with a slight hint of caution, just because there are real issues on the table; North Korea-China trade etc. I think the scenario is still pretty good.

**[0:24:31.5]**

**FT:** Well, I like that answer. That made me feel good. I don't know about you all listeners, but cautiously optimistic –

**[0:24:37.9]**

**SW:** I really think. Yeah.

**[0:24:39.2]**

**FT:** I think that's fair.

**[0:24:41.8]**

**SW:** Yeah, I really – I don't see us having a giant pullback, unless there's some existential thing out there that none of us know what it is. It's not that long ago that the tax bill was even passed.

I don't think that we've seen the full benefits from all of that. I don't know. I'd to think that the next six months can be pretty good. Maybe surprise some people.

**[0:25:16.7]**

**FT:** Yeah. All right, well Scott, and last but not least, I'm Scott Wapner, I'm so money because? Fill in the blank.

**[0:25:28.4]**

**SW:** I'm so money, because I have the pulse. I have my finger on the pulse I think of what moves the markets every day and who's moving it.

**[0:25:40.7]**

**FT:** That's why you host the halftime report. Thank you so much, Scott. We will be sure to share your show and your book back at the website. The book again for listeners who are listening now and want to buy it right away, it's *When the Wolves Bite: Two Billionaires, One Company, and an Epic Wall Street Battle*. Congratulations and good luck on the show.

**[0:26:01.3]**

**SW:** Thank you so much. So much fun. I really, really enjoyed it.

[END]