

FT: Tim Sykes, welcomes to "So Money". By the way, this is episode 100. Happy birthday to my show, so honored to have you be the guest that I have on my 100th episode.

TS: Thank you. Congrats on the big milestone. That's awesome.

FT: Thank you, thank you. So Tim, you and I go way back. We knew each other when we were just starting out in our respective careers. I was a reporter at thestreet.com, and you were coming off of the heels of like this massive million dollar win, from your Bar Mitzvah money, to millions of dollars later, you were fresh out of college, so it's nice to catch up finally. You've been up to quite a lot since we last spoke, it was probably 10 years ago. Your business has gone to new heights. You're engaged. You're teaming up with Plaxico Burress to educate athletes, so important. What would you say is your most exciting project right now in 2015, besides of course, walking down the aisle soon?

TS: Yeah, it's been awhile. I love my life. I love my projects. I'm definitely most excited about this teaching athletes though, because this is such a huge problem where professional NFLers, ex-NFLers, ex-NBA stars, hockey stars, they think their life is over after their sports career is over, and it's not. It's just their playing career, they're playing life is over. They can use their brain. They can use everything they have learned about anticipation, and adrenalin, and determination, and working hard, and transfer those skills to growing their nest egg, saving for retirement, and not going bankrupt. The sad fact is that, the majority of professional athletes, three-quarters of them roughly, go bankrupt, or are in financial distress within a few years after their career is over, and then maybe they sign on to sign some autographs, or they're an analyst for TV, but they don't really do anything else, and that's just wrong. They've done so much, and they're such great competitors, and I just wanna channel all of what they've learned all their lives into something new.

FT: I was watching your interview on Fox Business with Maria Bartiromo. You and Plaxico both went on the show, and I thought one thing that you said was really, really true, rang true, was that... You were talking about athletes. They are just... They are competitors. That's their nature, right? They're competitive. They're analytical. They do their homework. They also know... They appreciate team work. So they're really well-positioned to do well as business owners, as investors, as people who are good stewards of their money, but it all goes to waste, because they just don't get the education.

TS: There's a common misconception that finance and making money in the stock market, you have to go to school for years or decades, and it's really kind of... At least what I do with trading stocks, it's very momentum-based, and it's very similar to like an athlete reading a quarterback's calls, memorizing play books, stuff like that. If you see a pattern on a football field and you learn how to... It's like if you're Plaxico and you try and find the opening to make the best pass and the best reception, it's very similar with the stock market, but no one, nobody ever gives them a chance. No one really tries to build their intelligence over the years. They're just like, "Okay, you're a player, so focus on playing, focus on your fitness, forget everything else". It's never too late to begin. I don't care if you're an athlete, if you're 20, 30, 40, 50, 70. I have some students who are in their 70s and they're still learning. Finance keeps going on, and this is a beautiful thing compared to sports, because obviously, if you're gonna be a professional athlete you... But at a certain time, in your life. You can't be a 70-year-old NFL player. But with finance, you have it all your life and they just need to really be given the chance. That's what it comes down to. So that's what I'm here to do, not trying to say, "Oh, I'm gonna make you rich, all within a few years," but "I'm gonna give you the chance to learn a new technique, and let's see what you can do."

FT: I literally just got this email from a listener. Her name is Laurie McNeil. She's 57 years old, and she says, "I'm really committed to making the most of my money management retirement savings. Listening to your

show has encouraged me to get a part-time job to earn and save more." Boom!

TS: Boom! That's it.

FT: It just goes to show you it is never too late. I'm curious to know about your partnership with Plaxico. How did you two get together? Were you both in a nightclub somewhere and you were like, "Hey, we should talk after this evening."

TS: Oh, no. I don't go to nightclubs anymore. That was when you knew me when I was much younger. I can't drink at all anymore. No, he reached out to me. He read my book, "How I Turned a Few Thousand Into a Few Million", and he was inspired, and he contacted us, and my team and I just really hit it off with him. Because he has the dedication, and he mainly just is willing to give it a try. We sent him the DVDs. He loves my DVDs.

TS: Teaching him is kind of similar to sports in a crazy kind of way. No one's ever made that connection. It's not like... This isn't rocket science. This isn't like teaching a mouse how to talk or something. This is just teaching athletes that they have a life after sports career. And it's sad that, too many people I think go to these professional athletes, and they say, "Hey, you're rich. Let me manage your money for a fee." And the athletes are used to that, so the athletes are used to not being in control of their own money and giving power to somebody else, and maybe they do well, maybe they don't. But, what I want to do is, not manage the athletes' money, just give them the power. And that's what I want for everybody, whether you're 57, or 27. I'm not a big fan of having other people manage my money. Even if they make me money, I don't learn. If I trade my own stocks, if I do my own investing, win or lose, I'm learning, and I'm growing as a person. And I think that's a hugely underappreciated talent that the stock market and finance can teach you.

FT: Very, very true. Let's go to learn more now about you, get inside your brain a little bit Tim. I wanna learn, what is your biggest money mantra that helps guide your financial choices?

TS: It's mainly just trying to keep up with whatever opportunities there are in the stock market. When there's a trend like, Ebola was a big fear, and so I was trading the Ebola stocks. When there was a big debate about police brutality, I was trading police equipment stocks. When you have those kinds of events that happen, if you're prepared for several days, several weeks, several months, if you're on the right side of the trend, you can double, triple, quadruple an investment.

TS: And it's not like you need to know about balance sheets and get into the stuff like that. I'm not even a business major. I just kind of look for these powerful trends and these powerful patterns, and the I try to take the meat of the move. Today for example, I was trading this stock, it's up 55% in one day. I sold way too soon, but I locked-in profits of roughly \$2,000, and that's okay. So, for me I wanna play powerful trends, and I have to understand that, you don't have to be perfect. You don't need to try to get in at the bottom of a trend and sell to the top. If you try and take the meat of the move, and if you can make \$2,000 in a day, or \$2,000 in a week, that is pretty good money. You can't look back and say, "Oh, I have to time things perfectly." I'm just trying to grow my accounts, grow my wealth, and learn as I go.

FT: Most people don't have the capacity or the time, or the wealth of knowledge to trade like you do, to really follow these trends and execute so quickly. So let's try to kind of bring this down to street level, like if I'm an... If I'm a young investor, or I'm just young and I wanna invest, or I'm any age and I wanna invest and I wanna get into this market in a smart way, what would be your biggest tip, because everybody kind of thinks they can trade, but that's not for everybody?

TS: Sure. If you look at the stats, most traders lose money, most investors fail to beat the S&P 500, year in,

year out. What I would do for somebody who doesn't have a lot of time, and I get this question a lot, is really try and find a small company, because I really don't think you should be trading, or even investing in big companies. I know Apple has done well, but aside from that, most stocks fall, year in, year out. So, I like smaller companies, and try and look for just a small company with kind of like a new product, or a new technology that could take off.

TS: We see virtual reality is becoming a good trend. I rode this one stock called VUZI, where it tripled over the course of six months because people are becoming more accepting of wearable computers, where they can have kind of a camera on their eye, and it kind of be like virtual reality. Facebook bought Oculus Rift for \$2 billion despite having no revenue. So, I like trends. I like having the idea of what a product is. And a lot of stocks have great stories and say, "Oh, we're working on this. We're working on that." I like to buy small companies that have partnerships with bigger companies. VUZI has an investment from Intel. So that kind of validates their technology. So, look for small companies, and there's thousands of them, that have partnerships or contracts with bigger companies, and despite most of them not working out as perfectly as you want them to be, if you are, even right, two out of 10 times, you have some really nice gains on those big winners. That's what I love about small companies.

FT: It's still speculative though, Tim, and for those of us who... Most of my listeners. I mean, they're not gonna be creating a whole portfolio filled with small stocks or small companies. How much of your portfolio do you think you can safely dedicate to speculation? Would you say it's like 10%?

TS: Yeah, no, I definitely agree. If you're into just passive investing and you wanna focus on your job and growing your account, definitely, I would say 10% is a good number for speculative, but I do want people to get a little more speculative. You have enough financial advisers who say, "Don't do any speculation, just invest in mutual funds and big caps." Life is risky, okay? Mutual funds dropped 50% in a year a few years ago, just like stock, so a lot of financial advisers want you to think that everything is safe, but for me, I like speculation. If you're not comfortable with speculation, just have a small portion of your portfolio be speculative. The upside is just too great to ignore. When you can double or triple your money in a few months or in a few years on a small company, you're not gonna make that on Intel or GE or something like that. So, that's just me.

FT: Yeah, you gotta have the stomach for it, and the money. You gotta be willing to lose the money.

TS: Yeah. And I should say my number one rule, aside from all the trends, and you can think you have the best products in the world, cut losses quickly, okay? Put in a stop-loss if you don't have time to watch the stock. For me, I'm kinda crazy, I'm looking at this stuff everyday, but I don't like taking losses of more than 5%. If you wanna give it a little more wiggle room, cut your losses at 10%, but that way you never risk disaster. A lot of people trade small companies or invest in them, and they go down with the ship, because they're like "Oh, let me just buy this low-price stock and just hold on, and if it goes to zero, so what? It's already only trading at a dollar or two." I never want anybody to go down with the ship. With stocks, it's not like going to a casino and betting on red or black, and you either double your money or lose it all. You can stem the bleeding, and most people need to know that, whether it's a speculative stock, or even if it's a big company, you can always exit. You can always cut losses quickly. Commissions are very cheap. All you have to do is be willing to admit that you're wrong, and that's tough for a lot of people. They don't wanna take losses. But for me, I have a lot of small losses. The good thing is, I don't risk disaster.

FT: You have a huge appetite for risk, and riding trends, and investing in the stock market. Is this in your DNA, or was there a money moment in your life that was pivotal that got you to where you are today?

TS: I don't think it's in anybody's DNA. I never grew up to wanna be a trader. I wanted to be a mutual fund

manager and a hedge fund manager, and have patience. I tried investing for the long-term when I first started with \$12,000, and after like three months, my \$12,000 I think was like \$12,100. And I was like, "Are you kidding me? This is boring," and I kind of shifted to more speculative stocks. This was 15 years ago, and I started trading more volatile stocks and my account grew, in year one, from \$12,000 to over a \$100,000. That was a very special time in history. I'm not saying anybody is gonna make 10 times their money in a year right now. But, you have to really decide what's right for you, and everybody is different, everybody has a different personality. Some people like going from \$12,000 to \$12,100 in three months. For them that's, "Okay, my money is working for me. I'm gradually growing," and maybe after 10 years, your \$12,000 is \$20,000. That's right for some people. For me, it's not. So, you have to really look down deep inside yourself and say, "What do you want to do with your money? What are you most comfortable of?" A lot of people aren't comfortable with the strategy that I teach. I don't want them to be like, "Oh my God! I don't wanna make this trade, but I have to 'cause Tim is saying this is good!" I don't want that. I want you to be comfortable and do what's right for you.

FT: Now, you made a few thousand... Well, not a few. You had about \$13,000, \$12,000 from Bar Mitzvah money. You turned that into millions. If you had one takeaway from that time in your life, and like you said, you're not gonna be able to, maybe repeat that again in a lifetime, but what would you say was the reason behind it?

TS: Well, actually, since we last talked, one of my students has now kind of duplicated my feat and actually done better. He's taken \$1500 and turned it into \$2.5 million in four years. He shows every trade like I do online, on my website, profit.ly. The biggest takeaway from both our feats is that, if you are meticulous, you can move in and out of stocks for rather sizeable gains, and you could do this over and over again, and you don't have to be right every time. I'm right about 72%, 73% of the time. He's right about 65% of the time. But, if you start looking at your own strategy and your own investments, look at your winning percentage. Look and see what strategy is doing best. I've tried, I don't know, hundreds of strategies. My student, his name is Tim Grittani if you wanna Google him, he's tried hundreds of strategies, and what we both have learned from our success and our failures, is to really focus on specific patterns, or specific strategies that we're most comfortable with, and that way, it's just rinse-and-repeat. We're not just trading thousands of stocks randomly. We're focusing mainly on one or two patterns, over, and over, and over again. And that way, you get good at it.

TS: This is why, like with Plaxico Burress, he's a great wide receiver. Just because he was a former NFL star does not mean that he should try out for the NBA. He is tall. We just had dinner a few nights ago. So, you think, "Oh, why doesn't he become an NBA star?" No! He's trained all his life in the NFL. That's what he's good at. So, you have to use what your experience teaches you. And I know it's gonna be tough for him to try and transition from NFL star to stock market star, but at least it's similar. It's not like totally different. I used to be a tennis player. I could never play baseball because tennis and baseball, you have two totally different swings and your brain would get confused. So, I want people to really focus on what they know, what they're experienced in, and try and use their own strengths to their advantage.

FT: What was your biggest financial failure?

TS: Well, when I got away from my trading rules, I never really knew how important my "cutting losses quickly" rule was, until I didn't cut losses quickly, and I lost roughly \$500,000. I invested too big. I could not get out. It was an illiquid position. So, I could not cut losses quickly, and that loss solidified my rules, because now, I never want another \$500,000 loss. And since then, I haven't, and I'm very proud to say I made nearly \$1 million in 2014 in profits, in trading profits, and my biggest loss, while it's a lot, it was only \$15,000. Compared to my biggest gains, it was a small fraction. So, I don't ever want to have a big loss, and that's me.

FT: When you earned those millions in college, what did you do with the money, anything that you can recall, was like you really put that money to work?

TS: I put it to work in a lot of bars and nightclubs. I put it to work in a lot of restaurants, and on a lot of trips. I've been to 100 countries now.

FT: So you know what it's like to be an athlete that gets an onslaught of money. You know what it's like to have that windfall of cash and not know what to do with it.

TS: Yeah. I spent it over many years. I didn't have like a signing bonus all at once where I go from college athlete to multi-millionaire, but at the same time, I was also using my money to trade stocks and invest, so I couldn't really spend it all, as opposed to athletes where, they don't need to do anything with their money. They just give it to friends and family, and they splurge, and they need real education on how to be more frugal. But for me, I never really spent that much until the past few years, now I have my Lamborghini, and I've got a big mansion, and I splurge, because I've earned it. But, when you first make a lot of money, you really should try and be frugal, get your mind in order, get everything secure. Because, it's kind of crazy, when I did take a few thousand and turned it into a million in four years, I had to get my mind in order those first few years. I'm from a middle class background. I couldn't wrap my head around all this money. So, when you don't really understand your money, and you don't understand the situation and whether the money's gonna keep coming in, do not spend big, always try and save some for a rainy day.

FT: Okay, let's talk success. We've gone over several of your success points so far, but what would you say is your proudest "So Money" moment?

TS: For me now as a teacher, is when my... I wasn't there for my first student to cross a million dollars. He just emailed me. But when my second student, Tim Grittani... I flew out to Ohio to visit him when he crossed the million dollar mark, and this is a kid who had \$1500 to his name, just three years prior. So for me, I actually just Tweeted about this earlier today, my first \$100,000 day when I was a freshman in college and I took my entire dorm out to dinner.

TS: Those two kinds of things, where it opens your mind, where you're like, "Wait a minute, I can make six figures in a day?" And you have lawyers and doctors making six figures in a year, in a good year, and I'm doing this in one day, it opens your mind. And when Tim Grittani takes \$1500 and turns it into a million, he's now up to \$2.5 million, it opens your, just perspective, up to what's possible in the world. And I'm not saying everyone's gonna do this. We've worked our butts off and we've been extremely fortunate. But just the possibility of that, I love that. I love that potential, where anybody in the world, man, woman, child in America, Europe, Asia, South America, it doesn't matter where you are, if you use your knowledge, if you use the internet, if you'll use the financial markets, and you really apply yourself. I studied, I don't know, 16, 17 hours a day, before I really started making money. If you're dedicated, you can change your life, and this is the first time in history where I think that's possible. If you go back a few decades or a few centuries ago, it was all about what family you're born into, your whole situation. Now with the internet, with your local public libraries, there is no time like the present to really try and excel in life and see what you're capable of.

FT: Who were your mentors?

22:30 S1: The internet.

[laughter]

FT: I had nobody. I'm totally self-taught. So my job as a teacher now is to be the mentor to people that I never had, because I made so many bone-headed mistakes, like if I had been my own mentor, and I was making this investment that I would eventually lose \$500,000 on, I would smack me on both sides of my cheeks and be like, "Do not bet that big on such an illiquid stock you can't get out of." But I didn't, I had no mentors. And I wish more successful traders and investors would go into the teaching field instead of just managing money for rich snobs, that was my experience in the hedge fund world. It was boring. I love teaching average people so much more, and I want more successful people to share their secrets and experiences.

FT: Alright. We are almost wrapped here, a few more questions. I love asking my guests about their habits, because I think that's what makes us just better at whatever we're trying to achieve, and then I think with money, habits are very, very important. So what is your number one habit when it comes to managing your money well?

TS: It's all about being frugal and spending a very small amount of your income, because you never know what life is gonna throw at you, whether it's the stock market, whether it's your job, whether it's your family, your friends. I live a very good life, but I also have done very well. I do not like spending more than 10% of my income in any single year. I am extremely frugal in that sense, and I know most people are living well beyond their means, because they think the good times are gonna last forever. And as somebody who has gone through good and bad times, you'd just have to play it safe.

FT: Alright, so let me think of your budget here. You're spending 10%, so that includes everything like food, clothing, the Lamborghini, all of it?

TS: [chuckle] Yeah, pretty much.

FT: Okay. And so what did you... The other 90%, I assume some of it you saved, obviously the others you invest. What are you doing with the other money?

TS: I pay a ton in taxes. [chuckle]

FT: Right, 30% taxes, 40% taxes.

TS: 40% taxes. I would love 30%. Taxes, I just like to stay in cash, and I have some gold. I have some Euros. I have some Bitcoin. I am like such a weird guy, where I trade these volatile stocks, and then I'm completely opposite in my savings, where I don't have any mutual funds, money markets don't pay that much. I like staying liquid cash. Cash is king for me.

FT: Okay. We're gonna do some ad libs, like fill in the blanks, really fun. First thing comes to your mind, finish the sentence: If I won the lottery tomorrow, like you've made a lot of money in your career, but let's say you win a 100 times that, a 1000 times that, in one fell swoop, the first I would do is...

TS: I would take it over time and not one lump sum, so I would be better tax adjusted.

FT: Even if you think your taxes are gonna go up in the future, wouldn't you rather just know what you're getting, and work with that?

TS: No, no. That's a common problem, where too many lotto winners take their lump sum. It's much a smaller amount, but they love it, and they can't deal with it. I'm a big fan of earning gradual money over time so that you can really get your head around it. It's very scary to make a lot of money too quickly. The whole world is just flipped upside-down, everyone's coming at you to buy them things. I want gradual earnings.

FT: Makes a lot of sense. The one thing that I spend money, that makes my life easier or better, out of that 10%, Tim, what are you buying that makes you life, or spending on, that makes your life easier or better?

TS: I have a private chef, and he actually just delivered me my lunch, and I think that is a huge luxury for me, because I'm working just way too much, and I need to eat healthy, and I don't have time for that. So, having my own chef is a great expense.

FT: Fantastic. My biggest guilty pleasure that I spend a lot of money on, maybe too much?

TS: I love to travel. I splurge way too much. I just took my fiance and her family to Napa. Next week, I'm going to Japan for my birthday. I do it up big when I travel, so that's a guilty splurge, but I enjoy it. If you're gonna work hard, you have to spend some money on things you enjoy or else, why are working so hard in the first place?

FT: Absolutely. One thing I wish I had known about money growing up is...

TS: That it's just a lot more interesting and a lot more advantageous to you, to really respect the journey of acquiring the money, rather than just getting money itself. I really am not a fan of the lotto, where it's based on luck, your odds are terrible, and you don't learn much. I am a huge, huge, huge fan of trying to make money, no matter how, whether it's through trading, investing real estate, just saving. It's all about the journey. And no one really ever told me that, where... I thought that once I had a lot of money I would be so happy, but when I look back at what makes me happiest throughout my entire journey, it's the quest. It's the climb. It's the grind. And more people should be interested in that, even though it's not always fun, because sometimes during the grind, you mess up and you lose, and you're not sure if you can get back up. That whole experience just makes you stronger, wiser, and a better person.

FT: "Success without fulfillment is failure," as a wise man, named Tony Robbins, teaches me, and I love that because I think it echoes a lot of what you said is that, you really appreciate the journey. Your success is not just a dollar signed, but it's what came before it, and what's hopefully gonna come after it, that you're actually enjoying what you do, that is priceless.

TS: Correct. "The sweet is not as sweet without the sour," as Tom Cruise said in "Vanilla Sky".

FT: [laughter] You see, we quote everybody on this show. We don't discriminate.

TS: I mean, it's... I don't even know if he said that, maybe it was Jason Lee or something. But, it's so weird to describe, because everybody just wants money. They just wanna get rich. They think that's gonna solve all their problem, but they don't grow as people. They haven't faced the climb. They haven't faced failure. So, what if you do get a lot of money, then that brings up a whole bunch of new problems, and you're not equipped to deal with it? So, I love the fact that I've had big lawsuits. My top student, Tim Grittani, \$1500 into \$2.5 million, but a few months ago, he lost \$300,000. He went too big on a stock. He didn't cut losses quickly, and he had to pull back. He's made it all back, but that failure made him better and stronger, and without that failure, he wouldn't be the man he is today.

FT: When I donate money, I like to give to blank, because...

TS: I love to give to, really everybody. I'm actually flying to Florida tomorrow to partner with Make-A-Wish. I'm donating \$20,000 to this struggling child. He can't move his arms. He can't talk. He's kind of just has not had any communication with the outside world, but thanks to technology, there is a new-age machine where the machine can track his eyes and he can move his eyes, and based on certain patterns that his eyes give, he can communicate. So he can like turn off the light by moving his eyes to the right twice. And that is just gonna be a life changer, so I'm so excited to do that tomorrow, and Make-a-Wish, I think, is a fantastic charity.

FT: That's amazing. How old is this child?

TS: I don't know his exact age. I wanna say nine or 10. He's very young, and he's had a lot of problems communicating with the outside world. So, thanks to technology, this is gonna change his world. That's what I really wanna do. It's not just about the money. Changing peoples lives, and changing how they live, that is so huge. So, there's so many great charities, Charity Water, obviously giving water to people in New York. I love what a lot of these charities are doing, and they're becoming so efficient in their giving, not spending a lot on administrative costs and advertising. So, I think that's the future.

FT: Yeah, for sure. That's phenomenal. And last but not least, "I'm Tim Sykes, and I'm 'So Money' because..."

TS: Because, I understand that money will not buy you happiness, but the pursuit, and the quest, of trying to get financial freedom and financial independence, is the best thing, I think, in life.

FT: That's a great way to end. Thank you so much, Tim Sykes. Thank you for celebrating my 100th milestone.

TS: Happy 100th episode!

31:13 S2: Thank you.

[laughter]

FT: Couldn't have had a better guest. I appreciate your time and for all of your advice. I know my listeners will benefit so much. And best wishes to you, continued success for the new year.

TS: Thank you very much. Have a great day.-