

**EPISODE 1154**

*“HB: This ease of access to the stock market is the best thing that has ever happened in America, point blank.”*

[INTRODUCTION]

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**FT:** Welcome to So Money, everybody. Today’s Ask Farnoosh is going to focus a lot on a recent market event that’s taken Wall Street and Main Street by storm. It’s kind of confusing but I think it’s really important for everyone to understand. It is the story of GameStop, that struggling video game retailer whose stock price has soared 1,700% recently, driven by smaller investors; individuals, mom-and-pop businesses, small brokerage firms.

I have a special co-host with me today who’s going to help us. We have a very special guest, a friend of the show who’s back to give us some of the play-by-play and give us context for how and why this happened, Dr. Hans Boateng, The Investing Tutor. You can follow Dr. Hans @theinvestingtutor on Instagram. You will not be disappointed. He and I talk about, first of all, what is this story all about, how did this happen, how did this big and mighty group on Reddit move the market, specifically light a fire under GameStop’s stock, and what this implies for Wall Street, what it’s revealing about Wall Street.

We break down some terminology like short squeeze, short trading. Who’s at fault here? There’s a lot of emphasis on the individual investor and how they’re taking on too much risk. They’re “crazy,” but isn’t Wall Street to blame as well? This is a little bit of an unusual Ask Farnoosh as I’m focusing on one singular topic, but this is what you wanted. I had some listeners write in to me this week with a lot of questions about this story, and I thought it was the perfect opportunity to really dive deep.

Before we get to Dr. Hans and talking about GameStop, I want to pick our reviewer of the week because it is Friday, and it's one of my favorite things every week. But I want to say thank you this week to Jhnson J. Left a review last week saying the show is very eye-opening. The reviewer says, "I found this podcast yesterday and I'm already so thankful. A lot of the financial podcasts put me to sleep, so I've always struggled to find one I enjoy. I come from a poor background and always thought I was set to struggle. I have been learning different ways I can become more financially stable. After listening to the shows my entire 10-hour shift yesterday, I've never understood my 401(k), and Farnoosh really broke that down in one of the episodes. The variety of topics she touches on is refreshing as well. She doesn't sound like she's preaching at me, more enlightening me and kindly teaching me along the way. I turned it back on as soon as I got to work this morning and can't wait to catch up on all of the available episodes."

Well, Jhnson J, thank you so much. You can email me, [farnoosh@somoneypodcast.com](mailto:farnoosh@somoneypodcast.com), or send me a quick direct message on Instagram @farnooshtorabi and let me know you left the review. I will send you a link where you can select a free 15-minute money session for you and me. I got to ask, anyone out there, any of you thousands upon thousands of listeners, how can I get in touch with Fran Lebowitz? If you aren't watching Pretend It's a City on Netflix. After this episode, go and watch. Run and watch this show, especially if you ever lived in New York or if you love New York, even if you hate New York.

Fran Lebowitz and Martin Scorsese are the executive producers of this six-episode biographical profile I guess you could say of Fran Lebowitz, where she's just talking about the things that irk her from New York City Subway to tourists, to money. Episode four is all about money, and she says she has a hatred for money. She said when she was growing up in the '50s, she asked her mother, "How much does our dad earn," and her mother slapped her across the face. Ever since then, she's had as you can imagine a rough relationship with money, although don't feel too bad for her. She just bought a \$3 million apartment in Chelsea.

She has such fascinating opinions about everything, including money, and so I am desperate to get her on this show. I don't know how to reach her because she doesn't have a cell phone.

Not that I call guests on their cell phones, but she doesn't have a website. She's not on social media. I can't find a contact for her. It's not like I can call Martin Scorsese, so I'm putting it out there. I'm putting it out there. I just want to say at least I tried to get a hold of Fran Lebowitz. If she can't come on the show, you got to watch episode four of Pretend It's a City Netflix, where she talks about money. I thought it was just so funny. I didn't agree with everything, of course, but worth a watch.

All right, here we go. Here's my interview with Dr. Hans on all things GameStop.

[INTERVIEW]

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**FT:** Dr. Hans, The Investing Tutor, welcome back to So Money.

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**HB:** Thank you so much, Farnoosh. I'm excited to talk about this because I feel there's so much that people need to learn.

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**FT:** Yes. This isn't just one of those Wall Street headlines that you can choose not to read and be fine going on with your life. This is becoming Main Street news, and I think for good reason. Just so you know, my listeners reached out this week and they said, "Could you please cover this. It's a little confusing," and they specifically asked for you to come and break this all down. So I am giving them what they want. Thank you for being with us.

Okay, let's just review what we are going to talk about, which is GameStop. When was the last time you went into a GameStop? Have you ever been to GameStop, Hans?

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**HB:** Yeah. I mean, not recently. Probably in the last 10 years I've never been to a GameStop.

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**FT:** I was trying to think. I think in the '90s my brother played video games, so every birthday he would ask for a video game. That was the only time I would find myself stepping into that store, and I couldn't wait to leave. I'm just not the audience for GameStop. No surprise that in the Internet digital world and in the pandemic it has been struggling, as malls have been shuttering at so much of the video game world shifting online. It's been struggling. Yet in the last few months, the stock has soared thousands of percentage points, and it largely has been driven by smaller investors, people like you and me, mom-and-pop businesses, small brokerage firms. What really has been fueling this, what's called a short squeeze, and we'll talk about what this even is. It's the sort of madness that erupted over social media, specifically on Reddit. A lot of people getting "rich quick." But are they really rich?

Really, what I want to talk to you about today to help us all better understand this story is how did this happen, why did this happen, why is this story important, what are things like options trading, short trading, short squeeze, and then what's the future. Because I'm reading that this could happen again. What does this mean for the markets? I was telling someone the other day like this is kind of a bad look for the stock market. It's a bad look. What was your initial impression when you saw this story?

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**HB:** Initially, I was very upset because I just felt like individuals were gambling. So then I didn't understand what was going on. Back during the pandemic, we saw something happen with Kodak where Kodak got I believe that contract from the government, and people started piling into the stock, and it just started skyrocketing. I thought it was something similar that was

going on. So I just went on my social media and I was like, “If you think you're going to buy GameStop because it's going to go up, you're not investing. You're gambling.”

Whenever I see individuals just trying to make quick money in the stock market, my initial reaction is to be against it. At that time, I didn't really understand what was going on with GameStop, so I was very much against it. Then I went into Reddit. This was the very first time literally downloading the Reddit app and going into the community to read and understand what was going on. After I understood it, I mean, it still doesn't change the post that I put out because in a way it is like taking a chance. I wouldn't call it gambling per se. I would say individuals who went into this “trade” were taking a chance, and it was a chance for them to stand up against Wall Street hedge funds for once in their lifetime. That little guy or little girl wanted to say, “You know what, Wall Street? You've taken advantage of us for so long, and we're coming after you.’

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**FT:** Well, let's stop there. Let's go to that other side of the equation. What's Wall Street side of the story?

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**HB:** Wall Street's side of the story is that Wall Street takes on massive risk to make money. When things fall apart, the government comes in and bails them out like you saw in 2007, 2008. That's taxpayer money. Meanwhile, the little person isn't bailed out. Back in '07, '08, so many families lost their homes. Guess what? There wasn't a fund created to bail out every home owner in '07, '08. But Wall Street, their businesses got saved. So then there's just been this unequal distribution of funds from the government when it comes to Wall Street. To that point, it further increases the risk that Wall Street takes on.

Looking at what's going on currently or what's been happening with GameStop, I would say for the past, give and take, year to year and a half, some really smart hedge funds, namely Melvin

Capital, Citron, they identified what you were stating in the beginning which was that there's a shift towards e-commerce. Also with the pandemic that happened, businesses that have retail stores, eventually they view it as GameStop was a blockbuster. Or to repeat that, they felt like GameStop is going to go the way of blockbuster. So then these intelligent hedge funds view this as an opportunity to be able to make a lot of money. So then they went in to short the stock, and we can talk about what shorting means.

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**FT:** To summarize so far, there are these two camps. There's Wall Street that's injecting a lot of risk into the market, but it can afford to do that because it's got millions and billions of dollars. So there's a lot of upside for Wall Street to take on a lot of risk, but the effect on Main Street is not as glorious, and Main Street has been struggling arguably at the expense of Wall Street's profit. That's a story that I think we've all heard. There's been movies made about it. There's been real-life consequences, people losing their homes, their jobs. Unfortunately, that's a narrative that has been true for far too long.

Last week, a bunch of folks on Reddit said enough, and they found a mechanism to basically take down “some of these hedge funds” who've been taking short positions in GameStop because they see it as a company that is it's going to go the way of the dinosaur or the blockbusters. So they're hoping that it's going to lose value. These little investors over on the other side of the camp are like, “Let's artificially pump up the value of GameStop so that these hedge fund guys start to lose their bets.”

Now, let's talk about what it means to short a stock. This is important.

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**HB:** When you're shorting a stock, “that Wall Street hedge fund,” you believe that the price of the stock is going to drop. So then when you are shorting, you make money when the price of the stock falls, but the mechanism by which you short is this. It's extremely risky. You go to

your broker and you borrow shares of that company. You don't even own the shares. You borrow it. So then you go in. Let's look at an example where let's say the stock is \$100. You go in. You go borrow those shares from the broker. These hedge funds swallowed over 100% of the shares available, which mathematically is impossible.

Once again, the US just allows these hedge funds to do whatever they want because how do you borrow more than 100% of the shares available. You can't even comprehend that. These hedge funds go in. They borrow the shares of GameStop. Let's assume it's \$100. It wasn't but to make the math simple for you to follow. When you borrow their shares, you can sell it right away. So then you borrowed shares for \$100. You sell it right away. In essence, you have \$100 on you. Let's assume it was billions of dollars. You have all of that money. Let's say you have \$10 billion on you.

Now, the goal of that hedge fund is to then go out. They go on a media tour. They put out reports pretty much bashing this company, talking about how it's going to go out of business. It's like blockbuster. We live in an Internet age. They do all of these things to push the stock price down. When the stock price –

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**FT:** Which is arguably fraudulent.

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**HB:** Pretty much because –

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**FT:** Yeah. I mean, why are we mincing words? That's fraud.

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**HB:** They've been allowed to do this and they will be allowed to continue to do this, even after what's happened.

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**FT:** Okay. I wasn't planning on breaking here to ask this question, but it begs the question. In some ways, are we happy this happened because it is sending an important message not just to hedge funds? But now, the Biden administration's investigating this. The platforms that facilitated a lot of this easy trading are also reconsidering. They're having a moment of reflection and they paused trading on GameStop. It's creating a lot of friction and reflection, and I think that it's important. Because if to your point this has been happening, it's wrong.

Look. I always say, you want to change the system. You got to follow the money. You have to do something financial to kick them where they will hurt. Is there like a silver lining to this in some ways?

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**HB:** Yes. I mean, this was a fantastic way to express just our – I'm trying to find the right word. Just –

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**FT:** Frustration.

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**HB:** Frustration with the system and with how Wall Street can just get away with anything. Farnoosh, going back to explaining like what shorting is because I'm sure the listeners want to know, when that stock, after they go on that road tour to put out negative press, and let's say

their stock drops from \$100 to \$10, because they borrowed their stock initially and they sold it, they then have to go back and then buy it back. Let's say the stock drops from \$100 to \$10. All of a sudden, remember they made \$100 when they borrowed the stock and they sold it. Now, they are buying the stock for \$10, so they pocket \$90 in profits. Then they give back \$10 to the brokerage firm that they borrowed their stock from.

You see how shorting works. You borrow their stock. Sell it. Let's say they made \$10 billion dollars and then they go back. They were hoping that the stock is going to drop to, let's say, \$10 and then they can just pay back that \$10 difference and then pocket the \$90 or the 9 billion. That was the game plan, until these Reddit – It was actually one individual on Reddit who identified that, hey, Wall Street is targeting this company, GameStop. Literally, they wanted to drive it to bankruptcy because when you keep pushing a company stock down, that company cannot raise funds. What bank is going to want to give them money?

In essence, hedge funds were pouncing on this company to destroy it. The retail investor on Reddit, they were like, “No. If these companies are short this stock 130%, well, we're going to create a rebellion and we are all going to buy GameStop because we're going to save the company. We believe in that company. They have a new board chair or board member who is Ryan Cohen, the CEO Chewy. Ryan Cohen has done a fantastic job growing Chewy, so he's going to come and save this company.” Everyone was like, “Buy GameStop. Buy GameStop. Buy GameStop.”

What ends up happening in that effect is if tons of people come in to buy this stock, it drives the stock price through the roof. You literally saw GameStop go from a 2 to 5-dollar stock to currently \$300.

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**FT:** Oh, my God.

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**HB:** Now, this is how – Yeah. You're saying something, Farnoosh?

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**FT:** Well, no. I'm just wishing that it had happened to Party City, the stock that I bought over the summer. I have a little FOMO. Can I say that out loud? Let's highlight this because, I mean, I covered Wall Street from a big chunk of my career, and I won't say that every day I was completely understanding of what was going on. A lot of it is very mystifying. But I did understand that what moves the markets is very rarely the individual investor. It's these huge institutions that drive stock prices because they come in and they buy in bulk and they trade in bulk. This was not just like 50 people driving. It was millions of trades, and that that's unprecedented in one stock in one day. That's crazy.

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**HB:** Yeah. It was unprecedented, and they succeeded in literally almost driving these hedge funds to bankruptcy. One of the hedge funds, Melvin Capital, had to be bailed out by one of their buddies, almost about three billion dollars, because they were expecting to sell their shares at a lower price. But then when the price of their stock keeps on rising, remember, you borrowed the shares. So whatever the price is in the future, you have to go buy it back.

So then when these Reddit investors are buying their stock and driving it up, saying that their stock is going to the moon, well, hedge funds get scared, and they have to come in and buy their shares at a higher price because already they've lost a ton of money. But if they don't buy it at a higher price now, so let's say it went from 100 to 300, if they don't buy that 300 and it gets to 1,000, they are toast. When they come in and they are buying at a higher price, guess what, it's more demand for their stock, which further drives their stock higher. That's where you saw that short squeeze.

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**FT:** I've noticed so much of the news, they're paying so much attention to what the little guy did, the little woman did, the little investors did and saying like, "How could you be so stupid?" The punishment is more on the public and like, "Oh, we've made trading too easy, too slippery. Robinhood and TD Ameritrade, zero dollar trades. Now, anyone can trade." It's like, "Okay. But could we also focus on the hedge funds and the disasters that they create?" I wonder, do you see a bias in how this is being covered?

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**HB:** Extreme bias. That's why hedge funds can take the risk. They get bailed out by government or by their buddies, and they are good to go. They still buy multiple houses in The Hamptons.

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**FT:** They just borrowed a billion dollars from a buddy. I mean, who has that? I wish I had a buddy like that.

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**HB:** Farnoosh, I wish I had multiple bodies like that.

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**FT:** What are the – Keep going. I'm listening.

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**HB:** Listening to CNBC and so many different channels, you're right. In the beginning, they made it sound like. For anyone who's listening, try and go listen to Chamath Palihapitiya's interview, his Halftime CNBC interview. I listened to it yesterday. It's a good 30 minutes, and

Chamath laid it out. He was like, “The person who is at fault here is Wall Street because how do you borrow a 130% shares of a company? So you borrow over 100% shares and then you short it.”

Guess what? He also explained how these hedge funds, they meet in The Hamptons, they have what's called idea dinners, they share these ideas amongst each other, and then they all pounce on companies. But the Reddit investor literally is even bold. They are publicly sharing their enthusiasm and their strategy around going after Wall Street. So then he emphasized the importance of CNBC changing their narrative to stop attacking the “new investor” and –

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**FT:** Amateur investors, these angry mobs going on these platforms. I mean, I’m not saying that was healthy. I’m not saying that is healthy but I’m also saying let's also recognize that what fueled this wasn't just sitting in your house, bored in the pandemic. It was really bad stuff happening on Wall Street that was making a direct negative impact on people's everyday lives. To your point, yes, they didn't do this behind closed doors. It was on Reddit. They expressed openly and publicly how they felt, and I think it says something that they got millions on board very quickly to do this.

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**HB:** Yes. It says something.

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**FT:** That's a lot of organizing.

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**HB:** It is and they made a ton of money. I say made because I'm hoping that they sold and took some gains, but you have individuals with hundreds of thousands of dollars, like 18-year-olds, 19-year-olds, 20-year-olds. You have one individual who had 50,000 in GameStop, and he's grown it to about \$40 million dollars. I mean, and the beauty of what's going on and I say beauty is because literally they are funneling money out of the pockets of Wall Street hedge funds into the pockets of their little guy or girl or woman. So then for me, I –

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**FT:** There were little girls, by the way, who made money off this. There were like 11-year-old girl in the news that was like, “I made money off GameStop.” It wasn't just GameStop. There's a couple other stocks that kind of were bundled into this movement. Do you think there's going to be more cases of this? If there are, what should we know ahead of time?

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**HB:** Yeah. To take a step back, I want to just say that back in the day, the old American dream was to own a home. I feel for this generation. The new American dream is to be an investor. It's just that there's been this focus on trading, and my hope is that gradually all of these investors notice that there are companies behind. I know even with GameStop, they realized there was a company. I hope these investors realize that these companies are not just in code for short-term type opportunities, but there's a long-term opportunity to support a company to become a part owner as a shareholder of a company, and that these individuals can then go out and say, “You know what? Maybe I love Tesla or I love Apple or I love Microsoft or I love Etsy,” and become long-term investors of these companies.

Because moving forward, I do know individuals are going to be looking for similar opportunities. Truth be told, because of what has happened and this was a once-in-a-lifetime opportunity, I don't foresee a lot of this happening. If it does begin to happen, the brokerage firms are going to jump in front of it. For example, I woke up this morning to an alert that Robinhood is literally preventing individuals from being able to buy GameStop. It goes to show

that these brokerage firms will be proactive to prevent individuals from losing money. I think it's a great thing because now that Robinhood is preventing individuals who are buying this stock, then it means that you're not going to have any late-stage retail investor who could lose a ton of money at a point where individuals should be exiting their trades or exiting their positions in GameStop.

I think this was a once-in-a-lifetime opportunity to have made so much money. I'm talking about like, what, this year about 1,700% from January 1<sup>st</sup> up until now. For individuals who are thinking to themselves, "Well, am I going to go look for the new hype stock?" I'm sure a few will trickle out there, but you're not going to get the thousands of percent gains that's already happened. Instead of focusing on that, I would say at least dedicate your focus to identifying the companies that you believe in, the companies that you want to support and becoming a long-term shareholder of those companies.

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**FT:** What do you think from a policy level, from maybe an SEC level, from an administration level? Do you think this is going to create any new laws?

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**HB:** Yeah. I believe that they will go in to further, in my opinion, regulate these Wall Street hedge funds. They should not be allowed to take on such irresponsible risk at our expense because if something happens to them, the federal reserve or the government or their buddies just go in and build them out. That's at our expense. So then I believe this administration is going to go in and then put on additional or new regulation around shorting of companies. I feel moving forward, these hedge funds are not going to pounce on individual companies in the way that they did. You know what? Elon Musk tweeted about GameStop to further excite retail investors.

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**FT:** Yeah. There are so many players in this story. If this ever turns into a miniseries on Netflix, I mean, there's going to be an episode about Elon Musk's involvement. There's going to be obviously the Reddit community that was organized and incited to go do this. There's the side of Wall Street and the hedge fund folks. Am I missing anybody else or any other player in this narrative?

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**HB:** No. I think you –

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**FT:** Robinhoods of the world.

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**HB:** The Robinhood and also perhaps what the SEC, how the SEC was responding as everything was unfolding. Farnoosh, do you want to know why Elon Musk kind of egged this on?

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**FT:** Tell me.

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**HB:** It's because many of these hedge funds were shorting Tesla stock back years ago. It's almost like they just pick a company and then they all pounce on the company.

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**FT:** It's like a sport. It's a game to these people. In the meantime, this has real consequences for people. The hedge funds, I have a hard time feeling bad for them because, like you just said, one guy went out and raised another few billion. He has resources. What are the resources for all the people who participated in this ploy?

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**HB:** For hedge funds, they have unlimited resources. Yesterday, I learned something which literally it made me upset. It made me upset. Do you believe that a hedge fund could have – Let's say let's just call it a billion dollars because to them it's no money. They can go to a broker, and all of a sudden their broker allows them to have access to 10x or 10 times their money to be able to trade in their stock market. I was like, "What?" So then that person can go in with 10 billion, and all of a sudden they have \$100 billion in "cash" that they can then go move the markets with.

I mean, are they allowing us to be able to maybe have \$10,000 and then be able to go into the market with a 100k? That would be nice. Because if I put that money into incredible companies like Microsoft, Apple, I might be able to retire much earlier than, what, 65 which is the typical working age that they tell us that you should work 40 years or so of your life, and you can retire. Maybe if I could get 10x the capacity to invest, maybe that retail investor might be able to retire in 15 or 20 years. But no, no, no. We're not going to give this kind of opportunity and access to capital to the retail investor. We're only going to give it to Wall Street hedge funds.

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**FT:** Speaking of access, there's a criticism that when you make trading so accessible to everyday people, zero dollar trades, putting it on your phone, you can literally like make a trade after a few buck clicks and swipes, whereas before maybe it's a call a broker or you had to pay eight dollars a trade, and that was a bit of a moment of like reflection. Maybe should I do this, should I not do it? It wasn't such a no-brainer. What do you think about that? I'm conflicted

because I like the accessibility. But to your point, for some people who are really trying to ride the hype, they're going to get really burned, and so maybe for them it's better to have hurdles in front of them before they just do this impulsive trade.

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**HB:** Yes. I personally don't trade in terms of like short-term type bets, but my thought is this ease of access to the stock market is the best thing that has ever happened in America, point blank. The reason I say this, Farnoosh, is if you look at the different markets in the US, we can call it the labor market, and you compare to the stock market, in the labor market, if you're a woman, if you are a millennial with no job experience, if you're a minority and you go to this labor market, they determine how much you get to earn, right?

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**FT:** Yeah.

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**HB:** But in the stock market, all of a sudden it doesn't matter who you are. It doesn't matter your religion, your sex. It doesn't matter. Everyone who buys Apple stock or Tesla stock, everyone gets the exact same return. There is literally equality in the stock market. But –

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**FT:** To get into the stock market, not so. There isn't really a level playing field. But, yes, I agree. Once you're in it, if you have that access.

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**HB:** If you have that access, it levels the playing field because when you're actually buying or participating in these instruments in terms of stocks or ETFs or index funds, everyone is getting the exact same return. Whether you're a hedge fund, whether your parents are rich, whether you're a minority, everyone is getting the exact same percentage return. So then the stock market literally provides that opportunity for any and every one to build wealth.

But guess what? Back in the day, if you didn't have hundreds of thousands of dollars and if your parents didn't have a broker, how do you get access to the stock markets? You don't. You don't and you will never hear about it. Well, in comes a company, Robinhood, which I understand you know some individuals feel they gamify investing and all of that, which I completely understand. But then they come in and their belief is everyone should have access to the stock market, so we can level the playing field and give the retail investor an opportunity to participate in this wealth building market. They removed “the guard rails.”

In my opinion, I feel the individuals pushing back against that for the most part, I know there are a small group of individuals that just want Robinhood to educate their members. Let them know what they are doing, and I support that. But I feel a large majority just are screaming because they don't like that this kind of access is being provided to everyone at no cost. I feel that is what's going on.

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**FT:** Yeah. It's complicated, and I actually wrote a piece about Robinhood and my experience using it. There's a lot of vitriol for Robinhood, and I understand it. You said something very nice about them which is that they want to create this democratized platform which is, of course, the message that they're going to lead with. But behind the scenes, they like to make money. They haven't been very upfront about how they make that money and so. But, yes, do we prefer a world where the rich just get richer or a world where everybody gets to experience the market, both the ups and downs of the market?

To characterize the stock market as a wealth building tool is not inaccurate. But I think that for the uneducated or inexperienced beginner investor, they may want to skip some steps to get to that “wealth,” that promise. They'll over trade or they'll do what these folks did with GameStop. So let's talk about what is the – How is this going to end for some of these people who think they're rich but maybe they're not?

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**HB:** Well, if they sell their investments today, they essentially are rich because then they are taking money off of the table and they get the opportunity to keep those gains. If, excuse me to say, they are naive and they keep on just hyping each other up on Reddit saying that, “Hey, GameStop is going to 1,000,” well, with what's happening right now with retail brokers like the Robinhoods, even though Robinhood is kind of demonized, look, they put a restriction on new purchases of GameStop. Other brokers are doing that as well. This is the sign.

Also, Chamath sold his position in GameStop yesterday. So Chamath actually participated. He put in \$100,000 about three days ago and he exited his position a day later and he made \$500,000, which he is donating. So then I think that everything is pointing to the fact that, hey, everyone. The game is over. Even if people are hyping this up in Reddit, it is time to take our gains. Then in my opinion as The Investing Tutor, I would say move that money into long-term investments. An individual should split it between investment funds, which are your ETFs and index funds. Then you can pick up stocks of companies that you love, believe in, you utilize on a day-to-day basis, and call it a day.

That is the true wealth building, the opportunity to see money slowly grow over time. The best type of investing is almost boring. It's not as exciting as it seems with GameStop. In summary, my hope – If anyone is listening who has exposure to GameStop, please just take your profits. Take it. There's nothing wrong. I know if you sell, they make fun of you that you have paper hands, instead of diamond hands to hold strong. But take the profit.

[00:41:21]

**FT:** Can you tell me when do you think this stock will go? I mean, it was like a penny stock for all intents and purposes. It was like three, four, five dollars. Now, it's hundreds inflated for no really good reason other than this collective effort to purchase the stock. When will this level out? When will this go back to what it's actually worth?

[00:41:42]

**HB:** You want to hear something which is quite sad?

[00:41:48]

**FT:** Okay. Let me grab my drink.

[00:41:51]

**HB:** Yeah. I am confident that Wall Street's hedge funds are going to come in and pretty much buy this stock again or borrow this stock again now that it's at, what, 300 or so. They are going to short it or place, put options against it, which means that as this stock is dropping back to earth at a reasonable price, guess what, they're going to make a boatload of money. It's just so crazy because the retail investor perhaps is not going to take the other side of the trade which is, "Okay. Hey, I made money going up. I can still make money when it's coming down because it will come down."

In terms of when it's going to happen, in my opinion and this is as someone who does not options trade or trade stocks, I feel it's going to happen in the next couple of days. I can see it dropping by like \$50, \$100 here and there. Then over the next week or two, we will see this, in my opinion, drop probably below \$100. It's \$300 right now. So then, yes, Wall Street, if they are pretty much shorting this stock from the top, so meaning new entrants coming in to short it on their way down or individuals buying put options to ride it down, they'll be making money.

[00:43:26]

**FT:** Yeah. Because if we've learned anything, Wall Street is too big to fail but Reddit investors not so much.

[00:43:34]

**HB:** Yeah. These Reddit investors, regardless of however you view them, they took a huge risk. They took huge risk. I saw a post about someone whose dog needed surgery, and they put a few hundred dollars in GameStop, and it surged to over 2,000 or 3,000, and they were able to cover the surgery for their dog. I was reading all of these posts. To me, I mean, it was just so inspirational to see the little investor go up against Wall Street and win for once. Oh, my gosh, just such a beautiful experience to watch.

But you all, I will be upfront and honest. For individuals who got in at the early stage, before this became news, they made a lot of money. But moving on, I would urge everyone listening, don't chase these type of activities. I'm sure someone will be like, "Well, this is our opportunity." Well, if you want to have fun in the market, take a pot of money, have that on the side as your fun money, and you can do that with that but commit a majority. In my opinion, 90% or more of your funds to real long-term investing that has the goal of allowing you to be able to build wealth. Like I said, the new American dream is to be an investor, not a trader per se, to be an investor.

[00:45:21]

**FT:** We so appreciate your time, Dr. Hans, The Investing Tutor. We appreciate you coming on to break this all down for us. Really, I just wanted to provide the most important takeaways for everybody because the headlines can be really confusing and overwhelming. You may not realize how it impacts your life, but this was the clarity that I needed, and I'm very grateful. So thank you. Thank you so much.

[00:45:45]

**HB:** Yeah. Thank you so much, Farnoosh, for this opportunity. I really appreciate it.

[END]