

EPISODE 1312

[INTRO]

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1311, Spencer Jakab, Wall Street Journal reporter and author of the new book, *The Revolution That Wasn't: GameStop, Reddit, and The Fleecing of Small Investors*.

“SJ: Obviously, there are people who have made money, and now there are going to be a lot of people who object and people who write to me when I read about this and say, ‘Hey, you know, I made a ton of money. Screw you.’ But, okay, of course, there are always the people who made money buying dotcom stocks at the peak. But as a group, it wasn't a really profitable exercise for all these young people.”

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FT: Welcome to So Money, everybody. Monday, January 31st. About a year ago today, Wall Street experienced one of its biggest headlines, the GameStop stock squeeze. Remember that? It was that crazy money story of a particular stock, GameStop, that surged thousands of percentage points in a short period of time. It was days or weeks, not for any fundamental reason, right? It was sort of a challenge. A bunch of people on Reddit and social media banded together to buy the stock and move it up. They wanted to beat Wall Street at its own game. For a period of time, a short period of time, they did manage to create some Wall Street hysteria. But ultimately, as our guest, Spencer Jakab, writes about in his new book, *The Revolution That Wasn't*, the event ultimately revealed the inconvenient truth. That small-time investors were playing into Wall Street's hands all along. Spencer Jakab is an award-winning financial journalist. He's the columnist at the Wall Street Journal.

Now, his book, *The Revolution That Wasn't: GameStop, Reddit, and The Fleecing of Small Investors*, is out. Drawing on his years as a stock analyst, Spencer brings the most nuanced

behind the scenes look at that GameStop squeeze. How and why did it happen? What did it mean for the Robinhoods of the world that facilitated these manic trades? Who are the real winners and losers, and why is this continuing to happen? Be sure to listen to the entire interview. Towards the end, I asked Spencer for his professional opinion about cryptocurrency. Got to ask a Wall Street Journal reporter. Here's Spencer Jakab.

[INTERVIEW]

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FT: Spencer Jakab, welcome to So Money. Congratulations on your new book. You have been busy for the past year, writing your column for the journal and doing a book. How's it going?

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SJ: Good. Yeah. No, I'm tired but I'm very excited. I'm glad to have this book out and I'm glad to have it out now.

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FT: Well, it is timely. A year ago this time, we were – You were writing about and I was reading about the latest craze to take over Wall Street, which at the time was the Reddit GameStop squeeze, stock squeeze. It was what we now call the meme stock craze. This idea of individual investors banding together initially through Reddit and deciding, “Let's bring Wall Street to its knees. Let's drive up the price of GameStop.” Which fundamentally speaking, no need to be buying that stock at any – There's no urgency there.

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SJ: No, there's not though. Putting it mildly, yeah.

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FT: Right. Yet they did this. It became national news. You covered it intimately. This idea, Spencer, that people want to bring Wall Street to its knees, that speculation is an aspect of investing, not new. But this story really did make headlines for a few reasons. Why were you particularly interested in this phenomenon?

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SJ: So you're writing about investing, and writing about money is interesting. At some point, like you think that you've seen everything that they're new variations on the theme, but you think you've seen it all. Then you're also a parent and you get to the point where – I have three boys. Two of them are young adults, and one is a teenager now. Then you see them become real people with real money and their friends, and you hear what their friends are doing. You have this sense, and it really affects the world of investing. It's like what each new generation experiences and what the older generations have experienced.

If you went through the dotcom crash or you went through the Great Depression or you went through the 1970s, it affects you for life. It scars you and shapes you for life. Then you have this young generation coming in. I always felt like in theory that they come in with a clean slate, and they're optimistic and whatever, and what they experienced in terms of investing for their retirements and the stock market is kind of – There's nothing there. But I was wrong because there's this young generation in America, and I'm talking about people between the ages of 18 and 35, let's say, who have pretty strong feelings about things. They don't really trust traditional Wall Street advice. Their experiences have been maybe having student loans that they've had a tough time paying off. It's difficult for them to own a home. A fewer 30-year-olds own homes today than 30-year-olds a generation or two ago. A lot of them saw their parents struggled during the financial crisis, maybe lose their homes and things like that. There's this feeling that Wall Street kind of got away with murder. So they have a really dim view of the Merrill Lynch broker who helped their parents, a guy in a suit tell them what to do.

At the same time, it's a different generation than mine for sure. I mean, I'm in my early 50s, where you're much more willing to take the advice of some complete stranger with a pseudonym on the Internet and buy something on the basis of kind of a totally emotional reaction or something that's kind of funny and cool, as opposed to, “Wait, how am I ever going to make

money in the long run out of this thing?" So that's the setting there. Then a lot of things happened. It was a really fascinating episode, and what's interesting is it's still going on. It's not just a piece of history, even though it's a year later. This has continued to echo and grind on until today.

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FT: I want to talk about where we are today as far as speculation and some of the players in this moment. You mentioned Robinhood. For sure, this generation, sort of the Asian 35-year-olds, they have a different maybe lens through which they're seeing the investing world. Your book, however, it's called *The Revolution That Wasn't*. So it suggests that there was an attempt to do something revolutionary. It didn't quite work. So coming out of this, what are the takeaways?

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SJ: I can tell you right now, for sure, and this will be true a century from now, whatever is that. The four most dangerous words in investing are this time it's different, that there's something completely different, that all those lessons don't apply to this thing. Of course, things change. Technology change. I go into the – Really, I learned a lot, even though I've been doing this for three decades now, about what has changed for investors. It's good news and bad news. It's some really good news in there too. But there was this notion that they were really going to stick it to the man, that there was this group of people online that were going to really not just give Wall Street a black eye but make a fortune while they gave Wall Street a black eye and that they could band together and that information flowed so freely. Because of the very intuitive tools that they had, that people who didn't really know a lot about finance can still get together, take cues from one another.

I'm just going to recap the episode for those who might not remember it, or it was really interesting. This is like three weeks after the Capitol riot, this divided country, and you had this one thing that left and right agreed on. Every talk show host, everybody agreed that this was a travesty, that these people were not allowed to kind of keep on trading. But I'll explain what we kind of what happened. It was great, and aren't these young people wonderful? They're kind of getting screwed over by Wall Street. What happened basically was that you had these stocks,

and GameStop wasn't the only one, but it was the one at the center of it, which is why it's in the title of my book.

I'm very familiar with GameStop because I've got three sons, and I've been there about a billion times over the years to take them to buy games, trade games in, whatever. They were not going there very much anymore. Not just because of the pandemic. They don't – A lot of people don't go there anymore. It's like Blockbuster Video was five years before it went out of business. People buy games digitally in large part now. So it was like a sad sack company that was just scuffling along and expected to go bankrupt within a few years. People on Wall Street who do this felt very safe betting against it and all the other stocks that were involved to BlackBerry, right? BlackBerry used to be a big, big player in smartphones. It's like – You can't even buy a Blackberry today, right? I mean, it's all smartphones.

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FT: Vintage.

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SJ: Right. Bed Bath & Beyond, that's getting killed by Wall Street and all kinds of companies like that, AMC that was going out of business because of streaming and because of the pandemic. All these stocks became the center of attention because Wall Street had made such big bets against them. There really was a lot of hubris there, short bets. Short bets involve basically borrowing shares, assuming that the price will go down. Then you go and buy it back at a lower price. The catch is though that if the price goes the wrong way, the most you can make is 100%. The most you can lose is infinity. Usually, you can't have infinite losses.

But that's just in theory. No one thought that that would happen with these stocks. But it did because these people online figured out that they could gang up on people. You can't – This is something that's illegal to do today. Like if three hedge funds got together in a smoky room and said, "Hey, this fund has sold the stock short. We can really squeeze them. We can push the price up, and they'll have to – They won't be able to find any shares and they'll have to buy it at whatever price we name." That's been illegal since the 1930s.

But this was something, and I saw it right away, one of my sons brought it to my attention before all the headlines began, that one of his friends was part of this group doing this, and two of my sons were on this group, Wall Street bets, that were doing it. My sons weren't doing it, but they were aware of it, were like, "Let's buy the stock. Hold on no matter what. Don't sell no matter what. Buy as much as we can. Buy options if you can too, and buy these specific kinds of options, which are derivatives that are increasingly available to people with no experience investing. And they'll give us even more bang for the buck, and then we'll blow up these hedge funds."

They came very close to doing so, and there are a couple of people on Wall Street who lost a lot of money. There's one guy right about who lost \$6 billion for his client, \$6 billion. He wasn't the only one who lost billions, right? That was the idea that they would do this to more and more people on Wall Street, and there'd be no escape, and they'd really stick it to them. But I think the part that they didn't get was that a couple of people got bloodied on Wall Street. But lots of other people on Wall Street made lots of money from this. It was a really profitable time.

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FT: They remained in control when they halted trading. That was the thing too, is that the buck stops with Wall Street. They pull the triggers. I'm running out of metaphors. But the bottom line is that the joke was ultimately on those smaller investors, and there was a lot of anger around stopping of trading. So take us there. What was all that about?

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SJ: This is kind of the most frustrating and in some ways less exciting part. This is the part that got everyone riled up. You had everyone from Donald Trump Jr. to Alexandria Ocasio-Cortez and late night talk show host saying like, "Hey, this is – They really messed these guys over because they started participating in Wall Street. They were winning. They had these hedge funds on the ropes, and then trading was halted." What happened was that Robinhood and then other brokers, Robinhood is the most popular broker with these young people with small accounts, said, "You can't buy any of these several dozen stocks. You can sell them but you

can't buy them." I'm like, "What?" It was seen as a lifeline, a sort of bailout to the hedge funds. It was but that's not why it happened.

To explain what happened, it was like Robinhood was too successful. They got too greedy. Robinhood is the biggest broker out there that caters to these young people. What they did was they encouraged them to trade on margin. They made it very easy for them to use options. They never imagined that they would all in a short amount of time open million accounts in a few days, borrow Robinhood's money, and buy all of the same few stocks. That's what they did. So the way that that stock trading works is that there has to be an organization that makes sure that everybody gets paid. That's a mutually owned actually government-run body that clears all the stock trades, and they look at how much risk is in the system. If any broker defaults, and brokers have defaulted in the past, then they go to every other broker and they say, "Guys, this broker defaulted. You guys all have to chip in some money." They have money on deposit at the clearing house.

Robinhood did too. They had about \$700 million just sitting parked in a bank account there. They called them about three days into this phenomenon in the middle of the night and said, "Guys, we're looking at what your clients are doing here. Can you please give us \$3 billion in three hours?" Of course, there's no way. That's more money than they had ever raised in their history as a company. So they panicked and they were three hours away basically from being bankrupt from having to shut down. They're making money hand over fist, but they didn't have enough cash to kind of cover this liability. So they said, "How about if we tell our clients they can't buy any more of these stocks? Then we won't have additional risk. Then they'll pay for the stock they already bought. Are we good then?" They said, "Okay. We'll recalculate. Okay, you only need \$700 million then," which they raised. They raised a billion dollars that day. They drew down all their bank lines. They raised another billion dollars the next few days.

It was very easy for them to raise money because Robinhood is making a lot of money off of this. The guys who run Robinhood, the two people who founded Robinhood and run it, were already billionaires. Then they became multibillionaires at the end of it because this is a great profitable business getting these young people to trade. The only people it wasn't really profitable for were most people who were trading with them, and that's why the title is *The Revolution That Wasn't*. It's not a – I mean, obviously, there are people who made money, and

now there are going to be a lot of people who object and people who write to me when I write about this and say, “Hey, I made a ton of money. Screw you.”

But, okay, of course, there are always people who made money buying dotcom stocks at the peak. But as a group, it wasn't a really profitable exercise for all these young people, and not a really great introduction to investing either I might add. Whereas for people on Wall Street, except for these guys who lost a few billion dollars a piece, it was a great week. It was a great month. It was a great year. They like it. They like it when there's a lot of excitement and a lot of new naive money coming to the market. It's like fresh meat for the grinder for them. They don't care if you make money. I mean, if you make money, that's fine. But it's like the casino. Like if you go to the casino, and then somebody is jumping up and down and says, “Yeah, I got the jackpot,” and everyone's looking at them, you might think like, “Wow, it's a bad day for the casino.” No, it's a great day for the casino. The person's there jumping up and down and getting excited and making everyone else put more quarters into the slot. That's Wall Street's game.

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FT: If this happens again, and you say it's happening again maybe not at the level that we saw last January, but this trend, this behavior, whatever, maybe the speculation aspect or just like this pile on tapping here and there, the media doesn't really seem to be covering it as extensively. It suggests that there are lessons still that have not been learned. When you talk to, let's say, your sons or your readers, what should we be learning from this as individual investors? Maybe we've covered this, but I think it begs repeating because it's happening again. I think with platforms like Robinhood that make it a little too easy to invest in the game of investing, we're so vulnerable to falling into these traps.

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SJ: Well, look. This is what I would say. I think that you have to look at all the technology and the competition and all the things that have changed Wall Street, right? That's what made this possible. It wouldn't have been possible 30 years ago or 50 years ago for – Their meeting account has \$240 in it. You couldn't open a brokerage account with \$240. You couldn't buy anything once. Even if they allowed you to, you'd chew up all your money just paying them

commissions. So it would be impossible to get on the ladder if you were someone with that little money.

Now, these companies say we're democratizing investing. Well, they're democratizing like making a lot of money for themselves. But they did democratize investing indirectly. So I guess I'm a glass half full kind of guy. You have all these young people who opened accounts. You have tens of millions of younger people opened accounts who wouldn't have done it before. You could have a Robinhood or a Fidelity or I'm not endorsing any particular broker. They're all the same. At the end, it depends what you do with it that matters. Or you could have a robo advisor. With very little money today and for very, very low fees or zero commissions, trading does cost something, you can get on the ladder, start investing, start saving because you're not going to have enough money to retire through addition. You're only going to get there through multiplication. You have to compound your wealth in some way.

I mean, obviously, you could do it through starting a business or buying real estate. But the stock market is the way that most of us are going to do it. So getting on that ladder with the stock market is now cheaper and easier than ever. It's totally intuitive. You don't have to know anything. You have these apps that are totally friendly. The apps are designed to kind of hold your attention. I mean, there's a direct correlation between how often you trade, how often you check your investments, and how you do it. It's inversely correlated. The more you'd look, the worse you do, right? These are kind of designed to get you to keep looking. The average Robinhood customer will check eight times a day, right? That's not good. Don't check your –

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FT: It's like you're checking your sports team. You're checking the weather. You're check – This is – We're talking about – You started this conversation by saying this is high stakes stuff, everybody. This is people's money. This isn't whether you take an umbrella out or not because the weather was right or wrong that day. This is like checking these investments, this obsessiveness about it, the speculation. Long term, it does not serve people, and I'm talking you and me and everybody listening.

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SJ: There have been dozens of studies about this. I mean, it's – I think there are fewer things that are true in investing, is that the more active you are, the less well you do. The more attention you pay, the less well you do. The people who do best, like there is a comparison between people who work in finance, in some type of finance, and teachers and how they do in terms of their personal portfolios. You think it either would be the same because it's random, or the people in finance might do a lot better because they know about finance after all. They do significantly worse than teachers.

My wife works in a school too, and I'll tell you why. It's because teachers aren't considered enough to think that they know that much. So they're not in there, changing their investments and trading their accounts and constantly checking. They'll look once a quarter or once a year. Put money in a 403(b) and just salted away. They do pretty well, and you can do pretty well over the years, saving just a little bit of money. People who think that they can beat the game, unfortunately, overwhelmingly don't. They don't even realize that they don't because there are people out there who think they're very clever. You say like, “Well, how do you think you've done the last 10 years or 20 years?”

There have been surveys to show that people are completely clueless about how they have done. There are people who are very confident in their investing abilities. So let's actually look at your investment. Here's your account right here. They did a survey where they had people's results. So how do you think you've done? What kind of annual return have you made a year? Like, “I don't know. 8%, 10%, 15%?” Like, “No, you made 2%.” You're kidding? Because there's money going in and money coming out, and so it's not like really intuitive, but that's what the numbers say. So there's no connection between how you think you've done and how you've done, but there is a connection between how well you think you're going to do, how smart you think you are.

I think this whole – These young people, hats off to them for some of them at least did outsmart Wall Street. It's a great episode. It's a crazy story. I tell the – I go back to the origins of story and go through blow by blow. It's interesting. I think even if you know what happened in the end, it's still pretty cool how it all came together, and what happened is dramatic. But the end of the day, I guess that's what I want people to take away from this is that it isn't a revolution that like these

young people sort of made a big contribution to rich guys on Wall Street who they hate. They made those guys even richer. It's so ironic.

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FT: I find that in history, when there are these extreme events, that there is in the aftermath some adjusting, right? There's a reconciliation, and it could come in the form of education and learning your lessons but also maybe changes in systems. Are there any changes that Wall Street is now implementing, either to prevent or to better democratize the system so that there isn't as much pent up anger that would lead to something like this again? Anything you're hearing on the street.

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SJ: In terms of the pent up anger, I don't think they're doing anything like that. I mean, I think they're just piling up the dough while the piling up is good. But in terms of not being the victim, not being the guy who loses \$6 billion because of some people on Reddit talking to them, yeah, they are doing something. Lots of people I speak to that either themselves or they pay software companies that have natural language processing that can – If you're on one of these boards, you're like, "Oh, here's a great idea I got on Wall Street bets or Superstonks or whatever, some computer run by some smart guy on Wall Street already read that, interpreted what it meant, reacted to it faster than you can possibly react to it.

So Wall Street is totally fine. Wall Street, I mean, they'll – People lose money all the time on Wall Street for new reasons, but that they won't lose money for this old reason. So they're sort of fortified against this thing happening. Not only that, but they know how to make money from it better than they used to. So they're picking your pocket more effectively than they used to. In terms of, I mean, what I find really interesting about this, there's a company. I spoke to a couple of people at this company called Betterment, and they're one of many robo advisors. Robo advisors are a really good development, in my opinion. They mainly cater to younger people with a lot of money. It's a financial advisor that's run by an algorithm, rather than a person because it costs a bit of money to have a person. You have to have a bit of money really for a person to manage your money. Or an algorithm doesn't care how much money you have, and it

can do a lot of the same things. It can't talk you off the ledge but it can do a lot of the same things.

There's this is one company I spoke to called Betterment, which was one of the original robo advisors. They had been in business 13 years at the point that my story occurs, and they got a big head start, lots of young customers who basically put their money into index funds that are rebalanced all the time tax efficiently, yada, yada, yada. Then, in one day, during this episode that I described, in one day, Robinhood got as many customers as Betterment had had in its entire 13-year history. So here you have one company, Robinhood, that gets paid up front, right? You have one company that gets paid on the back end, which is Betterment. Betterment doesn't make anything when you give them money. They make money – They take a little fee over the years, right? Especially if you make money and your nest egg grows, then that's better for them.

Robinhood, as soon as you deposit money and start trading, they're making money. They're making money as soon as you trade, whether it's a good trade or a bad trade. So I guess there's a lesson there that – It's two lessons, right? One is that it's a lot easier to make money on the front end than the back end. Things go wrong. You're not held liable for it. The other thing is that you should ask that question. When you put your money into some type of savings vehicle or investment, that's what you should ask yourself. Is this person making money no matter what? Like how is this person being paid? Or is this person getting paid because I thrive?

That's I think – No matter what era we're in, no matter what kind of product we're talking about, whatever age you are, you can be 16 years old or 60 years old, that's the question that you need to ask when you engage with Wall Street. How are they making money? Ask lots and lots of questions and ask if this person is – If they're not totally on my side, at least they're not not on my side. They're sort of – I mean, that's a really important thing to ask no matter what.

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FT: That there's no apathy. Whether you win or lose, I'm still making money. But if maybe there's more upside for me if you make money, that's always a healthier sign.

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SJ: That's always a healthier sign. Yeah, you want somebody who's out there with you and is making money slowly with you, rather than making all their money upfront, and then we'll see what happens.

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FT: Yeah. Well, Spencer, it's such a treat to have you on the show because you've been a financial journalist for a long time. You're highly respected. Your column, Heard on the Street, in the Wall Street Journal is a must read. Before you go though, I have to ask you because you have such a close relationship with the movers and shakers on Wall Street cryptocurrency. I know like in 90 seconds. But I guess my specific question around that is what role should or shouldn't cryptocurrency play in someone's portfolio who has a long-term strategy? I'm not interested in getting your take on which currency is the hot one this year or whatnot. But what is your 2022 thesis on this perhaps? Like as far as everyday investors who, first of all, don't even understand it, like I sort of understand it but I just don't even care sometimes to understand it. How should this be? How should we participate?

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SJ: I'm not convinced that you have to participate. I don't think that you will be poor and homeless if you don't get in on the ground floor on cryptocurrency. I think that the vast majority of them are going to lose the vast majority of their value, if not all of it. I'm not making a prediction about the direction of any cryptocurrency. I just think that you have to ask yourself. If you're interested in cryptocurrencies, are you buying it as a kind of on the greater fool theory is a speculative vehicle like your – I mean, what I noticed is that the price of every cryptocurrency is stated in dollars, right? Why should you care whether bitcoin is worth \$40,000 or \$60,000 or a million dollars, right? It's stated in dollars. It's because our wealth is still denominated in dollars. Our mortgages are in dollars. Our student loans are in dollars. So people are really buying it as something for the most part that they think that they'll sell one day or have as a part of their wealth expressed in dollars.

If you're really buying it as a kind of an investment that you have some theory or some hope that it's going to go up, just buy something that spits out dollars, like a company that makes profits or a bond that pays coupons a couple of times a year. I mean, cryptocurrency, I hate to be like a curmudgeon and tell people like, "Hey, don't buy this thing." My oldest boy was like – He asked me a few years ago about like, "What do you think about buying some? I don't know what coin." I felt like terrible. I was like, "No, come on. Don't be ridiculous." It, I don't know, went up 10 times, and he could have made a fortune. But who knew, right? I mean, he could have lost 90% of its value. There's no rhyme or reason to it,

Furthermore, they're sons from another mother with these meme stocks, in the sense that they also are very profitable products for the exchanges and the people who trade them. Hugely, hugely profitable for Coinbase and all these other exchanges when people go in, go out, and exchange them. People don't realize how much money they're leaving on the table with cryptocurrencies, the same way they are with stocks. Actually, they're far more expensive per dollar to get into and out of. So that's I think – Scales are kind of going to fall from people's eyes one by one, and they're going to realize kind of how much money they kind of spent and paid in commissions one day. As you can tell, I'm not a huge fan.

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FT: Yeah. It seems to be you're echoing a lot of what I hear and even my own personal sentiments around this. But I think that as the years go by, it's not going away. I feel like we need to address it. But how to address it so that however, whatever angle you want to take, you feel confident. I feel like the media just focuses on the NFTs and the currencies, but there's so many other ways to engage. There are people who are transitioning to a career that's crypto-adjacent or crypto-related. That's interesting. There are people that are using blockchain technology within their small businesses. That's interesting. Of course –

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SJ: The whole idea of a blockchain is interesting, right? I mean, so like it might be the way that we like get title insurance one day, right? If you bought a house, that's a crazy process, and you have to go and find some file. That's something that could maybe one day it will be solved by

blockchain. So the whole idea behind it is interesting. But to say that the idea behind it is interesting and to say that everyone who invests in Dog Coin is going to be a billionaire are two totally different things, right? The same way that like, hey, the Internet is going to change everything circa 1998, I'm going to buy into pets.com. You lost every cent you invested in pets.com, no matter what point you bought into it, right? It was a little too early, and the idea was a little too half-baked.

The idea being good and the investment being good are two totally different things, just like with cars back when – There are like 30 car companies back in the day. How many car companies are there today in the US, airplane companies, airlines, whatever? They're early movers. It's pretty hard to pick a winner. I think, I mean, if you want to get in on the act as an investor, maybe buy into a company that could profit from it, as opposed to buying one of the currencies. Of course, go ahead. I mean, if you feel strongly about it, I don't want to be the one to talk you out of it, and then cost you a fortune in the future. Knowing what I know, I prefer you would not.

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FT: It's all speculative. Whether you're talking about bitcoin or a piece of art, these are alternative investments, currently, where we sit now on a historical timeline. They're not proven. They're extremely volatile. So you can participate, but don't bet your retirement on it.

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SJ: Absolutely not.

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FT: I don't have the stomach for it. I don't have the risk tolerance for that sort of investment.

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SJ: No, no, and most people don't.

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FT: Most people don't.

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SJ: And why should they, right? You know what's the crazy thing? I mean, I just don't want to drone on about this. But this crazy thing is that there's this theory like that the gamblers have. Not a theory. It's an actual proven mathematical thing, is that if you're really confident about betting on a hand in blackjack or a horse or whatever, like you have some reason to really think that you've got an edge, and maybe you do, you still don't bet all your money on it because there's no sure thing, right? In fact, the more confident you are, maybe the less you're going to bet on it at some point, right? Because if you're super-duper confident in it happening, then it's going to go, and you're going to make 100 times your money, you don't need to bet all your money, right? You can bet a little bit of your money.

If you think that bitcoin's going to \$100 million or whatever ridiculous number, yeah, buy one bitcoin. Buy half a bitcoin. Buy a 10th of a bitcoin. Because you're going to be pretty well off if you got it right, and then it's like an acceptable bet. But I see in these meme stocks and cryptocurrencies, people are putting a substantial portion of their wealth into it because they're so sure it's going to go up 100 times or 1,000 times. Well, just stop and think about what you're doing. Then you should be risking less, not more, because if you're so sure, then you're not 100% sure because nothing's 100% sure. So just make a little bet on it and then put the rest of your money into normal stuff.

[00:35:04]

FT: I'll just say this last thing but I don't know. Whenever celebrities get involved in hocking investments, we see Matt Damon and Paris Hilton now doing these commercials, that does not encourage me.

[00:35:16]

SJ: No. You know what's a really good rule of thumb for you and for me because your inbox looks a lot like my inbox, probably, like in the last week, how many pitches have you gotten that have NFT or crypto or whatever?

[00:35:33]

FT: It's a great gauge. Yes.

[00:35:35]

SJ: That's like a good inverse indicator.

[00:35:37]

FT: A lot.

[00:35:38]

SJ: A lot, right.

[00:35:39]

FT: They go into my spam often. But, yes, that's –

[00:35:41]

SJ: Yeah. My spam folder swallows them too. But a lot of them go on the regular folder, "Spencer, just checking in again whether you heard about Elon Musk Dog Coin. This is amazing. Or Crypto Island." I've got two different Crypto Island pitches in the last, I don't know, month. I mean, like, fine. I'm not like – But the more stuff that you get pitched on, that's a pretty good sign. That's like a good rule of thumb writing on the wall sort of this is probably a little overcooked.

[00:36:12]

FT: Spencer Jakab, very, very nice to finally meet with you and connect with you. Congratulations on your book, *The Revolution That Wasn't: GameStop, Reddit, and The Fleecing of Small Investors*. Happy New Year to you.

[00:36:25]

SJ: Happy New Year. Thank you very much, Farnoosh. Thanks for having me.

[END OF INTERVIEW]

[00:36:30]

FT: Thanks again to Spencer for joining us. His book is *The Revolution That Wasn't*, available everywhere. We did it, everybody. We closed the month of January. I hope everybody is healthy, looking forward to the rest of the year. Thanks as always for joining me here. If you like what you're hearing, be sure to subscribe, leave a review, share with a friend. I'll see you back here on Wednesday and I hope your day is So Money.

[END]