

EPISODE 278

[INTRODUCTION]

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FT: Welcome back to So Money everyone. I'm your host Farnoosh Torabi. Gerard Adams is on the show today. He is the co-founder of a website you probably know, you've probably just been on it. It's called EliteDaily, it's a website that advertises itself as the Voice of Generation Y. And I know a lot of you are millennials.

The site was recently sold for \$50 million bucks, and Gerard or "G" as he likes to be called, has quite the story. You know he's a college drop-out turned serial entrepreneur, digital media executive, documentary film producer, and millennial thought leader and philanthropist. He's also been named one of the coolest people in Silicon Alley tech by Business Insider. His story started after he left college after just one semester. He became a first time entrepreneur shortly after and things didn't pan out as he had hoped — he's gonna talk about that.

Fast forward five years, and he's a self-made multi-millionaire. Today he's 30 years old, he's built, backed, and invested in nine companies and trades that all have made seven figure plus profits. Another reason to be impressed by Gerard, Tony Robbins is his guru, and the following Tony Robbins quote changed his life as it has mine and many others. It goes like this, "Success without fulfillment is the ultimate failure." And yeah I live by those words.

From there Gerard was inspired to launch Fownders, which is his latest venture — Fownders. And it's what he's calling a mentor and a movement that will show our generation how he himself has been able to succeed in business. So he is going in front and centre, teaching people what he's learned. And it's not out yet, so we'll have to stay tuned for what's to come.

Lots of takeaways from our time with Gerard, including having the guts to quit college; what convinced him that it would work out? What did his parents have to say? Selling EliteDaily for \$50 million and then, as he said, entering a depression soon after — why? And his number one

failure, which happened in a room with over 100 investors. It was gut-wrenching! But you know what? He lived, he learned, and he's of course the success that he is today.

Here is Gerard Adams.

[INTERVIEW]

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FT: Gerard Adams, welcome to So Money. Can I call you "G"?

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GA: Sure! A lot of my good friends call me "G".

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FT: Alright, you can call me "Noosh", that's what my friends call me. Listen, your story is absolutely incredible. You're living the dream young man. I mean you started a company after realizing college wasn't for you. This company has gone on to generate millions of millions of dollars for yourself and your team. And now you're on to the next thing. You're a serial entrepreneur!

I wanna go back to college with you Gerard — before we talk about Elite Daily and all the success that that has spawned, you were in college like a lot of us went to college, but you realized it wasn't for you. You actually had the guts to leave and move on and tell me about that moment in life for you? I've had on other guests on this show who have quit college, realized it wasn't for them, I think that takes a lot of braveness.

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GA: You know, I really feel that when I, like quickly — it was my first semester I realized that I looked at college as a business and I actually feared staying in school more than the fear of

entering the real world. And I just had this feeling that if there was ever a time to take a risk, why not do it now while I'm young? And I felt it was at a time that was a perfect time to be an entrepreneur with the way the internet was providing so many great resources to self-educate yourself and I just real quickly said, "You know what? Take the risk! If you believe in yourself and you wanna enter and learn on your own and get out there and find mentors, now is the time to do it." So I just did.

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FT: What did everyone think? What did your parents say?

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GA: You know, growing up my parents wanted me to go to college, they told me that the American Dream was to get good grades, go to college, get a college degree, graduate, get a great job. And to them I guess that was what they saw as the path to success. But I felt that it was a different time and that it was a good time to take a risk. And when I told my father, especially — he was the first person I called — and just said, "You know I think I wanna really take this risk now," and he basically was like, "If you fall, or you fail, you know you have to pick yourself back up, you're gonna have to figure it out. If you're gonna get back into school, it's on you."

And both my parents, you know they believed in me, they encouraged me, but they made sure that I knew that it was on me. They weren't gonna be there to hold my hand, they weren't gonna be there to save me if things went wrong or help me get into school, it was on me. Which kind of put some pressure on me for sure, but it also motivated me to say, "You know what? I gotta hold myself accountable and if I'm gonna become successful, it's on me. I need to get out there and make it happen."

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FT: That's good parenting! So did you leave college with the idea of Elite Daily? Or was there something else that motivated you? What was the big idea that was gonna carry you out of college and hopefully be your first venture?

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GA: You know I really was interested — so Elite kind of came a little bit down the road. My first idea was around the stock market. I was really interested, just growing up my father worked for Prudential, my mother worked for a Supermarket — A&P. They both taught me so much. I owe a lot to them, I mean just work ethic in general. Seeing them work 6-7 days a week non-stop to provide for me and my sisters instilled work ethic in me at a young age. Leadership — my father just instilled leadership in me as well. Seeing my mother work as much as she did, I just always wanted to become successful so I could give back to them, take care of them.

When I was growing up though, my father used to want me to write down what the stock was for Prudential when I got home from school. So at a very young age the first thing that really sparked my interest was Wall Street and stock markets. So when I took that risk and jumped out of college, I really wanted learn how do I learn how to invest into this like matrix of this like "Wall Street"? And what is the stock market? And that was the first thing that sparked my interest.

So I decided to start a forum for stock traders that were also looking for a place to learn from other traders and investors within the stock market. And I saw that there was a niche where all the different chat rooms or forums that were coming at that time never had a form of credibility, never had like a rating system. So I said, "Why don't I just create something that has a rating system similar to eBay, but for each member based upon how good you were as a trader?" And that kind of gave you a little bit of a rating to learn from who were really the actual gurus that know how to invest in the stock market. And that was my first initial idea.

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FT: And how did it do?

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GA: It actually, that was what started it all for me. I became so passionate about investing, so passionate about the stock market, and I was able to quickly learn. I quickly started off with only \$1,000, but I was just so passionate, it was just non-stop asking questions. I was working all hours, till three in the morning promoting the website, and then eventually getting 10,000 people to sign up. And it taught me a lot about investing. I started learning from the peers on the site.

And then eventually I got a phone call within the first year, from a CEO out in New Jersey. He was running a nanotechnology company called mPhase Technologies, and he was like, "I wanna advertise with you." And I was like, "Oh my god, I can turn this into a business? Like advertise." You know, I didn't know. I was super excited, and when he realized he was like, "I don't think you understand the value of what you've created. How old are you? I wanna meet you."

I was based out of New Jersey myself, so I went and met with him. His name is Ron Durando, he became one of my first real mentors. And he, basically when he met me and he saw how I young I was he was like, "I think you're doing something really cool, pioneering something with digital media and content that can help also get small cap companies — public companies — exposure." And he's like, "I'm gonna teach you what investor relations is." And he offered me a job. And that's when I called home and I was like, "This is all working, my site's doing well, like I just got an offer."

And I actually took a position of being Director of Investor Relations for his company if he allowed me to build my company while being there. And that was my first experience with failure. And what happened was interesting; I ended up building his company — again I was so passionate. He was actually re-inventing the battery, which even till today I'm so interested in — understanding why technology is all evolving so quickly, yet we're still charging our iPhones 2-3 times a day. It's like, "Why isn't battery technology evolving as quickly?"

So what he was doing is he created a patented way for using nanotechnology to separate the electrodes and the electrolytes, which are the two liquids, that once he turned the device on and it allowed those liquids to mix through that nanostructure, he basically was creating an infinite shelf-life battery known as the nanobattery. And I was helping build his website, doing video

marketing, writing his press releases, doing everything for him the whole first year. He ended up getting 18,000 shareholders, which is the largest shareholder base out of any small cap company, and I learned a ton being there.

And eventually one day I called him up towards the end of my first year and I said, "I think we should do the first ever live demonstration of the nanobattery. Everybody's excited about what's going on here." So he was like, "Let's do it! You handle everything." So I handled the invitation list, wrote the press releases, got PR on it, I filled up a room in New York. Over 100 investment bankers, brokers, retail investors in that room and got up there, I was super nervous, introduced the Chief Scientist Officer and told everybody that I was the one who was speaking to them on the phone, why I believed in the company.

Dr. Fred Allan was the Chief Scientist Officer, he came up and went to demonstrate this nanobattery...

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FT: I'm getting so nervous!

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GA: He's got two screens up, he unveils the nanobattery, and he hits a button showing that the battery's not using any energy. And then when he hits the button and turns the device on, it "Boom!" Shows energy is being used, it shows on the screens, a light bulb lights, and there you go it proves the concept of this nanobattery. And let me tell you, when he hits this button, if or when this thing turns on, he's gonna raise 10's of millions of dollars. mPhase is about to — this is the biggest moment of the company. When he hits that button, he's gonna raise 10's of millions of dollars to take it into mass production.

So he hits that button, and it doesn't work...

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FT: Oh my gosh.

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GA: And I was devastated! I thought my career was over. I'd then dedicated so much — and I've seen it work, right? He was [inaudible], I've seen it work, it just was a management issue where they just didn't test it. They didn't do their job to prepare. And I was devastated. And that was my first experience with failure, but I took that, learned from that, and that's what led me into my next company, which led eventually to Elite Daily.

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FT: Well at least, you know what? You were in a really great position in some ways, you were in front of a room full of investors. So that probably was laying the seeds, planting the seeds for future relationships, future network. I mean clearly this wasn't your fault. You were able to show your strengths and that you were able to bring this room together, of impressive people, you had helped build this company up — too bad they just couldn't deliver. What a learning lesson for you, my goodness!

So how did Elite Daily evolve from this? I mean you went from batteries a website that's catering to millennials and news.

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GA: From that day, like you said, people came up to me and they gave me their business cards and they were like, "Hey kid, you got me in this room. I'm pretty surprised. Here's my card." And people recognized how I was able to really get the attention that I did on a company that was really a management issue. So it led me to wanting to continue to do that for other innovative companies. And so at this time I was only like 20 years old, 21 years old, around that time.

So I decided to start an agency to cater to small cap publicly traded companies marketing them. And I built, and I ended up building a very successful agency, we did about \$10 million in revenue by the time I was 24. And I was flying all over the country meeting all these great

innovative companies and then 2008 happened. So I saw the crash coming. The market crashes, my business completely changes, and at that point in time I was like, "Wow, I need to start investing into my own companies," and I kind of was really paying attention to the economy at that point.

So I started getting into more, "How can I utilize my abilities to build content?" And I decided to start doing some documentaries, and I did some documentaries on the economy and then I started investing into commodities. And then I had an intern who was working for me at the time, who got really interested in the content that I was creating and had an idea. He came to me and he said, "I wanna start a website called," — it actually started off being more tailored towards finance. It was actually "Elite Wall Street" was the first name that was thrown out.

And then we were like, "Wait a second, right now whenever we go online to get the news that we're looking for, for our generation it's, you know there's nothing that's mass market." And we started thinking about an idea, "Why would we tailor ourselves to just finance? We should build something that's all verticals." All these publications were handed down to us, and a lot of the millennial websites that were existing at the time were very niche-based. They were very much, you know, college-based, or humor-based, or entertainment-based, sports. You know it was nothing that like a Huffington Post for Generation Y.

And we saw an opportunity there and then we just started attacking it. We immediately said, we came up with the name "Elite Daily", luckily it was available. We bought it for \$9.99 and we just were so passionate about the idea. We started having fun with it, we started in my apartment, and we just every day, just worked at it tirelessly, just having fun and passionately. And that was the beginning of Elite Daily.

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FT: Millennials are a huge market right? Talk a little bit about that opportunity. If anyone on the podcast is thinking of starting a business, a service, a website for millennials, there's a lot of money to be made if you do it right. Right?

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GA: Absolutely. I think that the generation is the most entrepreneurial generation, but we also have the strongest voice, we're gonna have the strongest influence. From a purchasing power, we're gonna have the largest purchasing power out of any generation. So there's just a huge, huge opportunity. And we're disrupting so many industries. I don't care what industry, I mean we're coming out because of what happened in 2008, we don't look up to institutions anymore. We wanna see eye-to-eye with brands, and therefore there's a huge opportunity to re-brand or come out with a new technology product or service that can really cater towards this generation and become successful.

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FT: You sold it for \$50 million. What was the negotiation like? Take us kind of behind the scenes. How fast did things kind of get moving? And how did you settle on \$50 million?

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GA: The negotiation process was, wow! It was tough. You know we were raising money at the time, so you know, as any small company — again, we were this young media company that never raised 10's of millions of dollars, going up against media giants like BuzzFeed and the likes that have raised 10's of millions of dollars. So we were also going through a process of trying to raise capital, so it's tough. Because at the same time you have my co-founders and team that's day-in and day-out trying to stay focused on the business to continue the growth that we've had, which was exponential.

And then we're also going through a phase of trying to find another option, because you always wanna look to see what options you have, which was also to raise capital. And then, you know, when Daily Mail made an offer to us, Jon Steinberg was one of our advisors, so we did a have a close relationship with him, so we wanted to give Daily Mail the ability to have that first right to an exclusive to negotiate with us. But we also wanted to say, "Well man, we should try to see if we can — what if AOL will come in? What if, you know, there's so many other great companies that may look at us as an acquisition." And so it was tough.

And we — you know long board meetings, a lot of back and forth with Jon Steinberg, and at the end of the day it came down to the fact that we wanted what was best for the company and what was best for the 65 people that are day-in and day-out believing in us in that office. And we felt that the Daily Mail was the best fit to give us the infrastructure needed to really scale the company. It was a great partnership, my partner David who was the CEO, had a great relationship with Jon Steinberg and we just felt that it was the right time.

So after a lot of long board meetings, a lot of long calls and me running around New York meeting with all of our advisors, meeting with all of our investors, you know cause it was my job — I was trying to make sure that we were educated on all the different options. So everything else stops at that point in time. You have to really just focus on that deal.

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FT: So what are you working on now? You've got a new venture, it's called Fownders — F-o-w-n-d-e-r-s. What gave you the inspiration for that, and how's it going?

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GA: So yeah, at that moment when we had the sale, I had this like "ah-ha" moment. I was just like, "Wow, regardless of the monetary aspect, this is the dream; to have an idea, and for you to work to take it to fruition to a point where it's of such value that someone wants to acquire you, and more importantly, you're impacting people." Right? People notice the brand, they read it every day, they enjoy reading it. I remember sometimes I'd be travelling overseas in like Italy and someone will come up to me and be like, "Ah I love Elite Daily," I'm like, "Wow, that's unbelievable! It's even global."

So that was like the dream as any entrepreneur to have an idea and take it to that level. So I was like, you know, I've been able to do this a few times and that had a lot — like earlier I was telling you had I some failures. I've learned a lot throughout my career. So for me it was, "How can I do this more? How can I get out there and tell the story more, inspire this generation that you can go out and anything is possible, and you know chase your dreams, chase your passion, and really be able to take an idea and build it into a successful company?"

So I said, "That's what makes," — you know, I had a moment when I met Tony Robbins and he said, "Success without fulfillment is the ultimate failure." And what fulfills me is being able to work with young entrepreneurs and startups and sharing my experience, and mentoring and advising them. So I decided to start branding my story at GerardAdams.com, and started positioning some new awesome content, actionable content that I'm gonna be putting together through the Fownders name.

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FT: I love that you're getting out there more. Tony Robbins is one of my gurus, I love that quote as well. I have it on my wall in my office. That's a great philosophy to live by, a life philosophy. Gerard, what's a money mantra that you have? When it comes to money, what is your number one financial philosophy?

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GA: For me it's, you know, growing up in my early stages it was that I always made — I was very much a fundamentalist. So I was like, "What are the fundamentals of the investment?" Now it's more people. For me it's, not matter what I invest in, whether it's money or time, I just — for me it's about people. And I just always make sure that I wanna continue to collaborate, create, invest into good people.

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FT: You mentioned growing up with a father who works in finance, a mom who worked at the A&P, lots of hard work ethic. Exposed to that as a kid growing up, what would you say is your number one money memory as a kids that later as an adult it stuck with you, it was something that maybe continued to inspire you as left college to start your business?

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GA: You know I was always a hustler growing up, not matter what. I mean going way, way back when to when I was even a kid, going and shovelling snow up and down all the blocks around my neighborhood just so I could get some money. And getting a team with me, friends that wanted to go and split up and get as many houses as we could and then split up the money. I mean for me, even to then when I was a kid, you know same thing — working really hard. Getting out there, not being afraid to roll up your sleeves. You know, there's no secret to success, it takes a lot of hard work, it takes a lot of dedication, you need a good team around you, and I carry that till today.

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FT: What do your parents think of all the success that you have created for yourself?

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GA: I'm blessed to have an amazing family. Like I mentioned, my mother and father, I have two sisters — a younger and an older — Monica and Cynthia. And you know, it's awesome. I mean they're proud! Monica, my little sister, when I went to go see Tony Robbins first row, she came with me and she was transformed herself. And she's so inspired by what I've been able to do and I'm so proud of her. She actually, she graduated with a degree in communications and she is out there chasing her dreams. She started her own, now her own site called "Operation Use" to inspire people. So it's great to see her going after her dreams and living a similar — going after fulfillment and a life of purpose.

And my sister Cynthia, I'm so proud of her. He's a mother of three, two nephews and a niece. And that's a full time job in itself, but even so she became a little entrepreneur herself and she's become an amazing baker and started her own company called "Cake It Baby", and everyone around us in New Jersey like loves her cakes and her cupcakes and everything. And it's a growing business now, so it's cool. I'm starting to see how they're chasing their dreams and they're inspired. And my mother and father, like I said, from day one it was about giving back to them. So being able to pay off my parents mortgage, buy them a house, buy my father a car for Father's Day.

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FT: Woah!

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GA: You know, surprise my pops with the car, surprise my mom, help pay my sister's college off. Just take care of all of the people that I love in my family, I mean that's what it's about. Success: being able to take care of the ones you love, so I've been blessed to be able to do that.

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FT: I love that. I wasn't expecting at all for that to come out of the interview. But my gosh, and at such a young age Gerard. I can't even imagine what you'll be doing in 10 years. You know I ask my guests often for their So Money moments, and sounds like you had one already I mean with selling Elite Daily with your team for \$50 million. Would you say that was the So Money moment? Or is there another So Money moment? You know, a time in your life where you just experienced financial peak?

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GA: I definitely do not feel that I've hit financial peak. In fact, when I sold the company I went into a depression for two days. I was like, "Man!" Because it's like, you know, it's tough. It was something that I believed in to go a long — I thought we were scratching the surface. But you know, you have — I had a co-founders and a team and people around me, that really did feel after thinking about it, you know is the best decision for the company. So that that can live on and be bigger than any one of us. So that's what drove me that everyday I'm pushing forward. I definitely don't feel that I've — I still feel like I've got a lot of potential, so I'm just continuing to not take anything for granted by any means, but know that I need to take all these lessons and to continue to get out there and continue to work hard.

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FT: What's your number one financial habit?

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GA: Financial habit? Probably, I'm big with quarterly reports. So with all my investments, with myself, I need to have quarterly reports. I need to be able to every quarter analyze where my investments are, what they're doing, just like you would any public company. You know, I wanna know, go through all the income statements, the balance sheet, how the company's performing, what are the goals for the next quarter? What are the goals for the next year? And you know, for me that's very important.

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FT: A couple So Money fill in the blanks for you, starting with: one thing that you spend on Gerard, that makes your life easier or better. We like to see money as a tool around here that helps us to reach fulfillment, so what's something that you buy that makes your life easy, or better, or both?

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GA: I buy time. That's what I buy. If I could buy — if I could get people around me...

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FT: That's smart!

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GA: ...you know, that are at my level of thinking or higher that can push me and I can delegate to and I can rely on, and it gives me a little bit more time to do things like this, to get out there and inspire more and do what I love. And then we can all do it effectively and efficiently, that's probably the best thing I could do.

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FT: How about this, when I donate I like to give to ____ because ____.

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GA: I like to give to underprivileged communities. So I have not for profit that I just started to announce last week in North New Jersey to try to help give towards underprivileged youth that don't have the resources that they should, and they show just as much the potential to build the company to chase their dreams as anybody.

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FT: And last but not least, I'm So Money because ____.

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GA: I'm So Money because I never give up!

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FT: [Laughs] Spoken like a true 30 year old! You got a lot of years ahead of you Gerard. Congratulations on the uber success that you've experienced to date. Elite Daily is a wonderful website, your new venture is equally as exciting, and we wish you continued success!

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FT: Thank you so much for having me. I really appreciate it. Make sure to sign up for GerardAdams.com and thank you Farnoosh — "Noosh"!

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FT: Noosh! G! Yeah, I didn't even use it during the interview. What a waste! Oh my gosh, well hopefully we'll connect offline. Would love to buy you a drink, get to know you a little bit more, and see how we can help you. Thank you so much!

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GA: Thank you so much. Have a good day, bye!

[END]