

Bill Brewster - Transcript

- Jim: [00:06:28](#) Well, hello everyone. It's Jim O'Shaughnessy with my colleague, Jamie Catherwood for another edition of Infinite Loops. Today, I have as my very special guest, Mr. Bill Brewster, who is the host of the Business Brew Podcast. But you know, honestly, Bill, I just got to ask you, who the hell are you? I mean I get a call from Dan McMurtrie and he's like, "Jim, yeah, you got to get Bill on your podcast." I'm like, "Bill who?" And he's like, he goes, "You're such an asshole. Bill Brewster, man. You told me you listened to the podcast that I did with him." I said, "Did I?" So I'm kidding. I know who you are, but I want you to introduce yourself.
- Bill: [00:07:14](#) Well, more importantly, you know who Dan is?
- Jim: [00:07:16](#) Yes, I do. I actually bet money on Dan, so that's serious.
- Bill: [00:07:20](#) Yeah. Well, I would too. I liked Dan a lot. So I'm a guy that invests. And I got lucky enough to go ... I've been to Berkshire. I've been going to Berkshire for a long time. And I was at a bank, Bank of Montreal for a while. And I had an uncle that died in just a totally tragic way and it sort of changed my financial outlook for the future. I was in the CFA program at the time, and after that happened and I said to my wife, I said, "We have enough that I can afford to pursue the passion that I want to make money doing." But we don't have just go away money, right?
- Jim: [00:08:12](#) Right.
- Bill: [00:08:12](#) So I said the one thing that I know for sure is we have enough that if I'm ... There's something in me that doesn't trust indexes, it's maybe silly and the more that I've learned in the more that I've started to understand them a little bit better and the more that I've trusted a little bit. But I said the real financial pain for us would not come from leaving the bank and figuring out how to run ... So taking a step back. The way that I could ruin my family's sort of setup for what we have is to not believe in what I'm doing. And March 2020 comes, and I bail at the bottom. Would have cost me much more than I could have accumulated over a number of years at the bank. So I sort of went out on my own and I did that by going down to Berkshire.
- Bill: [00:09:02](#) And one night, Mario Gabelli, after the Columbia dinner, I offered him a beer, and he sat with me and he talked to me for two hours about how he would go through learning and how he

would pursue it. He told me to go to Bruce Greenwald's class in Columbia, not the full class, but a three-day thing. And he was really instrumental in sort of putting me down this path. And then also through Berkshire, I met Toby Carlisle, Tobias, and Tobias gave me a shot on his podcast and that sort of went well. And I guess 2020 is sort of I guess to the extent that I have any momentum going, that was the year that I sort of blew up for lack of a better term. But there was a number of things I sort of managed appropriately through March. I think I did a good job. I made some really good buys.

Bill: [00:09:58](#) And then I had an unfortunate incident with my cousin-in-law and Robinhood. My cousin-in-law is the one that committed suicide. So I had quite a week battling them. And then I had a pretty big call on a special situation that went well. And it was just one of those years that things went well. I mean, not that the Robinhood thing went well. But it was a series of high-profile events that I think I, for lack of a better term, showed well. I wish I never had the Robinhood issue, but you can't change the cards you're dealt. And anyway, long story short, I released this podcast at the end of last year, and I'm really fortunate that people like Dan and Toby and my man, Mike Mitchell took a chance on me and were willing to come on and do something a little different. So hopefully, I can keep the momentum going.

Jim: [00:10:50](#) Yeah, I think you will. Because honestly, all joking aside, that's what got me to DM you on Twitter. I was watching Toby's podcast and I'm like, I like the cut of this guy's jib. He's just saying exactly what he believes and that is so refreshing.

Jim: [00:12:13](#) But let's go right to Robinhood, okay? So you probably have never seen it, but there's this great movie called. Brewster's Millions.

Bill: [00:12:25](#) Oh, I've seen it.

Jim: [00:12:26](#) Oh, you've seen it.

Bill: [00:12:26](#) Can't have my name and not see Brewster's Millions.

Jim: [00:12:51](#) And so the book actually came out in 1902 and it took various guises. And back in 1985, when they made the movie, he had the opportunity to inherit 300 million, but only if he could spend 30 million, which would be basically 75 million today, and his 300 million that he would be inheriting is a billion today. And my first thought about it was ... And there were rules. He could

only give 5% to charity and he could only do 5% gambling. And then I thought to myself, but if he had Robinhood, he could get rid of a hundred million in a day.

Bill: [00:13:37](#) Boy, I'll tell you with options trading, there's no telling how quick you can get rid of that money. It can go super fast.

Jim: [00:13:45](#) And so that's kind of my question. My question is I'm definitely of two minds about Robinhood because, on the one hand, I love seeing the idea that young people are getting interested in investing. And, okay, but then on the flip side, what's going on in Robinhood is not investing. It is, to my mind, OK boomer, it is out and out speculation and more dangerously, it is speculation by people who have no fucking idea what they're doing. And I know that this hits really close to you and I just want you to rip on this for a minute.

Bill: [00:14:59](#) Yeah. I mean, look, as you're even talking about it, my heart is speeding up. Right. So I'm going to try to be fairly measured in how I talk about this. I guess for me, my family paid the ultimate price and is still reeling from a kid that knew ... I mean, I'm not going to paint him as some novice dolt that was trading. I don't think that that's a fair representation of who Alex was.

Bill: [00:15:36](#) Alex was a smart kid who I wish had called that week because I would have told him he's trading too big. His position size, when you look at how much his account moved around that day, I was just like, man, those are big emotional swings. But what he had on was a put spread. I mean, it's a defined risk trade that's not the craziest thing for a kid to put on and it's a somewhat sophisticated method of trading. Right. So I guess that here's a kid that ever since I knew him, he was concerned about doing the right thing, and how am I going to save my way to retirement, and how can I just live a normal life.

Bill: [00:16:24](#) And it's ... I don't even know. When I got the text that said, or I didn't even get a text, I got a phone call and his mother is crying on the other end. And I just assumed that his uncle or I assumed that my father-in-law's brother or my father-in-law's dad had passed away or something because it was in the middle of COVID. And then I heard that it was a suicide and I read that letter and I just didn't know what to do, man. So, thank you to FinTwit. I love y'all. And I knew I had like 7,000 followers at the time and I just needed an answer. And here's this kid asking how did I get assigned with all this leverage? How did I get assigned all this exposure?

Bill: [00:17:18](#) And I couldn't go to bed that night. I couldn't figure it out. And I've traded options back in the day. I won't do it anymore because I lost 30 grand or whatever doing it. And I was like fuck this. This is just gambling for me. There's guys that can do it and I don't begrudge traders or whatever. But, man, to read this week on the news that they sent him a capital call like they asked him to come for \$178,000 of cash or 73 or whatever the number is. And he's sitting there sending them emails looking at his phone at 1:00 AM, drafting a fucking suicide note. You can argue causation in court or whatever, but that's bullshit, man. It's not right. And that kid should still be here. I guess that the reason I go so nuts on these VCs sometimes and why I get so mad is it's like you can't look at the growth that's going on, on that platform, and pretend that this is some professional trader that doesn't need support.

Bill: [00:18:25](#) I learned to trade, a lot of it was through Thinkorswim when Tom Sosnoff ran it. I love Tom. I met Tom, every time I had a question and I called somebody ... I'm sorry, man. I'm choked up.

Jim: [00:18:40](#) No, that's all right.

Bill: [00:18:42](#) Every time I called somebody on that platform, I had them on the phone in three minutes. I traded. I wanted to sell a put spread. I want to sell a June put spread, or call spread. I'm sorry. A 120, 125 call spread on GameStop out to June. And this was the day that it was all locked up. Right. And I called because I couldn't execute the order and somebody told me on the phone, imagine that, that the stock was in a no borrow status, and since they're American options, I can basically assign them early, and if that happened, they couldn't go out and get the stock to satisfy my obligation. I said that makes perfect sense. I've never heard of that. That's crazy. But whatever, that makes sense. Somebody's on the phone. You're talking about options. This is stuff that is explosive in hands ... I mean, I have a CFA charter holder designation, however, I'm supposed to say that. I'm sorry, CFA Society if I messed it up. I have a law degree. I do this stuff professionally and I get confused sometimes about it.

Bill: [00:19:44](#) You must support your people. You cannot under-invest in customer service and try to generate some return for some VC funds that don't even need the return. It makes me sick that some of these guys are even in this thing because they know that it's financial dynamite. And you can't call giving, like the average American options, you cannot call that democratizing investing. It's offensive. You are turning the market into a casino.

Jamie: [00:20:15](#) It's literally a bucket shop is the analogy I've made.

Bill: [00:20:18](#) Yeah, man. It's DraftKings. You sign onto that app, anyone that hasn't done it. Because the day that it happened to Alex, I said I got to figure out what the heck this thing is. You sign on, here's your stock reward. I mean, Jim, you're a psychology guy, you know this. Why might they give you a share of a business that you don't actually want? Maybe, just maybe it's so that you can see how easy it is to sell it and buy another, and how easy it is to dispose of ownership in a company. And by the way, in order to get your stock reward, they asked me, and they may have changed the icon, I highly doubt it, to pick an icon, three icons. Guess what they look like. They look like raffle tickets.

Jim: [00:21:01](#) Yep.

Bill: [00:21:01](#) And guess how you find what your stock is under your raffle ticket. You put your fucking finger to the phone and you scratch your phone like we're in a gas station.

Jim: [00:21:10](#) Wow.

Bill: [00:21:11](#) If you understand anything about Pavlovian associations, which I know they do, and I know their VC backers do, for them to claim that's democratizing investing, you're damn right I get heated over this. And by the way, my family lost something. So when I did my rant about the people that sort of pumped GameStop during that whole thing, all this stuff comes up for me.

Jim: [00:21:37](#) Sure.

Bill: [00:21:38](#) And for somebody that's raising SPACs to say that he's trading options to learn, I mean, as a financial community, if we don't talk out and we're not loud about this stuff, and it's not like offensive to us, then whatever regulations come we deserve.

Jim: [00:21:55](#) So lots to unpack there. Obviously, very, very sorry for the loss of your cousin. It is a tragedy that I think puts in really deep relief the idea that, hey, people, these things have consequences. And they have consequences-

Bill: [00:22:20](#) I mean, Jim, he sent three emails, all he needed. And then he kills himself on Friday, and on Saturday he gets an automated message saying, "Good news, everything's cleared up. On the weekend.

Jim: [00:22:34](#) Crazy.

Bill: [00:22:34](#) What in the fuck?

Jim: [00:22:37](#) Yeah. And I think it's been one of these dilemmas that I have had such a hard time with because you know my message, right? My message is, listen, unless you're going to do some homework and this is your thing, just buy an index fund. Does that mean I'm a fan of index funds? No. But it means that I'm a fan of people not playing with dynamite. I'm a fan of people who through no fault of their own, let's be very clear, who think that what they're doing, they're being taught or that they're learning something. And in fact, it's like walk into a casino and I'll walk in with you, I'll never put a dime anywhere in that casino, but I will point out every aspect of the casino that is there to trick you to make you want to lose your money. Right?

Bill: [00:23:36](#) Yeah. Yeah. That's right.

Jim: [00:23:37](#) And that's a physical space. So aggregate cultural evolution is so far ahead of us. It has leapfrogged us. Right. So if I did that with somebody in a casino, guess what, they'd get it because it's physical and they can see it. Oh, yeah, I see your point. Yeah, there are no clocks. Yeah, there are free drinks. Yeah, the people, the man or woman who brings it is a good looking person. Yeah, it's comfortable to do this. So, yeah, the bells and whistles are so much fun. Well, no, not really. It's all Pavlovian conditioning and guess what, it works.

Bill: [00:24:19](#) Yeah.

Jim: [00:24:20](#) And so my challenge is that, and Jamie knows this, it's like we're in a place where the symbol manipulators, and by the way, I am one, okay? Let's just make full disclosure. What I do, I don't build anything. I don't build bridges or buildings or whatever. I'm a portfolio management guy and I am a venture capitalist. So I hear you and what you're saying. No, no, no, no. Because what happens is, you've got to understand that ... And I've seen this going on continually.

Jim: [00:26:00](#) We got to find the right balance first and foremost. I helped my doormen fill out a brokerage application, not at Robinhood. This was a better known, well-known brokerage, which I told him to go to, by the way. Salt of the earth, wonderful man, truly wonderful man, 55 years old. He'd never invested in his life. And so he came to me and he's like, "I don't want to bug you, but I want your help." And I'm like, "John, of course, what do you

want? Well, I've got to open up an account and I don't know how to do that." And I said, "Okay, I'll help you." I got to be honest, Bill. I don't have a lot of patience for people who are taking advantage of other people. And I got really angry during the time we were filling out this application because it wasn't once, it wasn't twice. It was three times that John had to decline a margin account.

- Bill: [00:27:09](#) Yeah, that's crazy. That's crazy.
- Jim: [00:27:11](#) And I kept saying ... I got madder and madder and it's like, I actually know the person who's the CEO there and I'm going to call them because-
- Bill: [00:27:21](#) That's right, I'm getting on the phone with the decision-making.
- Jim: [00:27:25](#) But the point was, John had no idea.
- Bill: [00:27:27](#) Yeah.
- Jim: [00:27:28](#) And as I'm reading it and I'll ... So I'll out myself here, not like I'm really outing myself, but I live in a bubble. I do. I don't fill out applications anymore, people do that for me. Yeah.
- Bill: [00:27:42](#) You all right, Jaime?
- Jim: [00:27:45](#) Jamie, it's true. It's true.
- Jim: [00:27:47](#) Mind blown.
- Jim: [00:27:50](#) You've been living an illusion, Jamie. So I'm filling this thing out and getting madder and madder and madder because ... I see what they're doing. And again, if I was purely just like a psychopath, I could understand and appreciate honestly, the skill with which they were doing this because John ... First off, he didn't know what a margin account was. And I'm like, "No, you are not getting a margin account." And he's like, "Well, why not?" I said, "Because you might borrow money without even knowing about it. How could I do that?" I said, "Just trust me on this one, John."
- Bill: [00:28:40](#) Yeah, that's right.
- Jim: [00:28:42](#) Fine, fine. Anyway, end of story. I put him into the lowest cost, diversified world ETF. And I told him, "John, if you look at this account in the next six months, I'm never going to help you with anything again."

Bill: [00:28:56](#) And that's it.

Jim: [00:29:28](#) But the point is, I'm conflicted because I am ... When I was young, my whole thing, I made so many mistakes. It's just like, I believe that the more level the playing field, the better and the idea of, we're going to democratize finance. I fall for those words because I think education, teaching people about how it actually goes, those are really valuable things. But what's happening and again, this has been your experience, what's happening is that isn't what's happening,

Bill: [00:30:07](#) Yeah. I mean look, I don't mean to cut you off, but I got a lot of thoughts going. One, on the education thing that I think if you were going to have an options trading platform, which overwhelmingly, if you look at the data that Nathaniel Popper put together for the New York Times article, like the amount of options flow that goes through Robinhood versus the other platforms, to just throw up your hands and say like, "Oh, how could we possibly know?" I mean, how can you not know? Like, this is not a secret. It's like porn, I know it when I see it. Forget about education, from what I hear, they don't have sufficient customer service.

Bill: [00:30:55](#) In my mind, if you're going to ask society to trust you as an innovator, and you're going to ask society to trust you as the place that the kids should go, and you're going to be like this new, cool thing, then embedding like social media growth hacks, and under-investing in customer service and education is like fundamentally offensive to me. And then the name yourself Robinhood. How many people that trade options end up rich and how many of those people ... You're just diverting money from the poor to the rich and you're couching your whole thing in a name. It's all psychological arbitrage for lack of a better term, with like no substance behind it. They're just hacking people, is how I see it. And I've talked to people that have tried to find low cost ETFs, and they say that it's really, really hard on that platform, but boy, if you want to find an option, you can do it in no time.

Jim: [00:31:55](#) Yeah.

Bill: [00:31:56](#) And that's an incentive. Studying Munger, the second I started to dive into this stuff, I was like, "Oh, I know what this is." In like two seconds, you can see right through it, if you're familiar with psychology. That's why when I read, there's a guy from a really big, like really well-respected VC firm and he's like pitching this democratizing investing nonsense. And it's like, "Dude, you guys have to pitch that, that's how badly you need return?" Come

on. There's other deals and there's other ways to package this. And it could be a great product. If they did what I think they should do, then in 20 years, they could have a hell of an institution, but I don't know what it is within them that doesn't have the will to do it. It's probably somebody that doesn't want to take a mark down on their investment. But guess what? This isn't something that the externalities should go to society. Like you guys need to invest in it. You built the mouse trap now earn it, like earn the respect that you're asking for.

- Jim: [00:32:59](#) I agree with you. And like I said, I sort of sit on a razor's edge in my thoughts about this.
- Bill: [00:33:07](#) I do too, it's not easy.
- Jim: [00:33:08](#) Yeah. It's not. One of the things I've noticed and with social media, it happens faster, but it's always been a problem of human beings. We get prematurely certain about things and then we stop thinking about them. I actually wrote a big piece called The Thinker and the Prover about an easy way for people to understand this happening, but also for them to maybe conquer it because you're right, you are fundamentally right about the idea that, if you were going to present yourself, right down to naming yourself Robinhood. Who stole from the rich to give to the poor, and then you watch the narrative machine in social media. And by the way, some of those guys like Portnoy at Barstool Sports.
- Bill: [00:34:11](#) Yeah.
- Jim: [00:34:12](#) I have often said that guy's a master.
- Bill: [00:34:16](#) Oh, yeah. He's very, very sharp.
- Jim: [00:34:18](#) He is a master of mimetic desire, creating mimetic desire.
- Bill: [00:34:25](#) Can you explain that to me?
- Jim: [00:34:26](#) Sure, mimetic desire is ... Look, most of what we human beings, how we learn, we learn by copying, if you've ever had a child, you see it every day.
- Bill: [00:34:40](#) Yeah.
- Jim: [00:34:40](#) Down to the point where, if daddy's making coffee, all my kids would get up on the step stool and pretend to make coffee. And mimetic learning is actually great for 85% of the use cases. So

for 85% of the use cases, we don't have to relearn how to make a fire, we know that. We don't have to reinvent the wheel. I alluded to aggregate cultural evolution earlier. It's what creates aggregate cultural evolution. We see, "Oh, that's the way they're doing it over there. Maybe I'll do it that way." And there is a dark side to it too, though. And the dark side is, when somebody is getting stoned to death, I've often said, "The person you want to study is the one who threw the first stone." The first stone.

- Bill: [00:35:34](#) Yeah, because the rest sort of copy.
- Jim: [00:35:36](#) The rest copy, that's mimetic behavior. It's mimetic behavior. You want to understand and get inside the mind of that first stone thrower. So the idea that people A, learn by copying. B, there are some masters at it, like Portnoy. I have said when he started that whole Davey day trader thing, it was like, I don't agree with it. But man, this guy is ... He could lose three million dollars and he's still going to get more than \$30 million, if had spent that on ads.
- Bill: [00:36:13](#) Yeah, that's right. Yeah.
- Jim: [00:36:15](#) And so the trade this guy was making, he's playing 3D chess and everyone else is playing checkers.
- Bill: [00:36:24](#) Yeah, and I think the frustrating thing is, that people follow him with a different risk profile because they're betting their actual dollars and they have actual risk and he has perceived risk and virtually no actual risk.
- Jim: [00:36:37](#) Again, very true. The challenge with all of this Bill, at least as I see it is, already I know that there's some people listening to this podcast right now going, "Oh man, these guys are boring. They're talking about perceived risks."
- Bill: [00:36:54](#) Oh, come on now. Come on people.
- Jim: [00:36:56](#) No, no, no. But hear me out, hear me out, hear me out. Marshall McLuhan, the medium is the message. Right?
- Bill: [00:37:05](#) Yeah.
- Jim: [00:37:05](#) And so TV, TV is a hot medium. Certain online social groups are hot, others are cold. But the point is that everything just sped up and doing ... One of the things that I think that makes me optimistic is podcasts can go on for hours and we can actually

have real conversations. And people actually listen to them, which I think is great, but I'm not kidding myself thinking that all those guys who are going to, okay Boomer me on Twitter. If I try to say, "Hey guys, cool, you got some money to invest. You might want to do a little bit of homework." I know from studying this stuff, they're going to perceive that negatively.

Bill: [00:37:56](#)

Yeah.

Jim: [00:37:56](#)

You won't see me saying that for the most part, because it tees up, okay Boomer. Okay, old guy. You don't get it. And obviously I love history. And as Jamie brought up earlier, it was the bucket shops back in the 1900s.

Bill: [00:38:19](#)

Yeah.

Jim: [00:38:20](#)

And guess who was there? Young men because young men are filled with testosterone. Who commits most crimes? Young men. Who does the stupidest things you could think of? Young men. They do it in a very bounded age, too. They do it in the bounded age, when their testosterone production is at its highest.

Bill: [00:38:44](#)

Mm-hmm (affirmative).

Jim: [00:38:44](#)

Okay?

Bill: [00:38:45](#)

Yeah.

Jim: [00:38:45](#)

And so who is the ideal customer of something that gives a quick hit, that gives a quick bit of dopamine, a quick bit of excitement?

Bill: [00:38:59](#)

Yeah, like an 18 to 27 year old, man.

Jim: [00:39:02](#)

Yes.

Bill: [00:39:03](#)

Yeah. And you give them options and you train the behavior. And by the way, when your stock's moving five percent you ping him in a push notification to come check it. That's not like, "Hey, if there's material news on your stock, do you want an update that you opt into?" That's, this stock's ripping. Come take a look. That's different.

Jim: [00:39:24](#)

Yeah. What's really interesting. I don't-

Bill: [00:39:26](#) And Jim, real quick. What I'm saying is like, I totally agree with you. If I really wanted to go it myself, I'd say, you tweet stocks on Twitter. Why are you any different than these guys? Why can you do something? But then you get mad at these guys that are promoting something. The difference is, one, it's a perception issue. I think I'm right and they're wrong. And maybe that's right or wrong, but whatever. But what I know for a fact is the behavior that is embedded on Robinhood and what they did to my cousin, whether or not it's legally causation, that's a whole other issue. I'm just talking about, use your eyes. The reason Twitter was behind me is because everybody knows it. It's not hard to see, it's obvious, it's wrong.

Bill: [00:40:14](#) I just think as an industry, we got to say it. And I think all the big accounts, like any you guys that listen. My man Gabelli, he was in my corner. Barry Ritholtz, Morgan Housel. So many of you, I wish I could remember everybody. Jim, you were on it. Raven, quote the Raven, like all these guys, they all knew this was bullshit. And I just appreciate people standing up. The fuel that it gave me that week. I needed, man. I didn't sleep for like a week. I was driving out to the funeral and I felt like the sky came into my head. I was like, "I'm losing it. I can't do this for another four more days or whatever. I don't have it in me."

Jim: [00:40:59](#) Yeah.

Bill: [00:41:03](#) I just thank everybody for speaking out when they saw something that was wrong because it is wrong. And I'm with you, there are very tough questions. And I've gotten emails about the fractional shares from somebody that said to me, "I can't afford to buy a real share and this actually does do something good for me." And that is not something that I encounter in my day-to-day life. And I was happy that that came to me because it did shift the way that I think about some of this stuff. So yeah. I'll give you credit for the fractional shares and I'll give you some credit for figuring out a way around charging seven dollars on a three dollar trade. I acknowledge that that is a real benefit to society. I do not think that that escapes the responsibility from the psychological problems that are embedded in that platform.

Jim: [00:41:51](#) Yeah. And I have to fully disclose, I've never used Robinhood. I've never actually even looked at the application.

Bill: [00:42:02](#) You should check it out, it's crazy.

Jim: [00:42:04](#) Well, I suspect-

Bill: [00:42:06](#) I mean, if you want to walk into a casino.

Jim: [00:42:09](#) Well, I don't.

Bill: [00:42:11](#) That's a good decision.

Jim: [00:42:13](#) I used to always say, when I would give talks on this, you always want to be the house. You do not want to be the guy walking in the door.

Bill: [00:42:22](#) Yeah.

Jim: [00:42:22](#) Because that's the way odds work. Damon Runyon said, "The race is not always to the swift nor the battle to the strong, but that's the way to bet."

Bill: [00:42:32](#) Yeah.

Jim: [00:42:32](#) And he's right. It is the way to bet, it is much better to be the house. Losses did not pay for all that marble at the Bellagio.

Bill: [00:42:42](#) Yeah, that's right.

Jim: [00:42:45](#) But what I'm mindful of is, that what is self evident to me through no fault of the other person, they might like other things.

Jim: [00:46:54](#) If you understand that we are domesticated primates, all of this becomes clear and in how we're manipulated, in everything in that casino. And what's interesting is, in the physical space, in the physical world, people still have enough haptic memory there, where they can get it. Like you walk them into a casino and point it all out. They're like, "Holy shit. I never thought about it that way." But now we're in Ready Player One land.

Bill: [00:47:26](#) See, Oculus is coming.

Jim: [00:49:39](#) I think that we are in a situation, where the end results of certain of these innovations, like fractional shares, for example. Actually, will end up and here's the problem because you got to underline this If used correctly, who defines correctly?

Bill: [00:50:13](#) Yeah.

Jim: [00:50:13](#) What if I disagree with that definition?

Bill: [00:50:15](#) Yeah, you're just the establishment.

Jim: [00:50:17](#) Exactly.

Bill: [00:50:18](#) Yeah. Sometimes the establishment has a clue though, to be fair to the establishment.

Jim: [00:50:23](#) Yeah. The world's gotten so strange in the last like five, six years. Yeah, you're right. But to the idea of regulation, as I'm sure Bill, we have all these regulations. They're all in place.

Bill: [00:50:40](#) Well, that's why Jim, I've said to people that have come at me. I've said, "Show me where I've ever advocated for regulation." I haven't, I do wonder where the SEC is. And to be fair, I've talked to a couple people over there. So I shouldn't say that they're not interested. I don't know, man. It's either enforcement or people like you and I saying, "This is not right." And at least then, if it all blows up, people can't come back at the financial industry and say, "Where were you guys?" I mean, we were all screaming it from the rooftop and you okay Boomered us. So you know what? That's the answer.

Jim: [00:51:19](#) And that's a very important point. That's a very important point. Madoff, great example. Frankly, I knew a lot of guys who knew Madoff was a crook or I can't-

Bill: [00:51:32](#) Suspected highly.

Jim: [00:51:33](#) Who suspected that he was a crook because I can't read their minds. I don't know what they knew, but I knew-

Bill: [00:51:44](#) Probabilistically, they thought ... Yeah.

Jim: [00:51:46](#) Yeah, I knew from listening to them and the way they said things, I knew that it was not unreasonable for me to assume that that person was wink, wink, nudge, nudge. The guy's a crook, don't give him any of your money.

Bill: [00:52:02](#) Yeah.

Jim: [00:52:03](#) And ...

Jim: [00:52:00](#) ... guy's a crook, don't give him any of your money.

Bill: [00:52:02](#) Yeah.

Jim: [00:52:03](#) And my problem is, is there were enough of those guys around where I actually remarked to somebody, "We screwed that up." We meaning the financial industry.

Bill: [00:52:15](#) Yeah.

Jim: [00:52:18](#) We should have turned him in.

Bill: [00:52:20](#) Yeah.

Jim: [00:52:21](#) Because come on ... I mean, you do not have to be Einstein to ... you don't even have to know math much higher than arithmetic to look at Bernie Madoff's returns and know that they're impossible.

Bill: [00:52:36](#) Yeah.

Jim: [00:52:37](#) Not 99.9999 ... okay. Actually, truthfully, yes. 99.9999999, once every trillion years, those returns are possible.

Bill: [00:52:50](#) Yeah.

Jim: [00:52:51](#) But highly unlikely. And we didn't do that. And the financial crisis, 2008, that let everyone see that Bernie was a crook, because when the money stops flowing -

Bill: [00:53:04](#) Yeah, that's right. That's when crooks are exposed.

Jim: [00:53:06](#) Yeah, you see what's a Ponzi scheme and what's not. And so we did a bad job, I think. And I did a bad job. Now I didn't have a podcast and I wasn't as active on social media. I wasn't active at all on social media. And traditional media, I was still doing a little bit of, but not really. So I'm not trying to excuse myself, I'm just being honest. I didn't have the kind of platform that I now have to, if something's wrong ... that's why I love having guys like you on. We recognize there's a problem. We're not trying to say we have the solution. What we're trying to say is we need to talk about this -

Bill: [00:53:54](#) Yeah.

Jim: [00:53:55](#) - as a professional community, if nothing else. And we need to do a better job. And it almost kills me to hear myself saying this, because I'm so opposed to preachers. I'm so opposed to the, "You've got to do this." I don't like taking orders, and I don't like getting them either. I don't think it's my place to say to somebody ... what do I know? Maybe he's got a fantastic trading system that I'm completely ignorant of and hear I am -

Bill: [00:54:36](#) Yeah. But Jim, can I just ... what you're saying is making me think of something. And I agree with you. And that's why I've

said I am not for restricting access ... based on wealth, that is a bullshit reason to keep people out of a product.

- Jim: [00:54:49](#) I agree.
- Bill: [00:54:49](#) That should not be a reason to not allow people to trade options. Sophistication, however, does make a little bit of sense. So when I'm watching the CBS anchor do a demo of how he signed up for Robinhood and he says, "Do you have any investing experience?" "No." And the next question is, "Are you sure?" And he clicks, "Just a little," and then they say, "You're approved for options trading." Pardon me if I don't think that they've fixed the problems in that platform.
- Jim: [00:55:19](#) Well in my case, it's ignorance. I don't watch TV, so I never saw that.
- Bill: [00:55:22](#) I'll send you the link. After my cousin committed suicide. What needs to happen on this platform for them to actually change? And if you are a VC ... I think VC is beautiful. Venture capital is one of the things that can make America great, backing people that have vision and capitalism in its form is a beautiful thing.
- Jim: [00:55:47](#) Yes.
- Bill: [00:55:47](#) But as the capital backer, how do you not say, "Yo guys, this is messed up. We got to fix this. And yeah, it's going to hurt my bottom line and maybe my Excel model is going to take up a hit and I got to take a markdown on my portfolio for a little while, but we got something really cool here. You objectively have a good UI and UX, and if we just build it a little slower, look at how much market we can take." How do these guys not have that conversation?
- Jim: [00:56:14](#) So I intuitively agree with you. My challenge is that I also am aware that I have a knee jerk reaction to paternalism, in that I am telling somebody that I know better than them. I might. I might know better than them, but I don't know ... and this is interesting, because this was not one of the things that I noted down for my podcast with you. That's why I think this'll be a really great podcast. I -
- Bill: [00:56:55](#) That's why I like these discussion long form podcasts.
- Jim: [00:56:57](#) Yeah, they work.
- Bill: [00:56:58](#) They take us to some really interesting places.

Jim: [00:57:00](#) So here I am saying I know a thing or two about the market. I've had some success in it and I've written four books about it and I did a lot of research obsessively about it, but I'm also the type of person who feels quite strongly that it is not my place to tell you, Bill Brewster, what you can and can't do.

Bill: [00:57:28](#) Yeah, I agree with that.

Jim: [00:58:42](#) So I think you're right. Having not used ... and let's take it away from that one specific company and just talk in general about this idea of making investing and finance more accessible to your average person.

Bill: [00:59:05](#) Yeah.

Jim: [00:59:06](#) I'm in favor of that. I think you are too.

Bill: [00:59:09](#) Oh, yeah.

Jim: [00:59:10](#) The fractional share, I'm in favor of that. I think you are too, because it allows -

Bill: [00:59:15](#) I think I am. Can I ask you something real quick, though?

Jim: [00:59:16](#) Sure.

Bill: [00:59:17](#) You have counterparty risk on the institution, right? Because that's fundamentally a derivative. So who are you holding? That's the only question that I would have on that.

Jim: [00:59:27](#) That's the most important question, because you are absolutely right. You do have counterparty risk, and you would have to be immunized as a client of one of these companies that makes fractionalization their thing.

Bill: [00:59:41](#) Yeah.

Jim: [00:59:41](#) I think it's going to be impossible for them to actually get clients unless they're willing to bury it deep ... I always say that the truth loves the tiny print.

Bill: [00:59:52](#) Yeah.

Jim: [00:59:52](#) And the truth loves the, "Do you agree to these conditions that you will never in a million years read?"

Bill: [01:00:01](#) Yeah.

Jim: [01:00:01](#) I sometimes wonder if the lawyers who write them read them, they're so boring and yet so all encompassing. And I've been on the other side of that.

Bill: [01:00:09](#) Yeah.

Jim: [01:00:09](#) And I know that everything's in my favor, because my lawyer wrote the contract and he did his job.

Bill: [01:00:17](#) Yeah.

Jim: [01:00:18](#) And then one time, just because I thought I could make it through ... by the way, I failed ... I started reading terms and conditions of ... I can't remember what it was, but it was -

Bill: [01:00:30](#) It's just terribly boring.

Jim: [01:00:31](#) Oh, it's terrible. And you're back to psychology. Do you know why they put things in the all block letters?

Bill: [01:00:41](#) No.

Jim: [01:00:42](#) I bet you can guess what they will tell you why they do it.

Bill: [01:00:45](#) Well they tell you so that it draws your attention.

Jim: [01:00:47](#) Yes, that's what they will tell you.

Bill: [01:00:49](#) Yeah, but what's the truth?

Jim: [01:00:50](#) The real truth is anything that appears monolithic as that kind of block of text does to any human being reading it immediately gets displaced.

Bill: [01:01:04](#) Yeah, that makes sense.

Jim: [01:01:04](#) Even if you try ... Bill, I could send you a thing that says you are the greatest human being in the world, blah, blah, blah, everything you ever wanted to hear about yourself, but I could do it in a text format and it would all be caps and bold, because your brain, the way it gets designed ... there's so many hacks into human OS. And we've got these quantum computers, but there's some bugs. And one of them is that one, the perception of that moves it away from text that you can read and understand and puts it as a black picture -

Bill: [01:01:40](#) Yeah.

Jim: [01:01:42](#) - that you don't understand. That's where they really do it.

Bill: [01:01:45](#) It doesn't shock me. It's interesting, but not shocking.

Jim: [01:02:40](#) But the fact is, I mean, I wish I had an answer here.

Bill: [01:03:03](#) Yeah, I do too. I don't have a great one.

Jim: [01:03:05](#) I don't either, and -

Bill: [01:03:08](#) I do know they need customer service. And maybe they've invested in it, but for me, there's a rebuttable presumption against that, given how easy the CBS anchor got approved. But I agree with you, there are complicated questions.

Jim: [01:03:21](#) Yeah. Well, I think hopefully discussions like this where we both admit kind of at the end of that segment of our conversation, big problem. We wish we had a good solution that everyone could buy into. We don't.

Bill: [01:03:36](#) Yeah.

Jim: [01:03:36](#) At least that invites more thought, because so many people get caught up, in my opinion, in this idea that they'd rather look ridiculous than admit that simply, "I don't know."

Bill: [01:03:51](#) Yeah. Yeah, I think that's right. But I will tell you, I am just going to say before it gets turned into I said, "I don't know." I do know that something is wrong when you can send somebody a capital call, they can send you three emails, and you don't get back. For the average American to get \$173,000 or \$178,000 requests for cash and to not get back to them right away, that's wrong.

Jim: [01:04:15](#) I hear you.

Bill: [01:04:15](#) It's on the wrong side of the line for me.

Jim: [01:04:18](#) Well, it's on the wrong side of history.

Bill: [01:04:20](#) Yeah.

Jim: [01:04:21](#) Because that ... I tend to be very optimistic about our future. That does not make me on aware of all the problems that get dragged along with it.

Bill: [01:04:34](#) Yeah.

Jim: [01:04:35](#) And they're things that we need to take seriously and that we need to solve. And we need to find a solution that acknowledges and understands the interests and hopes and everything else of all parties involved. And I definitely agree with you. I mean, in my own life, when answering machines were relatively new ... they weren't new, but everyone started just leaving everything on them, and my wife had a breast exam and we were getting back from Nantucket and they left this long message on our voicemail, "Yeah, it was abnormal and you really got to call us right away." And of course, back then, we couldn't reach anyone and we panicked beyond -

Bill: [01:05:21](#) Yeah, that'd be terrifying.

Jim: [01:05:23](#) And then when we reached the actual doctor, he's like ... he was livid. He was like ... and by the way, he took action. He fired that service.

Bill: [01:05:32](#) That's good.

Jim: [01:05:34](#) So in this case, a good result, because the doctor was mortified that that would happen. He's like, "You're fine. Let me just first make sure that you understand, you're fine."

Bill: [01:05:46](#) Yeah, but what a night.

Jim: [01:05:47](#) Horrible night.

Bill: [01:05:48](#) Yeah. You can't even sleep.

Jim: [01:05:50](#) And it wasn't a night, it was a weekend.

Bill: [01:05:52](#) Yeah.

Jim: [01:05:53](#) Because we got back, I think, on a Friday evening. And back in those days, this is 1986-'87, good luck getting anybody on a weekend.

Bill: [01:06:05](#) Yeah.

Jim: [01:06:06](#) But the point is, yes, problems. I would ... anyone listening, if you've got a great solution, let us know, because we'll amplify it.

Bill: [01:06:17](#) Yeah.

Jim: [01:06:18](#) I think that I myself wish I had one. I wish I could wave a wand. I can't.

Bill: [01:06:23](#) I mean, that's why I try to call attention to that guy, Tom [inaudible 01:06:27]. I like how he treated Think or Swim. I haven't watched his Tasty Trade stuff, but I think that guy really respects the responsibility that he's asking for. And do I think that the average person should trade options? No, but if you're going to, that's a guy that I think is a reasonably good role model for how it should be done.

Jim: [01:06:46](#) And just to close off this end of the conversation, guys, I started life as an options trader, anyone listening to this. I did pretty well because I found a mathematical anomaly within the Black Shoals pricing model.

Bill: [01:06:59](#) Nice.

Jim: [01:07:00](#) And it hits singles and doubles.

Bill: [01:07:03](#) That's great.

Jim: [01:07:05](#) It never hit a home run. And I thought I was a genius and that I would soon own the entire world. And then I read an academic paper about that mathematical anomaly.

Bill: [01:07:19](#) Oh, and then it went away.

Jim: [01:07:21](#) It went away, because mathematical anomalies get [inaudible 01:07:25] away, human anomalies don't.

Bill: [01:07:28](#) Yes.

Jim: [01:07:28](#) It's great. But let me tell you, as someone who started there, here are your odds: remember Dumb and Dumber. "So you're telling me there's a chance?" I want you to see Jim Carey saying that every time you think about trading options, because he's got it right about right.

Bill: [01:07:50](#) Yeah.

Jim: [01:07:52](#) The chances that you will blow up spectacularly are very good.

Bill: [01:07:58](#) Yeah.

Jim: [01:07:58](#) So if you don't want that to happen to you, start to ... put your toe in, check on ... you want to buy a stock or two? Sure. Take 95% of your money, put it into a world ETF that's got the lowest price possible, and then have fun with that 5%.

Bill: [01:08:16](#) Yeah.

Jim: [01:08:18](#) Okay.

Bill: [01:08:19](#) Buy a contract.

Jim: [01:08:21](#) Right.

Bill: [01:08:22](#) One.

Jim: [01:08:23](#) One.

Bill: [01:08:24](#) Yeah. See how it goes.

Jim: [01:08:27](#) Yeah, because it's not going to go well.

Bill: [01:08:31](#) No, probably not. Do it 10 times and then let's talk.

Jim: [01:08:35](#) I tell you, I've been punched in the face so many times by the market, and unfortunately, it's how you learn.

Bill: [01:08:42](#) Yeah.

Jim: [01:08:43](#) But don't take on the heavyweight champion of the world here. We don't need Mike Tyson to punch you in the face. Let that one contract just give you a little jab.

Bill: [01:08:55](#) That's right.

Jim: [01:08:56](#) Because it's going to hurt and you're probably going to bleed and you're not going to like it at all, but you're not going to get knocked out and perhaps killed by that one punch.

Bill: [01:09:04](#) That's right.

Jim: [01:09:05](#) Okay. So next that I want to talk to you about ... because you really have kind of a fascinating life, really.

Bill: [01:09:12](#) Uh oh, this is terrifying, where we're going now.

Jim: [01:09:17](#) So a lot of people know my background. They know that I come from a family that was very rich. My grandfather, God bless him, was the richest Catholic in the country. I remember finding an article in, I think Fortune, I can't remember, but from 1935 saying everyone thinks Joe Kennedy is the richest Catholic. There's a guy in St. Paul, Minnesota could buy and sell him 10 times over.

Bill: [01:09:44](#) Really?

Jim: [01:09:45](#) His name is I.A. O'Shaughnessy. But what my granddad did was he gave away 95% of his money during his own lifetime. And -

Bill: [01:09:57](#) How did he make it?

Jim: [01:09:58](#) Oil.

Bill: [01:10:00](#) Oh, that can work.

Jim: [01:10:02](#) And it's a great story. There's a book written about him, but it's not even close. It's a great book, but I don't right now have what it takes to do it. One of my ... because I'm the youngest of the third generation, but I also got to spend the most time with him, because my grandmother died. He lived in St. Paul, and so he came to our house where I lived with my parents twice a week for dinner and I learned a ton from him. But one of the first things I learned was ... he used to say, "Money is like manure. It works beautifully if you spread it around. If you pile it all up in one place, it stinks to hell." And so his whole deal was I'm going to just give it all away. And I'm incredibly glad that he did, because I had to make it on my own. And not that I ... believe me, the bases were already loaded. I got the -

Bill: [01:11:00](#) Yeah, you played the cards you had.

Jim: [01:11:04](#) It was a good hand.

Bill: [01:11:05](#) Yeah.

Jim: [01:11:06](#) But you're right, because a lot of people I know who were in much better situations did horribly. And so this idea of ... I'm all for acknowledging that I came from a great place, but I think to a lesser extent, you did too. Tell us about it.

Bill: [01:11:21](#) Yeah. Well, my family started Crum & Forster Insurance company. So it now resides in Fairfax, and it was acquired by Xerox in what Charlie Munger called the worst acquisition in corporate history. So when I wrote to Mr. Buffett, I said, "I am a beneficiary of what Charlie has called the worst merger in corporate history."

Jim: [01:11:49](#) What a hook, what a hook.

Bill: [01:11:49](#) Yeah. And I said that now I own Berkshire, and I sort of went through how I have seen money erode peoples' willingness to

do much. I need to be careful about what I'm saying, because my family is all loving people, but the idea that they are sort of "productive members of society", I would sort of push back on outside of the familial context. I have a couple that are, but on average, I'm not sure that they're the role model of what you would want your inherited kids to have. So that's the generation above me. So I'm kind of the generation that ... I mean, I've had my schooling paid for and I can afford to do what I'm trying to do, which is make money the way that I choose to, as opposed to work for somebody else. But it's not just hands-off at this point anymore.

Bill: [01:12:45](#) So I guess the thing that has been interesting is I also sit my mother ... my mom and dad had been divorced collectively one, two, three, four, five times. So that'll erode a lot of wealth. So I've seen her struggle over time, and the last marriage that she had was really, really brutal and it left her without much. So it's kind of this interesting dichotomy between I have enough that I'm not struggling, but I don't have enough that I can just take care of her and not have that impact in my life. But I also have a nice life and it creates this interesting tension and gives me perspective into ... only three years ago, I mean she was eating bread and peanut butter. So it wasn't -

Jim: [01:13:52](#) Good lord.

Bill: [01:13:54](#) Yeah. I mean she's not homeless or anything like that, but she's trying to stretch dollars. So it's been a unique sort of peak into different parts of life. And anyway, circling back, I realized I got diverted on the Buffet conversation, but when he wrote back, he said to me, "I remember when Xerox decided to buy Crum & Forster Insurance. I remember ..." he was sitting in the room and Goldman Sachs was there. And he said the guy from Goldman pitched the head of Xerox, who was a very nice gentleman. It was between Geico and Crum & Forster Insurance. And I guess Xerox wanted Crum & Forster Insurance because they didn't want the Japanese competition. I guess Geico had some Japanese competition in car insurance or something like that. And he said, "Lucky for you and I, Xerox agreed with the pitch."

Bill: [01:14:45](#) And I was like, that's such a beautiful way to put it. You're lucky, I'm lucky, we're both good. And now I'm a Berkshire shareholder happily. And it sort of all worked out in that way. Anyway, that's sort of the answer. I'm happy to go anywhere you want with it, but that's sort of what I've lived through and seen. And my uncles were ... I mean, one was a big time alcoholic. He died really young from cirrhosis, and the other one

lived a pretty tortured life for a long time and then kind of cleaned it up. And then, like I said, he died just absolutely tragically. A car dragged him down a hill and pinned them against a tree.

Jim: [01:15:23](#)

Dear God.

Bill: [01:15:24](#)

Yeah.

Jim: [01:15:26](#)

So I guess the only thing that I would say is it's another thing ... look, I think if you read anything I write or listen to this podcast, you know that I don't think that there are any easy answers, and I certainly don't think I have them. And wouldn't it be great if everything was just, "Oh, well all you got to do is this." It doesn't work that way. So I saw it within my own family a fair degree. They're a lot older than me, so they had more money than me. And I teased them and called them trustafarians. And I became very antitrust for children, because you are infantilizing someone when you do that to them.

Bill: [01:16:22](#)

Yeah.

Jim: [01:16:23](#)

They're in a much nicer cage, but they're in a cage. And I think I have the same problem with the way we conduct welfare in this country today. We infantilize people and we tell them that they can't do it and they can't take care of themselves and they can't make the right decision. And what's funny to me is we do it to the children of the very rich and we do it to people who have all sorts of different reasons why they might be in poverty. And so I am very ... and my earlier problem with paternalism. If I was your dad, I don't know what's right for Bill. Even as your father, I don't know what's right for Patrick or Kate or Lale, my children. I know that I had a single goal, which was my job as a dad is to raise great adults. And the only way you can raise a great adult, in my opinion, is to never, ever require or tell them, "You must do this or else," because you will raise compliant adults, you will raise angry adults, you will raise people who don't give a shit and therefore become trustafarians. But the only way ... and this is not intuitive at all. And I know I'm in the minority here, by the way. I generally am, but I took a kind of -

Jim: [01:18:01](#)

But I took a kind of sink or swim with my kids. Patrick, I never encouraged my children to be interested in what I did, ever, because I got so much pressure by my uncle, who was my favorite uncle and we loved each other dearly, and he ran the company and he pressured me from age 19 to age 25. Until I was finally went to dinner with him and I'm like, uncle John, you just got to stop. I love you but I cannot work for the oil

company. It's just not where my heart is. And he finally got it, but so I vowed, I'm never, ever going to even... You could ask Patrick, you could ask my daughters, I never once mentioned to them, "Hey, are you interested in finance?" Because I want them to come where they came on their own. Patrick did. He graduated from Notre Dame with a degree in philosophy, which I would argue is a better undergrad degree to have than economics like mine, because it teaches you how to think, how to pose questions and all those things. But he came to it naturally. So love it, great, super proud of him. But those are Patrick's accomplishments, those are not my accomplishments. And that's the other thing.

- Jim: [01:21:47](#) Did you see in your own family, was there a weirdness around, you got to like want to be interested in this or were they more hands-off?
- Bill: [01:22:42](#) I mean, I'm generations removed. My grandma's your sort of generation.
- Jim: [01:22:48](#) What are you implying with that?
- Bill: [01:22:51](#) No, I'm just telling you how it worked.
- Jamie: [01:22:52](#) Shots fired.
- Bill: [01:22:53](#) No, that's not it.
- Jim: [01:22:54](#) He just okay boomer'd me Jamie.
- Bill: [01:22:56](#) No. that's not it. The reason that it's relevant is I think that we're at the point where it's sort of like my grandma's the last remainder person on the trust and everything is sort of dispersing and it doesn't come to me. I actually think it's probably the right time to have it happen and probably should have happened a little bit earlier. But I guess that the reason that that's relevant is when I talk about my uncles, my dad was really the only one that I ever saw at work. I have a lot of respect.
- Bill: [01:23:36](#) I was just talking to my dad and he used to work for Slot Realtors in New Jersey. And he was really good at what he did and slot sold out to Caldwell Banker. When I was a kid, I mean, he worked his off and Slot sold out and then Slot went under and he took it really, really personally, it was really hard on him. And he called his mom to talk about it, and I love my grandma I'm not trying to on her, but this is who my dad and his brothers

had. And she just couldn't really comprehend why he would worry about success because it was never an issue that she had to think about. I mean, she was dealt a lot of bad cards, now looking back at her life, she lost both her parents super young and she lost two kids. So, I mean, this is not a scenario of like, oh yeah, that's just such a great life. She just happened to not have to worry about money for life. I didn't have a lot of role models around me other than my dad, that's not nothing, that's something big, but I just didn't have a lot of people to look at.

- Bill: [01:24:56](#) Even my dad, I think with his second wife, my step mom that raised me, they kind of got themselves into a bit of an overspending problem. I could tell that he always struggled with... I don't think he ever felt like he really belonged with what he was doing. I went to the school where there were super rich kids and I remember my dad driving an Explorer and some kids would drive Ferrari's and stuff, it was nuts. That like aided his ego a little bit. I don't really put a lot into what I have, I have enough to be comfortable so maybe that's why, but I'm not in it for big houses and nice cars and stuff. I just don't care about that stuff. And I think it's because of what I've seen it do to people as I've sort of witnessed. It's fun stuff, I guess, but I just never seen it bring anybody happiness.
- Jim: [01:25:59](#) Well, it doesn't. I think that ego is the enemy and if you're into that kind of stuff, which I am, there's some great books about it, but man, you got to be willing to fully dive down some rabbit holes that make you lose your mind a little bit. Maybe we could title this Bill and Jim ask all kinds of questions and provide no answers.
- Bill: [01:26:29](#) The weird thing about it is, I'm not trying to say... I don't know. I almost feel like, oh, check your privilege or whatever, but people ask, I mean, this is some of the stuff that I like-
- Jim: [01:26:38](#) Don't even get me going on that one.
- Bill: [01:26:40](#) Some of the stuff that I've sort of dealt with over time. And for me, I didn't feel worthy for the longest time of even having comfort. Especially given what I see with my mom and she's a hustler, nobody ever taught her about money but work ethic and grind is in her. So to have the freedom to do a podcast, if I want to do that and then to watch how hard she's working, I just never felt like I deserved it until last year.
- Jim: [01:27:19](#) So, let's segue there because I think what's really interesting about this is you're being just incredibly brutally honest here, which I think is fantastic. It just seems to me that if more people

could just honestly just say this is the way it really is for me and no, you know what? That's not cool. And yeah, I understand that I'm kind of crazy or whatever, the world would be a better place. So, I mean, where are you going? Where does all this lead?

Bill: [01:27:55](#) I don't know, man, I'm a ride this wave as long as I can. And look, this podcast is super fun. Twitter has been amazing for me listening to Naufal talk to you about how he and Mark Dao kind of became mentors. I mean, that was what FinTwit was for me. I came into this and I messed around buying deep value junky stuff that I would've gotten crushed if it wasn't for Twitter. I'm not raising any funds or whatever.

Jim: [01:28:29](#) That's off the table? Because I saw you posted your results.

Bill: [01:28:33](#) Yeah. Well I was just going to say, so I posted my results. So I had like 19% on the three and five year results and I'm proud of that.

Jim: [01:28:42](#) You are aware that those are pretty good, right?

Bill: [01:28:44](#) Yeah. But I owe almost all of it-

Jim: [01:28:47](#) I'm teasing you.

Bill: [01:28:49](#) Think about it, man, it's not me. I get to talk to Dan all the time, or not all the time but Dan takes my phone call. [crosstalk 01:28:56] Francisco takes my phone call, Alex, my buddy takes my phone call. The people that I have been able to meet on FinTwit and their willingness to coach me up. Connor Leonard like sat me down a couple of years ago and was like, dude, you got to stop messing around with Sears and whatever Bruce Berkowitz is owning and all this garbage and you need to start betting on what you believe in. If he doesn't have that conversation with me. I don't know that I'm me. And by the way, to put up 19%, I had to put up 53%, I think it's 58 now for on over the last year on one of my accounts, it's two thirds. That account I had to pull from a firm that it has a ton of respect on the street, but they and I just didn't see eye to eye and I was terrified. I didn't know how I was going to manage that money. I don't really want to put myself in a situation where I need another herculean year just to catch up ever again.

Bill: [01:29:54](#) So I guess that I have gotten my point and myself to a point where I feel worthy of what I have. I've gotten myself to a point that I feel worthy of being in the room when I can have a

discussion with other investors. I'm really proud of the Curate idea. I talk about it a lot, but it was a situation that everybody could see and maybe it was nativity or whatever, but I had the balls to bet it and I think Buffett would have respected that bet, and that means a lot to me. And from here forward, we'll see.

- Bill: [01:30:28](#) But I really liked this podcast thing, man. I want to deliver finance, entertainment in a way that people can enjoy. And I think that one of the things that I benefit from that other people don't is I don't really have any constraints over how I attack that because I don't have a firm and I don't have a compliance department and I can just sort of not chase names. I'm not in the game of chasing the next sort of podcast guests. If I have to shut this thing down for a bit, I'm going to shut it down. I don't want to don't get me wrong, but I'm after the product, this is my art project. That's really freeing and I think it's going to allow me to do some cool stuff and I'll do it as long as I can and then after I can we'll see.
- Jim: [01:31:15](#) So I'm looking at the clock here and Jamie has been so instilled, we don't run the really super long ones like you do. I swear to God, you are more German than you are English, that's for sure. Jim, we must have the time. You must ask him the question.
- Bill: [01:34:11](#) We can do this in a super long form and Jamie won't tell us to shut up and we'll just drop five hours, Mathew Passy would be like, you going to have me edit this. I was like yeah. Good luck.
- Jim: [01:34:22](#) That appeals to my sense of torturing people but in a good way, I like it. I like it. Okay, dude. First off, this has been great.
- Bill: [01:34:33](#) Thank you for having me. It's been fun.
- Jim: [01:34:35](#) Truly my pleasure.
- Bill: [01:34:36](#) An honor to talk to you, man, you're a legend.
- Jim: [01:34:39](#) As my wife and family, remind me constantly, I am a legend only in my own mind and rarely there.
- Bill: [01:34:45](#) You've made some very good contributions to finance. So thank you.
- Jim: [01:34:48](#) Thank you.
- Jamie: [01:34:49](#) You're welcome.

Bill: [01:34:55](#) Very well-played Jamie.

Jim: [01:34:56](#) Well done kid. Now mark my words, go back, my Twitter history has not been deleted it's all there, I told people when I heard him and I said it directly to his mother, you're not going to recognize this kid one year out [inaudible 01:35:12].

Bill: [01:35:12](#) I hope she's happy with that.

Jim: [01:35:14](#) I like see him making these... He's roasting people in a way that is so brutal that it's like, I'm listening going, what's going on with you. I'm just so proud.

Bill: [01:35:25](#) That's right. Little man's growing up.

Jamie: [01:35:27](#) Only when people are rude to me first, I said something funny on Twitter the other day, who is JD Power Associates? They're in every commercial but what is this company? And someone responded, Google is a great resource. And I said, yeah, so is a sense of humor. Like shut up.

Jim: [01:35:42](#) In fact, that was the one that made me say, oh, I'm so proud.

Bill: [01:35:47](#) Oh, that's funny.

Jim: [01:35:49](#) Anyway. So we'll probably have you back on, unless you test badly. We AB test everything.

Bill: [01:35:54](#) Okay. I appreciate it [crosstalk 01:35:56] at least I know where I stand.

Jim: [01:35:57](#) Yeah, we're Quantz dude. We know that we don't know and we're just going to AB test everything and then we do what works.

Bill: [01:36:05](#) I'll try to retweet as much as possible. I'll hire a bot farm to just listen. Now that I know the game.

Jim: [01:36:13](#) Elections are over, we need more work. That's the other thing, I mean, come on. I don't even get me going on that because they'll speak a different language and it won't be Russian. Anyway. So since Patrick stole the best question, the kindest thing, and actually he came up with that on of his own, we decided, be being the sociopathic maniacal person bent on world dominion that I am, we're going to make-

Bill: [01:36:43](#) Kind of scared.

Jim: [01:36:45](#) But I'm lovable.

Bill: [01:36:48](#) I see where we're going with this.

Jim: [01:36:52](#) If you ever figure my game out, I will be impressed. I will be very impressed. But, we're going to make you emperor for the day, you can't kill anyone, so that's off the table. You can't send anyone to reeducation camps, you can't do any of that totalitarian shit. But you can, you can, put an ear worm into people and make them think that this thought is their own and you can wave a wand and make to people or make people, everybody, start thinking about two things. Either changes in the way they behave, whatever you want. What two do you got for me?

Bill: [01:37:32](#) I mean, number one, I would target the really big accounts on social media and I would inject a healthy dose of responsibility. I just hope that anyone that has a meaningful following base understands the amount of people that are looking to that person as a voice of something that these people are trying to learn from. And one of the things that I have sort of struggled with is, now that I have an account that's sort of bigger than I ever thought it would be... I mean, I responded to somebody today. I was like thanks for the support. But don't pray to a false God here, I'm bound to let you down eventually. So just make sure that whatever I say is not do your own thinking.

Jim: [01:38:19](#) That's one of my most used gifs, get used to disappointment from The Princess Bride.

Bill: [01:38:24](#) Yeah, that's right. And then the other thing that I'd really like to... I liked a couple of your recent conversations, but the Tim Urban one and the Naufal one, the commonality of the thought process of approaching the world from rather than I'm right, maybe almost a presumption that I'm wrong even if I hold this opinion stronger. I think that would serve society better. There's a lot of times that if I was afraid of looking like a fool or I sort of dug in and had to be right, I wouldn't have learned what I learned over the last three years. I just think like Twitter and FinTwit have supercharged my ability to learn and I'm so grateful for it, but it's only because I'm open to being wrong.

Jim: [01:39:13](#) It's so funny, that's my thing. And what's really difficult is the knowledge that, I know about persuasion, I've studied a lot and I'm putting myself in a place where I'm not doing myself any favors because I'm just saying, I don't know. And I think that's a greater good from my point of view. If when my great grandkids are gathered around the hologram and they're thinking about,

oh, grandfather, what a nut he was or a great-grandfather what a nut he was, if all I'm remembered for is that I got people to understand, you don't know and your opinions aren't facts, and don't marry them to your emotions and make them part of your personality. It's going to kill you.

- Jim: [01:40:15](#) As far as the rethinking, there's a great book that I'm reading right now by a guy by the name of Adam Grant. It's called Think Again.
- Bill: [01:40:22](#) Oh, I think I have that actually.
- Jim: [01:40:23](#) It's the power of knowing what you don't know, is the subtitle. And I got to tell you, the only reason if I know anything, it's because I admitted I didn't know it. So never ever, ever be afraid to ask the question why. I know I'm not going to change human nature and I know that there's a certain personality type that tends to be the dominant personality type, unfortunately, that just won't admit that they don't know. I cannot tell you the number of times that I've sat with people, high powered people, and I'm not different than anyone else in our field I start using terms of art. Why should they know some of these in-depth financial terms that I'm just using. I learned how to read the room enough so that if I saw that look come across a face, I would just say, oh yeah, by the way and if you don't know what bootstrapping means, it means that we mix up the data and we just randomize it to the point so that we're doing literally hundreds, sometimes thousands of back tests. It's a technical term that why would you know what that meant. The look that you'll see of relief on people's face because they don't want to ask.
- Jim: [01:41:53](#) I think that's a great one, man, if you could just get to a point where everyone was happy to say, hey, you know what? I don't know. Would you tell me?
- Bill: [01:42:04](#) You need to listen to Jim O'Shaughnessy and read more Munger.
- Jim: [01:42:09](#) Well, I appreciate it. [crosstalk 01:42:11].
- Bill: [01:42:10](#) If I got a third wish, I'd tell people to be kind to each other.
- Jim: [01:42:14](#) Well, that's Patrick. Listen, dude, if you ever get Patrick to have you on his podcast, you have fucking made it.

Bill: [01:42:23](#) I don't know that I deserve that, but maybe one day, maybe he'll come on mine who knows, I think we could chop it up together.

Jim: [01:42:30](#) I think you could. It's actually something he'd probably have a lot of fun doing. But this has been absolutely great. I can see why Dan thinks so highly of you.

Bill: [01:42:41](#) Shout out to Dan. I love you Mugatu.

Jim: [01:42:42](#) And keep doing what you're doing, man. I love it. I think it's great. And I think you've got the chops to move this ball down the field and I think you will.

Bill: [01:42:56](#) Thanks, man. I'm just going to keep trying to-

Jamie: [01:42:58](#) There's the sports reference.

Jim: [01:43:00](#) I was waiting for one of you to say, fucking O'Shaughnessy, man, you use that reference even though you know nothing about sports.

Bill: [01:43:09](#) No, I appreciate it. I really do. I have to figure out how to work hard enough to deserve the space I occupied, but I'm really grateful to be here today.

Jim: [01:43:19](#) We're grateful to have you. All right, dude.

Jamie: [01:43:23](#) Thanks for coming on man.

Jim: [01:43:23](#) Thanks for coming on.

Bill: [01:43:23](#) Thank you guys