



Frank Curzio's WALL STREET UNPLUGGED

Announcer: Wall Street Unplugged looks beyond the regular headlines heard on mainstream financial media to bring you unscripted interviews and breaking commentary direct from Wall Street right to you on Main Street.

Frank Curzio: What's going on out there? It's June 20, and I'm Frank Curzio, host of the Wall Street Unplugged podcast, where I break down the headlines and tell you what's really moving these markets.

Man. I don't know how you do it. I really don't know how you do it. Or how the average investor can hold stocks in their portfolio long-term. Especially if you're watching the financial news outlets. Or reading financial blogs. And if you're looking at the stories that come out now, every story is inflated.

It has to be the biggest story of the year, even if it's not exciting, even if it's not newsworthy. And you see that during certain times. It usually happens a month after earnings season, because every company's got so much going on. It's crazy ... Get ready to report your earnings. And once they do that, it's pretty much a quiet period, the whole time afterwards, the whole time before. But earnings season, there's constant news flow. What's going on? Who beat? Who didn't? You're talking about thousands of companies reporting every single quarter, because we need to report every single quarter for some reason to let you know exactly what's going on, right? Even though every month business could change dramatically.

That's why there's financial engineering and pushing out contracts long-term, short-term, whatever. But all of that ... But then after that period, it just comes like a slow-down

where there's not a lot of news, but the financial media ... Right, they get paid advertising. So they have to inflate so many stories, and put them everywhere. It's the biggest deal, and get these professionals on to talk about things you shouldn't even be talking about because it's meaningless.

It reminds me of my seven-year-old daughter when she tells me a story. I mean, it's always super dramatic. And she told me a story last week, and it's funny. She's the cutest thing ever. She gets really excited, and she always interrupts. So we teach her not to interrupt. And she'll look at me, and she always wants somebody to start going on and talking to somebody else. So she starts jumping up and down. She says, "Daddy, daddy!" I'm like, "Wait. Wait until I'm finished." She's like, "Dad, I've got to tell you, got to tell you, got to tell you." Right? And I'm like, "Well, what happened? What happened? What was the big story? What's going on?" And she was like, "Well, I went to school today, and this girl spilled her drink on the table. It went everywhere. We had to get tons of napkins to clean it up. The teacher had to stop teaching the class to just help us clean it up. Everybody's cleaning up!"

By the way, the drink was a Capri Sun, right? I mean, if you spill the whole thing, I don't know if you have kids, Capri Suns are these little tiny drinks with straws in them. Little tiny puddle. Wouldn't be a big deal. But it's such a big deal! So dramatic that her classmate spilled this drink. That was such a big story for her, and I get it. It's awesome, and I'm like, "That is so bad! I'm glad you cleaned it up, and you were able to go back to learning." Like it was such a big deal. But it reminds me of what's going on when I'm watching these financial networks.

And I have to watch them, because I want to know what's going on. Because that's the consensus, that's what people think, and when I see people on there, and they have this whole consensus, that's when I can gauge ... And it's actually very good for stocks. And if I feel like everybody's going to bash a stock unfairly, it creates a good buying opportunity.

I'll come in and do an education segment.

So I like watching it to gauge sentiment. So I'm not picking on some of these financial media outlets and then saying, "Whoa, why you watching them, Curzio?" It's important because that's the status quo. That's the sentiment. That's what people are thinking, because everybody's watching, and if they get that wrong, then that influences stocks tremendously. It influences the markets. You can say, "Hey, this isn't a big deal." You're going to make a lot of money.

This is a mini-rant, or whatever you want to call it. But take the past few months, for example. Months, not years. Months. Remember all the fears about a 10-year yield hitting three percent? Mortgage rates are pushing a seven-year high. The housing boom is about to end. All hell was going to break loose. And seriously, how many stories did you read about the 10-year hitting three percent? Even my mom, who knows ... She ran the back office stuff for my dad for like over 20 years ... When they had the financial newsletter industry, so she knows about stocks and a little bit about bonds. But not really too much. But she even asked me, "Should I worry about that bond going to three percent?" Like she asked, because it's everywhere.

Three percent yield. It's death! We're doomed! Global markets are going into an apocalypse. What happened? Ten-year broke to three percent in May. Went as high as 3.1 percent and you know what? We all lived. We all woke up the next day. The stock market didn't crash. People were still buying houses, the bond market's okay. Take it easy, guys. Take it easy. It wasn't that big of a deal. But now we have today. Where's the 10-year yield? It's under 2.9 percent. It pushed through 2.7 percent with the Italy thing, which I'll get to in a minute. And it's drifting lower. But wait, now I'm hearing, if I'm watching financial media, because there's really no news out there. There's really no news right now. Nothing's really going on. No one's reporting earnings.

But the falling 10-year yield is ... Now that's bad for stocks.

I thought it was bad just two months ago, you told me that it was going to go three percent and I should sell everything, run out of the markets, world's going to end. Now you're telling me that, wait a second, that it's coming back down it's bad for stocks? Why is that? "Well, it's a sign investors are scared. They're running up the treasuries as a safe haven." If you want proof of that, look at that Italy news that came out, which was remarkable. Right? Italy fears ... Again, I'll cover that in a second. We fell like 2.7 right away.

Let me get this straight, the rising yield on a 10-year is very bad, starting in May, right? We're all going to live in caves, mass hysteria, time to build your own personal shelter. That's what we're told. And just two months later, now the yield on 10-years are a little bit lower, but that's also bad for the markets? Why? Because every story has to be exaggerated.

Like I mentioned, Italy. I covered this in detail on my podcast probably about a little over a month ago. New elections could lead to Italy eventually leaving the EU. It was a huge story, pushed stocks down 400 points. It was toward the end of May. Not too long ago. Because Italy's the third-largest economy behind France and Germany, holy cow, such a big deal, it's going to create a global melt-down. CNBC reported that Italy could be the next Greece, but much worse. Also on the website that Italy's political turmoil could mark the end of the EU. The Daily Mail reported forget Brexit. Italy could trigger the collapse of the EU. Run to the hills. Only take what you can carry. Save your family, leave your friends behind.

Is anyone talking about Italy today? That was something that pushed the markets down 400 points. And we're discussing, well, we're separate now, our economy is doing better and if global markets don't perform well, they're not going to have a ... Like all these arguments back and forth. Once Italy crashes, once it takes the EU down, once all this stuff happens, what's going to happen to US stocks? No one's talking about Italy anymore. It took like two days for that story to completely die. And yeah, we say the global markets fall sharply. And the very next day, they started recouping

those gains. The next day!

I don't know about you, when was the last time you saw anything on Italy? I mean, since that report on the potential new elections, new party taking office, EU's done. When was the last time you saw anything on it? These stories become so inflated with B.S. that I guess the general public, I mean ... You stand no choice but to believe it. I know ... I don't care if you're a Democrat or a Republican. If you're a Republican, how do you watch FOX News? If you're a Democrat, how do you watch CNN? These are the things that are just going to bash ... You look at it, and then I look at it, and say, "Okay, that's not really true." I know you either love Trump or you hate Trump, but they exaggerate so much, they're not even reporting. Like they're not reporting, they're just telling you what's going to give them better ratings to piss you off even more. This way they get more money from advertisers.

But you have to be careful what you listen to. I had a discussion with a couple of guys in New York about fracking. Guys, this is an issue I'm very familiar with. I saw the HBO special that fracking's terrible. It's horrible. Look, I made a lot of money off of it. I went to all these areas, every single major shale area in the United States, I visited. I thought I was going to see dead animals everywhere. It was going to be crazy. Contamination, water, don't go near. I'm not drinking water in Texas, no way! I'm not going near that. All the fracking, I'm going to die! All this stuff I was being fed, and when you look at the facts, it's simple. Fracking doesn't cause water contamination. I know if you're on a far side, whatever side, you're going to be like, "That is insane!" I'm just telling the facts. Fracking is simply drilling 2,000, 3,000, 5,000, 10,000, now even 15,000 feet vertically. And then you go horizontally, and then, boom! You frack it, and then you pull up the natural gas and oil. Okay. Simplified explanation.

But you're fracking thousands of feet below the ground. The water level's going to be less than 450 feet. So unless ... The fracking takes place at the horizontal part, right? So you have to drill thousands of feet down before you go horizontal for

miles and frack and pull that stuff out.

Now, those chemicals, which are now pretty safe, and I love the fact that it's regulated now and they came out with more regulation and stuff like that, but ... Those chemicals, in order for them to contaminate the fresh water, basically they have to travel upwards, thousands of feet upwards, through rock. Last time I heard, I don't think that's possible. And go into like the supply, or into that big pool, and that's how it would contaminate ... It doesn't contaminate water.

I'm not saying that they can't use bad practices, or have the water that they use, which sometimes they'll recycle from other fracking and they'll dispose of it ... I'm not saying they put it on a truck and throw it in a river. They can contaminate it that way, but that's personal, that's not saying all fracking contaminates water. If it did, guys, for the last seven years, we had hundreds of thousands fracking. How many wells have we drilled? Now does it cause earthquakes? Yeah, you have a little bit of an argument there. We've seen a rise in earthquakes, of small earthquakes, especially in Colorado and the Midwest states. Yeah, I get it. But the contamination argument. Guys, it doesn't exist. The only way I found that out was by going to the field. And people are going to email me. Frank CurzioResearch.com, feel free to email me. It's fine. They don't want to hear it. It's a religion.

The guy I was talking to was like, "No, no fracking. Water contamination." I say, "It doesn't. I thought the same thing. I went there, I thought I was going to get the story with animals dying, people going crazy, shorting stocks." I went there, bought stocks, and they're doing fantastic in the portfolios, as this thing really took off in 2011, 2012. The Marcellus and the Permian, the Eagle Ford. These are areas, all these areas, the Bakken, I went to North Dakota. I actually went there to see this. Talking to these experts, being skeptical, which is what you hear in the media, it's amazing that the story ... Nobody wants to hear that fracking is good. It's not a fun story. It's not fun to read. You want to hear about some guy who has an arm growing out of his chest because he drank water that was contaminated from fracking.

That's a cool story. I want to read that, too. How does he clap his hands, or whatever?

That's awesome. I want to read that. I want to see that guy, with the arm out of his chest. That's a great story. It's not a great story ... It's like fracking is really cool. And it creates a really good economic environment for the United States, because now we don't have to rely on OPEC, who've controlled prices for the last 200 years. Nobody wants to hear that. They don't. Yeah, what are we seeing again today? Tariffs. I mean haven't we talked about this risk? The DOW fell to 500 points one day in April, sparked [inaudible 00:12:57] in a lot of stocks over this fear, because Trump said he's going to place or increase tariffs on more than \$100 billion worth of Chinese goods, again this is the original story.

Then Beijing came back and said, "No, we're going to raise our" ... Back and forth, and you had names like Caterpillar, Boeing, Nike, right, they had the most exposure from a DOW components of China. And those tariffs are going to hurt those companies the most, and they got crushed at the beginning.

It's a non-issue. There's not a trade war. China and the EU are robbing us. They have massive surpluses, and much, much, much weaker economies than us. So unless these guys want to go into a deep recession, they have to comply. I tell you to buy stocks on the pull back, you made a lot of money, they hit new highs, and if you listen to me. Again, I highlight my losers well, and I patted myself on the back here. Now, today, what do you have? The same story. Trade war's coming! U.S. and China going back and forth announcing these major tariffs on goods. So we see, every show, they bring on these professionals in Washington and trade wars and this is getting ... Guys, it's not a story. It's meaningless. Are you going to see strong words from both countries? And it's a form of diplomacy. This is the big boy talk, while all of the real negotiations go on behind the scenes.

So it allows both governments to save face, to be tough in front of the world. Imagine if the U.S., imagine if Trump says, “You know what, you’re robbing us, playing with tariffs. We want to make it fairer.” And imagine China goes, right off the bat, “Okay. We’ll do it.” What do you think’s going to ... I mean, everybody’s going to roll over China. They’d have no respect for them at all. It’s not going to happen. They’ve got to come out saying, “No way. We’re doing this. No way. We’re going to raise tariffs on you.” It’s just a game. Until they figure this out under the table, everything’s going to be fine. I’ll say it again, it’s a non-issue. It won’t be a story a few months from now. Just like Italy. Just like the 10-year hitting three percent. Oh, man. What happened to all this stuff? This is just a couple months ago. The world was going to end. Ten-year will go up three percent. Whoa, watch out. Well, that happened, and we’re okay.

But if you want proof of how damaging this could be to China specifically if they don’t comply. You guys, I covered this. And people want to go back to history. Know your history. Because when we did this during the Great Depression which sparked World War II, a lot of people could say that, the protectionism, the U.S. had a major surplus back then. Now we have a deficit. There’s no risk to us to fight for this. Not only are we much stronger than these countries ... It’s like one of Apple’s suppliers screwing them and charging them more. You don’t do that to Apple, because Apple’s going to say, okay, we’re the biggest in the world. Screw you. We’re going to use somebody else. Obviously, you can’t really get another trade partner and find too many places that are going to have 1.4 billion consumers, but you get the point.

But you want proof of how damaging this could be, China ... Just look at Tuesday’s markets. What happened to the S&P 500? We fell about 1.2 percent, 1.1 percent, this is Tuesday? This is all on potential trade war fears. Did you see what the Shanghai Composite did? It fell by nearly four percent. It’s going to be very damaging to them. And China has everything to lose by not making trade fairer. They’re robbing us. We know this. They know it. If you’re a Democrat or

a Republican, again, we all hate each other, right? That's the way our world is. That's the way it has to be. You can't compromise ever again, you just hate each other. They'll never agree, when they do agree.

But both sides, Democrats or Republicans, if are seeing it and saying, "Hey, you know, this is not fair." The Democrats aren't going to say they agree with Trump. Whatever. But it's ... You look at Lloyd Blankfein ... From Goldman Sachs, right, he comes on TV the other day, and he's been [inaudible 00:16:40], basically ripping Trump. Not a fan of Trump. And they had him on CNBC talking about trade, right? Pretty important person. Running Goldman Sachs. But he was saying, basically, China is robbing us. So yes, a Democrat refused to agree ... He agrees with Trump, I don't care. But he understands this whole situation, and how it's been unaccounted for such a long time.

But if they don't work with us and provide fairer trade policies, their economy's going to get crushed. You can see with the four percent pull back in the Shanghai in one day. And they're going to go into a massive recession. Unemployment there's going to skyrocket, which all those numbers and economic numbers, again, you're not going to know what they'll report, because China still lies about a lot of these global economic figures, anyway.

But you're going to see it reflected in the indices and everything like that. They're going to be in a lot of trouble. They're going to be toast. They have to comply. They're going to put up a big fight, and make sure, in the media they're saying, "This is what we're going to do to the U.S." Behind the scenes, this is all being negotiated right now. It's going to be fine. It's not going to be a story a couple months from now. Unless China wants to just destroy its economy, they're not going to do ... Same with the EU. They're not on a good foot ... Better footing than we're on, and they have surpluses. They have a lot more to lose compared to us.

And if we pull out of something where they're making more

money, come on. Just make it a little fair. So pull back in stocks the past few days, which again, being led by a fear which should be well-priced into stocks by now, anyway. It's still a good buying opportunity. Getting back to my point on this, how does the average person who's not a professional who understands this stuff, which a lot of people out there ... You listen to this podcast, you want to learn about stocks, you want to learn about the real stories, it's a bridge from Wall Street to Main Street explaining what's real, what's B.S. Most people don't have that outlet. They have great jobs and have stores and doing great, have been in their industry for decades. It's just not in the financial industry, so they're looking for advice and stuff, and what are they doing? They're watching these TV programs and just hearing this nonsense.

But just watching, even yesterday, just watching ... It's almost like they want you to just get so scared you're going to sell every stock in your portfolio. I mean, it happened with Facebook, right? Facebook fell 180 to 150. After being exposed to privacy issues. Pushed the DOW down over 400 points on this news in one day. Again, happened a couple of months ago. And the media loved this story. They went crazy. Every politician lined up to get their face on TV questioning Zuckerberg about something they know absolutely nothing about. They just wanted to get their face on TV. Some guys, they didn't even know how Facebook makes money. You have to do five minutes of research for that. They didn't care.

What happened? Facebook came down. I told you, "Guys, buy Facebook on this pull back. It's one of the greatest opportunities that I've ever seen." And look, you had a stock that fell tremendously, 30 points because of this. Yes, they're going to lose face and I'm getting emails about Facebook, and I get it, that's your personal preference, and that's fine and that's cool, but Facebook as a whole, most people are going to keep their accounts, most people are going to post everything about themselves on these accounts, and it's the best marketing platform ever for marketers. They can spend ... And they can charge four or five times because it's more direct than any other outlet that they're going to have,

outside of maybe Google.

But the stock fell to 17 times forward earnings. Which is a little bit below the market, growing by more than 40 percent. What happened? Stocks neared 200 today. You remember all those fears about Facebook and the stock and how many questioned it, “Should you sell it?” It’s one of the large positions in my portfolio. But the reporting is absolutely horrible these days, and I feel really bad for investors. And watch it, last two days, I was just, “I’ll see what’s going on, watch” ... And I’m just watching going, holy cow, this isn’t even a story. I mean the best thing is how many times if you’re watching CNBC, Bloomberg, or FOX Business News, that they highlight in red “breaking news story.” Flash breaking ... How many times a day do they do that? Breaking news! Crude oil falls one percent on U.S.-China trade dispute. That was actually a headline. That’s breaking. That’s holy cow.

Breaking news: financial stocks now down on the year. Breaking ... Like when you see breaking news, you think like ... Remember when it was only these really, really, really big stories like fund manager Bernie Madoff steals billions from little old rich ladies, and stuff? That’s breaking, like holy cow. Or Leman files for bankruptcy. Yeah, that’s pretty insane. But some of these stories, it’s like, breaking news, breaking news, breaking news. It’s just insane. But for my audience, the guys listening to this, I say just try to stay away from watching TV and these financial news guys. They make money through advertising, where advertisers are only going to pay big dollars on shows that have the biggest audience.

So to have these massive audiences, common sense guys. These programs are almost forced to make even the most boring stories seem exciting. Guys out there that like sports, there’s a reason why, if you look yesterday in ESPN, what there’s no hockey right now, football’s done. You have no basketball right now. You have baseball, where each inning takes 30 minutes. Not too exciting. You do have the World Cup right now, and that’s exciting and that’s fun. But the

reason you go on ESPN ... What are some of them stories? You're going to see LeBron James in a headline, and you're going to see Tom Brady in a headline. Because people click on these things. There's a story there right now, I think it was yesterday, where Tom Brady really thinks about retirement at 45. It was like three paragraphs, I was like, "Are you kidding me?" It's not a story, but they know they're going to get clicks, because they mentioned Tom Brady and they mentioned LeBron. Even though the story is totally ... You're reading it, you're like, "I just wasted my time." What are you doing?

It's insane. But just be careful. If a trend is getting worse, and these stories, these media programs, it's not in your best benefit. They're not doing it for you. It's at your expense, since it's forcing you to sell Facebook when things are bad, when you don't take a step back and think of the fundamentals. Forcing you to sell Nike, forcing you to sell Boeing, all the great stocks, because they're inflating this news that really isn't news, and it does move stocks. Why am I watching it? Because it gives me the opportunity to come in and add to my position of Facebook, or see what people are looking at.

Or Boeing's down so much, even though they don't have as big of exposure to China as you'd think. It's important, if you're watching, to look for opportunities, but believing every story ... Do your own homework. It's easy to do, you can go out there, you can go on Google, you can read reports. But don't believe everything you hear, because right now, it's not just reporting that's bad. It's forcing you to make business decisions that are not in your best interest, and selling really good quality stocks on news flow like tariffs that's not really that big of a deal, not a big story. Just headline news that's going to go away, and again, just like we saw with Italy, just like we saw with 10-year yield hitting three percent. It's not a big deal.

Think about every risk going back, Brexit, all this 2012 possible recession coming. How many stocks got killed? How

many times? That was the end of the bull market. Imagine you fell asleep in 2010 and didn't listen to anything and woke up today? How much money would you have, just by not watching TV and not watching anything? You'd be very wealthy. That's hard to do, to hold your stocks as all these negative stories and all this stuff comes out on stories that aren't even really stories, because these programs have to report the news. They have to report the news and inflate these stories, because that's how they get paid. Okay. Rant over. That was a very long one.

I told you last week I spent some time in New York City, special invite only. It was a crypto conference, which included several new crypto companies. Presenting to representatives of family offices. The family offices, these are people who are wealthy and who get their funds managed. Usually they have funds over \$250 million in assets. And they're looking for new ideas to put money into. So it was very interesting that you had a company that represented 3,500 of these, and you had maybe a few dozen specific representatives from the families that were just looking at these new ideas, where these companies were presenting.

And this is where I'm getting my information from, and this is why I tell you when it comes to crypto companies, we need to get regulation. Just like we did with the SEC. 1934. You look at the markets since then, DOW was 40, now it's you know where, 25, 20, thousand. Just so people could trust this industry. They know if they invest in it, if anything happens, they're going to get their money back. They know where every dollar goes. You're going to put people in jail who are trying to rob people or do the wrong thing. You need regulation. That's where we're going. But once this happens, what we're seeing, I'm seeing hands on, flying to New York, where these families have offices. Every company that presented there was registering with the SEC and are waiting to get compliant. SEC's looking at these companies, they're working with them, telling them what they need to do to sort of fully comply, because that's where this industry is going.

And when it does, these institutions ... And if you look at institutions, right, what is it? It's basically institutions that are managing other people's money, right? And they can't really place that money at risk in something that's an unregulated industry, but when it does get regulated, you're going to see tons of money flow into this industry. And we're not talking about the mom-and-pop stuff. 10,000, 20,000, 100,000. You're talking about millions, tens of millions, hundreds of millions of dollars flowing into this industry that's now regulated.

So, where am I going with this? I'm bringing on Nate Flanders, brought him on not long ago. He's a founder of Mandala. He's a cryptocurrency expert and trader, and he's raising money for Mandala outside the U.S. So he's going through this whole process. I went to this meeting, I wanted to get him on, this way, you could hear from him. Because I'm getting so many emails real skeptical of this industry. You should be. Ask millions of questions, and I'm going to let him tell his story. And you're going to see, once you listen to this interview, it's not someone that's incredibly bullish and telling you, "Oh, you got to go in. This is the greatest opportunity." No. There's a lot of stuff going on here, and once it gets clearer and once you see regulation, it's going to be a great opportunity for a lot of people, which is great news for us, because we just launched Crypto Intelligence after how many newsletters do you know I launched right at top of market, that are getting destroyed, because everything's down 60, 70 percent.

Now we get a fresh look at everything, with regulation coming down, and Nate's going to break this down, go over the whole story, and plus, he's going to give you a couple of his favorite crypto currencies, because he's a trader, that he loves right now. And it's two that you can buy on major crypto exchanges, kids. Not Ethereum. Not Bitcoin. It's two others. It's going to be an exciting interview.

Later on, I got a breakdown. One sector, I believe, is streaming, streaming by right now. You know what? It could

pop pretty much within two weeks. On news that's not really being mentioned right now. And it's big. Which is surprising. I just went over the whole thing of how all these news stories are getting inflated. This is one that should be getting inflated, because it's a massive, massive story that you're going to hear about. You're going to hear about it tomorrow, and then you're going to hear about it even more a week from now. We're going to talk about an industry that a lot of people hate. It's going to be a great educational segment. It's a sector that I'm putting a lot of money in right now, because I can see short-term rebound. Not only that, it's great and it's set up for a lot of catalyst long-term.

Before I tell the sector and share a couple of my favorite names within that sector to buy, let's get to my interview with crypto expert, Nate Flanders.

Nate Flanders, thanks so much for joining us again on Wall Street Unplugged.

Nate Flanders: Oh, man. Thanks for having me again.

Frank Curzio: Well, I was fortunate enough where you invited me, and this was a few days ago, last week, to a special crypto conference, right? I don't know really if you'd call it a conference. It was more ... Invite-only. And we're going to talk a little bit about that, because I'm getting a lot of questions from my audience where people are always skeptical of cryptocurrencies, Bitcoin. I tell them all the time, you should be skeptical. It's a new industry. You should ask millions of questions. And that's what I'm doing. I'm going around and seeing everything, reporting to them, and I just thought it would be great to bring you on to talk about it. And not sugar-coating anything. Just being honest and showing where the industry is going from someone who's been in this industry for a long time.

Why don't you talk a little bit about the conference that we just went to? Because it was very interesting. It was basically a bunch of family offices looking to invest in certain cryptocurrency companies.

Nate Flanders: Yeah. Exactly. It was a group of a network of about 3,500 family offices. Really ultra-high net worth guys. There was probably 30 in New York, which it was an incredible trip, by the way. But these family offices, they're interested in crypto, but it almost seems as if they've been a little timid due to the lack of regulation. So it was nice to be able to connect with them and then kind of share our direction that we're taking at least with the SEC in the US and kind of ease their minds about where this market's heading and where we're trying to take it.

Frank Curzio: Now talk about your companies, because you just launched an ICO, and guys, you're getting registered with the SEC, you're trying to make this comply, it is an exchange. I'll let you do the talking. It's relevant to everything we're talking about when it comes to regulation. But you're someone who's in this process right now, going through this, trying to get fully registered with the SEC and get everything taken care of. Why don't you talk a little bit about your company and the whole entire process?

Nate Flanders: Yeah, so, it's Mandala Exchange, a digital asset exchange that we're bringing to market. We are working very closely with the SEC to try and really refine this open-ended, unregulated market. Currently, we are in ICO, like you mentioned, raising capital, but we're raising it via one of our international entities in the Cayman Islands under a Registration S. While in the US entity that we have, the Registration A+ brokered dealer NTLs and alternate trade systems is pending.

So it's kind of different with the SEC right now. They're not really sure how to handle this. They're really just putting roadblocks in place until they can get to this point. So we're actually working very closely with them to try and find the best solution, not only for our company, but hopefully something they can use as a template in the future for these other crypto companies coming to market.

Frank Curzio: And with your company especially, because it's going to be actually an exchange, which I love the idea, because you're

basically ... When I look at these exchanges, you know the crypto product that we launched, and showing videos of how to open accounts in exchanges. It's really difficult. It's not that easy. It's not as easy as a brokerage firm. Some of them make it easy, but some only have securities listed on some exchanges. Some of the others, you have to have different exchanges. But it's just, you're getting different emails if you're a Tier 1, or Tier 2, or Tier 3 registration where you might need more ID. And it's hard to get in touch with these guys. But you want to provide a very easy-to-use platform, very easy-to-use charts, because when you go to a lot of these, it's really clunky. It's not that easy to use, right?

Nate Flanders: Exactly. We want to have a simple platform top-to-bottom. Not only for the user side, but for the business side as well. So what we're going to do is bring a user-friendly front end that will have semi-automated and fully automated trade tools. We want to make the listing process for companies looking to list on exchanges much easier than it is now. We want to have very prompt support for the users and businesses as well. And then also bringing in a full advanced back end for seasoned traders and investors, as well as an OTC marketplace.

Frank Curzio: Now talk about the industry, Nate, because you're going through this process ... I think it's very important for everyone to know this. And again guys, you can invest in Mandala if you reside in the U.S. But I wanted to talk to you about the whole entire process, right? Because are you seeing other companies also do this, because it looks like, for me, and even when I spoke to you about it ... Again, your whole entire life is this industry. You've seen a lot of these ICOs where they're going to be [inaudible 00:33:14] in probably securities, and they're not even close to being regulated to the point where ... They raise all that money overseas, and now, if they want to become US compliant, they have a lot of steps or a lot of things to do.

What are you seeing in this industry about the new companies coming out? Are they going to the SEC? Do they want to work

with them? I mean, what are you seeing out there?

Nate Flanders: We are seeing a lot of companies, new companies, coming in and doing everything they can to become compliant. Which is awesome. They're doing as much as the SEC can kind of pass off to them. So what we're learning is the SEC's operating on good faith in this market. We want to be compliant. The other companies want to be compliant. So they're actually working with us pretty well in order to get to that point.

However, there are some companies we see that are trying to self-regulate or maybe even almost appear to be running away from regulation. Which, I think personally is going to retroactively be a bad situation for them in it may start consolidating the market as far as the companies in the US for crypto.

Frank Curzio: And when you say that the SEC's working with you, it's a good-faith process, it doesn't mean they're going to let you do whatever you want. But in our business, you do something wrong, they'll come in ... They'll say, "You can't send out anything" ... Don't ... Whatever, right?

Nate Flanders: Right.

Frank Curzio: But it seems like in this industry, they're like, you could ask, and they're like, "Okay, you do it." And if they find something wrong that you're doing, as long as you're not like really misleading investors or stealing money, they're like, listen, we're not comfortable with this, you need to change. Is that what they're really doing, where they're working with these companies ...

Nate Flanders: Yeah. Absolutely. Aside from our company being an exchange, we kind of do have to go that more traditional route of compliance. But the other crypto companies ... It's a little different, I think, for them, in the eyes of the SEC. The SEC's not quite there with a defined regulatory process. So it's kind of almost like they're working directly with us. We'll take them ... This is what we're doing, this is what we planned on doing. How does this look to you, right? And if there's a

problem, then we're able to amend it with the SEC until it is right. As long as there's no blatant illegal activity, or like you mentioned.

Frank Curzio: And you've been in this industry where you've seen Bitcoin, which is basically the benchmark for this industry. Going up to 19,000s, coming back down, it pushed ... Pretty well 6,000 with ... It was a hack of a South Korean exchange, another hack today. This adds to it to the point where, hey, you really need to regulate this industry, right? Because if you're hacking these companies, there's no one that's going to chase you if you get away, because there's no regulations compared to if you steal someone's money in the bank, they'll come after you. And it's a lot different, right? Because from what I ... I have good connections with hackers, and most of them are hired by the biggest banks in the world, because they can make a fortune. And they're like, "Why should I rob people when I can make a fortune and get paid and do this legally?"

But if you could really steal something and nobody's going to chase you ... I mean, we're talking about international exchanges, but how do you see this industry playing out, because it's pushing down a lot of crypto currencies and putting down in people's mind, but in the end this is why I believe this industry has to get regulated when it does, but we saw, especially with the family institutions, that the institutions want to get into this industry, are looking for more ideas. I mean, that's what you're hearing from them. But I want to get your personal thoughts on, where do you think this market is heading maybe six months, 12 months from now in terms of regulation, because we've been hearing that the SEC's going to regulate this industry, and they've been coming out with a lot of stuff over the past month at least, but when was this going to take place?

Is it going to take years, is it going to take months?

Nate Flanders: What we're seeing come from the SEC ... It definitely is going to take some time. But the good thing is they haven't halted everything. They haven't halted business progress or business development until they figure it out. They're more

kind of just working with these businesses and these panels to really find a solution to this unregulated kind of ... There's some dishonesty in this market, like you mentioned. You mentioned the family offices, the big institutions ... There are some institutions that aren't already involved. They're itching to get involved. But there's not enough trust there. There's not enough they're familiar with in terms of regulation. I'm a proponent for regulation. Moderate regulation. We don't need to shut the market down left and right, but I think once we have a fully regulated market and there's more companies coming to regulation, we're going to see a large influx of new money, new institutional money. That's for sure.

Frank Curzio: Now do you think this is a market where the U.S. or the government can actually shut down? I only say that because when I see Goldman Sachs building a Bitcoin trading department, when I see Fidelity going all in on this, when I see J.P. Morgan even complaining and saying bad things about Bitcoin, and Jamie Dimon coming out ... They're one of the biggest investors in blockchain and things like that. And crypto currency trading. And these are the guys that really know everything that's going on, right? Because the SEC's a government job. Again, we love the SEC, right?

But in all seriousness, look, if they do their jobs, it's cool, because there are people who are doing things right. It's a great thing.

Nate Flanders: Right.

Frank Curzio: But we also know that these are the people that don't really make a lot of money since it's a government job, and as they move up, what happens. These guys get big jobs at Goldman Sachs. So Goldman Sachs, J.P. Morgan ... Listen, it's not a conspiracy, but they have a lot of people, the higher ups, that are making millions of dollars, that work with the SEC, and they get a good indication on what's going on.

Nate Flanders: Right.

Frank Curzio: So the fact that these guys are actually building these trading

platforms, starting to hire people, makes me believe that it's the regulations coming. But do you really think that the government could actually ... Like that's a shot if they could shut this down?

Nate Flanders: No. And by shut it down, I mean, for example, companies coming to market in the U.S. similar to what we're doing right now. And then just putting up roadblocks where there would be more penalty, right? So right now, there's no penalty as long as we follow the current steps in place. So that's, for us, is raising the capital internationally, via the Reg S while our Reg A+ is pending in the U.S.

I could see, when I say shut down, they literally just will not accept any type of compliance offering from us at all. But right now, it's pretty open. So I think it's just more of them defining it now as they go. And like you said, the big institutions, there's big talk, big things happening. Patents being made. Futures getting listed. It's definitely coming, and I think when it's full-force that we're going to see a big swing in the market.

Frank Curzio: Now what are some of the biggest risks that you see? Now that you have an ICO, you're actually raising money, you could say I think you're up over past \$7 million that you've raised, and you're still in the ICO process. And it just goes to show you that there's demand for this, and people want to see an easy-to-use exchange that is going to be regulated by the SEC, right. Based on all the meetings ... You're going to New York like every other week and doing interviews on NASDAQ and Fortune and stuff. But what are some of the things outside of regulation that worry you? And again, it's not the easiest question, because regulation's the biggest deal, but we see stories all the time, [inaudible 00:40:42], who's selling in the market, you're seeing these hacks going on.

I mean, what are some of the things that keep you up at night?

Nate Flanders: It's absolutely security. Even through the stage we're in right now, where the exchange is not launched yet, it's ... During this crowd sale period, where we have contributors sending large sums of money to us. So, our primary focus during this period and the launch of the exchange is absolutely security. We want to mitigate any possibility of real damage done by hackers, right? So we see it all the time. Just yesterday, Bithumb hacked for \$30 million in Korea. It happens more frequently than it should.

There's protocol that we're actually working on to bring to market that we haven't seen yet in crypto to insure and add that extra level of comfort to not only the retail users and the institutions on top of compliance to know that their funds and their capital that is placed on our exchange is safe.

Frank Curzio: Yeah. And what I really like, and what I think was very important for people to see, is while that got hacked, I think my biggest fear is when they get hacked your money's gone. Okay. You're done. But what I saw at Bithumb is they came out right away, and I think it was like \$30 million, and they're like no, no, no, everybody's getting reimbursed.

These exchanges make ... I think we had Frank Holmes on a couple weeks ago. They're making like \$4 million, \$5 million a day some of these, right, with all the trading?

Nate Flanders: Yeah.

Frank Curzio: But the fact that they're like, "No, no, no. Everybody's getting their money." That provides some layer of safety, some layer of regulation, but in the end, I'd rather that we don't have to worry about hacks and stuff like that, that that gets taken care of. Even with the banks, right, we're not really seeing ... Well, they don't report everything, but as many hacks as where people are just getting their whole account wiped out. Everybody together, like the whole bank. Individual hacking's different, depending on security. But I'm talking about like all your money at a specific place being

gone. We're not seeing that.

Nate Flanders: Yeah. I was really impressed with Bithumb immediately coming out and immediately offering to cover. That doesn't happen every time in crypto. We've seen a lot over the last few years, that, not just exchanges, but other companies that are holding crypto for folks, and they get hacked and they don't reimburse, they kind of just fall off, right? And that's what's terrifying. We want to mitigate the hacks as much as possible, but we also want to put things in place in the worst case scenario where people can still feel comfortable that it's not their responsibility that the site was compromised. It was for whatever reason. But we don't want to get to that point, of course.

Frank Curzio: And as crazy as that sounds, and I'll tell you, Nate, even when your exchange comes up, every Fortune 500 company has been hacked. They've been hacked numerous times. Everyone that tells you that they haven't is lying, basically, but it's all about putting the right measures in place, and making sure that it's not bad. You can track it and stuff like that. So it is going to be interesting, because it just ... It's almost like autonomous driving. When you hear a Tesla crash or a Google car crash, it's like headline news. But yet, cars crash that people are driving every day, and it's not headline news. But they'll hike the one example, and destroy the whole industry, whereas of course, if we're seeing crypto exchanges get hacked, it's going to be inflated so much.

And again, this is a big one, and so was the last one, but it's going to be interesting to see how the protection that they can offer just so they make sure everybody gets paid and stuff. I think that's very important as well.

Nate Flanders: Transparency. If there are systems in place, even for example, our ICO. Just our landing page and our contributor dashboards. It literally ... Hackers attempt to get in every single day. All day, 24 hours a day. It's absolutely insane. But we have these systems to mitigate that. So when the

exchange is coming, we're actually holding these funds on this system or via our cold storage systems, it's a whole different ball game. That's the main concern, really, is security.

Frank Curzio: Talk about cold storage and why that's so important. Because a lot of these terms are new to people, and they're investing in this stuff, but talk about that and why that's important.

Nate Flanders: So cold storage is where we have the ability to store funds offline. Which is probably the most secure way of storing crypto currency funds. There's also warm wallets, hot wallets, and cold wallets. So warm would be your wallet that is just freely open. Your hot that is whitelisted, so you can only send funds from certain addresses, and then cold is completely offline, either in your possession or in an institutional wallet like Bitcon, for example.

Frank Curzio: Yeah. And that's something that we offer ... Again, that offer's not available. I'm not selling anything. But we offer the treasurer ... And I think I say that wrong, right? How do you say it? How do you say treasurer? I always say it wrong.

Nate Flanders: Oh, Trezor.

Frank Curzio: Trezor, Trezor. But anyway, it's a cold storage device we'll give away for free, so you guys can store your crypto currencies offline, for anyone who's subscribed to our product. And we launched Crypto Intelligence last week. So that was very important, and now I have my whole office filled with a lot of these devices, which is a good thing and a bad thing. It's a good thing, because it means a lot of people subscribe to the newsletter. It's a bad thing because it's a lot of work to get all these things out. And they're like up to the ceiling of the office, and I've got three people working on it, and they're all being sent out now. But anyway ...

Nate Flanders: That is really cool, though. Just one bit on that is anybody that is looking to get started in crypto more on the long-term, absolutely store your crypto currency in a hardware

wallet. That's hands down probably the best thing you can do with your crypto right now.

Frank Curzio: Thanks for that. And I want to talk to you about, because everybody loves to get ideas on this podcast, and I know that you are a trader as well. This is why you actually created this exchange, because you realized how difficult it is with so many of these systems and how clunky they are. So you said, "Let me create something that makes sense." What are some of the things that you may be like? Is it ... I guess, I would say outside of Bitcoin and Ethereum. But are there any companies that come to market, and you're like, this is such a good idea. Because I know you're probably seeing a lot of this stuff being in the industry that a lot of people might not have access to or able to see. Because they're not really involved in this industry yet.

Nate Flanders: Yeah, I really like companies that come to market and create their own blockchain. And it really depends on the solution that they're bringing. So for example, my go-to is NEO coin. I love NEO. Of course, in this sideways market, it's down. And a lot of it coming from Asia and stuff. But primarily, I focus on Bitcoin and Ethereum, honestly. But I do like chain coins. EOS or E-O-S is a really cool one that just came out recently. They've got some ... A really great roadmap coming up. But outside of that, I'm hardcore Bitcoin.

Frank Curzio: Na, that's cool. That's cool. And I appreciate you sharing different ideas, because there are so many different things coming to market, and it is a pretty crazy market. But Nate, listen, thank you so much for coming on, and I wanted to put in perspective, guys, this isn't to say, "Wow, you should all invest or you shouldn't invest in this industry." But it's like, here's someone that's involved and is trying to get regulated by the SEC. Because of this, he's been ... You've been interviewed on what, on the NASDAQ, you've been in Fortune. These people are calling you like crazy as you're launching

this thing, right?

Nate Flanders: Yes. Forbes, Fortune, Express, it's been out of this world. It's been incredible. It's been an incredible experience. I think we're only 45, 50 days into it so far.

Frank Curzio: Yeah. And it just goes to show you that the interest is there, if the SEC could regulate this. And then remember, if you're looking at Bitcoin and seen the push at 19,000, even what's going on right now. This is mom-and-pop investing. This is like \$500, \$1000, \$10,000, and this isn't institutional money coming in. And once you regulate this, you're getting these exchanges, you're getting futures and stuff, which is happening with CME and things like that. It's ... There's a massive opportunity here, if it gets regulated right and everybody can trust the systems.

It's almost like China, right. If China ... China would be the biggest economy right now, they're eventually going to be the biggest economy, right? They have 1.4 billion people. But the fact that they lie about most stuff and just can't get their numbers straight and do different things, it's up to them to really say, "Okay, let's regulate this, because we're going to be bigger than the U.S. pretty soon." Or it could take 20, 30, 40 years depending on if you want to be transparent or not. But it's interesting the transparency. I don't know if you expected to get this much demand for Mandala or the interview to pile up. Do you really think that's because you're registering ... You're looking at SEC route, and that's why all of this stuff is really going a lot quicker than you thought?

Nate Flanders: I think so, yeah, and I think ... I mean, our goal was to bring something that's familiar to people in crypto and that isn't [inaudible 00:49:25] to new people getting involved in crypto. We made a point to take everything in our competitive market as far as exchanges and just simplify it ... Simplify and amplify. So we want to hit every base, we're bringing a lot of opportunity to not only retail, but also institutional. So I think it's kind of just snowballing from there, right?

Frank Curzio: Definitely. Yeah, it definitely makes sense. And I saw this firsthand just going to these meetings to see that the actual institutions want to invest in this. Again, it's just a matter of if the stuff's going to be regulated, or how quick the SEC comes out. But Nate, hey, I know how busy you are, I know you're right in the middle of the capital raise. You guys are doing great over there, and it's really great to see you firsthand. I've known you for a couple years now, and see you working the tables and going out there, and everybody looking out to talk to you and everything.

It makes me proud, it makes me proud that things are going right for you. And it makes me proud to also have you on this podcast and coming on, and thank you so much for really explaining these things. This is an industry a lot of people want to get into, but again, there's a lot of skepticism out there, and well-deserved, and I appreciate you giving us the scoop on what's going on.

Nate Flanders: Yeah. Thank you so much, man. I appreciate that.

Frank Curzio: All right, guys. Great stuff from Nate. Mandala's only been taking money from international investors while it goes through the compliance stage with the US as he told you. But I wanted to bring on Nate, because I wanted you to hear from his perspective. Someone that's registered with the SEC, going through this process. And he's coming, he's talking directly to them. They want to make sure they're fully compliant. And this is a person who's been in this space for over four years now, which makes him a veteran, veteran, veteran right. So many people are looking at this industry for ... Since 2017. He's been in it for much longer than that, and he's been around this entire space and has amazing contacts.

He also hears from a lot of new companies. So he's always up-to-date with newest trends that are going on, and where the experts think the market is heading in terms of raising capital, ICOs. Are they going to turn into security token offerings, which is still ... STOs. Which that's where the

market is heading, right? So it's not just ICOs, but STOs, and a lot of these are being asset-backed. They say asset-backed. But some of them ... It's just better than the ICO market, where it's just a piece of paper on a napkin and someone has an idea and they're raising \$20 million, and there's three kids there, but no operational experience and no business model.

So we're moving in the right direction, and he's a person that sees a lot of these trends firsthand because he has great, great context. He's also been a great source for me and someone who's helped me a lot when it comes to understanding this amazing new industry. But this podcast is about you, not about me. So let me know what you thought, by emailing me at Frank@curzioresearch.com. That's Frank@curzioresearch.com.

Now, let's move on to my educational segment, because it's about one sector that people will always, always, always hate. Always, no matter what. It's financials. Hear me out. Before you say, "Okay, I'm done with this podcast!" And say, "Okay, that's it, bye." Hear me out, because this is going to be something that could make you a lot of money. I'm not sure if you know this, but financials are pretty close to bear market territory. And that's by tracking the XLF, the biggest ETF that has most of these financial stocks for the members in that ETF. And it's down close to 20 percent this year. Twenty percent, the financials.

And it doesn't make sense. There's a lot of catalyst, things going on, economy's doing well, everything's fine. But they're getting crushed, and then people say, "Well if they're getting crushed now during these times, then what makes you think times are going to get better?" But if you're looking at the industry as a whole, there's a lot of things that are coming up, short-term catalysts, and even mid-term catalysts, where it makes sense to buy some of these names right now. So after the 20 percent pull back, just to give you some numbers here, J.P. Morgan trading at 11 times forward earnings. The market's trading around 17 times forward earnings. Guys, that's the market.

Financial trading, I mean look what they trade. Eleven times. Bank of America, 10 times earnings, trading at about 1.2 times book value. These companies trade below book value. It's usually an absolute steal, 1.2, 1.3. As you get a little bit higher, you want to make sure those companies are ... J.P. Morgan's I think is a little bit higher, but they deserve that, right? They deserve that premium because J.P. Morgan they're big in the industry, they're great, they're awesome. You're looking at Bank of America right now at 1.2 times book value. You haven't really seen this company trade at these levels often. And even if you're looking at earnings, and I went back through my systems like you to see when was the last time Bank of America traded at 10 times earnings. And they traded at that level a few times, but it pushed down to about 8.5 times earnings. And the last time it really pushed down to that level was 2012.

When I'm saying 8.5, that's like the lowest it gets. And once it gets to 8.5, that thing really flies. It takes off, and you could see anywhere from 50, 75 percent upside. Once this happens, it creates a great buying opportunity. So what I'm saying is, with Bank of America at 10 times earnings, you probably have a little bit of risk going down to 8.5 times earnings, but once it hits that level, if you look back at the charts, even 2012, even further, they skyrocket off of this, and it happens real soon. Citi Group's same thing. It's trading at nine times forward earnings. Trading about one time value. Now to that nine times earnings, but when I went back, 2012, I've only seen it hit around eight times earnings or fall slightly below that maybe a few times, and every time, same with Citi Group. Turned out to be a massive buying opportunity. Stock shot up. Gains of 50 percent more. Over the next month or two, didn't take long.

Look at Goldman Sachs. You've been trading at nine times forward earnings at Goldman Sachs. And I know those earnings are different, it could be crazy. It's trading revenue. A lot of stuff going on. But it's trading at 1.1 times book value.

If you go back and look at those valuations, it's usually a great time to buy. Now, what is all this and these numbers tell you, right? I don't want to just shout numbers at you. It tells you that the risk of financials is very, very good right now. Because you're not going to have a lot of risk if these stocks fall further from here, and when they do, they have a history of bouncing back right away. But of course, I've learned my lesson, guys.

And a lot of good stocks that I thought were great value had values out of favor, so I'm not telling you to try to catch a falling knife here. In other words, I don't want you to buy financials based on fundamentals of value alone. Because, as we know with these value stocks, they can go a lot lower. It's a growth market. So what do we want to see? We want to see if the sector has catalysts coming out. Catalysts that could trigger this event where it turns sentiment around and these things start to surge again, because they're significantly underperforming the market.

And you know what? The first catalyst comes tomorrow, and it's a pretty big catalyst that's not really being talked about. Because the Fed is going to release their results of the stress tests for these companies. We're still going through stress tests, yes. We've been on pretty good footing since 2010. They still have stress tests. Right? And because of deregulation that's been taking place, most banks are easily going to pass these tests, which require basically ... These guys hold a certain amount of capital on hand to withstand another credit crisis. They're looking at this one-year period where banks ... Yeah, they're down a little bit, but in terms of profits are up tremendously. Last year, during this same period, June 2017, the stress tests released all 34 major financial companies passed.

Now for the banks that pass, which is going to be tomorrow, they're going to announce, which is probably going to be all of them, the Fed is then going to approve capital plans for each bank. What does that mean? That means they're going

to be able to drastically increase their buybacks, drastically increase their dividends. Something that the bank has control over when it comes to the financials. Now these banks are sitting on more capital than they've ever sat on in their entire history of these companies. All because the credit crisis, we merged everything into what, four or five major banks and these banks are huge right now. They're holding capital, they want a limit. They're not allowed.

What we are seeing, deregulation has allowed them to lend a little bit more. And now you're going to see, so tomorrow is going to be the results of the stress test, everybody's probably going to pass, most likely. Maybe one or two, but I'd be surprised since everyone passed last year. Economy's on a much better footing. And then, one week from now, they're going to announce who could increase their dividend by how much, how much capital allowed to return to investors with buybacks and stuff like that. Which is huge. Now if you're looking at the stress test, they have to have enough capital to basically withstand a 35 percent pull back in stocks, a 30 percent pull back in housing, and a 10 percent unemployment rate.

To put that in perspective, those three things combined didn't even happen during the credit crisis in 2008, 2009. They didn't happen together. The only time those happened was the Great Depression. So they're forced to keep enough capital basically on their books for the next Armageddon. Even though that's only happened, all three of those things happened when? The '30s. 1930s. That's how long ago. Which is insane. You can lighten it up a little bit. I get it. They understand. Regulate them a little bit more with terms of really watching what they're investing in. They're not creating synthetics of synthetics of synthetics CDOs anymore to make money. And the loans that they're giving out aren't people with a library card and here, here's \$600,000 to buy a house. Monitor that. That's cool. But there's people out there even like myself that want to take out a mortgage and know

how to pay cash for a house, all because of little tiny things.

Even though I had enough cash in the bank to easily cover it, whatever times over, there's a lot of things that are broken in the financial sector. Now in 2017, these banks passed their stress tests. Here's a glimpse what they did right after. J.P. Morgan increased their dividend by 12 percent and issued a buy back of \$20 billion. That was seven percent of their entire flow. Bank of America passed a stress test. Increased their dividend by 60 percent. Bought back \$12 billion of their stock. Now it's over three percent for the entire flow. Citi Group increased their dividend by 100 percent, bought back \$15.6 billion in stock, amounts to four percent of their entire flow. This was last year.

Now remember, banks have held up well compared to the overall markets. Yet, every company in the S&P 500 that's not a financial has significant advantage. What happened? They were allowed to take those massive profits and buy out the stock. We're seeing strong demand sales increase, we're seeing very strong growth right now. But if you look from 2012, 2013, 2014, you were seeing year over year sales come down, yet earnings were still going hard. Why? Because these companies were buying back the crap out of their stock, which the banks weren't allowed to do.

What do you think's going to happen now that they're able to buy back their stock? And you have these catalysts where they're going to raise their dividend? I could see a lot of these banks recouping these losses over the past few months rather quickly or over the next two weeks on these buy back and increased dividend announcements. Now you're looking mid-term, long-term, they're a huge macro catalyst. And you have interest rates where everyone expects them to go higher, which is good for these guys, right? Increase the net interest margin. You have deregulation, even more it's going to take place, where they'll be able to make more loans, more safer loans. You have a U.S. economy that's expected to grow four percent this year. While earnings of S&P 500 companies

are expected to surge more than 20 percent next quarter, and probably more than 17 percent for the entire year. Which, what do you think these companies are going to do with those earnings? They're going to expand.

And when they do, they go to the banks, and they've got to borrow more money, lend more money, it's a perfect environment for the banks right now. At least, over the next year with catalysts coming. Maybe I'm missing something here, but that sounds like a pretty good set-up to me. So for me, I'm personally buying the financials right now, it's not buying something of value and saying, "Okay, let me buy this. Eventually, this value will get recognized." No, they have a huge catalyst tomorrow, which is going to be all over the news, which is not really being talked about too much. At least over the past few days. Then, next week, they're going to announce how much these guys can actually buy back ... By what percentage they can increase the dividend, which is going to be massive, because they're sitting on massive capital. That's going to be a boost to these guys.

And once you see that momentum change, you know what happens, and these stocks will go up, even though they're large caps, they're down 20 percent since January. Almost in bear territory here. You're going to see these companies recoup those losses right away. And once that trend turns, goodbye, these things are going to go higher and higher and higher and higher. It's going to be the biggest story. And then when they go up 20, 30 percent from here, 20 percent or whatever, that's when you're going to see all of the [inaudible 01:02:02] say, "Wow! Now's the time to get in. It's great!" And that's going to be the time for us to sell, because we made nice profits on it.

But banks I'm adding to my personal portfolio right now. I like a lot of them. They're dirt cheap. They have a lot of catalyst coming up. And it's an economy that's ripe for them to make huge, huge profits. And that's going to stay that way at least through the rest of this year, and halfway through

next year, at least, at a minimum.

Okay, guys. Hopefully you enjoyed the educational segment. Go to my Facebook page and read a lot of stuff and videos and ... I like to do live videos and stuff like that. Thank you so much for everyone that subscribed to the Crypto Intelligence. That offer's now closed. We are getting a couple late people coming in and saying they want the offer, but we closed it on Friday, and that was it, and we'll probably open it up again at a different time. But thank you so much, and you guys have all ordered, and I know I made a mistake with the Trezor or how to say it, but you guys are all getting it, we're mailing it now. So we have about half of them already mailed, and it's really cool, so you're going to get all that. You get that free device just for signing up.

And yeah, we're getting that out right away to everybody who subscribed. So thank you so much for that offer, and that's it for me. Thank you so much for listening. I'll see you guys in seven days. Take care.

Announcer:

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