Frank Curzio's FRANKLY SPEAKING

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 Friday, December 7th. I'm Frank Curzio, host of the Frankly Speaking Podcast where I answer all of your questions and [inaudible 00:00:23] not counting sports, anything else you want to throw at me. [inaudible 00:00:28] has some more your questions that you send me through our Wall Street Unplugged podcast, which I host every Wednesday.

If you want any questions answered, just send me an email at frank@curzioresearch.com. That's frank@curzioresearch.com. Be sure to put Frankly Speaking in the headline. And you never know, your question maybe the one I read on this podcast.

Let's start with the obvious. [inaudible 00:00:53] say from David, right? There's a bunch of questions on this. It says "Frank, should we be concerned about a recession, especially after this week's crazy pullback. As thanks for all the great picks over the years, and always being up front with your losers." I appreciate that, David. To answer your question, you should be concerned. I mean, sell the house, sell the dog. I booked a flight with my family. I'm leaving the country. So it's nice knowing you. All you lifetime members out there, hey, sorry.

Who was it? Ryan Seacrest? What do you say, Seacrest out? I'll say Curzio out. Nice knowing you. Take care. Bye bye.

It is pretty crazy. All right? You see the market where, especially this week. Holy cow. I mean, it's just all over the place. 600 point move higher Dow, then we had 800 point move lower. And then it went another 700 points low before coming back right on Thursday. It's a lot of noise out there and again, a lot of this is algorithms. I mean, Leon Cooperman did a great interview. And I'm so proud of CNBC. You know, I don't brag on CNBC a lot. I like CNBC. There's a lot of great guys, I even have friends that work there. You know, I like it.

But a lot of times when they're interviewing people, they talk more than the person they're interviewing. And when you have a guy like Leon Cooperman, Carl Icahn, I want to hear from them. That's why like our interviews. That's why Wall Street Unplugged works. 'Cause I let these guys talk for 20-25 minutes, 35 minute interviews because I want to learn from them. I want to hear from them.

Leon Cooperman got on. They let him talk for like 20 minutes, which was like a record, right? Squawk box, you know, they have guys on the whole morning, but usually that had people on for two, three minutes. And he had him on for 20 minutes and it was fantastic. He was saying how he was hearing this a lot, right? You've been hearing this for me for well over a year, algorithms and how especially over the past few months and the whip saws and now you have big name guys coming out.

You have Cooperman, Kramer talking about. Everyone come out saying "The algorithms are trading. It's just crazy. It's getting accelerated", because all these algorithms and program … And it's true. I mean, you're seeing these whips. So what changed fundamentally where 800 points on Thursday, the market was down to come all the way back to basically flat?

And these are just whip saws trays coming in. I mean, again, it is front running. I mean, you're looking at orders. You're basing it. What orders are you going to be able to trigger and getting in and out before everybody else. I mean, this is about fundamentals. I mean, you got fundamentals, we're not bad. Is the economy sore? Absolutely. The whole world knew it. We're not going to grow at 25% earnings growth. No, we're going to slow down to maybe double digit, 7-8%. But we're growing. We're not going to see negative growth or a recession.

I think it's funny because if we see growth in GDP, right? A recession defined as two consecutive quarters of negative GDP growth. So if you see point 0.1% growth and then negative 0.1, that's not a recession. But technically, it is a recession, but we're not even there. Yeah, we see global growth is slowing. We know, Japan, Germany. We see it. We get it. China. Tray is a little bit of pain in the ass. We know. Trump going back and forth, who knows what's going on? I don't even know if he's talking anyone in China. Who knows?

But you're looking at the fundamentals of 15 times earnings, where interest rates are very low. You're seeing inflation hit the market a little bit, but the Fed came out and said "You know what? Hey, we're going to back off. We're not gonna be as aggressive." We're not bad. We're not in a market that should be declining 800, 900. We're 15 times earnings for the last five years. The average has been 16.5. We're trading below that right now.

And I'm not saying every single stock is a bargain here. But man, Homebuilder, seven times earnings. I mean, Homebuilders are that bad? These guys have been through all kinds of stuff over the last 30 years. They're not seeing demand fall off a cliff, we'll cover that in a minute with REITs and stuff like this. [inaudible 00:04:51] a great question on REITs covering a minute. But these guys are still building, still selling homes. Yeah, high end is more tough. Yes, it's based on geography, but these guys are reporting decent earning some of them.

I mean, banks. Citigroup gotta buy 30% of its stock back over the next three years trading in a single digit PE. I mean, you're seeing opportunities that you can just buy, forget about. I know it's tough, man. I know. I get it. I mean, I had people texting me if stocks that the last week, two weeks ago, I'm like "Yeah, I kinda like this. I like that." And you know, that stock's down 10%, 'cause the market just fell. And they're text "Oh, it's down 10%." I'm like I'm talking about buying the stock, and you know, take a hit position, buy a little bit more, scale into it, hold it for five years. I'm not telling you to buy for a week.

You know, it's hard. You know, you see this, and you see the headlines and your programs, right? They're good at ... Market crash, volatility. You know, their job is to scare the shit out of you. This way you read everything. That's where they make advertising dollars. That's what they want to do. But just take a step back a little bit. I mean, the fundamentals are not bad. I've been saying. Listen, we could fall from ... Some of our stocks are getting hit, yes. When they're very good prices, a ton or a lot of these before September.

And so, we're going to stop at it, some just great fundamental. But stay the course. We're doing okay. We got a lot of good names here. Yes, you're going to stop out. You know, the markets down. It was 75% of the market at one point on Thursday was in correction territory, down more than 10%. 75% the SP 500, which means there's a lot of soft down 20, 25%. Look at Facebook, look at Apple. Apple's on 25% of its highs. The greatest stock on earth, the biggest market cap stock, Amazon down over 20% from its highs.

So you got to get hit, but don't try to time this and go back and forth. I mean, you should have been in the market for a very long time if you to listen to this podcast, aggressively into this market for last seven, eight years. Seven years. They're taking profits here and there. Being smart. Take some powder dry. Get [inaudible 00:06:46]. I'd love to time of marketing, get out in two weeks and come back in. It doesn't work like that. But just take a step back. You want to look at fundamentals, look what's working. I mean, there's a lot of things that are working out there.

We see economic data kind of mixed all over the place. In trade, they'll figure it out. China's not going to sit there and go into a depression because that's where they're heading if we don't figure out trade. You know, we could be in trouble, forget it. I mean, during a recession, and manufacturing, I mean, you gotta see those numbers, they're horrible. I mean terrible.

Not going to go on much longer. I don't care what they say and what I hear and "Oh, you know where they're not that concerned. They're proud people." Listen, when your own value's down 30%, 20% and banks are not lending right now. And you look at a stock market and your portfolio is getting destroyed, believe me, I don't care what country you're in. That's your money that you're feeling. And that's nervousness, especially if you have a government going "Huh. Go. We'll just fight the US. We don't care." Yeah, okay, good. Keep going. You're going to see this get a lot worse. It is. It's getting much, much worse. And look at some of the good stocks, like JD, Alibaba. I mean, these things have gotten absolutely decimated.

So they'll be a deal there. You're looking at the Fed. The Fed's smart, they're looking at the market. And everyone … You can't say that right. You got to hate the Fed. You have to hate the Fed. It's almost like actors and actresses. You're not allowed to say … And musicians. You're not allowed to say you like Trump or you blacklisted. It's like the same thing. You know, you just … I don't know. Not to get political or anything, but you're looking at the market as a whole because I know you guys nervous. I get it. You see these massive movements, but the fundamentals are there.

Things are good. We're fine. Don't go buy a cave. You going to hear the biggest bears come out and say "Oh, I told you so." And the same guys who said the market's going to crash 50% for the last six years and rewrote their books, they're gonna come out and say "I told you, I told you." You know, again these guys that their net wealth has gone up tremendously while they've wrong, while everyone that listened to them, their net worth went down, which is fine, right? I mean, I guess. People still love following them. It's like those hedge funds, right? You got hedge fund guys that blow up the whole hedge fund. And a year later, they raise a billion dollars for the next hedge fund. They'll blow it up. Two years later, raise another billion. I don't know who's given these … I have no idea. It's kind of crazy.

Anyway. But a lot of really great ideas out there, guys. Go searching. Now is what you want now. If you've been listening to me for how many years or if this is the first time you ever listened to me, now's the time to look for stocks. You want to look when everyone's nervous, everyone's scared, everyone's out there going crazy. Leon Cooperman was joking around today and saying how the marks gonna be higher from here.

We're not necessarily recession and you know, Scott Wapner, who hosts the Halftime Show, he's like "Yeah, but what happens if it does fall into recession?" And Leon Cooperman just respond, he goes "Look, I'm sure you guys today, tomorrow are going to come out with a special of this bear market and how to be prepared to … That's when it'll be the bottom." And everybody started kind of laughing. It was funny.

But remember, they're gonna hype it up. If the market rebounds 10–15% over the next two weeks, everybody's going to be bullish. Just try to avoid the noise, but good names. There's a lot of cheap names that are growing. It's a good market, but man, you don't get an opportunity to buy brand names, great companies in the S&P 500. Industry leaders for single digit PE's that are growing their earnings more than 15%. You do not get a chance to do that often.

And you have a chance. I'm not talking about let me pick five stocks. No. It's like boy, 10% of the S&P 500. It's crazy. A lot of good names out there. Do your homework. See if insiders are buying, which you love to see when the stock is down. They only buy for one reason. They're not buying as a trade, they buy and say "Wow, they know their company better than anybody." Buy go, okay, here we go.

Great. Look at two years out, three years out, five years out. See the inside buying right there. You see companies out on some buy backs, which you're going to see pretty soon at these levels. Aggressively buying back their shares. Again, uses algorithms. Use these technicals, use it to your advantage because there's companies that you're going to be like, wow. This company's 20. If it goes to 16, I'm going to buy it. And you're going to blink your eye, and it's going to be a 13, because once it goes to 16, it's going to break even more levels, and algorithms are going to trigger. It's gonna go all way down, like I cannot believe it's trading at 13.

And you know what? You gonna be scared and I won't curse and say the S word to buy it. Why is it down so much? Oh man, it's getting kicked. Nothing's changed. Just the overall market getting crushed. But stay the course. Fundamentals are solid. The economy is growing. It is slowing, it's not great, it's not awesome, it's not going and buy everything. It's a stock pickers market and there's a lot of stocks that are cheap and growing earnings very, very fast. We have an economy that's chugging along, doing well and will continue to do well. 2019, 2020. I really believe that.

Can be a lot of opportunity. You're going to see a lot of opportunities in all of our newsletters. Again, not crazy bullish, least on the markets. But I am crazy bullish on a lot of individual opportunities, great names, especially again industry leaders. Guys are a second, third in their industry trading at single digit Pes. You guys, I mean, look at the Marshall [inaudible 00:12:13]. You don't get an opportunity to buy stocks like that often. Maybe a little bit painful. You're going to see volatilities. Not going to happen right away. But if you have a three year outlook and you're buying these companies at these ridiculous prices, believe me, you're going to be happy in a couple years.

Go on to the next question. From Chris. "Say Frank, I'm a lifetime CRA member. And my question is on REITs. The last quarter, my REITs portfolio is absolutely killing it. Being up a little over 11% while the rest of the market has been lousy.

I know you've explained before why you don't like them as investments. But I love those dividends. And they're only about 10% of my total portfolio. My question is why are these doing so well, and will it continue? It would seem like the Fed raising rates will put a damper on REITs, but the opposite is happening. As always, thanks for your help." That was Chris.

Now, Chris, I never said I hated REITs. I actually have REITs in our portfolio, but you got to be careful with REITs because a lot of people just look at the dividend and buy them. Now this is a great question because REITs, you think about it, you say "Well, they should get crushed based on conventional wisdom. When interest rates move higher, the average interest rate on REITs is about four and a half percent right now." Okay, somebody just looked up, did a little research on it. [inaudible 00:13:31] REITs are equities. But when you see rates rising, right? Bonds, treasuries become better options for investors in terms of risk/reward. They may not pay the high dividend, but they're a little bit safer 'cause again, we talk about equities compared the bonds, treasuries and stuff like that.

Remember, when it comes to REITs, those dividends aren't fixed. Okay? They collect rents, lease properties, right? Generate that income and distribute it to their shareholders. And sometimes, that [inaudible 00:13:58] could go up. Sometimes it can go down depending on numerous factors, the economy, vacancy rates, whatever. And to qualify for a REIT, if you don't know, you must invest 75% of your total assets in real estate. You have to receive at least 75% of your income from rents, which is I thought it was a little funny because it was about for seven, eight years ago and McDonald's just crashing and people like "Oh, they're going to turn into a REIT." They can't. I mean, they don't generate 75% of their income from rent. They don't. They sell burgers, I think.

Anyway. But receive at least 75% of your income from rents, and pay at least 90% of the taxable income to investors in the form of dividends. That's to qualify for a REIT. Now, when interest rates rise, what happens, right? Because a lot of these REITs, again, it's real estate. It makes it more difficult or expensive to borrow money for a home. Or maybe to buy commercial property, whatever. So real estate again, based on conventional wisdom is, you know, people say it's one of the worst sectors to invest in when interest rates are rising and you know, a higher industry environment.

But you have to realize why interest rates are going higher sometimes, because that could indicate the economy is strong. If it wasn't, we would have a Fed tightening right now. You're looking to slow down but if it was that bad, if it was terrible. The economy's terrible, right? They wouldn't be tightening.

So what does that mean? If the economy is strong or growing, which we're expected over the next couple years. Again, we're not expecting a recession, we're not expecting blow out growth, but when the economy is growing, what does that mean? It usually means a lot of companies have pricing power. It means they can raise prices successfully. The economy's good, people making more money, everything's fine. Wages are going up.

Okay, I'm not going to pay, you know, that Snickers bar used to be $1.25, I don't mind paying $1.50 for it, whatever it is. But you have pricing power. And REITs, that means you have the ability to raise rents, so you can generate more profits as interest rates are rising, assuming that you have a solid portfolio. Is not like a big turnover. You want to see the vacancy and stuff like that. Making sure that a lot of those properties are generating that income.

So as interest rates go higher, and they're raising rents, that's going to be more profits, more distribution, more dividends and REITs would do well. Take me one reason why REITs, at least the ones that, you know, Chris, you're invested in. I mean, not all of them, but some of them have outperform the market during the downturn.

But another reason could be this simple. REITs only return 9% last year. Only return 9%. Isn't that weird, with kind of market where in? Can't believe we just said that. Only return 9% last year, that includes dividends, while S&P returned more than 20% with dividends. So you have an underperforming sector last year, where its multiple overall is declining, while the multiple knows every of the sector in the SP 500 or any asset class rising. Just add a favor.

So what happens? Well, 2018 hits. Get into February, tariffs. Now, you know, back and forth market starting to come down a little bit more. But we've seen a huge rotation of all the money that flew into technology stocks. Right? And that capital, that rotation. And tech stocks, what are they doing now? They're being sold aggressively. Look where Netflix is. Look where NVIDIA is. Look where Facebook is. Look where Apple is. Not just a rotation out of tech stocks, though. Rotation out of small caps. Rotation out of high beta or momentum of growth names.

And institutions, you get paid by putting that money to work. You can't say "Hey, invest a billion dollars with me. Invest a billion dollars." And I sit there in cash and charge you 2%. No, doesn't work that way. I have to put that money to work in order for me to generate fees. So not going to keep it in cash. They got to put it to work. Where they looking for? Cheap sectors. REITs underperformed. Let's put it to utilities. Let's put it into consumer staples. That didn't do too good last couple years.

And they have to put the money to work in order to get paid. It can't sit in cash and one of those sectors that looks attractive happens to be REITs. Makes sense? A little bit. But I will say this. Be careful investing in REITs. Not every one of them is a buy. And you're looking at REITs, commercial REITs, a lot it has to do with geography. There's infrastructure REITs that own cell phone towers. There's storage REITs. Make sure you do your homework on the sector. And when I say how do you do your homework? What do you mean?

Well, first, don't look at the yield first. It's the worst thing you could do for going to buy a REIT, because you're going to see 8%, 9%. But wow, at 9%, I'm in. Remember, they're not fixed. They got 2% yield the following year, depending on how much income they generate. But be careful. Don't just look at the yield and buy it. You want to look at the growth potential and evaluation. Treat it like a stock because I could tell you it doesn't make sense to generate an 8% yield if you have a stock that's seen declining earnings and it's going to fall 20%. All right, good for you. You have 8% yield, but your stock's down 20%.

That's a very big mistake when people look at REITs or dividend-paying securities, they want to look at a dividend, and the high the dividend, the more attractive it looks to them. But you have to look the overall company. Make sure it's growing. Make sure they have catalysts. At the end of the day, it's a stock. It doesn't matter what that yield is. If you see in declining earnings in a market that's growing earnings last quarter, 25% and plans to grow them 15% plus next couple quarters and be 10%, that's going to go down a lot if it's not growing. So just be careful. Glad REITs are doing good for you, but that's probably why.

And that's why you need to dig in a little further, guys. So people so used to hearing things and it just becomes law. The way you disrupt markets is by doing stupid things sometimes. Doing things that everybody says you should never ever do because they tested it for two, three, four years and didn't get it. And say "Okay, this doesn't work. It's been tested." No. Do it again. Try it. Don't put all your money into it. But that's how you disrupt markets. That's how you find really good opportunities because the whole world saying "Wow, interest rates. Holy cow. They're going higher. REITs are going to get crushed." Take a step back and look at the numbers.

REITs significantly underperformed the market last year. They're cheap. It's a good alternative. These companies have pricing power. They're raising rents is still making those payouts. Just like when they look at the markets. If you want to say the Case Shiller P or whatever, which is complete garbage.

Or even if they look at the traditional P and say "Well, the box trading 16 times, 15 times earnings. Traditionally, it's usually 12-13 times earnings, dating back to 19 whatever. 30, 40, 50, 60. Pick your period." Okay. Is that a fact? Yes. But there's so many more details. Look what interest rates were, on average, 6-7% a year. Look where they are now. 10 year, 2.8. You got to factor all this in. You got to make an apples to apples comparison. You just can't look at a P-ratio and say "Wow, look at it today compared to wow, look at it back then." Factor in everything.

And people says "Hey, don't do this. Wherever you, don't do this." Especially when it comes to the markets. All right, do your research. If everybody's leaning into one size, say "No, no." That usually, I mean, it's just going to tilt to one way where it makes sense to take the other end of that trade. Again, that's how you disrupt markets. That's how you make big returns by not following the crowd. By doing things differently. Again, that's why you're doing well on REITs and I'm glad you stay in that portfolio, Chris.

Now, one last question here. And this is from Kevin. So Kevin asks "How could the stock market look like, or what would the stock market look like in 10 years if STOs will become what they promise? Wouldn't that mean that all companies will prefer STOs, rather than an IPO, and all stock exchanges, NASDAQ, New York, could disappear? Or could these stock exchanges simply extend their portfolio and add security tokens as well. So that in the end, the customer, we don't even see or care if equities relate to security tokens or stocks? I'm a bit confused how that all can fit together." And he said "Can you once again, ask your crystal ball?"

Kevin, I will ask my crystal ball. I mean, I just deal with REITs, right? Chris was asking "Could you let me know", it's funny, I try. I really do. I wish I had a crystal balls right every time for you guys. I mean, that would be really cool. Unfortunately, I'm not. And my wife lets me know about that. I'm not right all the time every day. So moving on.

Look, here's the deal with STOs, okay? There's 10,000 stocks trading on the pink sheets, right? These are like the redheaded stepchild of stocks. It is the ones that can't list on major exchanges because they're too small. Ones that were delisted from the New York Stock Exchange and NASDAQ 'cause they no longer meet the requirements. Your stock price, low market cap. I mean, it trades under $1. It could be a foreign company that's too cheap to pay the listing requirements to the NASDAQ or the New York Stock Exchange. You're like a Nestle or Volkswagen or whatever. And we trade on pink sheets, you have one requirement, believe it or not. Just one requirement. That's all you have to meet. One requirement in order to be compliant on the old account.

And that it needs to have a market maker coin the stock. That's it. You don't even have to provide any financial information. Just make sure you have a market maker and you're good, right? Now, these 10,000 companies, there's thousands of them that are legit. They're just small. And it cost millions to list on major exchanges. That's a lot of money for small companies. Millions. How many companies generate millions in their first few years?

You look at these exchange, you're looking at smaller companies. You know, most investment banks won't even look at you. If you're generating probably less than 50 million a year in sales. But that's where security tokens come in. It provides a much better exchange. It's one that's going to be regulated by the SEC. It's a platform where you can raise money without using middle men, like investment banks which are big. Those fees are big. You don't see them because you taking … It's almost like winning the lottery. I think I wouldn't lie how messed up this is. You got to pay like about 65 to 70%, if you want the lump sum payment. Right off, 70% gone. And I know what you're thinking, well, if it's a billion dollars, just make 250 million, but buying $1 ticket, it's 700 … You don't care.

Same thing with investment fees. So these guys going to raise like 30, $50 million whatever. $100 dollars, sometimes billions of dollars and do an IPO. They take 6%, and 6% of the shares. That's huge. When you have a platform, you don't need these guys. I mean, you go directly to the public. And you can go out there and raise money. It's a big difference.

Now remember, when you're publicly traded company, what does that mean? It means that your valuation goes up significantly. So if you are a private company, usually, again this is on average, this is my guesstimate. So don't send me emails on it. But for someone's been the mark of 20 years now, I just thought I'd say four times earnings, you know, on average. For private companies that's they trade. Or that's what they're valued at. What's the average S&P 500 company trade at? I just mentioned a bunch of times. 15-16 times earnings.

So your valuation goes up. And that valuation, what does that mean? You can use your stock or even your tokens as currency to acquire companies, hire amazing talent. You know, your tokens are options. Have special employment plans. But it gives you the opportunity to grow a lot faster. I mean, us raising money through a security token is going to shave five to seven years. I mean, that's how quick we'll be able to grow because we know our industry, our platform's setup. Everything's there.

It's launching, it's marketing, it's adding subscribers. It's right there. We have everything set up. And yeah, it's growing fast. But this, it's like putting a blockbuster in your hand. And you just could explode for some of these companies. So you have a restaurant and you're open, you know, three or four of them and they're great, they're packed. They're packed. People love it. There's just word of mouth going out there. You know, you could raise $20 million, hire the right people and open up four or five shops. Think about that because I'll probably take a year to open up one. Maybe another year, year and a half to open up another one. You know, but five or six, now you become a chain. That just provides.

But the biggest advantage by far of tokenization is being able to sell a piece of an asset, especially illiquid assets. What's an illiquid asset? A lot of you out there own real estate. It's illiquid. You can't sell it tomorrow. Some of you may, if you live in good neighborhoods. But you know I mean. The paperwork and everything like that. But it's a $200 trillion market that's illiquid. And you could sell a portion of it to investors. I mean, it's going to bring your valuation up even more, and people want to buy that [inaudible 00:27:27].

I mean, rare art. Andy Warhol painting, it became the first piece of art in the world to be tokenized. It's happened last month. It's worth million, 31% of it was sold to the public for 1.7 million, but the paintings value, you know, five and a half million dollars. Rare art. This is happening. This is here. This isn't like, wow, this is going to be really cool when they ... It's here. It's now.

And the amount of news and stories. I wrote about it in Crypto Intelligence recently. Well, the news it's coming out the past four or five months, incredible. Especially recent. Collectibles being able to sell, you know, 20% of a Babe Ruth rookie card. And most important, small companies, you know, like us, Curzio Research. What are my options? Yeah, we could, you know, go along and it'll take us a while to get to that level where we want to get. This is going to accelerate the process.

What are my options? Well, I could do a private placement, which I'll raise money in a private placement because I have a decent brand. I've been doing this for 25 years. I have a track record of doing the right thing for investors. We have a pretty good brand. Interviewing great guys, hedge fund managers, billionaires and we have great contacts to a private place. But what does that mean for the investor if we did private placement instead of an STO? The illiquidity event is going to take what? Seven to 10 years on average? Illiquid event is how you cash out, how you make money. Because that's how long it takes to go into public, you know, major exchange, to go to IPO or to get acquired. What does that do for investor? Now you're locked up for how long?

You know, RSTO structure, you know, qualified investors, you're gonna be able to trade this token after 12 months. That's our lockup period. And because we're part of one the biggest in the industry, and guys, listen to Wednesday's interview, I'll give it away. Interviewing the CEO of Securitize. These guys just received a huge investment from Coinbase, from Ripple, which one of the biggest institutions, $13 million. I'm honored to partner with these guys. I'm interviewing the CEO on Wednesday. Listen. This way you don't hear from me. I'm doing STO, again, you're going to talk your book, you're going to talk your company, of course. You know, I believe in this.

But I want to put people in front of you because these are the people that I talked to. I have done a ton of homework on this. You have no idea. As someone who just prides himself on doing tons of research, getting to think, finding ideas early to give you guys. These are people I'm going to put in front of you. Need some really cool stories, stuff that I heard that may be go into this. That maybe do this.

Securitize, you know, because we partner with them, are tokens going to have liquidity. If not, by getting our token listed on more than the 15 security token exchanges that are scheduled to launch in the US. That's over the next six to nine months. Put a listing on some of them. And we have an amazing structure. So I see that happening. No guarantees, of course, but we're gonna have liquidity through a company called Bancorp, which works with Securitize to guarantee liquidity. It's important working with the right partners, working with the right people.

So he asked me "Where the markets, how's it going to look like." I can see the over the counter market not exist five years from now. And the good companies on that, they're going to transfer digital exchanges. Even some companies thinking of listing on New York Stock Exchange or NASDAQ, you know, depending on how much regulation the SEC is going to enforce in this industry, which you know, they're gonna come down, and they should and we hope they do. It's gonna be great. And you doing the right thing, you want more regulation. At least in this industry.

But why do companies do it? Because it's a much cheaper way of listing. Much, much cheaper. And as time goes on, you're going to see more liquidity, and more exchanges, more people getting into these things because you have an equity stake in these tokens. They pay dividends. They're going to be like stocks. They're not going to be utility tokens where you have no interest at all. You just basically gave money to these kids to just go and spend, and you have no benefits, even if they build the company, which most of them have not. Over the past year, generated billions of dollars. They raised billions of dollars. How many of these guys have working websites right now?

I can tell you 95% don't at the hundreds. Over 500 that I've looked at. You don't even know where the money went. There's no obligation to tell you where it went. They just had to provide you a token. Again, it's utility tokens, it's not security token. Your other equity stake, it doesn't matter if that company gets bought, signs partnerships. It's not tied to any assets. Just allows you to use their products and services on a website that doesn't exist. Think about that for a minute. How crazy is that? I wonder why this this sector is crashing.

But you look at as a much cheaper way to list. You don't have to worry about paying massive fees to Goldman, Morgan Stanley, to help raise money for you. You can do that directly. Go to the public. That's why Goldman, Morgan Stanley, are looking to invest big money in this space because it threatens the foundation these companies were built on over 100 years ago.

You ask an interesting question. The New York Stocks, no, companies aren't going to like delist from the New York … We're talking about investors being able to get into startups at the very early stages. Being able to invest without giving the Ford away to venture capitalists. And putting them on your board and allowing them to cash out before anybody, where that lock up period is less than everybody else. None of that garbage anymore.

I cover small caps. The crap I see is unbelievable. People writing stories to inflate stock prices to get these hedge fund managers, fund managers out. These scam artists, these people don't even exist. You have LinkedIn profiles with pictures that aren't even them. It's not even their names and their writing for credible websites. I'm not going to throw names out there 'cause it'll surprise the hell out of you. But what's going on with that, with some of these crazy sites. It's outrageous.

But if you're a big company, no, the New York Stock Exchange makes sense and NASDAQ makes sense. We're not talking about that. We're talking about companies right now maybe on the fence of listing and saying "Wow, this might be a better option." But for smaller companies, the ones generating between one to 20 million in sales. I mean, this is going to be a monster market. You're gonna see thousands of these things list. And even big real estate developments that are private, this is a way. Instead of going public and dealing with all the regulation, all the crap, all the stuff you have to do with, getting on conference calls every three months, importing these figures and everything. We're gonna have regulation as industry, but it's probably not going to be as crazy. It's not going to be as costly.

A lot of these guys are gonna be able to sell portions of their assets to raise cash and hey, you know what? I don't mind like buying a token which gives me an equity stake to a Babe Ruth rookie card. That's actually pretty cool. And make no mistake, there's trillions in assets that can be tokenized.

I did a ton of research on this. I know a ton about this industry. I mean, this isn't a joke. I take it very serious. My name is on the front door of this company, right? So I'm basing my reputation on this. That's how much I believe in this industry.

And for credit investors, if you're interested learning more about our secure [inaudible 00:34:29] little thing, which is going to take place by mid-January. That's our date. Everything's pretty much set right now. It's really cool. Just send me an email, frank@curzioresearch.com. That's frank@curzioresearch.com. Again, just to send you information on it.

Now remember, the credit investor thing. And that's just the security token offering. I mean, after one year and everyone will be able to buy it, and purchase our token. But we have to do it to credit investor, these are the laws. This is what we have to do. We have to do everything by the book.

I'm going to welcome regulation coming in, want to make sure everything's cool. Again, regulation is great for those who are prepared and those who are doing the right thing. We don't want to be over-regulated. But there needs to be regulation in this industry. You need to know that your money is going to be safe. You need to know these companies are going to pay you a dividend. You need to know these companies are going to be held accountable if they do the wrong thing. It's not the case with the current system right now with utility tokens.

It's got to be the case with security tokens. You'll get a lot of great interviews out there with Andrew Sorkin, with SEC Chairman and talk about crypto, and you know, these guys are heavily involved. They're talking to the biggest players in a securitized, tokenized industry. They want to make this happen. They want to make it transparent and we're headed there. It's going to happen pretty soon.

But for us we have to do everything by the book. I wish I could offer this to everybody. Unfortunately, again, for the first year only, it's gonna be, you know, to able to credit investors, at least our offering will be. After one year, everyone will be able to get in. I'm looking forward to launching this thing.

So very excited. Lots of stuff. Hopefully, I answered your question. So it's not the New York Stock Exchange, not every company on NASDAQ that is just going to say "Oh my God." No, it's not going to take over the world. But there's a massive need for this. A massive market that goes from the really crappy garbage names to the NASDAQ. It's a huge middle of thousands and thousands, if not 10s of thousands of companies, then get tokenized.

And that's where this market's heading and you're going to see a lot, a lot of news on this industry in 2019. Believe me. Tons of stuff, executives leaving investment bank, starting their own cryptofunds. You're seeing everywhere that's going to invest strictly in securitized assets. You're seeing it everywhere, not just here, but all over the world. It's a lot of great news you're going to see on this industry, 2019, we're really excited to be a part. So guys, great questions. Keep them coming in. Frank@curzioresearch.com.

And that's it for me. Thanks so much for listening. Have a great weekend. I'll see you guys in seven days. Take care.

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