THE MIKE ALKIN SHOW

TALKING STOCKS OVER A BEER

Announcer: Free and clear of the chatter from Wall Street, you're listening to Talking Stocks Over A Beer hosted by hedge fund veteran and newsletter writer Mike Alkin, who helps ordinary investors level the playing field against the pros by bringing you market insights and interviews with corporate executives and institutional investors. Mike sifts through all the noise of mainstream financial media and Wall Street to help you focus on what really matters in the markets. Now, here is your host, Mike Alkin.

Mike Alkin: Thanks for joining. It is February 11, 2019, back from a relaxing weekend, I hope yours was as well. You know I'm in good spirits, my Islanders won back to back games, sitting in first place five points in the lead in the Metropolitan Division, second in the Eastern Conference, so pretty good weekend.

Had my Friday night hockey game, scored three goals, not that big a deal. Bunch of old guys skating around, but still it was better than not, but it was fun. Got my good workout in. The rest of the weekend was pretty relaxing and this is ... we don't talk much sports, it's actually funny.

I got some feedback which was pretty good. Some guy says well, he's a bright guy, but he's supposed to ... he talks sports, and if you wanna listen to sports there's so much better out there. This isn't a sports talk show Mr. O'Piner, this is an investment show, a podcast. To share a little bit of myself and a little bit of who I am so you get to know me, I talk about the things that interest me, and you can decide whether or not you like to listen or not.

So sports are a big part of me, so that enables you to get to know me. I don't talk about sports for more than a couple minutes. But if I wanna do a sports talk show, Mr. O'Piner, I can guarantee you it would be a damn good sports show. But, that's not why I'm here so I just bring up a few things about sports. The other thing Mr. O'Piner had was he was very disappointed that I didn't share individual stock picks. So, no I don't, right, I don't do that because I don't know who's listening. I'll share my thoughts on sectors, on industries, on what's going on in the economy, what I'm seeing, why my observations are about the market. But no, I don't

talk individual stocks because I have no idea what my listeners' appetite is for individual names.

One of the things that drive me crazy, which I don't turn on, but if I have the TV in front, once in a while if I'm really bored, I'll put on Bloomberg or CNBC and I see a guy up there pitching, you know pining on a different stock. You know you can get anyone to comment on these programs to do rounds of somebody will call in and ask about names or if they have opinion, what do you like. I mean, it's rapid fire stuff, and how in-depth are people on that. Just 'cause you see someone on TV doesn't really mean they know it well. They might have spent two seconds on it, five minutes on it, three minutes on it, then on to the next name.

I'm not gonna do that, so it's not my thing to say, yeah I kind of like this and that. If I haven't looked at this and that or I just have a general overview of it, I could be wrong. If I haven't spent the time, I do the way I do my work is I do a deep dive on a company. I look at the numbers, I look at the balance sheet, the cash flow statement, income statement. I'm gonna read the Twitter footnotes, footnotes first right. I'm going to do that before I open my mouth and tell you what I think you should be looking at or not looking at. I'm going to have a well thought out opinion on it.

Even then this business is hard, getting it right is hard, the markets are moving all over the place. In my newsletter, I had a stock that we had great gains on. Most of it short, all of its shorts with the exception of once in a while I'll see a deep value long, but it's a company that ... we had great gains, the stock was going in the direction I wanted to going down, and we kept it on and in a month all those gains disappeared, wiped out, took a loss on it.

Why? Fundamentally it was doing what I thought it should be doing, but that's the science of it, but the art. We had a little bit of a market melt-up in January and the company hosted an analyst day. They were able to convince investors long-term was where they should focus, not the short term issues and it worked for them. But I've done a tremendous amount of work on this. Sometimes you get it wrong. So if I'm gonna get it wrong, it's gonna be on something I have a strong opinion on, something I've done a lot of analysis on and that's not rapid fire stuff, so I'm more methodical. I don't believe in more is more, I believe less is more.

So in terms of pulling teeth trying to get an investment idea, if somebody's listening to this to get an investment name, a

company, a stock, then it's the wrong podcast, and I totally get that. I appreciate it, I get it, there are hundreds, probably thousands of them out there that people will do that, and those are great and well worth listening to. This isn't one of them, and if that doesn't work, then don't listen to it, don't get frustrated by it. Because you're not gonna get it, you're not going to get me telling you what stock to buy.

If you don't like the few minutes of sports, I get it, either fast forward or don't listen. So, anyway, we start that off. Kind of a weird week last week, the market was just kind of eh, the S&P I think was up 10 basis points, so 1/10th of a percent. You have all these concerns, still that slowdown of global growth, is a U.S., China trade deal gonna take place? Had a little bit of profit taking. Utilities are more of the risk off trade, except last year. It was up a couple percent. Tech stocks were up two percent. So, there's one riskier sector and one more conservative sector. But then, you had the more commodity and cyclical driven names that were down.

Energy was down 3.5%, materials were down 1.7, 1.8%. Financial stocks were down 1.5%, they lagged. So I'm not sure really what to take out of that. The big, big stocks did well. We had on David Keller last week and we were talking about technical analysis, and it was just interesting, I was reading something and it talked about the shares of the mega cap stocks really kept the S&P up last week, many of them were above their 200 day moving average. That data is something that David would look at going into the State of the Union. You know, the 200 day, even if you're not a real technical analyst but you focus more on fundamentals, it's still something I'm aware of. Where is it trading in relation to its 50 or 200 day, and how that materialized the 200 day moving average I don't know. But it seems to be a convenient line in the sand for companies trading above or below.

When they go above the people will say they are breaking out above its 200 day and that brings it some momentum. But, you add the State of the Union, not much was said, it didn't really move the market. I think the market was more paying attention to the real fundamental issues of slowdown in global growth and the Chinese trade deal. So, you did see some disappointing data coming out of Europe that fueled those growth concerns. The Bank of England left its key rate unchanged at three-quarter of a percent, it lowered its 2019 growth outlook for its economy down to a little over one percent, it was closer to two percent.

The EU cut its 2019 Euro area growth from two percent down to a

little over one-two, one-three percent. Germany reported a four-tenths of a month over month decline in industrial production. Down one and a half percent on factory orders in December. So, there're concerns out there. You've heard me talk about those before.

Larry Ludlow, the economic advisor, NEC director, he was out talking there was still a real wide gap in the trade talks with China. Trump came out and said he's probably not going to meet with President Jean before the trade deadline. That could get extended, I suppose. And then the earnings report they were mixed. Alphabet, Google, Walt Disney, they did well. Saw some M&A news, BB&T Bank, Centrust Bank announced an all stock merger, $66 billion. Makes it the sixth largest US retail bank if that's approved.

Saw a private equity get into the mix. Hellman and Friedman paid $11 billion for Ultimate Software. So there's a lot of stuff going on. You see, big bids, mergers, but then on the other hand... If earnings start to show more of a downside than an upside, then you might see companies going out and buying growth. So, you've got to think about that, the impact that could have if you short something, you want to think about what's the potential impact of one of these things I'm short getting taken out. What would somebody pay for it? Where does it fit in the mix?

I had a really good question from somebody who subscribes about a company that were short. But it makes sense for XYZ to come in and do that. These are just things you have to look at. Oil got hammered for the week, down 4.5%, back to 52, 53 bucks. So, nothing new on that front, just you need to think about... There's clearly not a green light, all clear ahead in the market. You had a nice month, nice bounce-back in January from a brutal three months, especially December. But, I don't think you can put up the all-clear signal.

The other thing that caught my attention was the crazy Green New Deal that came out of Alexandria Ocasio-Cortez, NY representative. It was just crazy. Ed Markey from Massachusetts, The Green New Deal. Now, Alexandria Ocasio-Cortez is from New York City. Fascinating story, 29-years old, was a bartender last year, couple of hundred Twitter followers, now she has millions of them. She is spirited. I think she is trying to make a name for herself. I think it's foolish for people to think she's not bright. She misquotes facts a lot. I think she might be uninformed, but you've got to give this woman credit because she came out of nowhere and in one year she won a Congressional seat and she's taking the US Congress

by storm. She's everywhere. Whether you like that or not, it is something that you have to pay attention to. It's real, she went from a few hundred Twitter followers to a few million Twitter followers. Her Socialist platform, she's a Socialist Democrat, resonates with people.

It doesn't with me, but I'm one guy. When I think about stocks, I'm looking at sentiment. Sentiment is swaying in her favor. You think about here Green New Deal, which really is saving the earth, saving the planet. It's nonsensical. What it really does is provide cover for her leftist, socialist agenda. That's what it does. If you read it, she's talking about rebuilding every single building in the US, upgrading it, replacing with state-of-the-art energy-efficiency. She wants to build high-speed rail at a scale where air travel stops becoming necessary. All this in the next ten years.

She wants to mandate that all new jobs be unionized. She wants to phase out nuclear power. That's the whole things. Now, if you're listening to me for the first time and you don't know, I run an investment vehicle focused on uranium mining and nuclear power. But the whole thing about the leftist, liberal commentary about saving the earth, if you want to save the earth you need the only scalable completely emission free baseload, always their source of energy, which is nuclear. You can't phase it out. You can try, Germany is trying. Cost of energy is through the roof, CO2 emissions are up.

Let me guess, I know, it's the waste. Nuclear power waste is contained, fuel rods come out of the reactor, they get put in water for a few years. They then are stored on-site in steel reinforced concrete casks. Other forms, fossil fuels, that wasted goes right into the atmosphere. Solar panels? What happens when they get discarded, the cadmium, the lead and all the stuff in there when they sit in the landfill. I won't get into my nuclear power tirade here but building trains across oceans and ending all air travel as we know it. Come on, mandating all new jobs be unionized? Could have a carbon tax, cap and trade, how much is it going to cost? See, that's an issue.

There was no estimate, no insight into that. But trillions of dollars. Her thoughts? Well, the Federal Reserve can extend credit to power these projects and investments. New public banks can be created to extend credit. But as she says, "The question isn't how we'll pay for it, but what we'll do with the new shared prosperity."

That's a Socialist agenda. I think it's amazing, and I don't really

talk politics, but it's fascinating to watch. She has millions of followers, the young people flock to her, the liberal left flock to her. I think the powers-to-be in the Democratic party want nothing to do with her, is my sense. Nancy Pelosi just put a climate change committee together, Cortez isn't on it, but she just came out with the Green New Deal. She said she didn't want to be on it, but who knows.

This takes the party way to the Left. It's interesting, the Democratic party, it's fascinating how things have morphed in the US. I grew up in a Union household. I was raised by my grandparents, a dock worker, a longshoreman, and a seamstress. Italian immigrants. I remember when I was in College. I registered as a Republican. My grandmother told me, "Please don't tell your grandfather, he won't talk to you." It was Union through and through. This guy worked, got up at 4:30 every morning, got on the train, went to Brooklyn from Long Island. Worked a 12 hour day, came home. Oh, by the way, on his way into work he stopped off at the church every morning and said a novena. Came home and did it six days a week, never complained.

My grandmother was out of the house at 7am, home by 6 cooking dinner and everything she had to for me and my grandfather when he got home. After dinner she'd go in the garage and sew drapes, curtains, continue her work. My grandfather was a World War II vet, he was overseas, and while I didn't love having that generational gap, not having parents, it was awkward times. Being around school, being a young kid and your grandparents, not only is that the generational gap, but my God, they are from a different part of the world, really just disconnected from things, but salt of the earth, hard-working, good people.

All I'd ever hear from my grandfather and my grandmother was hard work, effort, there's no free lunch, nobody gives you anything. You have to work for everything you get and be thankful for everything you have. If you want to get ahead you take care of yourself, you work hard, you treat people well, you save. That's what I know. It's interesting to see everything morph. Here we are in 2019 and my friends, who I call my close buddies, they're not Wall Street guys. The Wall Street guys that I know are acquaintances, that comes with a nearly 25 year career of being in that industry. I have a couple of guys who I consider close friends, but most of them are acquaintances. The acquaintances and my close friends that I developed on Wall Street could come over to my house and sit and have a beer with my real close friends in my real, personal life, and those guys are a general contractor, two police

men, a fire marshal. Those are my buddies, that's who I hang out with.

That's a Friday night when my wife and I are going to chill out at a friend's house. It's to our friends house who is a New York City police officer. My in-laws, railroad family. Those were the core of the Democratic party that I grew up in way back when. I don't know a single one of my friends who I just mentioned that are Democrats. The party that wants to give stuff away, make it easy for people, which flies in the face of everything they were taught, like I was taught.

I'm all for helping charitable work. In my position over the years I've had the opportunity to work for some very, very successful people. I watched the charities that these people are involved in. They money that they donate, the good that they do with that. Nobody is telling them to do that, nobody is mandating them to do that. So, when I see this Green New Deal and all the press it is getting, it's not about the environment, it's about forwarding an agenda.

A lot of people that I read on Twitter and the news say she is a dope, she doesn't know what she is talking about. No, on the contrary, she is very media-savvy, she is shrewd, she is sharp. I don't agree with her politics, but I don't think you can dismiss her. It's okay to have disagreements and civil discourse. Those of you on Twitter would know, though, that civil discourse has gone the way of the dodo bird. People don't agree to disagree, they hurl insults, they get crazy, which is a shame because there's nothing better than civil discourse. You have an opinion, I have an opinion, let's try and figure it out. Maybe we meet in the middle, maybe we don't, but it ends there.

Anyway, if the Green New Deal gets any traction, you'll be hearing more from me and my opinions. I'll break it apart one by one and what my thoughts are on different components of it. When we talk about things that aren't as you knew, so here I am talking about the way I grew up and how I think about things now, my next guest has the same view on something that is near and dear to his heart. But it's not about politics, it's about the business. The business that he's in, that he grew up in, that he's seen change dramatically and he's trying to the do something different about it.

So without further ado, I think you might know it, Frank Curzio on the other side of the microphone.

What's up buddy?

Frank Curzio: Hey, how's it going? A little bit of a change of pace, I'm under the gun now. I think you're going to enjoy this.

Mike Alkin: I am, this is fun. So, you didn't' hear my opening. I was talking about the Democratic party and how it's changed from the union household that I grew up in isn't the same Democratic party that I knew. I was telling the story of when I went to college. I registered as a Republican. My grandmother said, "Please don't tell your grandfather, he won't talk to you anymore."

Now I look fast-forward all these years and my friends who naturally would be Democrats are all Republicans because it's not the Democratic party that they knew. I led into you right now and I said, my guest grew up in a business that is completely different than what he sees right now.

Frank Curzio: Yeah

Mike Alkin: The level of disgust that I had is the level of disgust that you have for this. So, for listeners that don't know Frank, Frank grew up, his dad Frank Curzio, was one of the original news letter writers in the 80s, really when the newsletter business took off. His dad was highlighted in Barron's all the time as top stock pickers and just had a really nice business. Frank grew up around it and the kid tugging on his dad's coat tails. Frank would be taken places with them.

The newsletter business that I knew was really, Jim Grant, Grant's Interest Rate Observer, The High Tech Strategist from Fred Hickey, and Marty Zweig. I used to work for Zweig Dimenna, a big hedge fund back in the late 90s and early 2000s. One of the original news letter writers also was Marty Zweig. Actually Joe Dimenna was a student at Fairfield University and subscribed to Marty's newsletter. When he was getting out of school, he wrote Marty a note and said, "I no longer get the student discount" or something like that. One thing led to another and Marty said "Come on in." Fast forward thirty, thirty-five years later and Joe is one of the most legendary hedge fund managers the world's ever seen because Marty gave him a shot. Having worked for Joe, he's flat-out brilliant.

Marty had good instincts, but that was the newsletter business that I knew. Then fast forward all these years and here I am. I had retired in the middle of 2015, those who listen know this story. My

daughter became very ill, then thank God, she started to recover and I had some time on my hands. I started doing the nuclear power and uranium stuff, one thing led to another and the next thing I know I've put out a newsletter where I'm talking about it.

I met Frank through a mutual friend of ours and one of the things I realized very quickly doing newsletter, I had never seen anything else really, I had seen these other newsletters. All of the sudden you've got credit cards coming in, you've got management of everything and Frank said, "Al, what are you doing? I'll do all that stuff for you. I've got a whole operation here." I said, "Whoa, thank you." Next thing you know I'm with Curzio Research.

That was a year and a half ago probably. As I started to learn the newsletter business, now Frank had left and I'm going to let him talk in a minute, but he always talks, so I'm going to go and then I'll give him the floor. But Frank had been with Stansbury for a number of years prior to that he was with Jim Cramer at TheStreet. Com. He did all these podcasts for him, he was Jim's brains, all the research behind all these names you see. Then he went to Stansbury and from there he setup his own firm. But it's changed a lot.

When I started looking and became aware of the industry and I started reading some of this stuff, I said "Hey Frank, who's this crackpot sitting there in the back alley saying that he's a former spy or he's a former government agent and he's got basically Deep Throat telling him this and that and the next three to six months the price of this commodity is going to go through the roof." Are you kidding me, like what is that?

He said "I know, this is what this industry has become." What I found weird about that is what I love about the concept of the newsletter business is, it's alternative. So, if you're me, spent your career at a buyside firm, picking stocks, versus the sell side firm that write research, you don't put much value other than industry overviews from the sell side, because of the biases that exist there. Investment banking and all the complications and agendas that people have. And if you're a retail investor you don't get access to that. It's nice to have alternative sources. Just like fake news, well you get fake research sometimes. It's not fake, it's agenda and bias driven, so it's nice to get alternative sources. That's the appeal of the newsletter, but it's morphed into something more than that. It's kind of morphed into this gimmicky marketing cheeseball stuff.

Frank, or am I wrong?

Frank Curzio: No, you're right. It's the reason I started Curzio Research two years ago, where the industry took a turn for the worse. You find new ways to market your business. Every company want to find new ways to market their business and I think Paul Stansbury lead the charge with this and he did a fantastic job. He has great analysts, I worked there, the promotions were incredible. They are a little salesy, but we have to sell our newsletters. Probably about three to four years ago it really got crazy. Because Stansbury has his name on the door, I have my name on the door, so there's a credibility factor, but there's a lot of firms out there that don't and are being run by marketing people. They basically make their money based on sales, how many newsletters are going to sell.

A lot of these people are incentivized to do the wrong thing. So, if it's aggressive copywriters, aggressive marketers, everybody gets a piece and then you have these massive promotions going out on trends. The best time to sell anything is when it's most popular, as an investment it's the worst time to buy it usually. When everybody is talking about it and knows about it, it's usually the time to sell it, not the time to buy it. So, they will have these massive promos come out whether it's crypto, whether it's cannabis and it’s just resulting where the publishers are making a lot of money, they have very aggressive promos where it comes down to, they are lying now. They are calling people legends. Warren Buffett is a legend, not young kids that are in newsletter business for three or four years.

They hire CIA agents who know nothing about finance. They will say, "Well, I worked here..." They are not a stock picker, they don't understand finance. As individual investors, you said earlier where this is a mom and pop industry. This is where mom and pop turn to get away from Wall Street, to get away from the BS. Now over the past four years we've become worse than Wall Street. Where I look at anything to sell, you're hiring these big personalities who usually have big followings, and again have nothing to do with finances.

It's almost like hiring Michael Jordan to teach you about baseball. No, he's a basketball player, just because he's the greatest basketball player to ever live doesn't mean he knows everything about every single sport. That's the problem that we are running into where you're seeing these massive promos about people who know very little about finance, very little about stock picking and they are giving people advice and they are losing people money.

Mike Alkin: Losing money is easy to do, I lose money, you lose money. For guys who know what they are doing it's hard. I was just telling people, not to interrupt you, but I was just telling people on the podcast how one of the names in the newsletter that I had that we had huge gains on and we gave it all back and took a lose because I missed something on it. The market melted up and it's hard when you know what you're doing. Anyway, go ahead...

Frank Curzio: Think about what you just said Mike. That shows your credibility. I recommended GE, I thought GE was a buy and we stopped out of it and it was a wrong pick. That's one of the things I focus on the most, even when [inaudible 00:34:17] podcast where I'm talking my losers. We're all going to have losing picks, right. I don't care if you're Buffett, I don't care if you're Alkin, I don't care if you're Icon. The most important thing, especially newsletter business... I think your subscribers are going to understand that you're going to have losers, but want to be told what to do when you're losing. Should we get out of it, should we buy more. That's another thing too, where you're not seeing so many people write their newsletters now and all these massive promotions. Guys, it's not the whole entire industry, there's a lot of good guys out there. I've been doing this for 25 years, my late dad did it for 30 years. I've been in this business my whole life.

There are really great guys out there but for you, you have to understand as a subscriber to any newsletter, whether to our products or to someone else's is, are you getting that value? We have the responsibility of giving you investment advice, we have to be professionals. You have to understand that we're out in the field.

I took three trips to [inaudible 00:35:08] show, I'm speaking at conferences. Mike's out in the city all the time, so you're out in the city Mike talking to your hedge fund guys. That's how we find new ideas, that's our job, that's our responsibility. If you're not seeing the guy that you subscribe to do that, I'm not talking about him showing up at a company conference and speaking. Is he in the field, is he visiting sites. Mike and I have podcasts, you know that we're for real. Just by us talking you understand that we know what we are doing, yes we're going to have losers. We have to have more winners than losers or we wouldn't be doing this. But that's what this business is about. It's about honesty, it's about finding new ideas you're not going to find any place else and it's unbiased. We don't get paid by any company. This is one hundred percent independent.

The only thing that is our responsibility to you is to show you good stock picks to try to make you money. If not, you cancel your subscription. I'm not looking for investment fees, we're not getting paid by companies, and that's what the business needs to go back to. To those traditional roots, because right now it's let me sell you whatever I can and you know what, the mom and pop investors are getting smoked right now. It's sad.

Mike Alkin: How does that happen, Frank? I know really literally nothing about newsletter business other than I've read some of these marketing things. Do people get paid... I notice on the very bottom they will say "We get a marketing agreement" or whatever it is. How is all that morphed and what is that like now in the industry?

Frank Curzio: I've got to tell you this Mike, and I'm sure a lot of people listening to this don't know this. The financial newsletter industry is one of the most scalable high-margin businesses on the planet. Unit costs are the highest at the beginning, then it's a matter of giving out a password and then your margins are incredibly high. Everything is digital, we're more digital marketers than anything.

Now, when it comes to the marketing package, you want to try to sell something. You want to try to find an angle and that's fine. Everyone's going to market, you want to get excited about it, but the difference is when you and I are marketing something, there's numbers behind it. When I say "Bit Coin is going to a million." Okay, can you show me any analysis? "No, no, don't worry about it, it's just going to a million." You are not coming from a research background. C'mon man, at least fake your model, you know what I mean?

So, if we think something has a chance to go up ten X or twenty X and I recommend a lot of small caps, for me I'm going to highlight every single risk, and I'm going to have numbers behind that showing how maybe this stock was there at one point, and it got smoked and now they are transitioning back into what they used to do. But there's numbers behind your predictions, so you're not saying this is going to go up fifty X and just because.

You have to be really careful who you're listening to, but those marketing packages are just geared towards selling newsletters and they are not geared towards hey, let me get this person in my product because I'm going to help them and I'm going to give them good advice and give them good ideas. That's where the problem lies.

Mike Alkin: So, go through that. When I started with Frank it was a year and a half ago and really my skill set throughout my career was as a short-seller. Deep down, fundamental, Frank had had me on the podcast and at the time I gave him a name that I had done a tremendous amount of work on. Two names I think it was. They both cratered and they did well and Frank said, "You know, it's not the right time probably because the market is on fire. Nobody wants to hear about shorts."

But we're nine years into a bull market, now is the right time to come out with a short product. Rather than saying the market is down twenty percent let's come up with a short idea, Frank said "You know what, people are probably not going to pay attention to this, but it's the right thing to do."

It's what we did and we came out and it was a successful launch. It was funny because when I first started you still have to grab people's attention. My world I came from you don't want anyone to know who you are, especially as a short guy. Just keep your mouth shut, stay under the radar, don't do a thing. Frank and I, the first couple of months I had to be a copywriter or marketers nightmare because anytime they said anything that was positive about me I said "Take it out. Get it out of there. I don't want it in there."

Frank Curzio: It's not easy and that's the hard part of the job.

Mike Alkin: And it's still very uncomfortable because you have to say positive things about yourself right, but it's not a comfortable feeling.

Frank Curzio: Do you remember how I explained it to you?

Mike Alkin: Refresh me.

Frank Curzio: You were like, I don't know, because we were saying how great Mike was because Mike had a great track record and he was a great short-seller and he has this amazing background. We didn't lie or anything, but I said "Mike, we have to try to sell you because were putting up a promotion against guys that are saying things are going to go five thousand percent and what do you want? Do you want them to subscribe to the garbage and get destroyed or do you want them to subscribe to your stuff and you know that they are going to be well taken care of." And you were like "Ahh, alright."

Mike Alkin: Like right, even now, if there's a marketing going out, they know better than to ask me. I'm anti marketing and you can't be anti-marketing and sell newsletters.

Frank Curzio: You can't be anti-marketing and sell anything. It's very difficult, so you have to, no matter what the product is, whether you hire LeBron James and drinking it. For us, it makes it even harder because we are competing against guys who are basically telling half-truths. They are just highlighting all their winners and this guy is a legend and this and that and you're like, come one.

Mike Alkin: The thing I love is the Wall Street trader. First of all I don't even know what that means. Having spent my whole life on Wall Street as an adult, I don't know what that means. A Wall Street trader, I see a lot. In hedge fund land a Wall Street trader is a guy that the PM, a portfolio manager, gives the order to go execute the order. If they didn't have the ultimate profit and loss responsibility, it doesn't matter, if they are executing a trade. Now, those are valuable jobs and important jobs, but they weren't the decision making, the analytical jobs, so I notice that a lot of stuff gets bandied about that I kind of chuckle at.

A few of the things that I've got my hands on to read, I just say oh goodness. So, you talk about a scalable business and you came out of the gates and you had a good launch with your first promotion. People knew you because your podcast on Wall Street Unplugged you've had for six, seven years. You've actually had a couple thousand podcasts, so walk us through your history in the podcast. By the way, I have no idea how you've done this, I think I've done I think fifty now and it's like, holy shit. Like oh my God, how do you do that many?

Frank Curzio: You know something Mike, I don't know if I've told you this, but... So when I took over for Jim Cramer, because I worked at the Street, he didn't want to do his podcasts anymore. Then a person named Aaron Task did it for a little will. Then he didn't want to do it. The podcast was daily, so for a good two years I was doing a podcast every single day, which was cool because I worked at the Wall Street hub. We had a bunch of reporters there, so I always had people to interview and just grab people and say, hey I left you a story today, let me talk about it.

After Aaron Task left they needed to find somebody else, so there were five analysts there. They asked all the analysts, they asked a couple of reporters and they asked me to do it. I said "There's no way, I don't want to do it." They were like "Oh, just try it." I was like, "There's no way." They kept just like come on come on you gotta try it gotta try it gotta try it.

I did it, and then I was almost really pissed off. I was like, alright.

I just started ramping on everything, this story, this story is garbage, don't listen to it, you got this, this is nothing, this is a waste of your time, this is important, you need to focus on this. I almost did it as a goof, I was just like whatever. Then they came back to me the next day and said "Your ratings were three times higher than everybody else." I was just like, "You've got to be kidding me. I don't really want to do this." So, then I just started doing it and over ten years later interviewing over a thousand people, economists, experts. That's the value. People wonder why do a free podcast? It's about the network and I underestimated that over the first few years where how many people are listening.

Everybody is brilliant in some way, right, whether it's at your job, no matter what you do, you own your own business in a totally different industry. I'll come out with recommendations sometimes and I can analyze balance sheet, income statement. Mike, you're the greatest at being a forensic accountant.

A guy would call me and say, "Hey, don't say I work at 3M, but we deal with this company and this company is really cool." They give you a different perspective because we all know that investing is much more than numbers. If it was all about numbers you'd just have accountants or analysts. It's much more, it's common sense, it's getting out in the field, finding new ideas, seeing where things are going to go, being able to predict. There's so much behind stock picking, but for me it's just incredible that the network behind the podcast and how many people I've gotten to interview, and they have different styles of investing.

If I could tell anyone out there if there is one lesson I had to teach it is don't be stubborn with the way you analyze stocks. Always be willing to adapt. A good example is David Einhorn, who I like, but he's a value investor and the last six years haven't been a value market. But you see someone like Daniel Loeb who just got rid of Netflix and Microsoft, who I always saw as a value guy, but you have to adapt to markets, you have to use different strategies. Algorithms are a big thing, start learning about technical analysis, start learning about different ways. I'm a good example of that because my dad growing up was a pure value guy and I didn't understand growth. I didn't understand why anyone would buy Netflix at a hundred times earnings in 2004, and then look today it's up ten thousand percent.

I was fortunate to go work for Jim Cramer and he's more of a growth guy. I understood how to analyze growth stocks and combining both of those and then learning from the people I'm

interviewing. I'm very fortunate and humble. This is a job that we learn every single day and you have to continue to learn.

Mike Alkin: It's a job that's not even work. For me and you, you just enjoy doing what you're doing. It's like, I can't believe that this is what I get to do.

Frank Curzio: You just said something really important. As my inherent nature is very contrarian, you know, a glass could be half empty kind of guy. And that lends itself great to being a short-seller. Now, the Achilles heel that you have when that happens is, to be a short-seller you are looking for trends in the numbers or a story that you think doesn't make sense. You'd need to find it in the numbers and then you'd need to marry it with a catalyst. When you do that you're going to be early because if it was obvious, the stock would not be where it is. So, you're betting against convention and it takes time. One of the things I always tell my subscribers is that we're going to scale into this. We'll put a fifth of a position on a quarter and it's going to go against us for a while, but that's okay. Don't worry about it. We're going to scale into it.

You have to learn how to do that. As a short-seller, what I didn't appreciate very early in my career, my first couple of years, is the other side of the trade. I was learning on the fly, but as I had more exposure to different portfolio managers they'd say, "That could be a really good short idea on the fundamentals, now let me tell you why the stock is going to double and triple. Because here's what the bulls are going to see, and here's what they're going to like." Now, you talk about Netflix, and I'm not picking on them, but a company that has huge growth characteristics. Me personally, I'm not comfortable owning those type of stocks. Now, twenty plus years later I know who I am as an investor. I'm a deep value guy who can wait two or three years for that value to be recognized. On the short side I could wait nine months, twelve months, fifteen months, whatever it may be. I scale into the position. But I know that if I owned a high-growth company I personally wouldn't sleep well at night.

Not to say it's not good for other people, but it's helped me as a short-seller because I know there are people who sleep like babies. I know I'm willing to give up some parts of the market, I know what my strengths and weaknesses are, but what you were just saying about adaptability and understanding.

Now that doesn't mean you go for it. You have to go from being a value guy to a growth guy to a [inaudible 00:48:11] guy. But there

are pockets and you need to know with these different pockets are about investing. It's very important.

Mike Alkin: That's the thing I like, Frank, about the newsletters. You're going to get some right, you're going to get some wrong. For me what I enjoy is the educational aspect of it. It's really trying to educate people who are trying to do this themselves. I can tell when I get the inbound mail and I can tell if I'm at a conference and people come up to me, really working hard, trying to do their own work. I can tell if somebody really understands the art of investing. They may understand the science a little bit, but the art of investing which is where I got it wrong in this one last name, but you can tell that's where you really want to help them understand how it works.

So Curzio is doing something a little different. And I owe you an apology because I haven't spent too much time on it.

Frank Curzio: No worries.

Mike Alkin: I know you're doing something, and you and I have talked about it. You just said "I'm changing everything, I'm going to try and do something different. So, talk about what you're doing that's trying to change everything.

Frank Curzio: With our business here, we have to raise six million dollars over the past two years. I'm very proud of, that's a credit to my team, that's a credit to getting all the systems set up. This is an industry that I've been in a long time, over 25 years, but over the past seven or eight is when I really understood the marketing behind it. When I'm working for Stansbury and seeing the Agora branches which owns pretty much the six or seven largest financial newsletter firms and generates pretty much over a billion dollars a year in sales.

Mike Alkin: How big is the whole newsletter industry?

Frank Curzio: I would say it's well over two and a half billion, probably three billion dollars. These are private companies. That's one thing that's interesting. When I explain how our large competitor in 2017, even last year generated well over a billion dollar in sales. People say, "Wait, whoa, what are you talking about? Selling newsletters?" I was like, "Yes that's how big this business is."

So when I look at six million dollars, it's very tiny and we generated that through twenty five thousand free names on our

lists, which is incredible considering our competitors generate, and when we break up these branches, there's probably about six...

Mike Alkin: What do you mean about free names on a list?

Frank Curzio: So, free names. People who have been on our lists, that's our list of people who listen to the podcast. So now when we first started we had a nice list of around twenty five thousand people of emails that we had that followed me. I knew these were people that followed me for a long time, just like you have people that follow you in your business and those that you helped out and you know when you're going to launch something that they are going to be behind you.

We had a very good start and a very good two years. But it's like a blip on the radar when you see how big these companies are because these divisions that Agora has individually. There's at least three of them generating more than a hundred and fifty million in sales. I think there's two that are generating over two hundred million in sales and one generating over three hundred million in sales last year.

Mike Alkin: How do they spend to generate that?

Frank Curzio: That's the thing that I'm getting to. In order for us, with twenty five thousand names and generating it, these guys have millions of names on the list and to do that what you have to do is spend money. You've got to get your brand out there. You do that through creative marketing techniques. But what we realize is that when people come to our brand they tend to buy subscriptions. They hear you on your podcasts, they hear me on my podcasts, that's one of the edges we have in the industry where you're hearing us, you're seeing us in the field, we're always out there, we're writing our own newsletters, we're writing our own stuff, you can listen to us. You're not getting that from a lot of other people.

So, what we want to do is raise money to add more names to our list, because we know based on the statistics that people are subscribing to our service more than twelve times great than anybody else. Why is that? Because a lot of times they will have millions of emails on their lists and they are just sending an email to you. You don't really know the person. For us, we give away a lot of free stuff. They listen to the podcast, they're seeing some of the things that we write which we call e-letters. Why we're giving away the free content is because it's like the Dollar Shave Club. The Dollar Shave Club went out there and said, "Hey, we've got a great

razor and it's a dollar." They're losing money on it, but why they do that, they knew that if anyone tried it they would subscribe to their service which is $9.95 a month and they're going to be long-term subscribers because they love the product.

That's the model we're trying to emulate, because when you look at Dollar Shave Club, what happened. They disrupted an industry that people thought couldn't be disrupted. The razor industry has been around for years and look what they did to it. Now, they grew so much that they sold their company for a billion dollars as a unilever, but look at all the razor companies out there now. They disrupted the industry. That's what I want to do to this industry to make it better. To get rid of a lot of the garbage out there, and for us we're looking to raise money.

You have to be able to spend money to be able to build up your list, but you want to do it in a smart way. We have the IT systems, we have big data analytics where we spend a little and then we analyze the data. And if we're getting a good ROI, return on investment, then we'll increase our spending. If we're looking to add names and we have a promotion going out, Yahoo, or Market Watch or CNBC and one or two of those platforms are doing good, we'll spend five thousand in each of these, then we'll spend a little more based on ROI. So, it's very calculated, but what we realized for our business is not only are you getting a chance to learn about our editors and understand our editors through free podcast content, but we have some of the best original content out there.

The ideas that we offer are not any place. The ideas that we are offering are being recommended a year later a lot higher. I've seen it all the time from other outlets. Why? Because they're not out there. They don't have the networks that Mike, you and I have through these podcasts. That we hear from people all the time. I encourage them to email us and their sharing ideas with us. When the network goes fifty thousand, hundred thousand plus strong, you really have a really great network. That's what we're trying to do now is raise money to grow the business.

Now, we're doing something unique because I could have done a traditional product placement because we have good contacts. Now, what would that mean for the investor? If we did a private placement, you invest in our company and your liquidity period, the time you could actually cash out a trade, those shares would be an average of seven to ten years because that event would only come if we got taken over or if we do an IPO.

Mike, me and you have analyzed enough companies where a lot of companies don't get to that point, right.

Mike Alkin: Yep

Frank Curzio: So, your money is locked up for seven to ten years. So, six months ago I started researching this trend and I was fascinated by it. I like to pride myself on someone that gets trends and subscribes to the trends before anyone else. I've been [inaudible 00:55:12] 2010, 2011, Big Data Analytics, about six, seven years ago. I attend a consumer electronics show every year for the past seven or eight years. When Chambers said internal things and whatever, ten billion devices are going to be connected, what's this guy talking about? It turned out to be conservative.

Being able to talk about AI and intuitive things and big data analytics and all these trends early, I never really... We were early to those trends but those trends were built by whatever. They existed before. Tokenization is one of the greatest trends I've ever seen in my twenty five year career. It reminds me of Uber. It just make sense. If you took an Uber you would never take a taxi again. It's half the price, it's safer, it's on your app, you can see who the driver is, the star rating, you get in that, you don't have to pay.

So, tokenization is another way to raise money and tokenization is basically selling off a piece of your asset and you can sell off where most of these assets are illiquid and individual investors get the opportunity to invest in them. Now, why is that a big deal. Because that process is almost impossible to do unless you have a very big company. When you have a big company you're going to have to go through the investment banks, like the Goldman-Sachs, the Morgan Stanleys and these guys charge massive fees.

Now when you do tokenization, there's over three hundred trillion in illiquid assets in the world. When you talk about real estate, when you talk about the corporate bond market and imagine if you could tokenize some of these assets. Sell off a piece just like you would do with a stock and then individual investors get the chance. How many individualized [inaudible 00:56:50] that own corporate bonds. Well it would be easier if you could do it through tokenization and don't think token like you're getting a token as if you're at Dave and Busters. It's basically a digital contract. When you have shares of a stock you don't have the shares in your possession. It's all kept digitally, it's the same things.

So, six months ago I was like, wow, this is the most amazing trend

I've seen. And then I started saying, why don't we raise money this way because what happens is, when we raise money one year from now this token is going to go live for investors to trade. We're going to try to get on exchanges like tZERO and it's going to be a fully compliant token. Don't think crypto, guys, crypto in the past had you do utility tokens. You don't get a stake in anything.

Mike Alkin: So, can just ask you there. Whenever you and I have talked about the crypto stuff, I just kinda, my eyes glaze over because I don't know. My weakness as an investor, which I know so I stay away from. You were just talking, you find trends early, a trend could hit me upside the head, Netflix, Amazon, I missed them all. My strength is after they have played out I come in on the other side as a short-seller and look for them. But I don't see them early. Same thing with crypto. So, I hear crypto and I see Bitcoin and I look at it every day and I know nothing about it except that it's gone up and it's gone down, and I haven't paid too close of attention to it. When you've talked to me about this, and we haven't spoken a lot about it, but when you have I've kind of a little glazed over because in my head its crypto. Explain the difference between the whole craze that went from nothing to twenty thousand to wherever it is today and a token. What's the difference.

Frank Curzio: The old tokens, the tokens that you see now, there's about two thousand plus listed on exchanges. A lot of these exchanges are overseas and not regulated by the US because they don't even know a lot of the customers on there. They don't know where they're trading, where they're from, it's almost like when you open a brokerage account. You have a social security number, right. You don't realize it but if you're a criminal and you actually sign up for a brokerage account and you're wanted, they will catch you in two seconds. They're checking. So that's your verification that hey, you're a real person, you're going to pay taxes if you make money. A lot of this stuff doesn't exist in the current world right now. But, more important is, ICOs is just crowdfunding, but they're not telling people that.

Mike Alkin: The ICO being a bit coin or something like that?

Frank Curzio: Well, no, an ICO is an Initial Coin Offering. You're looking at Bit Coin, Ethereum, these are one size sales as well, but they've come out and they've been deemed securities. But the ICOs are not securities. What they're doing is if you buy into one of these companies at a utility token, it's like a Dave and Buster's token. When you go to Dave and Buster's you have to buy tokens, right, and they'll put it on a card and it gives you the right to play

games. If Dave and Buster's opens up five thousand stores across the world, you can go to a Dave and Buster's bar anywhere you want and play that, which is cool, you get to use their products and services.

Now say if someone like Microsoft takes over Dave and Buster's for a hundred billion dollars, hypothetically of course, as an investor you get nothing, you don't have an equity stake in that business. You're only entitled to use their products and services. So, these guys raise tens of millions, some of them hundreds of millions of dollars on utility token and a lot of investors do not understand. These are not stocks. Like if Microsoft goes higher, if earnings go higher, you benefit. These companies, you don't benefit, you get to use their products and services. Most of them are like, we'll pay you a dividend if this happens. Most of these guys are still, after a year of raising money, they're not generating any revenue and their business isn't up.

Worse than that is they raise their money through Bit Coin and Ethereum at the top of the market and left it there. You're talking about a lot of kids who are brilliant when it comes to technology behind crypto. But none of these kids know how to run a business, they don't know how to hire people and they're taking all that money in without a business being created and spending like crazy to create this business right away. In the meantime, they never converted the money that they raised, if they raised ten million dollars through bit coin and Ethereum, they never converted to dollars. Well those two crypto currencies are down eighty percent over the past twelve to fifteen months, and you're not telling your investors, "Hey, that ten million is now two million and I have no money." So, most of these companies have no money.

Mike Alkin: What claim do the investors have on that money?

Frank Curzio: Zero. They have zero, they have no claim on it. The only thing that they are entitled to do, these companies with the ICOs, the only thing they are entitled to do is provide you a token. They don't have to tell you anything else, they don't have to report, they don't have to do anything. But there are no regulations.

Mike Alkin: There are no quarterlies?

Frank Curzio: No, there's no quarterlies, there's no nothing. So that's the old style where you're seeing, even if you own tokens, eighty five percent of these things are going to go bust. It's just a matter of time. They are down, they are going to go down further, they are

going to dilute the hell out of you. You're not getting an equity stake, you don't own anything. So, as much as you say "Wow this company is great though." You don't own the equity in the company, which is BS. It's almost like investing in Kickstarter, or into Yogo. You don't get anything, you get to use their product, that's it.

Mike Alkin: Were you telling me a story about a business that got sold?

Frank Curzio: Facebook took over Oculus Rift.

Mike Alkin: Yeah, yeah, I couldn't remember what it was.

Frank Curzio: Yes, virtual reality company, it was fantastic. So many people invested in Oculus Rift because it was a Kickstarter campaign and then you had Facebook come in and take them over. I think it was two, two and a half billion, everyone was excited and they were like, "Why didn't I get anything?" Well, it was because your investment in Oculus Rift only entitles you to get those nice goggles and things like that for funding the company early and at different levels. If you invested five hundred or a thousand or two thousand, you get all of our products and stuff. They didn't give you an equity stake in the company, so nobody made money.

Now the new generation of crypto is not like that, and that's what we're doing. We're launching a security token to raise money and it's deemed a security, which means it has to be compliant. When you sign up for this to raise money, it's only for accredited investors, we can't open it up to everybody. I wish I could but that's the way the laws are right now.

Mike Alkin: Can you explain that to people?

Frank Curzio: So, accredited investors are allowed to invest in this which means you have to make more than two hundred thousand dollars a year for the past two years or three hundred thousand as a spouse, or your net worth has to be more than a million dollars excluding your homes and real estate. That makes you an accredited investor. This way you could basically afford the risk. That's the difference with the crypto industry, because if people lose money this way, or even like the hedge fund industries or the newsletter industry...

Mike, I don't want to get off topic here, but you get a hedge fund industry to invest in that you'd pretty much have to be an accredited investor. You get into these accounts and if you lose it you should understand the risks. The newsletter industry isn't

accredited. [inaudible 01:03:42] about mom and pop and people are taking advantage of them and that's what really pisses me off, not to curse in your podcast, I'm sorry.

But getting back to the tokenization factor. Now, for us, we're able to sell for the first time in the history of the financial newsletter business. You're going to own equity stake in our company for investors that come in. Nobody is offering that at all. More important for us, why did we chose this route? We don't have to go to investment bankers, we don't have to get this done by huge lawyers. We have some of the best lawyers, but it's a much cheaper way for us to raise money on our end.

Why is it good for the investor? Because one year from now you're going to be able to trade this token. You don't have to wait seven years, which who knows what could happen in seven years. We could have two, three recessions by then, who knows. Who knows what the financials in the financial newsletter industry, it just doesn't make sense any more. Who knows. But in one year you're going to be able to trade this token. And because we are using one of the biggest players in the industry called Securitize who just signed a deal with IBM to unlock the eighty one trillion dollar corporate bond market to tokenize it. To basically take pieces of it and sell it as a stock where individual investors can own the token and they can get paid interest. You don't have to go through the bond market, which is very difficult to do.

So, because we use Securitize, we're guaranteed liquidity through a company called Bancorp, but more important, this whole system that we're setting up and launching this week, you have to be an accredited investor, it's a twenty five thousand dollar minimum, and when you invest in up they are going to go through serious checks. Know your customer, AML, you have to show proof of accreditation. Why is that important? Because this is the way it should be done. This is the way that it's done where it's one hundred percent legit, you know where your money is. Our goal is to trade on exchanges like tZERO that just launched. They are going to be digital security exchanges that are compliant with the SEC. Open Finance is another one, Coin Base is going to open pretty soon, it's going to trade security tokens. Coin Base trades the five largest utility tokens right now, Bit Coin, Ethereum, Bit Coin Cash, stuff like that.

That's our goal, and it's going to be a lot easier for us to get on these exchanges because we're going through all these checks, because it's a legit deal. Now, why is it good for you? Because in

the newsletter industry when you offer all of your products and services, a lot of our competitors do that, Mike, and they charge twenty five thousand dollars and a maintenance fee. Some of it is worth it, you're getting access to all of the products. But you don't have access in the company. You don't have an equity stake in the company. They call you a partner, but you're really not a partner, right. If you subscribe to their newsletters and now you pay twenty five grand, they all go down, you get crushed and they still make a fortune. You paid them twenty five grand and they're going to make the annual fee.

With this deal you're getting an equity stake in our company. We're giving away twenty give percent equity which is by far the most in this business. Why? Because the deal is about you, it's about me, it's about all of us. We, I can't say we guarantee, we intend on paying a dividend, thirty percent annually and anyone that comes into this is going to get all of our products and services for free. So a twenty five thousand dollar minimum, think about that. For our competitors, you pay for that, you don't get an equity stake, you're not going to get a dividend, you're not going to get anything. For us, you're going to get an equity stake in our business. You're going to participate in our growth as we continue to grow hopefully well into the future.

Mike Alkin: You said you have a six million dollar a year business. Now, a lot of people listening, that's a big business, right, compared to Stansbury or the other guys doing hundreds of millions, but it's not. If I cross over here...

Frank Curzio: You're not going to cross over, because if you're asking it that means other people are asking it as well.

Mike Alkin: So, people will say, what's wrong with that, you're putting out a good product, you're going to grow more, why not just keep growing like that? What was your motivation for doing this.

Frank Curzio: The motivation is the last seven years alone, maybe six years I've seen four different companies go from where we are, and maybe a little bit bigger, maybe fifteen, twenty million, but pretty close to turn into a hundred fifty million plus companies. That's how much revenue they're generating annually. It's not that we're competing with Microsoft or Oracle, these companies [inaudible 01:08:07] proprietary. They are great marketers, they have systems that we're familiar with where we understand we're putting something out. We're not taking money in and doing a Super Bowl commercial. It's very calculated. We understand how many people

are reading the headlines, what headlines don't work, if they are not working lets switch to something else.

We understand that if patches aren't working, we know immediately to pull them because it's not like wow all of our patches are going to work. No. We launched three backend newsletters, and a backend newsletter is your newsletter, Mike, Moneyflow Trader, it's a newsletter that you'd pay more than a thousand dollars. Industry terms we call it a backend.

We've launched three backends, the other two are my backends. The average money that we brought in in two weeks in that launch is one point one million when we launched these products. They are extremely successful launches. Again we have a list of twenty five thousand. Now, think about if we had a list of one hundred thousand, five hundred thousand, a million names on our list. Now these promotions are at one point one million.

Mike Alkin: So how do you get seven, to ten, to twelve? How does that get built up?

Frank Curzio: You build up a list by getting out there, having good ideas and getting your brand out there. So, you want to advertise on whether it's CNBC, Yahoo Finance, whether you're going out there to see what works. But it's different ideas. You're coming up with different marketing packages. Some might now work, some might.

A good example if you're in the newsletter industry is The End of America. I know a whole story about that. I used to work at Stansbury and Porter wanted to do a whole end of America piece highlighting how much debt we're in, how it can lead to the dollar is going to crash, it was going to be...

Mike Alkin: What year was that Frank?

Frank Curzio: I think it was 2012, maybe 2011. All of the sudden, it's kind of like Dominoes, I know you hate Dominoes, I'm just going to use this as an example. But when Dominoes had a market share in the pizza market, whatever it is X billion, what Dominoes did a great job at, not now and I agree with you it's expensive. But what Dominoes did a great job is they said "You know what..."

They used to go in and their full bill that you paid the cart value was like eight dollars. The average cart value now is twenty two dollars for Dominoes. Because they said, well let's make chicken parmesan sandwiches, let's make salads, let's make dessert.

Mike Alkin: By the way, as two Italian Americans you and me, that anyone eats any of this stuff, I don't understand. It's not pizza

Frank Curzio: Not everybody has a lot of options.

Mike Alkin: You're right, I get it.

Frank Curzio: It's like in Florida [inaudible 01:10:34] Dominoes is the pizzeria.

Mike Alkin: My grandmother is rolling over in her grave right now, with chicken parm right next to her.

Frank Curzio: I agree. When you look at Porter, Porter opened up a massive demographic where it was retirees that were looking at this going holy cow. And it was right after the credit crisis, so what happened during the credit crisis. You and I were fine, I don't mean fine, but we have working power. If we lose everything we can work our butts off. But when you have people who are seventy years old that had their home paid for and had maybe a million, two million dollars, it sounds like a lot of money, but when you work for thirty, forty years and you do the right thing in the 401k, and you save it, you have a nice nest egg. All of the sudden that declined by forty percent, your home value declined by forty percent and they are going, "Oh my God, what am I going to do?"

It's insane when you think about it, right, if you're that age. You had a whole demographic of retirees that are extremely nervous and he came out with an End of America highlighting all of the debt statistics and all this was fact and stuff like that. He thought the Dow would come down, but that promotion alone when he started sending it out to different markets and started marketing it, it just took off. It was a low price newsletter and everybody got involved in it, and next thing you know they sold five hundred thousand plus subscriptions to it. Now that put five hundred thousand into your company and now they were able to market all of their editors, guys like me, all their services. They hired me, they hired great guys. Stansbury is a good company and all the editors there, I know that they are out in the field.

That's how the business works, where you find that one idea, you want to be able to scale it. We had three great ideas, we couldn't scale it because we didn't have the money. One point one million is a couple weeks, it's not bad, but to put it into perspective, we've had our competitors launch similar packages, not similar in terms of ideas, but packages like we've launched and in three, four weeks they've generated fifteen, twenty million for their packages. So

that's the difference, getting more people, because once we get our name out there we know that when people see our services, they listen to our podcast, they know what to do, we focus on risk management more than anything where we have stop losses on all our stocks.

It's not a perfect system, but we don't want you to lose money. We want you to preserve your capital, this way were going to get more ideas in front of you and do the right thing. When we do that and people get to our system, they tend to buy our products.

We're excited. I feel like we're on the forefront of one of the biggest revolutions in my history. That's how big I think tokenization is going to be, and I think it's going to be a trillion dollar market. It sounds crazy, but there is three hundred trillion dollars in illiquid assets if a half a percent decide to tokenize, this is going to be a trillion dollar market.

Now, before you go any further, I feel like I'm on an island all by myself because I feel like I'm first to the party with this idea. Then over the last three or four months, with newsletters coming out. You have Andy Warhol, the late Andy Warhol, sold one of his paintings at auction, it was called Fourteen Electric Chairs, sold for five million. They tokenized thirty percent of it. What does that mean? That means, Mike, you could pay ten thousand dollars in an equity stake, I could pay fifteen, someone could own twenty, you're not going to get to take the paining home, but you own a portion of that painting. You own that asset.

If you look at the Saint Regis Aspen Hotel, just tokenize a portion of their hotel. I told you about Securitize looking to unlock eighty trillion dollar market to sign a deal with IBM, the corporate bond market. But we're seeing more and more companies where we just saw the first Nasdaq listed company tokenized and it's a biotech company, traded on the Nasdaq for ten years. It tokenized one of its best selling drugs. So maybe they didn't decide to spin it off, and when you spin off you're going to own a huge percentage of it, but they were able to raise money for their biggest drug by selling fifteen, twenty percent of it. Kind of like what a mining company does for a royalty company. When they have an asset, they're like "Okay, yeah I'll sell twenty percent of it."

Why does this make sense? The asset owners, say Newmont Money in this case, gets a check for twenty percent of the asset, the royalty company benefits because they have a deal where they are going to be able to buy gold for whatever seven, eight dollars once

this becomes a big producing asset. And everybody makes out. With tokenization it will give you the opportunity to own a portion of a Babe Ruth rookie card, or a famous painting that you don't have to pay full price or ten million dollars for and you're seeing this market. You're seeing more and more companies, I'm seeing guys from Goldman-Sachs, [inaudible], leaving their businesses, leaving their posts to start companies and now you're seeing the regulation come where tZERO platform is SEC compliant that just launched. You're going to see more exchanges come out.

It's very early to the party, but guys, even if you don't like my offering or whatever, start learning about tokenization because I really think it's going to be an amazing opportunity for so many people.

Mike Alkin: So, the way, if I understand this correctly, and if I get it wrong stop me. So somebody buys a token, they get a piece of Curzio essentially. If you have a dividend you pay a dividend, if you have the cashflow you pay a dividend, but you don't guarantee a dividend. The value of their investment is derived when it starts to free flow, when the coin starts to float, I'm using stock terms.

Frank Curzio: It's all months from now, its twelve months from now. So there's a twelve month lockout.

Mike Alkin: Do they have liquidity within that twelve months? Is there secondary markets?

Frank Curzio: No, there's no secondary markets, just like if you would invest in a private company, or even a public company, you're going to be locked up for four, six months.

Mike Alkin: Okay. So then depending on the fortunes of Curzio Research, the value of that coin will go up or down. Is that essentially that? And how do they know that, are you doing it quarterly? Are you doing it semi-annually, how will they know?

Frank Curzio: Right now we are required to report annually. We're going to be reporting quarterly. This is why it took so long to set this up and we did it the right way where we want to report, we want to treat it just like if it was a public company. We're going to report[inaudible 01:16:49], if we hire new people we want to be able to report to you. That's what we want to do. Right now you're required to every year, to be honest I think every six months would be good because I don't know why companies report every quarter. That's kind of a joke. With business, every business is going to

have their ups and downs in a three month period. Like you know, it takes financial engineering because literally these companies have to report...

Mike Alkin: Yeah, financial engineering exists because the public markets put it there to get guys to try to get their quarters to look good.

Frank Curzio: So Mike, let me give you a good example. Say if all the sudden your podcast starts going huge and you're like, "Frank, you know what, I'm bigger than you now so I'm outta here. Right, just say. I'm going to start my own newsletter company now because I'm the man now." Because Mike's really popular now, I really love it when I see crowds around him all the time and I make fun. Yeah, I love to say it like that, it's awesome.

So say, "I want to compete with the big boys." How would you do that? So pretty much you have to market your newsletter, you need money to market, right. One is we know the marketing strategy, we understand we know how to build a hundred million dollar business. It's been written on the wall for us. In fact, our competitors write books about it, which shows the arrogance out there. But we know that formula. Now say if you know the formula, now you're looking to raise money, what are you going to do? Well, you're going to do prior-placement. If you ask me for money, I'm going to go what am I going to get for my prior-placement. Well Mike, maybe I want to be on the board, maybe I want this maybe I want that like a venture capitalist. You don't have to go through that.

It's going to be difficult for a small business that's growing to raise money. But if you tokenize it, now you're selling off a twenty percent equity stake in your business, you can go through a company Securitize that has the platform where all your investors are going to come in, they're going to do all the checks and say you want to raise maybe two million dollars and grow your business, that's something I'm interested in because I know twelve months from now... Say in twelve months I see that, you know Mike, I don't know if you're ready for this. I could sell out and it's not going to be, maybe I'm going to lose a little bit of my investment right away, but I don't have to hold yours for seven to ten years and wait for you to go public or wait for you to get acquired.

So, it provides an alternative. You know as well as I do, Mike, you've seen some really good businesses out there, small businesses maybe generating less than ten million dollars in sales. This is a great opportunity for companies like this for tokenization.

It not going to replace the New York Stock Exchange, not going to replace the Nasdaq, but I expect to see some companies do this on those exchanges. This is going to replace probably the whole pink sheet market, over the counter market. This makes more sense to me where you're getting equity stake, you're able to trade these tokens a year later. It is going to be compliant to the point where you have to have checks to the IRS, you've gotta pay when you make money, but everywhere I look at this industry, this makes sense. The way this market is having a better product than being cheaper and this right now is perfect, kinda like Uber. It's cheaper and it's a much better product and that's why most taxi places are pretty much done. That's why Air BnB exists. You see these amazing companies that just make sense. .

To me this makes a lot of sense. And in 2019 its already the year where you're seeing tons of money being raised and one of the biggest things that I pride myself on is the difficulty in getting to this point where you're merging Wall Street requirements, the right way you're supposed to do it. We have tons of companies coming to us right now. They gotta wait for me, because they're our risks, this is a new market, guys. I'm not saying if you're going to invest in it, there are risks of course and you have to be aware of that. I want you to read every part of our material that we send out so you're perfectly comfortable with what you're investing in. It will tell you the growth and stuff like that.

Mike Alkin: So, do you tell people about the business? Do you give them insights into what the economics of the business? I know you mentioned sales, but how it works? How does that work?

Frank Curzio: Yes, that's what we do with our whitepaper. So whitepaper is now available, we're going to launch this thing I believe on Wednesday, which I'm really excited about, because it took a long time. You're going to be able to see a good look of how this business really works. Of how, at the end of the day, you want to say that we're a financial newsletter companies, but we're digital marketing companies. We want to be able to market our products. But at the end of the day, there's room, Mike, for you to be a marketing company and provide the entertainment value by you and I being in the field, going to conferences. I just literally got shot by a non-lethal device, my oldest is going to see this. I didn't do that for entertainment value, I did it because this product is one of the most amazing things in the world.

Mike, I know you're very familiar with the story, I don't want to tell too much, or give anything away because I know the stock

that it's impacting your shorting right now. But this is a story that I felt we were first on because of my contacts, and I went there and I interviewed police and it got personal to me because this is something that they said if we had this, it would have saved lives. When I got shot with it I understood it. It's a non-lethal device, hurts a little bit, but when someone comes at you, you can lock them up, you don't have to worry about tazing them, you don't have to worry about pulling your gun out. When I'm interviewing the chief of all chiefs of police, interviewing police in the field. I interviewed Bo Diddley, who is the most decorated officer in New York City history is retired. When I'm doing the interview I didn't anticipate that it was going to be emotional to me.

These guys were put in situations, you don't realize. Yeah, you hear about how cops do do bad things and of course there are bad apples in everything. But they don't want to pull their gun out, they don't want to shoot somebody. Even if it's a good shoot and God forbid, they kill somebody, they live with that for the rest of their lives. And believe me man, they are really messed up. And they are just saying, if we had this device, it would have been so different. That's what we do. There is an entertainment value behind it, we're bringing a feel good product to the market and the stock price is incredible cheap and you have an opportunity to make ten X on it when you see, based on the numbers that we provide, and the model we provide.

It's something I'm really excited about. So there's room to bring new ideas and market them without lying and without destroying people and doing the right thing. That's what we want to do with Curzio Research.

Mike Alkin: Cool. Alright man, so I guess, how do they find out about it? Do they go to the website, what do they do?

Frank Curzio: So our website is going to be on, it's going to be live. It's called Curzio Equity Owners dot com. Again it's only available to accredited investors, guys. If you're interested, please read all of the material. We have a whitepaper, we have a safe agreement, securities agreement. Read everything. You can ask questions, we have a phone number there, we have a frequently asked questions. Again, this isn't a high pressure sale or anything. This is something that we want to build, we know we can build, we know the formula. We're off to a great start and with this money we're going to add hundreds of thousands, if not millions of names to our list and for the first time in the history of this business you get to participate by owning an equity stake instead of just owing a

couple of newsletters. That's pretty cool as an investor, and we do risk as much as we can because you're going to get all our products for free and we also intend to pay dividends.

So, it's the best deal you'll see in crypto, probably the best deal you'll see even in any private offering or anything like that. I haven't seen a better one.

Mike Alkin: All right, man. So Nick Foles is leaving the Eagles, right?

Frank Curzio: Yes

Mike Alkin: I guess he's going to pay a couple million bucks to get out of his contract. Did you want Foles to stay or Carson Wentz?

Frank Curzio: You know what, alright. Listen, I love Carson Wentz, I think he's a great guy, I've seen him do things even the odd side of football, he's just a good man. But what we saw last year, Mike, is when he went down and Foles went in, you have the same team, the same talent, and those guys played a hundred times better for Foles than they did for Wentz. I don't know why, but those guys were a new team. They just follow that guy and I think to build that credibility and the pressure he's going to have I think he's going to push as much as he can and he's a great guy. But getting rid of a Super Bowl winner and Foles, he almost brought us to the Super Bowl again, but the guy dropped it, needed a couple of good things to happen for them to make the playoffs, but when they brought in Foles, they were going to drive down the field and try to score on the last touchdown which was a dropped pass. But man, it's just a good fit there.

I don't know, it's a tough decision, but I'd like to have Foles, I think, as an Eagle fan. I feel more comfortable with the fact that he won a Super Bowl against Brady, he was there, he's got that Eagle and confidence and that's tough to have, we've seen that in all sports, on the big stage and I don't know if Wentz could do that yet. But I know Foles can, so I gotta tell you I think I'd rather have Foles. Even though it's a good choice, it's good to have that, two great guys, I know you don't have that in football, but yeah, I don't know.

Mike Alkin: I'm impressed. I agree with you actually. But I'm not an Eagles fan, so it doesn't matter what I think.

Frank Curzio: So what fan are you in football?

Mike Alkin: Gangrene, baby. Although I think I've switched my allegiance now to the Browns. I can't do it anymore.

Frank Curzio: I like the Browns. You know what I hate about the Jets and even the Giants? It's so corporate at these games, not to mention that you better go three hours early and it's going to take you five hours to get out of the frigging stadium and it's in Jersey and it's a New York team. Forget about that, but the team, if you're the Patriots, it's the greatest division to be in. Not only are the Jets [crosstalk 01:25:57], but you have [inaudible 01:25:59] there. These organizations, for fifteen years have been terrible, how do they charge the prices for the games.

Mike Alkin: Oh Frank, it's crazy. You know, it's New York professional sports. Think about it, the Nix have lost sixteen games in a row. They are the worst team in the National Basketball Association. They are 10-44 maybe. They sell out every night, it doesn't matter. The feel when you go to these games, I remember as a kid going to games where you sat in the cheap seats, right. It was you get in for four, six, eight bucks, whatever it was back then, and when the team stunk people didn't show up, but now it's...forget it. It's all corporate and it takes the fun out of it.

Frank Curzio: It does, it really does. But that's the New York markets. Even if you want to go see a game, I don't think you can get tickets for less than two fifty.

Mike Alkin: No, no not for a Jet Browne.

Frank Curzio: Cuz I went to on Mr. Blenderplus and I was holy cow, for Jets. Jacksonville, I know they are bad this year, but they were pretty good last year. But you can literally get into that game for like 40 bucks, 50 bucks and two hundred dollars will get you a seat in the seventh or eighth row with the fifty yard line. It's amazing.

Mike Alkin: Absolutely, but like in New York, it prices you out of it. I took my son to the Islander game, they were playing back in the coliseum, they were splitting between Brooklyn and the National Coliseum which is an old barn essentially, but it's home.

I took him and we sat behind a gold and I think we paid one hundred ten, one hundred twenty bucks for it. Ten minute drive and we're there, we spend a couple hundred bucks. And you know if you wanted and you had another one or two kid and you wanted to take your wife and it's a five hundred dollar night. And you say how do families do this regularly. It's got to be corporate money . It just loses its appeal after a while.

Frank Curzio: Yeah, and if people don't know, I've lived in New York for forty years, and a fan for most sports, but Mike, you and I always go back, that was before I moved to Florida for like the last seven years.

Mike Alkin: Don't blame me for that, don't blame me.

Frank Curzio: It was great because you just had a nice cold spell in your life and some subscriber email that he's cooking pork chops and getting a good of snow. And you're like, "Frank lives, he's weak, he lives there."

I feel week right now, I just took a picture of my pool. I'll be weak all day while you guys are freezing. I'll take that.

Mike Alkin: Alright man, well thanks for coming on.

Frank Curzio: Alright buddy, I appreciate it, and keep doing what you're doing. I love the podcasts, love everything and really I appreciate that how skeptical you are at the industry and you're background and how you chose to work with Curzio Research means a lot to me. Means that you trust our brand and that's really cool. I just want to say thanks for that, that means a lot.

Mike Alkin: You bet brother. Talk to you later.

I hope you enjoyed listening to Frank. Frank has been telling me about this for months now and as I said in the podcast, I listened with half an ear, because it's crypto and digital and that's just not what I know. Old dog new tricks kind of thing. Teaching an old dog new tricks. But he's really been excited about this and he's been talking about the launch of this and I see the newsletter industry and I like the alternative voice that it can have.

I agree with Frank that a lot of what I read I think just makes the hair on the back of my neck stand up. It's not about being right or wrong, because look, like I said, if you're a subscriber to my newsletter I get some really right and I get some really wrong. That happens, and I try and educate along the way and hopefully over time you're more right than you're more wrong. It's not about that, it's about the effort and for me the sincerity of it. Where does it come from and is it based in good process? I think I've gotten to know Frank the last year and change and I see where it comes from for a couple of years now.

I see where the effort comes from and I see where the hear is.

Again it doesn't mean all stock picks are right, because that's not what it's all about. It's about what he's trying to do is grow a business David versus Goliath and he's been successful so far. But he's trying to reach more people. I thought I'd have him on the podcast so I could learn more about it. I said, if I have him on the podcast, I'll listen to what the offering is because I know he's been busy doing that and we'll all learn as we go.

So, anyways, hope you enjoyed it and I will be back next week, next same patch out. Have a good week, talk to you next week. Thanks.

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