*Daniela Cambone:* Hope everyone had a great evening and is enjoying the show thus far. I am back today to present our next presenter. Jaime Rogozinski is the founder of the speculative investing Reddit forum, WallStreetBets, which is an online community which yields a commanding presence in the world of finance. Jaime is no longer affiliated with the online community, and lives in Mexico with his family, spending time chasing around his twins, which he describes as watching a train wreck in real time. As a twin mom, I can understand how that feels.

WallStreetBets was thrust into the spotlight, as you may recall, in January after retail investors active on the site banded together to drive an upsurge in video retailer Game Stop, squeezing hedge funds shorting the so-called meme stock. AMC was another stock the online community squeezed higher, causing hedge funds to loose billions. Jaime recently published a book about this phenomena called *WallStreetBets, How Boomers made the world's biggest casino for Millennials*. The book illustrates the shocking trend of today's millennial generation shamelessly and unapologetically finding ways to use the stock market to place high risk bets in a non-formal Wall Street way. Fascinating stuff. Please welcome to the stage, Jaime Rogozinski. Jaime.

*[Applause]*

*Jaime Rogozinski:* Thank you. How's everybody today? I'm definitely enjoying Vegas. As I was coming here I called one of these restaurants that's supposed to be really great, and they had me on hold for 20 minutes, which was a good sign. And one of the things that I noticed while I was on hold is that the music they were playing was Brittney Spears, Backstreet Boyz, and JZ, and a bunch of music that took me back to my high school years. And so I enjoyed it. I was on the phone, and I was thinking to myself, "Wow, this is cool. They've shifted from Paul Anka, or whatever it is that my parents would be listening to, to stuff that is geared towards me. And so I took that as a moment of reflection of times are changing, and there's … establishments are trying to adequate themselves to people in my demographic or generation.

I'm a millennial, technically, but really close to Gen X. I'm 40 years old, so I get a little bit of both perspectives. And when it comes to the stock market, I have a lot of fundamental knowledge about the stock market, to a lot of people's surprise. I have a masters in finance. I learned everything there is to do about technical trading, algorithmic trading, momentum trading, just anything that has to do with finance. I love it, and I get myself super entrenched with it. But I say that as context, because a lot of the things that I say are going to put the stocks and evaluation methods in a different light.

There is also a new form of trading, or a new form of approaching the stock market, which is relatively new. I don't know if you guys have heard of an individual called Dave Portnoy. Dave Portnoy, for those of you who don't know, is the owner of a large sports betting conglomerate. He's a funny guy. He likes to trade on sports. He's got a huge following on social media. And during the pandemic, they shut down all the sports, and basically his business was on pause for a good year.

So he, of course, turned to the stock market, because he figured that would be the next best place where he can gamble. And he would go, and he would do the most hilarious stunts. On one particular day he took a bag with scrabble letters in it, and he just pulled out … And he invested in that company. And he would put a lot of money, too. He put seven figures into these investments, and he would make money, 'cause stocks only go up, and this is all people really know about these days. And very entertaining. The guy had fun. He ended up making a good amount of money during the pandemic, just being a clown.

And around that same time, he started getting, or we start seeing what's happening with social media with WallStreetBets, this large community that takes a similar approach to it. But what a lot of people don't know is that they're very sophisticated. They have this veil of un-sophistication, almost as a rebellious approach. In finance you have fancy words, high barriers of entry. You gotta do all sorts of crazy analysis. You can't join this … The WallStreetBets crowd tries to portray this image of self deprecation, almost.

But they're real sophisticated. So just to give you a hint of what that looks like, I'm gonna tell you a little bit about GameStop. I'm assuming a lot of you guys heard about what happened in GameStop basically earlier this year. Everyone on WallStreetBets and retail got in on buying these shares that were heavily shorted, and they created a short squeeze and ended up making lots of hedge funds loose billions of dollars.

So it sounds simple, sounds like a lot of kids or young people just got in there, or they aped into this trade, as they call it, and made the stock price go up. But it was actually real sophisticated, and I haven't heard a lot of people talk about the intricacies behind it. So just as a show of hands so that I can adjust this, do you guys know how stock options work? Yes? No. Perfect.

So, for starters is the short squeeze. So we know what a short squeeze is. You have a lot of people that are shorting these stocks. This thing had 130 percent, give or take, short float, meaning that shares were shorted more than once. I borrow the share, I sell it to you, you own this share, and then you lend it to somebody else and they short it, and then so on and so forth. And when the stock price goes up, people have to cover their short position there by buying the stocks. Buying the stock creates upward pressure, and then that's where you get the squeeze.

Stock options played a fundamental role. If people go onto the forum and look at things as they were playing out, some really smart individuals said, "Hey. We don't have the kind of money to push the stock price up, but you know who does? These options market makers do." And so the first that thing people talked about is what they're calling the gamma squeeze, which is like a delta squeeze. It's basically the same thing in a different derivative. What it is is I'm a market maker. I sell you this call option. I'm delta neutral. I don't care what happens to the stock. I'm trying to make money no the premium, so in order to cover my risk I'm going to purchase a small number of shares for these out of the money calls. And if the stock price starts climbing up, I need to delta hedge by purchasing additional share, because the sensitivity ends up getting closer, and so thereby putting upward pressure.

So here you have individuals buying cheap, out of the money, short term expiration stock options for pennies. And as the stock price goes up, the big guys that have money have to go in there and purchase stock to hedge. But what's almost never talked about is the other side of the delta/gamma. You have the put sellers, or the writers of these put contracts. They say, "Okay. I'm gonna sell you this. I'm gonna make money the same way, but I'm going to delta hedge by shorting this stock. And as the stock price starts moving away from you, meaning the stock price starts going up, I need to reduce my hedge, 'cause I no longer have as much exposure." Reducing your hedge on a short position means closing it out, which means buying the stock, which means putting upward pressure.

So here you have hedge funds that are having to buy the stocks because they are trying to limit their losses. Here you have call options writers that are having to buy the stocks to increase their hedge. You have put sellers that are having to buy the stocks to close down their hedge. And then you have all the A plum Wall Street bets that just think the stock's gonna go up. So anybody that was involved in this particular trade was forced to purchase the stock. And that's how you see something go from 20 bucks to 4 or 500 dollars within a matter of days.

This was no accident. It was incredibly calculated, and it was a way for this group of participants to identify an inefficiency which they could exploit. All of investing, everything in the stock market, everything in finance is all about exploiting inefficiencies. Warren Buffet does this with doing a book valuation, doing a market valuation, and figuring out, "Hey, there's a discrepancy. Lets close that discrepancy. It's cheap. I'll buy it, and then it's gonna go up." For retail investors that don't have colocated computers or tons of money or inside information or whatever it might be, they can spot these kinds of things.

Prior to GameStop there was another very interesting chapter in which some clever individual figured out that on Robinhood, where they can get margin, and you get lent money for your collateral inside your account, basically double your buying power. If you realize that Robinhood was not collateralizing the trade properly, so this guy would take a deep in the money covered call, meaning you buy 100 shares of Ford, and you sell a, or you write a call option with strike price equal to one, that makes the strike price … sorry. That makes the options price essentially the exact same value as the stocks themselves, since the intrinsic value is the same as the price.

So then they get their money back and the Robinhood would go in there and say, "Okay, cool. You spent, whatever it is, $1000 on Ford, but you sold one contract for 1000 bucks. Here's 1000 bucks in your account." Oh, cool. You have $1000 cash, that's margin that's gonna give you $2000 worth of buying power. So then he says, "Cool. I got $2000, I'm gonna go ahead and buy another 1000 shares, or 100 shares, and now I'm gonna do this with two additional calls." Writes the two calls, ends up getting $2000. Robinhood says, "Cool. You have $2000, I'm gonna give you $4000 buying power."

So they would do this over and over and over, and essentially … And then they post it on social media. They're like, "Hey, guys. Check it out. There's a free money cheat code, or the infinite margin cheat code." I forget what they called it, but … So then these kids are taking a million dollar position. They have a million dollars worth of buying power. They can't withdraw the money, but they can take a bet, or a YOLO bet, which is like these crazy as crap scratch off lottery things, and they were thinking of themselves, "Well, I don't have a million dollars. I know that the banks in 2008 didn't have their money, like AIG couldn't cover their own … the collateral that they were covering with their swaps, and the government's bailed them out. Well, I don't have a million dollars, so good luck collecting it. I'm gonna bet it all on Apple." And they did.

So this is the mentality. It's an exploitation, and it's a smart one, too, because the people that lost money got away with it. Some of them didn't get … some of them got away scot-free by owing money to Robinhood. Their punishment was closing their account. And some people had to really settle on thousands of dollars on millions of dollars of a loss. That's a pretty clever exploit, and that's one that's taking advantage of their personal position.

You have, as a result, a lot of changes, especially it's sped up by the pandemic. The book that I wrote was before the pandemic, but the trends were clear. The number of retail participants were increasing. The barriers of entry were going down. And then the pandemic just sped it all up and gave people money to play with, and it gave them nothing to do.

So we know that there was a huge retail influx. And there's been some changes. I know that in the investing world it's always the parable of hey, it's not gonna be different this time, or this time it's really not that different. I believe that there is a little bit of difference this time. The profile of the participants in the market has changed. You had something like 25 percent of retail … sorry, 25 percent of the volume on the stock market was from retail traders. A lot of people have credited the retail traders to the quick recovery after the stocks all crashed 50 percent at the beginning of the pandemic. I don't know if that's true or not, but there is very credible sources that say that.

As a result of GameStop, you also have changes in the way hedge funds work. Melvin Capital … I believe it was either Melvin Capital or Citron, one of the two high profile ones closed out their positions and made it known or whatever. But just a couple of months ago it was known … it was leaked that they had a new short position on some stock that they believed was over valued. And that, to me, was interesting, and said, "Why would they leak it?" You used to short and then go on a road show and tell the world why this company sucks, and hope that they join you. Now they're having to do it quietly, because they obviously believe their thesis, but they don't want to piss off this retail crowd.

That's relevant, because now you have these companies that are being careful. Shorting, as much as there's this dialog of it hurts the economy, as all you're doing is suppressing the prices. The do serve a very productive function in the form of price discovery. They can mitigate the impacts of bubbles. If things are overvalued, these funds help correct that price. This is one of the most important functions of a stock market is being able to agree on these prices. If you only have people agreeing on one side and the other people are afraid of doing it, then you're gonna have some more inefficiencies there.

You have … The way that things are valued, GameStop is currently valued at $50 billion, with a market cap. They have $5 billion in sales and $66 million in loses. So that's a negative EPS. This is not earnings per share. This is not a company that is the start of this, still on the left side of the J curve. This is a company that's been around forever. We know that their prospects are choppy right now because of the changes in the world, so it's hard to say that it's a speculative growth stock, or whatever it might be. Yet the price is still $175 a share, last I checked before I came up here. And it's been nine months since the short squeeze. There's no more short squeeze, and this price is maintaining itself at incredible levels.

That makes that company legitimately worth that much. Why? Because people believe that that's what it's worth. And we all know that if people believe something is worth something, then it's worth that. So there's something in there that is not sales, or is not earnings per sale, or it's not the way that we're used to thinking about investments in terms of intrinsic value or fundamentals. Now there's a new fundamental that is being shaped that is not in the form of a discounted cash flow, or something you can put on an Excel sheet. It's now something that's, these people like the stock, or these people are being advocates, or they're hoping to rescue this company. They identify it, they like video games, whatever it might be. We saw something very similar with AMC and a bunch of other ones, AMC, the movie theater. A lot of people might go to movie theaters are in trouble, yet their stocks are extremely elevated.

In fact, another misconception being that I hate them and I want to break that all down. I love finance, I love the markets, I love the fact that they can actually make the world a better place. And when it comes to AM … Well actually, this is an interesting secret. When I started WallStreetBets, so on the heels of the 2008 financial crisis, and I lost my job, because I was working in a financial services company.

I was unemployed and bored and whatever and pissed, and then I … I knew what the stock market was, but didn't really understand how to use it. I found out about these things called these synthetic, exotic, leveraged ETFs that would trade on something like the volatility index. It was just a bunch of math formulas. And I'm like, "How can I buy this from, or why is it possible that I can buy this from my broker so cheap? This is something dangerous. Didn't we just learn our lesson? Derivatives, all these things that ended up crashing the world economy." Wrote this long blog post and I was about to post it and I realized, "No. I'm just gonna sound like this angry Occupy Wall Street mentality. No one's gonna read it. I'm not gonna get anything done. Let me take a different approach. Let's try and fix it. Let's try and point out the absurdities of some of these things that are happening in the stocks, and the fact that we can do this." So that's why I called it WallStreetBets. We're embracing this name of a casino, and hoping to get taking heads on CNBC, talking about how outrageous some of these things are.

And so AMC, the price went up, and the CEO made an additional stock offering. He made no shares available for the public, so they could raise money. And in the prospectus correctly said, "These share's not worth that much. These crazy people are buying it. Blah, blah, blah." Similar thing happened with Hertz during the pandemic. The judge said no to that one, but the judge said yes to AMC.

And I was on the phone with this reporter. He goes, "Don't you think it's outrageous that this CEO is going out there, basically defrauding these investors, telling them that these stocks are overvalued and he's increasing the supply, thereby putting downward pressure on it? But people are buying it up. In fact, the price went up." And I said, "The only thing absurd about that is the question. Let me rephrase it slightly differently so that you realize that. Do I think it's absurd that a company is using the capital markets to raise capital through selling stocks so that they can reinvest into goods and services, whatever it is, to create more jobs and make the economy better? Is that absurd? No. That's why the stock is there. We've gotten so far away from the original purpose of the stock. Companies usually go public so that they can pay back their early investors. And in AMC's case, they're actually using it correctly, and people've gotten so accustomed to this different way of looking at the stock market that it feels weird if they're using it the way that they're supposed to be using it."

Along these lines, in terms of changes, we have crypto, crypto currency, the crypto, the block chain. So I was an early … I like to discover anything that has a price on it so that I can learn about it. Big point early on, I mined a bunch of bitcoins, about 100 of them, then I lost that wallet. No big deal. *[Laughter]* But I figured, as time was gonna go by, I said, "Okay, well whatever. This crypto currency is a cool experiment. It's got all the economic components of scarcity and technology and indestructibility of the currency, and it's got the technological component of the block chain." And I said, "That's cool, but not for WallStreetBets. It's a thing that has supply and demand, and it has a price. But I don't care for it."

Fast forward, years later, and I have the two regrets, one, losing my wallet, and two, not reevaluating that stance, 'cause it turns out that block chain is so much more than just coins. You have new coins in Ethereum, and this, that, and the other. And I recently learned that there's a thing called DeFi, this Decentralized Finance. It's just a term for financial operations or interfaces that don't take place in traditional finance mediums, like Wall Street. It is incredibly fascinating, what's happening there. And once again, I'll reiterate, I'm not talking about crypto currencies as an investment. I'm talking about block chain, decentralized finance that allows people to do different and really cool things.

One example … and I'm hoping that this block chain technology is also going to help push, just like AMC was pushed into using the stock correctly, I'm hoping DeFi is able to push Trade-Fi, which is traditional finance into employing some of these best of practices, such as 24 hour trading. There's no reason why the stocks should close on Friday afternoons and reopen Monday. So I think that's systemic risk. I'm not talking about the gamblers who want to be up at three in the morning, but I'm talking about the Evergrande in China releasing those default moves on a Sunday, forcing funds to scramble on Monday morning when the prices get down below their stop price, thereby having to reorganize their entire risk profile. That little event shouldn't happen, or at least it should be able to equalize itself in real time.

But to me, it's almost like a setting in a computer, like trade hours equals 24/7. Obviously, it's probably trickier than that, but you have additional things like instant settlements. You still have to wait two days in order to get your money back, or get your stocks. This is almost a rule that was imported by from the days when Wall Street had physical stock certificates and had to send it by horseback across Manhattan. Somebody had to sit there and cross reference it.

There's no reason why we should have to wait to settlement. That particular moment of waiting is a risk, multiple risks towards it. We saw what happened. The brokers essentially had to stop trading GameStop because of this particular thing. You have counter party risk, things of that nature.

You also have more flexibility in terms of what and how you can piece things together. For example, you can create these synthetic derivatives on the fly. I actually … I do this now. This is one of the things that I got into is just creating these tools. Let's say that you own a ski resort. And in the ski resort you need snow, and that's how you get your 100 percent occupancy and get your projections that way. And you're worried about whatever it is, it's not gonna snow this year, or it's gonna snow less. You can buy insurance or something like that, or you can create this synthetic derivative that short sells inches of snow on your mountain. And this you can do today. This is not something that's hypothetical.

So I create this instrument, then I say I'm short selling 60 inches of snow, 'cause that's what I need in order for my base to be good. And if it starts to snow less, then I'm going make money on my position. If it snows more, then I know that I can close my position out. At 61 inches I lose a tiny bit of money, but I know that I got my full capacity, so then I got my money from the skiers that come to the resort.

So what happens now is you've now created a very precise tool that you can fine tune and put many more variables into it so that, to a T, if you know that it snows 30 inches, you're gonna get, let's just for simplicity say 50 percent of your usual occupancy the resort. And so you lose some money on lack of people showing up, but you make some money on the side of your short position. That's a really, really creative way, a really fine tuned way of doing things on the block chain, and it solves things like counter party risk and all sorts of other things that might be going through your head. It's all done through smart contracts, and it's technologically impermeable. You can't really screw these things up.

There's another one that I'm doing. So ETFs, I'm guessing you know what those are. You have a basket of goods. And after the meme stocks, well after the GameStop and all sorts of things, you see a lot of ETFs that popped up, and they're under the guise of meme stocks. Some meme stocks went up, somebody wants to buy the next GameStop, so they have all sorts of metrics to follow what these stocks that people are talking about on social media.

The one inherent problem is, if I own and ETF, if I create this ETF, I have to go read the social media every day. And if there's a new stock, I have to go file with the SEC. Gotta make changes to the weights, and adding this new assets to them and wait valuable time to get approved, and then have this new composition set up for the ETF. By definition, these meme stock ETFs are destined to fail, because meme stocks can come and go really quickly. You can do these same things on the block chain much faster, much easier. You can actually re-weight these things multiple times a day, and you can have it all be automated. You have these things called oracles. They go out and actually read the prices, and spit off the correct values.

So, it occurred to me … and in the spirit of WallStreetBets … why don't we showcase this technology, where we create an actual ETF, one that trades on NASDAQ, and that ETF is only going to buy something that we call an ETP, which is an ETF for the block change. We call it an Exchange Traded Portfolio. It's the exact same thing, it just trades over here instead of over there. But I can reorganize it much faster over here. So it's going to buy my ETP. And my ETP is going to track one of the greatest investors of our time, Nancy Peolsi. *[Laughter]* Nancy Pelosi … and I'm doing this. This is not a joke, by the way.

So Nancy Pelosi's got 104 percent year over year returns with a 12 percent draw down. I want that. I don't know if it's her or her husband that are geniuses, but I want that. So clearly we're going to be able to showcase this technology where every time they make a public disclosure, we can automatically through the smart contract and all these different things, we weight these ETFs and we can try and share some of that love. Obviously it won't be one to one, because there's a delay in the disclosure process, but it's a really cool way to have a real time ETF that changes based off of things that are happening in the real world. And this is available on the NASDAQ. So, really cool way of thinking. All that is thanks to block chain, what I just described. Nothing to do with Bitcoin. It just has to do with the ability to reroute this money in different directions.

You have another thing, too, which are NFTs. NFTs, if you haven't heard of them, they're most commonly associate with pictures or drawings. So they say, "Hey. This is digital artwork." You have new Picasso. They make this drawing. It's digitalized. You put it on a block chain, and you can trade it, and you can trace it back to the original artist, and thereby giving it its authenticity. Currently it's in a craze. People are paying insane amounts of money. We're talking millions of dollars for pictures of a rock, or a pixelated face, whatever it might be.

And when I saw that I'm thinking, "Tulips. This is obviously a bubble. This is something that's gonna blow over." But I learned my lesson with Bitcoin, making assumptions before actually getting involved. So I decided to myself, get involved with this. I'm like, "Alright, send out a tweet. 'Hey guys. I'm thinking about buying an NFT. What do I do?'" And I get flooded with people, and they're like, "You gotta do this, that, and the other." And then people start gifting these things to me. And so I'm like, "Oh, cool." So now, since everything's public, people can see what my address is, so they would gift them to me. It was like, "Cool."

So now I have a picture of whatever, a tree, I'm gonna sell it for one Ethereum, which is worth $4000 right now. Within 36 seconds, somebody bought it. I can see why people like this. *[Laughter]* So I go and I put all my other ones on sale, alright? And so 1.2 E, 1.5 E, whatever. And I told my wife, "Hey, I just made $50,000 today." She's, "Doing what?" And I was like, "I selling these little pictures." "Are they cool?" "Eh. Some of them are." And she's a real wife. She's like, "Do you feel guilty?" *[Laughter]* And I did. I did feel a little bit guilty. So then I decided after that to take some of this money that I'd made, and I decided to purchase one. And I did for just several of them. Then I got addicted, and so now I have a huge portfolio of these things.

But here's what's interesting about it. Now I get it. There's people that just look at it from the outside and say, "Hey, it's a picture. It's not really worth anything." And then there's people that go through this transformation, and I got it. These things have … I'm not gonna sell you on NFTs, but I'm just gonna say that they do derive, the do give value that is outside of just the artwork, which oftentimes is garbage. There's value that can be derived through the community associated to it with activities behind there.

In fact, I decided to, as one of my projects, release my own NFT. But these things are artwork or whatever, but they're basically a lifetime past to things that I do, such as a party that I'm organizing in Miami at the Versace mansion next month with big celebrates that come in, and we can do a yacht party up in New York with a casino boat. People can use this NFT to get in. And so there is a utility component of it.

But the value of it, now I understand why people would pay $4000 for this picture, and now I happily do it, not because I think it's an investment, but because I want to be part of this community *[Inaudible comment] \_\_\_\_\_ [0:29:05]* utility.

So, new way of thinking about these things, because they don't have discounted cash flows, they don't have EBITDA, they don't have any of these traditional metrics that go through with them. These NFTs can also be used really creatively. If you want to think about lobbying, here was an idea that I had when I was talking to Brittany Kaiser. She's famously known for being the Cambridge Analytica whistle blower. And she was telling how she wants to get regulation for crypto stuff, and it's difficult because of a variety of reasons. And I said, "Well, why don't we create an NFT … this is just like a digital token … that we give it to a Congressperson, a Senator or a House of Representative, and say, 'This thing is programmed such that every month you're gonna get whatever, a million dollars for the rest of this thing's life, which could be forever, so long as the mechanism by which you get your million dollars continues to be legal. So you pass a law that says you can't do NFTs to transfer money or whatever it might be, then this thing will automatically comply with the law, and you will no longer get your money.'" That's pretty cool. You no longer have to send the lobbyist out there. This person, all they have to do is not screw it up, and then they'll vote in your favor. So, very creative approaches to these things.

Income inequality is another cool one with NFTs. Somebody famous approached me recently. This person does a lot of real estate in New York. Public figure. He says, "Why don't we do an NFT for real estate? You basically attach it to a property and you can have fractions of the property sold off." I'm like, "Eh, it sounds cool, but my specialty is elsewhere." Then I thought about it and I called him back and I say, "Yeah, I'm interested." And the reason why is because real estate we know is historically one of the safest investments. It goes up. Population increases. It's scarce. Blah, blah, blah.

However, it's not necessarily true. The average real estate goes up, but the actual underlying real estate doesn't necessarily reflect the averages. If you have a beachfront property, that's gonna go up, and that's gonna cost a lot of money to buy, but it's guaranteed to go up. You buy a place in the slums, it's not gonna cost as much money, but unless you're like Carlos Slim, who goes in and buys an entire neighborhood and fixes them up, and you just buy it and keep it there, it's unlikely to go up at the same speed, if at all, relative to the beachfront.

So you could take these NFTs, you fractionalize these properties, you now are making real estate available to the lower income individuals or retail investors or younger, Gen Z, Millennials that may not have the money to buy a full on property, but they can get access to with whatever it is that they have, to some of this real estate that does actually go up in value. So, I believe that's another really practical application of these things.

What I was seeing a lot recently, too, is changes in the way … So we know that there's new participants, we know that there's a different way of valuating things, and so we're starting to see companies or hedge funds realize that there is value outside of just whatever the intrinsic value, whatever is that the cash flows are, whatever it is that these fancy financial spreadsheets are gonna tell you.

There's a marketing component. There's a study that was done by a university that compared companies that have catchy ticker symbols against other companies that didn't have catchy ticker symbols. With ETFs, those are really easy to find, because they can just say, "Oh, this is alcoholic beverage ETF, so we'll just call it Whiskey. Or this is a gamer ETF, and we'll call it, I don't know, or a luxury car ETF and we'll call it Bling, or whatever." And so these things are catchy, and so people like it. These thing apparently do better than companies that have pool ticker symbols. That's a marketing ploy. Nothing to do with the underlying stock, but there's obviously a supply and demand component in there. Maybe not with ETFs. Perhaps that wasn't the best example, but for actual just companies that do deliver it, there's more demand for these things that are easy to identify or feel good.

There was a hedge that put a LinkedIn post that said, "We're hiring people for our fund. These are the requirements, and you can either have a four year college degree, or you can have two years experience on WallStreetBets, with karma, with a lot of likes, a lot of points, basically, or retweets … it's just that you're good at being on WallStreetBets … in lieu of a college degree."

So that's clearly saying that this is something that these funds are actually paying attention to. It's relevant, now. The visibility on social media is important. Having a team … they way that companies can reach out to their investors is also different. And the messaging that they put out there is also different. And it's now a component that they have to factor into the valuation.

And much like GameStop, probably is not worth on a fundamental level, $15 billion, it is worth $15 billion because people think that it's worth $15 billion, and it has lasted, like I said, the better part of the year, and it's showing no signs of letting up, making that company worth $15 billion. Whether they have to keep trying to invent their products from finances or whatever it is until they actually can justify that valuation is one thing, but the fact is maybe people like the stock, maybe they like the company, or they like the fact that that's the stock that beat the hedge funds, but for whatever reason, people like it enough to say that this is what it's worth, and it is worth that much.

So with that, I have seven minutes left for questions.

Twitter. WallStreetBets, all spelled out, W-A-L-L-S-T-R-E-E-T-B-E-T-S. That's the best one, 'cause that's the one that I personally control. Most of these things are made out of communities, and so there's a lot of voices. We're on Reddit, Discord, Telegram, everything else. But Twitter is me, so if you message me on that one, it's me that controls it.

*Audience:* The phenomenon that you had around WallStreetBets, I can imagine that wasn't what your intention was. But now that we are in that world, do you believe that retail will now control institutional going forward, or have a place there?

*Jaime Rogozinski:* Have a place there, yeah. I don't think it'll control it, much like I don't think Bitcoin's gonna take over the Federal Reserve or central banking or anything. But it's going to coexist. My original goal of WallStreetBets has been achieved, which was let's make this conversation about the stock market, and let's try and fix some of these absurdities. I was angry at the synthetic, 3X leveraged ETFs. Now I'm not, because now people use them to do really crazy things, and people on TV get mad that we're doing that with them, and thereby that's going to force people to improve it. We broke the broker's process. *[Inaudible comment] \_\_\_\_\_ [0:36:19]* settlement, they had to stop trading.

I read the SEC report on GameStop. One of the … there were multiple reasons why they had to stop trading. One broker ran out of unique IDs. So you make a trade, you see or buy something, and it spits out, like in a receipt, your unique ID for that trade. It's a reference number. This broker ran out of numbers for that day. Hard to believe, but I guess whoever programmed it said, "Well, we're never gonna have more than whatever, a million trades in a day." I don't know what the number was. So the system broke a little bit. So now they're having to readdress that and fix that and make things better.

And that was the original intention. It was me being upset that I lost my job because of this system. And now, all of a sudden, this system is creating companies like AMC that are going out there and raising capital using capital markets.

So that was the goal. But now, yes, I do believe retail are here. *[Inaudible comment] \_\_\_\_\_ [0:37:07]* available sophistication behind finance has changed. People know that they can actually have control over their own money. People can adjust their understanding to one that they're comfortable with it, whether it just be memes. "Hey, this is a funny picture. I'll buy this stock." Or something slightly more qualitative, but still it's something that is hard to take back.

*Audience:* *[Inaudible comment] \_\_\_\_\_ [0:37:36]* displacing banks?

*Jaime Rogozinski:* No. No, but I see them pushing … So the question was, yeah, do I see DeFi displacing banks? I don't. The narrative that you'll find out there is bank are antiquated. They still take two days to clear my check. They'll still charge me fees for blah, blah, blah. They'll still won't lend me money, and I can do all these things on DeFi. And it's true. You can do a lot of things currently better on DeFi than on banks. But banks are, even if they might be bureaucratic or old fashioned, they're also smart. Their business is money, and they're already employing it.

One of the things that's missing for banks to be able to get with the times is regulation. People ask me, "Do you think regulation's gonna kill your dreams?" I'm like, "No. Regulation's gonna make my dream, because it's gonna give us a framework with which we can legally work." Right now it's all speculation, this Nancy Pelosi thing, I don't know how that's gonna play out, but I'm trying to anticipate things that could potentially be questions later on to say, no, no, no. This was all in good intentions, and based off of my best possible approach to this.

But once we have a framework … and we're starting to see that. We finally got our first Bitcoin ETF that points to future, the point of the spot price, and derivatives on top of derivatives, but we're getting close. And once we're closer, I think banks are going to take some of the best loved practices of DeFi, and improve and become more competitive. I do believe that those who don't will fail.

*Audience:* *[Inaudible comment] \_\_\_\_\_ [0:39:08]* clover?

*Jaime Rogozinski:* Clover?

*Audience:* Yes, because it's another stock, I think, that's on your site. But it seems to be a real stock with a good purpose.

*Jaime Rogozinski:* I don't know enough to speak intelligently about that particular stock. I was joking just backstage a few minutes ago. There's this guy, Mark Mineva, *[Minervini?]* or something like that, was on CNBC. He's this investor, and they asked him a question about the stocks. And he's like, "Yeah, this is a great investment." And the host said, "What does it do?" And he's like, "What?" "Yeah, what does the stock do?" "What does the stock to?" "Yeah." "I can't hear you." *[Laughter]* So he goes on Twitter and people make fun of him. What's funny is I'd gone on an interview a few days prior to that, and somebody asked me what's a stock people are talking a lot about? And I said, "There's this company that is being brought up a lot. It's called Naked something." *[Inaudible comment] \_\_\_\_\_ [0:40:04]* She was like, "What does this company do?" And I'm like, "I have no idea. It went up 50 percent. The chart looks great, and all the people on WallStreetBets are talking about it, so there are all the fundamentals you need, right?" *[Laughter]*

So, I don't look into individual stocks, and I'd be hesitant to give an opinion as to whether it's a good investment or not. But I do know that it is a stock that is on the eyes of WallStreetBets, and we do know that WallStreetBets now has enough of an impact that they can clearly pressure prices. So, I wouldn't discount the fact that WallStreetBets is talking about it, along with the rest of your due diligence. So you do the financial analysis, and then you can put an additional plus sign that kids are trying to push up the price.

46 seconds left. Back there.

*Audience:* Real quick. On AMC and GameStop, you talked about exploiting and the short squeeze. Is that a one and done, and they move on to the next, or could that happen again? And on DeWack, that wasn't a short squeeze. Is that just demand over supply? If you can just comment on that.

*Jaime Rogozinski:* Yeah. I didn't see where that question came from, but I heard it perfectly. Yeah, it's not a short squeeze necessarily. GameStop is 13 percent short float right now, and it's still 10 times what it should be valued at for fundamentals, a year later. So clearly … and it's clearly not the only maneuver that actually make it. Prior to this GameStop short squeeze, we were on the cover of Business Week from Bloomberg, and they said, "Hey, these guys are doing delta hedging using cheap out of money stock options to push prices around." That's a maneuver that is in there, in their tool chest. They are liking this particular stock. I believe that's the Donald Trump, the spec that is launching his social media with. And people are clearly excited. The prices are clearly going up, and that is strictly a demand based move, to the best of my knowledge.

So, with that, my time's up. Thank you so much. I hope you guys are having a good time.

*[Applause]*And have a good rest of your conference.

*Daniela Cambone:* Hey, Jaime …

*[End of Audio]*