Ben Mezrich – The World of Ben Mezrich: From Russian Oligarchs to UFOs and Bestsellers

Ben is thrilled to be here at a casino he’s been chased out of.

He’s authored 25 books, but folks only read two of them. His credits include Social Network and Dumb Money.

Writing has exposed him to a lot of strange people…

But nonfiction was not Ben’s passion. TV was. So his parents enforced reading in order to watch TV.

Soon Ben learned he wanted to write. We wrote 9 novels in one year in college. He got 190 rejections.

But he didn’t give up. And one editor saw a spark in Ben. He encouraged him to read Grisham.

John started writing thrillers, but no one read them. Hollywood made one of these into a TV B-movie called Fatal Error.

John had over a million in debt in his 20’s. So he reasoned he had to go into business…

But then a fateful bar encounter with MIT kids changed everything…

These kids had lots of cash in high denominations. In Boston, that’s rare. So Ben asked one of them what was going on.

He went back to the guy’s apartment and he showed Ben mounds of cash. The cash came from blackjack… and the kids were the MIT Blackjack Team.

This card-counting group is old and venerated… they pass their secrets from generation to generation. And the incarnation Ben met had made 6 million dollars.

So Ben joined the team and started writing…

He learned you can beat Blackjack by counting cards. Casinos hate this. But the team had a system by which they could play blackjack without being detected. It was powerful and profitable.

The casinos have a profile for high rolling, card counting players. So MIT subverted this profile by recruiting unsuspicious people.

Soon the casinos hired a private eye who followed an MIT team member back to Boston.

They identified the students… took 10 years of MIT yearbooks… and black listed every face they found.

See, casinos will punish you if you’re found out counting cards. And if you return after you’re found out, you are trespassing. This was how Ben once got kicked out of a casino.

Ben published a book on the team and got a call from Kevin Spacey to do a movie. MGM offered to make it… and the result was the film 21.

Shortly after this, Ben got an email that said “my friend invented Facebook and no one has ever heard of him.”

It was Eduardo Saverin. And soon Ben started learning the story of Mark Zuckerberg founding Facebook at Eduardo’s expense. This was the start of the process that would become the movie and book The Social Network.

Ben goes on to discuss the origins of Facebook, from the Winklevoss twins to Shaun Parker to Peter Theil… and how Eduardo got boxed out of the profits and was forced to sue.

Ben wrote a ten-page book proposal about the Facebook litigation. It leaked to Gawker. And that day, Facebook settled with Eduardo for $9 billion.

And at the top of the agreement, Eduardo was formally barred from speaking to Ben.

Screenwriter Aaron Sorkin and director David Fincher wanted to make the proposial…

So Ben speed-wrote a book and within a year, the movie was out.

Ben never thought he would be involved in the Winklevoss twins again… but then the twins became the first Bitcoin billionaires.

Ben interviewed them again and learned this story too…

At the end of the Facebook litigation, Cameron Winklevoss met with Zuck. They got their settlement in stock… and attempted – but failed – to become venture capitalists.

So Winklevosses went to Ibiza (just to hang out and party). But their settlement cash hadn’t come through yet. So they were unable to pay. But while there, they learned about Bitcoin…

And shortly thereafter they bought a large position at $7 per coin. That position is now worth $5 billion.

And that leads to the movie out today, Dumb Money. There’s a connection to bitcoin here… On some level, Bitcoin seeks to take down the financial establishment. And so did retail traders buying Gamestop (GME).

During COVID, Ben was at home like everyone else. And he saw Gamestop stock going crazy. Ben didn’t buy… but started to think about writing the story…

He wrote another ten-page proposal. The next morning, nine studios bid on it. He sold it to MGM the following night. But again the book wasn’t written… so Ben got to work.

The story is about a guy who fell in love with the video game retailed Gamestop. The company was failing but beloved. And this guy thought the value wasn’t seen by wall street.

He would do livestreams talking up the stock… and people started watching.

Meanwhile, Wall Street heavily shorted Gamestop, especially one hedge fund run by Gabe Plotkin…

Soon the short position went public… and the folks online got mad. They didn’t want wall street to destroy the company they loved… so they bought and bought and bought.

Soon gamestop was a bigger company than GE. But it all ended when Robinhood (the app the retail traders were using) removed the “buy” button from the app. The rug was pulled from under them…

But the plot thickens with Ken Griffith. Ken Griffith runs a hedge fund, and a market making company called Citadel. 40% of retail trades go through Citadel…

Ken was short Gamestop in his fund. And Robinhood used Ken’s market making company to run its trades. So the disappearance of the “buy” button felt very suspicious indeed…

The point is that young retail traders see value differently than past investors. They see value in things they love. And they have the cash of a Wall Street bank.

Ben contends that companies are valued by young people based on their affection for the company, not fundamentals. In short, retail traders an incredibly powerful force… and they won’t be “dumb money” for much longer.

The movie Dumb Money is in theatres now. Ben’s next projects include a book called Breaking Twitter and a Netflix show based on his book Once Upon a Time in Russia.