# WALL STREET UNPLUGGED

## AUDIO TRANSCRIPT

Frank Curzio: How's it going out there? It's Wednesday, May 3rd. I'm Frank Curzio, host of the Wall Street Unplugged podcast, where I break down the headlines, and tell you what's really moving these markets. You should sell stocks May, and go away. Thanks so much for listening, I'll see you in seven days. Take care.

Imagine I really just ended the podcast like that. It would actually be pretty cool if you think about it. Probably get about a thousand emails. "Frank, you serious, should sell everything right now? It's May." You're supposed to sell in May and go away. "You just started a brand new newsletter. Are you selling everything already?"

It's kind of funny when you hear that because on May 1, every, every single year that goes by, May 1st, financial media loves it. Makes it a point to talk about May, and say you should sell in May, and go away, which means go away probably through the summer months, because usually stocks fall during this time period. And then you should come back, telling you to trade. Forget about long term holding. But they make such a big deal about it every sing- For over 20 years in this market. It's almost like they have that on the calendar. "Don't forget to mention it."

I mean, it's unbelievable. And I get that question a lot from subscribers, because they see this in the financial media. They see the headlines. They love to mention this. I mean, there could be nuclear missiles heading to the U.S. The Zika virus spreading across Africa, Bill O'Reilly gets his own show on Netflix, whatever the headlines. And you could be sure that the next headline would be "Don't forget to sell in May, and go away."

Which is kind of pretty funny if you think about it, since there's no statistical evidence where this makes sense at all. I mean, I've seen researchers break it down numerous times. I've studied this numerous times. I mean, if you look, they can break it out within terms of the presidency where, you know, see research a third year term's from May through the summer months have the worst returns. But the other three years are a presidential cycle, the stock market performs great for May and through the summer. I

saw a stat from S&P, which has analysis dating back to 1945 where the summer months return an average of 1.4%. Which is slightly lower if you compare it to I guess the other seasons.

But at 1.4%, now we're talking about a four month period. I mean, if you want to analyze it, almost 4.5% returns. Those are pretty good returns compared to selling in May and go away. Because if you sell, what are you going to do? You're probably going to keep your money in cash, right? You're going to keep it in a brokerage account. It's like you're going to take and invest it. You know, keep it in cash. What are you going to buy that's similar to cash, that you're going to earn more than a 1.4% over a four month period while you do this?

Even when you look at the data, and the stats behind this, dating back for decades, and decades. I'm just so surprised that this is still mentioned every single year, right? When you put on TV in early May. And all you need is for the tiniest dip, 1-2%, and you're going to see this being mentioned every single day through the month, every day, which is great. I mean, last year, we did great through this period.

But for me, when you're looking at the markets, the much bigger story here, and believe it or not, it's not even tax reforms, right? We're talking about tax reforms, if they pass, it's going to be a boom to the market. We get it, earnings going to go higher. We covered that a lot. This podcast, and in my newsletters. But the much bigger story here, and I think the real catalyst for stocks that's not factored into the market, is deregulation. And deregulation should be the number one priority for the current administration. I really do, for the president.

Tax reforms, we all know it's going back and forth. That's going to take a long time. I'd be so surprised if anything gets passed this year. I doubt it. I mean, we can see with the debt ceiling, what the democrats are throwing in there. I don't blame them. They want to see if they can get anything passed that they possible want, since healthcare didn't pass. And if there's a government shutdown it's going to blame the presidency. He can't do anything, whatever. Whether you're democrat or republican, it's just a fight to make the other party look stupid. It has nothing to do with what's better for us. It's just let's destroy the other party right now, this way we try to get elected for the next term. It has nothing to do with you. They don't care about you. They just care about beating each other right now. We all see that.

And every poll from the democrats, which was also a poll from the

republicans as well, shows that these people are out of tune. Like even though they believe the president has the worst rating ever his first hundred days ... I think there was poll taken out long ago, where is something in the neighborhood of 70% of the democratic base believes they're out of touch with their constituents. I believe republicans are as well. Like I think we just don't want this BS anymore. We want people to get along, get together. And fine, let's support somebody. We don't want that hate. And yet, these guys continue to do it, which is fine. I don't want to get too political here.

But deregulation, and I got a first hand look at this, the banking regulations over the past week, and I'm going to share this story with you. It's a personal story. I always share my personal stuff with my listeners, because you're family. You guys know everything about me. It's funny when in see people come up the street. And Frank, do the podcast. And they'll say just stories and how your daughters doing? I'm like who are you? It's so funny, you forget that ... You know, I don't know. I guess I just feel comfortable, and I tell you guys everything. You know everything about me.

I'm going to share this story with you, because it is interesting. Now, my mom is moving from New York to Florida, about a couple miles from my home in Amelia Island. Awesome when it's your mom. My wife may tell you a different story. But, I'm buying a house for my mother, where my mom is going to rent from me. I'm not going to charge my mother triple. She's actually paying probably 50% below what I could receive by renting it to someone else. I really don't want her to pay me dime, since she raised me. She dealt with my crap for over 20 years, and probably spent a million dollars feeding me because I was a pretty chubby kid for most of those years.

But she's a proud person, so I'm not going to argue with her, and it's fine. I'll make it up with her Christmas present every year, whatever. But anyway, the move makes sense for her. I mean, she's older. She was a previous home owner. She owns a house in Long Island right now. She's in the process of selling. Where I live, it's becoming a prime spot. It's nice and warm here. It's a good retirement place. There's a lot of building taking place. It's becoming, seriously, a prime area. Prices are still really, really low when compared to major markets. I mean, the same house I'm buying for my mom will literally cost four times more, probably even more than that, compared to buying a similar home in New York, or another major market. In fact, I have a tenant that I know, who's going to take care of the house, who are watching my kids everyday, kidding. She's going to be watching three times a week.

She doesn't know that yet.

But, the investment makes sense for me as an investment property because I do believe in 10-20 years, this house is going to appreciate significantly in value. I've lived here for six years. I was fortunate enough to buy a house at the right time, 2010, when the market was terrible, and this home appreciated a ton already. A lot of people moving here, and again, I could be wrong, whatever. You want to diversify a little bit.

So here's the deal, since I own a home already, if I buy a second home, the banks see this as an investment property. Without even looking at my credit, without looking at anything, whoever I am, automatically I'm going to get charged a higher rate. Probably around 25 basis points higher than the market rate. Because it's an investment property. So maybe they say there's more risk there. Without even looking at my risk profile. Even if I could afford the house, and pay cash 20 times over, doesn't matter. That's the way it is. Doesn't matter if I have 20 million dollars in the bank. Again, it doesn't matter. Those are the laws right now.

But based on the rules of Dodd/Frank, which were implemented after the credit crisis, and it's to make sure that we don't have another credit crisis again. They're making it tougher to get loans to expand, and I get it. I get why that was created. And you always go over the top. Think about the BP oil spill when they're like, "Nobody can drill in the Gulf of Mexico ever again." That's the first half of that. Now, you come up with more regulations, you understand the industry, you say, "Okay, you can do it, but, we have to file this ..."

We always have to learn as you go. Unfortunately we have to wait till something happens. It's almost like a bad street corner where people almost get hit, and you're asking for a light to be on that street corner. And they're like no, no, no. And then someone gets hit and dies, a couple months later you're going to get that light on the corner. You always have to wait for something to happen unfortunately before you get these rules in place.

Now, again, the number one intention for Dodd/Frank, and that bill, was to prevent another credit crisis. And to make sure that banks are not going to be too big to fail. I was advised by my mortgage broker to put my mom on the loan as well, which makes sense because it's going to get a better interest rate. It's not going to be seen as an investment property, because she's going to be on the loan, as me as well. Plus, due to her age, she qualifies for something in Florida called the Homestead Exemption, which is

going to lower the property taxes. We both have excellent credit. So it should be a done deal, right? Pretty easy. The banks won't give us a mortgage.

Now, the won't give me a mortgage because according to Fanny and Freddy, and their guidelines, these are the two entities that purchased every home loan from the banks, once the banks, you make that loan. But I can't get a mortgage unless I show two years of tax returns. Well, we had to file an extension, for me, for the business, because I basically launched Curzio Research in late November. We did much better than I anticipated. A lot of moving parts, since this is a brand new business. And we're growing, we're hiring, so every dollar needs to be accounted for. Everything needs to be recorded correctly. You have to use advanced programs, not just your regular Quicken and stuff. People who have big businesses and ... There's a lot of moving parts, and everything needs to be accounted for.

You need professional accountants or CPAs. And everything's going to be finished probably in a month or two from now. I already paid the taxes, but we have to get everything in order. It's going to take like another month or two. We've been working this for the last six months. Basically, I don't have tax returns for this year. I'm closing on the house in two weeks, even though I show bank records of this income. And I have cash in the account to pay for the house a few times over. Remember, we're talking Florida here.

It's relatively a small home for my mom since she's living by herself. And Florida is an extremely cheap market. I mean, maybe if you live in Florida you might not think so, but coming from New York where shacks are 600 grand. And we're not even talking about a $500,000 house, a million dollar house, not even half of that. You could buy a home here, and I live pretty close to the ocean, for like less than a million dollars. I mean, on the ocean. Not even on the ocean, where the same home on the water in a major market would probably cost at least five times, probably ten times that amount depending on the neighborhood.

But even with my banking records showing income, even if I have 20-30 million in the bank, which I don't, according to Fanny and Freddy and their guidelines, they need to see two years of tax returns, or they won't even look at the application. And again, I have excellent credit. My mom, remember, is also on the loan. Okay, this is a personal story, this is important, because I'm going to get to more of a market point here. It's not a rant. She has enough cash in her account to pay for the home as well. She

should pretty much easily get approved for this loan all by herself without even me being on there. Since her current home is more expensive than the home that she's buying, and she has about 70% equity in her home, so most of it is already paid off. Again, that's 70% equity is enough to cover the full price of the new house she's buying. Because that's in Long Island, and she's buying a house in Florida, which is much cheaper.

She could show documents of income from social security. And you know what? They turned her down as well. Because, and listen to this guys, they want her to sell her current home first before she buys this home. Think about that for a minute. Because if you're moving to another home, it's hard to sell your house first, and then look for a house to buy. You usually do it at the same time, right? You're looking for a house, you find it. You say wow, this is cool. I'm probably going to close in three to four months. Let me sell my house.

Now, when you sell your house, if it takes longer to sell, sometimes they'll be like, "Okay, if you're in contract, that's fine." But they want her to actually sell her house, which I don't get. So say if she has no family or no kids. You're asking her to sell that house first, what is she supposed to do? Like, is she supposed to sleep on a park bench? Spend the money I guess for a hotel, but in the middle of that process, because the time you look for a home, it takes a while. I mean, you make the offer. By the time you make the offer, until the time you close, you have inspections, if anything is rolling, you want to get a few things fixed. Getting the buyer to sell it together. It takes a few months, right?

From the time you actually say this is my house, let me make an offer. It takes a few months before you close. But think about that for a minute, because it's insane. Like asking her to sell her house before she buys another one. Even though right now, she has enough cash to cover it without even selling her house. They're not even looking at that. And I'm dealing with two different brokers who called at least ten banks. A lot of those are big banks. Every single one turned us down. Not a big deal, since, again I'm going to have to pay cash for this house.

But it's frustrating since I'd rather get a mortgage because where's interest, 3.5% I think I had caught on for a 15 year rate. Which is super, super low, especially if you're older than 55 and listening to this podcast. You would laugh at 3.5%. Because even in the '80s, and who do you look at? Mortgage rates are double digits. It's insane how much it costs to buy a house. You look at 3.5%, you're like really? And for me, I could earn much better returns of this

money in the market, and you want to have that cash. Now you know, I have to pay cash for the house.

Now I know there's probably over easily, hundreds of people in the real estate industry that email me from time to time. It's awesome. They let me know what's going on in the markets, but I'm curious to hear from you. If this situation happens to you, if this is right, if this is isolated? I'm looking at the industry and I know the real estate market well. I talk about housing. I predicted how the housing collapse was going to come, because I talked to the right people at the right time. Brilliant, brilliant people that explained the situation to me. And late 2007, I remember going to Kramer, and talking to him about it. Like I really didn't know what these loans were until this was explained to me by people that have been in the industry for 10-15 years. Great, great analysts.

So, my contacts, and I was like wow. Like people really don't know how bad it is. I was fortunate to have the right people. I followed this industry for a long time. Analyzed hundreds of companies within this industry, including home builders, suppliers, whatever. But if you're listening to this podcast and real estate, and selling homes, since I never bought a home as an investment property. I'm trying to expand my horizons here, again, diversify. Give me a shout at frank@curzioresearch.com. Curious to hear if you have similar stories. Even if you're not in the real estate industry, and had similar problems, I'd love to hear from you, from real people.

We always hear how, you know, Dodd/Frank bill, and banks aren't allowed to lend as much. And we hear it all the time, and I've heard certain stories, but the fact that it's happened to me personally when I see this, is kind of amazing. I could tell you, if this is true throughout every market, and it's not an isolated event, or something, which I've been told it's not. If we continue to have Dodd/Frank in place, there's never going to be another housing crisis in America again. Again, as long as we have Frank/Dodd in place. And I'm dead serious here.

Again, it's not a rant, it's not a personal thing. I mean, this is very important to understand, because during the housing crisis, you needed a library card, and zero proof on income to purchase five houses. You didn't have to put any money down because banks, you know, the real estate agents working for these banks. What was their job? They just wanted to get their commissions. They were told just to sell the house. Just to make sure they take out these loans. Why because these loans would immediately be sold to Fanny and Freddy, so you're taking the risk right off. They're making their commissions, the banks are making commissions,

and they're taking the risk off their ... They were just hey, go crazy. And watch The Big Short when the real estate agents, not the real estate agents, but the guys who were shorting the housing crisis go to a real estate conference and talking to the guys. That's how it was.

Like they don't even know these people. They're like we give them loans, and they're millionaires, and stuff. That's what caused this whole thing. But there was no equity in your homes, which explains why so many people when the market crashed, just walked away from their homes. I mean, with no equity in them. And today, unless you qualify for a special loan, you're a first time home buyer, I mean, you need to put down a much higher percentage. Most of the time it's at least 10%, but 20% to avoid PMI, which is mortgage insurance.

But if you buy a second home, now you have to pay a higher rate, which is kind of discouraging, and makes no sense if your credit is really good. You're almost getting penalized. You need to put down a lot more cash. And when you look at these factors, I mean, people are going to have more equity in their homes which means, walking away is losing all of that equity. I mean, unless you have 20% equity in your home, and the housing market crashes by like 30%, which I don't think we'll see in our life time. We saw that once in our life time. I don't think we'll see that again. Most people, "You have no idea what the market is." I mean, you may see that in places like Vancouver which is sick, and places like Toronto, Canada. I mean, the housing market is insane there. But we're talking about the U.S.

But if I'm having a problem getting a loan with great credit, with my mom on the loan as well, who also has great credit and income coming in ... And I get the tax thing. I understand that. But I'm able to show proof and bank records showing this income. And plus, have enough money in the bank I can easily afford the house, it tells you that regulation is kind of insane right now. And it has to be eased. I mean, you can't have a computer using algorithms to asses a risk profile. And if one of those factors, think about it, aren't met during that process, it's a red flag and you get turned down immediately. Like there's no common sense, there's no person saying this came up as a red flag, let me just take a look. No. It's a red flag, these are Fanny/Freddy guidelines, that's it, goodbye.

Anyone looking at my records personally, would give me a loan for this house in a heartbeat. I mean, you have enough cash, and you're liquid to buy the home, you have good credit, it's a steal

for the bank. It's like a lay up, since I have a history of paying all my debt off, and currently have very, very little debt. You know, they'll make the loan, I pay the interest. The balance over 15 years, which again, that's the duration I was looking for and that's it, and everybody works out. It's fine.

And think about the economy now. Again, this isn't about a personal rant. This is about me trying to understand industry better. And now you're going to see how it impacts things like the economy. It is going to be my mom's place. What is she going to do? Buy new furniture, pictures, paint, rugs, whatever to make the house perfect to her taste. She's going to get a cable bill. A phone bill. Hell, if she's got triple pay, it'll be one bill. Computer, electric. I mean, all these things support the economy when you're buying homes. And you're not talking about giving homes to people who ... This is a person, my mom, who already owned a house, whose selling it, and is buying another house. And they're making it difficult for her.

But if you're looking at the bigger picture here, we have these crazy laws in place within Dodd/Frank, and it's absolutely terrible. I mean, you used to have to deal with one regulator, these banks. Now there's like six. Imagine dealing with six different regulators. That's insane. And remember what was the reason for Dodd/Frank? It was to make the banks smaller, right? Because they were too big to fail institutions, and to make sure we never have another credit crisis again.

Well, if you look at the first part of that, and make banks smaller and not too big to fail, they're like three four times bigger than when this bill was implemented. If you look at the details, 75% of banks before this offered free checking. And now, it's like 30% today. Why? Because banks need to make up this income. The fees are up tremendously. Just Google anything about banking fees and look at the fees over the past couple years. You get fees just for going into a bank and shaking someone's hand these days.

They're charging these customers fees to make up, because they're not making as many loans as they once were making. They have low investment income because they can't really invest that stuff. They keep it in cash, or maybe, you know, cash like securities. But you're looking at the smaller community banks, these guys are getting nailed. They can't compete. Their profits are down huge. Isn't the ultimate goal in America, right, is to create a company and become the leader in your industry? You want to create a company, hire employees, become a leader in your industry. You can't do that if you're a bank. There's no way you could do that.

There's no way a smaller bank could suddenly compete, or become a JP Morgan, Wells Fargo, you know, Citi or Bank America, which are the big four. I'm not getting to political here, but it's almost like having a socialist economy, where the state is running some of the biggest companies in the country, which we still see in a lot of oil companies. Of course, whatever, Brazil, Venezuela, and some of these other states.

But banks having to keep a certain percentage of their shareholder equity in cash, or a lower yielding liquid securities. I mean, that's what they're required to do based on Dodd/Frank. And those having more than having 50 billion in capital, they have to go through these stress tests every year. And even think about that for a minute. Imagine running your own business where the government is telling you where you have to invest a certain percentage of your cash flow? Or you have to call them and ask permission to buy back your shares, or issue a dividend to your shareholders? Is that the way we operate here in America?

Again, not to get too political, but it's kind of crazy. Because you're looking at the government, not to mention is it crazy, but the government has the worst track record ever of running businesses. And we see what happens at the post office. It's kind of amazing that Fed Ex and UPS are reporting record profits. The post office is losing billions and billions of dollars. I mean, how many alternative energy bankruptcies were funded by tax payer dollars? Again, I don't want to get too political. It doesn't matter who is in office, or whatever.

They're making the banks even bigger. And in the process, they're holding back our economy, which hasn't really been growing that fast since the credit crisis. The banks are the key to this. Not only that, they're killing the smaller banks who will never, ever be able to come a JP Morgan. Which that should be the ultimate goal. But they can't based on these laws. They have to change.

Again, not much of a rant here, but I'm kind of curious to see if anyone had similar problems when it comes to getting a mortgage, or even a second mortgage for an investment property. And for me, I'm going to pay cash, which is cool. I could probably take out a mortgage later on if I want to once my taxes get filed. Again, which may take a month or two from now. But it really makes no sense when you think about it.

But deregulation guys, probably the biggest boom to our economy. Not tax reforms. Why? Since most of us can gauge what these reforms will be. I mean, and once they're implemented, it's

difficult to see what companies are going to do, like Amazon, who is used to reporting a loss, and started reporting a profit. Because you got to pay a lot higher taxes on stuff. And it's better to invest that money, and that's Amazon does. But now, with the tax, let's say if corporate rate goes down to 15%. It could change Amazon's business model tremendously, to the point they're reporting much, much more profit.

You don't know what companies are going to do. However, you can analyze and model where are they going to cut the corporate rate a little bit, or is it going to be to 15%, to 20%? Repatriation? Is it going to go to 10% from 35%? Like you could kind of model and see. That's kind of factored into the markets everyone's talking about.

But deregulation, not so many people are talking about. And guys, for the record, when I'm saying deregulation, I'm not talking about these or giving these ... I don't want to curse here, but you know what holes are licensed to create exotic products again, to generate huge returns, and get paid bigger bonuses. I'm not talking about that. And these banks were punished. I don't think ... A lot more people should have fired. But they paid tens of billions of dollars in fines. When you're looking at these laws, just like when I gave the BP example, you have to relax them a little.

I mean, relaxing these laws to where people with good credit, and a long history of working in the same industry, generating decent income, can get loans, can invest. To me, that's not factored into this market at all. I mean, nobody's really talking about deregulation. People will say, "Oh, it's protecting," and that. Again, you don't want to over protect to the point where these banks can't do anything, and how they're making up the fees? They're charging their customers more. They're making up for lost profits. And you can say look at the billions that they're generating is because they're generating it the wrong way.

You'd rather see them make loans to good people, and have them open up businesses, or hire people. That's how you grow the economy. I mean, looking at deregulation, it's not even on the agenda at all, at all right now. So you know it's not even going to come close. They're not going to touch it in 2017. I don't even think tax reform's going to get passed 2017. But hopefully that changes. Again, I didn't mean to go a mini rant personally, but this has a lot to do with the economy and stocks. I want to hear from a lot of people, and frankly speaking going forward, I'm going to read

some of those emails that people are sending in. Again, frank@ curzioresearch.com.

But man, having this problem personally, and something that seems very simple that should be a done deal, and it wasn't, it's just kind of surprising to me. Again, I get it, I understand it. But I think with common sense, anyone looking at my returns, looking at the good credit between me and my mom, and stuff like that, would approve this in like two seconds.

But the fact that it's just an algorithm, and it comes up and one things a red flag, and nobody would do, it just you know I never knew the industry was like that. I'm sure there's a lot of people that even my firn eds with investments are in the real estate industry, that's  what they do. Maybe they're not in stocks, or anything like that. It's hard to build that out with so many laws.

It's very interesting. Again, send me an emails. And guys, focus on deregulation, because that's not even close to being factored into the market. That could be a huge catalyst for us. Again, not on Trump's agenda right now. He's basically sending out Tweets to Hillary, whose still blaming, you know, Comey and everything else for her losing the election. Which I think is a joke. I think, again, if you lose, you lose. I don't want to get political. I don't want to get people to … But still, on the agenda when it comes to this stuff, you have Trump Tweeting to Hillary, "Haha, I beat you," whatever. Guys, let's focus on the bigger picture here. Because if tax reforms pass, that's going to be good. Mostly factor into the market. Should be, unless we get the best tax returns possible. Corporate tax rate 15%, and 10% on repatriation.

But deregulation, not factored in. Hopefully that becomes a much bigger priority. Which it was a big priority a couple months ago, but it's no longer even on the table right now, especially since the healthcare reforms didn't pass for Donald Trump.

But anyway, I have a great interview for you today. It's an old friend from Street.com days. In fact, it's going to be his first appearance on Wall Street Unplugged. Very controversial person. Tells it like it is, which I love, because I'm from New York. Some people don't, and I get it. He has a great track record for calling out big name celebrities, and also very famous Wall Street analysts for pumping dump schemes. His name is Tim Sykes. Guys, going to be a pretty fun interview.

Tim's a real smart guy. He only trades penny stocks on the long and the short side. He actually runs a newsletter that's really

successful. Has a huge following because he breaks down a lot of the risks dealing with these highly speculative names. He's been doing this for well over a decade. He's able to spot some great ideas that are well under Wall Street's radar since. And penny stocks and even small caps, those names are too small for the Goldman's/Morgan Stanley's to write about, and improvise a big market for people to look at, even myself. A lot of what we do overlaps, which is cool. That's why it's going to make for a great interview. Let's jump right in here with the one and only Tim Sykes.

Tim Sykes, thanks so much for coming on the podcast. It's been too long since we've last been in touch.

Tim Sykes: I know, I know. Thank you for having me.

Frank Curzio: No problem. And for those of you don't know, we go back a long time, I mean, back to the Street.com days, when we used to do a lot of videos together about small caps. I want to say probably in 2006-7. Are we the old guys now? Did that just happen?

Tim Sykes: We are, we are. It's kind of crazy. You stay in this game long enough, you become a veteran. You lean the angles. It's good to be the old guy.

Frank Curzio: Yeah, I think so. I agree man. Well, to bring everybody here, and I know a lot of my own is familiar with you because a lot of our stuff kind of overlaps. You are expert trader. You trade penny stocks. Something you don't hear often from traders, because guess … Can't really mention penny stocks on CNBC or FOX Business. It says restrictions. They're too small these stocks. It could be the volume and stuff like that, volume requirements.

And most traders are folks that are on companies with more cash. Probably larger than 100 million. Why penny stocks for you?

Tim Sykes: Yeah, you know, I've tried other niches. I've never really had that much success elsewhere. I never really wanted this, but I've always had success with this niche. I think it's actually kind of ideal for people with smaller accounts because of the volatility. Because these companies are rather simplistic. They have one or two products. It's not like you're guessing who's going to be the industry leader. It's just a question of are the actually going to be business? Are they going to make it, or are they going to fail? And because most of these small companies fail, even though that's a bad thing according to long term investors, it's a good thing if you understand that. You pretty much know the end game. You can guess how it's going to end. You can see the signals of how the

small caps are going to fail. And you can profit from short saleing them, too.

You don't have to worry about it needing to be a full market all the time. So I play the up side, I play the downside. And I just love the volatility.

Frank Curzio: Yeah, I was going to ask you that, too. I was going to say, you short some of these companies, because I know when you ran a hedge fund in 2003, I believe it was like a short bias. I know, you know, sometimes when you're first angling, when you start a company, whatever. It's usually what you're comfortable, what you love to do. I believe that was a short bias fund, is that correct?

Tim Sykes: Yeah, I'm primarily a short seller, but I made my first million going long. I made my second million going short. And now I've kind of gone both ways. Now actually, the past few years I've been long biased, because short selling has been scary with this rising tide. It lists literally all boats. Even if the boats are kind of leaky.

Frank Curzio: And that's a good point. What's your methodology where, you know, is it just volume requirements, or we hit trades who are just looking? Sometimes they won't even look at what the company does, but like you say, you're also aware of like the macro conditions as a traders, because everything's going up, doesn't matter what it is. Sometimes people have to realize that. You don't want to fight the sector of the market particularly, right?

Tim Sykes: Yeah, I mean, I look at macro, but you also have to be very company specific. I always know what a company is doing. Unfortunately though, there also are just blatant pump and dumps. Like companies that are kind of like, the companies straight out of Wolf of Wall Street. What the company's doing, is selling shares. That's their main business. Whatever they say, if they say they're in oil or gold, or creating some new technology, that's just a cover story in order to sell shares.

The companies with penny stocks, a lot of them differ from you're not looking at profits and revenues, and margins because these companies don't have any. They're speculative ideas. And while a lot of people get scared by that, I really like it because you can kind of tell what a blatant pump and dump is. You're getting tons of mailers. If you see this one ticker stand all over social media, and you see disclaimers at the bottom of the emails where people have been compensated to promote the stock, you know that's a blatant pump. I've never seen a blatant pump actually succeed. There's been one in the history, True Religion Jeans, because they were

a pump based out of Vancouver, and they pretended they were selling jeans. Then the jeans actually took off.

Aside from True Religion Jeans, I don't know of any paid for promotional company that's actually lasted. You know that you can short sale them, and ideally you want to wait for when the pump is kind of fading because when there's a promotion going on, you can read the disclaimers, you can see how much has been paid to promote that stock. Once that promotion money is used up, there's no more promotion, and the stock falls out of bed. It's really kind of a waiting game for these opportunities.

Frank Curzio: Yeah, you know, and it brings it back to what we said, we're like the old guys now. When it comes to penny stocks, small caps, even small cap stocks, we kind of seen it all, right? I mean, the promotions, the people that get paid to recommend stocks. They're targeting short sales are fantastic. I mean, some of these targeted short sales where they also have the lawyers on board, I know you just mentioned a great point when you look at these disclaimers. And they'll say, "Hey, we could hire outside people, outside blogs to run our stuff. We could buy and sell. We may be out of this stick already before you're even getting this."

I mean, not only did you explain a little bit, could you go into more detail how those factors that you usually trade penny stocks, its promotions, or even a fake short campaigns can move these stocks, right? I mean, 50-75% sometimes, right?

Tim Sykes: Yeah. I mean, 50-75% in a day. Sometimes two, three hundred percent in a week. I'm always looking for big percent gainers. There's thousand of penny stocks. They all have stories. They all claim to have amazing products. Because we've been around so long, I don't believe anything, any management, or any press releases anymore.

For me, I want to so volume, I want to see price action. Number one mistake that people make is that they believe this story, and even if the stock is trading like 2,000 shares a day, they're like, "Well, eventually people will realize the story." No they won't, okay? There's literally thousands of stocks focused on the most active.

Penny stocks are not that illiquid if you focus on the right ones. You know, I'm only trading actively traded ones where they're trading millions, sometimes tens of millions of shares, per day. And like you said, they can move 50-75% in a day. I'm looking. Sometimes I buy these companies if they have good earnings. Sometimes these penny stocks are not all pump and dumps.

Some of them can report good earnings, or big contracts with a legitimate company like Merk, or Proctor and Gamble, or Apple. And that will give credibility to this penny stock. If it's up 50% let's say on a contract with Apple, well, you go up 50% the next day when more people find out about this legitimate contract.

The cool thing about penny stocks is that you don't have to be real time because they're not covered by the financial media, if you try to trade off Amazon earnings, like there's already a thousand people who have been dissecting it every single second. With penny stocks, even if you announce big news, there's usually a time lag before the street and the mainstream media really understands that news, or even pays attention.

You can buy a stock, let's say with good earnings, or with a big contract on day one of the news, and day two, day three, day four, the stock is still repricing and going up in reaction to that news. There's a beautiful, beautiful inefficiency there. And the same thing with shorting.

You can short a stock that has been up. So let's say two, three, four, five days on the back of a promotion, and people don't realize it's a promotion until it's up let's say a thousand percent, and you can short and just wait and watch as it comes down as more people realize this was a promotion, it's a short term catalyst.

You don't have to sit by your computer every single second if you know the right indicators to look for. And that's what I love most about this.

Frank Curzio: You bring up a good point, too. Like you said, when these big companies, Google, Facebook, even mid cap, even small cap companies with large volume, you'll see them on TV, and everyone's dissecting them and stuff. But you're right, I've seen it too with stocks that are not covered by Wall Street. When Wall Street, and you know this Tim, is sell site analysts at the big institutions and stuff. There are a lot of inefficiencies in there because you're not seeing these things mentioned on TV every two seconds, which leads me to ...

Tim Sykes: It's the inefficiency. That's the beauty of this market, you know, long or short. I know some people who are like I will never go long on penny stocks, or I will never short a penny stock. And for me, I just want to play that inefficiency. When there's this time lag between when the press release comes out, when the news actually hits, and when people realize it. You don't actually have

to guess ahead of time. Like I never hold stocks through earnings, I don't have to try and guess like, "Oh, I think that this company's going to report earnings, so let me hold it and guess."

That's what most people on Wall Street do. And the reason why most people on Wall Street don't make money, is because guessing is a very low odds business. There's famous books like Where the Customers Yacht. The people who make the most money on Wall Street are the banks and the brokers because they're not playing the guessing game. They get their small commission every single time. While, most retail investors and traders actually lose. And that's why you see a lot of this financial media. If you look at the subscriber growth, and the TV viewership, it's dropping because people don't make money. 90% plus of traders lose. 70% plus of investors fail to beat the S&P 500 every single year.

You have to kind of look at this niche as a way to grow your account, and do better than the mainstream.

Frank Curzio: Now let me ask you this, Tim. How do you find these stocks? Is it by screening, is it by just being in the industry for such a long time? Like me, I have tons of contacts over 30 years where I'll hear about so many new ideas from these contacts as well. And I do the same, reciprocate on my end. But how do you find a lot of these ideas? There's thousands of these stocks. And like you say, they're all volume requirements. What are some of the other things you look for to actually trade something? How do you find them?

Tim Sykes: I mean, I keep it so simple, it's crazy. A lot of people don't believe me, but I just look for the biggest percent gainers every single day. If a company's up 20, 30, 40, 50% on the say, I start watching it. Then, I go backwards and I say what caused that run up? Was it due to promotion, was it due to a contract, was it due to earnings? And I know because of my now nearly 20 years of experience trading, I know which catalysts are going to have the best upside, and the best downside for the next few days.

I very rarely ever hold a stock more than a few days, because I'm looking to capture that inefficiency between when the news comes out, and when the masses buy it, or the mainstream media covers it, or maybe a hedge fund might take a position. Every now and then, a hedge fund does take a position in a low price stock. I'm not trading sub penny stocks. For me, I care about any stock under $5, even up to $10 a share, because there's still that inefficiency of a few hours, or a few days between recognizing the value of the catalyst, and when other people can recognize it. It all starts with looking for big percent gains.

Frank Curzio: Once again, I'm talking to Tim Sykes. And I got some more questions here, because we're going to have a lot of fun here guys. We're kind of in the same fields, and Tim's a guy that speaks his mind, which I love since we're from New York. Some people don't like that.

Tim, real quick before we go any further, if someone wants to find out more information on you, how could they do that and see some of the things that you're doing?

Tim Sykes: Yeah, just Google Timothy Sykes, you know, timothysykes.com is my blog. I have seven thousand plus free blog posts. If you go to timothysykes on You Tube, I have 800 plus free videos. I'm just trying to get what I know out there, because it really pisses me off when people invest and trade with the wrong indicators. It makes my blood boil, and I don't want that.

Frank Curzio: Well, what else pisses you off, which I like, I really do because a lot of people don't do this, and I've done this before too. And sometimes I regret, but calling out people who are really doing the wrong thing, okay? When it comes to investing, or just they making plenty of money for themselves, but they advice they give is horrible, tell me about, and this is going to get fun guys, some of the biggest scams you've seen when it comes to penny stocks that the average investor maybe doesn't know about. I saw you call out people, some high profile celebrities, also some people that are on CNBC all the time about pump and dump schemes and things that they're doing that people don't realize. But what maybe one or two stories that you're like holy cow, I can not believe I just saw this?

Tim Sykes: Sure. I man, I've got thousands of stories. Number one I guess would have to be Justin Bieber. I called him out when he took a big percent of this small company that had like this text message solution where it would prevent you from text messaging while driving. That sounds like a good technology. The problem is, they didn't own the technology. They actually borrowed it from another company, which was public. So if you really believed in the technology, you could have bought this other company.

But the technologies didn't even play out. But worse, Bieber started Tweeting about this. And all of his fans, and all the parents of his fans, started buying the stock. The stock went from one to ten cents a share, and I was exposing it. And I was like this company has no cash, it has no revenues. They started diluting and issuing tons of shares. I was on their quarterly conference call. They actually did a call, which most penny stocks don't do. And I asked the question, I was like, "If my calculations are correct, I

mean, you now have over a billion shares outstanding." They cut my question off as I was asking the question. They didn't answer it, because my calculations were correct.

I started getting all this hate mail from Beliebers. They were like, "You want teenagers to die, because you want them texting and driving, that's why you're against this company. You're a sicko." I'm like, "No, I just want you to look at the red flags." Bieber's company sent me a cease and desist letter for my blog post. And I wrote a new blog post saying 20 reasons why I'm not going to take the original one down. And of course, there's the company crashed, failed, lost everything. Shaquille O'Neal did the same thing. And Shaquille O'Neal sent me a cease and desist letter.

I don't care if it's a celebrity, I don't care who it is. If you look at the FCC filings, you can see when a company has no cash, or very little cash, and no revenues and losses. It's not sustainable. And they bring the celebrity on in order to pump up the stock price, so that they can do a toxic financing at a 30, 40, 50% discount market price, and then the stock crashes. Then the celebrity becomes aware.

With Shaq, he was promoting this kind of like Splenda want to be sugar. And I'm sure the company representatives gave him a packet of this sugar, and he put it in his pocket, and he was like, "Oh, okay. I can promote this. This is cool." He's thinking that this company's a real company. When if you dig into the FCC filings ... Again, every single company has press releases or FCC filings. Press releases are nice one or two pages, and there are summaries, and they're basically full of hype and BS.

If you look at the FCC filings, they're 30, 40, 50, 70 pages long. They are no hype because they are legally mandated. And the company will expose all of the risk, because their lawyers make them.

With Shaq's pump, if you actually look through the FCC filings, the company might have had a perfectly fine Splenda competitor, but they were paying grocery stores just to stock it. Why are you paying grocery stores just to stock your product? If you even do sell your product, you're still going to lose money because you're paying for placement in the grocery stores. And the reason why they want it to be in the grocery stores, is so that they could issue the press release and say, "Hey, we're in this grocery store." And every time a press release came out saying that they're in a new grocery store, the stock would spike, and they would send off a big mailer with Shaq's face on it, saying Shaq is going to pump up our stock price.

They literally used that exact phrase. And the stock went from I think like 20 cents, to like $4 a share. And I was warning about it. It was up like 20 straight days in a row. Everyone thought that I was crazy. And then it crashed all in one day. And I was shorting it, and it was beautiful. Then, you know, Shaq had an out deal with that company once it dropped below a dollar a share. He was out. But all of Shaq's fans got stuck, just like all of Bieber's fans. This happens again and again, and it pisses me off.

Frank Curzio: No, and it's funny because I remember Shaq, because I'm a huge basketball fan. I remember him pumping this even on TNT and NBA, which he's an analyst on both those shows. And he was talking about his sodas, and the sugar in it, which is amazing. But I have to tell you, if Shaq actually knocked in my door, and gave me a cease and desist, I would probably stop doing what I'm doing, if he did it personally if he knocked on your door. Compared to Justin Bieber I think. I am going to ask you this Tim, with Justin Bieber, right? You're looking at a guy, and I don't know if people know this out there, how powerful Justin Bieber is, considering he has nearly a hundred million followers on Twitter guys. He's number one.

My question to you is, when you see something like this, the amount of power this guy could generate for a stock, and even though it's a scam, this is a guy that could push I think you said ten cents to a dollar, but I mean, you could see this get pushed up to two, three, five dollars with so many people buying it. How do you know when to go in there and short? Because you know as well as I do, when these promotions continue, they could blow those shorts and keep going higher, and higher, and higher. But what about the timing? How do you do that?

Tim Sykes: Yeah, well that's the thing. Bieber's stock went from one to ten cents, which is a nice thousand percent increase. But it could have gone to a dollar. And this was several years ago, so the market wasn't as hot as it is now. This is again, why I've switched mainly to going long. Bieber does have much more power now. And a promotion by him, you know, he hasn't done one ever since that one kind of flunked. He actually did another one, but that one flunked too. He hasn't done one in a while.

Now, I'd be curios actually if a celebrity did it. Rapper 50 Cent spiked up his little headphone company. He's like, "Hey everyone, go buy shares of this." He had no idea that securities laws that you can't say go buy the stock, when he didn't Tweet that he actually owns a good chunk of the company, and the stock price triples.

These celebrities are not aware. They're not trying to do anything

bad. They just don't know how finance works. Shaq is still doing it with tons of different penny stocks. But he doesn't have a big social media, they just put his face on the mailers. For me, I don't know the exact top. It's not an exact science. You know that when there's a celebrity involved, when there's promotion dollars involved, it's going to last for a few days, sometimes a few weeks. But eventually it has to stop because it's not an unlimited budget for promotions.

For me, I start looking for fading volume. I start looking for, you know, fading social media mention. And you can start to tell when the promotion is ending. And sometimes it just stops. Like you're getting a mailer every single day, promoting this company, and it just stops. And you never hear from that promoter again. And the stock crashes 90% in three or four days. It's not as difficult as you might think, but it's also not an exact science.

Frank Curzio: Definitely makes sense. Now, even in 2004, five, six, we've done a lot of work together. It was pure trading for you. However, something has switched over the past few years where you take great pride in teaching. And I know you get a high, just like me when you see a subscriber make money by following your advice. But when did teaching for you, not just trading, become such a big focus?

Tim Sykes: Yeah, I mean, it was kind of weird. I never meant to be a teacher. It really just pissed me off that people didn't know this stuff. When I was on the TV show Wall Street Warriors in 2007, a decade ago now, I kind of got unveiled and revealed to the world with my story of turning a few thousand into a few million throughout high school and college. And everybody wanted to know my strategy. I told them just like I'm telling you, "Hey, mainly I short sell these pump and dumps."

Half the people who emailed me said, "Hey, you can't short sale penny stocks. My broker says that's illegal. You're a criminal." I was like, "What are you talking about? You just need to have the right broker." Brokers kind of lie in order to look good. If they can't find shares to short of whatever penny stock, and most brokers can't. You have to be kind of specialized. Fortunately, interactive brokers and eTrade have gotten good borrows lately these kinds of stocks.

But most brokers don't have shares to short. That made my blood boil. For me, I got into teaching to calm down, because I was so angry, and my blood was boiling. I have like anger issues. That's how I initially got on to the Wall Street Warriors. But eventually, it was more about wait a minute, let me not just give that

information. Let me actually try and show people and mentor them from scratch.

Now, you know, my most famous student has turned $1500 into over four million in five years. He got featured on CNN, and that story kind of went viral. And now everyone wants to turn a few thousand into a few million. And not everyone can do it. This isn't an easy game. Ut if you take it one trade at a time, and you have the right rules, and you have good information, not bad information, it is possible. And so I take great in teaching and trying to create more millionaires from scratch.

Gradually over the past ten years since I've been teaching, I've been shifting my focus away from just trading to more teaching. And now, you know, I do a video lesson every day. I do sometimes two or three live webinars per week. I teach people in person. So I'm just trying to show everybody everything I've learned to kind of speed up their education group. I never had a teacher. I'm kind of self taught, which sucks because it took so long to learn. I'm trying to be the teacher to other people that I never had.

Frank Curzio: And also being self taught, you've learned a ton of lessons, right? Because when people see you on the video, and go to your website, it looks like a confident guy. But, and even me when I'm trying to teach somebody on the podcast, and I have educational segments as well, we're teaching you for a reason, right? I mean, we've made these mistakes before. I mean, it's that simple, right?

Tim Sykes: I've made so many boneheaded mistakes. I wanted to go back to my younger self and just smack him in the head, because he was so cocky and he didn't have any risk management. He didn't have the rules in place. And I don't want that for other people. I want them to have a less stressful path. It's not even just about making millions. It's about making millions the right way, and whether it takes you one, two, five, ten, or 20 years. It's about proper risk management, and not taking these big losses. Not going all in. Learning to cut losses quickly. Learning sometimes you're wrong. You know, hey, I've been doing this nearly 20 years. And a third of the time I'm wrong. It's not like I'm right 100% of the time. And people need to get that out of their head.

I have to teach them these rules because, frankly, otherwise, they'll have to learn it the hard way. And if you learn it the hard way through the market, it's much more confusing, it's much more expensive, it's much more stressful. I'm trying to reduce all of that.

Frank Curzio: And talk a little bit more, because that's one of the things that I'm

most impressed about, especially when guests come on here. We could all highlight our biggest winners, everyone. We all have stocks that went up tremendously, and you've seen promotions out there where that's the only thing people are going to talk about the positives, and this and that.

But one of the things you just said is very important. It is risk management. You brought up like a couple things where you don't want to take big losses, but what are some of the other rules or lessons? Like you said, what people don't realize if you go all in, yes, I know that if you talk to billionaires, most of them went all in to become billionaires. I would never tell anyone never, ever do that, because if you want to take on that risk, that's fine. But, I think it's important when you need to let people understand that's the risk that they're taking, right?

Tim Sykes: Yeah, I mean, I don't want anybody using leverage. First of all, there's too many brokers that make a lot of money off letting you borrow money from them, giving you two to one, three to one, four to one, even six to one leverage on your account. You don't need that. The greatest trader of all time, Jesse Livermoore, went broke, committed suicide, totally busted his entire legendary career because he used leverage. And he's the greatest trader of all time. If the greatest trader of all time can't make it with leverage, trust me, you can't either. That's one of my first rules.

Secondly, I do like saying never go all in because everybody whose just beginning, everybody who wants to go all in, should not do it. You can be wrong on any stock, some crazy stuff happens. We've been in this game long enough to see stocks turn on a dime. It doesn't matter how much research you do. Some bad news, some unlucky break can happen. The regulators can halt the stock that you can't necessarily predict. You don't want to go all in and take yourself out of the game.

I understand that if you want to use 20, 30, 40, 50% of your portfolio, which I think is still a little too aggressive. But just don't go all in and protect yourself. I always say aim for singles rather than going for home runs. Learn to be like the each a row of penny stocks. Don't be like steroid abusing, Mark McGwire, Sammy Sosa. It didn't end too well for them. Too many people go for home runs. They think they found the next Microsoft. You've never found the next Microsoft, so go with the odds.

And trust me, if you start going for singles, and you start learning how to hit base hits, you know, make 500 here, a thousand here, it adds up, and you gain experience. And then, maybe ten, 15, 20

years down the road, then once you have enough experience, once you've seen a bunch of chart patterns, once you've seen a bunch of plays and you better understand the risks, then if you want to go all in, by all means, do it. But every single experience trader that I know never goes all in because we've seen so much over the years.

A lot of newbies tend don't have that experience. They don't have that mind set, so they think that it's okay to go all in. They think that it's okay to use leverage, because they don't know the risks. They don't know what could happen. They've never seen anything go bad. Unfortunately, a lot of them learned the hard way through trial and error when they go all in. I get emails from people all the time from people who say, "Tim, I know you say never go all in, but I didn't listen to you. I went all in and I lost everything. I'm sorry, I should have listened to you."

I get that email probably three or four times a week. And it sucks. I hate it every single time because it's like another person who didn't listen to me, and now they've learned the hard way. Either the market can teach you, or I can teach you, or experience can teach you. But one way or another, you're going to learn.

Frank Curzio: Yeah, and guys, we're talking about individuals here because if you look at hedge funds, a big hedge funds Tim, and you could attest to this, theses guys leverage the crap out of their funds. Why? Because they're playing with other people's money. It's a lot easier to leverage themselves five, six, seven times when you're dealing with other people's money, compared to when you're dealing with your own, right?

Tim Sykes: Exactly. There's no risk for them. When you're trading other people's money, when you're trying to get paid based on the money that you make, and they're not taking money away from you if you leave it. So, if you're working for a hedge fund, you're incentivized to take leverage. You're incentivized to take big risks because if it pays off, then you get a bigger bonus. If it doesn't, they don't take money out. You're never going to go work for a hedge fund and be like, "Hey, actually you used a lot of leverage, and you were wrong a lot, and you lost the firm ten million. We're just going to take all your money." No firm ever takes money from their traders. They might fire you, but there's no real downside risk versus if you were trading with your own money, yes you lose all of your money. You can be in debt to your broker, and you can basically lose all your accounts, and you get taken out of the game. That's the worst thing.

For me, it's not just about the money that I've made in the past, it's

that I want to be available to end future plays. Let's say Bieber gets the bright idea for another new play, or Shaq, or something else. There's always going to be a new penny stock in play. And I want to be around to actually trade it. There's nothing worse than if I have all this knowledge, if I've made all this money in the past, and then do the one stupid ego based mistake, I get taken out of the game, and then I'm not there for future plays. I don't want that happening to people.

Frank Curzio: Definitely makes sense. I got two more things I want to get to really quick, because it's running a little late, and I love having you on. This conversation's going great. There's two things, one is you co-founded basically I would say it's like a social media platform. Provides stock trade information. It's all online. What I like about it, is you say it serves several purposes, and one of them being creating public track records for gurus, newsletter writers, and students. Everyone learning from both wins and losses. Talk about that platform, which is cool. Because what I always love is when I see ... Especially traders in newsletters. Sometimes there's no track record because they trade so much. They talk about the winners, there's really no track record there. But this is like a system that actually shows here's what I'm doing just for everyone to see.

Tim Sykes: Yeah, I mean, it's a very scummy business when you look at gurus and people who claimed that they've made millions, and the can teach you how to make millions. I mean, it's a whole industry full of snake oil salesman. If you look at a lot of the conferences, I've been banned by a few conferences because I've pointed out, wait a minute, this guru doesn't have a track record. Oh wait a minute, this guy doesn't show all of his trades. If you look at like some of the testimonials of some of these freaks who are putting up, it's like Dan R., or Jose T. Like, where's the person's real name? There's so many fake testimonials going around.

Because everything I've done is real, and I think my strategy is real, and useful, and replicable, I wanted full transparency. I show every single trade on Profit.ly, that's the website. Profit.ly. And we have over a hundred thousand members now. You share all your trades, and you build a public track record. I haven't mad a huge, I haven't made like a billion dollars. I've only made a little less than five million. That's pretty much as good as it gets with penny stock trading. I'm not a penny stock investor. But more importantly, I show every single trade. You can see what I do right, you can see what I do wrong, I alert all my people in real time. And that's beautiful. And all my students do it, too.

You know, when I mention Tim [Butoni 00:58:30], my second

millionaire student has now taken $1500 into four million, you can actually look at every single one of his trades and see how he's taking $1500 into over four million. And how it took him nine months at first just to be consistently profitable. It takes time, but transparency is needed. And eventually in the next five or ten years, a lot of these people who have fake testimonials, who don't show all their track record, they're just not going to last. They're dinosaurs. It's sad. I suggest to anybody listening, be real, be transparent, that's the future.

Frank Curzio: That's a good point. The last thing here, because as people could see on this if they listen to you for the first time, which I always knew, is you're a no nonsense guy. You're one that tells it like it is. But you do have a real soft side when it comes to charity. Talk about your partnerships and things you've done with Make a Wish, Boys and Girls Club, because I know you're really into that. Again, I love to see the soft side since when people see the videos and everything, they're like wow, this guy's intense. But you really do have a soft side for some of these things.

Tim Sykes: Yeah, I mean, again, this whole journey has been kind of crazy. I'm just living it. I don't know where it goes next. I never anticipated teaching. If you had told me that I was going to be teaching 20 years ago, I would have been like get out of here. I love trading, I'm not going to share my strategy with anybody. And then, I started getting into charity because I started with Make a Wish, and I love the Make a Wish Foundation, and the Boys and Girls Club as you mentioned.

But then I started merging my love of education with charity. And I started building schools, and I merged that with my love of travel. So, now I've been to over 100 countries now. I'm kind of like this crazy travel guy. And when I travel, I like going to visit one of the new schools that I'm opening. So my charity, The Timothy Sykes Foundation, now has over two and a half, three million dollars in it. And we've built, or in the process of building, 35 schools all around the world in third world countries like Laos, Ghana, Guatemala. I partnered with Pencils of Promise, which has now built 400 plus schools worldwide.

I like to go visit these schools. We actually just opened a school in Cambodia, the Timothy Sykes Learning Center, and I was greeted by a thousand kids who were going there. That was just a crazy experience. And I actually surprised them with a gift. We're going to build a soccer stadium next to my school. And I'm going to try to change it up. I'm only going to let kids who get straight A's play in the soccer stadium. I'm going to call it like Revenge of the Nerd

Stadium. And I think they think that I'm kidding, but I'm actually serious. I don't want people who are great athletes to just be able to play. I want the nerds to have stadium. I'm going to try and reverse many decades of jocks beating nerds all across the world with this one school in Cambodia, and we'll see if it takes off.

I have fun with my charity. Being able to give back and help these third world countries that have so little, it really puts everything that you do in perspective, and it makes you appreciate every single dollar. Once you meet these kids, once you meet their families, it's a beautiful thing. I'm just getting started with that.

Frank Curzio: Yeah, that's really cool man. I was reading about that on your blog, too. That was really cool stuff. But, Tim listen, I want to thank you so much for doing this. I know you travel all over the world like you said. And proof of that is you just got off a plane I believe yesterday because I'm a subscriber to your stuff, and I just saw an alert saying, "Hey, I'm on a plane. We're not trading this stock anymore."

The fact that you got off the plane, and you're doing this, I really appreciate your insights. I know my listeners do as well. I just wanted to say thanks man.

Tim Sykes: Yeah, it's my pleasure. I hope I wasn't too jet lagged. I'm not even going to remember this conversation tomorrow. I hope it's good.

Frank Curzio: I think it went well man. I think it went well. Listen, definitely will be in touch, and hopefully you'll come on the show again soon, man.

Tim Sykes: Cool, thanks again for having me man. Appreciate it. Keep up the great work.

Frank Curzio: Thanks.

Hey guys, great stuff from Tim, and we covered a lot. I mean, I especially like when he talks about the risks because to be truthful here, we all have big winners as analysts, especially if you're in an industry as long as Tim and I are. And it's easy to promote those winners, to bring on new people, which we see a lot in this industry.

But in reality, our greatest lessons are learned from our losers, which we all have. I don't care who you are. You're all going to have those losers, and I think it's important to address them, and by highlighting both the risk and reward of every recommendation, even that goes out to my list and stuff like that. You want to

highlight the risk if things don't work, because there's a good chance that could happen. For me, I think that goes a long way in this industry, and it establishes credibility.

I mean, that translates into long term relationships, and partners, which is how ... You know, and I've analyzed tens of thousands of businesses in my career over 20 years. It's how you establish, or basically build an industry leading business. Okay? By being up front with people. Not by lying to them, not by telling them garbage, but you know showing them the lessons that you learned. And most important with newsletter industry, when you're wrong, I think most subscribers from my experience and for my listeners, and have an amazing following which I'm always humble about. But the fact that you're there during those times when it doesn't work out, and telling them what to do, is just as important as having that stock that's up 100-150%, because everybody's going to love you then. I think you show you're true colors when things don't go right, I'm in your corner here guys. I'm going to let you know exactly what to do if things don't work out. That's why I really like that interview. I like that Tim went over that. Just a very big part of this business that I think few people do or more should do.

Tim has a big personality. Not everyone may like the guy. And that's understandable, just like people don't like Jim Kramer, or Icon, or Ackman. Especially Icon and Ackman, as they argue about whose you know what is bigger. We're talking about their wallets. Dirty minded people out there. But, I am a fan. I've seen Tim grow from just a writer, making a few posts on the Street.com when we started out like each week, to having a huge following and a widely known small caps service out there that's really, really cool.

But like I always say, this podcast is about you, it's not about me. Just let me know what you thought about that interview. Email me at frank@curzioresearch.com. That's frank@curzioresearch.com.

Okay guys, we'll be back next week for the core educational segment, plus this interview. And a little bit of my rant on deregulation did take up most of the time, but be sure to listen to next week's podcast where I have another amazing guest. He's going to talk about some really cool stuff, including why this one country, and it's not North Korea, poses the biggest risk to the U.S. On a geopolitical front, and something that could cause war. It's not too far out there if you listen to it. He's been talking about it a lot in his newsletter. If he's right, this is going to cause oil prices to spike sharply in both the short and long term, which is a pretty bold call considering what, all prices are falling like a rock right now.

It's going to be a great interview, one you don't want to miss. Trust me on that. That's going to be next week. Okay guys, that's it for me. Thanks so much for listening. I'll see you in seven days. Take care.