

Cohodes Still shorting Home Capital

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SPEAKERS

speaker 2, Marc

S speaker 2 00:00
Marc Cohodes is is a former hedge fund manager turned chicken farmer. He's come out of retirement to short a number of Canadian companies. And yesterday we spoke about Home Capital. It's a name that he's been short since 2014. Now in the interview, you'll hear reference to what he calls the operation Trillium, which Marc believes was Home Capital's response to the brokers who did not properly verify incomes and who were eventually suspended. Home Capital did not comment on the existence of this program. We did reach out to Home Capital, however, to verify and see comments, on all of Marc's assertions. Their responses are posted on BNN.ca. When I began my interview with Marc, we started by talking about how he finds information beyond what is publicly disclosed by the companies themselves.

M Marc 00:50
Everything is public, everything is public. It's not from a fiduciary. It's not from a home cap Insider. There's- everyone knows a lot of things of what go on in a business. And part of this is research. And part of that is digging stuff up. And there's a lot of brokers in Canada, who've heard things- who know things, who are more frankly, are pissed off. And people don't like to see- I don't want to say foul play, but they don't like to see guys cutting corners and Home Cap with these mortgage things, they they paint one story to investors,

which is to me completely false. It's a false narrative. They've had incredible turnover. They don't disclose things properly. The OSC is clearly involved in this. I think osfi is staging Home Cap, and Home Cap's public disclosure, at best is poor and is extraordinarily disingenuous.

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speaker 2 01:52

Okay, let's unpack some of this because the issue that we're talking about is the mortgage fraud that the company came forth with about a million- a billion dollar's worth of mortgages that had poor underwriting standards, especially with respect to income verification,

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Marc 02:08

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speaker 2 02:10

A billion nine, to be exact as important that were exact. And and so your assertion is that they knew about this well before it was disclosed, and that there was an operation Trillium to what was that I keep coming back to that what was it to-

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02:27

I don't I don't I don't I don't exactly know exactly what it is. I don't know. I I do feel quite strongly that it was discovered internally, not through a whistleblower. I think that was later that they admitted this whistleblower thing I think it was uncovered internally through let's say routine audits and brought to the attention of management. And then you know, there's some form of cover up remediation effort. Salloway knew. Martin Reed knew. Pino knew. people got fired. Rizwan got fired. And and it's a reason I'm in another stock I'll talk about shortly. People lost their jobs because of this. And investors were told when Home Cap was missing numbers. Salloway said it was because of the weather, he was more cautious. insider sold stock as high as his 55 in the 50s. And people, to this day, still don't know exactly what went on. They don't know where those funky mortgages are. Or have they been securitized? Are they on their books? Where are they? People just don't know. And and all along, you know, my only vehicle is Twitter, which is 140 characters or less. You know, no one wants to talk about the elephant in the room. No one wants to talk about why Joe Rosati, who the company bragged they're bringing into turnaround mortgages, why he mysteriously disappeared. You know, there's never a press release on

why people left, just hype and things are going to get better and double talk and narratives and this, that and the other-



speaker 2 04:08

but I guess my question is, you know, the departures that you're mentioning, while they raised suspicion, they're not necessarily evidence or proof of any particular foul play or fraud.



Marc 04:20

Well, those are words you're using. I'm not using them. The last time I was on this show, I was I was sued for using the word "nonsense". So I'll just- I'll just talk about what I think my opinion, allegedly. The stock market is a court of public opinion. It's not a court of law. Okay, that's up to the OSC and that's up for the RCMP if they want to do anything with Home Cap. I do know the OSC is involved. The company that-



speaker 2 04:52

so that has not been publicly disclosed it's



Marc 04:54

it's been quietly publicly disclosed when the company came with their 2015 Press Release saying the OSC made them disclose the mortgage issue they had. Okay that they've you know and and I've sent material to the OSC on what I think is going on at Home Cap,



speaker 2 05:13

have yourself been contacted for the by the OSC concerned about your conduct, you know that there's people who you know besmirch short sellers and their approach and wonder whether you're ensconced in any regulatory probes as a result of your approach, you know, you don't like the word short and distort, but some people have used that to describe what you do here.



05:37

Sure. And I'm and I'm- describe what I do there? Well, that's, that's completely false and insulting, because number one, I'm here. Two, I use my name. Three, of course, they

complain about me, because they don't like anyone speaking the truth of what's really going on. So do people complain about me? All the time! They complained about me here. They complain about me in the US all the time, but



06:02

but, to your knowledge, you're not under investigation by any regulators?



Marc 06:06

Oh, hell, no, I'm not under investigation. I'm, I'm a whistleblower, in a lot of things that are going on out there and my record, and my, you know, career speaks for itself. I mean, I don't have a fund. I manage my money. I manage my son's money. I don't have-



speaker 2 06:22

And how much is that, marc?



Marc 06:23

It's, it's it's less than I would like, more than some people would want. You know, it's, it's- What I do, doesn't matter. I'm a long term guy. I'm not a trader. I've been in Home Cap since 2014. And I was in it, frankly, because Barry and Martin Reid were picking on a guy who I respect dearly, Steve Eisman, and he's the one who brought this to my attention many years ago, and I watched the stock go up and when they miss numbers, I got involved. I mean, the markets, Amber, are better for having me and people like me around because it gives the yin and the yang