

Marc Cohodes on GameStop, Melvin, Citadel, and the State of ...

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SPEAKERS

host, Marc ..., Marc

H host 00:02
Marc, thanks so much for doing this today. I want to give you a little introduction for the few people who might not know who you are. Mark ohaneze is a prolific short seller he's been in the industry for about 40 years, he ran one of the largest short only hedge funds in the US in the 2000s. And Mark has been known to expose numerous frauds like Mountain House be Nova star financial a Remo soft and my medics. One thing that makes Mark unique and one thing he's loved for his Twitter handle at alder laying eggs where he's very public and sharing his ideas and sharing his criticisms on the regulatory environments and some of the questionable actions of hedge funds out there. I'm really excited to be doing this interview with you, Mark. First question I want to ask is just how have you been doing? How are you?

M Marc 00:56
living the dream Edwin. in COVID pandemic, not going to be the last casualty before the war ends. So all's good here. Max is good. Aurora is good. animals are good. Well, Max almost won the Jim Chanos 250 pool. Had either Green Bay or buffalo done and he would have won 10 grand but wasn't to be so that's that's really the big disappointment. And since we last chatted, Parker Petite did not get a pardon, even though he paid some stooge \$750,000. And looks like he'll be sentenced on February 23, which sadly, I won't be

able to be there. But that's life.



host 01:42

Well, congrats on all your great work on my medics and getting the CEO charged securities fraud.



Marc 01:48

I bar.



host 01:50

The one thing I want to talk to start off with is the thing everybody's talking about, which is GameStop GameStop. stock is up about 15 fold this month. Prior to its meteoric rise, the short interest was about 150% of the float, which is, as you know, extremely high. Can you- I know you've tweeted a little that some of the hedge funds that were shorting GameStop stock like Melvin capital were dirty birds, as you said. Can you say a little about what you think's going on with GameStop and why you said some of these hedge funds like Melvin are dirty birds.



Marc 02:28

Okay, well, let's first break short selling into three buckets. There are the people who expose frauds, and let's just call it evil doers. And people have done this over a long period of time and their track record speaks for itself for itself. Let's say that would include chino,s Einhorn, Jim Carruthers, grego. myself.



Marc ... 03:04

that's really about it. Who's left? You know, the wirecard crew. Frazier in that bunch, did an outstanding job there. But those people serve the markets in a big way. As bucket one. Bucket two, I would call the smash and grab bunch, which basically writes other people's research blogs to prolific and reports their track record is beyond horrible. The Ben Axler types, and people can go from there, I think that guy shouldn't be doing this type of work EOD, and numerous others. I think these guys are simply mouthpieces for hedge funds. I think I wrote an op ed for the Financial Times saying this practice should cease both long and short. I was criticized for it turns out, I was pretty predictive in this. And I think those guys by putting out those reports are really pissed off the Reddit and Robinhood bunch, and rightly so. Because they bully these stocks down, they immediately cover and in

phases case, it's up about five times from what he had put out his piece, and his target price was the listing. So when you put out something like that, and you only put out one piece you scare people out of their position you cover and you're never heard from again. I think it's terribly wrong and I can totally understand how the Robinhood and Reddit crowd are upset and upset with shorts. Sets the smash and grab bunch.

 H host 04:46
Yeah.

 M Marc 04:46
Then you have the short sellers who are part of an overall long short strategy and basically these guys are overleveraged long players and they have a short gimmick. This is where Melvin and SAIC and some of these tiger cubs come in. and these guys aren't short sellers they're just overleveraged long players again with their short gimmick and this is the crowd- the Melvin crowd, who was who got tagged in GameStop and GSX and and a whole bunch of other names. It's been well reported their their travails and they're probably going to be out of business by q1 and deservedly so. These guys use too much leverage although their returns optically for 6, 7, 8, 9, 10- years you pick the number are good yeah after the investor pays tax and Plotkin gets his fee, after how they've done this here I think your net down for the experience. So this is a black eye for the industry. I'm not in the industry I used to be in the industry and I think it's an absolute disgrace. They've made a mockery of this it's become squeezed the short game that happens. I've seen this before.

 M Marc ... 06:04
But the villainization towards the legitimate shorts I think is really sad and it's bad and and i think there'll be so few real short sellers- real short seller-s left after this, it's a it's it's sort of sad because these folks work their asses off. They're my friends I've known for a very long time, and they're probably you know a bunch of them are going to be out of business which is which is unfortunate but if that's what the world wants, that's what the world will get and we'll see the ramifications of it somewhere down the line. when I when I use the term dirty birds I don't like the way these guys play pool I don't like the way they play ball I don't like the stories they tell I don't like to run in front of trades I don't like to run in front of reports I hate it all.

 M Marc 06:54

sec didn't pay a billion dollars to the government because the sun was bright and there were no clouds in the sky. And I hate it I hate I hate this legend dicing these people they're not legends they use way too much leverage. There's way too much prime brokerage leverage in the system. And whether or not unwinds people see what happens in a week like this. And it's and it's not good. It's not good. It scares people. It takes people's focus off the ball. The Cartoon Network, aka CNBC makes it look like the French revolution against the fat cats. I mean, the fat cats are the guys who own the sports teams. short sellers don't own sports teams, I'll tell you that. They do this for a purpose. They do this because they try to defend the person who needs defending whether it's subprime mortgage or subprime education or payday lending, or the prison system, or giving people bad drugs, or using a catheter that kills a dozen or so people it's in Penumbra. You know, I think grego does an outstanding job. You're not going to get rid of Grego, you're not going to get rid of me. I don't have a fund I don't want to have a fund. I've been there done that. But you know, they have people like you who speak out and who published stuff but it's going to be a dangerous time for a while because until people get the narrative straight of what's really going on. The so called hero villain motif is going to be very confusing til people want to get get their facts right. And right now their facts aren't right. So

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host 08:37

absolutely. Mark you've been pretty active in tweeting at Dave Portnoy saying you want to expose what's going on with Citadel that you have the docs to prove what's going on let's get it sorted out.

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Marc 08:52

I didn't say I have the docs I said I have the facts.

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host 08:55

you have the facts-

M

Marc 08:56

I-documents and facts are different. Okay, I have I have the narrative and IP I have people who've come forward to me who used to be there. So so I don't have documents. I don't want to get involved in that game. But he has a very big microphone. He is the guy he is the champion of the common man right now. And him and I should have a chat him and I should have a chat about who's who in the zoo. Who does the right thing who does the wrong thing and how these things are actually working because until you get your

story straight and the facts right there's a awful lot of misinformation out there on what's really going on. And, and the media takes great delight in saying hedge funds do poorly, which is fine. I mean, I could give a rat's ass but the but the problem is there's a lot more to the story than that. And, and the little guy and the Robinhood crowd and the Reddit crowd needs to know and needs to have a level playing field with some of these guys with the billionaires with the ken Griffin's of Citadel, so they actually have a chance because right now they don't have a chance. I mean, they have a chance short term with what's going on. But longer term, they don't have a chance with what's going on out there with how the rules are set up.



host 10:20

Um, so-so let's just get into the cake. Maybe the basics not go into too much, but the basics of what you think Citadel is doing wrong or potentially doing wrong.



Marc 10:36

Basically, in my mind, or my opinion, they have all sides of the trade. They have Robinhood flow, they know what's going on. They're the first to use algorithms and science behind things. They know who's right, they know who's wrong, they know people's track record. They know exactly who they're executing foreign-wide. they have different sleeves, who they give money to money managers with various forms of intelligence. They now own part of Melvin or his GC, they know his positions, they know his friends positions. And when you execute blind percent of all trades, you're sort of all powerful, these guys are leveraged so high, it's not even, it's not even commentable what their leverage is, and it's a very dangerous situation.



Marc ... 11:26

And they always win. And when you always win in this market, something's very wrong. Because I don't win, I lose a lot. And, and it's well documented how I lose, and, and the market should be free in the market should be efficient, and one person should not have all sides of the trade. And one person should not be so powerful, where you can make phone calls to your friends to get things either shut down, delayed, margin requirements change, things like that. So I can't stand those guys. They front ran me when I had my problem with Goldman SAC front ran me, when I had my problem with Goldman, I save all my receipts, I remember it. It was a scarring moment to me, and I'm lucky I didn't blow my brains out, it was so upsetting. Because this is this is this week's traumatic to a lot of people, a lot of people are going to be out of business. And it's a really sad thing, when that happens, because people don't understand how hard you work to get where you are

and what it takes to be good at this. And people who are good at this are going to be out of business through no fault of their own. because no one's risk models are set up for a stock to go up four times in a week. No one's risk models are set up for a contagion like this. And the prime brokers once they realize that you're upside down will do everything they can to put you out of business, because that's how they make their money and - wait a minute - And that's well documented in the deposition I made in the overstock vs Goldman prime broker suit on what these guys do. So it's complex stuff. The media tries to dummy it down and simplify it. It's not so simple. And it's, it's it's treacherous out there.

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host 13:17

So Mark, you previously ran upon Copper River, it did really well until I believe late '08. I believe, you know, and then my understanding is you had a lot of your cash with Lehman Brothers, Lehman failed. So then your brokers kind of had a discretionary call to say, Hey, we're gonna pretend like that cash doesn't exist, since it's with Lehman, we're gonna ask you the law of these margin calls. And then, after that happened, there's a lot of controversy over whether they were actually borrowing this, like, Can you explain what the controversy was? Like, what what was potentially illegal or immoral about what your prime brokers did?

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Marc 13:56

Well, you know, there's a lot there's a lot to it, and a lot of it is inside baseball stuff. But okay, when the government changed the rules on reg SHO, and restricted what stocks you could short the financials in the financial crisis, it caused rapid up movements, much like you're seeing today in financial stocks. You know, instead of the list being AMC and American Airlines, GME, and COS or whatever the hell the names are, they were more the financial names, which probably would have gone under, and there were 500 of them. So we lost a terrific sum of money on the day of that ban. And they followed it up with a Reg SHO ban where we lost even more money. So the long and short of it is Goldman changed our haircut, which is the amount of money we needed to have as collateral. They change it from 30 to 70. And they gave us a margin call, which I could have met but my cash was tied up at Lehman in London. So Bill Goldman basically covered all our positions as the market was collapsing much like what's going on with these poor souls and GME and, and others, and it was a absolute disaster. And they didn't have to do that. It wasn't a Fed call. It was a house call. And I think Goldman did it. And Citadel front ran at SAIC and his chump friends front ran it, and it was a disaster for me. And it's a disaster that I'll never forget. And I always say I saved my receipts. So when these guys are now having their turn in the barrel, they get to get me just for the price of admission, because I have a long memory. And I didn't like what those rat bastards did to me. And I will do what I can to, to

help the government or others shine a light on some of this behavior, which I think's unsavory. So I didn't get rid of me, I didn't kill myself. And I think I'm better than ever. And I'm not as quick as you. I'm not as smart as you. I'm not as fast as you. But I have a lot of savvy and I have a lot of experience. And if someone like Portnoy, or Elizabeth Warren or Maxine Waters wants to hear what really goes on. Here we go.

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host 16:15

So, Mark, I never want to be on your bad side. You've talked you alluded to it earlier that Robinhood- they restricted trading on GameStop via like a lot of mixed explanations where part of it is Robinhood was on issues, meeting margin requirements with their clearing broker, I believe, Apex clearing, but then they also kind of said, like we are trying to protect investors. It's like contradicts that narrative a little. The SEC put out a statement earlier today, and I'll read you part of it. It said the commission will closely review actions taken by a regulated regulated entities that may disadvantage investors or otherwise unduly inhibit their ability to trade certain securities. That seemed like a pretty clear shot at Robinhood. Elizabeth Warren, was posting letters online today asking the SEC, like, what's going on? What have you been doing your job? It looks like there's gonna be congressional hearings on this. If you had the opportunity to, what do you want to like, go to Congress and say, what's going on? And if you got in front of Congress, if you got in front of the SEC, if you got an audience, what would you tell everybody about Robinhood, about what happened and about the regulations needed to fix this?

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Marc 17:38

So my expertise is more short selling, and what goes on there and how people get screwed and the role of shorts in the market. That's my, that's my real bailiwick. Generally speaking, I could speak to the Robinhood fiasco, if you will, if that's what you want to call it. Yeah. Generally, you should not halt or stop trading on any given security at a firm unless you do it for all firms. Yeah, so so it seems that Robinhood sort of screwed their customers and limiting opening transactions in the list of stocks, all they had to do, and we can play act, if I ran Robinhood, and you're the floor Boss, I would have said, Edwin, we have too much exposure on GME, American Airlines, whatever the names are, we need to raise it raise house margin requirements. Let's go from full cash. Right? Where are you, you have all the cash in your account to support the price of GME. Let's go to 400% margin on GME, which means if you want to own \$100,000 worth of GME stock, you have to have \$400,000 in your account, which covers Robin hood, theoretically, against losses or movements or options, or this, that and the other, and say hey, if you want to trade GME, or these kind of names, BlackBerry, knock yourself out, love to take your order. But you have to have four times the amount of cash on hand, then then you do in the securities

you trade because we have to cover our asses. We don't want something to happen out of volatility, and we're left holding the back.



Marc ... 19:19

So instead of restricting trading and names to one class of investors, they should have just simply raised margin requirements. And if they would raise margin requirements, then the investor would say I want to play and I'm willing to put up this money or I don't want to play. There's nothing that forces adults to buy or sell GME, but the problem is when you go and restrict it and say you can't buy it, and Goldman Sachs can go sell it and Goldman Sachs can go short and JPMorgan can sell it, and JP Morgan can buy short do whatever they want. You put your customers at a severe disadvantage and I think that's very wrong. And Elizabeth Warren and others need to get into What that why didn't Robin Hood simply raise margin requirements rather than restrict people and how they traded? I mean, she has, she has a point there.



Marc 20:09

But it's part of an overall it's part of an overall issue. And if I ran the SEC, which they did not pick me to do. Which is, you know, again, I never expected it, it was a pipe dream anyway. But if I ran it, what you want is you want the Robinhood guy to be on equal footing is SAC, Citadel, you, me and every other hedge fund. you have to have every person on the level playing field because when you don't, this is what happens. And what's further, creating a storm is the Reddit and Robinhood crowd which I respect and I respect their point of view. And they're entitled just like anyone else's to have an opinion or speak their mind or their truth. What needs to happen is these people need to be treated with respect and decency. But at the same time, they need to understand what happens if you make mistakes, and you're on margin where you can lose a lot of money. And if you lose a lot of money on any of these names, I'm not to blame, and you're not to blame. And maybe Robinhood is maybe Robinhood's not but as I say, you know, I was on the quote of the week, hold one second.



host 21:27

Yeah, I know what you're gonna show.



Marc 21:31

I'm old enough to remember I was in my prime on April 15 2000- 2000. And I was the quotation of the day. And I said the lesson is going to be the markets, not a game, the

markets not a casino. It's a serious thing for serious people. And if you're wrong, be prepared to lose. So it says Mark Cohodes. So So there it is, I have it framed. It's in my wife's office. And it was true 20 years ago, and it's true today. And I think people need to be responsible for their actions. I'm not interested in the blame game. I only blame myself when I screw up. And I only blame myself when I when I do okay. But there's too many inconsistencies and what went on with Robinhood, there's this shit about shutting down Reddit or people's right for speech is wrong. And it needs to be fixed. And it needs to be fixed fast, and it shouldn't be a bipartisan thing. And they need people like myself and Chainos and Einhorn and others to speak out about the value of of what these of what we've done over- in my case, 40 years. People need to hear it that when you put these folks out of business and that's what's basically happened this week, there's going to be no one there to expose frauds and trouble and and the criminals are going to be able to get away with it, which is, which is really a sad day. money is earned money is lost, but to take people who spent their life's work exposing this crap and putting them out of business because of GME. And, you know, the work of Citadel and the SAC crowd is just does not sit well with me at all.

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host 23:16

Does gamestop, Marc reminds me of anything else you've seen in your career?

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Marc 23:23

closest thing GameStop reminds me of is iomega when they ran me over with a train and a bus, but iomega probably went up 15-16 times but it was over, you know, two plus years. It was that kind of parabolic move the move that gamestop's made in a very short period of time. It's just downright scary. And the problem and the problem is and I don't want to make this too complex for your listeners is- in the past if I wanted to short Concordia, which was a Canadian fraudulent pharmaceutical company, which went to zero, and the motherfucker sued me for defamation, which was thrown out Mark Thompson. you'd say, you know, what's your risk in concordian? When it was 75. I said maybe they take this single 100 maybe they can take it to 110. But GameStop is taught everybody or GSX has taught everybody or BlackBerry's taught everybody is the old metrics are now thrown out. When you used to short more if it would go up. Now it's anything goes because people are going to have the scars of this GME in their head. And people will take smaller positions, if at all, or avoid the names. And, and no one's going to care. Institutions aren't going to invest in the strategy. And people aren't going to do it individually because it's so goddamn difficult. So I've seen it before. I've seen moves like this before, but I've never seen moves like this in such a concentrated period of time. And it's downright frightening, dangerous and scary. and People should look into why this happened. And it didn't

happen because the Robinhood crowd was buying it. They're they're, they're very big players behind this. And all that should be looked into

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host 25:13

one name that kind of pops up a lot, especially more in the small tap low flow, short squeeze type situations is an extremely secretive hedge fund called Renaissance technologies. Do you do? I know, this is a little more speculative. So it's not really fair to ask you about it. But do you have any opinion on like, what Renaissance might have played here? Or do you think that they're kind of doing their own thing and are completely separate?

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Marc 25:39

I just don't, I just don't know. I have no, that that I, I know who they are. I know what they do. thing about them, which bothers me and I get and I get trolled, and back clap by Zuckerman who wrote a book on semmens, no mathematician.

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Marc ... 26:01

I don't understand how they manage public money that performs so poorly. And the fun that they run for their partners performs. So well, in the same time period. If I had my money with you, and you told me were down 30%. And I read in the newspaper that you were up 70% for your own account. I'd be ripped shit, I'd come over and I probably Lynch you. And I think that's not right. I think the manager needs to be aligned with their customers. And I think it's just a very bad look. It's a very bad thing. And these guys make billions and they own teams, and they build wings, and this, that and the other. And these guys, Simmons and Stevie and Ken Griffin, and all their fat cat buddies, they should be the ire of Portnoy in the Robinhood and Reddit crowd, not the not the three and a half shorts who are now out of business. I mean, that's just it's just a false narrative. and I talked to Chainos the other day and I said, you know, you can't be the complete Nutter village idiot, when stocks go up and kill you and your performance is terrible and be a complete criminal when they actually go down and you make money just it's just not the way the narrative goes. And I don't blame anyone. I don't blame anyone for that narrative, other than people do not take the time to think it through and that the field is not level. And I always say free speech is only free as long as you're bullish. And it's the job that these guys have taken on. And again, sadly, I think they're they're= hey're all out of business. I don't think lore out of business. But I think, you know, sadly, you know Chainos is going to have is going to have a difficult road to hoe. And same with Carruthers. So it's not it's not a good thing to me. Sad.

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host 28:09

Okay, so, before we move on, is there anything else you kind of want to say on this gamestop issue, especially if you're in a room with Dave Portnoy? Is there anything else you'd want to tell him? Or Elizabeth Warren has a big audience on like really something they should amplify here? Before we move on?

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Marc 28:29

I'd say to the people who have a big audience a big following and and power and subpoena power, like Elizabeth Warren. Elizabeth Warren should get the all the trades that Melvin Citadel and everyone in their sphere made in GameStop up to into an after this gigantic squeeze. I also think that when guys get on CNBC, like Chamath and say, I bought a bunch of call options on GameStop find out when he bought them find out when he sold them. And and and if he bought them in front of his appearance and sold them after his appearance. I think that's really bad. I mean, that's as bad as the head that goes back to the article I I wrote for the Financial Times. So I think in when you eventually excavate this thing, and the archaeologists come and figure out what went on in GameStop, I would think Elizabeth Warren and Maxine Waters and the SEC would want to know exactly what happened who screwed who why, how, and and more importantly, how to make sure it doesn't happen again.

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Marc ... 29:38

And I have no I have no stomach whatsoever in ever watching this go on again, because the knock on effects have been horrific. Career ending for some. career debilitating for some. and some people made money. So I don't think the markets were fair. I don't think the markets were orderly. I don't think everyone got- people probably got blo- covered at the top or blown out at the bottom or whatever it is, and it's just wrong. So, Portnoy has a huge following. I think he needs to get his I think he tries hard to get it right. I think he needs to get it right. I think he needs to get his facts right. And and I am a ready Aim Fire guy. I'm not shoot, ready aim. And too many people on the Cartoon Network or shoot ready aim. these clowns wanted to close the market when I was going down, they were in a panic. And they said, well, the market should just be closed. No, it shouldn't be closed. And, and Robinhood shouldn't have closed trading and trading in those stocks you just got through it. And whatever it is, it is and let the markets be free, let speech be free. And let things correct on a self correcting mechanism. And if you make great and if you lose too bad, you know, dust yourself off and come back and fight another day.

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host 30:53

Okay, this has been great. Um, let's talk about the state of short selling a little. This morning, Andrew left of Citron research, who's been publishing short bias research for the last 20 years. It was exposed a lot of wrongdoing was very early on valiant, among others, said he's no longer going to be publishing short reports. Part of the reason he cited was a little bit of hostility he got when he was talking about GameStop. What do you make that announcement? And what do you think like the future of activist short selling is looking like now?

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Marc 31:31

Well, I mean, he's just, he's just reflecting the reality of what we've talked about. I think if he said the short, anything right now would probably be up 60% in five minutes. So I think he's smart enough to realize that. I go back to Left when he was a young man, probably about your age, when he used to run something called lemonhead. And he was very small, and he was just starting out much like yourself. And I've always liked him. I've always liked him. Nice. He's, he's, he's funny. He speaks his mind. I like him. I really do. I don't always agree with him. And a lot of his stuff I could care less about because it has nothing to do with me. But he tries he tries hard to get it right. And the reality of it is that that he's now a huge target. And he's gotten people's attention on this GameStop thing. I think he admitted he got it wrong, I think admitted he covered it.

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Marc ... 32:26

The personal attacks he's done aren't right by people. And I think people should behave. I don't think they should send pizza to his house every 15 minutes. 24 seven, I think that's that's beyond harassment. And they did some other stuff, which is really troubling, that I'm aware of. I think the state of activists short selling with the exception of let's say a grego or a you know, or, Frazier, if he has a campaign. I mean, that guy you know, you can love him. You can hate him, but he doesn't give up. I mean, he's he's lost his mind many times over. But he once he gets his teeth in something he doesn't let up. Same thing with grego. I think it's it's over. I think it's over for Carson, I think it's over for Nate Anderson, I think it's, it's over for all these guys because they can put stuff out. They put stuff out once goes down for three and a half minutes. And then it flies and then you don't hear from them anymore. And it's going to be over for everyone like that. shouldn't necessarily be over. But I think that's the reality of it. I mean, the reality of it is, everyone's a huge target. And people now see how, what happens with this GME or AMC, or Blackberry, and you can't play baseball and hurricane, you just can't. And you know, I know the energy in the work that Greg was putting in Penumbra. And really is, and myself.

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Marc 34:01

And I'm not done with Penumbra by any stretch of the imagination. And I don't think greggo or really uses either. But the reality of situation as I said, you can't play baseball and hurricane there's a whole lot more information that I'm sitting on, at least. And I think I will at least wait or would suggest to greggo at least wait for the ship to die down. And for the markets to normalize to then come with additional information. I mean, people say what about Penumbra What about number you know I'm not a fucking babysitter and I don't hold people's hands and and I've lost plenty on the thing on this on this move. Where you got to understand is you know the facts are going to speak for themselves and the story sometimes takes a while to play out. No one ever thought the FDA was going to recall the catheter that kills people and then when that happens, the cell sides do just play games and the guys who own or if they don't think it's a big deal. You know, they bought more stock. So the state of the state of the short selling community is just an absolute disaster. I mean, that's that's just the fact of the matter. It's, it's it's a disaster right now.

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host 35:09

To briefly hit on Penumbra for those who don't know, the numbers of roughly a billion dollar market cap market or maker, one of their catheters that has been linked to like 18 deaths over the last few years. Penumbra said it was safe. But then Gabrielle Grego, I'll put the central Capital Management prop this report highlighting the issues. And then a few months later, a few weeks later, they issued a weak cut recall, the stock went down, but now it's back to all time highs. Ah, what do you think the end game is on Penumbra? Is this a zero? Is this a \$50 stock? Are people going to go to jail? Or is it going to be a fine? How bad is it?

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Marc 35:48

What are you trying to get me sued? First of all, nothing. Nothing. Nothing goes to zero anymore. I think the the GME thing if there's no other lesson to that when stocks get to a certain level, by all means cover them and don't hang around. these guys could have covered GME, but a combination of arrogance and greed could have prevented this whole thing. You know, when when you think something, you know, everyone talks about a zero. I was one short child world back in the day, this is a true story. And it was a takeover by Roy Disney. And they wanted to take them over, I send them a bunch of information they walk from the bid stock went to two. one day the stock goes from two to three on a story that Disney was going to acquire him at five. And I called him up I said, here's the story going around. I know you can't tell me anything. But do you need any more information? He goes Marc, I can't tell you anything, but I will tell you this. People will pay \$3 just to see two rats fuck. And, and in this day and age, people would probably pay five

or \$6 just to see two rats fuck. So Penumbra is not a zero. They don't have debt. They don't generate cash. I think that their business is dogshit. I think the balance sheet is dogshit. I think they're gonna have a huge problem with this catheter. They killed people. And I think there's more on the way I think there's an issue with the docs, who they've paid. And there's some disclosure issue. I think that'll come there. There's all sorts of stuff coming. I mean, I think it's it's lower. Stocks, roughly 260. I've seen it at 170. It was just 310 earlier in the week. And it's been it's been a it's been a hard it's been a hard ride the last two weeks, but it's no different than then everything else, which is again, which is a problem. Not everything should be flying. And it's been a it's been a very difficult week for an awful lot of people.

H

host 37:59

And another stock that's been on quite a roller coaster is overstock.com. Overstock.com is you know, online retailer does a fair amount with blockchain investments. I believe the stock when you first spoke about it at Grant's is like 20. And when I'm about 100, it fell about three during the pandemic and went back up to like 120. And now it's maybe 80. All over the place. What do you think is going on there? What's the market missing on overstock? Are you still bullish, and I have to fully disclose here, I bought a fair amount of stock in overstock and I'm up because of you. I own some calls. So I should thank you for that and make it clear. I do have a little bit of a conflict here. But I'm curious for your thoughts.

M

Marc 38:49

You're a smart man. So in August, I'll be long overstock for four years. So I'm not a smash and grab. And I'm a guy who hangs out and I will be there till the story plays out. Right now it's 80. Earlier in the week, they announced that they're taking their meta key assets and they're putting them in a limited partnership run by some venture capital guys, Wall Street valued those assets zero. They're clearly worth more than zero, the stock's probably up 20 points or 15 or 18 points this week, it's been a very good week for Overstock. So you have meta ci assets, which is blockchain, which is t zero, which is blockchain voting, which is food movement called Green chain, which is digital currency for central banks, which is called bit this is all going to be put into a lp run by peluang group out of Utah. So that's really good. Base overstock right now is not going to cover off the ball. The capital structure simple have about a half a billion in cash of 44- 44 million shares. I think they'll do close to 3 billion in revenue. A trivia question I ask people as one overstock was around since 2000, overstock did 70 million in revenue in 2000. And they'll probably do close to 3 billion this year. So 20. So 70 million to 3 billion is quite the growth rate over 20 years, considering everyone thought Amazon was going to kill him. It's It's run by Johnson and

he's very focused. They have a GSA contract along with Amazon and Thermo Fisher to supply products to the government hasn't kicked in yet, will shortly.

M

Marc ... 40:39

I think their margins are higher than wayfair. I think they're better run by wayfair. They have a better balance sheet by wayfair. Wayfair sells at two times sales. You put this thing at two times sales, which it should be, or at least that- you get to 120- 130 stocks at. So I think it's going to get to 120- 130 or I think someone buys them, which could easily happen because they're the only real player left in e commerce with their own systems. And it's closer to Shopify than than wayfair. Why does the street whatever I mean, there's probably still legacy Patrick Byrne thing. People still think Byrne's there. He's not. Doesn't own any stock. I think it's great. I own I own a lot of it through something called OSTKO, which is the preferred, which trades at about a 30% discount 20 30% discount to the common. I think something will happen to the preferred. I just encourage everyone to do their own work. I'm bullish as can be on the thing. And I own a lot of it. And and I've been hassled about it. I've been trolled about it. I've been picked on about it. I've been short and distorted about it. I've had all these wise asses, including Melvin try to come for this thing, which is another reason why I can't stand those. Those guys.

H

host 41:57

What do you mean by that? What do you mean Melvin tried to come for that?

M

Marc 41:59

they're- theyre- Those guys have been short this thing. They've been short. I know. I know who's who's on the other side of this trade. And they're just a bunch of lazy asses. And there are a bunch of guys who spread stories and the stories aren't true and they're getting exactly what they deserve. They're getting an axe right in their forehead. And and I just I just don't tolerate it. And people could listen to this for the first time and say boy, he really is chippy. You know, I take all this stuff personally. I take it personally when when a criminal- Parker Petite, bribes a senator to get the FBI to come tell me to shut up. I take it personally when they threaten to kill me. I take it personally when they threaten my son. I take it all personally because it's serious ass business. And and that's just the way I am. And I'm patient. And I'm steely. And I don't forget, I don't forget, who tried to play around with me. So, you know, we'll see what happens but I like overstock

H

host 43:02

just out of curiosity here I own a sliver of MicroStrategy they're you know, a Bitcoin play. They've been buying a lot of Bitcoin. Do you have any opinion on them?

M

Marc 43:13

Zero i i i couldn't explain Bitcoin, crypto or anything if my life depended on it. So I've never been in crypto whatsoever.

H

host 43:22

Perfect. Um, SPAC mania, there's been a lot of SPACS, there's been a lot of bad SPACS. I think SPACS generally get a bad reputation because the disclosure requirements to go public through SPAC are lower, you can go public faster. It historically has attracted low quality companies that have been like chronic underperformers. Do you have any opinion on the SPAC mania? And do you see any value there?

M

Marc 43:48

That's a good question. Um, I think SPACS are the Wild West. I think there are some good ones, as you would say, I think there's some bad ones. It's too early in my mind to short any of them. too early to short- I wouldn't short much. Also, when I say that, folks, don't say that it's a sign of the market top when I say that, because I said the same thing back in March in the markets up God knows what since then. There's good SPACS, there's bad SPACS. There'll be a time to do research on the bad SPACS. You've done some great research on on some of these things you've done, you've picked out some bad ones. And they've done really well. hats off to you and find in these things. I happen to really like something that I call it the bionic tomato. It's it's called Novus capital, which come Monday will be called app harvest, will have a new symbol. I call it the bionic tomato. And it's basically high tech farming. And I think, I think high tech farming in 2021. That's the year we're in I think, in 2021 is going to be what Evie and hydrogen were in past years. I've seen a lot of deals of people trying to do various things. And I think it's the way of the future. Saves water, saves land, saves energy. You have better products. And I think it's it's going to be something so I happen to really like this thing that's called app harvest. Today, it's under the symbol NOVUS. But come Monday. It's APH- something. So I like that one. Not sure to any of any other ones. So

H

host 45:30

got it. Um, one more name. I think we talked about this, I believe in April or late March, camping world. I think I own a sliver. I bought it. You know, once we once you started

talking about it, I think it's up like 4x since then. So I owe you another thank you. Um, none of this is investment advice. People should do their own research. Are you still in camping world? What do you think is going on there? What's the end game?

M

Marc 46:01

I own a lot of camping world. I own a lot of camping world. And we've talked about it. It was mid single digits. And now it's kind of 33 ish. I happen to think the world of Marcus lemons. I think he's a great operator. People give him shit because he's so public. But all he does is help people. I think when you and I talked about it, the estimate for camping world in 2020 was something like 40 cents. They haven't reported the full year but I think the full year will come in somewhere close to \$3. So that's how I try to do it. I try to get the facts right. Facts got big, right? People say it's COVID. Is COVID and other things people camp. I think 2021 something some people think it's going to be an off year I don't I think 21 will be better than 20. I think camping is here to stay. They make a lot of their money or most of their money in service. They make it in camping memberships, they make it in finance, and they're just not going to cover off the ball. They're killing their competition. They've done some tuck in acquisitions. I think the stock will be a lot higher when we talk a year from now- a lot higher. What's my target? a lot higher. Marcus has been buying stock for himself. He's bought stock here. He's bought stock in the teens bought stock in the 20s. Company did a buy has a buyback on board member bought 200,000 shares at 25 a couple months ago. It's 33 was just 40 a few days ago. I like it. They paid \$1 extra dividend about a month ago. So I'll take my extra dollar, which is a pretty good return on holders and, and things like that. So I like camping world a lot. I like it a lot. And I think Marcus is great. And and I say to Marcus, I said I know what it's like to be hated. And a lot of people are down on his ass. And I said, I know the feeling. I said what do you think he said people are just jealous. They're jealous because I try to help people. He donates a shitpot full of money feeding people. donates a shitpot full of money to restaurants. And I like him. I think he's great. I think he's great.

H

host 48:11

Hmm, um, Marc, I've asked about every question I wanted to ask here. I'm curious if you have any closing thoughts. Anything else you'd want to talk about? Maybe if you want to come full circle and go back to talk, Elizabeth Warren or AOC or Portnoy and some of the stuff they're saying, I'll let you choose how you want to end this?

M

Marc 48:33

Well, it's just it's funny, because there's a there's a way I want to end this. So this goes to

Elizabeth Warren and this goes to Portnoy and this goes to AOC. And this should go to the head of the SEC, whoever that is. So MiMedx, Parker petite is going to go to prison. He is a criminal. He will be sentenced February 23. I probably mingled with 30 former employees, in MiMedx, of various degrees, who were all picked on and bullied by Parker petite. One lady sadly actually took her own life, which is not a good outcome. And this is what happens when you let corporate bad actors operate. But I got this email from one of them. I don't know who. And I've always saved it and I read it every day. And I think it's very important that Portnoy and the Reddit crowd, the Robinhood crowd and any government government official listen to this and take it seriously. Because here's who the shorts the legitimate ones work for.

M

Marc ... 49:54

in quotes, I recognize that many of these people get so obsessed with their financial Agenda, they will spew hate, regardless of the facts. I know what you did here. And I know that I would have been completely annihilated had you not been goated into this fight by Pete. you are an easy target for the no-syers. And the Antars and the weiss's of the world. Because unless you're perfect in your thesis, people will attack you, and hard. But this experience has taught me that people are idiots, especially when money is their driving force. You did the right thing here. You continue to do the right thing. And if these idiots saw once, how you care for your son and your wife, and the people who you're loyal to, they would be ashamed of themselves. I think people should take that to heart. When if you ever want to villainize me, or others, who try to expose these bad operators, there is a human side to this that goes far beyond money that real people are getting destroyed by some of these criminals in corporate America. And when you take people out of the game who expose this, not people who claim they expose it, not these pretending smash and grab clowns, real guys who put it all on the line who have to live through the threats and things like that, you know, you you allow these criminals to win. You allow the bad guys to win. And you know, until I drop or until they put me in the ground, I will keep fighting. But the fight you know, the fights hard, you know, and the fights mighty. and people should take this shit to heart that there's far more play here than money and messing with people I mean, there's there's real guys who do real things and and it was a huge setback this week. Huge.

H

host 52:17

Absolutely. Well, Marc, I think that's a great way to end it. I've really enjoyed this. I've learned a lot. Thanks so much for your time and anybody watching this. It's mandatory. You gotta go follow marc on twitter @AlderLaneeggs. just google Marc Cohodes, it'll come up- probably my favorite account. So thanks for doing this.



Marc 52:36

Thanks for having me, Edwin. this is fun,



host 52:38

awesome.