

# THE PARADIGM SHIFT SUMMIT

**Doug Hill:** James Altucher is a lot of things, but at his core he's an accumulator of skills. When I first met James back in 2017, he was taking ping-pong lessons from a pro player who represented the U.S. in a North Korean international competition. Shortly after, he bought a heavy interest in a comedy club in New York, called Stand-Up New York on the Upper West Side, and began honing all the skills necessary to be a successful comedian.

Today he travels on weekends to chess tournaments all over the country and competes at a very high level. And that's the thing with James, you never know what you're going to get. James Altucher is an entrepreneur, having started 20 companies with three successful exits. A former hedge fund manager, he's a chess master, a podcaster, multi-bestselling author, crypto investor, stand-up comedian, newsletter writer, father, husband, and proud owner of, along with his wife, Robyn... (Technical difficulties changing slides.)

The newest addition to the Altucher family, this beautiful Friesian horse. Of course, James is most widely known for his best-selling book, "Choose Yourself," his podcast that has over 40 million downloads, or maybe from one of these ads back in 2017 promoting his very successful cryptocurrency service. The face of crypto, James Altucher. And I almost didn't put this one in... James hates that picture, but I couldn't help myself. I apologize, James. Anyway, today, James is going to share with you one of the most important paradigm shifts taking place in the market today. So, please help me welcome James Altucher.

**James:** Can we please remove the slide from that thing? Thank you. I don't have any slides because technical problems happen, no matter how technical you are. I still have not been able to turn on Zoom without the audio failing or the video failing. Never works. So, I hope all of you are enjoying Las Vegas. How many people here are from Las Vegas? Okay, quite a few, and a lot of you flew in. I flew in. First night here, I was a little sick. I had some food poisoning. As you know, there are no doctors in Las Vegas. I had to go to a magician. Sawed me in half, solved the problem.

A lot of you are asking me what's going to happen. Like okay, it's one thing, "Hey, buy this stock, buy that stock," and that's all important, but we're all scared right now. I'm scared. Is there a recession coming, or is the recession already here? Is the world over? And there's no easy answers like, "maybe there are technically two down quarters in a row of growth." There's a recession, but there's really not a recession right now. I mean, right now, industrial production is growing and the unemployment rate is actually at an all-time low. There are more jobs than ever right now. Those are not the sort of things you see in a recession. Will we have one? Probably. The Fed has raised interest rates faster than any time in history, but that could be a year off the recession or maybe a few months off, who knows? But think about it, there are more jobs than ever. I mean, when I graduated high school, there were five jobs. You know that group, the Village People? Those were the five jobs. I was an Indian chief from 1991 to 1995. That was my job.

But the one thing to know is the first time I was in Las Vegas, it was 1998 and I made a little bit of money, not from gambling, but I was doing a job here. There was a church, a wedding church, the Chapel of Flowers, where they wanted to install a video camera so that when people got impulse married, they would be able to call their family and have their family watch them on the Chapel of Flowers website, because there would be this video camera I installed that would stream the video. And I'm telling people this on the plane or when I get here and they're like, "The interwhat? Like, what are you talking about?" And nobody believed it. That's just a fad, that's a scam, whatever.

And I installed this video camera, which I had people with me who installed it. I didn't know anything about how to install video cameras, which is kind of an important point also, but I'll get to that later. But a week after I installed this video camera, Dennis Rodman married Carmen Electra at the Chapel of Flowers. If you don't know who those two people are, it's because your name might be Xander or Ian or whatever. But Dennis Rodman was a famous basketball player. Carmen Electra was like a precursor to Kim Kardashian. And Dennis Rodman denied getting married to Carmen Electra, but he couldn't do that because it had been streaming on the internet. There was video footage of him getting married to her, that's how people knew he got married. And they didn't have a very long marriage, like many. They were married for nine days, respectable.

But this is the thing. Everyone was skeptical of what I was doing. At the time, I built the first website for American Express, Time Warner... I did websites for lots of movie studios and other companies. And a lot of companies would push back, "Why do we need a website?" And I said, "The internet is growing. It's like doubling in usage every year." And they're like, "But there's nobody using it." "Okay, But if you double every year, within a few years, a lot of people will be using it." And I would say the internet, even up to 2001, I remember this venture capitalist was so disappointed in the internet bust. We're in my office and he was just yelling, "The internet is a scam. It's a fad," just walked out. This is 2001. I think in 2005, finally, people were comfortable putting their credit card on the internet, buying things on the internet, joining social media, on and on and on.

And what's so special about 2005? That was the first year that the internet hit a billion users. And so if you look at other industries, crypto for instance, has maybe a hundred million users. Will it hit a billion users? Of course it will. Right now, a lot of the users are in Asia, but it's growing all over the world. And eventually, whether it's next year, the year after, the year after, it'll hit a billion users. When things grow exponentially, you almost have to have faith in the exponential power of this growth. Like Gordon Moore, who's a co-founder of Intel, he has this thing called Moore's law. And he said, in the late '60s, "Oh, computers are basically going to double in speed every 18 months."

Computers were very, very slow in 1968. I mean, the Apollo 11 computer, we all have heard this story, the computer that powered a rocket to go to the moon and back is like one billionth as strong as the phone in your pocket right now. And yet, here we are. And my whole point, with almost everything I recommend and everything I invest in, is look for the Moore's law that is happening in different industries, because it's unstoppable. And a good example with computers is that if you had invested, let's say you took \$100,000 in 1970 and you said, "I'm going to put \$1,000 into the next 100 computer companies that go public." "Okay, I'm going to put \$1,000 into Digital Equipment Corp, Compaq... I don't know, whatever computer companies, Intel, Microsoft, Apple, whatever."

Let's say, of those 100 companies that you just put \$1,000 each in, let's say out of all of those, 98 failed and only Intel and Microsoft succeeded. Because of the exponential growth of the entire computer industry, you would have about \$3.5 million today from that \$2,000. And then you could say, "Well, what about inflation?" If you had put \$2,000 and just put it into inflation or it grew with

inflation, you would have \$14,000 now, instead of \$3.5 million. So, the point is, you don't even have to know who the winners are going to be. If an industry is growing exponentially, then you could back it, try to do the best you can to pick the fastest growing companies, but you don't even have to. You could just pick any company, most of them can fail, and if you have the tolerance to wait, you're going to make generational wealth. By the way, many more than just Intel and Microsoft succeeded out of those first 100 public companies. Apple, of course, and many others.

So, part of what I want to talk about here is what other industries are growing exponentially? Let's take genomics as an example. So genomics is this ability to analyze your personal DNA. We all have different DNA. And when they analyze your DNA, they can see what diseases you have, what diseases you might get, what diseases your children might get. They could also analyze what medicines might work for you. They could also now edit your genes. There are many diseases that are called single-gene mutations that, if you have this gene and it's positive, then you're going to get this disease. And if it's negative, you're not going to get this disease. And so they could now solve all of those diseases when they never could solve those before. And pretty soon, because this is an industry that's growing exponentially, they'll be able to solve many diseases.

And for people like me, they'll be able to make me grow taller. That's what I'm hoping. I'm hoping to live that long. And I think every inch of height is statistically worth like \$100,000 in career earnings or something. So, that's a good thing to remember. But I mean genomics, is it growing exponentially? 20 years ago, it cost \$1 billion to sequence the human genome. Just 20 years ago, \$1 billion. Now, it costs \$1. So like 23andMe, how many of you have used 23andMe? I wouldn't recommend this by the way, using 23andMe, then suddenly all these cousins start calling you that you didn't know were cousins. They never stop. Lose my phone number already. But anyway, I did the 23andMe about 10 years ago, and I saw that I had this gene that signifies potential for early-onset Alzheimer's. It's the AP40E gene, something like that.

So I wrote the CEO of 23andMe and I said, "I have an idea. There's certain foods that help you avoid Alzheimer's, supposedly. So how about we make an Alzheimer's diet cookbook, and sell it on 23andMe?" And she actually wrote back. I didn't think she would write back. She wrote back and said, "Oh, it'll be a best seller." And I wrote back and I said, "Why do you think it'll be a best seller?" And this is a real email conversation. The CEO of 23andMe wrote back and she said, "Because nobody will remember they had already bought it."

So how do you play genomics? Well, there are plenty of public companies. I mean, last year the Nobel Prize winner was the inventor of CRISPR. She has a public company. George Church, the founder of genomics, he has a public company. There are plenty of public companies out there. I don't need to know their revenues, I don't need to know their income, I don't need to know their P/E ratios or whether they're up or down from their longitude or latitude. Whatever Bollinger Bands or technical analysis does not matter to me. They're growing exponentially, they are great companies to own, or not, doesn't matter. Again, the Intel and Microsoft example. You could have many failures, but there's a lot of chances for all these companies to be successful. So what else is growing exponentially? You have drones. Right now, I think there's something like a billion drones on the planet. Maybe not, I think I'm quoting wrong, it's about 10 million drones. But there's supposed to be, within the next five, six years, about 100 million drones.

Drone science is growing, and drones are going to get able to go further. They're going to be able to sense more data around them. They're going to use more AI to avoid collisions. They're going to have stronger batteries. And there are plenty of drones companies out there, because we're going to stop

fighting wars with people. We're just going to send all the drones over and it's going to be all these drone armies fighting wars in the sky while we watch the Kardashians and all that. That would be a fun world, particularly with everything that's going on now. But what does that also suggest? Drones, all of these, a lot of these technologies and industries are kind of connected to each other. So drones, what do they do? They go out there and they see things and they take video. Well, you could get that video when the drone comes back, but maybe the drones should send the video wirelessly over 5G.

5G is growing exponentially, like bandwidth is growing exponentially. And there are companies that make the infrastructure for faster and faster bandwidth. What's the problem with drones right now? The problem with drones is that the batteries don't last so long. The basic drone kit you buy from Amazon, the drone will fly for maybe a half hour and not much more, and then it'll collapse. But batteries, the lithium ion battery industry is growing exponentially right here in Nevada, by the way. It's the biggest mines in the world. So this industry is growing exponentially. By the way, planning this talk, I wrote down all sorts of statistics to prove that they're growing exponentially. Just assume for every industry I mentioned, imagine that it's 1 million now and 10 billion a few years from now, because almost all the industries have the same kind of statistics.

So battery strength is growing, the need for lithium is growing, the need for better batteries is growing. How many of you have smart thermometers in your home, like a Nest Thermometer or something like that? Okay, quite a few. In 2020, there were about a billion smart sensors. And in 2025, there's supposed to be 100 billion smart sensors out there. Well, what do smart sensors need? They need obviously 5G, they need wireless bandwidth, they need battery life, they need AI to understand going on. I was talking to Garry Kasparov, actually, the former World Chess Champion, and he said, "With these thermometers, if you could hack someone's home thermometer, you could find out everything about them. What if suddenly, they work from Monday to Friday, the people in the house, and on a Tuesday afternoon from 2:00 to 3:00 PM, the temperature in the bedroom skyrockets. Something's going on."

So it's a lot of information you could get just from a home thermometer. And so cybersecurity is a space that's growing. Computer storage is a space that's growing. And again, I'm not giving stock picks because you don't necessarily need them. I mean, it's great to have the best stock picks and to know which ones are the most likely to succeed. You have to know two things. Is this company in that industry, and is the company not a scam? Then you put your money behind it, and some companies will grow with the industry. They'll grow exponentially. And that's all you need for long-term wealth. So you have drones, we have batteries, we have genomics, we have AI, of course. AI is amazing now. Have you seen, you can have AI that writes entire novels and you can't tell if it was written by a human or not. You can have AI that composes Mozart compositions, and someone could say, "This is Mozart," and you would believe it... Professors can't tell the difference.

And of course, I was talking to one guy from a company, I don't know how to pronounce, V-E-S-I-N-T, Vesint or something like that. Whenever you make a phone call to your bank, and they say, "What is the nature of your problem?" Say, credit card. And you say, "Credit," they're the AI that figures that out and then routes you to the right customer. But this guy was telling me the AI goes so much further. For instance, the AI will listen to the conversation you're having with the customer service specialist, and if you sound like you're getting angrier, it'll automatically switch you to the manager. The AI is getting very sophisticated. And also they'll listen to your voice too. They'll understand, oh, this person's ready for an upsell, and they'll signal to the customer service representative, "Okay, not only is this person not going to cancel the relationship, the Verizon contract or whatever, you should now upsell them... Why don't you renew your Verizon at a discount?" And the AI senses from your voice whether you're ready to do that. So it does all sorts of emotional sensing.

And he was telling me even further, there are some countries that use this type of AI to listen to every single conversation in the country. And he wouldn't admit that these countries were customers of his company, but I suspect they were. And they'll listen to every conversation and determine who's a potential terrorist, or whatever. It's like that movie, "Minority Report." So the AI is already that good. That's not in the future, that's happening right now. And it's, again, a technology that's exponentially growing. It's something where there's like \$40 billion in revenues now and a \$1 trillion in revenues in a few years. What are some AI companies out there? There's a ton. I don't know. Just invest in all of them. Throw your money everywhere.

I mean, I'm making it sound like investing is easy. It's not. Because when I first started investing, my very first trade was in 1998 also, and literally around the same month that I installed that camera in the Chapel of Flowers here in Las Vegas, and I remember I bought a thousand shares of Intel. And about five minutes later, my broker called me and said, "It's up five points. Do you want to make \$5,000?" And I'm like, "Yeah." And I was like, "Oh my God, this is amazing. I just made \$5,000 in 10 minutes. I'm going to keep doing this forever." And then by mid 2001, I was dead broke. I had stopped investing for a while in order to play poker. And everybody was like, "Oh, are you a degenerate gambler? Are you blah, blah, blah?" I should have stuck with poker. I never would've gone broke at that.

But with investing, I was really smart. I decided to invest all my money in internet stocks right after the internet crashed. Because I knew it wasn't a scam, the internet. But this is a critical lesson of investing. We all know we're here because investing works. Investing does generate lifetime wealth. But in order to win the game, you have to stay in the game. And that is really the critical skill of investing. So when I say throw all your money in genomics and batteries and drones and AI, you have to do it very small. And as an example was the Intel/Microsoft example I gave earlier. All you need with an exponentially growing industry is very small investments, and you'll make a ton of money. Sure, you might not make \$500 million, but if you make millions, what are you going to do with \$500 million? And seriously, anybody, what would you do? How would your lifestyle change in a major way if you had \$500 million instead of \$20 million, let's just say, hypothetically? Anybody want to answer that?

Buy a horse! Let me tell you, you could put that on your credit card and pay it off as long as you want. Don't worry. Just don't let the IRS know you bought a horse when you also owe them money. Then they'll get you. So again, the key thing is, the most important thing about investing is not necessarily, oh, what's the latest and greatest stock pick to buy? It's just staying in the game. Being smart, picking industries that are growing, taking chances, nobody knows which companies are going to win. The stock market, believe it or not, is fairly priced all the time. The stock market is where it's at because that's where the majority of people thinks where it should be at. You can't really argue with that. The way to go broke is to argue with the stock market.

When I hear someone say, "Man, this stock is insane. It's so low, I'm going to buy as much as possible." That person is going broke. And I've seen it happen, particularly with shorting. If you short stocks, I've seen so many people literally go bankrupt because of shorting stocks. Because you short a stock at \$5, the next day it gets bought at \$15, you just lost three times your money, you're over. So again, diversifying, and not just diversifying stocks, diversifying strategies. Using small amounts of money per investment, going for asymmetrical returns, meaning the potential for a zero is there, but there's also potential for a 500x return, not a 10% return. When you day trade, maybe you're going for like a 2 or 3% return or 10% return. But if you're a long-term investor, go for 1000%. Go for 10000%. And that's what these exponential industries will deliver to you.

So what didn't people understand about the internet back in the 1998? The first website I made was 1994, and I just loved the internet. No one knew what it was going to be used for. I was working for HBO, and my bosses there would tell me, "James, stay off this internet stuff. That's for academics. The cable guys know what they're doing. Let the cable guys do their thing. Stop playing with this internet stuff." Of course, they were wrong. But a lot of people were wrong back then. And it doesn't take a genius to have a vision about something. The way you have a vision about anything is, again, see what's growing, doubling in size every year, but is really small right now. Everyone will tell you it's a scam, but it's doubling every year, so they can't say it for that long. A great example is crypto.

So thanks very much everybody. No, I'm going to keep talking for a second more about crypto. What was going on with the internet? What was so special about the internet? The internet was special because it allowed me with my Apple computer to send a message on my phone network to, let's say I had AT&T phone network, and to send a message to someone's IBM PC on like, I don't know, a Verizon network, and they could talk to each other all of a sudden. Computers could talk to each other, doesn't matter who made the computer, doesn't matter what the network was, doesn't matter what country you lived in or what language you spoke, there was a common language and it was called the Internet Protocol. It was a common language that connected every computer on the internet. So it made this universal ecosystem of computers. And now not only computers, but thermometers and smart phones and cars and whatever, they all talk to each other over the internet.

So crypto is where the internet was, let's say, in 1975. And it has this one thing analogous with the internet. Anything of value could be traded for anything of value in the crypto world. And I'll explain what that means in a second. But right now, if you want to buy something of value, like a financial asset of value that might go up, what do you have to do? You have to wait till Monday morning, 9:30 AM, the Nasdaq or the New York Stock Exchange opens, closes at 4:30 that day, got to wait all night. You ever have one of those situations where there's like, you buy some stocks one day and then 9/11 happens the next morning, and then the market closes for a week, and you are just sitting there, waiting to see what happens... if your stocks are going to collapse or not?

That was another time that I went broke. Oh, no, actually that was still the first time I was going broke. And all I can do at 9:30 Monday morning is exchange my dollars for stocks. So I could take \$1,000 and I could buy shares of McDonald's stock. There's no exchange as far as I know, no public exchange for corporate bonds or for derivatives or for real estate, for instance. So most things of value, I can't even trade. I can only just trade stocks, really, in small derivatives called options. I could trade stock options. But so what does crypto bring to this? And everyone always says to me, "Well, what's the use case of crypto? Crypto's a scam. What's the use case of crypto?" And quite frankly, they're right to ask the question. Right now at the moment, there are very few use cases.

People say, "Oh, well, Bitcoin will be the world's currency." Trust me, Bitcoin is not going to be the world's currency. Right now, the dollar is the world's currency. This is sort of the problem we're having, is that right now, the entire world is going through inflation. And so everybody in every other country is buying dollars to get out of their own currency. The dollar is still the strongest currency, even though it's a piece of shit. Excuse my language. The dollar is worthless, but it's stronger than every other currency. It's like what Winston Churchill said about democracy. It's horrible, but it's the best system we have. It's the best of all evils. So I'm not advocating for a dictatorship, but the dollar is the dictator of currencies. So what actually are the use cases? If I'm saying Bitcoin's not going to replace the dollar, what's going to happen?

Well, then there are kind of the next level of use cases. And I've spoken about this or written about this in some places. I've spoken to the owner of several sports teams, like I was speaking to Marc Lore

who owns the Minnesota Timberwolves. I've spoken to different sports team owners, and they all agree. I kind of give them the pitch, like, "Shouldn't you make tickets NFTs?" So this way, if scalpers are scalping the ticket, you still make a fee. Like with NFTs, the original creator of the NFT can structure it so that he or she makes a dollar or so on every future transaction, a percentage on every future transaction. So if I'm the New York Knicks and I sell you a ticket for \$100, you sell the ticket to a scalper for \$150, the scalper sells the ticket for \$300... If the ticket's an NFT, the New York Knicks still makes a transaction fee. So that's great.

So ticketing is a great use of crypto and starting to be used right now. That's not a quadrillion-dollar opportunity. There's medical information. Oh, let's store our medical information on the blockchain. Great, there's insurance. So there are companies right now where they will examine data from the real world, put it into the blockchain, and if something triggers an insurance event, like they've got to pay you insurance because there's a drought or whatever and you got bought insurance against it and you're a farmer, they'll pay you automatically. So this is an interesting real world use case. There are lots of real world use cases like the ones I just described. They have nothing to do with the actual real world use cases that crypto will be used for.

So here's an example where crypto's not being used yet because there's simply not enough users yet. There's no point. But this will be an eventual use. This is one example. So take Uber. How many of you have driven in an Uber in the past week? Okay, almost all of you. Now, Uber lost money on your ride. Uber can't make money to save their lives. The venture capitalists were funding Uber for a decade or more, and the venture capitalists finally said, "Look, we need to now make our money. Let's sell Uber.

Let's sell all of our shares of Uber to the stupidest people we could think of," which is the public, which is us. So the venture capitalists took Uber public so that they could just get rid of their shares. They were vomiting those shares out. This company is a loser. They're never going to make money. And in order for Uber to make money, they either have to pay their drivers less, which is not going to happen, or they have to charge more for rides, which is not going to happen. So how does Uber eventually get past this? Hypothetically, they create Uber coin. And the way you get Uber coins is you ride a lot and you leave reviews and you comment and you order Uber Eats, and then you'll mine your own Uber coins. And the driver, let's say the driver gets Uber coin based on the reviews he gets. And then the Uber coins, well, what are they worth? Well, they could be used to buy future rides on Uber, let's even say at a discount.

So they have an actual monetary value. They're worth roughly a ride on Uber, almost like how frequent flyer miles work. So you can mine these Uber coins. And essentially what happens then is Uber is borrowing from future profits to create current marketing. So they're able to use Uber coin for customer retention. This is going to be a huge use case. Imagine every company that has any value at all. Let's take Google. When you make a search on Google, you know the expression, if the service is for free, then you are the product. So that is what's true for Google. Google takes your search, puts it into its database of, "Oh, this is what James, who has these characteristics, this is what he searches on," and they sell this to advertisers. So anybody who seems like me, the advertisers could target and they can make a lot of money. I don't benefit though, other than the search results.

So what if there was a Google coin, and I mine that Google coin every time I do a search and allow Google to put my information in their database. Now those Google coins could be used by advertisers to buy information from the Google database. So that's an example of how Google could benefit the whole ecosystem and everything. So suddenly every company you could think of will have use

of some version of a crypto coin. How is this being built? This entire ecosystem, the nuts and bolts, the picks and shovels are being built today. Everyone says, what's the use case? Right now, don't worry about the use case. The picks and shovels, the ecosystem is being built today, right now as we speak. At this conference, we're seeing all sorts of examples of it. But the real world use cases, I just described a quadrillion dollars worth of use cases. It's beyond exponential.

So this is why I'm so bullish and ambitious about crypto and excited about it. But again, I want to thank everyone who came here for this conference. I want to thank everyone who's been a subscriber to me for the years. I even had someone come up to me at this conference and say, "Listen, I want you to know, in Caesars Palace in 1999, I dealt a hand of poker to you." And I don't know how she remembers that, but she was right. I was there in 1999 for like a half hour and played poker, and she must have been my dealer because she was right. So thank you so much everybody, and I'm very excited for Kevin O'Leary. He's here to speak and he's on next, so let's hear what he has to say.