



Lowenstein's Tech Group Podcast: Crypto Innovators

Episode 9 –

Pomp: The Crypto Investor and Educator

By [Eric Swartz](#), [Leah Satlin](#), Anthony Pompliano

DECEMBER 2022

Kevin Iredell: Welcome to the Lowenstein Sandler podcast series. I'm Kevin Iredell, Chief Marketing Officer at Lowenstein Sandler. Before we begin, please take a moment to subscribe to our podcast series at lowenstein.com/podcasts. Or find us on iTunes, Spotify, Pandora, Google podcast, and SoundCloud. Now let's take a listen.

Eric Swartz: Welcome to the Crypto Innovators podcast, presented by Lowenstein Sandler's Crypto Practice. I'm your host, Eric Swartz, Senior Counsel and Vice-chair of Lowenstein Crypto. We're speaking with the most innovative founders and operators in Web3 to shine light on the technologies that fascinate us all. I'd like to introduce you to our other host, Leah Satlin.

Leah Satlin: Hi, I am Leah Satlin, Lowenstein Crypto Counsel specializing in IP and commercial contract.

Eric Swartz: Today we welcome Anthony Pompliano. Some of you may know him as Pomp, entrepreneur, and Investor at Pomp Investments. Hi Pomp.

Anthony Pompliano: Hey guys, how are you? Super excited about this.

Leah Satlin: Awesome. Thanks for being here. So let's kick it off. From us Army Sergeant to prolific seed investor at your own massive family office. Tell the listeners about yourself and your journey before Pomp Investment.

Anthony Pompliano: Yeah, I mean, you pretty much nailed it. I started out, was in the military for a while, got a ton of great experience there, went and built some companies. I've worked at places like Facebook, rising product growth teams. I've been investing for quite a while now, seven, eight years, whatever it's been. And I pretty much am a tech optimist who thinks that it's intellectually stimulating from a personal perspective, but also can be quite profound the impact technology can have on the world. And so it's exciting to wake up every day and get to learn about it.

Leah Satlin: I know you spent a little time in the bitcoin mining industry, so when you were knee deep in that, could you have ever imagined that you'd be here now? What gave you the conviction you needed to make the bets that later empowered you to send your third-party investors packing?

Anthony Pompliano: Yeah. I don't think I've ever really had a master plan, to be completely honest. I think that one of the things that has been a great tailwind in my career, I just have done whatever, in the short term, thought was the right thing, whatever I felt was going to make me the happiest. Which obviously there's mistakes that you can make, there's kind of missteps and things like that. But I tend to think of it like investing. You want more winners than losers. And so if you can make more good decisions than bad decisions, you're least heading in the right direction. And so no master plan, just trying to figure it out like everybody else.

Leah Satlin: Cool. Well, how about give us some insight into what tech has you excited right now. Are there any businesses you wish you could start? Elon wants to go to Mars. What would you do with that kind of money?

Anthony Pompliano: Yeah, I don't know if it's anything different than most people. The problems are pretty well understood. I think it's like who's going to end up solving them ends up being a really big debate. And the beauty of free markets is that people get a wager capital and kind of make bets and then they see what works and what doesn't.

In terms of what those buckets of technology are, obviously Bitcoin I think is kind of a no-brainer at this point for people who have spent the time to really look at it and pay attention. I think that the broader crypto ecosystem, there's a lot of positives, there's a lot of negatives, and so there's some question marks there. But I think that the general idea of decentralized technologies continuing to push forward, people and privacy and financial services is an interesting problem.

And then I think there's things like defense technology, which includes everything from space to companies like Anduril or even American Manufacturing. There's a lot of stuff in biotech. You can imagine CRISPR, DNA sequencing, all that type of stuff.

And then the overarching theme around a lot of this stuff is automation and kind of the proliferation of technology. And so you get into things like artificial intelligence, machine learning, generative art or generative technologies. And so it frankly can be easily bucketed in the eyes of an investor. But I think when you actually dig into many of these companies, what you find is that there's a lot of overlap between some of the technologies and some of the companies.

And so I just spend my day trying to learn as much as I can, and that usually means I get to talk to a ton of great investors and also entrepreneurs and some.

Eric Swartz: Agreed, man. I definitely spend my days doing very similarly and then I can't imagine a more exciting career and lifestyle, frankly. Generally though, I guess one question I had for you, just on crypto, as we're kind of experiencing all this sort of strife in the ecosystem, what do you think about permission layers and the proliferation of permission layers, especially when regulators reasonably very upset right now? What do you think their reactions

will be, and what do you think the ecosystem and builders' reactions might be?

Anthony Pompliano: Yeah, I mean look, I think different market players will have different perspectives and different reactions. One of the things that is exciting about a brand new industry, like what is being built here, is there's many, many different experiments underway. There's many different perspectives of how the future will play out. And then ultimately, because it goes back to that free market concept, people are just wagering their time, their money, their efforts on various outcomes. And some of those people will be right, some of those people will be wrong. Usually what'll happen is some people may get the macro and the micro wrong. Some people may get micro right and macro wrong, but that ends up being a big focus.

And then the last thing I would say on this is there's quite a bit of focus at the moment on the underlying technologies. So what does this thing do, or that thing? What's this shiny new innovation someone made? I kind of think of it as if you're a developer, you kind of want to show your friends, look what I made the computer do, look what I made the software do, which is awesome. I love that more than anyone, and especially when somebody does something that you didn't think that could be done before. But ultimately, having great technical skills doesn't necessarily translate into having a product that people love and want to use, nor does it translate into making a company every time.

And so what we're starting to see is the maturation, specifically in the Bitcoin and crypto industry, that you need to be able to build products that work and are innovative, but you also have to be able to wrap them in beautiful customer interfaces that people are used to using and willing to use. You need to be able to figure out sustainable business models. You got to be able to recruit the right talent, all the company building activities.

And so naturally the first, I don't know, decade or so of most kind of technology booms, it's very much the tinkering. Like, hey, what can we make the tech do? Now, I think we're entering into okay, it's time to build companies, who's going to build real companies. And that frankly is pretty exciting 'cause I think that's probably something that myself and many people I work with on a day-to-day basis, that's more of our strong suit than we're going to come up with some crazy tech innovation that no one's seen before.

Eric Swartz: Makes sense. Definitely seeing a lot of builders on our end focus on building sort of ARR-focused traditional businesses and teams. So we hope to see more of that in the future too. So I can't have you on without asking you this question. Bitcoin is a lot of things to a lot of people. For some, a way of life. For others, they're only linked to the global financial system. What is Bitcoin to you? Please tell us a little bit about that.

Anthony Pompliano: Yeah, that's a great question. It has become many things to many different people. Some people are using it as peer-to-peer electronic cash, which obviously was exactly what the white paper stated. Some people are using it as a store of value and kind of a digital gold. Some people are using it for speculation purposes, which I think is a critique. But also every asset, in my

opinion, is a speculation tool. And then I think there's other people, frankly, that are using Bitcoin to be a security layer, or to be some sort of transaction layer. So separating the network from the asset. You can see companies that are sending dollars across the Bitcoin payment system and things like that.

Now, I think all of those things are appropriate, they work, and are understandable as to how people use it. Where I think we've got to be careful is if it enters where Bitcoin becomes a religion. And then all of a sudden it's like, oh, I don't subscribe to this other cult or this other religion, and instead I am part of the Bitcoin religion.

And the reason why that's important is because the only way that we push the asset and the network forward and actually get global adoption of what I believe to be one of the most important technologies in the world, and can legitimately push forward a number of solutions for billions of people around the world, is you got to be honest about where are the challenges, where are the things that we need to be able to fix.

And so there's this element of intellectual humility that comes with being able to evaluate something with a sober kind of viewpoint. I'm just as guilty as anyone. It's exciting, it's fun. You feel like there's ups and downs, and there's emotions and all that stuff. But I, in recent times specifically, have tried to remind myself, look, we have to be realistic about where the tech is and what we're trying to improve so that we can actually solve these problems. But other than that, I think people are using it for a lot of different things and it's pretty damn cool.

Eric Swartz:

Agreed. I definitely see the religious aspects for sure. And honestly, I couldn't agree with you more. I think it gets confusing as to what exactly is to be accomplished, first of all. And then also it gets really difficult to understand what you can do in the future with it. So you start to just get stuck on, hey, this is the thing I love, this is what it is today, and so therefore it's perfect. But you don't really evolve, you don't build further. And that's obviously the opposite of what any of us want.

So even if you are someone who only owns Bitcoin and only is interested in Bitcoin, it seems pretty absurd not to look at all this innovation out there. I mean, from my perspective, just as someone who does a ton of research on the space continuously, if you don't look at the other chains, you don't really have some of the analogs and you don't really understand what's possible for Bitcoin. So you kind of miss the memo there. And also, you can't really see where the lightning network could potentially go in the future and talk to those types of developers and say, "Hey, maybe this idea could be useful on lightning." So I couldn't agree more.

And this kind of dovetails well into the next question. So you've educated so many people about crypto, myself included. What's the most interesting thing you've learned from your incredible audience? Do you have any words of inspiration for them as we suffer through this crypto winter?

Anthony Pompliano: Yeah, I mean, this too shall pass, I think is my overarching thing. I'm not any better prepared than anybody else, than most people, mainly just because

there's emotions at play, there's money at play. We're human. And so this sucks for every single person involved. And frankly, this sucks for people who aren't involved in any form or fashion because it likely is having an impact on things they are involved with. And so I think that's kind of like you have to remember that through it all.

Now the other piece of this is there have been plenty of bull cycles and bear cycles in the past, and the things of true value will survive over long periods of time. And so in these cycles, what ends up happening is sometimes you think something is highly, highly valuable and can be longstanding, and you find out you were wrong. And usually because of the free market, you will lose money, you will end up being in a bad position. We've seen that time and time again.

But also there are plenty of times where people say, "Hey, I think this has long-term value. It is actually something that is resilient and can be valuable like Bitcoin so far." And what ends up happening is, yes, there are short-term impacts because there's more kind of a macro industry thing going on, but ultimately this too shall pass and you get to the other side and those things thrive.

And so it's hard to remind yourself during market crashes that the market crashes actually provide the opportunity for the clearing out of the bad things. And then it allows for the groundwork or foundation for the good things to kind of thrive on the other side. But ultimately, that's how market cycles work. It's been true for decades, centuries, whatever. And I think that ultimately, hindsight will be 20/20, and we'll look back, we'll say, "Damn, that sucked. That was not fun. But now we are in a better place because of it." And so I try to remind myself of that and people I talk to on a daily basis.

Eric Swartz:

Agreed. I just try and surround myself with builders who are kind of most excited about creating revenue streams, and most excited about building out ecosystems. We've been working with a number of projects on their ecosystem funds and building out very, very new technological ecosystems. And it's been really, really exhilarating. Almost so much so that I barely even noticed all the extreme market tumult that we saw over the past couple weeks. And I had so many friends reaching out and saying, "Hey Eric, what's going on? You must be super scared right now." And I was like, "Honestly, most of my clients are early." So frankly, we've been discussing with them just so much future positives for a bull market that doesn't even exist yet.

So from our perspective, it's sort of too early to tell whether some of them will be successful, and also super exhilarating, period, to kind of see what they're building and where they're coming out rather than sort of worrying about price too much. We're just kind of heads down with them building out their legal processes and compliance policies as they, heads down, build their product. So it's been amazing actually, this bear market. We've been truly blessed here at Lowenstein Crypto.

Anthony Pompliano: I think that what you're going to find is the people who actually are here to build, they will still be here on the other side. Right? It's kind of like in the stock market, you can talk to executive teams and pretty quickly get a sense,

are they here because they want the stock price exclusively to go up? Or are you here because you actually want to solve the problem for your customers?

I saw somebody tweeted recently, I thought it was very good, and I think they may have been referencing someone else's tweet, but they were like, some companies are built for founder liquidity or for investor liquidity, and other companies are built to solve customer's problems. And we're going to figure out where the mercenaries are and where the missionaries are. And sometimes you can't tell in the short term, but over long term, you quickly find out.

Eric Swartz: Thank you again so much for joining us today, Pomp.

Anthony Pompliano: Absolutely. I really enjoyed it. I appreciate everything you guys are doing. And anyone who needs some help, they'd probably be pretty good if they came and checked you all out.

Eric Swartz: Appreciate it.

Leah Satlin: Thanks so much for saying that. And to our listeners, before you go, if you enjoyed today's episode, please be sure to subscribe and hit the like button. Thanks again, Pomp.

Kevin Iredell: Thank you for listening to today's episode. Please subscribe to our podcast series at lowenstein.com/podcasts, or find us on iTunes, Spotify, Pandora, Google podcasts, and SoundCloud. Lowenstein Sandler podcast series is presented by Lowenstein Sandler and cannot be copied or rebroadcast without consent. The information provided is intended for a general audience and is not legal advice or a substitute for the advice of counsel. Prior results do not guarantee a similar outcome. The content reflects the personal views and opinions of the participants. No attorney-client relationship is being created by this podcast and all rights are reserved.