Marin Katusa: PM Investing for Accredited Investors

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Erik: Joining me now is Katusa Research founder Marin Katusa. Marin, it's great to have you back on the show. I know that you've got a brand new book out, which just hit the number one bestseller list on Amazon. I want to talk to you about that before this interview is over. But what I really want to dive into because people have asked for it is to talk about the options that exist for accredited investors in the gold market, precious metals market, and let's expand that to natural resources generally uranium and other kinds of mining. Where those opportunities exist, because what I do when I'm buying gold is I do it in the futures market if I want the bullion and if I want the mining shares. Frankly, and I want to make sure that we are fully disclosing this to our listeners, we do have a business relationship.

What I do when I buy the mining shares is I am a subscriber to your newsletter, and I participate in a lot of your recommendations. You do recommend buying stock on the open market and I've done that on your recommendation from time to time. But mostly what I've participated in is special opportunities that are only offered to accredited investors. So I want to educate anyone who is accredited, but might not understand what the options are about the marketplace and talk about what's possible. So give us the background in this market. Why accredited investors? Why is the deal different for accredited investors? And why does this industry in particular seem to do so many financings that are offered only to accredited investors?

Marin: Thanks Erik. Let's go back when I started out about 20 years ago, you know, I knew nobody in the business. You know, I grew up in East Vancouver and by total fluke, Vancouver is the epicenter for resource and commodity capital. That's where things get financed. That goes back almost 100 years why. But when I started out right at the beginning of the big, you know, BRICS growth, China growth, the commodity bull market, gold started at 350 and outs, and, you know, you go through the CFA program, and they don't even talk about private placements or warrants. And I'm sitting there, you know, at these investment conferences and listening to the big players at the time, and they would talk about, you know, just passively Oh, yeah, you know, I did that financing at 25 cents, the stock went to five bucks, I blew out the shares. And, you know, I ride the warrants, and I was like, What the hell are they talking about? You know, I was just a young kid at the time and going, Oh, when I go on to E-trade, I don't get any access to this. How do I participate in these financings that the biggest names in the business are doing? So as I built my way up, you know, walked up the ladder in the industry, little by little.

In about 2005 I started going, wait a second. This is crazy what's going on. And it really made sense from the outside but you have a geologist who's got zero business sense, zero business experience. And because of the nature of the beast, the geologists were asked to be presidents and CEOs and chairmans of these companies. And then, you know, more of the advanced mining companies, it was the engineers and in geology and engineers, they don't take business courses, and generally speaking most of them don't have business experience. So what happened was these stockbrokers who'd rotate from, you know, selling bags of shit to used cars to whatever it was to make a finder's fee. And a transaction fee jumped on this trend where a lot of brokerage firms would jump on to these companies. And they were paying 10% cash 10% broker warrants.

So think about this, Erik, you know, a company raises $10 million to go raise money, 1 million of that goes to the investment bankers, and then they get 1 million warrants on top of that. And because it was a bull market, that's just the way it was. So I was the first guy that said, wait a second, these investment bankers are not that sharp. These brokers are morons. Like they literally couldn't pass a grade 10 algebra exam, but they're dictating terms on these things. So I got involved in building companies early on, you know, Copper Mountain, which became Canada's third largest mining company, for copper production. Cuadrilla, which became Europe's largest shale gas company. And I was involved but wait a second, we're not going to do it that way. And so I became persona non grata in the finance world with these brokerage firms. It got so bad, Erik, that I was not invited to investment firms research days where they would host companies where my companies were the biggest companies at the show. Think about that, right?

And my advantage was this, you know, I teamed up early with a guy named Doug Casey, and Doug made his score and he asked me to manage his money. And I said, well, you know, if I bring in the subscribers and at the same time at the same price, plus my personal capital plus Doug Casey's capital, I can compete with these big banks. And that's what started happening. So in lieu of find your fees, because I don't take any finder fees I said I want warrants and then we created the Katusa Warrant, which is the five year listed tradable warrant. And it was a way for my subscribers to get involved, and it became a smashing success. We've raised billions of dollars doing this, some of the biggest companies in the gold market like Equinox, and the big energy companies like Altera, we've all used this mechanism, like the Katusa financing, where my subscribers and I, and yourself all participate at the same time at the same price. And there's no finder fees paid to anybody.

But we get these juicy warrants that list and trade. So that's kind of where it came about. And the reason why it became for accredited goes back to actually the 1929. In the 1930s, they brought in a securities rule act that, you know, people got fleeced in America, and at the bottom of the Great Depression, they brought these rules that you have to be accredited. So generally speaking, not always do you have to be accredited. But generally speaking, if you're a American, you have to be accredited. And if you're a non-American, meaning European Asia, Canada, Australia, you can be accredited and get in. And in some cases, most cases, if you're Canadian non accredited, you can get in if the companies filed the right paperwork.

But why did the brokerage firms not do this? Well, because the big secret of the mining sector is there's like 20 funds that are 90% of the pool of capital. So these investment bankers want to take the best deals to their their main guys. And investment bankers don't want 1000 subscribers, they want 10, they want to have 10 meetings to get their million dollar finder fee not 1000 phone calls. And that's the big difference between what I'm doing and the bankers. And the biggest difference Erik is on a deal that I'm doing, I'll put up so for example, right one right now that we're doing an IPO on. I did my numbers, I was there, everyone had the data set. I did my homework a bit faster than the other bankers and I said, I'll tell you what, these are the terms that I'm willing to do, I will personally commit to the 10 million US dollar check. But I want my subscribers to have this much if they choose, it could be zero, it could be 50 million. But they get in at the same terms and price and there's no fees paid to anybody. But I want these terms and the terms come with a Katusa warrant. And that's how I'm able to structure these deals. So I'm usually in most cases the largest investor in these deals.

And in the business, Erik, a lot of the times the company have no idea what the company will be financed at because it's at the mercy of the market. So the bankers will do a road show. The funds who are in there are going to manipulate the stock, they're going to short the stock. And until the night before the book is done, the company has no idea what price is going to be. So if you're a shareholder and you see that, you know, you have to understand what's going on. That's another advantage that the company know. I don't do that, because I put out to my subscribers that they can sell first before I do and there's no games being played. I'm going for the big score. And if any one of your viewers look at any one of the deals that we've talked about that we've presented opportunities, you're not sitting at, you know 50% gains. the uranium deal that we did the IPO you're up over 400%. The one from a year ago, you're up over 500%. And the gold markets and the uranium markets haven't been that great. And if you play this, right, and you know how to do it. There's no better way to invest that in private placements and financings. Right? That's a strategic way to do it. It's not the only way to play it. But that's generally my strategic advantage in this market. And that's how I go about investing big sums of money in the sector.

Erik: I want to stop you right there Marin because first of all, I agree with you emphatically but I think we really need to clarify financings and private placements. What that terminology means in the context of precious metals, mining shares, versus what it means in let's say, the software industry is completely totally different. So I think we need to clarify and I think explain how this works in the precious metals business for people whose knowledge is in other markets. Because you know, in the software market, the way this works is there's angel investors are the only opportunity really, for accredited individuals to play in the software capitalization game, and they become angel investors. So accredited investors become angel investors in startup companies, but then the rest of the capital formation process is usually managed by venture capital firms that do the rest of it until you get to the IPO point.

In the precious metal space it doesn't work that way. You don't really have precious metals venture capital firms. As far as I know, the way it works is that there are various offerings that are made only to accredited investors, that it's not really the same thing as a private placement in the most strict definition of that term. Because when I think private placement, I'm thinking angel investment. It's a brand new company, a lot of the deals that I've done with you, Marin. It's a company that's already trading on a stock exchange. It's not a private company, it's a public company. But you're buying shares on the private market from the public company, which frankly, is something that doesn't normally happen in most markets. So give us a little bit more of an understanding of how all of this works. And what the role is that accredited investors play in the capital formation process. Who they're buying from, and who they're selling to in the end?

Marin: Great question. So the last large transactions, I don't do many deals either. Like I'll do maybe two or three of these a year. But they're big checks and takes a long time to do the due diligence and meet the criteria. The last big financing we did was on the New York Stock Exchange. That's a big board, it was trading and you did not have to be accredited because the company filled out the proper forms. They were organized, there were guys that understood the market. And all the stock was free trading and the warrants, and you did not have to be accredited in the US or non-US. So it's not always accredited, you know, every deal is specific. Secondly, the reason why it's called private placement, it sounds like it's a placement or financing in a private company. The reason why the lawyers in the industry of mining called it that. It was a transaction between the company and specific investors that were not available to the public market, meaning not everybody in the stock market had access to it. But think about the insanity of this. Sometimes these are trading at doubles and triples in the open market, Erik, because the company and the bankers do something called price protection.

One financing that we're doing is trading four times higher in the market than what we me, you, my subscribers can pay with the warrant because it was price protected. And it's a private transaction. It's called a private placement, because that's not everybody can get access to it. It comes down to are you directly investing in the company. So the company issues the shares, they give you the shares after you give them their money. They'll give you a certificate that has shares and warrants and everything I do has warrants not always do the bankers have warrants. And then you take that and usually not always, but usually there's a four month hold or a restriction of selling your paper. And that's why it's called the private placement. But almost everything I do is always publicly listed on a big board stock exchange that you can go on, on your phone, or on your desktop, or laptop and login and see what it's trading at, you know, during market hours.

IPO, initial public offerings same thing, then there's something called a short form versus a long form a short form is when the company fills out the proper documentation to have no restricted paper. So it all comes down to you know, what stage is the company, who's leading the financing, and what terms are they dictating? There are certain funds out there that think warrants are stupid. Okay, that's their prerogative. I think that that logic is stupid. If I can make five times my money, but with a warrant I can make eight times I think you have to be stupid to think that eight times is not better than five times. But the reason why they want to do that is they want to price out other competitors who want warrants, right? So it's all about competition. And everyone's competing to put, you know, get into the deals.

And what I have found Erik is when gold is hot, and all the bankers are flying around on private planes, and geologists are being wined and dined at fancy dinners, that's when I shy away from the business and go do something else. You don't want to compete with the bankers, why? They're not putting up any money. The brokers aren't putting up any money. Remember, they're using your money, and they're going to take whatever terms they can to get the deal done. They get paid cash, and they get paid broker units, meaning they get stock for not paying for it in lieu of fees. And the sometimes it works out to be like 15-20% warrants. So my good friends in the business have made an incredible career doing this, guys like Rick Rule and the Sprott group and all those private brokerages, Goldman Sachs. How do you think they make so much money without putting up the capital? And all I'm trying to do is say, I'm going to disrupt this industry, and I just want better terms and the company doesn't have to pay finder fees. They don't have to pay broker warrants. They get the money. They get a guaranteed lead order from me. And yeah, am I an alligator and want the best deal possible, of course. It's my money, I'm allowed to do whatever the hell I want with my money, I'm always gonna get...

Erik: Hang on Marin! I'm gonna interrupt you there because I do want to get to the details of how you structure your deals. But I want to start by just introducing our audience to how this market works, and how people gain access to it. Because frankly, Marin, most normal reasonable people would assume that if you look at E-trade or whatever, and you say, What's the price of a gold stock like Equinox, very well known stock. I think EQX is the ticker. It shows you the price, whatever it's trading at. A normal reasonable person would assume well, that's the price. That's what's the going prices. That's what you got to pay. The fact that that same stock might be being offered at a better price, on better terms, to some people who know about the deal, but not to other people don't know about the deal. Frankly, seems to me like a huge injustice in the way the whole system is designed. I think it's a betrayal of the existing shareholders that even happens. But the thing is, if those are the rules and that's how it happens if you want to buy Equinox, and you can buy it for what it says on the screen, or you can get a much better deal if you're an accredited investor and you know which form to fill out. Obviously, you're going to do the latter. So for people who want to do this, there's a whole brokerage industry there called capital introduction, brokers, people who introduce accredited investors to deals that are only offered to accredited investors. Tell us the ups and downs of that industry, Marin?

Marin: Sure, so whenever a company does a financing, they have to put a press release out. So everybody does have the same information at hand. The differences is do you know how to value that company versus what the value in the open market is. Just because, you know, you mentioned Equinox. When we were putting in hundreds of millions of dollars into the company. I've been to the projects, I knew how to value it and I could act quickly. So the average person has the same information as me, it's all public disclosure information but are they able to piece it together and value it and move the capital quickly?

Secondly, is, you know, if a smaller company is doing a private placement, you can have a broker, but does that broker have a way into the management team who do the press release because generally speaking a deal in a financing, you know, if they're going to raise 10 million, very rarely do they go and go. Okay, we're gonna do 10 million and we have no idea where we're going to get the money from please, we'll take money for you. They got a good idea. They have a broker involved, the banker involved, the bankers involved in setting the price and he's got a good sense of where the appetite for the financing will be. Doesn't always happen that way. There's been many, many deals done by banks that get what's called hung. A deal that a financing that gets hung means it doesn't get done.

Now, the other aspects here are, you know, remember, a broker. That's why they're called brokers. They're not called wealth creators or this or that. The average broker Erik does not have a degree in finance. Does not have experience in it. It's like a three month online program to become a broker. They're glorified car salesmen. There's some great brokers out there don't get me wrong. And I'm gonna, people are gonna hate me in industry for saying this. But you know, when you when I got heart surgery, the surgeon spent years in school and years of practicing and the years as a surgeon. You want to follow someone who has years of direct experience not someone who's just going to throw cannabis is hot. Let's do these cannabis deal. Crypto is hot, let's do crypto. Because they're not investing their money. They're investing your money and they take fees off of placing your money. They've already made money before you even get your shares from the company you're investing in. Those are the brokers and the investment bankers.

So always, it's just so simple Erik. Ask yourself this. Does this person have the same skin in the game ratio as me? Do we win together? Or do we lose together? Or is he one up on me regardless of what happens to me? And generally just stick to people whose interests are aligned with yours. You're at the same price as you and just run with it. Doesn't mean it's always going to work. Not everything I do is a success. I've lost lots of money in lots of deals. But overall, the track record has been very impressive because I stick with financing deals as cheap as I can with management teams who are the largest shareholders in sectors that they have an advantage in. Focusing on tier one assets in politically stable jurisdictions. It really is that simple, Erik. I don't need to take crazy risks. And if if management's cost is $1 and you're going to finance this at $10. Even if they're great guys, they're 10 up on ya, why bother? So I don't.

Erik: Okay, let's talk through for people who may not be familiar with it. How some of these deals work because I really don't think they have parallels outside of the precious metals industry. I mean the legal structures may be there, but I don't think they're frequently used. So I want to use, we used an example of Equinox a few minutes ago. There's another company that you organized a financing for more recently because I learned about that through your newsletter out of respect for your paying subscribers, I'm not going to mention the name of the company. But very similar company I think to Equinox, when you first got involved with an Equinox, it's not a startup.

So the opportunity for me as an accredited investor is not to be an angel investor in a startup that's nowhere close to being public. It's a company that's already trading on a public stock exchange that I can see trading on a screen, you know, on an E-trade quote in front of me. But the opportunity that's being offered to accredited investors, is the opportunity to buy the stock, maybe a tiny little discount below what the market price is, but usually only a small discount. The thing is, it's not just the discount, you also get a half warrant, which is an option to buy more shares at a fixed price but effectively a call option for free with the deal. So by buying through this mechanism as an accredited investor, you get basically, you know, buy one get one free. You buy shares, and you get free warrants just for exercising your privilege of being an accredited investor. That's the advantage of these structures.

And there's two ways to get introduced to a deal like that. One is through a broker that makes a commission on introducing you to the deal. The way that you do this Marin is different. The way that you organize it is you're participating in these financings yourself. You organize them for your own benefit so that you can invest in them. And then you charge a fee for people who want to get your newsletter to know about the deal so they can invest alongside you. The way I look at it honestly, is if I deal with a broker, I would be a complete fool not to do very thorough due diligence because brokers cause people, somebody to go broke, usually not them, and I don't want it to be me.

So if I invest with your deal, frankly, I ought to be doing my thorough due diligence anyway. But you know what I usually don't. If you have more at risk, if more of Marin Katusa's money is going to be lost then Erik Townsend's money. If it turns out that you screwed up this deal, that's enough for me. Your skin in the game proves to me that you wouldn't be selling this deal if you didn't believe in it, because you're gonna lose more than I do. That seems like a better way to do this than paying the brokers a commission for it. Why doesn't everybody do it the way you do? And are there other people, financiers who structure these deals the way you do where it's basically pay me a fee instead of the company's getting the middleman fee. It's pay me a fee to get my newsletter, and then I'll just tell you what I'm doing and you can do it too and there's no middleman fees after that. Why doesn't everybody do it that way?

Marin: Yes. The key part here is I do not have a private placement service. My newsletter, these are just things that I'm doing and what the whole newsletters about. We provide all the research interviews, the site visit interviews with the management team, and I'm going look I'm putting $10 million in. I've done it to organize my own investment and then I tell the company look, I have no idea if Erik Townsend is going to click the link, read the report, watch the video and go yeah, I like this idea with Marin or I think Marin smoking crack and I think it's a stupid idea. I have no idea what an Eric Townsend is going to say. But if Erik likes it, he can contact the company and invest directly. If he meets the criteria. In certain instances, you've got to be accredited and other ones it's not. Every deal is different. Then I say, hey, if they come in there's no fees paid to anyone. Treat everyone the way you treat me. The way you treat my crew and it's been a great experience.

The reason why other companies can't do this. They have private placement services, which I do not and all they offer is private placements. Now, Erik like I said, I'll go eight months without a deal and because I'm looking to place my own money. But if I was forced. If Erik Townsend subscribed to my newsletter because every month on Monday of the first month, I have to have a new deal. How good do you think the deals are going to be after a while if you're forced to find new deals? In addition, the big publishing companies don't allow their authors and analysts to own the stocks that they talk about. So right off the bat, they're forced to come up with deal flow and number two, they're not allowed to buy it themselves, even if they wanted to they're not allowed.

In the long term how do you think that that's going to do when there's no skin in the game, and it's all about volume. It's not going to do well. Secondly, a lot of publishing businesses are about rotating from hot sectors because they're in the business of selling subscriptions, newsletters. I do this to publish to get access to deal flow. Like because I've published all this material, this deal that I'm doing now. These guys approached me a year ago and it's about getting access to deal flow that I don't get to maybe meet these guys because they're on the other side of the world in Australia or wherever. And in today's world you publish or perish. So they know that I'm willing to write a big check and play in a big way. I made the alligators may or may not show up. But if they show up, they get treated the same as me at the same time at the same price, and there's no fees. So it's a total advantage for everyone.

It's gotten to the point where the biggest players at the brokerage firms are bypassing their own rules to participate in the financings that we structure. Individuals that you've had on your podcast play in big ways because for them, there's a rule for brokers. They have to give their clients deals first if it's brokered, and then they can't even get in their own deals. So a lot of the big deals, the good juicy ones are done non-brokered by the brokers so they can do it themselves. I know it sounds screwed up. But that's how it goes. And think about it even if you're a publisher or not a publisher. If it was so good, and you believed in it, wouldn't you put your own money in before you tell anyone else? It's such a simple strategy that it blows my mind that more people don't focus on this.

Erik: Well, I feel like we're missing something here Marin, because if you look at the hedge fund industry, it is very, very standard. You got to eat your own cookie. The fund manager who has not invested a very significant percentage of his own personal net worth into his own fund, so that his money is at risk. That guy doesn't get taken seriously. And you have to be willing to make that investment in order to have that job. I don't know anyone. I hope there is someone other than you who structures it this way. But as far as I know, the capital introduction industry. I don't mean just in precious metals, I mean for everything, for software, for whatever. It's entirely about middlemen who don't have skin in the game hooking deals up and sometimes they hook up some really good deals. They are some capital introduction brokers who only work with very well heeled people who do amazing things.

But it seems to me that just as the hedge fund industry has learned that there's no substitute for skin in the game, what a benefit it is to me as an investor Marin that I can invest in one of your deals, and I can reduce the amount of my time and energy that is necessary for due diligence by whatever amount of trust I'm willing to put in the fact that I know you're going to lose more than I am, if we lose. And frankly, that goes a long way with me. It saves me a lot of time and energy. I would like to invest in a whole bunch of decentralized finance software deals in the same structure that I get somebody who I think knows more about that industry than I do, who wants to tell me what their deals are. And I'll pay them a fee in order to do what they're doing. Because I don't have time to research it myself. I don't know where to find that. I know where to find an army of Cap Intro salesmen who want to introduce me into the next complete total pain in the ass waste of time DeFi idiot scheme, that none of them have any idea what they're doing. Because it's just, you know, life's too short to spend trying to find those gems. So why doesn't the entire capital introduction industry, why doesn't the buy side just insist on only dealing with people who have skin in the game? I don't get it.

Marin: Well look, I think a lot of it comes down to just volume. You know, if you're a broker, you can't survive. If you're an investment bank, take any of them. I don't care which one. I'm agnostic. To me, they're all the same. You can't survive if you're doing two or three deals a year. I can Erik, to me it's irrelevant. I put my time in. I have a whole staff, geologists, engineers that I pay for, but I position myself that, you know, I take a big swing personally on these after it meets my criteria. There's guys that you know and admire in the mining world that I've done the due diligence on their projects, gone to site, sign CA's, and I passed on the deal and I don't talk about it, right? No big deal. But there's so many deals that I go through and find something like fluorine and the concentrate that I know the smelters are going to do a massive discount on that no analyst is picked up. For example, in my book I have a chapter about wait a second. I have not read a single research report in the world and the resources where any analysts, and the NPV, and the future cash flow valuations has incorporated the future carbon cost that is coming and it's going to be put onto their balance sheet as a liability.

But because I'm putting huge amounts of my personal net worth, my children's money. I don't do this for the money, like money is obviously the score and all that. But if I stop, I'm done. Like I've had a great career, but I protect this money. It's my children's and my wife's after I'm long gone. I'm protecting what I've built. And you have to model this stuff and because this is my money and I'm the lead order, and whether people come with me or not, it's irrelevant to me because I'm doing it myself. I need to calculate these things that I'm not going to rely on an analyst who makes 110 grand a year, he doesn't give a shit. He's analyzing 50 deals, he physically cannot do this because they're in the business of trying to give, you know, one inch high, a mile wide research. But the depth, they just physically can't do that.

They can't like Erik, I booked a private plane last summer during the quarantine on a deal that you invested in and many of your viewers. I put up the cash for that, I put up the cost of my team for months of research. I'd be out of the whole 300 grand if it didn't work out and that's the cost of business. On top of that, I was away from my family for a week in the summer. And when I got home, I had to be away from them for two weeks. That's psychologically hard to be away from your family for three weeks in summer, right? Like you want a happy wife. That's not the way you do it. With the hope don't worry babe, if this works out we are going to make lots of money. After a while she's tired of hearing that right? My point is no firm can succeed by doing that model because they need deal flow and finder fees to keep the business going. Right. I don't need that.

Erik: You're basically saying that your own business model is not scalable beyond a one man show.

Marin: Well, it's not a one man show. Like we're a big shop where, you know, just to put it in perspective. I do more financings than all the other banks, in the business, in Canada combined. Think about that for a second. Now, you take all the brokerage firms in the commodity sector, add them all up and the financings that I do are bigger than all of them combined, versus a guy that's just doing his own thing with his team and I've got a great team. So that's what I mean, they brokerage firms can't do that, because they have hundreds of brokers and they only had three deals. They wouldn't have the business.

Erik: Okay, Marin. So big picture the way this industry finances itself relies on the participation extensively of accredited investors who are sometimes able to buy shares and warrants on better terms than they're offered for on the public market. And it's very important if you're an accredited investor, obviously, to benefit from that. The ways of doing that are either to deal with a middleman or to deal with someone like yourself who's doing it as a newsletter. You're actually kind of a special one off case. Let's talk about it, regardless of whether it was brokered or you're doing it. Let's talk about the structure of one of these deals. And how about if we use an example from something you're actually working on?

Marin: So tomorrow, all the alligators. Today's what June 1. On June 2 I'm publishing on a deal that, you know, has been a year in the works. Lots of due diligence, lots of phone calls. Me doing my thing and the company's raising a big amount of capital. Bankers, Goldman Sachs was there, the biggest banks in the business were there. But there's a pandemic going and as I'm asking all these questions, when's the road tour? Well, you know what, we can't leave. We don't know how we're going to do this. The bankers we're all kind of stuck. And public information I used all the publicly available data on their website, I crunched my numbers and this is what I did. after spending many, many months doing this. I took a 50% discount to the commodity price at spot, then I took a 40% discount to its free cash flow. And then I put a 12% discount on the NPV. Okay. And I said, Alright, I'll tell you what, I'll put up 10 million US dollars, but I also want a Katusa warrant. And you know, management were up in arms going, are you crazy? It's worth three times more blah, blah, blah, blah, blah.

I said, okay, well, what are the bankers offering you? And he came back and said, the bankers haven't offered me anything. We have to do a road show. When? I don't know. Oh, who are you going to meet? I don't know. What price? I don't know. It's going to be assessed after the roadshow and I go but you have a window to acquire something here that you've already told the bankers you need, but they can't give you anything firm. I'm just willing to give you 10 million US guaranteed personal check right now on these terms but I'm gonna put an alert out. If my subscribers want some and they're accredited and they meet the criteria after reading it and they want to go directly to you. Make sure you treat them the way you treat Marin Katusa. And they said, you know, they had their board meeting they went back and they said you know what? We think you're getting a great deal. I said great.

Why don't you guys invest a big chunk of your own money. So they are so I got the skin in the game for the management. They're going to be the big investors, I'll be the probably the largest individual shareholder of this company. My subscribers get a chance to come in. And the way this is, again, the way it trades on the open market, since the deal was agreed on the price protection, it's trading at multiples of what the financing at and it trades. So what I'm trying to get at is, I was there, I did my homework. I stepped up like an alligator, I gave them a firm offer. And it doesn't matter which financing, even if the bankers went around. Whoever writes the biggest check dictates the terms and that's how this deal happened.

Erik: So essentially, what you're doing is you're saying to the company, that it's talking to the bankers and brokers and so forth. They're getting ready to go to the roadshow try to raise some money. And you're saying, look, I would like to tell you that my name is Marin Katusa. And I am such a big fat cat that I've got enough money that I can do your whole deal myself, just one guy. But since I'm not quite that big of a fat cat, what I do have is friends and friends with money that listen to me. And if you want to do a deal right here, right now, we can close the deal today. Or you can spend the next six months on a road trip screwing around with the investment bankers and hopefully get a deal.

And you're better off to just do the deal with me. You Marin Katusa are not rich enough to do those deals with those companies as one individual, because you don't have enough money to finance these things, all by yourself. But with your subscribers, you can do that. So that's basically your business model. As you figure the deal out, your subscribers get the same deal as you do. What you get from your subscribers is two things. One, they pay you a pretty darn generous subscription fee for getting the newsletter in the first place. And number two, they make you effectively have more purchasing power than you would have had otherwise. So you can do deals single handedly that normally only an investment bank could pull off. Is that basically the gist of it?

Marin: Exactly and on top of that the company doesn't have to pay massive banker fees, you know, up to 20% of the capital raised stays in the company.

Erik: Okay, well, this model works for me personally. Resonates for me, I do want to do a good job for our listeners, though, and make sure that we explain. Look, there's another way of doing this, you can get access to a larger selection of deal opportunities, a much larger selection than Marin offers. By working with a private placement capital introduction broker. They can introduce you to far more deals many, many more deals than Marin will ever offer you. They're middlemen and Marin's got his own skin in the game. I prefer to work with your business approach, but it's only because I'm lazy.

You know, I would actually rather broaden my horizons and consider the deals the brokers are offering in addition to your deals, Marin if I had the time to go do the due diligence that's necessary in order to do that but I don't. So that's how I approach it. Let's talk about the benefits. How much of a difference does this make? You know, suppose you've got an investor who could just you know, read a newsletter like yours and invest in the public market in stocks?

How much of a difference does this whole access to private placements and financings make for investors compared to doing it on the public markets?

Marin: So these are all large deals that I'm doing. I don't I don't do early stage, I don't do you know, a $20 million market cap or $50 million like these are very big companies that have big cash flow. Even, you know, they're even though a company may be a billion dollar market cap or $2 billion market cap. If I personally want to invest $10 million in the market, which is like my starting ticket for these deals. I can't do it in even two weeks. My broker has to sit there. There's the bid/ask. I got to deal with a broker, which I generally don't like doing to begin with. I gotta pay them a fee. You know, there's just a transaction fee that you have to pay brokers and I don't get a warrant in the market. Now by doing a financing yeah, I've spent a lot of time on this, but I do that anyways before I go into the open market. I get a discount to the market. I'm able to allocate my first and second tranche if I want and one check in one transaction and I get the Katusa Warrant, which, you know, here look at the numbers. There's a reason why I have the number one track record for many years in the sector. And it's why my competitors, I'm their go to guy for this stuff. They don't talk about that probably but these are all my buddies that I've known for 15-20 years and I don't care. I just want to make sure that I get my money and my family's money into the best deals and you nailed it. You know, in the resource junior World. I've kind of outgrown the juniors so I'm in that mid tier and big caps. And I don't have enough capital to do this on my own. And I don't want to go and create a new hedge fund and deal with all that stuff. So I said screw it. I've got the reputation. I've got the KRO alligators, the newsletter subscribers. I've got the most powerful and best subscribers in the world in finance, and they read my stuff and it's up to them if they want to participate. It is the best model I can think of to participate in the commodity sector.

Erik: Well, it has certainly worked for me. I am up significantly and I mean 500% I think on one of the deals that I've done with you, and the others are all up as well. So it works for me. I want to move on though to another subject. Which is in addition to that business, you're also a best selling author. What's up all the sudden with the new book? Why the new book? What's it about? What's going on?

Marin: So I started it last year and my first book was a result of my heart surgery so I had to stay home by doctor's orders. So I wrote a book, I guess you can call me a busy body. After I was in quarantine last year for two weeks away from my family. I couldn't go into the office. I thought, you know, I'm writing a lot of interesting things. I've, you know, when I had my swap line concept, all these different unique ideas on the resource sector. And I had guys like Tom Kaplan. Some of the smartest successful resource guys reach out to me and want to pick my brain on these ideas. And, and I had guys like, Rich Dad, Poor Dad call me get my number from people that I, you know, don't even know how they got my number, and pick my brain. And when you know, a guy like Tom Kaplan, or, you know, Robert Kiyosaki are saying, hey, you need to really write a book about this, you're like, whatever.

And I've been there done that went through the whole dog and pony show of book tours and all that. And ironically, one of the guys that I worked with on my first book, started reading my stuff and said, there's a book here, and I said ah come on. And then I was toying around with the guys in the office. And I said, you know, I think this anti-American. You know, America is at its absolute low for trust in government, absolute low in trust in media. The political division. You look at the, you know, the commentary and the momentum on the US dollar. The belief in the resource sector and the gold sector, which I'm a big player in on the anti-American movement. The US dollar is trash. It's all about China. this G2 argument.

And I said, you know, I've got an interesting idea, and it just hit me "The Rise of America". So I went on Godaddy.com and I went, Geez, I wonder who owns that URL? And how much does it cost? It was available, Erik. I bought it for $1.99 and then I bought the .ca and .com. You know, all the different URLs. And I went, this is a really contrary indicator that riseofamerica.com is available for 10 bucks in every country that I have, you know, that I want to have the URL in and as I started digging into the data, I got more and more convinced. And I know it's a contrarian idea. And I'm not trying to be contrarian for the sake of contrarian and Erik after it hit number one. The amount of abuse I've been getting from the gold bugs and the resource sector investors who know me thinking what the hell is Marin become? A tree hugger and what he's joined the New World Order, and I'm like, Oh, my God, you know, it's math. It's data. It's follow the money. Look at the sectors and I present a very unique take.

It's about twice as long as my first book, Erik. It's over 450 pages and I start with how did we get to where we are? And you know, everyone's talking about MMT. And I'm saying, no, you got to look at the present. You know, a lot of people what's the name of the Federal Reserve building? Eccles building. Who is Eccles? He's got a cool name Marriner, you know, anyone with a name with Marriner I'm gonna pay attention to, and he truly was the most powerful Federal Reserve in America's history. Yet the average person who talks about MMT or, you know, the anti-US movement, or the Fed is dead, and all these stupid things against the Fed have no idea who this guy is or what FMC is fiscal monetary coordination. He was the most powerful guy in the Fed for 40 years. They named the building after him and he brought in FMC.

Then you look at where we are today. We're not at MMT yet. Everyone thinks we are. We're at FMC and it's going to happen much more if you think that the, you know, printing presses people say. How could it get any worse? you haven't seen anything yet. They're going to print much much more. And the attacks that I'm getting on the book tell me that people are not keeping this in a relative basis. When you compare the US to Japan or Canada or the EU or China. You will realize that America has much more running room than anyone's giving it credit for that's just on the fiscal and monetary aspect. Then you look at the pools of capital, you look at the cost of electricity, you look at all these different factors that are going to really reinvigorate the American green Industrial Revolution. I'm not just talking about green energy, I'm talking about cost of energy, cost of capital. America has a lot going for it. And, you know, I'm not saying that China is going to go to zero. I'm saying that the rise of America will rise the rest of the world, including China.

Okay and there's a lot that the book, there's a lot of myths. I break down why is 2% the feds inflation target? I break down the history of that. A lot of people just say there's a 2% target, no one asks why. So really, what I broke down is, after many, many bottles of wine late night, I'm not allowed to go anywhere. My family's in bed, I don't sleep much. And it's eight months of staying up till two o'clock at night just researching, reading, and entertaining myself. So the real summation is the last chapter called the forbidden chapter. And every chapter builds upon the framework that I have for the forbidden chapter and where I think things are going.

So that's kind of how it happened, why it happened. Did I think it was going to be a number one bestseller? I did not Erik. We haven't spent $1 in marketing yet on it at all. My publisher had the number one best seller with David Cogan before that. We've beat him now. The publisher is surprised. And I guess I'm not the easiest guy to work with, because they had a lot of suggestions. And I said, no, they didn't want it 450 pages. I said, too bad because I put in the contract that it's my terms in what I wanted in the book. So that's why I did it. And it's my last book and then it's a I think it's the framework where I'm betting a lot of money on.

Erik: Well, I'm reading it now quite enjoying it and looking forward to the forbidden chapter which I haven't gotten to. But I've got to be honest, I'm actually a bigger fan of a different publication, which is your newsletter. In the interest of full disclosure, I am a subscriber to the newsletter. I am a participant in several of your deals. So I do have my own vested skin in the game in some of your offerings. But please tell us a little bit more frankly, the newsletters not cheap. This is not for the retail investor who's a newbie who's got a financial net worth of $10,000. Who is it for? And how much does it cost normally? And how much of a discount did we manage to talk you into this time for MacroVoices listeners?

Marin: The newsletters is $3500 US a year. I have no idea what the discount is was swayed. I think you guys probably did $2500 I'm assuming. It really is for the people who want to educate themselves and have actionable advice. If you don't want to invest into the sector and educate yourself. Think of this as a very expensive private trainer that you want to get very fit. There's absolutely no point of buying this product if you don't want to invest the time to read it. And my reports are not narratives and you know, catchy stories to sell a newsletter. That's the opposite. It gets into cash flow models. I get into, you know, real deep financial analysis on the sector using my own indicators, the math background that I have. Is it the most entertaining read? Probably not. I believe it's the most informative read where other brokerage firms use my data and charts in their reports. But this is not something that you read passively. It's for the person that wants to expose their portfolio to this sector. And you know, the average length of report is about 40 to 50 pages every month of hardcore data. So that's who it's for Erik.

Erik: Marin, I hope you won't be offended at my saying it but frankly, it's overpriced for small investors. If you don't have at least $50,000 or so that you want to invest in the resources sector. In my opinion, something like this. It's not that it's not a good value. It's just beyond a reasonable price range for that kind of investor. For accredited investors, I can't speak highly enough about it. We're gonna have to leave it there in the interest of time. Patrick Ceresna and I will be back as macrovoices continues right after this message from our sponsor.