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UNLOCK YOUR TRUTH. UNLEASH YOUR DREAM.

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UNSCRIPTED™

LIFE, LIBERTY, AND THE PURSUIT
OF ENTREPRENEURSHIP

MJ DEMARCO

International Best-Selling Author
of The Millionaire Fastlane



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THE STORIES

Many of the stories and excerpts in this book are sourced from The Fastlane Forum, an entrepreneurial community I founded in 2007. Although edited for clarity, they are real stories from real people.

In the last ten years, I've had the privilege to interact with over 30,000 entrepreneurs in over 500,000 posts totaling millions of visits—from millionaires to aspiring entrepreneurs to lifelong employees taking the startup leap. The Fastlane community has been instrumental in making this book happen. But more importantly, it has given thousands of people around the world the tools and social permission to live the *UNSCRIPTED*™ dream.

THE RESOURCES

The Discussion Forum:

<http://www.theFastlaneForum.com>

Book Website:

<http://www.getUnscripted.com>

<http://www.theMillionaireFastlane.com>

Social Media:

[Facebook.com/goUnscripted](https://www.facebook.com/goUnscripted)

[Facebook.com/TheMillionaireFastlane](https://www.facebook.com/TheMillionaireFastlane)

[Twitter.com/MJDeMarco](https://twitter.com/MJDeMarco)

SOMEDAY

Lyrics by CHAD KROEGER, MIKE KROEGER and RYAN PEAKE

Music by NICKELBACK

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HAS LIFE REGRESSED INTO PAYING BILLS AND LIVING FOR A WEEKEND?



**** PREFACE ****

You weren't born to slave nine-to-five, Monday-through-Friday, pay bills and then die. When life's final moment arrives, what will your spirit sing? Regret and remorse? Or peace and happiness?

Take a moment and forecast your life's trajectory to your deathbed. And be honest. Will you mourn lost time and the things you didn't do? Places you didn't see? Will your life review be all work and zero legacy? If your future forecast looks bleakly uninspiring and not worthy of your family's history books, you have a chance to change it—right here and right now.

Elderly people nearing the end of their lives often wish they could take a time machine back to their youth and chat with their younger selves. Once there, they would tell their younger selves their life wisdom and regretful warnings that only decades of experience could reveal. By changing the past, they hope to change the future, which has become today. Sadly, what usually remains is a life haunted by the ghosts of dead dreams which have long died.

After selling my Internet company in 2007 and retiring young in my thirties as opposed to old in my sixties, I set off to tackle the “younger self” question as it pertained to life and business. If I could go back and speak to twenty-year-old me, someone who consistently struggled, what foresight would I share? What “wisdom” did I need slapped in my face? What did my failures unearth? And more importantly, how could *other people* benefit from this wisdom?

After three years of self-reflection, the rough draft made *Moby Dick* look like a novella. Yes, my many mistakes and their learnings filled page after page. But even more revealing, I ended up with a book unlike anything else available—a book completely contrary to mainstream thought. In other words, happiness wasn't found doing what conventional wisdom embraced—but *doing exactly the opposite*.

While there are countless books on finance, navigating life, and starting businesses, none of them told the *real story*. Instead, these books pushed feel-good fairy tales and Wall Street fantasies—prepackaged templates that baked-in mediocrity and forsaken dreams. Chances are you’ve read these books and wondered the same as I: *Are there really multimillionaires living the rock-star life because they wage-slaved Monday through Friday while penny-pinching their way to a balanced portfolio of mutual funds?* Or is that CNBC financial guru with the orange face and annoying voice really rich because of what she overtly *preaches* or what she covertly *practices*? And my favorite: Can I really live the dream selling Amway while alienating my friends and family in the process?

During production, publishing “experts” warned that my book would never sell. Those same experts also said I was committing the ultimate author sacrilege: I wasn’t pushing readers into a “back-end sales funnel”, ya know, so I could sell you a coaching seminar costing as much as a Cadillac.

Well, I didn’t give a shit.

I was writing from my heart. Not for fame, fortune, or some egocentric motive that could catapult me into the privileged world of gurus and seminar hustlers.

In 2011 after a year-long editing marathon, I finally self-published *The Millionaire Fastlane* with limited distribution and no fanfare. And by “no fanfare,” I mean I didn’t hire a PR firm to hack the best-seller list with a phony launch scheme. I didn’t benefit from any quid-pro-quo endorsements from “influencers” or “thought leaders.” I spent virtually nothing on advertising. The mainstream media ignored me. Bloggers ignored me. The “start-up” clique rolling the hallowed streets of Silicon Valley ignored me. But you know who didn’t ignore me? Readers tired of average advice from average books promoting an average life.

As months passed, the book sold in steady chunks. Dozens of sales turned into hundreds, then thousands, then tens of thousands. Soon, sales exceeded \$1 million and then \$2 million. Language licensing and translations followed: Korean, Japanese, Italian, and more. My Twitter feed blew up with readers who couldn’t put the book down...

Might be the best book I’ve ever read.

Brilliant business wisdom.

Listening to your book is blowing my mind.

And many more.

Despite what many deemed a cheesy “get rich quick” title and an ugly cover, the book hit number one on Amazon in multiple categories and on multiple occasions. While the book never hit *The New York Times* best-seller list, it has sold more than most of them. Mind you, the average self-published book pulls in about \$900 in retail sales.

In the end, I shocked readers by “coming clean”—serving up a comprehensive road map for financial success, one based on indisputable mathematics, regardless of time, circumstance, or economics. Readers got the tough-love truth about entrepreneurship, self-made wealth, the hypocrites who preach it, and even happiness.

As *Fastlane* spread worldwide, readers begged: “We want another book!” *Fastlane* was resurrecting dreams and changing lives. While writing two books in the same genre was not my intent, I *knew* another book lived in me, because the greatest con of the century exposed in *Fastlane* was only growing stronger. And in its wake, it was destroying critical thought and personal responsibility and, ultimately, murdering dreams. While *Fastlane* unmasked the myths of wealth, it really hinted at something more: an esoteric reality hidden in the fabric of society; a cultural underbelly threading something insidiously deceptive—a *sociological scheme sentencing your life to an existence of blind obedience, resigned mediocrity, and abandoned dreams.*

You see, if you fail your dreams, it won’t be because you lacked effort or enthusiasm; it will be because your life was sold into a Machiavellian system where your lifetime role was already *SCRIPTED* for an uninspiring performance. You’ve been unwittingly cast to play a rigged carnival game masquerading as life, which few win and many lose...

UNSCRIPTED: Life, Liberty, and the Pursuit of Entrepreneurship is your pen to rewrite a future that’s already been written. Don’t wait for life’s twilight to dream about time machines; it exists in this moment.

Your younger self is here.

Right now.

And it’s excited for the opportunity—the opportunity to resurrect your dreams and change the history that awaits.

INTRODUCTION

Un • script • ed (adjective)

“...Not following a prepared script”

(Merriam Webster Dictionary)

Life. Liberty. And the pursuit of entrepreneurship. It's awaking in the morning and pinching yourself black-and-blue—that OMG, this is my life, and it's freaking awesome. You live in your dream house, but there's no mortgage. No alarm clock, no boss, no bills. No claims on the day's time other than what you choose. It's making more money before breakfast than you made for an entire week at your last job. It's a crazy expensive car parked in your garage, a victorious symbol that your dreams no longer sleep in fantasies, but are awake with reality.

Make no mistake, this life exists.

I know, because it's been mine for nearly 20 years.

And in a few short years, it can be yours as well. That's right, you won't need 5 decades of thankless jobs, mind-numbing frugality, and patient investing with our trusted friends on Wall Street.

Unfortunately, you've been *SCRIPTED* to believe that such a life is out of your reach, or only possible for a certain type of person. Someone with a certain college degree, a certain amount of VC funding, or a certain contact list of connected friends from Stanford. I'm here to tell you, that none of it's true.

While I've been an entrepreneur most of my life, I'm no one special. You won't read about me over at Tech Crunch or in some Silicon Valley newsletter. While I've been an Internet entrepreneur since the old “you've got mail” AOL days, I've never been funded by venture capitalists, never had a payroll with more than 5 people on it, and never studied computer science at school. Despite this, I've been able to create profitable businesses that create the type of *UNSCRIPTED* life I've described above. We're talking about five- and six-figure monthly profits with valuations in the millions. Although I've had two successful “exits”, don't let that scare you; it's just a welcome (and sometimes unexpected) side effect of the process.

Now, you probably noticed this book is LONG. I mean like, super long. There's a reason for this.

I'm not one of these “book a month” authors who writes about a trendy marketing tactic that becomes ineffectively overused within a year.

I'm not an author who writes 200 pages of filler about one concept when only four paragraphs are enough. In other words, I didn't spend 3 years writing this book to enlarge my income streams—I wrote it to change your life. And in order to change your life, a lot needs to be said. Yes, this goes beyond starting a business and making some side cash— it's about reclaiming life-and-liberty through the pursuit of entrepreneurship.

If you don't know, let me break it to you: *Slavery still exists*. Except today's contemporary slavery is called the *SCRIPT*—an implied social contract whereas a gilded cage is exchanged for voluntary indebtedness and lifelong toil, a price sacrificed by a non-redeemable fifty-years of Monday through Friday, an invisible servitude in which freedom is only promised by the arrival of life's fading twilight. *UNSCRIPTED* is your blueprint into an awakening of abundance, freedom, and happiness; a keystone to unleashing a life few dream of.

- In Part 1, I will identify the problem that has haunted you since you've been old enough to have a job. You have sensed it, felt it, and now, you fear you're living it.
- In Part 2, I will expose the greatest con of the century and detail exactly how it has stolen your dreams, and if you allow it, it will steal your life. To defeat a thief, you have to understand the thief.
- In Part 3, I will unveil the high-definition vision of what is possible once your mind is free from the cultural doctrines ruling the game.
- In Part 4, the bulk of this book, I will reveal the definitive blueprint to *UNSCRIPTED* Entrepreneurship, a detailed framework that will show you how to start a business that just doesn't keep the bill-paying treadmill circulating, it breaks it— and then it changes your life forever.
- In Part 5, I will detail the greatest passive income system in existence where work becomes optional. Yup, you will learn how to never work another day in your life, where to find it, and how to get started immediately.

If you haven't read my first book, *The Millionaire Fastlane*, don't worry. *UNSCRIPTED* stands alone. I wouldn't have published it if I didn't think it could change lives. Question is, *will you allow it to change yours?*

First, if you have a great job, a chummy relationship with your boss, and are just thrilled with your 401(k), congratulations. I give you mad props. You're winning a rigged game. You're that dude who wins the giant stuffed elephant at the traveling carnival. How you tossed those plastic rings around the beer bottles, I'll never know. However, in light of your superpowers, this book probably isn't for you.

Second, I don't believe you can change your life by reading another "financial freedom" book that worships IRAs, stock-market investing, and soul-suffocating frugality. Do you really want to read another biblical-sized lecture idolizing the

compound-interest fantasy? Hit Amazon and you'll find ten gazillion books on such crap. This book's title is *UNSCRIPTED*, not "be like fucking everyone else on the planet."

Third, *UNSCRIPTED* is for you if your life has become hopeless and dissatisfying. It's for you if you're held hostage by a weekday and the bribery of its paycheck. If you're sick of the suck, and tired of the tiresome: the break-room gossip, the organizational politics, the managerial ass-kissing, and whatever else boils when multiple human beings are tossed in a box and tasked with corporate minutia, I have your escape.

UNSCRIPTED is for you if you crave autonomy and the creative license to pursue work that matters. It's for you if you're a youngster who'd rather live richly young—travel, nice cars, free time—versus waiting to live richly old: wheelchairs, arthritis, and bridge. It's for you if you have X-ray vision and can see what your parents cannot—that life's formulaic template has become dated and flawed.

But most importantly, *UNSCRIPTED* is for you if you've been an aspiring entrepreneur far too long, someone who can't turn a corner, turn a break, or turn a profit. Someone who might already own a business, but like a job, it steals time and just barely keeps the bills paid until next month. If you're someone who would rather hear the discomfiting truths from a multimillionaire over another broke blogger peddling in fantasies and narcissistic feel-good platitudes, I have your escape.

Finally, *UNSCRIPTED* is for you if you're willing to risk changing yourself. Everyone wants change, but few want to change their choices. This book will be tough because life is tough. Uncomfortable truths, belief challenges, and ego-shattering revelations lie ahead. Some will assign *UNSCRIPTED*'s blunt and insulting tone to themselves and miss the point entirely. If you think I'm a rude, politically incorrect asshole, please, return to your safe space and ask for a refund. Your opinion changes nothing about my reality, but I'm hoping mine changes yours. I didn't write *UNSCRIPTED* to coddle and protect the status quo that's been suffocating your dreams. Disruptive change doesn't come from some mental masturbation that sparks one day and flames-out the next—it comes from the depths of your heart and soul. If you're open to the red pill, I have your escape.

So, if I haven't been clear, let me be now: *UNSCRIPTED* is *not something you try*, it's *something you live*. If you're ready for the challenge, get ready for a shit-your-pants revelation that everything you've been taught and told is bullshit. Legendary bullshit. We're talking stuff that would make Ponzi feel out-scammed and out-lying. Don't be mistaken, *UNSCRIPTED* is NOT about paradigm shifts. I hate that phrase. A paradigm shift doesn't keep a sinking Titanic afloat. The problem is the paradigm itself. The problem is that you've allowed the paradigm to set the rules, call the shots, and dictate the decisions. The problem is, you've allowed ordinary thinking preached by ordinary people to produce exactly that—an ordinary life. *The paradigm shift is realizing that the paradigm is shit.*

The tour begins on the exchange floor with the opening bell and proceeds skyward to the penthouse offices. The elevator slides open, where Iggy enters a large atrium, overpowered by brash ivory and money-green marble floors. Atop a centerpiece, a lush floral arrangement of roses, orchids, and gladiolus scents the room—the last time Iggy saw so many flowers was at a funeral. Ahead, a large reception desk fashioned in similar-colored marble embosses the fund's official corporate insignia, a platinum sculpture probably sculpted by Picasso himself. Indeed, the ninety-eighth floor is presided over by the financial empire known as Dewey, Cheatem, and Howe.

The penthouse offices, each backlit by the imposing Manhattan skyline, home a variety of astutely manicured men, cuffed in tailored suits and diamond watches. Gregarious red-pinned leather chairs station large mahogany desks, exuding the type of power reserved for an emperor's throne room.

As the tour continues, Iggy peeks at the employee parking garage. It rivals an exotic car dealership featuring Mercedes, Maybachs, and McLarens. Others reveal that such trivialities are not needed and transact in caviar-stocked limousines and yachts docked at the marina.

By lunchtime, Iggy is amazed by the surrounding magnificence. He's enraptured that these bankers, stockbrokers, and hedge-fund managers are wildly successful managing money—his money. Billy Banker catches Iggy's enchantment and winks, "C'mon, we're not done yet."

After a short drive to Greenwich, Connecticut, Iggy is escorted into a guarded community featuring majestic brick estates with turreted architecture, grand porticoes, and brick-lined driveways winding through the pristine acreage.

"Here," Billy Banker explains, motioning to the stately mansions, "is where we live."

Iggy affirms, "Wow, finance is a great business to be in!" Billy Banker nods his head and corks a mercurial smile. Impressed his money appears in good hands, Iggy asks, "So Billy, if this is where you live, where do your customers live?"

Billy Banker signals his hand toward his BMW 7 Series and says, "Let me show you."

A short drive later, they are in Bridgeport, where Billy parks his Beemer on a street lined with narrow two- and three-story row houses. Iggy steps outside the car and absorbs the neighborhood.

The stench of diesel fuel steams the summer air. The potholed street is lined with broken cement sidewalks that have lost their battle with the years. Hugging the curb, a tireless Civic sits stilted on cinder blocks, its back window shattered in half, beaming like a perilous guillotine ready to behead an unsupervised child. Unlike the community they just visited where the skies were painted green with the flowering treetops from mature oaks, the sky here is littered with an entangled mass of electrical cables and telephone wires, feeding each house like breathing tubes to a comatose patient.

Iggy courts a momentary thought of Oz and Kansas. Unlike the distinguished residences he just saw, the homes here are panicked in unique distress. Some have white picket fences, which are no longer white and no longer picketed. Other homeowners have outlined their properties with chain-link fences, which mostly lie nonfunctional and slumped over in disrepair. Box fans smother open windows; their curtain comrades dance unceremoniously, a coerced acknowledgment to the artificially induced breeze. The houses themselves stand incongruently organized, gangly and marred by rotting wood and flecking paint, each standing curbside like a chorus line of aging centurions proud to have withstood the turbulent decades.

Billy Banker pans his Rolex-wrapped hand outward and showcases the distressed avenue like a grand prize on *The Price is Right*.

“This, my friend, is where our customers live.”

WALL STREET WON'T MAKE YOU RICH

News flash! Compound interest is a scam. The stock market isn't going to make you rich. And neither will that ETF, that mutual fund, or that 401(k). That is, unless you plan on managing that ETF, that mutual fund, or that 401(k).

The truth is, the good folks on Wall Street aren't in the business of making you rich; they're in the business of making themselves rich. And now that the government has backstopped their failures (but not yours), be assured, the compound-interest scam will remain one of most whitewashed belief scams in existence.

The compound-interest scam is this serendipitous orthodoxy that the stock market will someday make you, the common man, uncommonly rich. Shoveled down your throat in gag-worthy quantities and upheld by the frugality scam, this financial ideology cries for regimented saving, investing, and of course, patience, hopefully followed by a long life expectancy.

Again, peek inside any personal finance book. Within minutes, I guarantee you'll read the same old tired dance, a preachy sermon which sounds like this: Invest X dollars into the stock market every month for X decades, and abracadabra, just like magic, you'll have X millions by your sixty-fifth birthday! Such magical outcomes are then backed by magical charts, which undoubtedly show your financial empire magically ascending into the stratosphere. Such utopian claims are then paired with what I call the *Utopian Graph*—a financial chart illustrating how much money compounds after fifty years if you just stop drinking coffee and, instead, religiously invest those savings with Billy Banker.

“Start investing early and often,” the articles say. “Compound interest is the most powerful force in the universe,” echo the financial acolytes. #SlowClap. #RollEyes.

Anytime the Utopian Graph rears its face—be warned—you're about to be laundered in the compound-interest scam.

The same narrative powering Las Vegas powers the compound-interest scam: *a survivor bias*. When someone wins, you'll hear about it. Big winners grab headlines.

When a coworker wins in Vegas, you'll hear about it in a Facebook status. And while he won \$263, thousands of others lost hundreds, thousands, and yes, even millions.

Those losers? They say nothing. Crickets. They don't appear in headlines, and they don't make the statistics. But these statistics do peek insight into the survivor bias's size and who goes home a quiet loser: The Wynn Casino cost \$2.7 billion to build. Bellagio: \$1.6 billion. Singapore's Sentosa: just under \$5 billion.

Similarly, when Iggy Investor wins at Wall Street, we're guaranteed to hear about it—on Yahoo's front page, in best-selling "Millionaire" books, or in some financial magazine whose ad revenues are funded by the money megafirms. Every day someone, somewhere, trumpets these frugalicious stories. The subversion method, always the same: plaster the photo of a young couple and their kids standing in front of a cute house, arms crossed, ceremoniously smiling with a shit-eating grin, and then tag with click-bait...

- 🔪 *Millionaires in the making: Joe and Cindy have amassed a half-million-dollar nest egg while dumpster diving for expired meat behind Trader Joes!*
- 🔪 *Twenty-nine-year-old millionaire reveals how he built his wealth never earning more than \$80K a year!*

And then you're hit with the shtick. They're possessed by the frugality scam—ridiculously obsessive about money, coupons, and thrift but squanderous with time. Defensive Gollums. They're the ones asking the Safeway cashier to do a thirty-five-cent price check on the bananas, stealing seven minutes of your life you'll never get back.

Or worse, some "survivor" articles are hoaxes.

In October of 2014, Yahoo Finance featured an article about a twenty-seven-year-old millionaire (named Anton), which trumpeted the compound-interest scam. After reading the story and the cursory numbers, I immediately thought something smelled fishy. I know income and investment returns, but his numbers simply didn't add up. I posted my skepticism on my forum. A week later, my suspicions were confirmed: the story was fake and "Anton" acquired most of his wealth through inheritance, not via market investments.

Thanks to the survivor bias, you aren't getting the real story. What you don't read are the financial failures. You don't hear about Ted, who lost half his savings in 2008's market crash. You don't hear about Martha, who lost her pension because of fiduciary mismanagement. You don't hear about Harold, who trusted the compound-interest ruse for thirty-two years and died young at fifty-two, never enjoying the fruits of his thrifty savings—a casualty to dying rich in cash but poor in experience.

You see, the survivor bias keeps successes spotlighted and failures buried. It showcases the few who win and ignores the rest. Statistics of non-survivors? Good luck finding them. And if such statistics were sought, who would fund it? The

government? Vanguard? JP Morgan Chase? Nope. Truth doesn't keep *SCRIPTED* slaves enslaved.

And then we have compound interest's prejudicial parties, people who sell more fairy tales than Disney. Turns out, these fiscal hypocrites aren't rich because of compound interest, but are rich from teaching it. Through best-selling books featuring survivors, syndicated radio shows, and incentivized financial products, the financial gurus make millions propagating the scam.

In 2015, Tony Robbins released the book *Money: Master the Game*. Before I could buy the book, my inbox blew up with emails from those venting that his new book was another compound-interest conspirator. Tony seemingly morphed from an awesome motivational guy to just another Wall Street shill. Anyone with a scant of intelligence knows Mr. Robbins amassed a fortune selling books and high-priced seminars, not mutual funds. Could it be that the book is really a "trip wire"? A tool stumbling starry-eyed idolaters into a back-end sales funnel, which makes millions on management fees, referrals, seminars, or whatever else carries a big price tag? The duplicity cost Tony a fan, but I doubt he's worried. As for the book, readers told me to avoid it, hence sparing me the pain of gouging out my eyes with an ice pick.

And finally, the compound-interest belief is missing the most important things of all: youth and abundance. In all of recorded history, *not one person* has gone from zero to \$50 million in ten years because they invested in the S&P 500. Did you ever hear the story about the thirty-year-old billionaire who got rich clipping coupons and investing in mutual funds? Ha, nope, neither have I. However, there are plenty of Wall Street millionaires/billionaires under thirty, as well as entrepreneurs. An eighteen-year-old multimillionaire entrepreneur exists—the eighteen-year-old coupon-clipping, miserly stock-market multimillionaire does not. Oh wait, or does it?

In December of 2014, *The New Yorker* magazine published an article featuring eighteen-year-old Mohammed Islam, who claimed making \$72 million trading stocks, ETFs, and oil-futures. According to Islam, he earned this staggering return while trading on his lunch break. After reading, I concluded, once again, bullshit. I called it out (again) on my forum. My reasoning? Mathematically impossible. Sure enough, twenty-four hours later the story was exposed as a hoax. Islam made it up. Turns out, he was another easily impressed young man fascinated with the Wall Street hyperculture—ya know, the place where sordid characters like Gordon Gekko and Jordan Belfort are hero-worshiped by money-hungry sycophants.

In short, a few outliers find fortune in Las Vegas; however, most do not. Instead, gaudier slaughterhouses rise into the sky, feeding their hustlers steady drips of cash while the sheep they impress get slaughtered. The compound-interest scam is temporal prostitution's pimp—a gambled trade where your young-years are sacrificed on the pedestal of patient mediocrity while hoping to get paid old-years later. Brilliant, eh?

THE TRUTH TRIFECTA: KILLING COMPOUND INTEREST WITH ITS OWN BLOOD

Behind compound interest and its Utopian Graphs are mathematical truths driving exponential growth. For example, if you grew one hundred dollars at 10 percent interest compounded annually for fifty years, you'd end up with over \$11,000. If you saved one hundred dollars monthly at the same rate for fifty years, you'd end up with more than a \$1.4 million. Cue Darth Vader because that's impressive, most impressive. And these compound-interest calculations are not conjecture but mathematical absolutes as much as one plus one equals two. Indeed, compound interest is powerful, as the emperor has foreseen.

Unfortunately, *mathematical absolutes and human reality aren't the same thing.*

Compound interest's ineffectiveness is like trying to survive a sinking Titanic. You know the boat will sink in 2 hours and without a lifeboat, you will die. And yet the compound interest cheerleaders have brainwashed you into believing another story: They say a lifeboat will save you if you just patiently wait 8 hours for it to arrive. On our sinking death boat, we simply don't have 8 hours.

Nonetheless, I do agree that compound interest is a powerful concept. Seriously, if my five-year finance degree taught me anything, it was that. However, you know what else is powerful? And not so forgiving? The fiscal **TR**Icycle.

- ✓ (T)IME.
- ✓ (R)EALITY.
- ✓ (I)NFLATION.

Wheeled by (T)ime, (R)eality, and (I)nflation, the fiscal **TR**Icycle debunks compound interest, and it's why it won't make you rich. Mathematically speaking, compound interest is like the fastest man on the planet, say Usain Bolt. He's powerful when unencumbered, like simple compound-interest calculations. However, saddle him on a tricycle, the three-wheeler of time, reality, and inflation, and suddenly he's impotent and slow-moving. It's like putting Jeff Gordon in a school bus and expecting 800-horsepower performance. Utopian Graphs with grand promises cannot be trusted because they're unencumbered analyses based in a hindsighted vacuum void of mortal time, reality, or inflation. Here's how the fiscal **TR**Icycle castrates compound interest as a reliable wealth creator.

TRUTH #1: TIME

Dead millionaires tell no tales.

They also don't go on luxury cruises down the Rhine, make love with their hot wives, or relax on the Riviera, Cognac in hand. Time cannot be stopped, avoided, or beaten. It's the ultimate human reaper, and it's why time is the first ax in compound interest's castration.

First, “buy and hold” has no exit. No one ever talks about selling because it’s buy and die. The common denominator in all Utopian Chart extrapolations is time, and a heaping load of it. Not months or years but decades, amounting to more than 83 percent of your life, starting at age eighteen. Your typical Utopian Graph shows a nominal investment grown over fifty years, usually starting when you’re eighteen years old. Not sure about you, but I didn’t save shit when I was eighteen. Instead, I spent everything and piled on debt.

The truth is, most people don’t start saving until their thirties. (This also falls in line with “reality,” but that’s next.) According to a BankRate.com survey, 27 percent of Americans have ZERO savings, while 76 percent of Americans live paycheck to paycheck with enough savings to last only six months.⁴⁹ Six months? The average American can’t save a multi-monthed emergency fund, let alone a multi-year retirement stretch. That means mimicking the ubiquitous Utopian Graph is impossible because too much time has already passed. The S&P 500 won’t grow \$1,000 into \$2 million in twenty years. And while the compound-interest blowhards advocate starting at any age, portfolios give zero shits. They are apathetic to your life expectancy, your circumstances, and your health. Like the honey badger, the markets don’t care.

A dead millionaire is still, well, dead.

For example, I ripped this from the web, showing how blinded people can be when it comes to the compound-interest scam. The article headlined:

Warren Buffett Tells You How to Turn \$40 Into \$10 Million.

The body stated:

A few years ago, Berkshire Hathaway CEO and Chairman Warren Buffett spoke about one of his favorite companies, Coca Cola, and how after dividends, stock splits, and patient reinvestment, someone who bought just \$40 worth of the company’s stock when it went public in 1919, would now have more than \$5 million. Yet in April 2012, when the board of directors proposed a stock split of the beloved soft-drink manufacturer, the figure was updated and the company noted that the original \$40 would now be worth \$9.8 million.⁵⁰

So, who is this magical *someone* who magically invested forty dollars in 1919 and is rolling in cash today? *Turns out it’s nobody.*

If you were sixteen years old in 1919 (born, 1903) and somehow got your hands on forty dollars, which then was about a thousand bucks, you’d now be 113 years old. In other words, you’d be a dead multimillionaire. And yet you’re supposed to believe this unicorn exists, someone who survived polio, the Spanish flu, both

world wars, the Chosin Valley, Hamburger Hill, the Carter administration, the FDA food pyramid, and cancer.

You can't make this shit up, and yet people salivate at the charts like a butcher's dog.

Folks, this ghost thesis isn't a compound-interest study but an example of how most people fail to think critically about time and money. Resign yourself to compound interest for wealth and you've resigned yourself to "hope and time" for freedom: hope I'm alive after X decades; hope my money is worth something after X decades; and hope the markets yield X percent after X decades. Sorry, hope based on variable returns, variable market instruments, and variable life expectancy is a bad plan. And a band of Billy Bankers are hoping hope is your plan.

Think of it this way. Every year, you are advised to snip off body parts: a finger, a toe, a spleen, a kidney, or an earlobe. Your body parts are then "invested" with Cryogenics Asset Management, LLC, who cryogenically freeze your parts for later sale. The government, the media, and your trusted advisors say, "After five decades, your body parts will be worth millions, and you can retire and travel the world!" Then after following diligently for half a century, you discover that (A) the cryogenic freezing process failed, (B) your body parts weren't worth the promised millions, or worse, (C) your body is so ravaged with missing parts and other ailments that you're either dead or your millions cannot be enjoyed. Starting over, reversing course, or switching gears is now impossible. Too much time has passed. *When wealth now is traded for a promise of wealth later, you're snipping body parts.*

TRUTH #2: REALITY

Another trick upholding compound interest is a denial of reality.

Behind the Utopian Graphs and their perceived wealth powers is a magical interest rate, or a growth rate, that no one can mimic, at least in practical real-world application. Specifically, there's an interest-rate illusion, which is always upheld "matter-of-factly"—an arbitrary number implying stress- and risk-free investing. A typical Utopian Graph pegs their growth rates as 8, 10, and sometimes even 12 percent and then assigns that growth to some risky asset class cherry-picked from hindsight.

- ☛ *A \$10,000 investment in gold ten years ago would now be worth \$X!*
- ☛ *If you invested in the S&P 500 right after the 2008 crash, \$10,000 would now be worth \$X!*
- ☛ *If you invested in 100 shares of Apple Corporation back in 1999, it would now be worth \$X!*

Again, these returns are based on hindsight and aren't risk-free. For every Apple, there's an Enron. For every commodity boom, there's a commodity crash. Bubbles

come and go, bankers get bailed out, and you're left holding the bag. Chasing a growth rate is a fool's game, and the last time a 12 percent yield was offered by a financial firm, it was run by a guy now jailed at the Butner Federal Correctional Facility. The risks associated with 10 percent growth rates are more suited for Hollywood stuntmen, not Mildred and Walter living in Sun City.

Second, arbitrary compound-interest calculations planted within the nexus of the financial markets are another deceptive shadow. Simple math solving compound-interest calculations is real—a hypothetical interest rate is plugged in with a time frame, and bam, you get a large number befit to an agenda. Unfortunately, the obscured truth is different.

In the financial markets, *an interest rate (or a growth rate) must be attributed to a financial instrument*, such as a stock, bond, or an asset class. Interest (or growth) rates cannot exist without a corresponding instrument or asset class attached. This creates the rate! And each instrument carries risk, which means you could lose some, or all, of your money.

What should the Utopian Graphs really be based upon?

The risk-free growth rate. After all, when you arbitrarily plug a number into a formula and magically see your thousands turn into millions, you aren't taking a risk. It's simple, risk-free mathematics.

So what's the risk-free rate? Its number is pegged by the three-month US Treasury bill rate, which I'd argue isn't risk-free, but that's another book. Anyway, as of October 2015, guess the rate...

It's a staggering .03 percent.

That's three-hundredths of a percent. That means, plugged into our Utopian Chart, one hundred dollars grows to \$101.51 after fifty years. Enjoy the buck! On monthly one-hundred-dollar investments, it grows to more than \$60,000, which adjusted for inflation is barely \$8,000 in today's money. That is what's expected taking the "risk-free" approach.

Interested in taking on more risk? Well, that's what Billy Banker is hoping!

There are catastrophic consequences when trying to make the Utopian Charts work based on simple plug-in growth rates: Yield chasing. Unacceptable risks. Greed. All cloud your judgment. When your Wells Fargo savings barely pays .02 percent, it's easy to feel frustrated. And suddenly liars, cheats, and scoundrels have your ear. Underneath any financial scam is a victim chasing a growth rate promoted by a Utopian Chart and an opportunist offering it.

For example, there's David Fleet. Through a variety of newsletters and advertisements placed in church publications, Fleet advised potential investors using a message similar to my own: the stock market is risky. Instead, he recommended an investment in his real-estate business, offering investors a guaranteed 10 percent annual return. He raised over \$17 million, mostly from elderly investors, and then in the ultimate irony, lost it all in the stock market. In December 2014, the SEC charged Fleet with multiple counts of securities fraud, proving again two things:

(1) the market is no place to create wealth, just like a strip club is no place to find your future virgin wife; and (2) for every yield-chasing fool, there's a yield-offering con man. And in this case, it wasn't outrageous, like 20 percent per year, but a mere 10 percent!

In another example, F-Squared Investments, an investment firm headquartered near Boston, exposes more reality checks pertaining to Utopian Charts. This firm claimed to own a sophisticated computer model that could time market entries and exits. Investors bought the tale, investing more than \$28 billion. F-Squared claimed returns of more than 198 percent since 2001. In December 2014, the SEC found otherwise and levied the returns were entirely made up, a fabrication hatched by its company's CEO. As usual, investors took a haircut.

No Utopian Charts were updated.

And these are just recent examples.

The financial world is rife with tales of defrauded investors, all chasing yield and the charted illusion of wealth. The most egregious example of wealth destruction via the stock market was the 2008 market crash, which incidentally almost crashed the entire financial system. Now does that sound like a "safe" place for your life savings? As the market swallowed portfolios and early retirement aspirations died, reality took over. And that reality?

Fear.

Most sold, and suddenly Utopian Charts became dystopia. And to date, many have not reentered the markets. According to a University of Michigan analysis conducted on Federal Reserve reports, market participation was at a dismal 16 percent in 2013, compared to 30 percent in 2001.⁵¹

As I write this, the markets are at record highs. And despite the market fervor, the middle class is not better off. The sudden stock-market growth should've elevated America's heartland into prosperity, and yet such prosperity is curiously absent. Compared to the late-nineties market exuberance during the Internet boom, we're not seeing the wealth effect with the market recovery because people are fearful. And suspicious. They've learned that compound math on a napkin and compound math complicated by a financial instrument is like the difference between gambling with Monopoly money and gambling with your firstborn. Utopian Charts never account for FEAR.

These two scam scenarios exemplify when the reality of human emotion, fear and greed, poison simple compound-interest equations that buoy Utopian Charts. Investors chase. They get greedy. And they get screwed. Meanwhile, Billy Banker makes bank.

On the whole, compound-interest calculations based on simple math don't require resilience, they don't face fear, they don't time markets, and they don't need to manage risk. Compound-interest calculations based on reality? Actual financial instruments that can go from hero to zero in a matter of days? That requires nerves of steel, a risk appetite, and also a heaping pile of hard-earned

money. The financial world is filled with market prognosticators who promise mythical returns foretold by mythical charts. Tune in to CNBC on any day and one expert predicts skyrocketing markets while another predicts doom and gloom. One recommends, “Buy gold!” and the other admonishes, “Sell gold!” The point is *no one fucking knows*. But know what they do know? Your guesses, whether right or wrong, will make them millions.

TRUTH #3: INFLATION

Compound interest has an evil twin, one who doesn’t seek attention or grab glory from the front pages of financial blogs. It lies hidden for years, silently ravaging portfolios like termites in an old barn. The third and final compound-interest castrator also has the same power of its sibling: *compound inflation*.

Every Utopian Chart ignores plausible growth rates, plausible fear, and plausible inflation. The reality of your money-printing government? One dollar today will be worth much less tomorrow. And with our government’s continued debt appetite, your dollars might end up worthless.

Back within our original compound-interest calculation of \$100 monthly investments, \$1.5 million in “fifty years later” money might only buy you a new Chevy. It might only be a down payment on a double-wide in a mobile home park. It might be today’s equivalent of \$50,000, which simply isn’t much to live on, at least not abundantly or freely.

The Utopian Chart propagandists want you blind to inflation. They want your focus on the end result: X millions after fifty years with today’s thinking. Today’s thinking projects those millions with today’s health, today’s buying power, and today’s circumstances. OMG, I’ll have \$7 million if I follow this simple one-hundred-dollar plan? I’ll be able to travel the world and buy a mansion in the suburbs with a Lamborghini parked in the driveway!

The inflationary truth is more sobering. One hundred years ago, a quarter bought many things: several loaves of bread, a can of coffee, or a pound of sirloin steak. A quarter in my childhood got me a pack of gum and ten minutes on Pac-Man. Today it buys nothing. From 1913 to 1940, total inflation was a nonfactor at 43.8 percent, or an annual average of 1.6 percent. However, from 1940 to 2013, it was more than 2,000 percent.⁵² That means the ubiquitous Utopian Chart would need to grow 2,000 percent just to break even!

Despite the media’s contention that inflation is under control, American families aren’t finding it so. From February 2000 to April 2014, the cost of living has skyrocketed. Utilities, up 81 percent. Auto insurance, up 69 percent. Medical supplies and drugs, up 60 percent. Food to fill the refrigerator, up 43 percent. Gas to fill the car, up 70 percent. Meanwhile, wages and salaries have not followed.⁵³ According to Pew Research, the average wage peaked more than forty years ago when about \$4 an hour had the same purchasing power as \$22 dollars today.⁵⁴

The Utopian Charts cannot be trusted because trust is not in the calculation. Can you trust the government to be a good steward of taxpayer money? Can you trust fiscal policy makers to keep inflation from exploding? Can you trust a growing economy for five decades? Answer these questions honestly and you'll realize inflation is a gamble and your bet is placed with people who historically have not been prudent. For me, I'm unwilling to make a multi-decade-long gamble reliant on ivory-tower economists, financial megacorporations, and a lying government who can't stop lying as they print money. Compound inflation is as powerful as compound interest.

CONSIDER THE SOURCE

If the devil funded a study reporting that 91 percent of hell's inhabitants were happy, would you believe it? Such duplicity is common in pharmaceuticals and agriculture. When the public needs assurance that the latest drug, chemical sweetener, or Frankenfood is safe, the conglomerate funds research studies to support their agenda. When such conclusions come from the mouths of corporate giants like Monsanto or Pfizer, many people are skeptical, including myself. Interestingly, drug and agricultural studies from biased interests face critical scrutiny, even from the *SCRIPTED* populous. However, the financial world gets a mulligan.

Never a week passes where the world is spared from seeing another insufferable Utopian Chart shoved out by the mainstream media, another pseudo proclamation that wealth's secret rests in Wall Street's grimy hands. For example, my last sufferance came from Business Insider. The juicy headline?

💡 *Every 25-Year-Old Needs to See This Chart...*

Of course, it was a Utopian Chart arguing the stale compound-interest mimetic. My headlined rebuttal would be a bit different. It'd read:

💡 *Every 25-Year-Old Needs to WAKE THE HELL UP AND See WHO IS PROMOTING This Chart*

The creator of such a fine mathematical analysis?

None other than JP Morgan Asset Management.

Instead of believing the narrative, start questioning WHO wants you to believe the narrative. Consider the source. Instead of sanctifying this crap as if Moses ambled down from Mount Sinai and delivered the missive himself, ask who benefits from your belief. Where are the millionaires?

Investor.gov is an arm of the Securities and Exchange Commission, the government's regulatory body for financial securities. On Investor.gov, I found a variety of resources, including a compound-interest calculator. Odd, the calculator

had no field for inflation. In fact, Investor.gov had no such calculators—inflation, cost of living, or otherwise. There was also no mention of the current \$20 trillion federal deficit.

Other compound-interest sponsors are the finance websites and magazines who are collusive in perpetrating the scam. Financial companies pay kings' ransoms to promote a variety of banks, brokerages, and fund companies. Such advertising is then buttressed by survivor articles.

☛ *See how Charlie Cheapskate became a millionaire while driving a taxi six days a week!*

And then you're hit with the shtick. He's a scarcity whack job smitten by the frugality scam, sewing his own clothes, refusing to dine out with friends, and pedaling a bike to the store. Simply put, his life sucks ass. It's like money possesses these people, transforming them into religious fanatics who don't worship God, but nickels and dimes. Like dangling Marionettes, these poor saps are limited by wherever their money strings lead— or I should say, don't lead.

Another peevish example came from *Forbes*, a magazine I genuinely like. In 2013, *Forbes* sponsored a video aptly entitled, "How to Get Rich." The video pushed the "wealth fantasy," featuring your usual run-of-the-mill financial chauvinists, like Jack Bogle and Meredith Whitney, each championing the financial markets, compound interest, and your typical hodgepodge of *SCRIPTED* doctrine. After watching the video, I could only chuckle at the unspoken hypocrisy.

So I did a little research into *Forbes* cover models. I was curious how many *Forbes* millionaires and billionaires actually followed this advice as recommended in the video.

Look for yourself. Try and find ONE *Forbes* cover model whose fortune was created because they diligently invested with Wall Street like we retail investors, a.k.a. Iggy Investor, are instructed to do. Go ahead. I'll wait.

Welcome back. What did you find?

Let me guess—nothing.

Subtract the entrepreneurs, the inheritors, the sports and entertainment titans, the corporate insiders, and those that serve the financial industry over investing in it, and you'll find exactly what I found: *the stock market isn't making investors wealthy; it's making its servants wealthy.*

As expected and cleverly ignored, not one *Forbes* cover model got rich following the "wealth fantasy," but an overflowing basket of them got rich perpetrating the advice. In other words, *if you want to get on the cover of Forbes, don't take advice from Forbes.*

In September 2012, the SEC charged radio personality Ray Lucia for allegedly spreading misleading information about his pet investment scheme, the "Buckets of Money." To obtain clients who would be charged advisory fees for their services,

Lucia claimed to yield-chasing attendees that his strategy was empirically backtested, even during bear markets.

The SEC felt differently. According to the charge, the SEC claimed Lucia used a lower 3 percent inflation rate for his backtesting methodology, even though historical inflation was much higher. Furthermore, the SEC claimed that Lucia’s “backtesting” failed to account for the negative effect his advisory fees would have plundered from the strategy, a strategy in which funds weren’t even allocated by the strategy he purported.⁵⁵ LOL. And yeah, no Utopian Charts were updated.

Again, this shouldn’t shock you. The greatest game in town is not investing in the markets but managing the money of those who do. Perhaps Mr. Lucia will be the next big smile gracing *Forbes*’ cover.

What? Who? I’m sorry, I hear a heckler in the cheap seats.

What about Warren Buffett? Carl Icahn? Bill Ackman?

They got rich from the stock market, right?

Sorry, despite what you’ve heard from good old Warren, he’s NOT a traditional stock investor like you or me but an activist investor. I know, I know—when Warren Buffett speaks, the lemmings’ ears bleed gold. However, instead of falling to your knees and convulsing in an orgasmic tizzy, I’d recommend putting on your research cap and examining what Warren says and what Warren does—are they always equal?

Anyhow, if you aren’t familiar with activists, these are moneyed investors who purchase huge blocks of stock with the intent of influencing corporate strategy. Yes, Buffett doesn’t buy stock and “hope” it goes up. Instead, activists take large positions where they can move markets, acquire voting rights, and appoint board members. *They exert control and influence corporate policy*, a key element separating YOU, Iggy Investor, from Buffett the activist.

Bottom line, people like Warren Buffett and those pushing the compound-interest agenda aren’t using Warren Buffett’s conventional investment wisdom; they’re the ones profiting from it. While the *SCRIPTED* peasantry buys the funds, the compound-interest apostles run the funds. And the ultimate fact: There are no experts in the financial markets. One expert says Dow 30,000; another says Dow 10,000—both clueless, both equally likely to be correct, and both hoping you’ll buy into their circus. A market direction cannot be predicted, but you know what can? Juicy management fees from *M.O.D.E.L. Citizens*.

POLARIZER: THE CAPITAL-PRINCIPLE

You probably think I hate Wall Street. Or that I don’t own any stocks, mutual funds, or financial instruments. Both would be incorrect. In fact, my approach to Wall Street is identical to my approach to Vegas. Just because I know Vegas produces more losers than winners doesn’t mean I don’t go.

You see, instead of looking at Wall Street or Vegas for *what they can be*, I look at them for *what they are*. When I hit the Vegas Strip, I'm not looking to get rich or to defy the odds. Instead, I'm looking to be entertained. I bet in ten, maybe twenty-five-dollar increments, effectively transforming a gamble into entertainment.

Likewise, when it comes to Wall Street, I take the same approach. I'm not using the markets for how they're marketed—to create wealth—but instead I use them for what they are: *the buying and selling of capital in exchange for income (interest) or equity (appreciation)*. According to Investopedia, the formal definition of a capital market is that it “channels savings and investment between suppliers of capital such as retail investors and institutional investors, and users of capital like businesses, government and individuals.”⁵⁶ Note, the definition says nothing about getting rich.



Failure is normally temporary and can be remedied by trying again. A compound-interest failure is permanent because its attempt spans decades. Trying again is impossible.

In Chapter 47, I will go into significant detail regarding the capital-principle, but for the purpose of this belief dichotomy, it's this: The capital markets are to be used for income, capital deployment, liquidity, and asset speculation. *And when you have a lot of money to deploy, suddenly compound interest reverses its tide; it becomes an effective tool for creating 100 percent reoccurring passive income.*

For example, a lot of my net worth is invested in bonds: municipal (tax-free), corporate, emerging-markets, and closed-end funds. Other investments are in dividend stocks, like Southern Company, Holly Energy, and a nice allocation of REITs. See? I don't hate Wall Street because Wall Street allows my money to work for me 24/7. The net effect is I let compound interest pay me monthly, 99 percent hands-off residuals payments, *but only once compound interest becomes an effective growth multiplier.*

For example, take a paltry 3.5 percent return, which is offered on a municipal bond. The effective return, because it's exempt from taxes, is nearly 7 percent. Take a look at the difference in monthly, passive returns.

- \$1,000 investment = \$2.91 month
- \$4 million investment = \$11,666.66 month

More than \$10,000 per month, tax-free, doing absolutely nothing, and with a tiny interest rate. Imagine the joy. Imagine the freedom. Imagine. And yet, I don't

need to imagine, because this is my reality. You can activate compound interest's praised power only if you can earn and save millions fast, not when you use it to turn nickels into dimes as the compound-interest scam implores. Explode wealth by leveraging producerism through the *UNSCRIPTED* framework—*then compound interest can pay you residually for the rest of your life.*

Another aspect of the capital-principle is as a tool to beat inflation. If you're looking to devalue money through time, stick it in a bank or under the mattress. Money does in fact sleep, but only when it's not properly deployed. I use the capital markets to deploy cash so it outpaces inflation. Sometimes that is foreign currencies, short-term bonds, or yes, even a mutual fund or two.

Asset speculation is another component of the capital-principle. This is akin to gambling, like in Vegas, and please, don't bother arguing it isn't. You can look at technical analysis charts all day, analyze income and cash-flow statements, smoke tea leaves, and pray to the holy Cramer, but no one knows if Company X will be the big winner, or the big loser. We can make educated guesses, but that's all they are: guesses. That said, I engage in asset speculation regularly by investing in companies I understand and like, and with money I can afford to lose. Sometimes things go well; sometimes they don't. Sounds like Vegas, eh?

And the best and final use for the capital markets? Liquidity. When an entrepreneur sells his company in an IPO, it's like winning the Super Bowl. Either indirectly or directly, the capital markets transfer liquidity from the selling owners (the founders and early seed capitalists) to the public (investors and speculators).

In the end, Wall Street is not a place for growing wealth but a place for asset speculation, earning income, and deploying capital. Yes, save early and often. However, don't think you can sail to the promised land on a compound-interest wave—it's ineffective for creating wealth unless millions are amassed FIRST; then it's powerful, perhaps as powerful as Lustig's money-printing machine.



If your wealth strategy is compound interest, what uncontrollable variables are lagging and endangering your retirement? Market returns? Savings rate? Job stability? The economy? Life expectancy? Inflation?

"If you accept conventional wisdom from conventional people living conventional lives, can you expect to be anything but conventional?"

-MJ DEMARCO, ENTREPRENEUR/AUTHOR

AS YOU ARE TOLD - CONSUMERISM - CAR PAYMENT - MEDIA - WALL STREET - 401(K)S - RETIRE AT 65 - SAVE 10% OF YOUR PAYCHECK - G



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MJ DeMarco is a semi-retired entrepreneur, investor, self-made multimillionaire, and international best-selling author published in over 10 languages worldwide. He currently is the founder of The Fastlane Forum, a global business community featuring nearly 40,000 entrepreneurs and over 500,000 contributions. He currently lives in Fountain Hills Arizona.

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