

What Can We Take Away from The Wolf of Wall Street?

Rule number one: don't get addicted to Quaaludes. Kidding.

More seriously, there are indeed valuable lessons to be learned from this slightly fictionalized version of the story of Jordan Belfort and Stratton Oakmont, the boiler room penny stock operation from Long Island.

Jordan was a powerful salesman, and he was selling what many people want: a shortcut to wealth. Who doesn't want to get an early ride on the next Microsoft, Apple, or other superstar investment when it is cheap and before anyone else knows about it?

Early in the movie, Jordan meets with his first mentor, Mark Hanna, a broker at Jordan's first firm (played brilliantly by Matthew McConaughey). He tells Jordan that the secret to success is to create urgency that will motivate the client to buy *now* before the opportunity slips away. Belfort asks about helping the client participate in the market, and Hanna tells him the only sure thing is the sale.

Perhaps the most honest statement in the entire movie is Hanna's comment that "Nobody knows if a stock is going to go up, down, sideways or in circles." The only sure money, he explains, is for the broker who closes the sale.

The problem is, we want to believe that there are shortcuts to success, whether it is a sure thing in a stock, a pill to help you lose weight fast, or a belt to wear that will give you a six-pack without doing one sit-up. We want to believe that someone will show us the easy way to riches.

That's why Stratton Oakmont was easily able to steal a few hundred million from mostly small investors. That's also why another Long Island firm, Agape World, succeeded in defrauding \$400 million from blue collar workers, promising them massive returns in fully "guaranteed" short term real estate loans.

There are no shortcuts in losing weight or making big money in the markets. Both take time and hard work.

There are only three truths in making money:

- 1) There is no short cut to success.

2) Anyone who says that they can predict the short term direction of the market is either lying or delusional.

3) The only short cut in the money game is how fast a fool can be separated from their money.

So as you consider whether or not to keep your New Year's Resolution to lose weight and do a better job of saving for the future, remember that these things are possible, but they all take time and effort.

Wishing you and yours a happy and healthy New Year,

Michael D. Kresh, CFP®

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