



**Published Date:** December 9<sup>th</sup>, 2022

### ***What Ted's Thinking***

#### **The Power of an Interview**

The financial world is ablaze with the collapse of FTX. Not since the Bernie Madoff debacle have players in the investment profession been so exposed for failures in due diligence after a frothy market environment. Back then, hedge fund of funds awash in inflows got chastised for glossing over details in the pursuit of steady, uncorrelated returns. This time, a high profile set of venture capitalists and entrepreneurs are taking it on the chin for having more capital than time in the pursuit of exponential gains.

When Bernie Madoff's Ponzi scheme unraveled in 2008, we never really learned what happened. Bernie gave a few post-incarceration rants, but he went silent about the actual story. Sam Bankman-Fried (SBF) is taking a different approach and making himself available. He has posted on Twitter and sat down for several interviews last week. These interviews reveal a lot about how we gather and interpret information.

Before discussing the interviews, I think it's important to share my perspective on SBF. I try to follow Don Miguel Ruiz's [The Four Agreements](#) in the pursuit of happiness. The third agreement reads "Don't Make Assumptions." The opinions I have swing back and forth based on my assumptions, which come from what I read and hear. Without making assumptions, I believe it remains to be seen whether SBF had malicious intent from the onset or created a legitimate business that derailed due to his naivete, arrogance, or a combination of both. At this point, it appears that SBF either committed gross negligence or purposefully stole customer funds. Yet one of the most logical explanations I read for what may have happened doesn't fit neatly into either camp and is wildly different from what is in the public eye.<sup>1</sup>

---

<sup>1</sup> Doug Colkitt, founder of Crocswap [tweeted](#) that Alameda became the patsy at the poker table among increasingly sophisticated crypto traders but nevertheless needed to keep trading and losing money to provide the liquidity on FTX that would preserve its massive enterprise value.

In forming my views, I was fascinated by my reactions to SBF's two marquee television interviews with Andrew Ross Sorkin and George Stephanopoulos.<sup>2</sup> When I listened to Sorkin's interview, I thought Sam may have been telling the truth and just screwed up. Sorkin asked poignant, direct questions, and Sam gave prompt, reasonable answers.

I had the opposite reaction to Stephanopoulos' interview on Good Morning America. Some of the questions and answers were the same, but SBF hesitated to answer direct questions and gave the impression that he was dodging key issues. When Stephanopoulos asked about the misappropriation of customer funds, Sam stumbled and answered indirectly. Stephanopoulos repeated the question even more succinctly, seeking a yes or no answer, and SBF fumbled again. Stephanopoulos nailed two of my favorite interview techniques in that moment – asking brief questions and deploying 'The Five Whys' [made famous by Toyota](#) in the 1980s.

My opposite reactions to these interviews say more about the power of an interview than my verdict on SBF. As I described in *Capital Allocators* ([the book](#)), journalist interviews are quite different from those that I conduct on the podcast. A journalist might talk to a subject for hours attempting to pick up a single soundbite that will drive audience attention.

These interviews gave very different public presentations. Sorkin's was an hour-long live conversation. We heard every question and every response. In contrast, Stephanopoulos' interview was two hours long, but GMA only released ten minutes of it.

While I came away from the Stephanopoulos interview feeling that SBF was guilty as sin, I am all too aware of the power of an interview to frame thoughts. First, the interviewers' backgrounds influenced opinions about SBF's answers. Sorkin asked questions as a knowledgeable financial expert, and Sam answered appropriately. Stephanopoulos professed to be a crypto neophyte, causing SBF's technical responses to sound obfuscating.

More importantly, the editing of the GMA interview to the sauciest ten minutes removed our ability to put context around what we saw. An investment analyst who sits through a day of training in truth detection learns that setting a baseline of behavior is a prerequisite for assessing the likelihood that a subject is being up-front with answers. Through its significant edits, GMA catalyzed a rapid judgement of SBF without calibration of a baseline rapport between Stephanopoulos and SBF. Sure, SBF may have purposefully dodged Stephanopoulos' questions, but it's also possible that SBF

---

<sup>2</sup> Andrew Ross Sorkin is a demigod among financial journalists. He's an entrepreneur, a brilliant writer, a thoughtful commentator on CNBC, and an outstanding interviewer. I am in awe of his talent and output. He conducted interviews at his DealBook conference with wide-ranging guests, each of whom is world-renowned. Imagine the breadth of his knowledge and depth of research required to pull off interviews on the same day with leading corporate executives (Mark Zuckerberg, Reed Hastings, Andy Jassy, and Shou Chew), global political leaders (Benjamin Netanyahu, Mike Pence, and Volodymyr Zelensky), economic powerhouses (Janet Yellen and Larry Fink), an actor (Ben Affleck), and then SBF to top it off.

was uncomfortable with Stephanopoulos from the get-go and stumbled before every question Stephanopoulos asked.

The media reported that Sorkin conducted a softball interview and Stephanopoulos a hard-hitting one. What I see is the degree to which editing and seeking headlines can shape our views. In the end, SBF comes out far from innocent. My friends at AJO Vista and their partners at BIA conducted behavioral analysis on the two interviews and drew the conclusion that SBF likely wasn't sharing everything he knows.<sup>3</sup> I'm left wondering what SBF chose not to disclose and why.

We spend our days conducting interviews with money managers and corporate executives. Tuning into the nuances of asking questions allows us to gather better information and make better decisions. It's something we all can focus on and improve. It's a framework we teach at [Capital Allocators University](#).

As we watch more information unfold in the SBF/FTX saga, spend some time observing the meta level of how information is presented and how it influences our views. Interviews are powerful in forming our thoughts and beliefs, which we need to get right to make great investment decisions.

Another event down the road will shine another unwelcome light on due diligence failures. It's incumbent upon us as professionals and fiduciaries to do everything we can to stay out of the dark.

---

<sup>3</sup> Meg Devin and Liz O'Connor, SBF Under the Microscope (Behavioral Interpretation of DealBook and Good Morning America Interviews), December 1, 2022.