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INTERVIEW SERIES

Failure Lessons from a Billionaire

Michael Senoff Interviews Bill Bartmann

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Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

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It is my mission, to assist those that are very busy with their careers

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Now, let's get going.

Michael Senoff

Michael Senoff

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Failure Lessons from a Billionaire

With billion-dollar ups and million-dollar downs, Bill Bartmann has one of the best rags-to-riches stories around. And he has more than his fair share of lessons to show for it. In fact, he's become somewhat of a failure-to-success expert and says one of his goals is to do for failure what Betty Ford has done for alcoholism. And after you listen to this interview, you'll know exactly what he means by that.

As one of eight children, Bill started out with nothing. His father was a janitor and his mother a housecleaner. After spending time in a carnival and a gang, Bill realized he needed a better plan for his life. So he put himself through college and law school and started investing in real estate. After having a good deal go bad, Bill found himself a million dollars in debt with creditors harassing him at all hours.

Oddly enough, Bill ended up making his billions in the debt resolution business. He credits part of his success to being at the right place at the right time. The rest, he says, was recognizing the opportunity. This interview is all about Bill's amazing life journey and all the many lessons he's learned along the way.

Some of what you'll hear in this interview…

- The top five mistakes that businesses should never make
- How stopping the negative talk can make all the difference in your world
- Ways to keep your money safe *before* disaster strikes
- How to spot when a business is headed for trouble and ways to minimize that damage
- How to pick yourself up from failure and actually learn from it
- And much, much more

Bill is proof that no matter how far down you get, you'll always be able to pick yourself up if you believe in yourself. So whether you've suffered a failure or you just want to make sure you don't, this is the interview for you. It's a two-hour, two-part audio that's full of inspiration and guidance that everyone, not just entrepreneurs, will be able to benefit from.

Michael: Do you have five big mistakes that businesses should definitely not make?

Bill: I certainly do Michael, and you have some familiarity with me. I tell my audiences that these five things cost me $700 million a piece, each of them, so it's a $3.5 billion loss.

Rule number one, or less number one is never let your company pay your personal expenses. Most of us in the business world when we are the proprietor or general partner or we own the corporation, whatever vehicle you happen to use for your entity, it's really our money as we think about it, but it's like we don't think it's much matters whether it's the right hand or the left hand, the right pocket or the left pocket, but in the reality of the world, it can make a great big difference, and it made a great big difference in my life.

I had a Sub-Chapter S corporation that I allowed to pay my taxes, and though that is perfectly legal, perfectly copasetic, well documented, well notified to the whole of the world, at the end of the day is when my company got in trouble. The trustee in bankruptcy was able to set aside the very contract that authorized that transaction, which made it an unauthorized transaction. That allowed him then to sue me to recover all the money my company had paid on my behalf, which is the sum of $20 million. It was important in the liquidity that I had available, and it literally caused Kathy and I to go into bankruptcy.

Rule number one is never let your company pay your personal expenses. I don't care if it's credit card receipts or parking tickets or lunch or otherwise. Keep your bookkeeping separate.

Rule number two, never ever expect your high priced management to stay along side of you during a moment of crisis. Now, I'm speaking to all the people, and I'm not throwing stones or trying to suggest that mankind is bad. It's quite the opposite.

I'm a strong believer and very, very strong proponent in believing that people are good. People are inherently good, but no matter how good they are, never expect somebody to be consistent and congruent with their basic nature. The basic nature of a person – you and me and every other person – is to take care of their own family before they'll take care of somebody else's family.

So, when a calamity occurs inside an organization and the CEO expects all of his senior managers and seniors executives to stand along side of him, each and every one of them have to answer their own question. Will standing along side of my CEO, maybe my former CEO, will that put my own family in jeopardy? If it won't, then of course, I'll stand next to him. He's my friend. He's my mentor, and he's a person who has been with me all these years and has guided me and rewarded me and paid me and they have a thousand reasons to like you.

But, if the answer comes back different from the very first question, of will this put my own family in jeopardy, then all those other things pale on comparison. They no longer matter, and that employee will not do anything, nor should they ever do anything inconsistent with protecting their family before they protect your family.

Now, the value for that to you and whoever is listening to this is that if you know that, if you recognize that and you're aware of that, that doesn't mean you have to think ill of your employees. You just have to be cognizant that if the stuff ever hits the fan, they will probably protect themselves and their family before they'll protect you and your family.

Knowing that, knowing that little difference, that allows you to react accordingly.

Number three, always, always diversify your financial assets, and again in the private arena, the privately held arena, most people don't. They start from the back pocket to create our company and as the company grows, we own it, and we run it and we're the chief cook and the bottle washer, and we tend to pour back to the profits into the company.

While that's a wonderful thing to do in order to help the company grow and to take it to the next level, frequently, we have ended up in a situation where everything we own is buried inside of that company, where everything is in one jar so to speak, and if anything bad were to happen to your company, then quite frankly, you don't just lose the company, you may lose everything, everything in your personal life as well.

Point number four, never, never surrender the high ground. The high ground is a moral ethical legal high ground, and those are really three different places – the standards, the moral which we all understand, the ethical which is slightly different than the moral, and then there's even the legal. The legal is kind of the last mantra of a person who has suffered and learned some things.

Always hire a management consultant before the crisis. We hire accountants and lawyer and other people to help us in our day to day operations of a company, but rarely do we ever hire a crisis manager or a crisis consultant until there's actually a crisis on hand. You say, "Well, you really don't need one until there's a crisis." No, I think some things could be prevented if you had one of them early before there's even something on the table. They might have uncovered some things that you could've avoided in the whole of the issue.

So, frequently, crisis management can be a wonderful preventive technique rather than just a triage after the calamity.

Michael: So, all of these lessons, if you had these in place before what happened to you, do you think you could avoided all of this pain, I would say?

Bill: I really do. I think any one of the five would've avoided it. It's probably a scratch on number two, on the management, because that wasn't that controlling. In terms of the others, I think the other four were so powerful in and of themselves if I had had just maybe one of them, I think we could've avoided it.

Michael: After listening to what you went through, I don't want to get into this. I mean, you have amazing tenacity and resilience, and I hope your stress level is a little lower now these days.

Bill: I am so at peace with myself, Michael, and it's such a wonderful thing. I think it's that whole thing of adversity introduces you to yourself. We will only know what we're capable of by the experiences we've had. We can't imagine how we will react under a stressful traumatic environment, at least we can't imagine it accurately, until it actually occurs.

Once it does, you then know what it is you're capable of handling it. It's that whole thing, That which does not destroy me makes me stronger. Having gone through some pretty significant things in the course of my life over the course of my entire life, I have this peace and comfort that there's just not a lot of out there. It can only hurt you if you have the right attitude.

Michael: That's right. How old are you right now?

Bill: I'm 58.

Michael: You're one of eight children.

Bill: That is correct.

Michael: What does your mom and dad do?

Bill: I'm one of eight kids, and my mom cleaned other people's houses for a living. My dad is a janitor, and they both were really honorable hard-working people that worked essentially every single day of their life. The bad news is in the jobs that they had, they didn't make enough money to feed all ten of us, so we got by on hand outs from Catholic charities, Salvation Army, Welfare and things of that sort.

I remember almost every holiday the Salvation Army people would show up at our doorstep with one of those food baskets. So, you welcomed it, and wanted it, and really appreciated getting it. There's something that kind of sticks in your craw about living off of charity.

Michael: When did you know you were poor?

Bill: I think we knew it all along. I mean, some people express it differently, and I know some people say, "Gee, we didn't know we were poor because everybody in our neighborhood was poor." I think you know when you're getting charity. We got charity.

When you knew that your parents couldn't buy you the things that other kids in the neighborhood had, or they couldn't buy you things you knew you needed. It wasn't things you wanted. It wasn't like buying you a bicycle. I'm talking about clothing and food. When they couldn't afford to do that on a regular enough basis, please don't make it sound like Mom and Dad were bad people. They weren't.

They were working as hard as they could to do what they could, they just didn't have very many tools to do it with.

Michael: And, they had eight kids. Did your parents stay together?

Bill: They did. They are now both deceased, but they stayed together for 52 years.

Michael: Were you one of the youngest?

Bill: I was third from the bottom. There were five on top of me as we said. I had five sisters and two brothers. Four of the girls were older than me, and one of the brothers was older than me.

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Michael: So, you moved around a lot.

Bill: We did. We moved in and out of five different rent houses by the time I was fourteen years old. Again, bad economics said that owning a house was not even within the realms of comprehension. So, we moved in and out of rent houses and because we were relatively poor, I think that's probably an understatement, the rent houses we lived in weren't the nice rent houses. They were some of the really, really not so nice ones.

Some of the rent houses we lived in didn't have indoor plumbing. Two of them we actually go evicted from by the city because the city said they weren't fit for human habitation, and when the city comes and puts the red post-tag. I can still remember it, and I was a child, but I can still remember when they put these red banners on these door, notices that tell you and the rest of the world that this building is unfit for human habitation.

In our neighborhood, we didn't have a dog for a pet. In our neighborhood, a dog was thought of as a survival tool because a really good dog will keep rats off you at night. While that might sound harsh and cold, that was the world we lived in.

Michael: Was it a loving environment or was it pretty chaotic with the family?

Bill: Honestly, it was mostly dysfunctional – never abusive, never mean and nasty, it wasn't any of that mommy dearest with beatings with the coat hangers. There was no sexual abuse or any of that kind of stuff. I think mom and dad bless their hearts, just didn't know how to love, and I don't think they knew how to, and they never raised their hand or their voice at us. They did the best they could with what they had. I don't ever remember having a birthday party.

Michael: So, growing up poor, you tell me, was this the seed for that desire to really succeed, that struggle. Do you think that was the seed in really giving you the drive to succeed?

Bill: I think it was the germ of the seed. There's some more things that happened to me in my youth after that even amplified the point more.

Michael: How about high school?

Bill: When I was fourteen, I left home, and I went and lived on the street. I lived under a bridge viaduct and I've eaten out of dumpster, and I lived in a mission, but I even lived in a YMCA. So, I know what all of that's like, and when I was fourteen, I at then loved the street life and I had joined a traveling carnival. I did that for two years. I was fourteen and traveling the United States alone, by myself, and literally I learned a lot of things a fourteen year old boy shouldn't have to learn.

Michael: I bet. Were you manning one of the carnival booths?

Bill: I had two jobs because as carnie job, you think of it is as – they wouldn't use the word bifurcated, but it really is a two prong approach. There's what happens when you first come to town, and then there's what happens thereafter. When you first come to town, there's the set up because you literally are traveling by truck.

So, you wheel into the area that you're going to be setting up your carnival, and you have to unload everything from the trucks and you set up your rides. Well, everybody in the carnival has a job. They have a task assigned to them and these guys are pretty good at making sure they get things done well and efficiently.

Well, my job was to construct a ride called the bumper cars, and the bumper cars are those great big cars that look like small Volkswagens. They run on metal plates on the floor. That ride is the heaviest and the dirtiest ride in the midway because the bumper cars are actually heavier than the chairs on the Ferris wheel. They are just massive, massive pieces of metal, and then the plate that the cars ride on is just that – a steel plate.

There I am fourteen years old, I probably weight about 65 pounds, and I'm having to lug and trudge these things out of the truck and onto a location and assemble them, and like the new guy always gets the worse job. Well, I was the new guy. So, I had the worse job because no matter how you did it, you ended up with grease from one end to the other. You looked like you're doing black face in an old vaudeville show.

You were nasty looking by the time you got down. Well, that was my set up job, and then when the carnival was going full bore, typically we'd be in town anywhere from three days to seven days, my job was to guess people's age and weight.

Do you remember the movie, The Jerk?

Michael: Absolutely, yes.

Bill: That was actually my job. I actually was the guy who would try to guess their age and weight wrong, and they made a big deal out of the movie, and I'm probably the only guy that laughed out loud when all that happened because it was so classic with Steve Martin saying, "Oh, it's a profit field," because it was a profit deal.

We would try to guess their age and weight wrong because they were paying then fifty cents for us to guess their age and weight, and if we guessed it wrong, they won a prize. Well, the prize cost about a nickel. We made 45 cents everytime we got it wrong, and they walked away happy.

Michael: So, everytime, you wanted to guess it wrong, or maybe you'd throw in one right.

Bill: If it's a gig crowd, you have to get on every now and then right so they wouldn't know it was phony, but it really was from a master marketing point of view is these townies, the people who won a kewpie doll or teddy bear or god knows whatever you were giving away at the event. They would then walk the midway of the county fair with that proudly in their arms causing everybody else to see that they had one, and then we'd have our little label where it came from, which booth it was.

Everybody goes, "Well, wow, that's an easy game to win. I'll go up there to win." Everytime they showed up to win, we made 45 cents.

Michael: Do the carnies look at the townies as suckers when they come to town?

Bill: A bit of that, but more than anything, to sum it all up in one word, there's almost an adversarial attitude. It's kind of like carnies as class of people, and I hope not a lot of them are listening to this and come and find out where I live. They start out feeling like their second class citizens. So, they walk around with a chip on a shoulder anticipating that the people in town are not going to like them, or will disrespect them in some fashion.

We all know the law of self-fulfilling prophecy, you can get what you expect. It tends to follow. So, there's that, and then when you have that, then the sucker thing is an easy one to get to next. If you think that the guy doesn't like you, then it's okay to say take advantage of them.

Michael: You can rationalize it.

Bill: You begin to rationalize it quickly. So, their theory was very, very mercenary. This is what we do for a living. The more of it we do, the better of a living we make. Let's go do a lot of it.

Michael: What were you making at that time at fourteen?

Bill: I was getting sustenance. They were paying me enough that I could eat.

Michael: Just enough to survive?

Bill: Yes, I mean I wasn't one of them. I wasn't one of the family. Usually, those are family run operations, and I mean literally from cousins to uncles to second and third generation. If you looked at a sixty member carnival crew, I'd bet you forty of them would be blood connected.

Michael: Really, okay. Did you ever consider going back home? Was there a home for you to go back to with your brothers and sisters?

Bill: There was a home to go back to, but it wasn't one I wanted to go back to, and I never didn't love my brothers and sisters, but since we probably became as dysfunctional as our parents were, and now I communicate with my brothers and sisters, but honestly not near as much as other people I know. For us, it would be difficult because it'd be something we'd have to manufacture.

Michael: What was the last straw that got you to leave the carnival?

Bill: I joined a street gang, and I joined a street gang because I got abused at the carnival. It's one of the things that you don't talk about a lot, but it just happened. It's one of those things that I was in the wrong place at the wrong time with the wrong people. I didn't want that to happen anymore, and I could leave.

So, I left, and the only place for me to go, well it probably wasn't the only place, but the next easy place for me to go was joining a street gang. I totally understand now in hindsight that whole mentality of what's going on with the youth today and gangs.

For me, it was probably the first time I belonged to something. It was the first time I ever had any sense of affinity of comradeship of kinship, maybe even love or protection, and protection is what I was looking for mostly. Today, I'm 58 years old, and I'm in pretty good shape. I've gone on to learn how to wrestle and box, and I'm a black belt in karate and brown belt in judo. Physically, I'm okay, but back then I was a scrawny little runt, and getting abused is what happens to scrawny little runts.

So, my way of getting protection was to join a group of people who would look out for me.

Michael: What was the name of the gang?

Bill: The name of the gang was the Manor Boys, and they'd taken the name from an abandoned building that they lived in. There was like forty of us all together. At sixteen, I was the youngest one of the whole crew, and I was a Manor Boy for two years. I know that during those two years, we broke all the commandments. I think we hit every single one of them, literally every one of them. I just told you more than most people would want to talk about.

Michael: Just tell me the story about how you'd go into the bar and make a bet with the beer.

Bill: You have done some research on me, Michael.

Michael: Yes, I have.

Bill: Congratulations, most people don't dig that deep. Since I was the smallest one of the bunch, it was my job to go start the fights. Every Friday night and Saturday night, we would fight. That is what we did. We would drink beer and fight, and not necessarily in that order. Sometimes, we'd get them out of order, but that was the only two things we ever did. We fought and we drank.

Since I was the skinniest smallest kid of the group, it was my job to always go start the fight with whomever we were going to start the fight with, typically some rival gang across town or in some other town or wherever we happened to be traveling to, and we would travel quite a bit.

It would be my job to go palooking, and the methodology was always the same because I was the littlest kid. They would send me in first. It could be dance hall. It could be a skating rink. It could be a drive-in theater, it didn't make any difference. Wherever we were going to start our fight at, they would send me in first, and typically the way it would work is I would walk in with a long necked beer bottle in my hand, as everyone carried a beer bottle, mostly for weapon purposes as much as for drinking purposes.

I'd walk up to the biggest guy in the opposite group, opposite gang, and I'd literally walk right up to him and stand in front of him, hold the beer bottle out in front of me between me and him, and before he could even say anything, I would start talking.

My script was pretty rote memory, "I'll make you a bet. I'll bet I can drop this bottle and hit you and you hit the ground before the bottle of beer does." While he's processing those words in his brain, I let go of the bottle of beer. Now, when you let go of a full bottle of beer held at shoulder height, your eyeballs will follow the bottle of beer because you know that's a glass bottle. It's going to break. Something bad is going to happen.

Whether you want to follow it or not, the eyeballs will follow it every single time. That was my cue. As soon as his eyes went off of me, and his brain is still processing what it is that I just said, and began to follow the bottle of beer falling through the air, that would be my cue to poke him in the nose. I'd hit him as hard and as fast as I could, usually before the bottle actually hit the ground, I had made contact with this guy's face. I don't think anybody ever really hit the ground before the bottle did, but it didn't make any difference. I already got the first poke in.

If you get the first poke in in a fight, if you don't win, shame on you.

Michael: So, would they go sometimes?

Bill: Oh, yeah, because when you hit them by surprise, you don't have to hit them with a lot, but when you can surprise people and hit them square dab in the middle of the face with a clenched up fist throwing it as hard as you possibly can. Boxers and people who fight for a living, they're ready for the punch. They're ready to resist it. They're ready to flip it. They're ready to bob. They're ready to weave. They ready to do something, but they also know the likelihood of getting hit really high subconsciously if not consciously, they're ready to take a punch almost all the time.

When you've got some guy whose brain is processing some words he didn't quite understand, his eyeballs are watching something else somewhere else, and all of a sudden he gets smacked out of nowhere, in hindsight I look back and say, "Somebody whoever told me how to do all this really through their way through it. This is good stuff."

Michael: Did you ever get your butt really beat up?

Bill: Oh, yeah. It happened immediately thereafter. If you didn't knock him down or even if you did knock him down, then all of his friends would jump all over you, or he would jump all over you. My job after throwing the first punch was to get the heck out of the building as fast as I possibly could because I would always walk in alone. They would think – many of the people that I was now contesting with – that I was alone. So, they would then chase me out of the building.

If I got out of the building, my gang would be waiting outside and that's when the fight would really start, and we had the element of surprise. The people chasing me wouldn't be expecting me to have a group out front. So, we would almost always win because of the element of surprise.

The bad news however would be if I didn't make it outside of the building. If they got me before I got outside the building, I didn't have any help in there. I was all alone, and the beatings would be pretty impressible. Here you are. You just poked the biggest guy in the other gang, smack dab in the nose, and if you didn't take him down or even if you did take him down, the other group was going to be really, really irritated at you. So, they would just pound on you.

By the time, I didn't come running out of the building, then my gang would come in, but that'd be a minute, two minutes, three minutes. Now, that doesn't sound like a very long time. Imagine yourself lying on a floor and somebody kicking on you for a minute or two or three. That's like a really, really long time.

Michael: Wow.

Bill: Yes, there were times I got beat up pretty bad.

Michael: Now, were you drinking at that time?

Bill: Oh, yeah, that's all we did. We drank and we fought, and by the time I was sixteen, I was an alcoholic. I was drinking a case of beer every night.

Michael: A case every night?

Bill: A case of beer every single night. I literally would drink 24 bottles of beer a night.

Michael: That's a lot of beer.

Bill: It's a lot of beer, and I look back at it in hindsight and wonder where it all went. How do you consume that much liquid? In those days, that's all we did. We drank beer and we fought.

Michael: So, at what point did you realize, 'Hey, I want to get out of this gang. I'm drinking too much.' Was the right before you wanted to get into the marines?

Bill: It was about the same time, and I'm not sure which happened first. I think me kind of getting a little older. By the time I was seventeen, I realized that this wasn't a career – getting beat up and beating up, breaking in, doing all kinds of other things – but it certainly has some excitement to it. It was a dead end deal, and that was back in 1967, and the Vietnam War was still raging, and I was pretty macho in those days because all I was doing for a living was drinking and fighting.

So, I joined the US Marine Corps. It seemed like it would be a really good idea. I could fight with the boys and do it for God and glory. It made perfect sense to a stupid seventeen year old kid.

So, I enlisted only to find out I got rejected or I was going to get rejected at the medical exam. I couldn't hear in my left ear and I was deaf in my right ear, so today I wear a hearing aid in both. It turns out I was born with it.

Michael: Did you know earlier that you had a hearing problem?

Bill: No.

Michael: You really had no idea.

Bill: I thought everybody heard this little bit that I heard.

Michael: You couldn't compare it to anything else.

Bill: I didn't know. I thought everybody said what for like every other word. That was a big piece of my vocabulary.

Michael: So, you're rejected by the Marines. How does that affect you?

Bill: It devastated me because I had made up my mind that I was going to go do this. I was going to get in. I was going to go, and I don't know what else was going through my head at that moment, but I knew that it was something I really wanted to do.

So, when they told me I had flunked the medial exam, I went back and took the hearing test three separate times. I went to three different doctors and retook the exam three different times because I was convinced that they were wrong. I was convinced that my hearing was just fine, thank you very much, and if I could get a doctor to say so, then they would have to let me in.

Well, I never could get a doctor to say so, and they never did let me in.

Michael: Speed me forward. When did you meet your wife?

Bill: Well, Kathy and I actually met earlier. We met when I was fourteen and she was eleven. During this period of time from my carnie days to some of my gang days to all my high school drop out days, Kathy was in the circle that would fold around me. It would be like two spaceships in orbit. We would only pass each other every so often, but we began dating not terribly serious at fourteen and eleven, but we actually went on our first date when we were fourteen and eleven.

We ultimately dated for ten years before we finally got around to getting married, and we have now been married for 33 years.

Michael: That's wonderful.

Bill: Michael, I will tell you, I've had some great successes in my life. I really have. I had have some wonderful, wonderful successes. None of them, none of them measure up to the success I've had with Kathy. This woman is so powerful and so wonderful. She's not in the room with me as we're talking, so I don't have to say this to suck up to her.

This lady transformed from that which we just talked about – a high school drop out, that drunk, that member of a street gang, the carnie, that loser. She transformed me by finding value in me and demonstrating that she thought there was value in me. Because I loved her so much even at a young age, I believed her.

For the very first time in my whole life, I didn't have to wonder whether I really had value in me, because before I always knew that I did not have value. All of a sudden, I've got the positive side of the question, what if I did do that? What if I tried to do that? What if I want to go do that?

Michael: You had someone that finally loved you and that believed in you. Sometimes a force like that, there's no stopping a man and what he can do.

Bill: That's why when you asked a question earlier, Kathy was the epiphany. Kathy was the thing that happened. It is not forty plus years later, and I can tell you exactly where I was and exactly what the event was that caused all this to begin to change. It wasn't one of those things that transformed me over night, and you're a different person the next morning.

It wasn't like that at all. It was one of these very slow evolutionary processes. I remember it. I was seventeen years old, and she was fourteen. So, this was three years after we had initially met. I was driving her to work. She was a girl scout counselor, and the way to me driving her to work, I was talking as I always do.

She just screams out, "Stop the car! I want out." With that, she slaps the dash board as hard as she can. Now, Kathy is real quiet diminutive person, and this things are so out of character for her that it's startling. It was stark raving startling that this lady is doing something weird.

So, I immediately pulled the car over onto the gravel side of the road. She gets out. She slams the door. She sticks her head back in through the passenger window and says, "I never want to see you again." I'm looking like the deer in the headlights going, "My god, what's going on? What does this woman even talking about?"

She continues. She says, "I love you, and I want to spend the rest of my life with you, but I can't stand being around you when you put yourself down." I looked at her with that dumb look on my face, and it finally dawned on me that everytime I described myself, everytime I talked about me, everytime I prefaced a sentence, it would be somewhere – we didn't know the word negative affirmation – it would be a negative affirmation of what do you expect from a guy like me, or what do you expect from a guy from the wrong side of the railroad tracks, or what do you expect from a drop out, or what do you expect from an alcoholic, what do you expect from a drunk, or blah, blah, blah.

Everytime I opened my mouth, I was implicitly and explicitly putting me down. She didn't know the word negative affirmation either, but she knew I was speaking ill of someone she thought value of, and because I loved her and wanted her even at seventeen, I listened to her and thought, "God if this woman things I have some value, maybe I do." What an epiphany that was, what a wake up call, just to begin to suspect that maybe you had some value.

Michael: So, when you suspected you did have some value, were you able to stop the negative talk, and were you able to stop drinking? Is that when it started when you started to believe that you had some value?

Bill: All of this happened in a synchronized fashion thereafter, it wasn't like, "Oh my god, this is all going to happen by tomorrow morning," but it began to happen in this order where I quit talking negative about myself because she just got back in the car under the condition that I would never do it again, and made me promise that I would not speak negative again.

I'm sure I broke that promise once or twice by mistake and then only be reminded of it, and then not do it again, but once you quit talking negative, the opposite starts happening. The lack of a negative is a positive, and so the fact that I was no longer saying negative things about me, I began to actually feel better about me, and that created an environment where Kathy then suggested that maybe I should take the GED test.

Now, the General Equivalency Diploma, that's for high school dropouts, and I had been offered to take it before, but I was afraid to take it. I was afraid I'd fail, but here's this lady telling me that I should take it and I have had this new confidence that maybe I could pass it, and I went and I passed it. I think it was probably the first test I ever passed in my whole life. I don't think that made me a smart guy, but at least gave me a bit of confidence.

With that, I was able to get into college, albeit on probation. I stayed on probation for four years. I graduated with a straight C average, 2.000 GPA.

Michael: What were you majoring in in college?

Bill: I majored in sociology and psychology. I ended up with a double major, believe it or not, and now later in life, I can't believe how smart that was to pick two social sciences because that made all my money in the social arena.

Michael: How were you supporting yourself during college?

Bill: I worked at a meat packing plant in Dubuque, Iowa and there was a company called the Dubuque Packing Plant that at the time was the largest independent packing plant in the world, and there was a hog slaughtering operation where they literally went and slaughtered hogs and turn them into bacon and ham and sausage and etc.

Michael: Weren't you born next to a hog slaughtering plant?

Bill: The very same one.

Michael: Isn't that ironic?

Bill: Yes, it's so amazing Michael that I grew up two and a half blocks away from the place I was going to work when I was eighteen years old.

Michael: So, how long did you work there? You were able to finance your college?

Bill: I did. I was able to finance my college by working there, and being the steward for the AFL-CIO while I was working there. So, I may be the only union steward that ever became a billionaire.

Michael: What's a union steward?

Bill: A union steward is a representative of the union. So, I was a full card carrying member of the AFL-CIO, and our union was local 150 amalgamated beef cutters and butcher workman of North America. As a union steward, I was in charge of all of the employees in my department. I was the union representative.

So, we had 600 employees in the hog slaughtering piece of the company, and those 600 people were then under my stewardship.

Michael: So, this is probably foundational stuff for understanding corporate structure and employees and those numbers.

Bill: Michael, you couldn't have given me a better extension. I mean I was nineteen years old, and I had 600 people under me, and I was having to deal with issues with grown men on the other side, company presidents and labor union leaders and in fact, when I was 20, I called a strike because we had 600 people. We were all college kids, and we were essentially part time workers at this meat plant, and the union – though we were all union members – wasn't given us full time benefits. In fact, it wasn't giving us any benefits at all.

We didn't get vacation. We didn't get medical. We didn't get any retirement. We didn't get any of that stuff. All that stuff was being reserved for the "full-time" employees.

Well, I thought that was unfair. We're working twenty hours a week while we're going to college, and we're paying full union dues, we've got to be able to get half representation or 50/50 representation. We ought to be able to get some of what full time workers are getting, and that was just inescapable logic.

They didn't care how inescapable my logic was, they told me not only where to go, but what horse to ride out on. So, I called a strike.

Michael: Was it successful?

Bill: Yes, I called a strike against the company and the union. I was the only union steward who has ever done that, and it was a four day walk out strike, and we got beat up everyday for four days.

We would be outside picketing, and the full time guys would come through, and they would just kick the living dickens out of us. Where'd we be the next day? Doing it again.

Michael: What lesson did you learn from that?

Bill: The lesson that I learned is that when you're right, you don't give up. You should never give up now matter how bad they're beating on you, no matter how much – they threatened to fire my dad. My dad was the janitor of a local school, and the people who owned the meat packing plant were the largest philanthropist in town. I didn't know what that word was then, but I do now. The threatened to get my dad fired from a school job. Kathy's dad was part of the paper company that did a lot of business with the packing company. They threatened to terminate the relationship with him.

Michael: Did either of those happen?

Bill: No, but death threats literally called into the house and to the local news stations and things of that sort, plus we got beat up four nights in a row, but when you're right, you're right.

Michael: So, you stand your ground.

Bill: You have to.

Michael: So, how much longer were you with the meat packing plant and how did you transition into real estate?

Bill: Well, I went to law school first. I left the meat packing plant to go to law school after I graduated from college. I got into law school.

Michael: Why did you want to go to law school?

Bill: Probably for a lot of psychological reasons. First, there was always psychologically the money. When you grew up a poor kid, having money would be cool. Then, secondly, I grew up in a neighborhood where there was just a whole bunch of people being disadvantaged by the system, and that was back when Ralph Nader was still Ralph Nader.

People whoa re living today don't know the Ralph Nader of thirty years ago. Ralph Nader of thirty years ago was the champion for the underdog. He was the first guy to really stand up and try to make it right for the poor people. Since then, he's gone off and gone green.

Whether you like him or don't, his mission is certainly different than it used to be. Back in those days, it wasn't like somebody joined the Peace Corps. It was idealistic.

Well, I wanted to go be a lawyer to join as they then called it Nader Raiders. I wanted to be one of Ralph Nader's people helping poor people, and that's what got me into law school, and the said news is I flunked out the first semester for summer school, and then I had to spend a whole year figuring out how to get back in so I could ultimately graduate.

Michael: Tell me about the history of law school never let someone back in after they'd been kicked out.

Bill: I didn't get back in until my senior of college. That's when I decided I wanted to go to law school. Now, most smart guys decide that in their freshman year of college and take four years to prepare for it in courses.

I'm deciding my last semester of my senior year. Well, it's a day late and a load short to join with my grade point average, and my grade point average was a 2.00. Well, that year to get admitted, you need a 3.5. So, I'm woefully inadequate. Then, I take the LSAT, the law school admissions test and I got a 530. That year, the admissions was 750.

I am absolutely zero qualified to get into law school, and I send out 43 applications. I apply to 43 different law schools, and I got 43 rejections. I then found Drake University in Des Moines, Iowa, because Drake had a unique program.

Drake had a thing called the summer conditional program, and what it was was an opportunity for kids like me who might have some capacity to be a good lawyer but didn't have the academics. Remember this was back in the Vietnam era, so there's military people coming home, veterans coming back with really learned a lot of life experiences, but didn't have the academic.

So, Drake University had a very enlightened program called the summer conditional program. They would let a hundred kids register for two summer school courses, and then at the end of that summer school session, they would take the top fifty and let them enter the next fall.

This is wonderful for me. I'm getting an opportunity to prove I can do it. I signed up, and I couldn't wait to get to Des Moines, Iowa and take it. I went and went to summer school.

That summer, I got two Bs in the two courses that are required that we all take this, the hundred of us, and I got two Bs. I never had a B in high school. I never had a B in college.

Michael: So you were excited.

Bill: Oh, man, I got two Bs in law school. I don't think I'm Einstein, but all of a sudden, I'm feeling pretty darn smart thinking, "Wow, maybe I'm a late bloomer."

Michael: Getting a little confidence under your belt.

Bill: Yes, and then I get a letter for Drake University telling me I was number 51, and then only let the top fifty in. So, essentially flunked out. So, I went back to the dean. His name was Robert Hayes, and I said, "Dean Hayes, you've got to let me back in. I'm number 51. I was so close I could smell it. I said I got two Bs and I never got a B. I told him my whole life story trying to get him to feel sorry for me, and he didn't.

He said, "Hey, in our history of Drake University, we never let anybody in the second time, and we're not going to start now." Some people thought that was impossible to get back in, but it wasn't. I figured out a way to kind of work the system so to speak, and I was able to get back in the following summer, and managed to stay in.

Michael: How'd you do it? What was your idea?

Bill: It was one of those fluke things. You couldn't conspired this. You couldn't sit down and say, "Okay, let me see how I'm going to do this." Being a street kid I think was my advantage. As a street kid, you learn to see opportunity quickly because you need to see things always on a very quick fashion. You need to see positives or negatives real quick and know the difference because if you don't you're going to get run over with something.

I found out that there was a fellow in my neighborhood, my not very good neighborhood Dubuque, Iowa, who was about to run for congress as a republican. Well, Dubuque, Iowa is 90% Catholic, and a hundred percent Democrat. It's never elected a republic ever. So, this guy is fresh meat. He is not going to win. He knows it, but he's a token candidate, if you would use that expression.

I didn't know the guy. His name was Ted Ellsworth, but I found out that he had a daughter, and his daughter's name was Kitty. Kitty was dating a fellow by the name of Tom Stoner.

Tom Stoner happened to be the campaign chairman for then the governor of Iowa, a fellow by the name of Robert G Ryan, and Robert Ryan was a graduate of Drake University. So, he had, he and his wife Billie were on the board of trustees of the law school.

So, I connected all those dots, and said, "Wow, here's guy that's going to run for office, and is going to get his butt kicked. Here's a guy that's got a daughter that is dating a guy that's connected to the governor, and the governor is connected to the school I want to get back into. Gee, I think I need to go talk to this guy."

So, I went and found him out, and introduced myself to him. I never met him before in my life. I walked in, and said, "Hi, this is who I am, and here's my story." I told him about flunking out of law school, and said, "Here's what I'll do. Mr. Ellsworth, if you'll let me work for you for the next five and a half months, I need $60 a week, and I will give you my heart and my soul, and I'll work 24 hours a day, seven days a week and I'll do any job you want me to do, anytime, anyplace, anywhere. I'll do anything, period, but I need $60 a week to live on and I want one favor."

"When the election's over, win, lose or draw, I want you to introduce me to Tom Stoner under the conditions that I get a five minute meeting with him. That's all I want, a five minute meeting. You give me a five minute meeting, and I'll give you the next five months of my life."

Well, he laughed because what a stupid deal this was for me, and what a great deal it was for him. Naturally, he said yes. So, we worked our rump off in the next five months, and it turned out he lost, but the morning after the election he introduced me to Tom Stoner via telephone. I set up a meeting to go up and meet with Mr. Stoner, and the meeting was set up for the following week, and before that meeting could even transpire, I received a letter from Drake University allowing me to come back into the summer conditional program the next summer.

Michael: Good job, you took care of it. Sometimes, it is who you know.

Bill; It can be, but it's also recognizing opportunities. The whole thing of not what you know but who you know, sometimes who knows you and what they know about you.

Michael: You acted on an opportunity. Most people would've quit and just taken that letter as face value and never tried anything different because they didn't have the confidence. They would've never tried and made an effort, and they would've lost right there, but you went one step ahead.

Bill: I think that is so much the only difference between me and probably everybody else. I don't mean it that way. I know it's egotistical, but it is why I got to nine zeros. That's why I have a permanent place in the Smithsonian. That's why I won all of the awards I've ever won.

It's why everything has happened. I believe I can. I absolutely believe I can. I have enough confidence in me that no matter what the challenge, no matter what the obstacle, no matter what the odds, no matter what the statistics are, no matter who is telling me no, that doesn't matter if I believe I can. When I believe I can, that's the only tool I need in my toolbox to get me from where I'm at to where I want to go, and it works every single swinging time.

Michael: That's great. Okay, so did you graduate law school?

Bill: Yes, I graduate in 1975.

Michael: Did you become a lawyer?

Bill: I did. I practiced law for five years, and made a lot of money. I was very successful as a lawyer.

Michael: What kind of attorney were you?

Bill: Mostly, I did criminal work. That, again, was part of my background. Growing up on the streets, you live on the seemly side of life. I recognized it well and understood it perfectly and could relate to those people completely, and knew that not all of them were guilty. Most of them were obviously.

Michael: So, you were a criminal defense attorney.

Bill: Yes, and I just really, really did well financially. I made a ton of money, but the bad news is I got to a point in my life because I was hanging around so many "seedy" people, but less than good people, that I got to where I didn't like me. I didn't like Kathy. I didn't like my kids. I didn't like anything. That old adage of you become the five people you hang out with.

Michael: How old were your kids at that time?

Bill: My kids were children, literally, three and five.

Michael: So, you're making money, but you just weren't happy.

Bill: Absolutely. I was making a lot of money, but becoming unhappier by the moment, and I looked at Kathy one day and I said, I want to quit. I want to turn my shingle around backwards, and I don't want to practice law anymore.

So, we marked a date, and the date we picked was our fifth anniversary on the day I started practicing. January 20th, 1980 which was the fifth anniversary from January 20th, 1975, and we turned the shingle around backwards and we moved to Oklahoma.

Michael: Then, you went into real estate?

Bill: Actually, I had been in real estate for the last year when I knew I was going to retire. We started investing heavy in real estate. Then, we got very heavy in real estate, and started buying a lot of commercial buildings, a lot of apartments, a lot of single family houses, duplexes, four-plexes and just about anything that had real estate in it.

We would experiment with it because this is back in the early '80s. If you can remember, the real estate market went to hell in a hand basket in the late '70s, and in the early '80s, it was still on its romp. What a great time to buy.

Michael: So, were you a millionaire at that time?

Bill: Yes. I retired from law as a millionaire.

Michael: A few times over?

Bill: A couple times over.

Michael: So, how do we get to Hawkeye Pipe Services? Describe what that business is, what service did you provide?

Bill: It was an oil company tubular goods business. In other words, we manufactured pipe. We created the pipe that goes inside an oil well, so when you drill a hole in the ground, you're literally boring a hole through the earth, and then you have to put a pipe inside that hole to keep the rock and the dirt from filling the hole back up.

Michael: How'd you get into it?

Bill: The bank came to me. I was living then in Oklahoma, and my bank came to me and said they had a business that was in the pipe business that they had financed that was doing poorly. They asked me if I would go in and spend 30 days, just walking it over to advise them on how to liquidate it because they were going to have to do a foreclosure against the individual who was the present owner.

So, it wasn't a good duty, but it was a duty that they asked me to do, and I like doing favors for banks. So, I said, "Sure." I went in and I spent 30 days, and I came back and gave them my report. My report was quite opposite of what they thought it was going to be.

I said, "Really, you shouldn't be liquidating it. You should be putting more money into it. There's a good business here. There's a great business here. There's a business here that can really make enough money to retire all the debt it's ever had, and make somebody a small fortune, if you'll do things remarkably different than the individual who is presently running the company."

They then sat down with the person who was running the company, and set up a foreclosure that works out a buy-out agreement. The bank actually bought him out of the business he was in, and then they just literally transferred it over to me and let me sign on the note so I actually end up buying it from the bank. Then, the refinanced the additional capital that it was going to take to get the business up and running the way it should get up and running.

Within the first year, we got up to a million dollars a month revenue business.

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Michael: What was the one key that the business wasn't doing? Where was the opportunity that you spotted during those thirty days?

Bill: There were two things, and they're so basic – customers and employees. This guy was really good at manufacturing. He knew manufacturing in and out, up and down, back and forth, and he knew everything there was about how to make pipe. He didn't know come here from second about his employees, and therefore he had bad employees. He had lousy employees. He had terrible employees because you get what you give, and he was being bad to them and they were being bad right back.

They were stealing stuff right and left. They were breaking things on purpose. They were not showing up on time, and leaving early. Well, how do you run a railroad if that's the kind of employees you have?

Then, his customers, he didn't appreciate a customer. He thought it was a transaction based business where he sells them something. They write a check and end of program.

In sales, it's never transactional. It's relationship. You need to – I don't say suck up in a bad way, but you need to curry favor with your customers. You need to follow up after the sale. You need to stay in a relationship with them. Even if they never buy another product from you, and some of them are not going to ever buy another product because they only needed one, they will tell people. They were in the industry. They'd have lunch with other perspective customers. They had breakfast with other perspective customers. They played golf with other perspective customers.

The way you treat them is the way they will tell other people about you. So, he did two things terribly, terribly wrong. He didn't take care of his employees. He didn't take care of his customers.

Michael: You were able to turn it around, and got it doing, what a million a month?

Bill: A million a month, yes. It had been doing about $40,000 a month. They had been just struggling to pay the rent.

Michael: How long did it take to get it up to a million a month?

Bill: One year.

Michael: One year. So, how long did you stay with that business until the lights went out?

Bill: We stayed there for three years, continued to run that business and grow it, and we're in the middle of actually doing a major acquisition, a Wall Street acquisition. General Electric Capital Corporation had just agreed to lend me $25 million to go buy an upline pipe manufacturers, somebody whom we were buying a lot of materials from, and that's when – if you'll remember a thing called Oil Tech. Today, when we hear the price of oil, we cringe. Well, back then the price of oil was going in the other direction.

Oil then in the late '80s, '86, was $40 a barrel, and literally within one afternoon, it went from $40 a barrel down to $14 a barrel.

Michael: Wow!

Bill: Well, when oil drops that quick, everybody who was drilling an oil well stops because there's no point, and if they're not going to finish drilling the well or not start drilling a new one, they don't need what I'm selling.

Michael: Did you know it was over that day?

Bill: We knew it was over that day, and thirty days later, we became fait de complait.

Michael: Had you done any planning anticipating something like this?

Bill: I don't know in hindsight that we could. Now, when I talk to my students and I give a lot of business lesson, I talk to them about political risk. I don't know what I could've done to stop somebody from OPEC from turning the valve the other direction, but I didn't even know there was a political risk involved. I didn't even know that was one of the possibilities.

Had I at least known there was a possibility, then I might have gone to rule number three that I talked about earlier where always diversify your financial holdings. I had not. All of my eggs were in one basket.

Michael: Give the listeners one or two ideas for where you could've had some of your other money that could've kept it save from the failure of the business.

Bill: Absolutely, and it's so obvious in hindsight. For me, I'm a guy that made a lot of money in real estate, but when I got into the oil and gas side of life, I liquidated all of my real estate holdings, and moved all that money into my oil and gas business because that's where I was paying all my attention. That's where I was spending my eight hours a day, actually more like a twelve hour day life.

If I had been smarter, I would've diversified and kept some of the money in something else I knew something about, which in my case would've been real estate. So, even though I would've gone broke in the oil and gas business, and that oil and gas business might have gone belly up and quit and not continued operations and as bad as that might have been, I personally still would've had some money left over, would've had some assets left over that weren't included in the collapse of the oil and gas company.

Michael: When you took over that business, you personally signed for the liability of that company?

Bill: Yes, and when you're starting a new business and you're unproven in an industry, that's relatively the norm. That's relatively common, and if you can talk your way out of it and negotiate your way out of it, that's great, but most people can't early in their life.

Now, later in my life, I was able to negotiate, 3.1 billion dollars worth of loans, all of them non-recourse, not just not personally guaranteed, non-recourse.

Michael: Okay, so thirty days later, basically the company was gone.

Bill: Yes, thirty days later, in other words, the company had imploded. We did it peacefully and voluntarily with the bank, the very bank that helped me get in the business was still my banker, and I went into them, and when I saw the prices going from $40 to $14, I said, "Guys, we're in trouble. Let's do this gracefully and diplomatically, and with respect, and we'll try to make this work as good as we possibly can for both of us. You need to get repaid, and I certainly want to have a life when I'm done."

We worked together, the bank and I for the next 30 days, and we liquidated everything. We liquidated the building, the facilities, the furniture, the fixtures, the equipment, all of the stuff, and when they were done doing the tally, I was a million dollars in the whole.

Michael: You talk about in Inc Magazine your friends abandoned you, your so called friends.

Bill: Yes, when you're rich and famous and you're riding high and life is good and your billfold is fat and you can buy everybody dinner and take them to nice places, it's amazing how many people you have around you who call themselves your friend, and quite frankly, who naively, we think of as our friend.

Again, I'm not a bitter person. If I say this in a harsh or unkind way, but mostly that's a misperception by us that this people are nice people and they're good people and they're kind people, and we should love them, but we should never confuse them with who they really are at the end of the day.

At the end of the day, they're people who need and want to be able to deal with their own concerns, not your concerns, which goes to rule number two. So, as I said, when the crap hit the fan, all these people who I thought were my friends vanished. They were like smoke on a windy day. It still metaphysically still smoke, and it's metaphysically still there. You just can't see it anymore because poof.

Michael: Was it hard for you and Kathy?

Bill: The hardest thing we had then ever suffered because we naively believed that these people really were our friends, and that they would stick with us through as the saying goes thick and thin, not just the thick part, and there were people whom we had spent a lot of time with, had great relationships with, and thought again, naively we really had a wonderful relationship, only to find out they would cross the street to avoid running into us if they were to se us coming down the street.

Michael: So, you had an opportunity to go bankrupt, but you choose not to, why?

Bill: It was more than an opportunity not to. One of our creditors was the very company that I mentioned previously that were trying to do an acquisition, one of the companies that were trying to do the acquisition on was in fact one of our creditors because it was somebody we had been doing business with.

They then sued for an involuntary bankruptcy. They sued to put me in bankruptcy.

Michael: What was the advantage of them doing that?

Bill: So, that I couldn't acquire them. They were afraid that even though that they didn't want me to do the acquisition by the way because they were afraid they were going to lose their job if I acquired them, management would get replaced by management team, and quite frankly, they're probably right.

Michael: Would you have acquired them still if you did not file bankruptcy?

Bill: Yes, if the bankruptcy cloud hadn't been on me, but they were smart. They really were. You've always got to respect a good adversary, and these people were good adversary.

By suing me into involuntary bankruptcy, even though I ultimately won and was not declared bankrupt, it took me three years to do that. I had to go all the way the 10th Circuit Court of Appeals in Denver to prove that I wasn't a person that should be declared bankrupt.

Well, that took me three years and essentially all of my finances that I had left, which wasn't that many, and all of my effort, my energy, well, I didn't have any time or money to go acquire anybody.

Michael: Were you handling all of the legal stuff yourself?

Bill: No, I had a lawyer who was actually doing the courtroom side. I did all the research. I did all the preparation. I did all the brief writing. I did all of the material handling. I did 99% of it. The only thing I didn't do was stand up in a courtroom because I shouldn't.

Michael: So, for three years, what were you doing? If the company wasn't making money, what was going on for those three years?

Bill: Those three years, I was in my law firm's law library doing nothing but research. I was making sure that I didn't lose because it was the most important thing to me at that moment in my life. I did not want to be in bankruptcy. I was just a kid growing up on the wrong side of the railroad tracks, after a while you get a little bit of pride of you. It's real hard to get that pride back out of you.

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Bill: I was just a kid growing up on the wrong side of the rail road tracks, after a while, you get a little bit of pride in you. It's real hard to get that pride back out of you.

Michael: Tell me about how when you'd walk around town and you'd run into previous employees.

Bill: It was really heart breaking because I loved my employees, and they loved me, and I mean that honestly and openly and in a very manly way. It was that kind of relationship. We truly respected each other. We may have had different pay grades, and we may have had different duties, we may have had different titles and maybe even driven different cars and lived in different sides of the street or different sides of town, but we loved each other and respected each other for who and what we were while we were at work.

I had that bond with my employees that I respected them for what they did for me, for what they brought, for what they contributed, and I made sure they knew that. I made sure they didn't have guess it. I made sure that they knew it every single day, every single way that I respected them and appreciated them. That doesn't mean I was going to suck up. That doesn't mean I was going to let them get away with murder. It doesn't mean I was going to make their job terribly easy. It just meant I was going to respect them.

When you respect people, that resonates with people. They get that. They really, really get it, and the bond they will have to, with and for you is supreme, and so I would meet former employees, people who had lost their job at my company, who had hugged me on the street, and there would be times, and it sounds really silly, and any man that I had ever met would cry, would hug each other and cry because we both missed what was missing, but really still loved and respected each other.

Michael: Who was Jay Jones?

Bill: Jay Jones was a fellow I met during the pipe company days. He had another business across town that was being liquidated, and he showed up on my door step one day and needed a place to wind down his business. We had been introduced informally by a third party.

I gave him a spare office. I gave him a spare telephone, and I admired him for wanting to liquidate his business in a forthright manner instead of just filing bankruptcy and skipping out of town.

So, he came to me literally twenty years ago, and just stayed. He just proved his value, proved his worth and started contributing. Pretty soon, he ended up on payroll, and pretty soon, he ended up a significant part of my company.

Michael: What was the transition between the pipe company and the beginnings of you looking for new opportunities?

Bill: The transition really didn't take the full three years that it took me to go the 10Th Circuit Court of Appeals because you can't wait without working during a three year period. You have to go find something to do to pay the rent.

Since Jay Jones had been my associate, not a business partner, not an economic interest holder of the pipe company, but a very good and loyal employee, and he stayed with me during the downtimes. We just talked a minute ago about how your friends vanish like smoke on a windy day. Well, Jay Jones didn't vanish. Jay Jones stood right there along side of me.

Maybe because he was the only one that made him even more special for me, so he became my best friend. He became my compadre so to speak. So, he and I were both broke. We were both out of a job. Neither one of us had any money. We didn't have a pot or a window, but we really kind of felt that we wanted to go do something together, so we explored hundreds of ideas, literally hundreds of ideas of how can we go make a living? What can we do? What skills and attributes do we have that translate into a need in the marketplace?

Everything from getting a string of hot dog vendor carts, and we actually debated that one, and thank god we voted no on it, but that was one of the ideas.

Michael: Now, were you getting harassed by creditors?

Bill: Indeed because we had gone broke and although I had now successfully proven I should not be bankrupt, the net result of that was I wasn't in bankruptcy. It didn't mean I didn't owe anybody. I wasn't officially bankrupt, which means I get to go to the 10th Circuit Court of Appeals to prove I should not be in bankruptcy, and the award, or the prize for winning that contest was I get to be a million dollars in debt.

You thought you were a smart guy. Why didn't you just roll over and make that million dollars go away? That's not the way I operate. That's not the way I think, and so I was a million dollars in the hole, and because I refused to file bankruptcy and owed some people money I couldn't afford to pay, I was getting collection calls all hours of the night from – it might be an exaggeration – from every collection agency in America. It wasn't quite that many, but it seemed like it.

So, Kathy and I learned a lot about the debt collection industry. Mostly, we learned what not to do.

Michael: How did the creditors treat you?

Bill: Well, it was so bad. They would yell and scream and threaten and harass and harangue, and use profanity. Even our young daughters would answer the telephone, they would say things like, "Tell your deadbeat dad if he doesn't pay up, we're coming there. We know where he lives," and things like that. That macho bravo bologna crap.

We would shake our heads and say, "Don't they get it. Even if we had money, we wouldn't pay them now. They're making us mad." We wouldn't carry the logical conversation to the next one saying, "Why doesn't somebody do this right? Why doesn't somebody do this with dignity and respect?" You don't have to be Pollyanna. You don't have to roll over and forget they owe you money. You can collect from them.

Why can't you collect from people using dignity and respect? With the way I talk about my employees, you don't have to let them come in late. You don't have to let them leave early. You don't have to let them wear their hair long or wear stupid clothes to work. You have the right enforce all the rules, but why can't you do that with dignity and respect? We asked the question aloud, and essentially, the lightbulb went on.

Michael: What was the nature of the collection industry in the United States at that time? Was it small shops? Was there any kind of systemization to it? Anything good? Any success?

Bill: There would be marginal successes, very few. There were 6,000 collection agencies in America in 1986 when we started our company. Most of them were Mom and Pop. Most of them were local operations collecting bills for the local dentist or dry cleaner or grocery store, or gas station who gave personal credit, and they were essentially all small Mom and Pop kind of operations.

There were a couple, two, publicly held companies, but they were very big, and they weren't doing very well, and they weren't being run very well either. So, mostly the collection industry was kind of – I wouldn't say Stone Age, but it was really very backward.

Michael: Tell me about when you and Jay saw that ad in the newspaper and what did it say?

Bill: A bank phenomenon occurred in the mid '80s, and it was when the Federal Deposit Trust Corporation started shutting down banks that were becoming insolvent, which is part of what happened when the oil boom went bust. Banks went right behind it.

The FDIC, the Federal Deposit Insurance Corporation, was in charge of liquidating all of these "failed banks." Well, when the bank failure rate first started, the FDIC had enough employees to take all the bad loans into his own house and sell off the good loans to a new acquiring bank. The new acquiring bank didn't want the bad loans. They just wanted the good ones.

After a while, there were so many bank failure rates, the FDIC could no longer take into inventory the bad loans because they were bursting at the seams. With that, for the very first time in the history of the United States, in Tulsa, Oklahoma in 1986, the FDIC decided to advertise in the newspaper to sell some bad loans.

So, right at the beginning of an industry, the big bang theory, it's when you can still hear the noise going on. The FDIC put an ad in the newspaper, and it was a typical government ad. I mean, they were the same people paying $700 for a toilet seat so you don't expect too much out of them.

Michael: Was it in the classified section?

Bill: No, it was in the business section. It was a little block ad probably a three by three, and it said, "Bad loans for sale, contact FDIC."

Michael: They wanted to sell it off to like the smaller collection agencies to raise cash. What was their purpose of selling?

Bill: They wanted to sell them to liquidate them to raise cash. They didn't care who bought them. They just wanted to sell them.

Michael: So, you saw the ad. The first time you saw it, you didn't think much of it, and you threw it out.

Bill: Michael, the first time I saw it, bad loans for sale? You don't have to be real smart. It's like a classic oxymoron. Why would anybody in the right mind spend good money to buy bad loans? It just was one of those non-starters. I laughed at it. I thought, "That's the stupidest thing I've ever heard in my whole life. Why would anybody spend good money to buy bad loans?" It just didn't make sense.

I threw the newspaper away with a laugh. The next day, thank god, they ran the same ad again, and I saw it the second day. I thought, "No, it's still stupid," but I didn't think it was quite so stupid as I did the first day and threw the paper away anyhow.

The third day, I saw the ad again. Now, I've got three days to think about, and the lightbulb went on. I said, "You know, if you can buy them cheap enough, maybe there'd be an economic deal here because maybe these people who are the bad loans, the ones who aren't paying, maybe they're just like me and Kathy. Maybe they're honorable people, I mean honorable all the way up the 10Th Circuit Court of Appeals to be not in bankruptcy, but still couldn't pay my bills."

Maybe they're like us, and maybe they just need somebody to work with them.

So, now, it became economic of saying, "Okay, they're not worth a hundred cents on the dollar. That's for sure, but maybe they're worth one cent on the dollar. The more you get to the bottom, the more value you can create in it."

So, we negotiated a transaction with the FDIC that we bought a box of loans for essentially three cents on the dollar.

Michael: Your plan was to call and try to collect this money yourself personally.

Bill: Yes, absolutely. I went back to the bank that I owed a million dollars to and borrowed $13,000 that's what it cost me for this very small package of loans. We drove to Tulsa, Oklahoma, picked up the box of loans, drove them back to Muskaga, Oklahoma, set them on the kitchen table and literally started pulling the file folders out one at a time with me on the telephone calling each of the individual customers up trying to persuade them into paying.

Michael: How did you get that bank to loan you $13,000 when you owed a million? Did you really think they were going to lend that to you?

Bill: See, it's reverse psychology. They had a million reasons to lend it to me. Only when you think about it on the reverse. See, everybody else is walking in saying, "Oh my god, I owe a million dollars. They won't like me. They'll be mad at me. They're going to think I'm a failure. They're going to think I screwed up. They're the last people in the world I should ever try and borrow money from. I should change my name and go to the bank down the street."

That's what most people would think. I thought the other way around and said, "I owe them a million dollars. They know I owe them a million dollars, and if I never get another job, if I never get another business, if I never get ahead I can never pay them. They need to help me get ahead."

So, I went back to them with that pitch, "Hey, I want to pay you, but I can't afford to pay you unless I get a business going. I'm never going to be able to pay you. Here's an idea that I think could work, and it's going to cost you a little bit of money to gamble on me. If you think I'm worth the gamble, $13,000, then go ahead and put the money in the pot and we'll gamble. If you don't think it is, fine. Thank you very much. I have now tried to repay your one million dollars, and you told me no." Well, they told me yes.

Michael: That's great. So, you bought this box of loans home. Was it literally paper?

Bill: Yes, this was back in 1986, and everything is still on paper. The industry was still in it's infancy. There was no electronic files. At least, if there were, there were no electronic files in the banking industry. So, we literally had a box of paper.

Michael: What kind of loans were they? They weren't credit card debt.

Bill: No, they were consumer loans. They were people who had purchased automobiles or boats or recreational vehicles or things of that sort, things you'd use in a consumer environment, but they had also went into default. So, the personal property that was the collateral for the note had now been repossessed, which meant that all we were really buying were the deficiency balances.

Michael: Was this the worse of the worst type of paper you could buy?

Bill: Yes, it was mud ugly. It was double ugly.

Michael: Did you know what the collection industry out there typically could earn back on that debt?

Bill: I knew what the competitors were doing, and the competitors were getting five to six cents on the dollar of this kind of paper. We were going to pay three on it, and I was pretty sure I could do a lot better than the average guy because I just thought I was going to do it different than the average guy.

Number one, I had a dynamic line for me that they didn't. The standard of the industry was if you were a debt collection company, you didn't really own the debt. You were just servicing the debt for somebody else. It was only in your custody for maybe 90-120 days. So, if you were going to effectuate any recovery, you had a very brief time window.

Well, if I owned the debt, I could spend a year collecting from you.

Michael: I see, so because this was the very first time the FDIC sold the actual paper. So, before that happened, they would just lease the paper to a collection agency for a period, and was ninety days about the maximum?

Bill: Yes.

Michael: So, they were rushed. They used pressure tactics.

Bill: Absolutely.

Michael: That's probably where it all came from.

Bill: The old chicken egg theory, yes, was it bad people or bad ideas, and sometimes you can't tell the difference.

Michael: So, you had an advantage. You had all the time in the world. How old was the paper?

Bill: Most of it was a year and a half to two years delinquent.

Michael: So, you've got this paper in your kitchen and you've got your phone. Do you remember your very first call?

Bill: Absolutely, it's one of those things where I can remember where I was when Kathy final saw the value in me.

Michael: Tell me about it. Can you bring me back?

Bill: Yes, I know the guy's name. I won't say it over the radio, but he lives in Garden City, Kansas. I remember calling him up and the way the script went, it wasn't much of a script at all. It was Mr. Blank, my name is Bill Bartmann. I purchased your loan from the FDIC of Tulsa, and it shows according to our records that you owe $4,378. Mr. Smith, what can we do about that?" That's when I would shut up. My script was now over.

There'd be a very, very long pause, and a very quiet moment, and then eventually, he would say something, and he would most likely, most people generically would say, "Gee, I don't have the money. I can't afford to pay. My wife left me, or my dog died, or I lost my job, or my baby broke his leg." They come up with whatever story they would come up with, and I don't say story in fabrication, story can be real. It can be really what's going on in their life.

No matter what it is they would say, I would say, "Oh man, that's too bad. That's really a shame that that happened in your life. Mr. Smith, I'll tell you what. Your life is really kind of chaotic right now. Why don't you take the next three months and try and get your life back together, just forget about me? Just forget about me for the next three months, and just go take care of your other obligations, and I'm going to leave you alone for the next ninety days. I'm not going to call you back, but on the ninetieth day, Mr. Smith, I am going to call you back, and I'd like to be able to work something out with you then. Would that be okay?"

Any fool in his right mind would say yes to that question.

Michael: And, they all said yes.

Bill: They all said yes. I'd say, "Great. Thank you. Then, I'm going to call you back in ninety days, Mr. Smith, and I'm going to remind you that you said that it'd be okay. Now, is that okay that I remind you?" Of course, they'd say yes again.

Well, guess what? Ninety days to the day I'd call them, I'd say, "Mr. Smith, hi, it's Bill Bartmann. Do you remember when you said I could call you ninety days from now? Is this a good time for us to talk?" Mostly, it would be, and so on occasion they'd say no, can you call me later? Can you call me tomorrow? Can you call me next week? I'd honor that.

But, once I got them on the phone later. I'd say, "We've got to do something about this obligation. So, you tell me what it is you can do. I'm not going to tell you what I want. You tell me what it is you can do, and if you can make it make sense for me, I'll say yes to it."

That's the first time anybody on that end of the phone ever had the right and the power to negotiate, and that's a pretty good power. They took advantage of it, and they would offer to pay ten, twenty, thirty, forty cents on the dollar.

Michael: To pay it all off?

Bill: To wipe out the whole liability.

Michael: Did a lot of people want to just wipe it all out?

Bill: Yes, that's a negative blemish on their credit rating.

Michael: You didn't want to put them on payments.

Bill: Well, we did if there was no alternative. We'd prefer to have even thirty cents on the dollar right now, if fifty, sixty, seventy cents on payment terms.

Michael: So, the real leverage in people paying this off, of course, is to not have that negative on their credit report.

Bill: That's the pragmatic one, but psychologically and this is going to sound like Pollyanna, and forgive me, Michael, people really wanted to do the right thing. They really do. People are good. They really are. Now, we can find anecdotal exceptions to the contrary. There are some people who will knock your wheels off every day of the week. They'll hold your head down until your nose bleeds.

There are people who wake up in the morning trying to figure out ways to take advantage of you, but mostly, I don't know what the percentage is. I like to think it's 90/10. Ninety percent of the people in the world are really decent honorable people, if you give them a chance to be decent and honorable. Most people don't believe that. I do.

Michael: That $13,000 investment, what did you turn it into?

Bill: I turned it into a $63,000 recovery, which the deal I made at the bank to help them recover a million dollars was that I get the first $20 grand for my operating expenses. They get the $13,000 to retire the initial loan to buy the box of loans, and then anything else above and beyond that goes to retire my debt. So, they got $13,000. I got $20. That's $33, and there was $63. They got another $30,000 applied onto a million dollar debt.

Michael: Did you know you were sitting on a gold mine?

Bill: Not yet. So, I asked to borrow $100,000, and I went back and did it again. By the time, I had done my second or my third one, I knew it wasn't a business. I knew it was an industry that had not yet been developed, had not yet been started, did not yet exist in nature, but I was riding the head of a comet. I was going someplace where nobody had gone before, and I don't mean that in a kind of a egotistical way because it wasn't me doing it. I just happened to be at the right place at the right time recognizing an opportunity.

Michael: On the second $100,000 of debt that you got, were you still a one man operation?

Bill: I had probably hired one other person.

Michael: Were you refining your collection methods during that time?

Bill: We refined them, and I won't say every single day. That would be an exaggeration. We were perpetually refining the program.

Michael: Let's say there's a small business person out there listening to this, and they've got people who owe them money. Give them one or two techniques that you learned, especially in the early days that could increase your chances on getting that money.

Bill: Respect. Call them up and give them respect. You're in the manufacturing business and one of your suppliers owes you money, then the normal thing is you'll have your secretary or receptionist or somebody from accounts receivable calling them up, and always saying in a nasally tone, "You're late. Where's the payment? When are you going to be able to pay this?" That's demanding.

It's sinister. It's negative. You're sending all the wrong signals. You have every right to say that. The person really does owe you the money, but is it about the right or the outcome? You probably will have more outcome than right, then why don't you as the principle of the company call that person up yourself and say, "Hey Joe, I know times are tough right now, and I see my accounts payable people just sent me a memo that you're 90 days late on your account. I know you owe, but there must be some really bad things going on. Is there something I can do to help?"

Michael: Were you using any direct mail at that time?

Bill: No.

Michael: Was the industry using it?

Bill: The collection industry was, and I thought it was a waste of time and a waste of energy.

Michael: So, you choose against direct mail.

Bill: We didn't use it ever.

Michael: You guys were averaging about 48% net profit on what you guys were collecting, which was unheard of in the industry. So, I wanted to talk about what made CFS so good at collections.

Bill: There were actually several dynamics that caused that giant, giant margin to occur, and that margin is almost an anomaly in any industry, but a couple of things, and I'll talk about them in order.

There is firstly, this concept of the first mover, and the first mover in a particular industry is the one who gets out there first and ends up with a brand new or different way of doing the old thing, and to that person, they say is the pioneer goes the spoils. He who gets there first gets the most, and we got there before there was any competition.

So, the law of supply and demand was way out of balance. There was not much competition for the industry because quite frankly, we were first. We were the only people in the playground so to speak, so the margins were gargantuan in the early days.

Now, in reality, the margins did shrink in later years when new competition came into the industry and created some pricing competition, where we had to begin to pay a bit more for our inventory than we were paying even in the early days.

Michael: Now, was this from the FDIC, you were paying around three cents on the dollar. How high did it go?

Bill: This is where you have to be really careful so you don't sound like your saying something stupid. There were different grades or quality of paper products. Some of the loans were very, very old and very hard to collect, and some of them were more recent and more fresh, and therefore easier to collect.

So, the pricing would modulate severely between one and the other. As an example, really the old debt would be worth a penny or two or three. That'd be debt that was maybe four, five, six years old, and nobody had a payment during that period of time.

Debt that was only ninety days old could be worth 45, 50, 60 cents to purchase it because you'd still be making a reciprocal assuming you collect it.

Michael: When you first started, the very first debt you bought, what quality paper was that?

Bill: It was a mud ugly. It was the junk on the bottom of the barrel. It was the worst of the worst. It was the ugly of the ugly. I mean, I can't think of any more ways of describing it, and for good reasons.

It was the very first loan inventory ever being sold by the FDIC, and like all governmental agencies, they are bureaucrats to the core. So, their way of beginning a sales vehicle was to sell that which there could be no penalty for making a bad decision. In other words, selling something that was essentially worthless.

Michael: Did they eventually have better paper, the FDIC?

Bill: Indeed, they did, and what the FDIC over the course of the years, we began buying better paper, and towards the end of the ride with them, which was then in the late '80s, early '90s, we were paying as much as thirty-five cents on the dollar, but again, these were loans that were clearly more collectable and less aged than the material we bought previously for pennies on the dollar.

Michael: As the new paper, the better quality paper became available, did you shy away from the mud ugly paper, or were the margins comparable because you could get it at such a reduced price?

Bill: The margins remained comparable, so we continued to invest in the tertiary paper as they called it. There'd be primary paper, secondary paper and tertiary paper. Primary paper meaning it had only been to one collection agency, and something went bad. The secondary paper means that it had gone to two different collection agencies in succession and went bad. Tertiary means it actually went to three different collection agencies in succession and went bad.

So, what the really means for tertiary paper is four people the primary issuer beat on it for a while, gave it to a primary collector. They beat on it for a while. Assuming they didn't collect it, it went to a secondary collector. They beat on it for a while. Then, it went to a tertiary or third collector, and they beat on it for a while. So, it really had been beat on by four people before we bought it. So, no wonder it was so cheap.

Michael: How systematized did your company become? You talked about a summit where you got a bunch of people together and you came up with this 200 page systems manual, and also you're CFS University. Can you talk about this systemization of a company and how important that is for profitability and success?

Bill: Absolutely, and it is crucial, and again, because we recognized we were the first mover. We recognized we were getting in early. We recognized we were going to get the fruits of the spoils if we got the first, if we were correct in our assumptions that this was even a prudent investment to make.

We also knew intelligently that we couldn't hold onto that margin by being the first mover forever. We knew the laws of supply and demand. We'd find balance, and it always, always does. So, we knew that while we were reaping these giant windfalls upfront because of the first mover position, we needed to take the money and reinvest into the company and create systems that would then make us so efficient that even when the pricing margins began to narrow, when the competitions started raising the price, then we too would have to pay more for the product that we would be able to collect it more efficiently than what our competitor.

So, if our competitor and we both paid the same price for the product, but we could collect it at 2X, and they could only collect it at 1X, or it only cost us half x and it cost them one X, either one of those variables worked. We had both variables.

The systems we created, allowed us to collect more that our competitor, so we were getting 2X to their one X, and our systems allowed us to do it more efficiently. We were only spending one half X against their one X to produce the results we respectively were producing.

So, at the end of the day, because of our systems, we were running at one and a half X to our competitors. Well, that's a wonderful place to find yourself.

Michael: What did it cost to put these systems in place in dollar terms?

Bill: They cost a lot. They cost a lot of human capital. They cost a lot of intellectual capital, and over the course of the thirteen years of our company, they did cost a lot of economic capital as well, but probably the first greatest expenditure was in our human capital and our intellectual capital. It was having the discipline, and I don't think it's anything more than that, just the discipline when we recognize that which I just described that we were not going to be able to retain the first mover position for very long or as long as we wanted.

So, we needed to have a replacement and a substitute for that we actually sat down and said, "Okay, we have to create systems that will take us there." When you sit down to create systems, it isn't something like having a coffee party or a tea party or even a pizza and beer party that you're going to be able to sit down, write a few notes, laugh and giggle and everybody go home.

No, this is where you literally have to dissect everything. I mean, it's a bit like doing a postmortem. You're taking this cadaver apart. In this case, we were taking apart our company. We were looking at every single system within our company – how we answer the telephone, how we open the mail, how we file papers, how we collected loans, how we did our bookkeeping, accounting, there was nothing that we did. There was not one single function within our company that we didn't tear apart and analyze with the question of why are we doing it that way? Is there a better way to do it?

Most people never ask that question. They just instead keep on doing what it is that they're doing, assuming number one there either is no other way, or the way that they're doing it is pretty good, or good enough.

We found out some remarkable things, some of which were extremely counterintuitive that we would have never discovered but for this rigorous discipline that we put ourselves through. So, as you mentioned, we ended up creating a 200 page document that codified our systems within the organization.

Now, over the course of time, that document actually grew larger.

Michael: Great. How soon did you realize that the FDIC paper was running out, and what did you do as far as a company looking for new bad debt to acquire? Where were you looking for to new bad debt?

Bill: We saw the FDIC coming to an end because we had our feelers out. We had our radar on. We were always anticipating what could go wrong. We were very, very strong proponents in the concept of strategic planning, and part of the strategic planning process is literally anticipating what might go wrong, what bad thing might occur and what would be your contingency plan in the even that were to occur.

So, even during the height of our glory with the FDIC, well, the money was rolling in and the inventory was ever present and life was great, we were already asking the questions of how will it begin to look if this inventory ever started subsiding? How will it begin to look if we ever have to worry about the FDIC going away? We knew if the FDIC went away, if they quit selling us product, they were our sole source of inventory, that if they ever went away and quit doing business with us, that'd be calamitous.

So, we had to assume it could only happen one of two ways. One is we did something really, really stupid bad wrong that they would then choose to not do business with us, or two the climate would change politically or economically to cause – to not have inventory available for reseller.

So, having this early warning radar system, and that's really what did the magic. It wasn't that we were really smart. We had an early warning radar system, and the early warning radar system started picking up changes within the FDIC in terms of the volume and the regulatory of which they were offering material. We had monitors to measure how many bank failures were occurring overseas and over a geographic area, and we began to detect the rate was slowing, almost inperceptable to the public eye. We could see some changes. We could see there were some dull weather signs here that inventory was going to decrease.

It probably wouldn't decrease appreciably for the next twelve months. Then, thereafter, it would start depreciating just incredibly fast. Well, seeing that and seeing it twelve months before anybody else saw it coming, it allowed us to position ourselves differently.

So, we then went to a secondary source. We went to this other federal agency called Resolution Trust Corporation because if you could imagine the FDIC on a bell shaped curve, they're coming up towards the top, towards the crest of the bell, and they were still at their zenith, but if you look over the top of a bell, you'll see it's a roller coaster ride down.

The RTC was just beginning as an agency, so they were at the bottom of that upslope, and so we thought, "Aha, this would be a great time for us to shift some of our resources away from FDIC, which is the mature business, and begin to refocus them over on the RTC, because they are just beginning to ride up." Lo and behold, the RTC is kind of a mirrored image of what we found original with the FDIC, ergo no competition.

Michael: In a nutshell, who were they? What did they do, RTC?

Bill: The Resolution Trust Corporation was set up by the federal government to dispose of the assets from failed Savings and Loans. So, they were different from the FDIC only in the type of loans they dealt with – the FDIC dealing with banks and bank loans for mostly consumer and commercial loans. The RTC dealing mostly with savings and loans were predominately real estate loans, sometimes very large commercial real estate loans as well as single family.

Michael: So, you started buying their paper, and how did the price compare to the FDIC?

Bill: It was a stepped up price compared to what we found on day one of the FDIC because of the market. Although it wasn't as vigorous on the RTC side, at least the concepts had already been proven. So, competition started moving in more quickly than it did the first time at FDIC. So, the pricing started at the 20-25-30 cent level.

Michael: So, this was eating into margins as competitors came in.

Bill: Yes, and we literally then had to face not Mom and Pop people like ourselves in the early days, literally a kitchen table beginning, but now the new guy in the street might be Morgan Stanley or Bear Stearns or Paine Webber.

Michael: Let's talk about maybe these declining margins created a need for more money and how you created this novel financial instrument called securitization. Can you explain that and how did that become?

Bill: Actually, that's a third morphing because as the RTC got to the top of its bell shaped curve, again the warning signs went off actually before it got to the top of the bell shaped curve. The warning signs went off, and by then the RTC was already down the back side of their slope, and they were going into oblivion.

Now, we're sitting on the top of the RTC curve, and we knew what came next for them, and so now we had to make a third transition. We went from collecting FDIC loans to collecting to RTC loans, and now we're having to making our third life transition as a company. We said, "We need to be somewhere else. There is no longer an FDIC to buy from. They're pretty much gone, and RTC is going to be running out quickly. Where do we go next?"

Michael: Credit card debt?

Bill: Yes, and so we looked out on the industry, and we said, "Okay, what kind of debt is out there." This is back in the early '90s – '91 probably, and credit card debt was just beginning to become an issue, but the problem we ran into Michael was no bank at that moment in time had ever sold their bad loans. They'd never sold their charged off credit card loans. Remember, all the inventory we were buying previously came from federal agencies that had shut down a financial institution.

So, anyhow, we then had that desire and a need to be somewhere different. We saw some product, but we ran into this brick wall of, "Yeah, well no bank has ever sold your credit card loans. What makes you think you can talk them into selling them?" So, that was our first challenge, and it was a great challenge.

We accepted it and said, "Well, what would it take to make them say yes." Nobody's every asked. Nobody knows what'd take to make them say yes, so let's play banker. What would it take to make them say yes?

We went through a concept that later became known as outsourcing, which isn't that clever, but it didn't even have a name on it when we thought of it. We thought, "Well, what if we could persuade a bank to sell us all of their bad loans as soon as the bad loans go bad. We could do it at a price that's economical for the bank because it's what they used to be able to collect minus the cost of their own collection staff, and now the bank if they were to say yes to this outlandish proposition that no one's ever done, then the bank wouldn't have to have all those collection employees on salary and on staff, which is the argument for outsourcing of anything.

Michael: How inefficient were the banks?

Bill: They were banks. By definition, they were inefficient, and I don't mean to say that in a negative way. I'll say it in an honest way. Banks make their money off of good loans. Banks make their money with the promise of a certain percentile of the loans that they make will in fact go bad. If they are not achieving that certain percentile of loss, then they know that they're not being aggressive enough.

In other words, they have a mindset that they expect a certain percentage of loans to go bad, and will push until they get to that certain percentage. They then as bankers take that as a risk they assumed upon entry into the industry. It's acceptable. It's normal. It's regular. It's exactly what their peers are suffering, and at that point, they literally don't care about those loans. Because of that mentality, they spend little or essentially no money trying to collect those loans efficiently.

Michael: So, would they come off better collecting them efficiently compared to just writing it off as bad debt?

Bill: Yes, they would have to write them off as bad debt, that's just an accounting process. That doesn't mean they don't continue to try to collect them. They have to write them off their books for their GAAP accounting at the end of their 90 or 120 day window where they had no previous collections.

Once they write them off, most financial institutions would then endeavor to collect them, but remember, collections are three percent of their 97% business. So, they didn't put much energy. They didn't put too much resource. They didn't put their highest paid, best qualified people in charge of that department. They usually put their lowest paid, least qualified people in charge of that department, and they didn't have much of a standard of expectation.

Well, when you create a business with low expectations, you end up with low results. So, they end up with low results.

Michael: So, how'd you do it? How'd you get the first one to say yes?

Bill: The very first one was Nation's Bank. So, we didn't even start small. We started big. We went to Nation's Bank, and we had done the economics. By virtue of our background with the FDIC, I had been over 800 failed banks. So, I did know a lot about banks, and I understood how they were put together, how they worked, how they thought, how they did their business, and I was no expert. I never want to call myself an expert on anything.

I had now been in over 800 failed banks in the course of the last five years, and I'm a reasonably studious fellow, not a very smart guy, but I do pay attention, and I paid a lot of attention to how banks work. So, I learned a lot about how banks regulate and how they run their business. So, I appealed to that interest.

So, I went to Nation's Bank. I went to Charlotte, NC, and sat down with the head of their collection department and explained to this individual the economics. I said, "Here's the deal I will make you. I will buy your charged off debt loans, and I will agree to buy them into the future, and I will buy them every month from now on, which means if you can take comfort in the fact that I have the capacity to do that, two good things happen. One you get a guaranteed result, and a guaranteed return every single month, no longer variable by how good your collectors are. You won't have any peaks or valleys. You'll have guaranteed constant number that you can plug into your bookkeeping and accounting."

That's a big deal to a bank. "Then, secondly, you'll be able to remove essentially all of your collection staff because you won't need them anymore because essentially you have outsourced all of that."

Those were two really good things for this banker to hear. They had predictability of collections vis a vis by sale, not by collection, and they were going to be able to save all this stuff called salaries, benefits and perks, and not have the headache and the hassle of the large staff.

Now, the only problem is I didn't have any money, which takes us back to the securitization thing to say, "Okay, you now have made a promise to Nation's Bank that you're going to buy all of their bad loans. You're going to buy them every month from now on, but you don't have any money."

Michael: How much would've that cost?

Bill: In those days, Michael, it was relatively small. It was probably a million dollar a month commitment. By the time CFS hit its zenith, we were at fifty million dollars a month.

Michael: So, you needed money. Tell me how did this idea of securitization, how did you come up with this?

Bill: I didn't really come up with the idea. I just took an idea and changed it. I don't think I've ever created anything new in my life. I just take two things that exist in nature, and twist them a little differently and kind of juxtapose them and sometimes it looks like a Picasso painting or one of those bizarre world characters, but that's how you – at least in my case, that's how I made essentially all of my money. I just change reality.

So, I looked out there, and I saw there was a thing called Fannie Mae and Freddie Mac and Ginnie Mae, and they were securitizations. We didn't create the term securitization. We created a kind of securitization, a brand new kind of one.

So, Fannie Mae and Freddie Mac and Ginnie Mae had been doing it for essentially fifteen or twenty years where they were taking large pools of loans, putting them into one package so to speak, and then they would sell interest or rights to that package to a thousand if not millions of people. That way no one person would take a big loss. Everybody would share in the results, reward and quite frankly the loss if there were to be one, but mostly they were rewards.

The only difference between what they were doing and what I had to go do, is that they were securitizing or pooling together performing real estate loans that were adequately capitalized and adequately secure. So, if they were putting your house into this loan, your house loan, they wouldn't do it unless the appraisal for your house exceeded the obligation on the house.

So, essentially, these were no risk assets going into this pool, where Michael is paying every single month, and he had a great payment history, and by the way if Michael were to quite paying, we know the appraisal – or foreclosure to sell it for more than Michael owed on it.

Michael: They were secure. Yours was an oxymoron.

Bill: It was like a double oxymoron. My customers hadn't paid anybody in one, two, three, five years, and they were credit cards, ergo there was no collateral whatsoever.

The two things that Ginnie Mae and Freddie Mac had we didn't have either one of them. We didn't have performing loans, and we didn't have the collateral.

Michael: What did the first bank say to you?

Bill: The first nine, we went to nine different investment bankers and they told us we were stupid. They told us it was crazy. They told us it could not be done. It would not be done. It would never be done. They gave us all of their good reasons why this is the stupidest thing they ever heard in their entire life.

Michael: Then, finally Bank One.

Bill: Bank One Capital Corp out of Ohio, I don't know who they merged with, probably Chase by now or JP Morgan. I actually went to them because they were aggressive. They were young and restless as they would say in the industry, and we have lots of data – I'm a data hog. I'm an analyst by nature, I think, and I love data. So, I went to them with all the imperics and said, "Look, nobody has ever done this. It's never been done in history, but look at the data. The data tells us it can be done. Statistically, X number of people will pay over Y amount of time."

I'd have data points to establish that now, and I've got enough data coming in that eventually this is going to become actuarial. It will become so finitely predictable that you'll never be able to tell whether Joel is going to pay or Bob is going to pay or Tom's going to pay, but as a pool of people, you'll be able to know.

Just like gambling in Las Vegas. It's not a gamble for the casino owners. It's actuarial. Now, they don't know who's going to win and who's going to lose, and they don't even know how little or how much an individual will win or lose, but they can predict relatively finitely what their losses or wins are going to be over a certain window of time, just like insurance companies do with automobile insurance of life insurance.

Nobody gathered that kind of data for collections. Well, we were slowly gathering it. We weren't quite there yet in the early days. We got their by the end, but in the early days, we just had enough number one, to prove we needed a concept and two is have enough data to support the concept.

So, we went to Bank One Capital Corp and were able to persuade them to try to help us create the very first non-performing loan securitization, and fourteen months later, we succeeded.

Michael: So, they opened up the door for other banks to do the same, and then soon you had how many different banks offering you their bad credit card debt?

Bill: We ended up with, and I don't remember honestly the exact number, but I thin it was 21 of the top 25. So, we had 51% of the US market. Now, back in those days, there were about 4,000 banks in America. It's the old 80/20 rule. Eighty percent of the money is in twenty percent of the institutions.

We ended up with 21 of the top 25 banks in America under then long term, forward flow exclusive agreements that they were committed to sell to us and us only a certain inventory of product for a very long period of time. It gave us a veritable market block that kept even Jack Walsh in General Electric out.

Michael: Was the amount of credit card debt just staggering? Was it enough to feed you guys for many years?

Bill: Indeed. It continued to grow, and even today, it's still a growing phenomenon. Where it will end, God only knows, probably in calamity, because it's just the way things like that work.

It was growing so fast, that it just worked in our favor that the inventory kept increasing and the banks were finding that even though it was only three percent of the total institution when it was a small piece of their business now, that credit cards are becoming a bigger piece of their business. It's not four percent, five percent, six percent, and we actually saw during the mid-90s, charge off rates in America grew as high as ten percent. Now, when that happens, that takes some of the giggle out of it for the bank.

Michael: Just for time references, we've got to speed ahead. I want you to tell me what happened on October 15th, 1998.

Bill: That's certainly a bad day in my life. October 15th, 1998, one of the rating agencies, I believe it was Duff and Thalps, we had done this for all four rating agencies, contacted us to tell us that they had received an anonymous letter that had indicated that my former business partner, a fellow by the name of Jay Jones had committed a crime.

Now, Mr. Jones had been my business partner for twenty years. He had been my best friend for twenty years, and he'd been out of the business essentially for the last two years under my buy sell agreement I executed with him thirteen years earlier, but they were accusing him of having done some "insider like transactions," and I just knew that couldn't be so because this man was my best friend and a good man in my humble opinion.

So, I said, "I don't think that's true, but I'll go look into it." So, we looked into it that afternoon, that evening and the next morning, and sure enough, much to our disappointment and chagrin, we could see some evidence that Mr. Jones was in fact involved in doing something that later we were able to learn turned out to be quite criminal.

Michael: What did you do? Did you remove yourself from the company?

Bill: I did indeed. I did several things Michael, and I did them in rapid fire succession trying to save the company. This is my company. I owned eighty percent of it. We had built it up from the kitchen table, and I knew that it was all built on trust.

We were borrowing fifty million dollars a month from Wall Street. It was staggering what we were doing – 1.6 billion dollars of bonds outstanding. We were a privately held company that was clearly living in a very publicly financed arena, and trust is everything and confidence. So, I knew that if they, Wall Street, got nervous about what we were now seeing my partner having done, that that could be the death nail for our company.

So, I fired our accounting firm. I fired our law firm, and I fired our investment banker because I was afraid all three of them may have had some complicity with my former partner. It would be real difficult for him to do what he was doing without somebody noticing, and everybody was acting like the three blind monkeys. They just didn't see, didn't hear, didn't say anything.

So, I fired all three of them, and replaced them all on day one, and then I hired James Walsey. James Walsey was the former director of the Central Intelligence Agency, and he had been on our board, was actually on our board of directors at that time.

I asked him to take over the investigation because my theory is quite obvious that if you get somebody of that stature, somebody who has been approved by the senate three times, he was the secretary of the navy, and my god, this guy is above reproach. If I can get him in charge of investigation, that will end any anxiety on Wall Street.

Well, I then went to the next step to make sure that they had nothing to worry about that I would resign. I would resign within the next thirty days, allowing Mr. Walsey to conduct the investigation. During that interim, we would have an interim board and officers running the company in my stead, all with the supposition that we're going to find out that my business partner, my former business partner had in fact committed a crime, but it's a relatively small and almost inconsequential or insignificant crime vis-à-vis the size and the dept of our company.

Well, that was a great theory, Michael, but it didn't work. When I had resigned, it created the opposite reaction.

Michael: It made you look guilty.

Bill: Yes, see I did it thinking I'm going to impress upon these guys. I'm going to convince them that I am so innocent and so righteous and so sure that we're going to come out squeaky clean, but for whatever little blip on the screen my partner had actually done, that they would have all this confidence. I believed that. I really thought that.

I can't tell you how wrong I was because with my resignation, an entirely different reaction happened, and that reaction was well, look, he must be guilty. He's running for cover.

Well, I didn't run anywhere. I stayed within the company, and went to a dollar a year salary, but I stayed on every single day to help and facilitate, but I removed myself from executive power so I couldn't be involved in any cover up.

Michael: How many years later did they indict you?

Bill: Four years later. That was 1998, and in 2002, December of 2002, they indicted me. I was there for 2001, if you remember when Enron, WorldComm, Tyco occurred, and I had been a public figure. They couldn't not indict me. So, they did. They indicted me on 57 felony counts.

Michael: How many years would you do?

Bill: Under then, the federal guidelines was over 600 years. I don't know if you know your Bible, but that's more than Noah, Moses and Abraham – no where in that book will you find a guy named Bill.

Michael: Before those four years, before the indictment, what were you doing during that period of time?

Bill: Well, the first year after CFS collapsed, I really can't say I did much of anything. I stayed home a lot, and I dabbled in a few business deals. I owned a motorcycle, and I rode it frequently because it was one of those period of your life that you go through that it's almost surreal.

You wake up every morning wanting to pinch yourself. This really can't be happening, but this really can't have occurred, that surely you're going to wake up tomorrow and it's going to be different. It'll be back to normal.

I spent a whole year just kind of chilling out as they would lovingly refer to it.

Michael: Did you get depressed?

Bill: Depression is a tough word, and I'm sure not ashamed of it or afraid of any word. I think I went through severe anxiety. I think I went through a lot of what happened? How did it happen? I don't think it reached anywhere near – I know it didn't reach clinical depression because I've never been medicated or anything like that, but again I certainly would tell you if I had.

It was never that because I always knew I'd come out the other end. I always knew I was going to be okay. I always knew I was innocent, and that gives you a lot of comfort and a lot of strength at the end of the day.

Michael: They froze all your assets. So, you're basically broke. The government froze your assets during the indictment.

Bill: That is absolutely correct, and when they freeze your assets, they literally take away your checking account, your savings account, your capacity to sell any of your real estate. They glommed onto my income tax refund, the whole nine yards. So, you literally are just locked down, and that's appropriate for people who are accused of a financial crime because in essence finances have been locked down, almost always a result of the company you work for.

So, if indeed, you were guilty of committing a financial based crime, then that is the fruits of a crime.

Michael: Bring me up to the trial. How long did the trial last? How many witnesses?

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Bill: Well, let me give you a little preface to that. On morning of trial, they offered me a misdemeanor. On the morning of trial, they said, "Bill, your charge is 57 felony counts and about 600 years in prison, but we will offer you a misdemeanor."

Michael: What was the misdemeanor?

Bill: They told me I could get one, and they said it in blunt terms. Well, you have to admit you did something, and if you admit you did anything, we'll let you go. You don't have to wear a bracelet. You don't have to be like Martha. You don't have to go to jail. You won't be on probation. You won't have to pay a fine, but you have to admit you did something, and if you'll admit you did anything, we'll give you a misdemeanor count and we'll make all 57 felonies on the trial go away.

Michael: You took it, right?

Bill: No.

Michael: What, are you crazy?

Bill: Yes, I am crazy. My dad taught me a lot of things. My dad was a janitor. He had a third grade education, and wasn't a very educated man and sure wasn't a very sophisticated man. He taught me a lot. One of the things he taught me as a youth literally, was nobody can make you quit. You have to do that all by yourself.

Those are pretty profound words, and they rang true inside my head that morning. So, Kathy and I, my wife of thirty-three years who has been with me through all the thick and all the thin, we sat down and had to make a really tough decision. Do we take this wonderful deal, but have to admit to something you really didn't do, that would be quitting, or do you fight the federal government with no money in your pocket and no reputation and no integrity and no character left because they've taken all that away.

We really knew there was only one choice, and the choice was we had to go to trial.

Michael: How long did the trial last?

Bill: The trial lasted 89 days. The government called 53 witnesses, introduced over a thousand exhibits, and we didn't call any witness, and we didn't produce any exhibits, but we did cross examine one of theirs. They had a fellow from the US Treasury Department who was testifying as to the actual date that was put on a piece of paper because that was going to turn the whole trial.

This was a buy-sell agreement between me and my partner, and the government was making the allegation that that document was created after he did his dirty deed. The sale was done as a form of a cover-up. Obviously, my contention was that no, the document was dated two years earlier as it says on the face of the document.

Well, the treasury department, they're the people that do our money. They're in currency, and they know a lot about ink and paper and currency. So, they did the forensics. I knew what the answer was because it was put on there two years earlier.

Well, this guy kept testifying that he thought it was put on there afterwards. He kept saying evasive words like, "Well, I think, and I would think maybe, it might look like," he never said it definitely. The more he kept saying it indefinitely, the more the red flags were popping up.

When it came our turn to cross-examine him because this is on direct examination that he wasn't being very firm, when we did him on cross examination and we literally, as I say, beat him on the shoulders like a Mexican piñata at a birthday party, and we did everything we could to shake the fruits out of him, and on the third day, he finally admitted that two years prior to my indictment, he had issued a written report to the justice department – he's with the treasury department – and they sent him documents, and he sent a written report back saying to them in his opinion, the odds were 60 million to one that that date was put on there two years before the crime.

Michael: And, that did it. That got you to win the trial.

Bill: Yes, the jury heard that and rolled their eyes, and acquitted me on all 57 counts.

Michael: That's great. Tell me about your attorney who was on morphine while he was defending you.

Bill: Yeah, and like I said, I couldn't afford any civil lawyer. I had my money locked up which put Kathy and I into bankruptcy, but my finances were equally as limited on the criminal side. So, the lawyer I wanted to hire was a fellow out of California. His name was Wayne Phillips. He was the youngest US attorney, and youngest federal judge now back to practicing law. He was really smart.

I thought if anybody can prove my innocence, it will be him. Well, he wanted more money that I could afford, but he gave me a referral. The referral he gave me to was to a fellow former US attorney named Pat Ryan. Pat Ryan is a lovely man, and a great, great lawyer and a good person, but Pat also suffered a lot of physical ailments, so many, and I don't even know all of them, that he had a prescription for morphine.

So, everyday during trial, around ten o'clock, he would ask to go to the restroom during our break and shoot himself up with morphine. It was all prescribed, and it was medically authorized and it did him good. Again, I love Pat Ryan. Without him, I wouldn't be talking to you on the phone today unless there was three inches of Plexiglas somewhere between us. So, don't ever hear me say anything negative, but you can't imagine the look on my face when I see him walking out of the bathroom and his eyes look like silver dollars.

Then, he would have to go and do some cross examination, and the rest of my 600 years are going to depend on how well he did it. Oh man, that would be enough to scare the bejeebers out of you.

Michael: Now, tell me the situation because you were a subchapter S because of the laws with that, was that the reason why you ended up with a $20 million judgment against you in the bankruptcy course?

Bill: It is exactly. We were a subchapter S corporation, which means the corporation really doesn't have taxes. The shareholders have taxes, but because it is just that. We had gone in the early days, the very early days, had gone to our lawyers and our accountants and our Wall Street bankers, and all the people who hit too opine, we didn't have any outside shareholders, and said, "This is the way we want to do it. We want the company to pay these taxes, and they can debit us against our shareholder accounts." It isn't like they're giving us for nothing, but they won't be the ones actually writing the check for the taxes that are then because the taxes are also of corporate earnings.

Everybody agreed. Everybody signed up. Everybody said, "That's wonderful." The IRS even said, "That's copasetic. That's exactly the way it should be done. That's okay."

When we ended up going bankrupt, in bankruptcy, the bankruptcy trustee had some really strange powers, and one of them is they can undo a contract. So, even though we had a contract between me and my wife and our own corporation that the taxes should be handled in this way, he could undo, and did undo, that contract. Once he undid, there was no contract.

So, then he could say, "Well, Mr. Bartmann, who paid these taxes?" I would have to say, and I did, "My corporation." He said, "Aha, have you repaid them?" I said, "No, I have not, nor do I have an obligation to." "What do you mean you don't have an obligation to?" "Well, I have a contract that says" "No, you don't. No, you don't have a contract."

There I am in this catch-22 where I have to admit that my company did pay my taxes, but I don't get to testify the rest of the sentence.

Michael: Tell me about 877-Blow-Whistle.

Bill: Kathy and I created a private foundation, a 501(c)3, a tax exempt foundation to help people do what could've saved our company. In other words, if I want to create a whistle blowing organization, a whistle blowing foundation that allows people to report crime inside their own company. The reason I did that is because it cost me $3.5 billion because nobody in my company told me what my partner was up to.

Now, I don't know how many of them knew, and I don't' think any of them knew he was doing something illegal, but I think there were many people who testified at trial that they were concerned about what they saw him do, and they were nervous about what they saw him do, and they had some anxiety over what they saw him do. Every one of them testified they never told anybody. They never told anybody, but they came into a courtroom and said that they had had these earlier feelings.

Now, whether they really had those earlier feelings at that earlier moment or those are things that people think at time of trial to satisfy some urge or another. I'm not really sure, and I'll never really know the difference.

But, assuming they're all telling the truth, assuming they're all credible, assuming they're all sincere, then those people, any one of which had come to me and told me that I might have stopped what he was doing before the train wreck. If I could've stopped him before the train wreck, maybe 3,900 people would still have their jobs.

Michael: How did the high school students react?

Bill: Michael, it is the most amazing thing. Everyone has told me that they are the hardest and the toughest and the most critical or cynical or skeptical audience of all, and I have found that to be 100% wrong.

Michael: Do they really have lots of questions for you?

Bill: Oh, they do. I mean, you walk in. You get their attention, and I cheat. I buy their attention, and I'm such a panderer, it's disgusting. I walk in. They've done this two minute introduction, the DVD intro that you've seen on the website. So, that gets their attention at least momentarily. Okay, this isn't chopped liver, but who cares?

He's a business guy, and we don't care too much about business. So, I walk out onto the stage or the middle of the auditorium where I happen to be delivering, and I reach in my back pocket and I pull out a wad of $100 bills. I take one off the pile and put the rest back in my pocket, and I snap it a couple of times, and by now I have everybody in the room's attention. I own them at this moment.

I'm talking. I'm already saying something, and I'm fiddling with this $100 bill. Well, I'm not talking about the $100 bill. I'm already into a piece of my presentation, and when I know they're all doing nothing but staring at the $100 bill, I go, "Oh that, that's a $100 bill. Would one of you like this?" Well, duh, the whole crowd goes nuts because they all want one. They all start yelling and screaming and raising their hand, and doing whatever it is that they do in their culture.

I say, "Okay, well, I can't give everybody one. So, I'm going to give this to one person. I'll give it to the person who gets the answer right to the question I'm going to ask during the course of my presentation." With that, I slide the $100 bill in front of me. I say, "I'll put it right here so we all remember that I have to do this before I'm done here today."

Well, now they're all staring at the floor watching my $100 bill, and because they know, I just told them, that there's going to be a question that I'm going to ask, and that the answer to which could mean the difference between having a $100 bill or not having $100 bill, they begin paying rapt attention to what it is I'm about to say for fear that they're going to miss the question.

Michael: That's a great technique.

Bill: It works. It works everytime, and so I could go on for about 20-25 minutes, and that's just about the end of their attention span. When I think I'm losing them, or they're beginning to fidget or they get buttitis or whatever it's called, I bend down and pick up the $100 bill. Now, I have them again.

Now, they're all back. They're all lying back on their chairs. They're all back where they belong, and I say, "Ah, well, let's talk about this $100 bill. Here is the question," and I pose the question, "If you were to stack $100 bills one on top of the other," and I show them five ways of what it looks like. It's pretty thin, pretty skinny. I say, "How tall would the stack be to get one billion dollars worth of $100 bills?"

Then, we have a traveling microphone that literally are throughout the crowd, and kids can stand up and says, "Well, three foot, six foot, twenty foot," whatever it is they're going to say. They can come up with most any number that they choose to. Almost always, they are talking in the ten foot, twenty foot fifty foot range. Sometimes, they'll really jump way out there and say, a hundred feet. The real answer is 8,400.

Michael: Eight thousand four hundred feet tall?

Bill: Yes, and it just kind of blows their comprehension, but somebody always win because I tell them whoever gets the closest to the right answer will win. So, whoever comes up with the largest number obviously is it, and with that we make a production out of going over to that person, giving them the $100 bill or having them come up on stage to get the $100 bill. We'll get to talk for a minute, that person and myself.

Then, there's usually a loud round of applause for the individual who has won the $100 bill, and then if the person takes their seat again, I say, "How many people like that person?" Everybody cheers and raises their hand, and most of them are their friend. I say, "How many people wanted to be their friend before the $100 bill?" Only a few hands go up. I say, "Now, isn't that interesting, that because this person has an extra $100 bill in their pocket, we all like him more than we liked him a little bit ago. Isn't that interesting?"

You try to make a point out of it as well, but the real purpose of the $100 bill is to buy their attention.

Michael: Wow, what a fascinating story. What is Bill Bartmann's mission today?

Bill: I am on a number of missions, and they're all compatible. I carry a card in my pocket called my pocket list, and it says, "I will touch the lives of a million people in the next five years." That's my major, major objective in life. When I say touch the lives of, I now give speeches all over the country. I perform seminars all over the country. I've written books and some workbooks and stuff like that.

This is all I do now Michael, and as just try to inspire people, and I don't mean motivation. I'm not out there doing jumping jacks on stage, and I'm not juggling chain saws, and I'm not trying to get people to come up on stage and break boards or run through flaming coals. I don't do that stuff, and I'm not knocking that stuff. That's just not my shtick.

I want to talk to people about how they can feel better about themselves, and how they can face some challenges in life. Then, I coach them. Once I get them up as an individual, then I coach them in business.

I have this dubious distinction. I'm the only billionaire business coach in the whole world. I'm the only guy coaching businesses who's ever really made a billion dollars. I understand it. I'm not an expert. I don't think I'm all that smart, but I'm really experienced, and I share that experience and guidance with my students.

Michael: For anyone who wants more information on your speeches and your consulting and everything you're doing, what would be the best way for them to find that out?

Bill: I'm easily found, www.BillBartmann.com.

Michael: Bill, it's been a pleasure. I've overspent my time. You have a great day. Thank you so much. We'll be in touch.

Bill: Thank you Michael.

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Bill gives away a ton of free stuff. Go to http://www.billionairebubba.com