



**Jake** 00:16

Thank you, Luca, for joining me on the podcast today, I appreciate you taking the time you are the CEO of pudgy penguins, you acquired the IP, somewhere between a year and two years ago, I think and pudgy penguins, you know, something has been on my radar for a long time through like the NFT, boom, in 2021 ish. Now it's sort of emerged since your acquisition to sort of come from from, you know, kind of being down a bit to now it's the number one volume and FTP, FTP project number two, and floor price right behind board IP Yacht Club, which, you know, people who are familiar with this stuff may also be familiar with. And I think it's just a very valuable collection that is doing things pretty markedly different from a lot of these other projects. And also, it's different in the nature that you didn't start the thing you came and acquired it with this, you know, coming up with the original vision and, and trying to accelerate sort of the manifestation of that while bringing your own skills to the table. So it's really interesting story. I think, for those who don't know, pudgy penguins or don't know, you, maybe we could start with you personally, you've got a really interesting story. And you don't have to go through all of it. I know you've told it elsewhere. But for people who may not have sort of gotten to know you elsewhere, it'd be great to get sort of like the early origin story of your story and how you got to the point where you, you know, acquired budget.

**Luca Netz** 01:35

The I think, the 62nd TLDR is we're bouncing around guest bedroom, guest bedroom, couch to couch with my mom and my brother for about 10 years. So 14 different places, and 10 years is kind of where is all the places that we live in the time that we lived at. And we did that up until I was about 13. And we settled down in Los Angeles. When I was 16, I dropped out of high school, I went to Fairfax, the thought process there was I wanted to be a businessman and I knew I needed to get a business degree. And I knew that I would go into debt to do that. And that seemed like a really encount counter intuitive decision for somebody who wanted to be a businessman. Also, my mom was an Airbnb being our house. So our house went from a safe place to a hostel. And I was 16 years old at the time and just got really fed up. So I dropped out. I started throwing underground rap shows in South LA while also working a job during the day at a startup called rang. And



so I was run of rings, early employees, I basically got the job because I printed a bunch of about 100 resumes and went up and down. Fairfax and Melrose and then also tech bro in Santa Monica, handing them out to storefronts and businesses that were potentially looking for people, the old, the old, traditional hustle way, and I got a job there. And then during the day I basically get there, I was actually the first person in that ring or the second person in that ring every single day, I'd get up at 5:30am, take the bus to 720 down to Santa Monica, get in there about 630 And then I'd work up until about 233. And then I would leave go home and start my working on my underground rap shows. And so that worked until I was about 18. I then bought an online course that told me or taught me about, you know, ecommerce and internet marketing. I was able to kind of take that knowledge and kind of changed my life over the course of two years, became a millionaire. By the time I was 19. Then started a company monetizing social influence, I basically realized that influencers have millions of followers that have millions of dollars. And so I basically took my learnings from E commerce and said, Hey, if you wanted to sell products or build a brand, I'm the guy to do it. We built an amazing business. Unfortunately, it was, or fortunately, unfortunately, it was a cash cow company, but we hadn't really built in the enterprise value. I learned about halfway into that endeavor that, you know, building enterprise value is really what I wanted, and that a great cash flow in business was awesome. But ultimately, it required too much babysitting, especially amongst dealing with influencers than I traditionally wanted. That led me into a journey where I walked into a store called bondage one day, I basically brought them from near bankruptcy to doing millions of dollars a month and in revenue. I think that kind of showed me all of my learnings over the last couple of years doing what I was doing not only on the ecommerce side but also on the influencer side. And then that led me to ultimately The become the CMO and second biggest shareholder of a company called gel blaster. Gel blaster ultimately became North America's fastest growing toy company we did. In 18 months, we crossed \$100 million in sales. We're in revenue. And then about two years ago, we bought pudgy penguins. So the thought process behind pudgy was, I had really gotten to understand the toy business and the IP business via gel blaster. I was a huge collector and NFT connoisseur prior to our acquisition of pudgy penguins, actually, pudgy penguins was the first PFP project



that I ever purchased. And so I collect NF T's in the past, but my first ever profile picture that I bought was actually a bunch of pudgy penguins. I bought them because I believed in the ability for that specific IP to resonate to a large group of people that I felt the current profile pictures were really awesome, but I thought they were relatively niche. And the way that I think NF T's ultimately work is through supply and demand. And if you have a profile picture that it can appeal to more demographics, there's more room for more demand. And because there are finite, you know, vehicles on the bottom, you know, there's only so many PFPs that you need to sell before, there's ultimately a pretty big supply crunch. So that was my thesis, I always believed in the IP, I always believed in the brand. Ultimately, the story of penguins as they took over and summer of 2021. The Big Three at the time was really bored apes, punks, and penguins. And unfortunately, as time kind of ensued, punks, and apes continue to do their thing. And penguins ultimately fell off a pretty, pretty bad cliff. And so that, that led me to really fall in love with the community fall in love with their ability to remain steadfast and the vision of the penguin, I think the lowest the pudgy penguin floor ever hit, which you can almost like reference that as as your stock price was, I think half and eath, which for most NFT collections is actually pretty a huge accomplishment. And so that signaled something interesting to me that people weren't buying penguins, because they were, you know, promised some sort of future utility, or for some sort of AirDrop or for some financial gain, they were buying penguins because they love the penguin. And so understanding what I knew about brand, and then looking at the landscape and all the revenue and all the success of some of these other, you know, PFP projects had seen, they had seen that success under the same predication. And they were building, you know, a next generation of brand. But I was a little frustrated at what I was seeing, because they were making tons of money. And they were probably great businesses on its face. But they actually weren't building brands the way that you are traditionally supposed to build brands. And as somebody who was building brands for the last seven years, I thought to myself, well, if these companies are doing X, Y, and Z, and are seeing huge success, then you have this IP and this company and pudgy penguins that has all of the ingredients, if not more ingredients in the next project, to see breakthrough success in a meaningful way. And if you just put a real



operator behind it, and a team that knew how to do these things, I think you could do ultimately, something that everyone has promised but nobody had truly executed on. And so we bought pudgy penguins with the goal of creating a brand that hundreds of millions of people will eventually know and love. We want to be for crypto, a Trojan horse to bring people on chain the right way. I think when you look at current crypto adoption, it is being driven by price going up or price going down. And ultimately, if we want crypto to win, it has to be bigger than the casino and which everyone is relatively here for. And I believe IP is an amazing vehicle to do that. And so I believe we are spearheading what I call the consumer crypto revolution. I ultimately think we are on the precipice of being the mascot for crypto. And we want to be the face of penguins all around the world. And so there's a lot to kind of unpacked but I'll hand it off back to you is I don't want a monologue on your podcast.

**Jake** 09:35

No, yeah, I appreciate it. It's a super interesting story. And obviously, like tons of entrepreneurial ventures leading up to penguins, which seems like now the big commitment for a for a long time to come. It sounds like it was kind of a serendipitous start where I understand like you were I think you had a friend or something with like an FTP FTP collection that you were kind of interested in buying and it didn't really work out and Then someone bidding on pudgy penguins IP kind of came up on your Twitter feed and and you were like, well, you know, that's serendipitous in the sense that like you said, you know, pudgy penguins is like the first ones that you actually bought yourself, you sort of recognize them as most universally valuable, the odds that like that one would become available, and then you would sort of like stumble upon it at the right time and have the means to purchase it. It's like a lot of sort of good things coming together at once. But rewinding a little bit to before that, how did you actually get into crypto in the first place? Was it through NF T's? Was it through like Bitcoin or Aetherium? Or something like that? Like, what was the original thing that caught your interests?

**Luca Netz** 10:36



Yeah, it was right when I had kind of found financial freedom. Back in 2017, I kind of got my first big break on our E commerce, some of my E commerce businesses. And I just went right into crypto. My brother's a huge computer guy. I'm actually I can show you I got it, I'm mining. So you can see at the top, top right, there we go. But we actually were mining. So that was, that was the thought process instead of actually investing in crypto directly, it seemed a lot more advantageous to invest in the in the systems that were mining it. So I think we had, you know, I think when he for 1080 T eyes running in a kitchen really made the place super hot, we were reminding the wrong thing, something called Digi bite and, and I was spot buying a coin called Litecoin at the time. And those were really the the two places that I started. And I just I fundamentally agreed with what I think crypto ultimately solves in its purest form, which is this idea that there shouldn't be any middleman. When I'm transacting and exchanging, you know, value, I think that just is glaringly obvious that if I wanted to send, you know, 100 grand to somebody in China, I should be able to do that pretty easily, and they should be able to get it relatively quickly. So if I were to do that today with Aetherium, you know, my, my Chinese colleagues would be able to get that Aetherium within a couple of minutes. And that's just that's just as obvious. I think it's like almost impossible to refute that that is just the way money should be. Should work. I think anyone who would who would argue the contrary, I just be like, Well, what dystopian 1984 Like mindset Are you in because, you know, if I if I work hard, and I earn X, I should be able to control x with complete freedom. And to be frank, if any of you guys have moved any significant amount of money through the banking system, you realize that there's intermediaries there. I mean, we're even, we're even watching today. Today is GME and AMC day, they just keep holding the stocks. And that just doesn't seem it seems rigged. That doesn't seem fair. And so I think, you know, what I kind of referenced into crypto and I think some of these other industries that I think crypto is kind of branched off into is this idea of leaning in and building for what I would like to reference as basic human rights right like the basic human right to transact freely the basic human right to digitally owned the basic human right to see exactly how money is being moved throughout the world. And who's doing what and how they're doing it. Anytime I think you have a basic human right that that taps into that nerve or an industry that leans into a



basic human right I always think you see a huge upside I think we saw that with social the basic human right to you know, connect with people online. And you saw that with you know, phone calls and text messages, the basic human right to, you know, just communicate. I think there's there's a lot of such situations where you kind of have technology, kind of disrupting the archaic system. With with, with with with solving problems that I think lean into humans basic human into basic human rights that I think we just naturally gravitate towards. So second, I heard of crypto, I understood it. I wish I would have had a little more diamond hands because I was pretty early. I remember seeing Bitcoin in a couple \$100 And you know, I traded in and out of it. But yeah, that's, that's my starting to crypto.

**Jake** 14:13

Yeah, well, certainly more so the diamond hands when it comes to penguins now for the long run. And it sounds like you've gone from a hot kitchen with the with the mining to a cold igloo for for here on forward. So it's good. It's a good switch. But it seems like you know, I'm just sort of like, reading into things a little bit like I didn't I haven't seen you like explicitly talked about this elsewhere or anything listening to a few podcasts that you've done, but seems like you've kind of built a team over the years like through these entrepreneurial ventures, where like, I think you've got like your buddy Peter who's now like the CCO at penguins, and you know, you mentioned your brother's like technical help with like the the mining and stuff. How have you gone about like sort of like finding your people like through all those entrepreneurial ventures over the year and like finding people who are complementary rate that you work well with, like, has that been instrumental in sort of your ability to go from, you know, like selling gold chains to now like this, you know, multi 100 million dollar IP?

**Luca Netz** 15:11

Yeah, I think the one thing that I really pride myself on is consciousness. And so what I mean by that is I learned really early on when I was a teenager, that I would tell myself these things that were ultimately lies, and I started to believe them. And this, this was a really big problem that actually, if I didn't realize early on, I think I definitely wouldn't be here. Like, what,



**Jake** 15:33

what roughly, would that be? Like, what's a lie, like the

**Luca Netz** 15:36

idea that, and the terminology is like a little ghetto. But that's just kind of was a little bit of my background with the idea that like, we would all we at 15 years old, or 16 years old, we would ditch school to go make moves, right? Like, let's go, we'll make moves, we'd really just be in a music studio, smoking, smoking weed, you know, nothing, right. And so this idea that I was ditching school to make moves was ultimately a lie that I was telling myself, when in reality, I wasn't doing anything productive. And so what I started to train myself on early on was like living in my reality living in my truth. And this is really important, because if you if you don't understand your your reality and your situation, you can't really problem solve for things that ultimately need to be solved. And so this kind of correlates into the question about the team, because I have a deep understanding as to what I'm good at and what I'm not, right. And every business that I've done, I've always supplemented and had partners are part of that business. I've never been the 100% owner of anything, nor do I want to be, and probably my ego, if I continue to lie to myself would have probably prevented me from this type of structure. But this idea of working smarter, not harder, and putting the right and the necessary pieces within the org to accomplish, you know, any set goal, I think is incredibly important. I mean, you are only as strong as your weakest link on your team. And, you know, like you said, over the last couple of years, we've been really working hard, or I've been really working hard to filtering out, I think the best people that I've been able to work with over the last five, six years, and I think what you're kind of seeing here at Pudgie, is the culmination of that. It's some of the most talented individuals that I've been able to meet and work with. And I very much was knew that when, when buying pudgy, I had to assemble a super team, and if not, we'd be screwed. And so, you know, not only did I put two and a half million dollars on the line, and they I actually contributed to the purchase price as well. So we're all financially aligned and invested in this business. But I really put my reputation on line, because one thing that I do, and I'm pretty infamous for is when I when I do



something big like this, I really put all my weight behind it. And, you know, when I went to give you an example, when I when I joined Vaughn Dodge, I told the world, I was in an interview with my friend Scott, and I said, I'm going to Vonda just gonna be the biggest clothing brand in the world. And in 2020, you know, you could probably argue it was it was up, there is definitely one of the hottest, if not the hottest, streetwear brand of the year. And then and when we when when when gel blaster happiness at the same thing I said, we're gonna build the biggest toy brand in the world and, and quite, quite literally we did, and the amount of time that we did it. And when we bought pudgy penguins, the same principle was said, you know, I told the world that, you know, we would we were going to win the NFT race, it was completely up to be one at this time, that looked like the most craziest thing that anybody ever said, because there was conglomerates with a billion dollars in cash and everything going for them. But I was confident in our ability, and I was confident and being able to give the market what it wanted. And so very much the idea of winning and being able to execute and support that, I think was really important. And, you know, really early on understanding that I know where I'm strong, and I know where I'm weak. And I also know, what drives me and what gets me up in the morning, which is financial incentive. And so, you know, obviously, I think you can hire people that can fulfill and fill those gaps. But I take a different approach. I've got multiple partners and pudgy penguins, you know, we've had multiple partners in job last year, we had multiple partners and all of the ventures that I kind of, you know, went over here over the last 30 minutes. And so this is kind of how I build businesses. It's it's found a really good cadence. And so we have Peter, who's probably my longest lasting friend here. I've known Peter since I was about 13. You know, I'm marketing, he's creative. And so they're really symbiotic. You know, you can't if you have good creative and good products, you need eyeballs. And if I have a lot of eyeballs, I need good Creatives and good products. And so we've always referenced each other as the dynamic duo. And then Lorenzo's been a huge missing piece. Lorenzo was our CTO. He's now our president at And incredibly bright technical mind, but probably an even brighter people person. And so, and obviously the dawn to Jennifer, the team is pretty big now I think we're about 60. But that that core units, we wouldn't be here without them.





**Jake** 20:14

Right. And so obviously, you know, you put a lot on the line, like you said, both financially reputation really, and just your investment of time, like you were working on a pretty good thing with gel blasters, like you said, fastest growing toy company in America at the time, your cmo was larger ownership stake, stepping away from that going all in on podgy, I think you mentioned, you know, the all time low, maybe for the floor was around half and eath. I think when you acquired it, it was like, maybe not quite point, you know, point five eath. But like, somewhere around that like less than an eighth, I think and then another time previously, like from the previous hype cycle, or whatever it was, I think their top, like their all time high for the floor was like somewhere around 40. You know, now it's sitting around like 12. And it's been higher than that, obviously, in the time that you've been in charge as well. And I know you came in with like a number of focus. First of all, like, let's just get things organized, let's get all of our social handles and everything like that, let's get everything sort of so that we can operate a an efficient business, basically, an effective business. And then you also were like, Alright, let's go make a bunch of content. Let's get in stores. Now you guys are have pudgy penguins, toys and Walmart, Target GameStop. elsewhere. But what was like the big you know, what were the biggest drivers from your perspective and taking it from that point where you bought it, where it was sort of the beginning of like a bear market. And through that bear market, being able to achieve new all time highs, and then some for this project, while a lot of other projects are really sort of struggling through this just based on the broader market,

**Luca Netz** 21:48

then get to understand that when you're building in web three, and you're building crypto, this is very much the people's business. This is not your business. And I think I understood that. And just our team understood that the past. And so there's really two things that I've kind of attribute our success to one the understanding of, of, of what it means to be at the head of one of these companies, and understanding the other side of that, right. And so I had a million dollars in penguins that I had spent and you know, I've made money,



I've lost money. But I know what it feels like to be a disgruntled community member. And the way that I like to run pudgy penguins is not like a dictatorship. But I try to be as democratic as possible. And from my perspective, we really tried to build what I thought the community wanted us to build. And we really tried to make a brand that people can be proud of and that people wanted to be a part of. And I think building in that cadence in this space, I think is the only way to build. And then the other side of it, I think we set an expectation we executed on it. And so, you know, expectations can lead to resentment if you don't fulfill them. But if you fulfill them, they can lead to, you know, a really powerful bond between one's word and one's leadership to the community. And so, you know, since day one, we basically came in, and we did a one week sprint, and we basically spent three to four hours a day in the discord. And we asked the community, you know, what do you guys want to see, actually, the vision, you know, the day of purchase to that week after completely changed. But that was fine, because I still believe that the vision would work and that it would succeed. I had I had a younger vision for it. Now it's kind of like tween kid adult, had a CoCo melon vision just because of how successful Coco melanin was at the time. I think I didn't do that. And I think I think if you can just be a person that listens to others that understands that they're spending hundreds of 1000s in some case, millions of dollars behind your assets. And you have to have empathy and compassion for that. And honestly, respect, right? You just have to respect people, I think, I think that really voted well for us. And just the idea that we came in and said, we were going to build a brand that hundreds of millions of people are going to know and love. And every month we take a big step in that direction. And so it's incremental progress towards that end vision. There has been shiny objects, you know, left and right. There's been chaos all over the place. And we just stay laser focused on where we're gonna go and how we're going to get there. And I think people respect that and they appreciate it. And then I also think just like the spirit and the symbolism in which we build, right, you know, there's little things like we could have just done a toy line and that toy lines in Walmart and Target but instead, every toy is actually licensed from a community member and every time one of those toy sells they Get a royalty in perpetuity. Right? I didn't need to do that we bought the business for two and a half million dollars, we had no



money in the treasury. And rather than, you know, minting new collections and elephant in the room is pudgy pangolins gonna make 10s of millions of dollars right now if we wanted to issue new NF T's. But we decided not to do that, because we want to go that we want to do this the right way. And we want to build for the long term. And I think people just see that people can see through the BS and see through the fluff, I think a lot of founders can sometimes mistaken their community as being gullible. And what I actually didn't realize, and I'm actually super thankful of this experience is I took such a level in all my previous companies I what the community is like the last thing, and today I actually think community is the first thing and if you look at all of the you know, huge and businesses that have built, you know, incredible enterprise value and cult followings, it's really been because of the community they've been in, they've been able to build. And so community adds a adds a stickiness and a retention to the lifetime value, and a chain reaction of word of mouth marketing, which is the most powerful marketing that I think is not to be underestimated. So just leaning into, you know, trying to build this business with the people for the people, not not for me or for the team. And as well as setting an expectation fulfilling that expectation is probably a huge reason as to why we're here today.

**Jake** 26:29

Yeah, that's interesting, like, if you're gonna, you know, operate sort of on behalf of the community in a way, obviously, like, I've heard you talk about how you're sort of, basically like your organization, your team of 60, whatever it is, is kind of like the muscle to the brain that is the community, but you're not just like the muscle, you're not just, you know, executing blindly on like what the community wants, you're listening, but you're also filtering, right. And you're deciding what you want to prioritize what you want to ignore everything like this. And I think the risk and, you know, listening to community, obviously, there's tremendous reward, but the risk is that the most popular ideas may be actually even more correlated to like worse ideas than, you know, than the best ideas. And it might be actually just like, this one, or these two or three community members who have this different idea. That is, like very uncommon, very unpopular, but may resonate with you that you might latch on to, like, Are there examples of things that like, have come



from the community that like, people are asked for over and over again, for example, like, can we just do another NFT collection, like that's gonna go huge, whatever, that you've found yourself having to ignore, with sort of the confidence of your own logic and strategy, versus others that maybe came from like one community member, you were like, man, that's like a great idea. And we're gonna run with that.

**Luca Netz** 27:43

Yeah, so Pudgie toys, which are pretty much distributed all over the world at this point, they're actually a little bit of a Trojan horse mechanism. So every toy comes with a with a QR code, that QR code brings you into Pudgie world, you put an email and a password, you're given a custody wallet, and then you're redeeming three to five traits that you can put on your soul bound Penguin, that are NF T's all for all through a gases in free experience, all you have to do is purchase, you know, the five \$10 toy. And that was an idea that was actually given to us by a community member on an inner igloo, which is like our bi weekly sync ups with the community. And that story changed a ton of what we were doing. And it honestly changed some of the thinking behind the brand. Before that, you know, we weren't looking at, at IP as a way to distribute, and to onboard people on chain. And so quite literally, when I sell a million toys, I now have hundreds of 1000s of people who are collecting their first NF T's and making their first crypto wallet. And so that kind of just rephrased our thinking a little bit, which is like, what, what can penguins really be outside of all of the things that, you know, we probably talked about on this call was, it could also be a distribution channel for bringing people on chain directly, which I thought was pretty fascinating. So that's just an example of an idea that, you know, we came up with, with the community together, and somebody brought this to the table, and that kind of just helped shape the trajectory of this business. On the other side of it, you know, we had, you know, Penguin, we had a meme coin craze recently, and, you know, probably could have launched a meme coin that could have been worth, you know, at a minimum, a couple 100 million dollars of a maximum in the billions, could have probably made a ton of people a lot of money, but ultimately would have created a huge liability that would have ended the business. Right. So obviously, the filter is probably the most important part in this equation. At the end of the day, you still have to listen to almost



everything that comes your way, but filtering what makes sense and what's a priority is definitely something that is really, really important.

**Jake** 29:58

And I think this Um, this not sure what to call up a reservation around anything to do with a quick buck, whether it's launching a meme coin or another NFT collection, or whatever it is, and sort of keeping those bullets in the chamber for the appropriate time and having a focus on, like a huge focus on timing, as it relates to supply and demand and waiting until everyone is, you know, barging at the doors to get even not just pudgy penguins, but like little penguins, which are a little low apologies, which is like your guys sort of like second NFT collection, and really, like erring on the side of waiting too long to do almost anything that's going to make money in like these big, you know, digital first ways and prioritizing the brand and increasing demand as much as possible, it seems like that is a step off the beaten path relative to, you know, a lot of other people building in the space, especially with like NFT, especially NFT, PFPs. Separately from that. I'm curious, another thing that's sort of different is, like I sort of alluded to earlier, or might have mentioned explicitly, like, obviously, we talked about the acquisition, you didn't found this thing, you didn't start this thing, there was an initial vision and initial community that you sort of came in on top of, and, you know, are in charge of sort of guiding forward from there. What do you think are the advantages versus disadvantages of not being the founder of the project?

**Luca Netz** 31:22

I think it gives you all the advantages and none of the disadvantages from being frank, at the end of the day, I've got just as much to lose as the next guy, I don't, I think now that the price has gotten so big, there's probably or has gone so high, there's probably now a couple people that have more to lose financially than me. But if you factor in like my opportunity costs, and my time, I just started getting paid a salary like a couple months ago, or six months ago. Before that, I think, I think you'd be still want to add it all up together, I've got just as much to lose as the next guy. And that's a dynamic that I think no other NFT founder has, all of them are in the



money. And they all can go and go on vacation and never come back if they so choose, because that alone made it an incredible amount of money. And that's just not the position. And I actually am really thankful that's not our position, because part of part of that you almost can't blame because of human nature, right? There's just something about being comfortable and having the money, that doesn't give you the push to go further. And that is not like I'm a competitor. So I don't I don't necessarily think I will have the same problem because I'm just obsessed with winning, and that's what drives me. But, you know, if you don't have that competitive bone, which most people don't, you know, having that type of money definitely breeds complacency and, or, or, or makes you comfortable and comfortable breeds complacency. So I think from that perspective, we're definitely uncomfortable. And I think that is been a huge reason why we've seen the success that we've seen. And probably the other hard part about just owning any crypto company is the mental toughness, I think, I think you'll never find an industry that requires more mental toughness than crypto, because you're almost like a publicly traded startup. And so you have all the cons of being a startup and all of the cons of being a publicly traded business. And if people lose enough money, they will become bullies. And in this case, you know, being being in a position where you are just as financially aligned as the next person puts you in a position where you can't really say much to me, if things go down, because I'm feeling the pain a lot more than you probably are. And that also creates moment, I remember days where, you know, the NFT is down 30%. And I'm not just like ignoring it, I'm, I'm in the War Room, you know, getting into battle because like that just can't happen, because there's just too much at stake. So I think it's actually probably one of maybe two or three of the of the biggest advantages that I think we have is just being in that position. You know, what can you what can you really say and in moments where things have gotten tough, the community I think, has had that mutual respect. And I haven't been put in a situation where I've been clinically bullied, like maybe some of these other founders, probably for other reasons as well. But, you know, at the end of the day, you know, people know where we stand and where we are in the boat.

**Jake** 34:26



Right? And then So zooming out a little bit, obviously, pudgy penguin sort of falls in this PFP NFT category where there's like an element of identity there. It's not just like a piece of art people are, you know, putting it as their profile picture, and it's this community and like all of these things are intimately tied in. I know you have some pretty, I would say original thinking around what NF T's really like sort of are all about like within but also beyond the PFP category, and then even within PFPs they're sort of different, which kind Like fundamentally different things like, you know, crypto punks, isn't really trying to like execute on some vision. It's just, they were first they're deemed valuable. And in a similar way to Bitcoin, if you sort of take the cryptocurrency analogy, it's just it's like the Bitcoin of NF T's in a sense. So how do you view like to give you different like sort of categories like that within the PFP space? Or is it just really the two it's like crypto pumps, and then like kind of everything else, or an outside of PFPs? What's interesting, too, within the world of NF tooth,

**Luca Netz 35:32**

I think when you look at PFPs, if you see anything other than IP, you might need to get your eyes checked, because I just don't imagine them being anything other than IP and community would probably be the two the two categories in which they fall under. But you know, when you're looking at through the lens of IP, you know, what do NFT software today that if they become nothing else, they've already disrupted this industry, it would be the collectible business. And so, its entirety collectibles have about a \$450 billion market cap. About 1% of those collectibles are digital and 99% of those collectibles are physical, yet digital collectibles have a slew of pros that physical collectible, do not they have no inauthenticity issues or they have no spoofing issues, there's no friction on buying or selling. There's no storage issues, no insurance, there's no nonsense. Now with a physical collectible, it's tangible, and you can appreciate it and you can enjoy it. But the truth be told, I have a Michael Jordan flea are sitting in a shoe box in my garage that I haven't pulled out and seen for years. So I would say, physically holding something is a little overrated, especially if I can just visually pull it up on one of my monitors and display it. And so if NF T's are nothing more than just collectibles, and IP, so obviously, I think IP translates into



collectibles. I think there's very few collectibles that exist that are not predicated around some sort of IP, then then that 99 to one gap will will either become 5050 7030 6040, whatever you we're not going to argue I think, what what that percentage should be, but I think we could all agree it's not nine out of nine, one, especially where the world is going. Right. And so I think, if you're looking at it through that lens, how do you ultimately become one of these collectibles, and I think if you look at what makes collectibles valuable, it's you know, how much impact they've had on the world and nostalgia that they bring, you know, how well and how familiar they are with a with a large segment of people. And I think, you know, that's enough of a market cap to disrupt that if you can, you know, control 1234 5% of that you're 20 3040 \$50 billion business. And that is not if that is when that is and unequivocally unarguably, in my opinion going to shrink to at least 5050. You know, if the course of the next 1015 20 years and all you have to do really in that, in that sense, is build the long game. And so you'll kind of see a lot of our thought process behind pudgy is how do you, you know, optimize for long term success and don't compromise the integrity of the business for short term gratification. Because Because there will there'll be a day where you won't be able to make IP fast enough to fulfill the demand of people wanting to digitally collect online. You just won't. It's too sticky. It's too fun. The dopamine is too great. You can buy a sports card and you can flip it but there's still so much friction there's so much fees. And if T land if you remember that mania is just a uncomputable unbeatable consumer experience truly. And so from from that perspective, I think that that is ultimately how I look at these things today, specifically PFPs its IP and its community. Obviously punks haven't had a great narrative, but I don't I don't know how long those that narrative can stick. I think really the narrative that punks have above all else is I think it's just a chat group of community members. But I think over time, they're becoming more and more complacent. And I just I just, I think I think betting on execution is the only bet worth making I think betting on anything else is a is a is a fool's errand and at the end of the day, execution is ultimately yielded the highest rewards for anybody who who bet on the right operator and the right group executing so what else do I like an NF T land I like NF TS being able to authenticate AI? I like





NFT's as collectibles. I like NFT's as art pieces. Probably the my three, my three preferences right now.

**Jake** 39:55

Right and well. So I want to ask a little bit more about that before we get there. Are there any projects from, you know, like physical collectibles that you look at that have elements, obviously you're building something different and that it's going to be digital first and digital long run even though you're going physical in the near term to some to some degree, but like, I think you mentioned like Pokemon is like sort of an example that is maybe roughly analogous. Like, what about existing collectibles that have achieved great success is interesting to you, and what needs to sort of fundamentally change for you know, NFT land?

**Luca Netz** 40:27

I think, obviously, pokimane is a great one. I think Hello, Kitty is an underestimated one, obviously more targeted towards women. I think you have a couple that are probably a little less familiar. But obviously if TCG with Magic, the Gathering and others, what I think needs to happen for the NFT space, I think is kind of what's beginning to happen, which is, people just need to start building for that end goal and executing towards it. So the beauty about the NFT space today, that makes me incredibly bullish is teams are executing at the highest level they've ever executed at, obviously, I think pudgy penguins is leading the charge, but I think boards are doing a great job. I think azuki is doing a great job, I think doodles is doing a great job NFT land has never seen top tier execution, and it's starting to see stop to your execution. And usually price is a lagging indicator. So obviously, I don't think price is going to reflect for, you know, a couple of months. But ultimately, I think it will catch up because of the things that are happening in NFT. Land, I think our bar, our bar none to think about a majority of things that are that are happening just in crypto in general. And they're playing a really interesting and important and pivotal role in ultimately, the mass adoption of of just blockchain around the world.

**Jake** 41:50



Right. And so you've got this interesting sub stack that you wrote, that was actually like the, you know, thing that prompted me to reach out in the first place. And it's about sort of how to your point, like a lot of what's been happening in crypto for the last, you know, decade plus has been tech focused infrastructure focused, you know, build the tools, give everyone the tools, but it's like, what are people actually doing with the tools? And so your perspective is that, you know, correct me if I'm wrong, but basically, all of the upside right now, or at least the majority of the upside is in actually building out that cultural era, building out that mass adoption, like, we can build tools forever, but we kind of have everything we need at this point, is sort of your perspective. So first of all, you know, I would encourage people to read that piece, because my summary is not going to get anywhere nearly as good. But more generally, like you talked about how there's all different ways where these things can manifest where it can be something like pudgy penguins, it can be a brand like Star Wars that sort of gets tokenized and incentivizes people the right way, and things like this. It can be, you know, main points, which we're seeing more and more, you know, in the last several months or whatever, but what's your like? Do you generally see a world in which existing brands are also sort of like crossing the chasm to come over to crypto and like, sort of tokenize their brands or like, do interesting things about three words are going to be mostly projects like pudgy penguins, or, or board apes or whatever it might be that are coming in and doing things you know, from scratch and a new and different way.

**Luca Netz** 43:19

aligning incentives via tokenization is one of the most powerful go to market fuels that you can ever probably in the world. Right. And I'll give you plenty penguins is a perfect example of that. In two years, we've sold a million toys, we have what 40 50 billion views and impressions across all social channels. You know, we're getting basically every time we make an announcement, we get a headline, every retailer is reaching out to us to distribute our products. We have no movie, we have no TV show, we have no game. Typically, IPs that have broken through the way that we've broken through have one of those three things. But there's something really powerful about 10,000 people all being financially aligned to push something. And this is



the beauty of I think tokenization and what I think tokens can bring to products and brands and companies looking to either revive their go to market or to just go to market in general. There's now if there's a caveat here, because it's either the ultimate accelerant or the ultimate deterrent. And so it can also work the opposite way. Meaning if you really mess things up, and people start to lose significantly, then it can work against you just as well as it worked for you. And so that that is the line that I think is worth bearing because it's not as it's not just all fun and games. Now the interesting part about tokens in general is just their borderless nature. And how if you just have an internet connection, you can participate in said culture and at the end of the day, you know, what is what are tokens really, the really the really only and say tokens almost A crypto in general, is really a technology for the people. And, and unfortunately, fortunately, where I think the space is gone is it's very much. There's a lot of different financial incentives and ways ways that you can kind of ultimately game the system. And as people are becoming more and more sophisticated, I think the one thing that I believe is going to yield fairer and more robust opportunity that I think could have a lot of public good and do a lot of positive impact in the world is this idea of, you know, tokenizing culture and bringing this layer of tokenization, to movements to IP to consumer brands, to historical artifacts, because of I think the network effects that those type of moments kind of bring, for example, you know, what, what is a if I if I tokenized, let's say, Star Wars, Star Wars sold to I forget who they sold to for \$4 billion. Lucas Films, I think sold it to somebody for \$4 billion dollars. But But Star Wars token, a man imagine if it was a governance token, and they, you know, right now, I don't know if anyone's familiar with the Star Wars drama, but it's kind of becoming a disaster. I mean, they're just making it into something that I think, you know, I don't want to get political, but just some some woke, some woke stuff, which I'm, I don't really care what side of the spectrum you sit on. But any anything, anything extremism on either side, I think is ridiculous. And I think woke woke ism is just like extreme. Yeah. You know, it's just like extremism, and you just don't want to go down that route. And but like, what if, what if I could own some Star Wars token, have input on what the next movie is going to look like? And then like, we could speculate on it, and its success, you know, on chain? Well, first and foremost, I think Star Wars token



would be a lot wouldn't be worth a lot more than \$4 billion dollars. I mean, we got a picture of a doe just worth about 25. Right. So So one, I think whoever holds the IP and holds, you know, the tokens, you know, whatever percentage of the token supply can make a lot more than \$4 billion. And then I think you'd also create a really thoughtful and interesting thought experiment with with the consumers of Star Wars. And, and if I, if there's a million Star Wars holders, right, everyone's really passionate about Star Wars already. But think about how crazy they would go promoting Star Wars Tolkien and the Star Wars brand, if they were financially incentivized to do so. Right? Because tokenization is not based on you know, profit to earnings ratios. It's not based on you know, finances, it's based on how many eyeballs and how much attention and how much FOMO Can you drive towards that token. And so, you know, I actually believe Star Wars, The Star Wars community, being one of the most diehard communities in the world, could probably drive up stars token to 30 \$40 billion. And I don't think that would be ridiculous, I think that'd be well, within reason, because Star Wars is cultural impact. And being a cultural figure. And honestly, a cultural icon is a lot more significant than the revenue it earns. And so never have, we've been able to kind of just take something that is super impactful that has, you know, either little revenue or smaller revenues or no revenues. And then being able to actually put a layer on top of it in which people can kind of speculate and make money on is actually super fascinating. When you think about it, you know, is there something around a movement, maybe there's maybe there's somebody who is really passionate about what's going on in the Middle East. And maybe they make, you know, a Palestine token or an Israel token, and then they donate, you know, you know, every time one of those tokens is bought, there's a 2% tax that ultimately goes to a charity there. And so your alignment to push for this movement also can help, you know, the cause and some way in the background. You know, in traditional IP, and just consumer products in general have like terrible multiples, and so maybe there's maybe there's a company like Slim Jim, iconic, or Arizona iced tea, iconic, you know, we lived and we breed that I remember, you know, Arizona iced tea was my saving grace growing up in middle school, you know, super clutch with a 99 cent, you know, giant can of of nectar, right? But but, you know, I want to be a part of that. I want to remember that I want to I want to, you know, bring myself back to that



moment. You know, you tokenize it what's Slim Jim worth today, you know, a couple 100 million dollars probably individually. You know, if it was a token it'd be worth billions of dollars and why the financial aspect matters because if you're an operator, or you're an owner of these IP to use with these brands, it's actually significantly more advantageous for you from a financial perspective to actually do this. That's the key kicker in all of this. This is not like a liability. It could be, but I actually think the financial upside is significantly greater than whatever you're currently doing. Meaning, you know, if I wanted to sell Slim Jim, I'd go through a rigorous 12 month block process of nonsense when I could probably tokenize it, retain 100% of equity, have a liquidity event on the token, and then maybe have another liquidity event on the equity. telegrams a perfect example of this telegram tokens about a \$30 billion dollar token a day, they own all the equity, they tokenized it, it now is a \$30 billion token. But But now they also hold equity, so they could sell that equity if they wanted to. Right. And so they added some a blockchain layer, obviously, to that. But I think this is, this is ultimately, it, you know, capitalism breeds innovation, and people just go where the money goes. And if you're a business owner, you know, with something that is culturally significant, you're just going to make more money doing this than you would not doing this. And so that lever on the on the owner side with, if you have something that is culturally significant on the consumer side, that consumers will eat it up, because, because that's the narrative, and they just will, there's very few things to purchase, you know, in this world of crypto that I think, you know, have any real tangible meaning to it. And I think this is where Pandora's box is going to open it in a super meaningful way. And this is ultimately, those two ingredients, the idea of, you know, speculators wanting to make money and brand owners wanting to make money is ultimately I think, gonna drive this movement in a way that is, is unparalleled. You see people buying the Constitution, and they're tokenizing it, then we're, you know, you can own a fraction of the Constitution. There's, you know, stories of guys buying artworks for 20 \$30 million tokenizing, it now the token being worth \$300 million. The arbitrage opportunity here is absolutely incredible. And, and it's this financially driven incentive, as well as you know, the memes and the impressions and the views. And it's everything that comes with doing something like this is pretty much what every



business owner would want for their business. Now, granted, the other side of that is it can get pretty rough. But again, it's about setting expectations, Slim Jim launches the token set the expectation, this token is nothing but a speculative, you know, and it index on on slim, Jim, done no liability, right, because I'm crystal clear on the expectation. Versus if I do a Star Wars, Tolkien may be top holders get access and things like that. But even then it's a wash because the whatever, whatever perks or utility you give, you know, people who own your tokens, that pales in comparison in terms of the money that these people are making on the back end. So I just think this is where it's going. If you notice, just crypto in general is it's the backbone of memes. These guys are just so hilarious and funny, you know, they're just sitting on the computer all day, you know, coming up with this shit. That I think it's, it's it's ultimately where I think is going to be a huge driver for consumer adoption. Because these, these brands are also going to bring their audience in, right, and people can be like, what? Slim Jim token, let me go buy some Slim Jim or, you know, that's obviously probably a poor example. But Star Wars or any of these premiere IPs, Star Wars launching stars token there's 10 million more crypto users, and there was the day before, I feel like really officially announced them back at full force. You just got another five to 10 million wallets on chain. And that cascading effect could be absolutely huge. Yeah,

**Jake** 53:56

well, it's a super interesting perspective. I've got like a million questions, but I know we're up on time. So I appreciate you taking the time and sharing your perspective on all these things. And I really look forward to seeing what you do with pudgy penguins. And I don't know it's, you've been involved with like so many different businesses in such a short time i i wonder if you're gonna start dabbling with some of these other things, obviously full focus on punchy, but like maybe there's ways to sort of integrate these things in some way. And I'm just excited to see where it all goes for you and for Padre and, and of course, the community behind it. So thanks again for taking the time. It's been a pleasure. I

**Luca Netz** 54:31

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appreciate you and pudgy is the one we're laser focused on this one,  
at least at least until we went in.

**Jake** 54:36

Awesome. All right. Thank you, Luca. Later, Jake. Have a good one.