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Greed is Good

Joe Concha

Have you ever had one of those conversations with a friend about winning the lottery? For younger men, it usually goes something like this:

"Dude, I'd travel the world, hang out with lingerie models every night, and hire someone to be my butler."

Welcome to the world of 25-year-old Hedge Fund guru Tim Sykes...who has achieved such a lifestyle not by the purchase of a lucky ticket, but via hard work and an ability to see stock trends others do not or cannot see.

The fairly recent Tulane graduate is to Wall Street what Kobe Bryant was to basketball when he broke into the league right out of High School: No college or professional experience necessary (a license, of course, isn't needed when trading stocks online), but just a matter of trusting one's talent and instincts with a willingness to take risks early on for the big payout.

Bryant jumped directly from 12th grade to the most storied franchise in the NBA this side of Boston in the form of the Los Angeles Lakers. Sykes did opt for the college experience, but didn't hesitate even before being accepted for four years of campus life in New Orleans when making a decision to swim with the financial sharks.

The year was 1999, and with the stock market at its most celebrated peak for short-term investors, Sykes quickly was generating six-figure profits through online trading accounts while his friends were delivering pizza for money and drinking Busch Light and Boone's Strawberry Ale.

"Back in '99, the stock market was going pretty crazy. I was in High School," recalls Sykes. "My parents gave me \$13,000 of my Bat Mitzvah money that I put it into a discount online brokerage, and I was able to turn that \$13,000 into a fully-audited pre-tax sum of \$1.65 million. It all happened into my freshman year of college; I pretty much made \$1 million in five months. I'm in my dorm room and I'm up \$20,000 on the day. It almost wasn't real. It was like a video game and I was going for the highest score."





Concha: "How young were you when you decided that hedge funds management could be a career?"

Sykes: "I started my own hedge fund (Cilantro Fund) during my senior year of college in March of 2003," says Sykes. "I now work out of my apartment. I commute from my bedroom to my living room. I make trades all day in a bathrobe. I can do this pretty much from anywhere I have an internet connection."

Since graduating Tulane (and having a scholarship named in his honor), Sykes moved from the Bayou to the Big Apple and into a sizable apartment on Leroy Street in the West Village. And like a guy who won the lottery, Sykes travels the world, hangs out with lingerie models (albeit not every night), and has hired someone to play the role of butler.

Concha: "Tell me about the hired help for your apartment."

Sykes: "He's a friend, a protégé. He doesn't really have the money to afford rent in a West Village apartment, so he makes up for it with the cleaning and cooking."

Concha: "You play in a pretty lucrative but high-risk space. How do you handle the pressure that goes along with moving so much money on a daily basis?"

Sykes: "I cannot stress enough that drinking, partying and taking time off dramatically helps trading results. The beauty of trading is that it is completely counter-intuitive. Since



basically everything I gamble on is chart patterns, completely devoting yourself to that for too long has an effect on your mind when looking too deeply into thousands of daily charts and seeing patterns that may not exist. My best trades have come when I was on vacation or right afterwards because my mind was clear and could see distinction between market noise and true trading opportunities."



"Wall Street is all about greed, the worst of human emotions, and just not a good place to be," he stresses. "But it's great place to try and make some money. That's capitalism."

Concha: "For those not in the trading game, what is it that you do exactly?"

Sykes: "I short-sale small cap and micro cap equities. My whole strategy is trying to find these stocks that shouldn't be hot. Shorting is so mysterious; it's kind of like hedge funds. So if you run a short-selling on a hedge fund, God forbid...you're the fucking devil."

"It's unpatriotic. I'm betting against American companies," he continues. "I'm rooting for them to fail. Little do they know that the companies I'm shorting don't deserve to have a high stock price. So I'm not a bad guy...I'm just taking advantage of the fact that bad guys are out there."

Concha: "With cash, confidence and youth on your side, it must be fairly easy to find a date or at least someone to establish familiar relations with. Some guys in New York can't go five minutes without telling a girl how much they make. Is your resume and W-2 something that you make known to prospects?"

Sykes: "You don't want to advertise it, because in my experience relationships based on money are not good. Most of the people I meet don't even know what a hedge fund is. Sometimes, at first, if I really like a girl, I say nothing...I say I'm just a banker. Because then they have no idea if I'm some kind of \$35,000-a-year bitch boy or if I'm a millionaire."

Concha: "So finding a nice girl to settle down with isn't a #1 priority right now?"

Sykes: "I've always put trading first, and that's always gotten me into trouble with relationships. You never know when there's going to be trading opportunities. I don't know how long this is going to last. I started eight years ago when the market was going crazy, but now as a short seller it's a little more difficult."



Concha: "You star in a documentary called *Wall Street Warriors* (co-produced by Scott Gill, whose credits include *Porn Star: The Legend of Ron Jeremy*) and have had numerous articles written about you (Sykes has been featured on Reuters, CNN, CNN Money, CNBC and *Trader Monthly's* 'Top 30 under 30'). This makes you somewhat of a celebrity, at least in Wall Street circles. To that end,

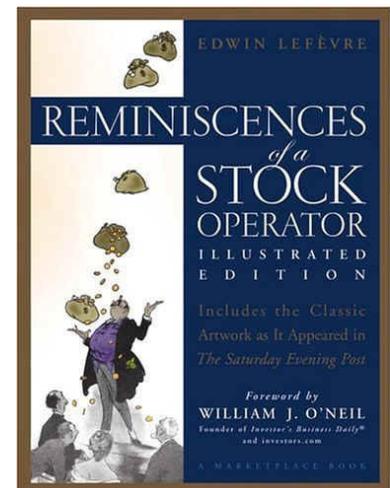
what actor do you most admire?"

Sykes: "Ashton Kutcher. He came out of nowhere. He takes on smart projects. Now he's got Demi, even though he's got that weird thing going on with Bruce Willis. His business sense is pretty amazing for a former male model."

Concha: "How about in the investor world? Who has been your biggest influence there?"

Sykes: "Jessie Livermore, whom the book *Reminiscences of a Stock Operator* was based on. It's one of my favorite books of all-time. He made millions before he was 18, and this was back in 1906. He got up to 30 million, went bankrupt, got back up to \$30 million again, went bankrupt for a second time, and then made \$100 million. He then married a Chorus girl, but one night she got drunk and shot his son in a drunken rage. It's like a Greek tragedy. He ended up broke and committing suicide.

But you can learn from that: He always just loved the game so much that he kept betting. And what I take from that is that while I love the game, you have to put stuff aside for a rainy day."



Concha: "Where do you see yourself in 20 years?"

Sykes: "I probably will have started some incredible web site that I can't even imagine right now that will revolutionize the world within 17 months, like *You Tube*."

Concha: "If you had a son or daughter, would you recommend that they get into the same business?"

Sykes: "No. The Hedge Fund game is changing. It's becoming very much institutionalized. It's gone very main stream, and it just isn't as fun as it used to be."

Concha: "Could you see yourself living anywhere but in New York?"



Sykes: "I like small towns, I like European living. The scene is New York gets old really quick. Maybe I'll go to Hoboken; I've never even been there."

The feeling here is that an affluent like Tim Sykes could just barely afford life in the Mile Square. And judging by the lifestyle of working hard and playing hard that Sykes and so many Manhattan and Hobokenites employ to their daily lives, maybe the need for greed—even while in High School or college—really is a good thing.

No lottery ticket required...

Joe Concha is realhoboken.com's Senior Writer and was wise enough to invest in Enron about six hours before the company imploded. For questions or comments, email joeconcha@yahoo.com or use the message board on the home page.

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