

# BOOKS

## The Money Trap: Lost Illusions Inside the Tech Bubble By Alok Sama

Liz Hecht, October 2024

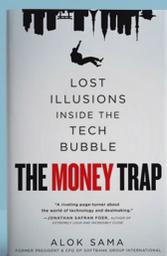
“When you give people too much money, they tend to spend it.”

—From *The Money Trap*

*The Money Trap* is a page-turner that starts strong: “Someone wants me out of the way. Someone desperately wants me out of the way. I don’t know who and I don’t know why, but I am about to find out.”

Author Alok Sama left his position as president and CFO of SoftBank Group International after a frightening smear campaign involving protracted surveillance of him and his family. One part whodunit, one part autobiography and one part exposé of the fantasies and foibles of tech industry investing, *The Money Trap* explores several important themes in venture capital investing:

- The downside of startup companies receiving too much capital too soon
- The promise and perils of leverage, magnifying returns exponentially or compelling unwise decisions based on short-term thinking
- Founders untethered from reality enabled by VCs and investment bankers fueled by fear of missing out



This book is particularly relevant when investment banking revenue is rising and, according to the *Wall Street Journal*, “lower interest rates are stirring animal spirits in U.S. boardrooms.”<sup>1</sup>

Aside from Sama himself, the central *Money Trap* character is Masayoshi Son, CEO of SoftBank Group and mastermind of SoftBank’s Vision Fund, one of the largest-ever technology venture funds. Sama writes that many of the fund’s individual investments were “bigger than the average technology fund.” Equally notable, however, was the speed of investment. “Capital was deployed with the frequency of politicians making promises, creating a self-fulfillingly euphoric environment.”

SoftBank Vision Fund can be credited with many of what Sama describes as “unimpeachable” and truly visionary investments in companies such as ByteDance, Nvidia and Arm. The fund also invested in companies that did not work out such as Wag, a dog-walking service, Zume, a company using robots to make pizza and WeWork, the inspiration for the Apple TV series *WeCrashed*. SoftBank’s CEO also was an early investor in Alibaba, turning a \$20 million stake into more than \$100 billion.

After less than 20 minutes,<sup>2</sup> Masayoshi Son promised \$4.4 billion to Adam Neumann of WeWork, which likely prompted Sama’s description of Neumann’s tongue as “a weapon of mass seduction.” *The Money Trap* offers several cautionary examples of non-technology companies such as WeWork being valued as technology companies. Elevation Partners Founder Roger McNamee has observed that “every use case isn’t useful.<sup>3</sup> In the same vein, every company using technology isn’t a technology company.

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When in February of 2020 the *Wall Street Journal* ran a story about the alleged source of the “dark arts campaign of personal sabotage” against the author, Alok and his wife were able to share a joke about certain aspects of the story. And early in the book, Alok laughs out loud when thinking about “the mastermind who commissioned this stakeout being presented with pictures of my dog chasing squirrels.”

Every story has a moral and different readers will ascribe different morals to *The Money Trap*. A key takeaway for me is the importance of maintaining a sense of humor.

Read this book if you or someone you care about is considering or already engaged in investment banking. Read it if you want an inside look at the highs and lows of venture investing. And read it if you simply want a ripping good story. The book jacket says this is Mr. Sama’s first book. I hope he will write another one soon.

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1. “Stock Market Today,” *The Wall Street Journal*, October 16, 2024.
2. “How Venture Capitalists Are Deforming Capitalism,” *The New Yorker*, by Charles Duhigg, November 23, 2020.
3. CNBC interview with Roger McNamee, October 14, 2024.

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