

Dear Mom, I Bought IBM
By James de Oliveira
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Everyone that invests in stocks has a story. Some stories are simple. "I have to save for retirement." End of story.

But that's not *my* story. Yes, I have to save for retirement, but that is not what I was thinking about when I was twelve. I now have a son who is twelve and I bought IBM stock this morning. This is my story.

In the late 1970s, when I was twelve, I wanted some extra money. My mother suggested that I become a [paperboy](#). I did. I liked the feeling I got from earning my own money and having extra money to spend. I liked to cook and bake so my mother suggested I make cakes to sell them to the neighbors. I started a business selling chocolate houses, chocolate lollipops and cakes decorated to look like the Pink Panther, Ziggy and Big Bird. A local shop owner who was on my paper route helped me sell some items from his store. I made over \$400 over two years (over \$1,600 in 2018 dollars). Thanks, Nick.

For high school I attended an all-male Catholic school on Long Island in New York. In 10th grade, my high school economics teacher asked a question that changed my life. Is it possible to be a good Catholic and a capitalist at the same time? A good Catholic cared more about people than money. Capitalists, he argued, only care about making money. I argued with him. For an entire week of classes we did not discuss anything else. I argued that it was possible. He disagreed. On Thursday evening I brought his argument home to my father.

My father had four college degrees including a bachelor's, two masters and a doctorate. I took my teacher's side at home. My father was furious with me. We had a huge fight. He said, what did I think he was doing with his life? He was a teacher and administrator for a public school district. He decided on the reading curriculum for the district and taught special education classes. He was an expert in dyslexia in the 70s when most people had not heard the word yet. He also owned a small tutoring business that eventually grew to include three branches.

He said that with his teaching he was giving people something far more valuable than the amount of money that he was paid. When he taught people to read and write they could educate themselves for their entire lives. When educated, they could get good jobs and help other people. He was providing extra income for the teachers at his business. It was a win for everybody. Thanks, Dad.

I took my father's argument back to school. I argued that my father was a good Catholic and a capitalist. He was living, breathing proof. My teacher told me that I had won the argument.

A few years later when I was about nineteen, I made \$4,000 in one summer working as a prep cook in a restaurant. My mother told me I should invest some of the money I earned. If I did, someday I would have even more money. My mother took me to meet with a stockbroker.

The stockbroker explained that owning a stock was owning a piece, however small, of a company.

Because I was interested in cooking, the broker recommended that I invest in [Beefsteak Charlie's](#), a popular restaurant chain at the time. He also recommended that I invest in a "blue chip" company called International Business Machines, you know, IBM. Based on what I had, I could afford 3 shares of IBM and some Beefsteak Charlie's as well. IBM was the big, old, tested-and-true computer company. My mother explained that blue chips were large and stable companies that would pay dividends. IBM would pay me to own their stock.

I was afraid of what would happen if I invested my money. I would not be able to spend what I had. I decided not to invest but I never forgot that meeting. Thank you, Mr. Stockbroker.

After college, I got a job in what is now the MetLife building in New York City. I rented a room in Queens, NY from a guy who worked for IBM. He had to take a year, an entire year, off from work because he had suffered an aneurysm. A blood vessel in his brain failed. IBM did not fire him. Thanks, Big Blue. I learned that [people who worked for IBM had secure jobs](#). Times have changed. I would like IBM to lead the companies of the future by demonstrating how to be loyal to workers. IBM needs to recover its legacy.

Fast forward to about 2001 and I had accumulated \$10,000 of debt for student loans and purchases I had made on credit cards. My oldest sister (thanks, Joanne) recommended that I read a book by Suze Orman called [The Courage to Be Rich](#). You need to read it. Thank me later. Thank you, Suze. I read that book and made a commitment to get out of debt in one year. I was \$10,000 in debt and earning \$36,000 per year. I was determined. I did every exercise in the book. I leveraged every ounce of courage and somehow, I paid off my debt within 10 months.

After paying off my debt it seemed easier to save money. After a few months I had a few thousand dollars. At tax time, my accountant (thanks, Ron) suggested that I open a Roth IRA. I opened a brokerage account and funded it with \$2,000. An investor was born.

Soon after getting out of debt, I bought a new pickup truck, got engaged to, and married a single mother and had two more children. Over several years, my mother and I talked about investing. She liked to listen to these silly guys that had a website. They called themselves the Motley Fool. I don't know if my mother ever subscribed to their service. I needed advice about what to buy so I read articles on the [Motley Fool](#) website. I bought [Dodge and Cox](#) (DODGX) and some Vanguard index funds. Thank you, Jack Bogle. I made some money over time. At some point I started subscribing to the Motley Fool Stock Advisor. I began buying individual stocks. Thanks, David and Tom.

And then it was 2008.

My investments fell hard. I read everything I could to understand what was happening. I learned about interest rates, asset values, market history, and economics. A friend and fellow investor introduced me to Yahoo Finance statistics so I could research the finances of companies. Thanks, Todd.

I made a decision. The world was going to hell in a handbasket. I had a firm belief that things were bad, very bad, but they would not be bad forever. I sold all my mutual funds. Instead

I decided to put all my money in a variety of individual stocks. My mom had said that I should invest in household names. I did.

At the time I made the investments, there was a great deal of uncertainty, especially regarding stocks and real estate. Our house was worth far less than we paid for it. I made a leap of faith. I remember telling my boss at the time that I had invested in Apple stock at \$92 per share (Oct 2008 before the 7-to-1 split, etc.). He told me I was crazy. I said I had believed in Apple for a long time and I liked where they were headed as a company. The stock dropped to \$77 a share. I decided to hold on to it for a while, even if I eventually lost money. At least I owned a piece, however small, of Apple.

A year or so later I purchased my first iPhone. I bought it at the Apple store from a man who said he was an attorney and had recently retired. He worked at the Apple store because he enjoyed working with people. I told him I owned Apple stock. I owned part of the company. He said the day the iPhone was announced, he bought 1,000 shares of Apple stock. As of this writing, his investment would be worth at least 1.2 million dollars, even more if he reinvested the dividends.

As the economy recovered, I continued to invest large amounts of time learning about stocks and other investments. There was something magical about compound interest, determining the value of companies based on the combination of numbers, an understanding of business cycles, market segments and macroeconomic conditions. I had so much to learn. Thank you to all the massively skilled writers of the Motley Fool. An extra big thank you to you, Morgan Housel.

Over the past decade I started investment accounts for each of my three boys. I saved some money for each of them and bought stocks. For each boy I bought shares of companies that made products or services in which they were interested. For my youngest, I bought Marvel. For my sneakerhead, I bought Nike. For my middle child, Netflix. I explained to them that they owned parts of these companies. The companies, in effect, worked for them. I taught my children about compound interest, how companies worked, products were developed, marketed and sold. I taught them about the fact that companies depended on their workers as much as the workers depended on the companies.

So here it is 2018, a decade later, and I own, and my children own, shares of a variety of companies. I am proud not just of how much I earned but by how I earned it: over a long period of time, by doing my homework and being patient in volatile markets.

Over the past several months, I researched IBM's cash position, debt load, cash flow, leadership, dividends, business prospects. IBM will be big in artificial intelligence and business blockchain, among other things. As I was driving my twelve year old son to school I told him about my mom and what she taught me. I mentioned that I finally bought shares of IBM. It occurred to me that today was a big day for me.

At present, my mother's health is failing her. She lives in a skilled nursing facility. I am not sure she remembers me. Regardless, I have something that I need her to know.

Thank you, Mom, for teaching me patience. Thanks for teaching me that businesses do not only make money but make the things we use and, when run properly, make stable and secure lives for their workers. Thanks for teaching me about compound interest and that money invested over time is worth way more than money right now. Thanks for teaching me to think for

myself and not be swayed by the media or the hysteria of the moment. Ever since that day in the 1980s, so many years ago, I always wanted to own IBM. Today I do.

Thanks, Mom.