



# MEDALLION

WEALTH MANAGEMENT

February 2026 Market Commentary

### The Chief and Financial Nihilism



Arthur (Art) J. Rooney 1937

Every couple of decades the Rooney family (owners of the Pittsburgh Steelers) are in the news hunting for a new head coach. With the departure of Mike Tomlin and the hiring of Mike McCarthy, I thought I would take a look back at the early years of Art Rooney and how it compares to some new powerful trends in today's economy and financial markets.

Art Sr. was born on the North Side of Pittsburgh in 1901 and lived above the saloon that his father owned. Young Art was very athletic and played basketball, football, and baseball while attending Duquesne University Prep, Indiana University of Pennsylvania, and Temple.

He was also an accomplished boxer winning the AAU welterweight belt in 1918 and qualifying for the 1920 Olympics. He turned down the Olympic invitation because he was playing semi-pro football and would lose his amateur status. He beat Sammy Rosberg, the eventual 1920 gold medalist, during the trials and again after the Olympic games.

Things started to get a little “sketch” in the 1920’s. According to FBI documents released in 2018, Art Rooney was involved in numbers running on the North Side as well as illegal horse betting rooms. From 1924 to 1937 he and his father owned the General Braddock Brewery which was raided several times by prohibition agents. He also owned The Show Boat, moored near the Sixth Street Bridge, which was known as the city’s largest illegal gambling venue. His partner in The Show Boat was Milton Jaffe, who would later run the Stardust Hotel in Las Vegas for the Mafia.

In 1933 he paid the \$2,500 (\$62,300 in today's dollars) franchise fee to the NFL to found the Pittsburgh football Pirates, encouraged by friend and fellow gambler Tim Mara, owner of the New York Giants.

If you’ve read the fabulous book “Seabiscuit” by Laura Hillenbrand, you know that horse racing and horse betting were huge during the Great Depression. Art was a big fan of Seabiscuit and wanted to see him race at Yonkers in NY in July 1937. He joined his friend Tim Mara there where he went on an epic gambling run that solidified his reputation as one of the best horse handicappers of his era.

Rooney started the day with \$200 (\$4,500 today) and bet it on a four-to-one shot winning \$800 (\$18,000 today). He then won several more races and was now up \$5,000 (\$113,000). He then bet the whole amount on a 5-to-1 shot and won again.

According to Mara, “right then and there I told him to quit, go home, get away.” But Rooney couldn’t do that; the horse he came to see, Seabiscuit, raced next. He bet \$10,000 on Seabiscuit, who broke the track record and paid \$19,000 (\$427,600 today). He then lost \$10,000 on a 12-to-1 shot and lost \$20,000 on an 8-to-1 shot.

By all accounts, even with the late losses, Rooney had turned \$200 into about \$20,000 (\$450,000 today). At dinner that night, sportswriter John Larder asked, “*What’s your next move, Artie?*” Art told him he was headed back to Pittsburgh, where his wife Catherine was home alone, pregnant and taking care of three toddlers. His buddies said he’d be crazy to give up on a winning streak like this, so the next day Rooney and friends headed to Saratoga Springs.

Rooney’s routine at Saratoga Springs was to get up early, go to Catholic mass, visit the stables and have breakfast with the trainers, stable boys and jockeys. He’d watch the jockeys warming up the horses and begin handicapping the days races.

Rooney won his first two races, and crowds and reporters began to follow him around. At the end of the first day Rooney was up about \$108,000 (\$2.26 million today) according to Mara. Rooney won another \$100,000 the next day, and one of his buddies, Buck Crouse, begged him to go home. He stayed and continued to win.

The papers, The Evening Journal and the New York American, put Rooney's take for the week at between \$300,000 and \$380,000 (\$6.75 million and \$8.5 million today), all from a starting wager of \$200 (\$4,500)! Saratoga racetrack offered him a Brinks truck to take the money back to Pittsburgh.

In Pittsburgh, he sat down with Catherine, and the bags of cash, and told her we'll never have to worry about money again. He also gave his church \$10,000 (\$226,000 today). According to the Pittsburgh Post-Gazette, when the priest asked Rooney if the money came from ill-begotten ways, Rooney said: *"Why no Father, I won that money at the racetrack."* Catherine delivered another boy the next week, and they named him Tim, after Tim Mara.

Rooney continued making large bets that summer but significantly curtailed his betting when the racetracks got rid of independent bookmakers and universally started using the pari-mutuel system that automatically adjusted odds based on the amount of money being wagered. Art no longer had an edge.

Rooney's week in New York solidified his reputation as one of the great plungers of the day, not only for the amount he won, but also for his willingness to continue betting large amounts after he had already won a fortune. Remember that the nation was just emerging from the Great Depression, and the average worker was making about \$20 per week.

The New York Post's Toney Betts quoted Rooney, ***"When you're losing pull up. And when you're winning send it along."***

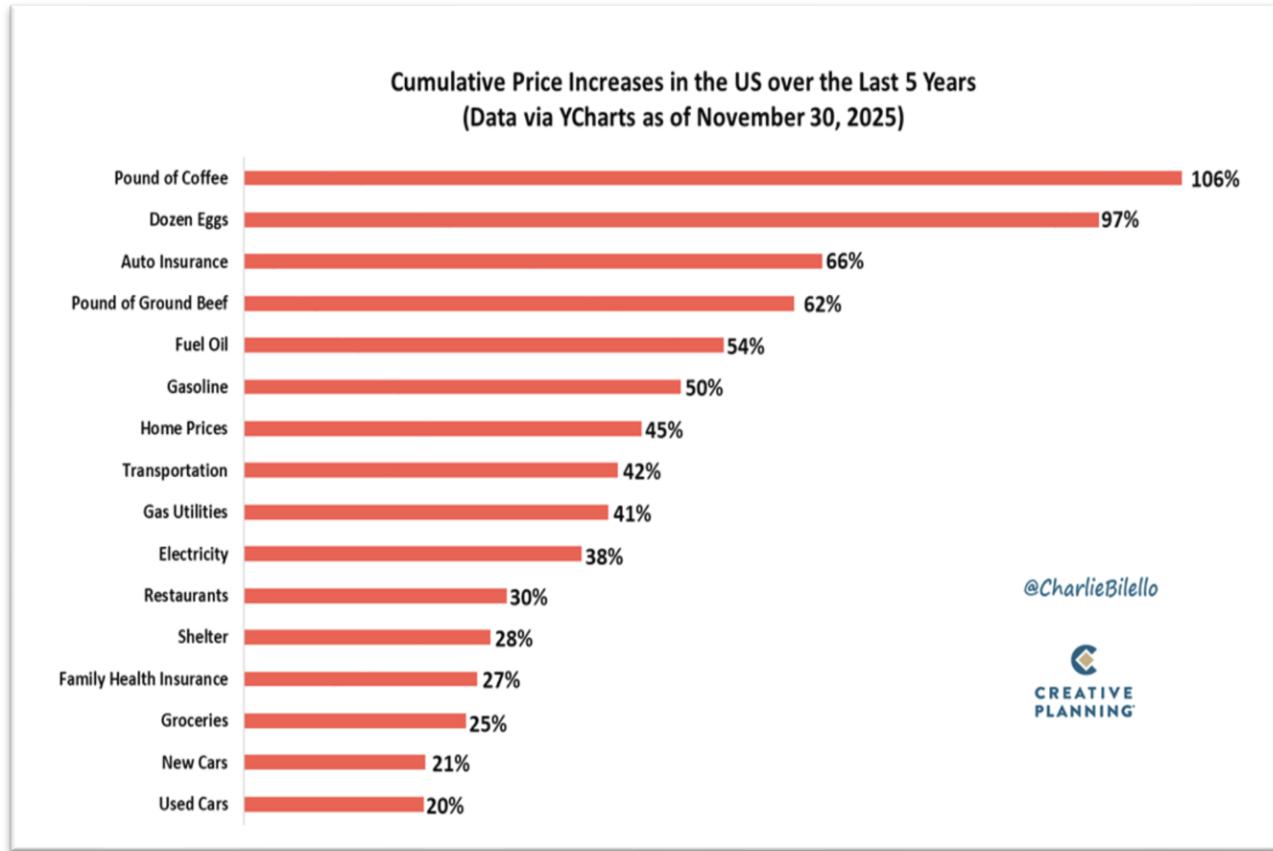
If you've read this far, you're probably wondering what a gambler's run of good luck in 1937 has to do with today's economy and stock market? After the Roaring Twenties, the Great Depression destroyed the fortunes of many but also destroyed their belief that by working hard and doing the right thing they could get ahead. ***Financial nihilism*** set in, people felt like they couldn't trust our economic system, and that luck and big bets were the way to get ahead.

Upward mobility, the desire to see our children do better than us, is ingrained in our DNA. It's why the human race continues to progress, but for the first time in decades we feel that the game has changed. Young people don't believe that prudence, hard work, and long-term planning will reward them.

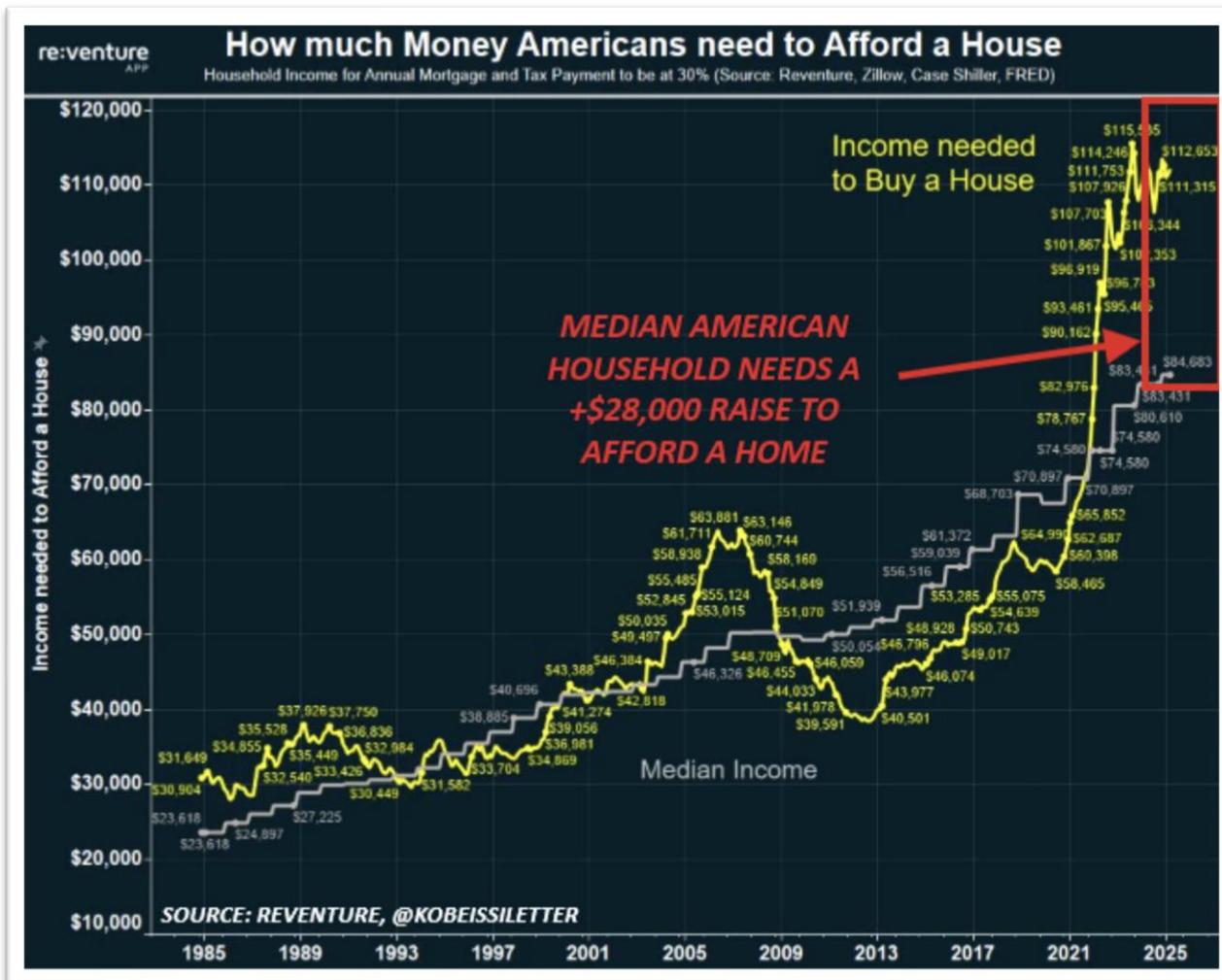
For many young people, a college education has become a liability, saddling them with debts that can't be repaid. Real wage growth has not kept pace with rising inflation. Early career roles

are eroding as entry-level jobs have thinned due to automation. And the soaring cost of home ownership relative to income has made the prospect of starting a family a dream.

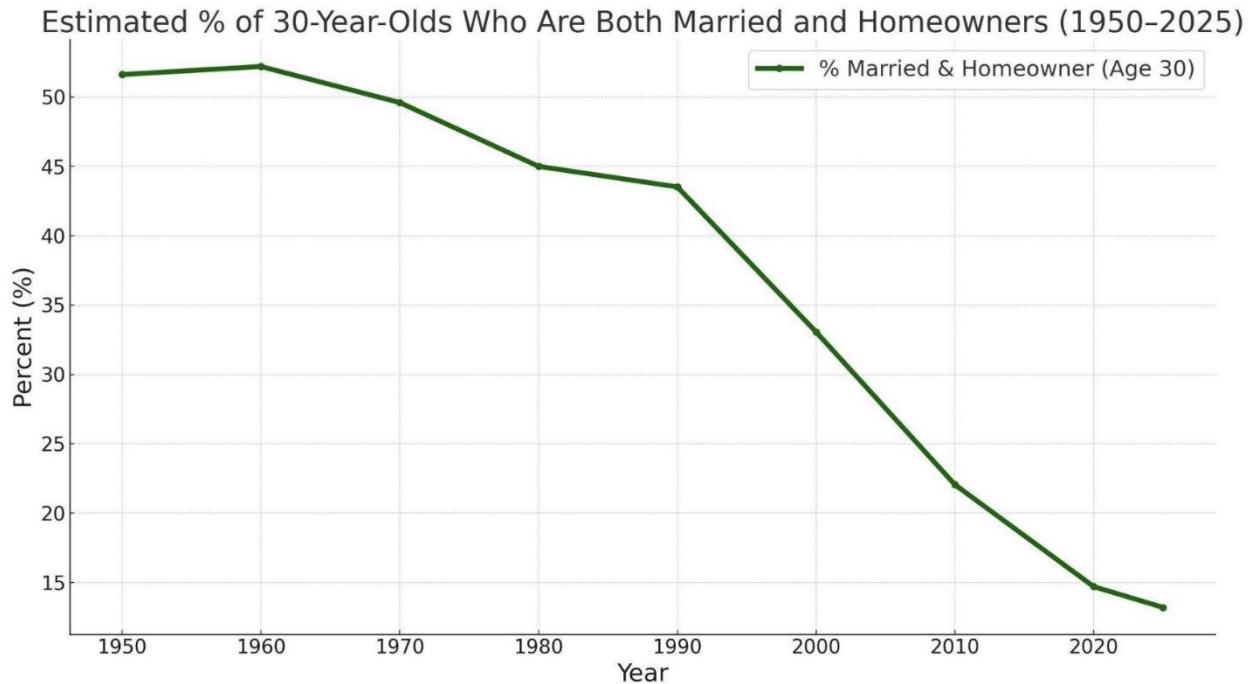
While the government cheers 2.7% year-over-year inflation growth, it falls on death ears as Americans look at the actual increases in their living expenses over the last five years.



The dream of owning a home has also dimmed as the Fed's misguided zero percent interest rate policy caused massive home appreciation which far outstripped incomes.



A combination of economic and social factors has led to a dramatic decline in household formation and birth rates.



While this all sounds very dire, history has taught us that each generation faces financial struggles and finds a way to adapt. After the Great Depression and World War II, America responded by building suburbia. Hyper-inflation and the deindustrializing of America in the '70's led to a collapse in union jobs but elevated the college degree. Every era has a challenge and an answer. It isn't always smooth and immediate, but we find a way.

Faced with these economic realities it's not surprising that many people, especially younger ones, are turning to financial nihilism and embracing gambling as a way out of their financial predicament. There's not an exact date when this started, but it did accelerate during the Covid shutdown when the government sent everyone free money, and they had free time on their hands. During Covid we saw a dramatic increase in crypto trading, meme stocks, as well as normal retail investing.

Millennials and Gen Z are treating finance like a game. Over the last five years they've evolved into trading options, buying meme coins, betting on sports and playing the prediction markets where they can literally bet on anything. I wonder what Art Rooney would think seeing that the entire economy has been turned into a casino.

This financial nihilism is not only dangerous to those participating, but it also impacts the real economy and stock market. Capital isn't always flowing efficiently into areas that offer the best long-term returns; it is often being allocated to the hot bot. Financial analysis has devolved into chasing whatever is going up. *FOMO*, and *Stonks Only Go Up*, are the rallying cries of investors (plungers).

Some element of personal risk has always been a central part of capitalism. But when the rewards for hard work, education, and prudence are no longer seen as a path towards the American dream, risk taking becomes the baseline behavior.

It is important for us more seasoned investors to understand this nihilistic behavior. We often find a stock or sector of the market we own rising much faster and further than their fundamentals would dictate. Look at the behavior of semiconductors, quantum computing, nuclear power, and aerospace/defense stocks to name a few. Even commodities like silver and gold are caught up in FOMO.

We own several stocks that have been caught up in these momentum waves; stocks that rise 25% in a week on absolutely no news. Do we sell them, trim them, or go along for the ride? Should we listen to Art Rooney when he said, *“When you’re winning, send it along”*? No easy answers.

Just as fast as individual investor behavior is changing, the tools available to them are changing even more rapidly. Artificial General Intelligence and quantum computing are not only going to change how we work, but they are also going to change how we invest and allocate capital.

Young adults aren’t confused by the risks they are taking. They understand them. They are just responding to an economy where the usual financial advice no longer moves the needle when it comes to obtaining their objectives. I am not criticizing their behavior; they are just navigating the economic realities to the best of their abilities.

We are all going to be faced with more change, both economic and social, over the next several years than we have ever seen. Our job will be to adapt at an ever-increasing rate. Fun times.

As always, be careful out there.

Chris Wiles, CFA



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