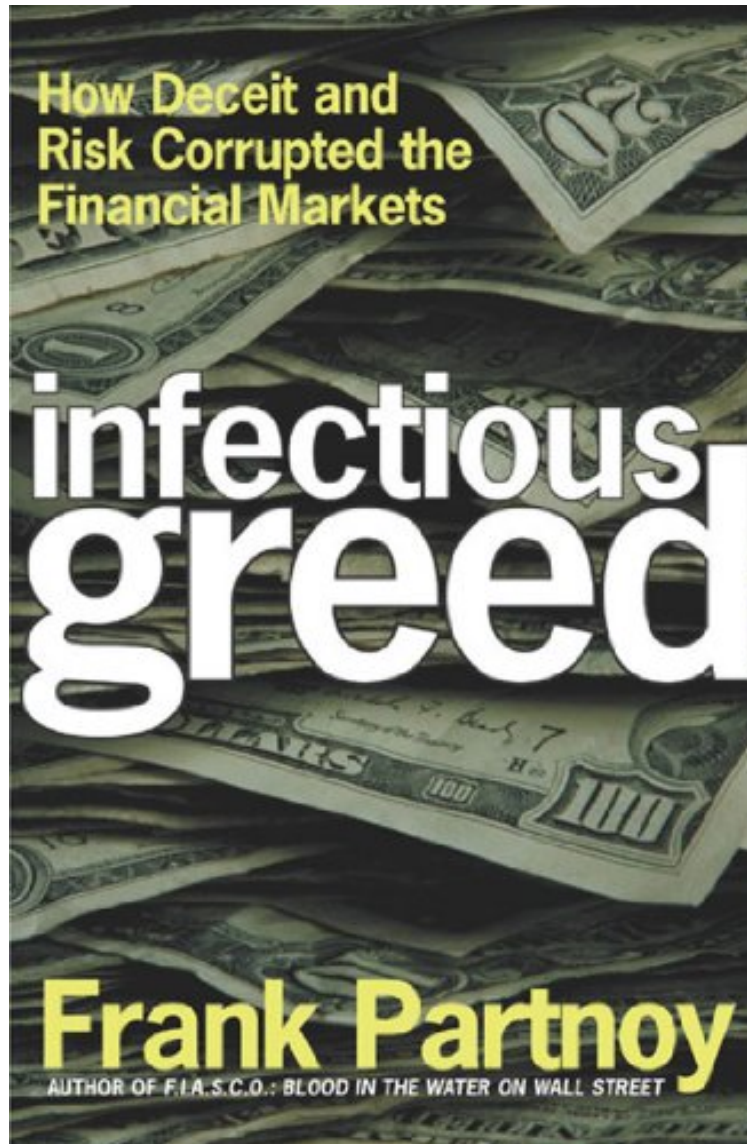


(Mobile pdf) Infectious Greed: How Deceit and Risk Corrupted the Financial Markets

Infectious Greed: How Deceit and Risk Corrupted the Financial Markets

Frank Partnoy

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Frank Partnoy : Infectious Greed: How Deceit and Risk Corrupted the Financial Markets before purchasing it in order to gauge whether or not it would be worth my time, and all praised Infectious Greed: How Deceit and Risk Corrupted the Financial Markets:

0 of 0 people found the following review helpful. Partnoy at his best By Phil O. This is an origins story, on how certain uses of derivatives and like financial products came into use to manipulate financial statements, and how these sorts of

manipulations became baked into the global financial system. As a 2003 book it predates the latest crash, but you'll find yourself holding your head as the whole diagnosis and warning (the world went on to miss) is laid out here. I felt so-so about Mr Partnoy's "F.I.A.S.C.O.", a memoir of some giddy derivatives days. It was OK, I'm glad I read it. But here, I think a perfect pitch was found. Working from somewhat simpler times, it is easier to comprehend the vast tangle of derivatives deals that is now (I believe) the biggest cash business on earth. I hope Mr Partnoy will find time to update us on these topics too.

40 of 42 people found the following review helpful. Get this book if you want to understand Wall Street antics

By Srikumar S. Rao This book is an absolute must read if you want to understand Wall Street shenanigans. Partnoy has done a phenomenal job of demystifying the world of swaps, derivatives and other exotic financial instruments. Even better, he shows how investment banker antics have affected Main Street inhabitants including yourself. How did Orange County and so many other municipalities get so deeply in trouble? The author explains.

I have a Ph.D in business and many finance courses under my belt, but I never quite understood the systemic dangers of the 'financial innovation' that is sweeping our markets. Now that I have, I will sleep much less well at night.

Partnoy describes the evolution of exotic instruments and the characters involved in this evolution. How CS First Boston made securites of virtually any type of debt, Salomon pioneered the CMO and so on. He details the specific wrongdoings of companies like Enron, Global Crossing and WorldCom. He shows you the enabling role played by gatekeepers like accounting firms, law firms, analysts and credit rating agencies. Even more important, he shows you exactly how the collusion happened and why. He gives you both an aerial view of the markets and a down-in-the-trenches description. I often wondered why, in efficient markets, participants voluntarily involved themselves in such convoluted transactions that had high costs in terms of record-keeping and fees. The answer, as Partnoy shows, is that virtually all of these arrangements permit some set of parties to subvert law or regulation or both. This is true domestically and internationally.

He graphically describes how lobbying keeps regulators at bay and the venality and ineffectuality of politicians. The chairperson of the Commodities Futures Trading Commission, for example, exempted important parts of Enron's business from regulation and, just weeks later, joined Enron' board. There are many such stories that show exactly how self-serving our legislators and regulatory guardians are.

My quibbles are minor. While Partnoy is clear, his language is colorless. Perhaps his legal background has something to do with this. Given the strength of his material and the depth of his research, he could have made this book a popular bestseller if he had used more forceful colloquial expression.

Also, he does not talk at all about the role of technology in this evolving mess. Greedy, incredibly smart bankers have always been with us. What has permitted them to have this huge impact now is the ability of computers to churn massive amounts of data, pick out the faintest of patterns and keep records of incredibly complex transactions involving dozens of parties over vast stretches of time.

This said, this is the best book I have yet come across that explains how and why large scale financial malfeasance happens. And why it is hardly ever punished. You will understand why the perpetrators of Enron, Global Crossing, Adelphia, WorldCom, Sunbeam and so many others will walk and hold on to their vast gains. Start praying that there is justice beyond our courts.

2 of 3 people found the following review helpful. On the Mark

By R. Bono Frank Partnoy has made an important contribution to understanding our latest fiasco of Wall Street machinations. He knows it so well, because he was a player there, as a derivatives trader, during the formative days of this latest bubble. He saw it coming...and he makes it clear just how much greed, bloated selfishness, reckless risk, self-serving abstraction, lying, and narcissism have shaped the amoral behavior of the entire investment culture of the US economy....affecting the savings and aspirations of millions....not only in the USA, but throughout the world.

He presents his case chronologically...as one dissecting the gradual emergence of a medical disaster. It indeed was an economic health disaster, for which (Katrina like), there was no medical intervention by government...for that governmental immune response was part and parcel of the dysfunctional system, both unable and unwilling to recognize the disease for what it was. If "greed is good", as Gekko intoned, then everyone wanted to get on the action....and uninquisitive, overwhelmed, underfunded, and understaffed government was in no position to prevent anyone from getting their share of the booty of other people's money.

Partnoy divides his book into three stages of disease: "Infection", "Incubation" and "Epidemic". He is very detailed, and names names, as he delves through his post mortem. He is a clear writer, and relatively concise, considering the amount of specific information he imparts. He's prescient too, in that behavior seems likely to remain unchanged, unless checked by responsible government. And yesterday, as if to confirm it, we have the latest news that 5,000 investment bankers did indeed receive million dollar plus bonuses, during and after the TARP bailout. In the culture of money...the only thing that matters is money....not demonstrable performance....and certainly not public accountability.

I also like his ending....after dissecting the immense degree of professional culpability, from CEOs, to CFOs, to other high management, to lawyers, to capitalists, to government regulators...by reminding the reader that there is yet, one more person to share culpability...a person who, in vast numbers, also caught the fever....the reader....himself and herself.

From the bestselling author of F.I.A.S.C.O., a riveting chronicle of the rise of dangerous financial instruments and the growing crisis in American business

One by one, major corporations such as Enron, Global Crossing, and Worldcom imploded all around us, prey to a greed-driven culture and dubious or illegal corporate finance and accounting.

In a compelling and disturbing narrative, Frank Partnoy's Infectious Greed brings to bear all of his skills and experience as

a securities attorney, financial analyst, law professor, and bestselling author to tell the story of the rise of the trading instruments and corporate financial structures that imperil the economic health of the country. Starting in the mid-1980s with the introduction of the first proto-derivatives, and taking us through such high-profile disasters as Barings Bank and Long Term Capital Management, Partnoy traces a seamless progression to today's dangerous manipulations. He documents how each new level of financial risk and complexity obscured the sickness of the company in question, and required ever more ingenious deceptions. It's an alarming story, but Partnoy offers a clear vision of how we can step back from the precipice.

From Publishers Weekly Partnoy's previous book, *F.I.A.S.C.O.*, was an inside story of a Wall Street derivatives trader. It argued that recklessness and lack of regulation made derivatives trading (trading financial instruments that have no intrinsic value) a threat to the financial system. Turning from autobiography to history, this new work makes the same points by examining financial disasters caused by derivatives of the last 15 years. "Patient Zero" is Andy Krieger, whose \$80 million mismarking of currency options embarrassed Bankers Trust in 1988. Partnoy profiles other derivatives abusers, too, including Nick Leeson, who bankrupted Barings Bank; Robert Citron, who did the same for Orange County; and Joseph Jett, whose "forward recon" trades helped end the independent existence of Kidder Peabody and Long Term Capital Management. These accounts of 20th-century disasters are neither original nor deep, but readers interested in the subject will be pleased to see the links among them. Taken together, common features emerge that are hard to see in detailed accounts of individual collapses. For example, Partnoy makes a revisionist case that credit rating agencies and federal regulators, including Alan Greenspan and Arthur Levitt, bear most of the blame. The author carries his story into mid-2002, evaluating Enron, WorldCom and Global Crossing. His analysis here is more original, reversing the popular perception by claiming Enron was a profitable company that should have survived, while WorldCom and Global Crossing had no economic substance. Copyright 2003 Reed Business Information, Inc. From Library Journal Why the economy is so unstable; from law professor Partnoy. Copyright 2002 Reed Business Information, Inc. From Booklist An academic with a corporate resume, Partnoy tells the story of the rise of trading instruments and corporate financial structures that now imperil the economic health of the country. He contends that any appearance of control of the financial markets is an illusion and the "truth is that the markets have been, and are, spinning out of control." From actual cases culminating in scandals, such as Enron and WorldCom, we learn about three major changes in financial markets since the mid-1980s--financial instruments became increasingly complex and served as tools to manipulate earnings and avoid regulation; even sophisticated investors could not monitor increasingly aggressive managers; and with deregulated markets, financial malfeasance was rarely punished. Six recommendations to stem the tide of excess in financial markets include treating derivatives like other financial instruments; shifting from rules to standards; eliminating the domination of gatekeepers, especially credit-rating agencies; and encouraging informed investors to bet against stocks and encouraging investors to control and monitor their own investments. Mary Whaley Copyright copy; American Library Association. All rights reserved