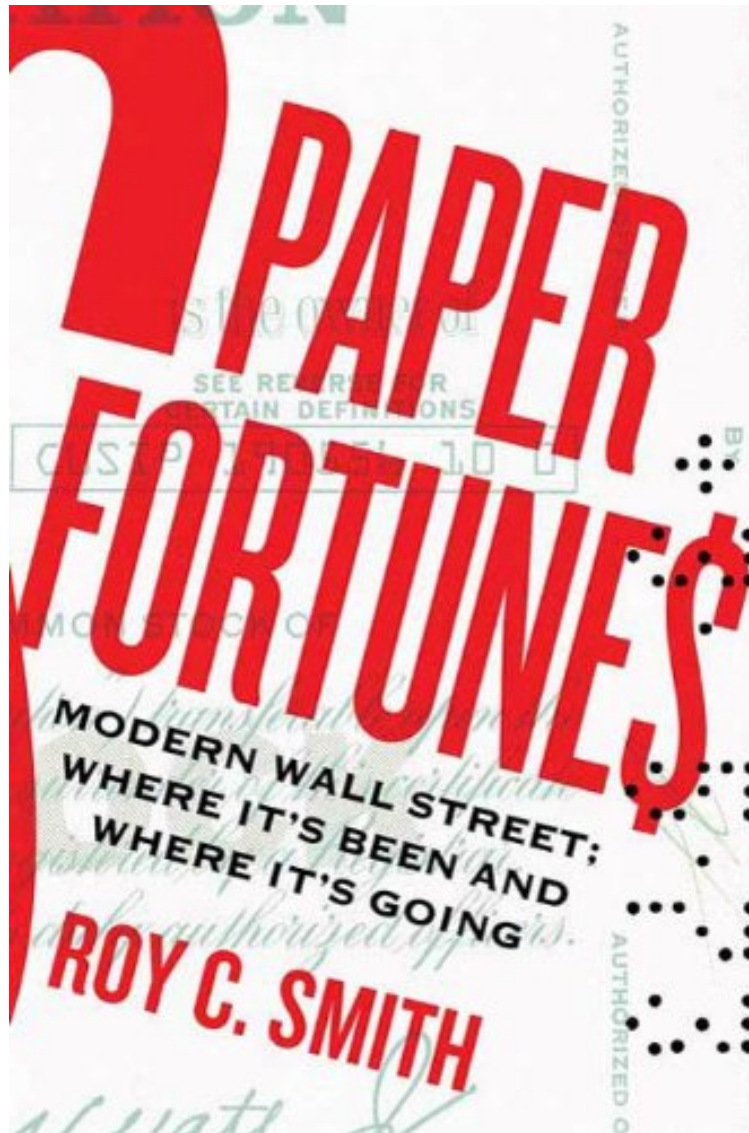


[PDF] Paper Fortunes: Modern Wall Street; Where It's Been and Where It's Going

Paper Fortunes: Modern Wall Street; Where It's Been and Where It's Going

Roy C. Smith

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3 of 4 people found the following review helpful. Paper Fortunes: Modern Wall Street; Where It's Been and Where It's Going By George Melville Paper Fortunes: Modern Wall Street; Where It's Been and Where It's Going Roy Smith is my MBA finance prof at NYU Stern. He is a phenomenal Guy. When it comes to Wall Street, his partnership position at

Goldman Sachs gives his a clear view. In this book, he held nothing back. Every finance student, every MBA and every money manager should read this...0 of 0 people found the following review helpful. A "SYMPATHETIC" VIEW OF WALL STREET, INCLUDING THE PERIOD OF CRISISBy Steven H ProppRoy Smith was an investment banker at Goldman Sachs for twenty years, and is also the author of books such as Global Banking, The Money Wars: The Rise Fall of the Great Buyout Boom of the 1980s, Street Smarts: Linking Professional Conduct With Shareholder Value in the Securities Industry, etc. He wrote in the Introduction to this 2009 book, "The story of the transition of this industry from there to here is an extraordinary one... Many of these leaders made contributions that shaped the future of their firms for many years to come. Their stories make up much of the fabric of this book, which on the whole is aimed at providing a wide-angle historical look at the capital markets industry as it traveled from where it was back in the 1960s to where it is today." (Pg. 6)He notes, "the Justice Department opened a criminal investigation to determine whether [CEO Richard] Fuld or others at Lehman had committed fraud in their statements as to the health and viability of the firm, and whether Lehman needed more capital when it said it didn't, during its last months of duress. Many Wall Street bankers would be unable to deny a certain amount of sympathy for Fuld, thinking how easily they, too, could have ended up in his shoes, had circumstances and timing been a little different." (Pg. 25)He criticizes former Treasury secretary Henry Paulson's actions during the crisis: "Offended by the moral hazard of bailouts, he wanted to draw a line at Lehman, and did. He and [Fed chair Ben] Bernanke claim they had no authority to guarantee Lehman's assets, even briefly--but who was checking? Paulson's flip-flopping on TARP also came in for criticism. First he asked for \$700 billion to stabilize the collapsing asset-based securities markets... Then he switched the strategy in favor of partially nationalizing the larger banks in the country, then suggested that having used about half of the fund, he was finished and would let the incoming administration decide what to do next... Finally, choosing to support the so-called healthy banks by large injections of government-owned capital may not have been the best way to aid them... Maybe it would have been better after all to have helped the distressed banks get rid of the troubled assets by forcing their sale to TARP." (Pg. 41-42)He observes, "Certainly in retrospect it is obvious that no one was watching Merrill's trillion-dollar balance sheet and worrying about the increasing mortgage-exposures that were occurring while the market was softening." (Pg. 345) He suggests, "Citigroup had become something of a zombie, unable to get itself into a profitable mode, staggered by the weight of troubled assets that it had been unable or unwilling to sell, and stuffed to the gills with government capital that it is supposed to repay within a few years... The government's role, originally described as passive, was proving to be anything but." (Pg. 373)He also argues, "Many Americans ... were convinced that any bonuses at all for top executives of Wall Street firms would constitute 'excess compensation.' But none actually got any: no Wall Street CEO taking TARP money received a bonus in 2008, and the same was true for most of their senior colleagues. Not only did those responsible receive no bonuses, but the value of the stock in their companies ... dropped by 70 percent or more, leaving them, collectively, with billions of dollars of unrealized losses. That's pay for performance, isn't it?" (Pg. 376)Smith's apologetical defense of Wall Street is a rather unusual one among books on the crisis, but it is very much worth reading, to get a full picture of the 2007-2009 crisis.

A LONG, WILD RIDEPaper Fortunes is the richly-detailed story of Wall Street from post-war heyday to present woes, from a player whose experiences, profiles of the colorful personalities involved and learned observations of the forces shaping the business make it insightful and timely. Smith, a long-time Goldman Sachs banker and now a distinguished NYU professor of finance, enables anyone working on the Street, investing with it, or just appalled by its worst shenanigans to understand how the industry has grown, changed and evolved, and what its future prospects are. From various Goldmans, Sachses, and Lehmans through to Richard Fuld, Henry Paulson and Tim Geithner, Paper Fortunes tells the ongoing story of the shifting U.S. market economy through the actions of the people who've shaped it for the last 60 years and will shape it for the next 60 years.

From Publishers WeeklyStarred . In this riveting and timely read, former Goldman Sachs investment banker Smith (The Global Bankers) takes readers on a roller-coaster ride of a history lesson, covering 100 years of peaks, valleys, booms, and busts on Wall Street and concluding with a stellar account of the recent financial crisis. He traces the evolution of such financial powerhouses as Merrill Lynch, Goldman Sachs, and Lehman Brothers and scrupulously chronicles the interplay between market forces and political, technological, and cultural shifts. The pace never slackens nor does the book buckle beneath the weight of Smith's researchmdash;long accounts of industry shakeups are interspersed with anecdotes about the colorful personalities that have shaped Wall Street, from early-20th-century finance titans Andre Meyer of Lazard Freres, and Sidney Weinberg, one of the early drivers behind Goldman Sachs, to present-day moguls Michael Bloomberg and Henry Paulson. Novices as well as industry insiders will find Smith's perspective edifying; his account of Wall Street's history reveals how turbulence and adaptation are hallmarks of the capital markets. (Jan.) Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. Praise for Roy C. SmithOn Adam Smith and the Origins of American Enterprise: How the Founding Fathers Turned to a Great Economist's Writings and Created the American Economy: "It is no coincidence what[so]ever that the nation with the most successful economy the world has known was born the very same year that Adam Smith

published the greatest of all economic books, *The Wealth of Nations*. Roy C. Smith shows, clearly and informatively, how Smithian economics and American politics and entrepreneurship intertwined to produce that wonder called the American economy."--John Steele Gordon, author of *The Great Game* and *The Business of America: Tales from the Marketplace*

On The Global Bankers: "Roy Smith confesses to a twenty-year love affair with global banking. With a combination of a practitioner's insight, a broad perspective, and an engaging style, he explains what a seductive mistress international finance can be - and how it affects the world in which we live." --Paul A. Volcker, former chairman, Federal Reserve

On The Wealth Creators: 5 Success Styles of the Multi-millionaires: "If you've ever wondered how the extra-rich got that way, you will find a great variety of enlightening answers in *The Wealth Creators*. Roy C. Smith writes from an investment banking perspective, and it's the investment bankers who know." --Martin Mayer, author of *The Bankers*

On The Money Wars: The Rise Fall of the Great Buyout Boom of the 1980s: "Smith has written a challenging book that punctures many widely held assumptions about the mergers and acquisitions process." -- *Publisher's Weekly*