Chapter 1

"Deal With It!"

I believe that banking institutions are more dangerous to our liberties than standing armies.

—*Thomas Jefferson*

March 2006.

"Take it, Phil, it's free money," my broker said.

Free money? This is a joke, right? Is this some kind of broker humor? Where's the rim shot? He's never shown much of a penchant for levity. So I asked with complete sincerity, "Are you kidding?"

"Not a joke," my broker replied, sounding as if my skepticism is tweaking his sensitive soul. "I'm trying to get you into auction-rate securities. A *really* good deal," he said in a confidential tone, as if he were handing me a key to a secret treasure. He went on to explain that auction-rate securities are "cash equivalents. Completely liquid. Safe as U.S. Treasury bonds—and with a higher yield."

Cash equivalent? What, exactly, did he mean?

"Like I said, it's just like a money market. You've been trading stocks forever. Don't you get it?"

I'm skeptical. The tricky little catchphrase, "cash equivalent"—it has an odd, not quite tangible ring to it. As far as I'm concerned there's cash, the green "In God We Trust" paper you stuff in your wallet, and *no* real equivalent.

Still skeptical, I ask for a prospectus. This elicits a gruff little chuckle from my broker. His laugh has the indulgent tone of a parent whose toddler asks why the sky is blue.

"Trust me," the broker sighed. He's impatient with my questions.

I hear his cell phone chirping in the background. Seems it is always chirping. The caller must be a VIP, someone with access to my broker's private line.

"Hey, look, I really think I need a prospectus," I persisted. "Do you have one or don't you?"

Now he is annoyed, a bit huffy.

"Yeah, well, I think we do. I'll ask around. It's the size of the Manhattan telephone directory. You up for that kind of reading?"

Long pause. The cell phone is louder now, prodding, as if the gadget is reminding me that its owner has urgent matters to deal with, and that my infantile skepticism, my wanting a prospectus, is getting in the way of him making really big bucks.

"Trust me," the broker repeated, only now he's obviously put out. I half expect him to hit me with something like, *where's the love, man*? "How long have I known you?" he asked. "Have I ever steered you wrong?"

No, not really, and that's because I seldom expect him to rise up like a golden Master of the Universe—a "MOTU," the Polynesian word for a coral atoll or lagoon, typically shark-infested. I have been trading stocks and bonds for decades, in good markets and bad. And throughout this tedious slog through the market I have known only one MOTU. Not the one I'm talking to today. He's merely a hustling salesman, a plain vanilla financial advisor, an FA, an ordinarily well-meaning schlemiel who calls with occasional news of the latest initial public offerings being pushed by his company, A.G. Edwards & Sons. He often puts a sexy spin on those quirky IPOs, for which I pay no fee, though my broker picks up a little undisclosed incentive on the side if he closes the deal. As with his talk of auction-rate securities, he speaks of IPOs in hushed, confidential tones, as if I've been chosen by the gods and am lucky to get my hands on one of those derivative-laden pieces of junk, the vast accumulation of which, on an international scale, eventually delivered us to the "Global Credit Crisis of 2009" and the biggest loss of investor wealth since the Great Depression. But about those auction-rate securities. . . .

"I'm not going to twist your arm," the broker said at last, tiring of my questions. His tone turned slightly hurt, as if he were my dear friend and I was the ingrate. "I can get you a full basis point over anything in money market. Auction-rate securities are completely safe. Completely liquid. Just another form of cash. So—you in or out?" The cell phone is no longer chirping.

"Okay. Do it." It is an act of trust that would come back to haunt me in ways I never could have imagined.

* * *

9 A.M., February 14, 2008, Valentine's Day

I was seated at my computer, prepared to face a day steering my little stock and bond portfolio through yet another storm of manipulated market short selling on Wall Street. Can't say I was looking forward to it. By now I was sweating marathon days and nights. Deep into microanalysis, I was starting to feel like the obsessive gamblers in the pages of *Fools Die*, Mario Puzo's classic novel of life inside a Las Vegas casino. But I was no gambler. Safety was my byword. This was not a time to take big risks.

After almost eight perilous years of the Bush administration's passion for deregulation, I had grown used to the "market guy's" lack of economic smarts and Wall Street's cocktail of greed and corruption. Short sellers were driving the markets into the pits and the regulatory cops were asleep. The Securities and Exchange Commission (SEC) had long ago faded into the zombie zone. Insatiable Wall Street greed and anarchy had begun to erode the broader stock and bond markets, and they were now seeping into the internals of the larger economy.

I tried not to think too much in macro terms. But caught in a 24/7 news cycle, and as a lifelong newsman, I was addicted to a jumbo diet of daily reading. I voraciously consumed business news and opinion from multiple newspapers and magazines, dozens of Internet news and financial wire services, videos, and TV shows. I began to think I was losing it when Jim Cramer of CNBC began to show up in my dreams.

It was clear that an economic storm was brewing. It was more *felt* than actually *seen* in the daily rush of numbers and news stories. I was haunted by an unrelenting sense of an enigmatic presence, shadowy and malign, just waiting to take me and my little portfolio to the woodshed. The bears, who eat small retail investors for breakfast, rallied the short sellers and hedge fund weasels to bet against every company in sight, especially the banks, and in the process were sucking real value out of the economy. No one dared say it, but the market swamis were busy killing capitalism.

Yes, the bears were growling, snarling, gnashing their teeth. Abusive trading behavior was being fueled, even quietly applauded, at the highest levels of government. President Bush, the cowboy market guy, assured us "the fundamentals of our economy are sound," even as the SEC shrugged off Bernie Madoff whistle-blowers and the disturbing fact that the "too big to fail" investment banks, the so-called I-banks, had leveraged their bets to unprecedented levels.

The market action was so furious, so often bewildering, that I had begun to feel like a tightrope walker without a net clutching a copy of the Old Testament in hopes of a higher intervention.

Who wants to think calamity while being warmed in the memory of a once-roaring bull market that lasted from 2002 to 2007. Fixating on the worst might have been the prudent thing to do, up to a point. But the hardcore rigor of negative thinking is often unsettling, likely to confuse the detail-oriented small investor like myself, who wallowed in voluminous research, snapped up stocks on the dips and sold them on the highs, and whose luck brought home steady double-digit gains. Plus, nearly a third of all my stock profits were sitting in those super-safe cash equivalents—those auction-rate securities (ARS). I was okay. *Safe*. That's what I kept telling myself.

In retrospect, the smartest move would have been to cash out. Sell everything. Sock away the gains in safe municipal bonds. Get back to writing full-time, my real profession. Let the market addiction burn itself out. Stick to basics. I was thinking retirement—a retirement I had earned over many years of ups and downs.

I was pondering these options when the phone rang. I could not have known that the calm, paternal voice on the other end of the line was about to turn my life into a living hell.

"We've got a problem." It was my new broker at Wachovia Securities, which had purchased the A.G. Edwards brand. Jim was the savvy guy who had replaced my initial broker, the ARS hustler. His voice was tranquil, devoid of emotion, and I pictured his bulky frame hunched over his Bloomberg Terminal. I imagined he was calling with news of something simple—a computer glitch that had refused to confirm one of my orders. Unlike my first broker, I trusted Jim completely and respected his experience.

"What kind of problem?" I asked.

"It's the auction-rate securities market. It's, uh, well—the auctions are failing."

"Failing?"

"Yeah, well . . ."

"What?"

"Market's frozen," Jim informed me. "For now anyway."

"Frozen! What are you talking about?"

He sucked in his breath and explained the action—or lack of it.

"Not enough bidders out there," he said. "We're getting a lot of auction failures. But the yields are sky high." He explained gleefully that the Port of New York was paying double-digit interest, tax free, to attract new bidders. "Not too shabby," Jim said. "Relax and enjoy it while it lasts."

I pressed for more information.

He explained that liquidity dries up when auctions fail because there aren't enough bidders to make the auctions work properly. Before each auction, ARS investors may sell their holdings, hang on at a specified interest rate, or hold at whatever new rate or dividend is set by the auction. The size of any given auction depends on how many current investors want to sell or hold their so-called cash equivalents at a certain interest rate. What my broker was describing as a liquidity problem had sent bidders heading for the hills, leaving $336 billion in ARS and auction-rate preferred securities in a deep freeze, with an estimated 146,500 investors holding the bag.

"How long is this . . . this freeze going to last?" I wanted to know. Some bonds were paying high penalty interest rates, but what kind of idiot enjoys being informed that he can't get his cash out?

"No telling. Like I said, it's a liquidity thing." The answer was given with a kind of cosmic shrug, an offhand way of saying he had no idea what to expect. When brokers have no answers to pressing questions, you can expect big-time trouble.

The first onset of dizziness hit me like a shot of whiskey. A knot was forming in my gut. I tried to speak but was made temporarily mute by a growing awareness that I was in serious trouble, the kind of awareness that insists on being recognized even when you want it to go away. In those first confusing moments, I felt like a boxer in the ring with an opponent in a fixed fight. The banks were the ringside judges; they held the scorecards, and each one of them had been bribed to score the fight in my opponent's favor.

I had next to no facts on the numbers of bidders at these auctions. I knew the interest and dividends paid out by these suddenly toxic "better than money market" bonds were spiking. This wasn't supposed to happen. How long could this last? As it turned out, my first broker neglected to tell me that many of the ARS bonds were actually long-term debt obligations with maturities of 20, 30, and even 40 years. My ARS, the majority of them, were tied up in 30-year student loan authority bonds—easy to buy but the hardest bonds to sell when the going gets tough. Had I known these bonds carried such long maturities I never would have purchased them.

"Why wasn't I told these are super-long bonds?" I asked, steadying my voice.

Jim hesitated. "I don't know," he said. "Someone should have told you."

"I never received a prospectus. They weren't available . . . presumably."

CNBC's gurus rattled on in the background through my receiver, faint voices making profound statements about the fate of the universe but not a word about an ARS failure. Then I recalled the TV set in Jim's office. It was always on during the trading day.

"Well, I'm a stock guy," he said at last. "I didn't sell you the student loan stuff."

"Stock guy? So what! You locked up plenty of my cash in other auction rates. So I don't get it. You don't know anything, either."

To me, this lame excuse—"I'm a stock guy"—was hardly laughable. By now I was reeling, the second and third invisible whiskey shots were sloshing about in my brain, and not in a good way. Suddenly, the dizzy-woozy disorientation took on a sharp edge of fear.

The majority of my ARS had been sold to me by my former broker. The fact that he was out of my life and working at another brokerage only complicated the situation. Though I didn't know it at the time, among the many things he had neglected to tell me was that if I had moved my account to his current brokerage, along with the student loan bonds I had purchased, there would be no hope at all of redeeming my cash. This was another fact that had never been explained to me until much later, when the crisis began to peak. That first broker purchased my student loan ARS at A.G. Edwards. When he moved to another brokerage he wanted to take my account with him. I refused. He was indignant as only a broker can be, taking on the mantel of the violated, trusted friend. He apparently didn't realize that moving ARS from one brokerage to another doomed the investor.

That initial ARS investment and the others that followed had been described as "safe, cash-equivalent" securities. It had been a word game and I had fallen for it. That Triple A-rated Missouri State Student Loan Authority bond (on the surface, what could be more worthy or benign to a socially conscious investor?) he sold to me was, he swore, "completely liquid" and better than any money market fund I could find. Now this investment, along with other ARS I had purchased for my account, looked like worthless junk. Not that the market failure was my former broker's fault, Jim, my savvy, new stock guy assured me. He assumed an innocent bystander posture, indicating a certain innocence or perhaps embarrassing ignorance. Was I supposed to swallow the belief that all this had occurred overnight; that as an insider, my broker had never gotten word of troubles in the ARS market? And what he did not tell me, and perhaps did not know, was that Wachovia and the rest of the United States' banks and broker-dealers had no intention of ever giving the money back without a fight.

"You need to understand about the liquidity issue," Jim repeated, his words wedging into the grim silence of my shock. "This probably won't last forever." I shouldn't worry too much, he said reassuringly. "Sooner or later, Wall Street always comes up with a fix."

"Fix? What kind of fix? And when? And, by the way, please don't keep hammering on *illiquidity*. I get it already!"

By now I wanted a real shot of booze, something to jolt me into a Hemingway-like posture of bravery, exuding the steely courage the novelist presumably displayed at hearing the first sounds of a lion in the bush. I pressed Jim hard. I insisted on getting answers. What kind of fix was he talking about? Yet I knew instinctively it was a pointless question and a sure sign of my own rising panic. It was silly of me to expect him to play the prophet and come up with firm answers about the future.

"Can't say when we'll get a handle on it," he replied, still calm, still reassuring. Did he know how weak he sounded? Did it matter?

Oh no! I was getting the old cosmic shrug again. Now the grim impulse of the initial shock turned decidedly nasty. The conversation was spinning in circles.

"But you *vouched* for the damned bonds," I insisted. "You made a point of it, said the auction rates were completely *safe*, just another kind of money market—a *better* money market." I waited for Jim's response. All that came back was the sound of his breathing and the chatter of CNBC. "Say something, *damn it*!"

"I've said about all I *can* say. Besides, I'm not supposed to talk about it."

"What?"

"We've been told not to discuss it with clients. Anyway, I don't have much detail. Even if I could talk, I wouldn't know what to say. Not now. Maybe later."

I couldn't believe it. *Didn't* believe it. Wouldn't allow myself to believe it. My brain was in negation mode, retreating and attacking at the same time. It suddenly occurred to me that as a reporter I'd covered many life-altering stories. In the course of a 40-year-long career I'd been attacked by real life pirates; risked my life living and working in a government habitat on the sea floor; been a boxer who knew when it was time to quit; survived a holdup at gun point; was threatened by New Jersey gangsters; once found myself surrounded by sharks in mid-ocean; and, perhaps riskiest of all, I'd been a seat-of-the-pants day trader who, of necessity, did business with all manner of Wall Street creeps.

But this ARS thing was different. I couldn't get my hands on my money, and an arbitrary cone of silence had been imposed on an entire industry. I was livid, dangerously angry; my sense of restraint was spilling away. I could handle all the challenges I'd faced in the past—the sharks, gangsters, gunmen. I had been lucky to maintain control of these situations and had lived to tell about them. But this—this *freeze*, this *silent treatment*—Jim was handing me felt like an act of a malevolent god, a personal economic Katrina that ripped into my reality and threatened my future plans and everything I had worked for. How could this have happened?

Suddenly, a passage from Nassim Nicholas Taleb's book, *The Black Swan*, floated into memory: "Our blindness with respect to randomness, particularly large deviations. . . ." Yes, what you don't or can't see is the thing that will take you down the hardest. *The Black Swan* was pecking at my brains, pummeling the synapses that transmit thought and reason. *You're on the cusp of going broke. You're going broke. . . .*

"Look," Jim's voice crept in, sounding very distant, like a hushed stream of wind on the far side of a distant canyon. "You're going to have to deal with it until we get a handle on the situation."

"Deal with it? What are you, crazy?" I went after him hard about his outlandish silent treatment, the I-can't-talk-about-it mantra. "You're a fucking coward," I said. "You're just following orders, and to hell with your clients. How does it make you feel?" Long silence. "Afraid to talk? I thought you were better than that."

"It's a bad market," he said softly, unwilling to be rattled. "Very ugly."

"You think I don't know that?"

His gratuitous comment was an understatement in a market that served up gut-churning swings and gyrations that had all but killed off old-fashioned buy-and-hold investing, Warren Buffett style. Gone was faith that good companies are immune to destruction by hedge fund manipulation and artificial bubbles. It was no longer possible to make reliable judgments based on economic fundamentals. I had never imagined that *ordinary cash* could be so compromised by market manipulators. Stock prices were constantly manipulated. A healthy company like IBM, despite its great sales and tons of cash, could be crippled by collusive short sellers. But cash? No, I couldn't grasp it. I didn't need my broker to tell me the market of 2008 was in shambles. Who other than the darkest of *Black Swan* devotees imagined that Wall Street was preparing to shut down its own financial gears and become a ward of the state—and at the same time strip you of your cash safety net?

Few outsiders could have foreseen the catastrophic global calamity engineered by Wall Street's wrecking machine. Jim's refusal to discuss the ARS market collapse made it all too clear that the best and the brightest were greedy beyond anything Hollywood had written into the character of Gordon Gekko, the antihero of the film *Wall Street*. In early 2008, when my ARS investments suddenly went into hiding, few had even dreamed a $750-plus-billion taxpayer bailout would be needed to keep the nation's free market banking industry from toppling over a cliff.

I continued to push Jim, desperately trying to get a grip on the situation.

"How can you *not* discuss this? I'm your client. You sold auction-rate securities to me. Plenty of them. Your predecessor told me, 'Take it, it's free money.' It was a lie. Pure bullshit. And now you can't discuss it? You're dumping your professional responsibility?"

"Well, *I* wasn't the guy who said it was free money. That was your *other* broker. And he's gone."

"Neither one of you ever came up with a prospectus. Do you even have one? 'You'd never understand it.' That's the line I got. Well, did you read it?"

"Maybe I can get one."

"Maybe? How fucking reassuring. Like that's going to fix things! How come you never even hinted at the possibility of auction failures? And the other one—Mr. Know-It-All—he's ducked into a foxhole. You sold me other ARS. Both of you pushed yield. And you *made* money pushing them. You didn't know I knew that. It's your little secret, right? By the way," I hissed, "do you have any ARS in your own portfolio?"

Another long pause. "Nope, like I said, I'm a stock guy."

He launched into a gratuitous, if belated, history lesson, explaining that the ARS market had been around for more than two decades and it had always functioned smoothly. He didn't know what he was talking about. I learned too late there had been failed auctions in the past. And I would learn much, much more. Perhaps the most sickening part of my learning curve was that the industry had engaged in a cover-up of a scripted heist.

"Be reasonable," Jim pleaded. "Nobody could have predicted this." He sounded desperate. I wonder if, in my anger, I sounded as pathetic as he did.

"You *must* have had some warning—*that's who*! You should have known. Isn't that your job? Quit ducking behind bullshit," I shouted. "You can't just shut me down. That little ethic you're supposed to follow—that little thing called trust—whatever happened to it?"

"Sorry. You can keep talking, but I can't. I'm not supposed to talk about it."

I wanted information, not excuses. I had made a fair number of commissions for this broker. He owed me. I looked at my hands. They were shaking. Was it rage or fear? When your life is abruptly altered none of the old responses make sense. *Sorry, Mr. Trupp. You're condition is terminal. Sorry, Mr. Trupp, you're broke but there's a chance McDonald's is looking for burger-flippers. Maybe it's just a nightmare. None of this is really happening.*

In retrospect, I suppose I should have been better prepared for the shock. Years earlier, when I first began what amounted to amateur day-trading through a Merrill Lynch branch in Sarasota, Florida, I had come face-to-face with a whole new set of emotions. I'd go from days of virginal profit-rich euphoria to *Texas Chain Saw Massacre*-style fear and loathing. When the bear was busy tearing the limbs off of small investors like me, I'd bolt awake in the middle of the night soaked in sweat brought on by nightmares in which the world's stock exchanges had crumbled and the U.S. government had defaulted on its bonds. *Ruin—it's the darkness at the heart of every serious investor.* These are the horrors of the novice. The ARS shock had the power to fling me back to thoughts of ruin, shame, destruction of hope. We live in hope and die in despair, and illiquid money is nothing but despair. I heard the whirring chain, and unlike my early trading days and sweaty nights, this time it was for real. It is one thing to lose money betting on a stock, it is quite another to be robbed of it, to be fleeced by a Wall Street banking cabal that was beginning to tear itself apart after years of insane risk-taking and malfeasance.

"Look, it's a temporary thing," Jim repeated. "Nothing's forever." He was trying to be a good guy. But between the lines it was clear that he had no firm grasp of the situation. For a moment I actually felt sorry for him. "You get it, right? The markets are hung up. We'll fix it," he said with a kind of clerical unctuousness. He promised to do his best to get my money back. He'd make sure Wachovia's bond desk took care of me. By now, however, his assurances were meaningless. I wanted my cash and I wanted it *now*.

Before I could fling a pent up volley of epithets at him I was muffled from within by a sense of encroaching darkness. I don't know how else to describe it. It was a fear-driven blindness of the psyche. And fury. Plenty of fury. Though I didn't realize it at the time, fury—guided and multiplied—would become my best ally.

I glanced out the window at the stark winter trees crooked against a graying sky. I had always loved winter. Now I felt no love of anything. My wider world was slipping away against that threatening gray sky.

"Do you know what this does to my plans, my life?" I persisted, desperate to undo the tangle of confusion and perhaps prod solid information out of Jim. *Oh, no, you're slipping into a pity trip. Stay mad. Really mad.*

That 30-year maturity on those bonds was beginning to feel like a jail sentence—for life! Silently, patiently, I counted 10 seconds off my watch, sucked in my breath, and tried my best to slow the fist that was pounding inside my chest.

"You sound pretty damned glib," I said, sarcastically. "Like it's nothing. Like it's what you said—a glitch."

Maybe deep down I really did hope Jim was unconcerned. I secretly wanted him to shrug off the news as a mere anomaly that would soon pass and allow me to go on living a normal life. On the verge of panic you are likely to tell yourself all kinds of lies. *All will be put right again . . . Stop it! You're buying into the lie. Stay mad! Fight, goddamn it!*

Politicians like to say genocide is a political problem. Yet on that grim February morning, the Day of Valentines and flowers and gushy love, I was face-to-face with a unique and unexpected paradigm: a form of economic genocide that would take down tens of thousands of innocent investors. A new Ice Age cometh. Clearly Al Gore had it all wrong.

"Relax," Jim pleaded in his easy-going-shit-happens monotone. "The auctions, we'll get 'em back on track."

"Give me a projection. When will they start up?"

"Who knows? Soon. Maybe."

"You say you don't know. You say you didn't see it coming, so don't pretend you see it getting fixed."

"Hey, I don't have a crystal ball."

Safe, Triple-A rated, better than Treasuries, completely liquid. The old sales pitch was running through my head like a sonic loop.

I recalled Hemingway's admonition that every writer needs a foolproof "shit detector." Well, I am a writer, and somehow in the day-to-day shock and awe of the stock market my shit detector had unexpectedly crashed. In the wake of the ARS debacle, my shit detector whirred back to life. I was going to get my money back—or else!

The pressure of the phone against my ear was starting to numb the side of my face. I wanted to scream and curse, wanted to make so much noise and raise so much hell that the reality would go away and allow me to reach the wintery open space of the real world beyond my window. My life was out there—my truth about a respect for security, of rewarded success, love of family, love of freedom. "*Free money*!" How could I have entertained such an idiotic idea?

By now I had slipped over an invisible line. For the foreseeable future I was part of what would become ever-disturbing headline news. Soon the financial writers would be calling the ARS collapse the greatest attempted theft in the history of the world—a $360 billion rip-off that would make the Savings and Loan crisis of the 1980s look like a commonplace street mugging.

Shock, anger, betrayal—the first stages of denial—had me pinned down. Slowly, slowly, a kind of gut-shot motion was clutching at me.

"Try to compartmentalize," Jim suggested. "Deal with it. You aren't the only one who's stuck. It's going to be fine, eventually." Fat chance. My youngest grandchild would be 40 years old by the time the student loan bond matured and got called. Me, I'd be 100!

"Eventually" is a mighty long time. Jim was trying to put a better face on what appeared to be a mass mugging, but he was failing. His hollow reassurances, telling me I wasn't the only one stuck in the mess, merely added to the mix of fury and confusion. It's like telling prisoners they're not alone. *Cheer up. You've got plenty of cellmates. Misery adores company, right*? I doubt jailors get much applause with that line.

"Please don't ever say *eventually* again," I told him. "If you do, I promise you're going to regret it."

More silence on the far end of the line. Out of nowhere a couplet from a Ming Dynasty poem popped into my head: "There are no mutton dumplings for you/No use getting worked up about them."

Very profound. I am not a Ming philosopher. As I mentioned previously, I had made a fair amount in commissions for this broker. Now, in the face of what appeared to be a disaster, he was too business-as-usual, too banal in informing me that my soon-to-be retirement had become merely a distant if not entirely absurd dream; that years of work and thrift, my cautious decision to negotiate the bear traps of the financial markets had come to nothing.

Like the odor of swamp gas, the faint stench of fraud wafted through the telephone line.

"Damn it!" I said, "Do you have any idea how depressing, how humiliating this is?"

Again there was the flickering sound of talking heads from CNBC in the background. Phones rang in adjoining offices at Wachovia. Random scratching sounds filtered through the earpiece.

"Like I said, I can't discuss it," Jim sighed, sick of my ranting. "We're not getting anywhere. I'm sorry, Phil."

Sorry doesn't get you much. *Sorry* isn't an excuse, let alone an explanation. It's crap. A cop-out. It's the Abominable Wall Street Frankenstein handing you your "YOYO" notice—the smirking announcement that says, "Too bad, sucker, You're On Your Own!"

I placed the phone back in its cradle, watched the little red light blinking on the handset, leaned back in my swivel chair, the one my wife Sandy had given me as a birthday present. My body sunk into the cushions like fluid dead weight.

* * *

It was a long time before I was able to lift myself out of the chair, and when at last I did, I was overwhelmed by a passion to fling that lovely gifted red swivel chair out of the window and follow straight behind it two stories below onto the brick patio.

No, no. You can't do it. You have to fight. Besides, two stories isn't enough height to finish you off; and Sandy, your long-suffering wife, will be forced to spend the rest of your savings on medical expenses because of your miserable—and shocking—cowardice.

I didn't know it at the time, but this was the first sign of what would eventually become uncontrollable urges to suicide, a temporary primal urge that would morph into a compulsion.

At this moment of despair, I decided salvation depended on going back to my roots. Words would be my weapon. I turned to the written word and the competitive world of journalism. I rose up professionally as a reporter in the Watergate era, a time when media still believed in holding elected leaders accountable. I would return to those Watergate days of investigative, bare knuckles journalism. I would use words to get my money back—words that in the end might result in justice for all ARS victims.

My model would be Upton Sinclair's *The Jungle*. Sinclair exposed the meatpacking industry run by the old robber barons. He revealed their corruption and disregard for any form of life, human or animal. To my way of thinking, the killing floors of the Chicago meat packing plants were not so far away from the standard model of the New York Stock Exchange or the Wall Street banks. Sinclair demonstrated that unfettered capitalism and idol worship of the marketplace as some kind of all-knowing, self-correcting godhead was a philosophy that reduced the whole of society to an object of exploitation. He exposed a cruelty that few except those blood-soaked workers on the killing floors could have imagined.

Wall Street is no less bloody. No less soulless. The ARS debacle was an indicator of much worse to come. As an investor, I was intellectually aware of this unfortunate truth, but I couldn't admit it, couldn't allow myself to codify it when times were good and my cash looked safe. We had yet to "bust the buck" or bring the entire economy to its knees.

Yet when suddenly herded into the ARS fraud I became just another inconsequential nobody prodded down the financial cattle chute with a one-way ticket to futility. The reality of the killing floor came to the surface. I imagined the force of those big CO_2-powered nail guns used to stun unwitting cattle.

I made up my mind that I was in a battle to the end. The contours of the fight were as yet unclear. Wall Street had conspired with its brokerages to steal billions of investor dollars via an obscure market that was made to seem safe as Grandma's passbook savings account—and they intended to get away with it. No way was I going to cave to this takedown.

There would be frightening, life-altering blows to my body and mind between Valentine's Day 2008 and the end of the fight. "Deal with it," I had been told. Oh, yes. I would deal with it all right, though at the moment I wasn't sure how.

My instinct was to storm Jim's office and demand my money back. Now! I had read *The Godfather*; it was Wall Street's quintessential business model. Still, I couldn't move. I wanted to scream that illiquidity was nothing but slick jive talk from Wachovia, which on that fateful day was the fourth largest bank in the United States. It had the distinction of having written hundreds of millions of dollars worth of junk mortgage paper, and its president, G. Kennedy "Kenny Boy" Thompson, was forced to resign and yet managed to sail unimpeded to the golf tee with a multimillion dollar golden parachute. His departure came in the wake of Wachovia having been caught allegedly laundering drug money, according to an April 2008 front-page story in the *Wall Street Journal*. (Two years later, in a March 15, 2010, story, the *Journal* reported that Wachovia was in talks to settle the drug money charges leveled by the U.S. Justice Department.) In 2005, Wachovia, among other big name banks, was caught up in a scam to betray its elderly depositors by passing out private information to Internet scammers. The story was reported May 23, 2005, by *Information Week* and ConsumerAffairs.com. And now it was the bank's trusty brokers who were incentivized to push ARS paper into their clients' portfolios while ignoring—certainly not *warning* about—problems and auction failures all the way back to 2004. I wanted to trash Jim's office, take a crowbar to the newly redecorated reception area—if only I could find strength to defy gravity and lift myself out of my chair.

At some rational level beneath my rage I understood that violence wouldn't win. I'd wind up holding a one-way ticket to the gray bar hotel.

Frozen money . . . frozen money. My entire being was in revolt. I could see the abyss. In a red haze of tangled emotions I stumbled out of my office and poured myself a full glass of vodka.

It was not yet 10 o'clock in the morning.