

This book review has been published in the IBSAF World (May09 issue) and Welingkar Research Journal (March09 issue)

Book Preview

Title: Confessions of a Wall Street Analyst

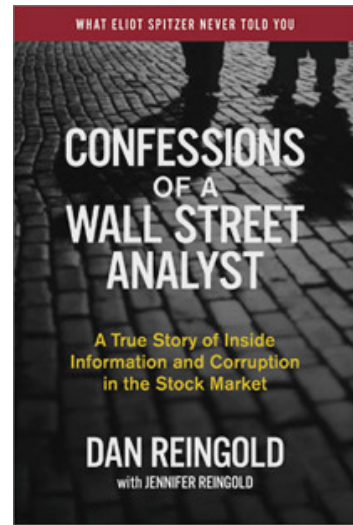
Author: Dan Reingold (with Jennifer Reingold)

Publisher: Harper Collins Publishers

Pages: 348

Price: Rs. 395 (courtesy: Crossword)

Dan Reingold was an analyst covering the telecommunications sector with several top-rung Wall Street firms such as Morgan Stanley, Merrill Lynch, and Credit Suisse First Boston. For most part of his career, he was ranked as number one or two by the *Institutional Investor* magazine.



The book chronicles Dan's experience as a Wall Street analyst over a period of almost a decade and half, covering the telecom industry when that industry went through its most crazily eventful roller-coaster trip. He describes his journey as "one of the most dramatic rides in financial history, having had the fortune of arriving on Wall Street at the beginning of a historical bull market, and the misfortune of leaving when it was in ruins." Dan describes how and why his enthusiasm at the start of his Wall Street journey converted to horror and ultimately disgust by the time his journey concluded.

Set in the most dramatic and, on hind-sight, tragic period of the Wall Street history – the roaring stock market bubbles of the late 1990s – this exciting book highlights how the greedy wall street firms play the high-stake insider games, to the detriment of the common investor. His book attempts to expose the abuses and excesses of an industry that, for a long time, continued to blur the thin line between, and responsibilities of, the two sides – analyst and investment banking – of a Wall Street firm.

Dan details the instances of insider leak of price-sensitive information, influenced (nay conflicted!) research reports and ratings, accounting gimmickries, financial mismanagement and frauds, unethical behaviour, secret deal makings, over optimism complicit employees belittling their fiduciary duties, and so on. Given his area of coverage, these mostly relate to the companies in the telecom sector – WorldCom, Global Crossing, Lucent, AT&T, and the like.

He makes it clear about his belief that there is no level playing field and hence an average individual investor cannot win the stock-market game, which belongs to the insiders ("It's an insider's world, and it always will be."). He even goes on to suggest that individual investors should not be investing in individual stocks.

Dan devotes special attention and a couple of chapters to Jack Grubman, the now infamous telecom analyst, who was his main adversary during a major duration in his career as an analyst covering the then red-hot telecom industry.

The author then analyses the ills plaguing the wall-street structure and culture. He does not spare even the SEC, clearly opining that the SEC did not do enough to prevent and avoid the mis-happenings, though it clearly had the knowledge of the going on, and could have proactively avoided it. He then proceeds to provide his thoughts on some modest and simple, yet valuable, policy prescriptions on the ways and means to prevent such conflicts.

Written in a first person narrative, this gripping behind-the-scenes tale account of a Wall Street analyst makes for excellent reading. Interestingly, the author's proceeds from this book are being donated to charity.