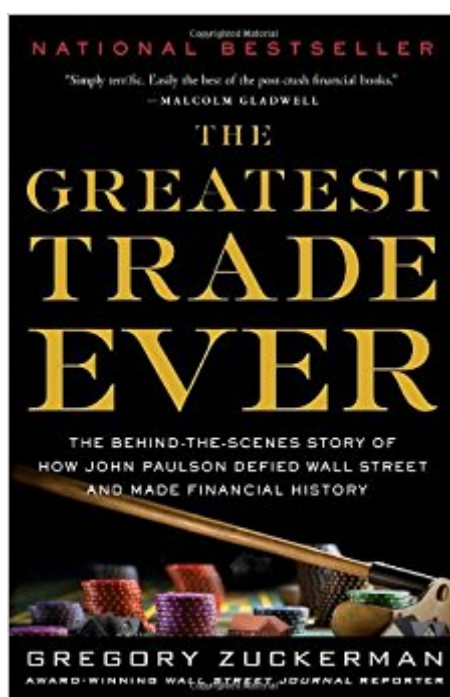


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# The Greatest Trade Ever: The Behind-the-Scenes Story Of How John Paulson Defied Wall Street And Made Financial History



## Synopsis

In 2006, hedge fund manager John Paulson realized something few others suspected--that the housing market and the value of subprime mortgages were grossly inflated and headed for a major fall. Paulson's background was in mergers and acquisitions, however, and he knew little about real estate or how to wager against housing. He had spent a career as an also-ran on Wall Street. But Paulson was convinced this was his chance to make his mark. He just wasn't sure how to do it. Colleagues at investment banks scoffed at him and investors dismissed him. Even pros skeptical about housing shied away from the complicated derivative investments that Paulson was just learning about. But Paulson and a handful of renegade investors such as Jeffrey Greene and Michael Burry began to bet heavily against risky mortgages and precarious financial companies. Timing is everything, though. Initially, Paulson and the others lost tens of millions of dollars as real estate and stocks continued to soar. Rather than back down, however, Paulson redoubled his bets, putting his hedge fund and his reputation on the line. In the summer of 2007, the markets began to implode, bringing Paulson early profits, but also sparking efforts to rescue real estate and derail him. By year's end, though, John Paulson had pulled off the greatest trade in financial history, earning more than \$15 billion for his firm--a figure that dwarfed George Soros's billion-dollar currency trade in 1992. Paulson made billions more in 2008 by transforming his gutsy move. Some of the underdog investors who attempted the daring trade also reaped fortunes. But others who got the timing wrong met devastating failure, discovering that being early and right wasn't nearly enough. Written by the prizewinning reporter who broke the story in The Wall Street Journal, *The Greatest Trade Ever* is a superbly written, fast-paced, behind-the-scenes narrative of how a contrarian foresaw an escalating financial crisis--that outwitted Chuck Prince, Stanley O'Neal, Richard Fuld, and Wall Street's titans--to make financial history. From the Hardcover edition.

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## Customer Reviews

This book is a 30k foot level view of the financial crisis, poorly conceived, poorly executed. I've read just about all of Michael Lewis's books and articles covering the financial crisis, and he did a piece for Portfolio Mag. before it went under about the same topic. By the end of that article I was on the edge of my seat because he took you INTO the action, you were sitting there making a trade. I still remember Lewis's description of the traders in his article sitting in Sept. 08, shaking, watching traders leave the NY Stock exchange, knowing what they'd just pulled off. Anyway, compare that to this... the whole thing is written with an air of naivete and awestruck envy, like as if Zuckerman asked Paulson to put together a roundup of his accomplishments so the former could introduce the latter at a cocktail party or something, or Zuckerman wants to get invited to the big "bashes" he continually says Paulson hosts. Zuckerman also loses credibility throughout the book. For example, on page 72, Zuckerman discusses Paulson's first foray into Credit Default Swaps (CDSes). After making a \$500k bet, to insure \$100 million, he writes "Soon their position faced some small losses. They discovered that the value of CDS protection falls as the underlying debt gets closer to maturity." OK, really? Zuckerman expects me to believe that they didn't know this? Paulson and co had been playing in derivative markets for decades, and this is standard behavior of most, perhaps all, date-based derivatives, and I think I learned this in my undergrad finance course the first week. Zuckerman gradually loses credibility like this the whole book until @ the end we wonder if he really knows what he's writing about. Another example of the just strange reporting (p.

For those looking to understand the primary events that led up to the housing bubble's collapse, THE GREATEST TRADE EVER is a fine primer. For those interested in learning how John Paulson's hedge fund, as well as a handful of other investors, were able to execute trades to take advantage of its precipitous fall and earn record breaking profits, it is a fascinating read. However as a biographical work or cohesive narrative, it falls short. The dust jacket bills the book as part Grisham-esque examination of the colorful characters who found a way to short the housing market, part financial journalism, and part a historical narrative of the financial apocalypse of 2005-2009. Of those, it succeeds best at the last, aptly chronicling the rise of 'cheap money' (easy credit for banks and individuals), exuberant homeowners convinced their houses were bank accounts, greedy

lenders, dishonest professionals along the way, and the highly educated morons at the top of many Wall Street firms that enabled things to get way out of hand (not to mention Congress failing to curtail predatory lending practices). As a work of biography, it is very herky-jerky with meaningless details masquerading as insight into Paulson and a few others seeking to profit from the housing bubble's collapse. The problem is not with the source material; each of the individuals is on the surface captivating: a doctor with Asperger's syndrome who drops out of the medical field to start a hedge fund, a struggling young business graduate with prescience but no funding, an Italian ex-patriot full of bravado and confidence but little to show for it, and then Paulson himself: the undervalued Chess Master who pulls off the greatest Coup d'État in the history of trading.

i was sold on this book from the editorial reviews. 2 days later after finishing im lost as to the purpose of the book. a list of what this book is NOT: -examination of greater market environment at the time -expose of the mechanics behind the 'greatest trade ever' -romanticism of the trading and the players' lifestyles it is not an economics text, nor a technical text, nor a drama of personal intrigue. rather it is a shallow effort of all 3 that very much READS DRYLY like a ticker-tape stock quote. the book repeats the story of different market players, starting with multiple (extraneous) layers of their family life through their business life and to the aftermath of the subprime meltdown. within this framework of repetition zuckerman belabors the same points: (1) these guys are associated via alumni or social networks and (2) and movement in product XXX correlates to YYY effects to their portfolio; did he intend to offend readers' intelligence or simply to make filler? (and the answer seems is likely both) the background of these subjects, presumably for their characterization, is presented as an absolute BORE. little anecdotes from their lives are written in such a empty, matter-of-factly way to the point of senselessness and AWKWARDNESS. imagine your pub conversation when a hilarious event is told by a friend with absolutely no skill in story-telling. to the point, though -- the greatest trade ever -- whether the truth or an injustice by zuckerman, the players are NOT conveyed as geniuses with high business acumen. there is no "angle". the whole REDUCTIVE "play"\* was a few people who believed the housing market to be a bubble and bought insurance against the fulfillment of mortgages... and they bought lots of it.

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