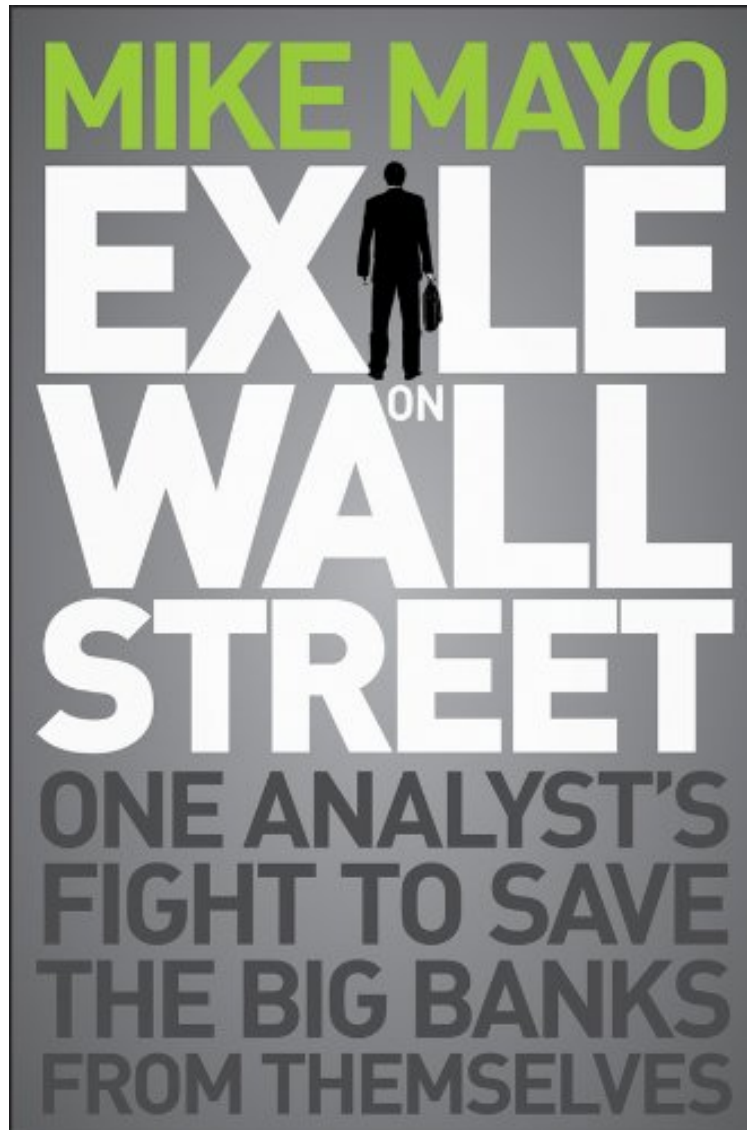


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## Exile on Wall Street: One Analyst's Fight to Save the Big Banks from Themselves

Mike Mayo

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**Mike Mayo : Exile on Wall Street: One Analyst's Fight to Save the Big Banks from Themselves** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Exile on Wall Street: One Analyst's Fight to Save the Big Banks from Themselves:

0 of 0 people found the following review helpful. The irony is that the author just recently stated in public that he's happy about the current banking system. By Fang Jin I would suggest the author publish this book in novel section, not because the material isn't true, but the way author wrote them in the most sensible way. It almost made me feel this

book is about how a kid doesn't fit one type of work and still trying to prove to the rest of the world that he can do it right his own way. The book didn't mention the cause of the financial system, and he doesn't know it. He just plainly stated the fact that he observed in his daily work while working with Fed and Banks. From this perspective, the book is interesting, but nothing else. You can actually get this information hoping on the /Netflix and search "Short", and I'm sure you can start to find a lot more interesting stuff there. The irony is that the author just recently stated in public that he's happy about the current banking system, and seems to me now he finds it home in the banking industry. To be honest, I found this really amusing. In the context of the financial system, the author seems to be a dummy or clown that anything can pull the string and make certain things work. There's nothing fundamental that the author learned from all these years if you ask me. I'm not here to insult him, instead, I just want to say, in order to change things, you need to understand the fundamental and then practice the way to adjust the fundamental. Wining about it leads you nowhere, actually almost certain, it'll lead you to where you start. Stating that you are riding a bubble is one thing, be able to change it is another thing.

9 of 9 people found the following review helpful. A very basic intro to 'the sell side problem' By Mark F. Pfeifer Exile on Wall Street is an easy reading introduction to the world of the (sell side) Wall Street analyst over the past twenty years, both for those starting out (or wanting to) in the business and for readers interested in a valuable 'how the world really works' addition to their investment reading. I would not recommend it for industry professionals who are already all too familiar with the issues and challenges at hand. As a risk manager and analyst who has been evaluating financial institutions for twenty years, I found the book a welcome addition to a wide body of work, from Liar's Poker and Barbarians at the Gates to The Big Short. On the other hand, I was hoping for a wider range of anecdotes and incidents supporting Mike's underlying thesis: how difficult their employer makes it for a sell side analyst to be professional and objective in evaluating a company for investors, especially where bad news is concerned. In particular the underlying revenue driven reasons why and the complexity and contradictions of the business model. As an internal cop who rarely had to bother with placating the management of companies I was analyzing my approach is more reflective of Steve Eisman's adage: Always assume they are lying to you. Perhaps because of his early experience he describes working at the Fed, Mike has what I view as an overly evolved regard for regulators and the Fed. In particular, like a previous reviewer I would remind Mike that the Too Big To Fail doctrine was first established by the bailout of Continental Illinois in 1984, with the approval of then chairman Paul Volcker, a man some of us refer to as the General Grant of central bankers. It's not meant as a compliment. As the partner who had to face an electorate, Reagan both supported Volcker in public and took the brunt of the fallout from the brutal recession that resulted from the 'death to inflation at all costs' policy at the Fed. The regulators historical track record going back forty years plus is more tarnished than he implies, though there were heroes like the late Bill Seidman and the heroic and currently besieged Ed DeMarco who prove his point. Throughout the book he seems to evince a touching naivety in the rectitude and capabilities of both regulations and regulators that I find perplexing. Based on the evidence that he alone presents, Mike should know that Sarbanes-Oxley was a waste of time and effort. If he had ever visited the unglamorous bowels of a bank or broker, he might have more sympathy for the thousands of people in IT, Operations, Audit, Compliance, Risk and other functions who waste week upon week meeting the mind numbing paperwork requirements for these laws when they could be doing their jobs. And to what end? MF Global. And Dodd Frank is likely to prove far worse. Because Mike is basically what is referred to as 'Front Office,' I don't necessarily fault him for this omission. Mike points out rightly that not a single executive who ran one of these banks into the ground has gone to jail, and that most of the culprits who failed the country and investor community are either still in place or have moved up the food chain. Along with the 'titans of industry' I would suggest another Exhibit A: Tim Geithner. Meanwhile, the SEC was handed Madoff and Sanford on a platter, and did nothing. The author is another in a long line of those who lament the role of the repeal of Glass-Steagall as an enabler in the crisis. We have yet to see a single major example of exactly how the repeal of Glass-Steagall led to the failure of a financial institution, either on the IB side (Bear, Lehman, Merrill) or commercial bank side (WaMu, Countrywide, IndyMac, Wachovia, Nat City). Despite the lack of empirical evidence, this baseless canard continues to pollute the debate over how to fix a broken TBTF system. And by the way, the only result of the so-called Volcker rule will be to produce entities such as, oh say, Long Term Capital Management (r.i.p. 1998), the TBTF hedge fund that last took us to the edge of the cliff. And Glass-Steagall prevented this how? But these are matters about which respectable analysts will differ based on their experiences. Nevertheless I have tremendous respect for Mike for pointing out one of the key, if not major flaw in Wall Street research that still haunts us twelve years after the research settlement: the lack of objective research and the willingness to apply a sell rating or call a dog a dog. But the author is also honest enough to acknowledge those cases where he dropped the ball, as in the case of Lehman. In his defense, who didn't? The uninitiated will find a few valuable insights here as to how the world works and how deals get done, not just in the financial services industry. I cannot overemphasize the importance of this lesson for new entrants into the business and potential investors and suggest more advanced reading. Another sad but tragic truth about getting into the business is described early on as we read about Mike's epic struggle to get hired by an elitist culture that is all too willing to hand the job to the person with the right school credentials, rather than the fundamental, technical and ethical chops to do the job as it should be done. Mike touches on several intractable problems best summed up under the rubric of conflict of interest. If sell side

analysts, auditors and rating agencies all operate under some kind of conflict of interest in that they are paid by the very executives who they are evaluating, that calls into question the very infrastructure upon which efficient markets and investors depend for decision making. And the author rightly identifies it as a major impediment to a cleansing and repair of the system. In contrast to other reviewers, I wish to emphasize that there is a difference between conflict of interest and corruption. Buyer beware. Exile is largely focused on the financial analysis and Machiavellian workings of the I-banks and big banks themselves. For a fuller and more complete understanding of the roots and evolution of the housing crisis itself and how it infected the financial system, the reader should pick up Gretchen Morgenson and Joshua Rosner's superb Reckless Endangerment. (In addition, they name the guilty - in detail.) Then go read The Big Short, by Lewis. Frankly, his two chapters covering Citi alone are a pretty good read, covering not only the past few years but offering a short survey of the company's history as 'the Zelig of financial recklessness.' Priceless (sorry, I disagree with a previous reviewer on this subject. Examples are always useful to prove a more general point, and there is no finer example than Citi.). It surprised even me to read that in 2008, a year in which one of the 'leading financial institutions in the world' was cited not once but twice by two separate regulators for having inadequate risk management systems, saw its net worth go to zero, and was on its way to implosion and repossession by the taxpayers yet again, the CEO was paid \$38 million. Indeed here the author seems to second my own view regarding useless regulations when he writes: "If Sarbanes Oxley does not apply here, then it's not clear when it would apply, or what the hundreds of millions of dollars spent on compliance efforts by Citi and other public companies is actually supposed to accomplish." Bingo. Near the end, the author offers some very basic suggestions to policy makers that could go some way toward improving the transparency and accuracy of the financial information analysts and investors could use to better evaluate the industry. Frankly, I think some of them ring a bit naive and simplistic even based on the evidence he alone has just offered, but we have to start somewhere. Even better, he also nominates a bank that shines a light on how to do it right: MT in Buffalo. Anybody in Washington listening? I have little doubt that, had he been retired instead of still working on the street, Mike would have pulled the trigger for the other barrel and produced a fuller book. I look forward to it when the day comes. Mike Mayo is a superior financial analyst who has produced a readable and valuable contribution to what seems like our never ending debate over the Gordian Knot of Wall Street reform. As this week's news about the recent IPO Groupon suggests, there is still so much more of his work left to do. 2 of 2 people found the following review helpful. A good read for ones interested in banking and the 2008 market crises. By Floating Apex I purchased this autobiography / history of banking by Mike Mayo because of his recent fame as one of the few (maybe the only one) bank analysts who foresaw and tried to warn about the mortgage backed securities crisis. It was worth the money to purchase the book and the time to read it. It is an easy read. The sentences flow smoothly from one to the next, and Mr. Mayo avoids overuse of banking vernacular that usually makes one's eyes glaze over. When he did, necessarily, introduce financial terms not commonly used by the public, he would provide analogies from sports and everyday life to explain them. Mr. Mayo, and his parents before him, have had interesting life experiences which he inserts periodically into this work. His modesty and self-effacing anecdotes are a welcome pleasure, as well. If one wants to "get into the weeds" about the causes of the 2008 banking crises, this book is an excellent primer. jav

An insider points out the holes that still exist on Wall Street and in the banking system Exile on Wall Street is a gripping read for anyone with an interest in business and finance, U.S. capitalism, the future of banking, and the root causes of the financial meltdown. Award winning, veteran sell side Wall Street analyst Mike Mayo writes about one of the biggest financial and political issues of our time — the role of finance and banks in the US. He has worked at six Wall Street firms, analyzing banks and protesting against bad practices for two decades. In Exile on Wall Street, Mayo: Lays out practices that have diminished capitalism and the banking sector

Mike Mayo is an old-style bank analyst — thorough, independent, honest — who never pulls his punches, whatever icons, public or private, may be wounded." — Paul A. Volcker, former chairman of the Federal Reserve "Exile on Wall Street offers Wall Street's rarest commodity: the truth about our nation's largest banks and how they almost toppled capitalism. If you want to know the sickening truth about the largest banks, read Mike Mayo's expose — acute." — Harry Markopolos, author of No One Would Listen "Mike Mayo is one of the best financial analysts on Wall Street. He brings clarity to a world full of uncertainty." — Maria Bartiromo, leading financial commentator "Mike has long advocated for the investor. If only directors of business corporations with the legal and moral obligation to their shareholder base would emulate his diligence on their behalf, then good corporate governance would be restored. Every public company director ought read his book!" — Thomas Garrett, ex-CEO of National Commerce bank and an ex-director of SunTrust From the Inside Flap From Mike Mayo, the star banking analyst once nicknamed the "CEO killer," comes Exile on Wall Street: One Analyst's Fight to Save the Big Banks from Themselves, the true story of a man who dared to speak out against the status quo on The Street. The book centers around one truth: the financial crisis hasn't changed a thing. Chronicling Mayo's time working first for the Federal Reserve in Washington and then with many of the biggest banks in the world, the book is packed with

outrageous adventures—;from management escorting him out of the Lehman Brothers building to getting fired from Credit Suisse for putting a sell rating on the entire banking sector to being banned from speaking to the media by Deutsche Bank because of his "negative" views. Wall Street has been playing dirty for years, and Mayo analyzes the fallout stemming from the market crash, pointing out the numerous holes that still exist in the system. Offering a remarkable look at the behind-the-scenes machinations of the biggest financial institutions, *Exile on Wall Street* is a gripping read for anyone with an interest in business and finance, U.S. capitalism, the future of banking, and the root causes of the financial meltdown. It is also an invaluable resource for bankers, finance practitioners, and other industry professionals.