PROFILES OF IMPORTANT COMPANIES & PEOPLE

- **“The Birthday Party: How Stephen Schwarzman became private equity’s designated villain.” by James B. Stewart**
  - http://www.newyorker.com/magazine/2008/02/11/the-birthday-party-2

  - “Despite the 1987 crash, the ensuing collapse of the junk-bond market, and the recession, the nineteen-nineties were the beginning of a golden age for private equity. As with leveraged buyouts, the power of private equity, and the wellspring of its remarkable profits, is leverage—the use of borrowed money. The private-equity fund raises capital from rich investors, often pension funds or large institutions. (The fund is ‘private’ in that only invited investors are allowed to participate.) It uses the capital to buy an asset, typically a publicly traded company or a unit of a publicly traded company; restructures it financially to add layers of debt; manages it aggressively to cut costs and boost cash flow; then, after five to seven years, pays off the debt and resells the company or relaunches it on the public markets at an enormous profit. The power of leverage is vast: if you invest ten dollars in an asset and sell it a year later for twelve, you have earned twenty per cent. If you invest one dollar, borrow nine, pay a dollar in interest on the debt (an eleven-per-cent rate), and sell the asset for the same twelve dollars, your return is one hundred per cent.”

  - “On June 12th, Blackstone added the details that everyone on Wall Street had been waiting for: how much Schwarzman would make in the deal and how much of the firm he and Peterson owned. The prospectus disclosed that Schwarzman would take out $677.2 million from the offering and would retain a twenty-four-per-cent ownership stake, valued at nearly $8 billion, at the expected thirty-dollar-a-share offering price…. ‘You have no idea what an impression this made on Wall Street,’ a friend of Schwarzman’s who works at another bank says. ‘You have all these guys who have spent their entire lives working just as hard to make twenty million. Sure, that’s a lot of money, but then Schwarzman turns around and, seemingly overnight, has eight billion.’
    Two days later, the Wall Street Journal ran a front-page story, by Monica Langley and Henny Sender, that recapped the now notorious birthday party, and quoted Schwarzman’s Palm Beach chef, who said that Schwarzman dined on four-hundred-dollar stone crabs and complained about an employee’s shoes because he found the squeak of their rubber soles distracting. The article quoted Schwarzman saying that his business philosophy is ‘I want war—not a series of skirmishes’ and ‘I always think of what will kill off the other bidder.’
    Schwarzman was wounded by the Journal article, which, he noted defensively, didn’t mention that he had sent the chef’s daughter to summer schools at Harvard and Yale and kept the chef on his payroll while he was undergoing treatments for cancer.

The combination of self-indulgence, seeming disregard for those less privileged, and militant hostility toward rivals inflamed many on Wall Street who were already envious of Schwarzman's record and the additional fortune that he was about to gain.
On June 22nd, the opening day of trading, Blackstone shares reached a high of thirty-eight dollars. On a day that should have been the pinnacle of Schwarzman's career, with an achievement likely to earn him a place among such figures of finance as J. P. Morgan and Andrew Carnegie, Schwarzman stayed away from the Stock Exchange and didn't ring the traditional closing bell, apprehensive about further unflattering publicity.
He had no plans for that night. His wife was on a long-scheduled African safari. He worked until after 8 P.M., then returned to his apartment and had dinner in the library, in front of the TV. He wanted to escape, perhaps with an episode of 'CSI.' He clicked on the remote, and stumbled onto a live panel discussion on CNBC about him and the Blackstone offering.
'I stared at this in complete amazement,' Schwarzman said. 'All I wanted was a normal private moment in front of the TV. I thought it was all over.' He sat for about ten minutes before turning the TV off, feeling odd and alone."

- 'How does it feel? Unattractive. No thinking person wants to be reduced to a caricature.'
He continued, 'Why did this happen? We went public in June, 2007, at the top of a giant bull market, with a society undergoing rapid change. Globalization. Job dislocation. Middle-class anxiety. Private equity is seen as a symbol of the people who are prospering from a world in flux. That's a lightning-rod situation.'
He said that 'plenty of people' had tried to advise him on how extremely rich people are expected to behave—the charitable activities, the good works, the donations. 'But you know what?" he said. "I don't feel like a wealthy person. Other people think of me as a wealthy person, but I don't. I feel the same as when I was a fifth-year associate trying to make partner at Lehman Brothers. I haven't changed. I still think of Blackstone as a small firm. We have to prove ourselves in every deal. Every piece of paper is important. I'm always still trying.'
Schwarzman told me that in 1993, at forty-six, he was found to have a rare blood-protein deficiency that put him at risk of a blood clot or embolism, a condition that had killed his grandfather at the same age. He is tested every few weeks and takes a pill each day, which he says should help guarantee him a normal life span. Still, "it's a reminder that life is fleeting," he said. "Every day should be a good day. People fool themselves that they'll be here forever. I get a daily wake-up call that that's not true. We have limited time, and we have to maximize it. Live life intensely—I've always believed in that. I'm happy to be here. I was happy to make it to sixty. That's the simple reason for the birthday party."

- **“What happens when 3G Capital buys your company” by Daniel Roberts**
  - http://fortune.com/2015/03/25/3g-capital-heinz-kraft-buffett/
  - “To hear Jorge Paulo Lemann describe the corporate philosophy of private-equity group 3G Capital, you’d think he was talking about running a marathon: ‘You’re running, you’re always close to a limit, you’re working very hard and being evaluated all the time.’”
  - “So, what can Kraft employees expect next? First: widespread layoffs, lower budgets, new levels of austerity, and a shift in the corporate culture. And then, for shareholders: profit.”
- **“Profits for Buyout Firms as Company Debt Soared” by Julie Creswell**
  - http://www.nytimes.com/2009/10/05/business/economy/05simmons.html?dbk
  - “Every step along the way, the buyers put [mattress company] Simmons deeper into debt. The financiers borrowed more and more money to pay ever higher prices for the company, enabling each previous owner to cash out profitably.
    But the load weighed down an otherwise healthy company. Today, Simmons owes $1.3 billion, compared with just $164 million in 1991, when it began to become a Wall Street version of ‘Flip This House.’
    In many ways, what private equity firms did at Simmons, and scores of other companies like it, mimicked the subprime mortgage boom. Fueled by easy money, not only from banks but also endowments and pension funds, buyout kings like THL [Thomas H. Lee Partners] upended the old order on Wall Street. It was, they said, the Golden Age of private equity — nothing less than a new era of capitalism.
    These private investors were able to buy companies like Simmons with borrowed money and put down relatively little of their own cash. Then, not long after, they often borrowed even more money, using the company’s assets as collateral — just like home buyers who took out home equity loans on top of their first mortgages. For the financiers, the rewards were enormous.
  - “‘From my experience, none of the private equity firms were building a brand for the future,’ said Robert Hellyer, Simmons’s former president, who worked for several of the private equity buyers before being asked to leave the company in 2005. ‘Plus, the mind-set was, since the money was practically free, why not leverage the company to the maximum?’”
  - “‘We’re in a brave new world,’ he said. ‘We can’t go back to where we were, at least not in this investment cycle, and probably not in my career.’”

MITT ROMNEY AND BAIN CAPITAL

An inspiration for HKK Management

- **“After a Romney Deal, Profits and Then Layoffs” by Michael Barbaro**
  - http://www.nytimes.com/2011/11/13/us/politics/after-mitt-romney-deal-company-showed-profits-and-then-layoffs.html

  - “Bain and a small group of investors bought Dade in 1994 with mostly borrowed money, limiting their risk. They extracted cash from the company at almost every turn — paying themselves nearly $100 million in fees, first for buying the company and then for helping to run it. Later, just after Mr. Romney stepped down from his role, Bain took $242 million out of the business in a transaction that, according to bankruptcy documents and several former Dade officials, weakened the company.
    Even some people who benefited from that payday and found it reasonable at the time now question it. ‘You would have to say, looking back, that it was too large, because it pushed us into bankruptcy,’ said Robert W. Brightfelt, a former Dade president who collected more than $1 million.’”

  - ”Bain impressed Baxter’s management with its vision for how to fix the ailing business. Mr. Romney, who began Bain Capital in 1983, prided himself on turning around companies like Dade — not just polishing them for sale, as their quick-buck Wall Street colleagues did.
    It was the Bain Way, reflecting the firm’s roots as a spinoff of the venerable consulting firm where Mr. Romney had been a star performer, Bain & Company. At age 36, Mr. Romney was asked by the founder, William W. Bain Jr., to jump into the relatively new, risky and extraordinarily profitable business of private equity.
    The idea was tantalizing: raise money from a pool of investors, like wealthy families and public pensions; buy a struggling company using a small amount of cash and a lot of financed debt; improve its operations; and then sell it for a profit.”

- **“How Mitt Romney’s Firm Transformed A Struggling Company, In 5 Steps” by Zoe Chance**
  - http://www.npr.org/sections/money/2012/02/23/147289259/how-mitt-romneys-firm-transformed-a-struggling-company-in-5-steps

- **“Greed and Debt: The True Story of Mitt Romney and Bain Capital” by Matt Taibbi**
  - http://www.rollingstone.com/politics/news/greed-and-debt-the-true-story-of-mitt-romney-and-bain-capital-20120829

  - “Everyone knows that [Mitt Romney] is fantastically rich, having scored great success, the legend goes, as a ‘turnaround specialist,’ a shrewd financial operator who revived moribund companies as a high-priced consultant for a storied Wall Street private equity firm. But what most voters don't know is the way Mitt Romney actually made his fortune: by borrowing vast sums of money that other people were forced to pay back.”

- “Mitt Romney, it turns out, is the perfect frontman for Wall Street's greed revolution. He's not a two-bit, shifty-eyed huckster like Lloyd Blankfein. He's not a sighing, eye-rolling, arrogant jerkwad like Jamie Dimon. But Mitt believes the same things those guys believe: He's been right with them on the front lines of the financialization revolution, a decades-long campaign in which the old, simple, let's-make-stuff-and-sell-it manufacturing economy was replaced with a new, highly complex, let's-take-stuff-and-trash-it financial economy. Instead of cars and airplanes, we built swaps, CDOs and other toxic financial products. Instead of building new companies from the ground up, we took out massive bank loans and used them to acquire existing firms, liquidating every asset in sight and leaving the target companies holding the note. The new borrow-and-conquer economy was morally sanctified by an almost religious faith in the grossly euphemistic concept of "creative destruction," and amounted to a total abdication of collective responsibility by America's rich, whose new thing was making assloads of money in ever-shorter campaigns of economic conquest, sending the proceeds offshore, and shrugging as the great towns and factories their parents and grandparents built were shuttered and boarded up, crushed by a true prairie fire of debt.”

- “When an LBO is done without the consent of the target, it's called a hostile takeover; such thrilling acts of corporate piracy were made legend in the Eighties, most notably the 1988 attack by notorious corporate raiders Kohlberg Kravis Roberts against RJR Nabisco, a deal memorialized in the book *Barbarians at the Gate*.
  Romney and Bain avoided the hostile approach, preferring to secure the cooperation of their takeover targets by buying off a company's management with lucrative bonuses. Once management is on board, the rest is just math. So if the target company is worth $500 million, Bain might put down $20 million of its own cash, then borrow $350 million from an investment bank to take over a controlling stake.
  But here's the catch. When Bain borrows all of that money from the bank, it's the target company that ends up on the hook for all of the debt.
  Now your troubled firm – let's say you make tricycles in Alabama – has been taken over by a bunch of slick Wall Street dudes who kicked in as little as five percent as a down payment. So in addition to whatever problems you had before, Tricycle Inc. now owes Goldman or Citigroup $350 million. With all that new debt service to pay, the company's bottom line is suddenly untenable: You almost have to start firing people immediately just to get your costs down to a manageable level.
  ‘That interest,’ says Lynn Turner, former chief accountant of the Securities and Exchange Commission, ‘just sucks the profit out of the company.’
  Fortunately, the geniuses at Bain who now run the place are there to help tell you whom to fire. And for the service it performs cutting your company's costs to help you pay off

the massive debt that it, Bain, saddled your company with in the first place, Bain naturally charges a management fee, typically millions of dollars a year. So Tricycle Inc. now has two gigantic new burdens it never had before Bain Capital stepped into the picture: tens of millions in annual debt service, and millions more in ‘management fees.’ Since the initial acquisition of Tricycle Inc. was probably greased by promising the company's upper management lucrative bonuses, all that pain inevitably comes out of just one place: the benefits and payroll of the hourly workforce.

Once all that debt is added, one of two things can happen. The company can fire workers and slash benefits to pay off all its new obligations to Goldman Sachs and Bain, leaving it ripe to be resold by Bain at a huge profit. Or it can go bankrupt – this happens after about seven percent of all private equity buyouts – leaving behind one or more shuttered factory towns. Either way, Bain wins. By power-sucking cash value from even the most rapidly dying firms, private equity raiders like Bain almost always get their cash out before a target goes belly up.

This business model wasn't really ‘helping,’ of course – and it wasn't new. Fans of mob movies will recognize what's known as the "bust-out," in which a gangster takes over a restaurant or sporting goods store and then monetizes his investment by running up giant debts on the company's credit line. (Think Paulie buying all those cases of Cutty Sark in *Goodfellas*.) When the note comes due, the mobster simply torches the restaurant and collects the insurance money. Reduced to their most basic level, the leveraged buyouts engineered by Romney followed exactly the same business model. ‘It's the bust-out,’ one Wall Street trader says with a laugh. ‘That's all it is.’”

- “‘The objective of the LBO business is maximizing returns for investors.’”

- “‘The dividend recap is like borrowing someone else's credit card to take out a cash advance, and then leaving them to pay it off,’ says Heather Slavkin Corzo, who monitors private equity takeovers as the senior legal policy adviser for the AFL-CIO.

  Bain ended up earning a return of at least 370 percent on the deal, while KB Toys fell into bankruptcy, saddled with millions in debt. KB's former parent company, Big Lots, alleged in bankruptcy court that Bain's ‘unjustified’ return on the dividend recap was actually ‘900 percent in a mere 16 months.’ Patnode, by contrast, was fired in December 2008, after almost four decades on the job. Like other employees, he didn't get a single day's severance.”

- “But the way Romney most directly owes his success to the government is through the structure of the tax code. The entire business of leveraged buyouts wouldn't be possible without a provision in the federal code that allows companies like Bain to deduct the interest on the debt they use to acquire and loot their targets. This is the same universally beloved tax deduction you can use to write off your mortgage interest payments…”

- **“The Truth About Bain: Inside the House That Mitt Built” by Daniel Fisher**
    - http://www.forbes.com/sites/danielfisher/2012/10/03/the-truth-about-bain/#128e12527d0f
    - “Romney built a team of dealmakers who mostly resembled him–young, many of them Harvard Business School graduates–who focused on rigorous analysis instead of investment-banking tricks like loading a target with debt so it could spit out a quick dividend (‘Getting your bait back,’ in private equity lingo, though Bain is not immune to this).
      For two decades it worked, spectacularly well. Bain Capital backed Staples, for example, after executives there determined that small businesses would patronize large stores carrying all their office supplies in one place. Staples returned 5.75 times Bain’s investment. Bain’s exits logged a staggering 173% annual internal rate of return through the end of 1999, when Romney stopped his day-to-day work to head the struggling Winter Olympics in Salt Lake City.”
    - “‘Bain Capital was very different 10 to 15 years ago, but other firms over time have copied that,’ says Steven N. Kaplan, a professor specializing in private equity at the University of Chicago’s Booth School of Business. ‘The reason they were able to raise so much money in 2006, 2007, 2008 was because they performed so well in the past.’
      ‘What they started to do was believe a bit too much in their ability to fix companies, and they started paying more,’ adds a partner at a competing private equity firm who praises Bain’s management skills but says it couldn’t overcome high prices paid for companies like Clear Channel, Guitar Center and Gymboree. ‘Those improvements don’t yield a lot of profit in a downturn.’”

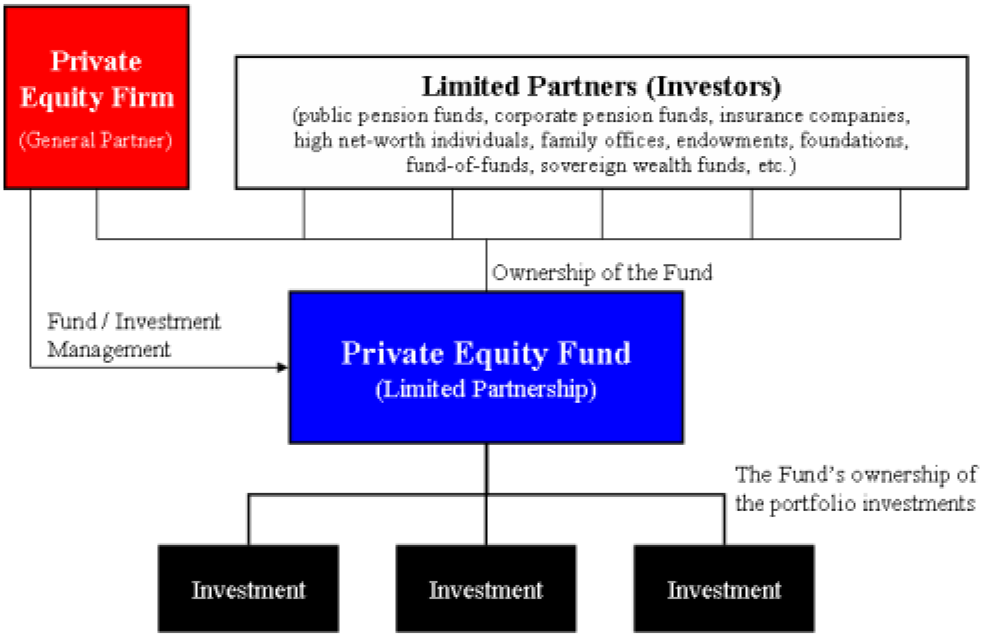
- **“What Do Private Equity Firms Actually Do?”**
    - Podcast; Story of Bain Capital’s purchase of Ampad
    - http://www.npr.org/sections/money/2012/02/21/147223073/the-tuesday-podcast-what-do-private-equity-firms-actually-do

GLOSSARY

- **“Private Equity and Venture Capital Glossary”**
    - http://pitchbook.com/news/articles/private-equity-and-venture-capital-glossary

- **“Financial crisis: timeline” from *The Guardian***
    - https://www.theguardian.com/business/2012/aug/07/credit-crunch-boom-bust-timeline

- **Movement of Money in Private Equity: Chart by *Dry Powder* Playwright Sarah Burgess**


Private Equity Firm
(General Partner)
Limited Partners (Investors)
(public pension funds, corporate pension funds, insurance companies, high net-worth individuals, family offices, endowments, foundations, fund-of-funds, sovereign wealth funds, etc.)
Ownership of the Fund
Fund / Investment Management
Private Equity Fund
(Limited Partnership)
The Fund's ownership of the portfolio investments
Investment
Investment
Investment

- **Example of a Private Equity Transaction**
  - Firm purchases company valued at $8 million
  - Firm puts in $1 million of dry powder; investors put in $6 million (with 33% return rate); firm borrows $1 million from bank
  - Firm uses company income to pay off $1 million bank debt
  - Firm sells company for $12 million
  - Investors receive their $8 million cut
  - Firm keeps remaining $4 million of profit (400% return on initial investment)

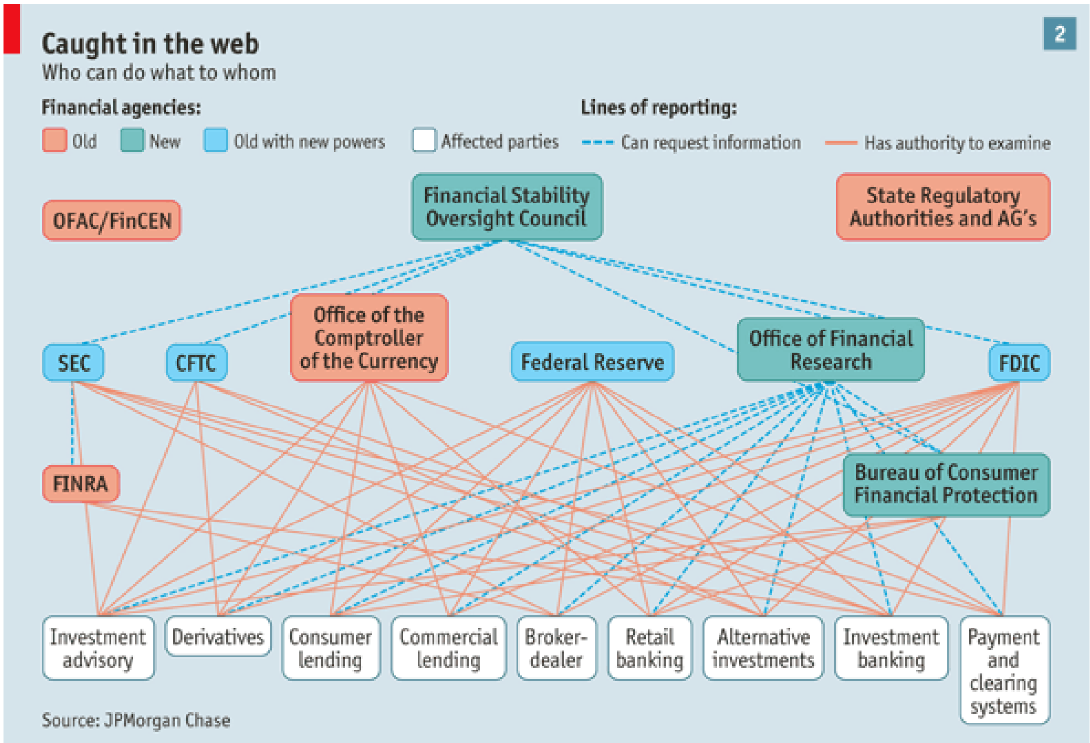
- **"What does it mean to have 'dry powder'?" by Tony Daltorio**
  - http://www.investopedia.com/ask/answers/08/dry-powder.asp

  - "'Dry powder' in the financial world is used in reference to an individual company's cash reserves, particularly during difficult economic times. These cash reserves may be needed by the company to meet its obligations, so the company may seek to build up its 'dry powder' in anticipation of tough conditions ahead.

    In the world of finance, the term 'dry powder' is used in reference to investors, too. In this case, 'dry powder' still refers to cash reserves, but it also can include other liquid assets, such as money market funds that an investor may have set aside for investment purposes."

- **“Basic leveraged buyout (LBO)”**
    - Video from Khan Academy
    - http://youtu.be/LVMLs2z1JYg

- **“Too big not to fail” from *The Economist***
    - Article about the Dodd-Frank law
    - http://www.economist.com/node/21547784
    - Includes video and graphics


Caught in the web
Who can do what to whom
2
Financial agencies:
Old
New
Old with new powers
Affected parties
Lines of reporting:
Can request information
Has authority to examine
OFAC/FinCEN
Financial Stability Oversight Council
State Regulatory Authorities and AG’s
SEC
CFTC
Office of the Comptroller of the Currency
Federal Reserve
Office of Financial Research
FDIC
FINRA
Bureau of Consumer Financial Protection
Investment advisory
Derivatives
Consumer lending
Commercial lending
Broker-dealer
Retail banking
Alternative investments
Investment banking
Payment and clearing systems

Source: JPMorgan Chase

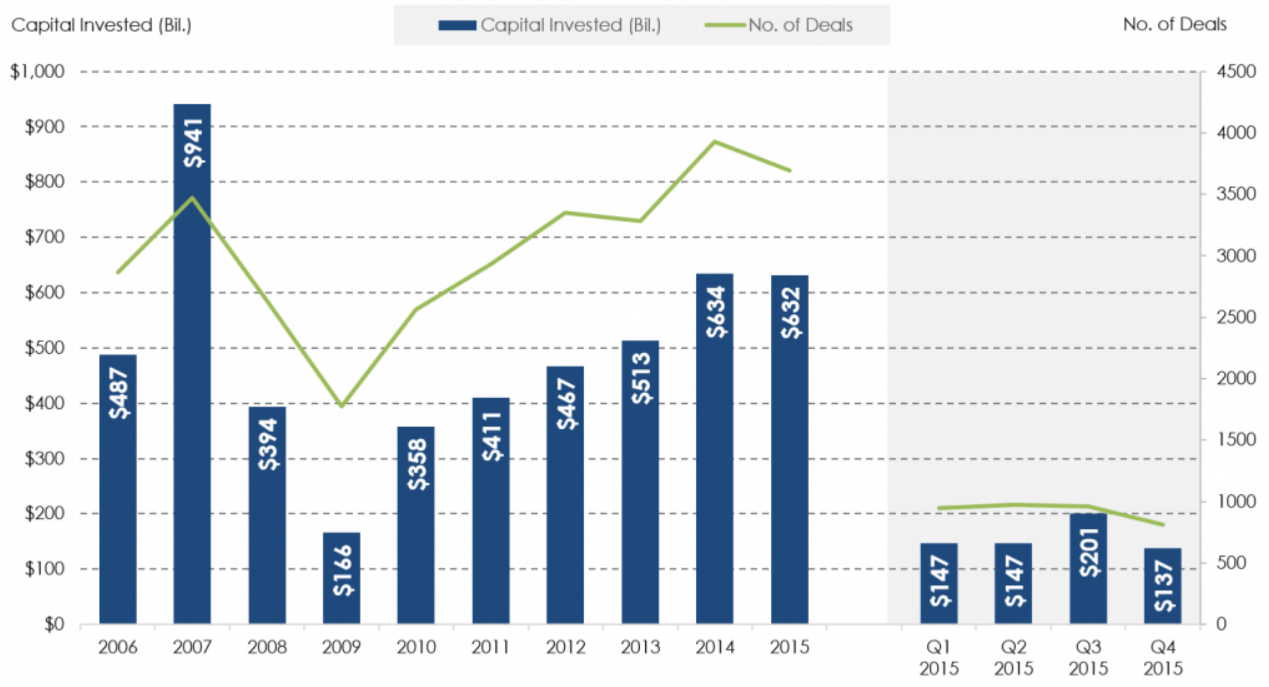
- **“Private Equity: The Consolidation Play and Due Diligence - John Poerink, Linley Capital”**
    - Lecture on due diligence at the Wharton School of Business, University of Pennsylvania
    - https://www.youtube.com/watch?v=thyxopgzG4k

- **“The Arena”**
    - Compares the modern day workplace to gladiators fighting in the arena
    - http://www.themoderngladiator.com/2013/12/13/the-arena/

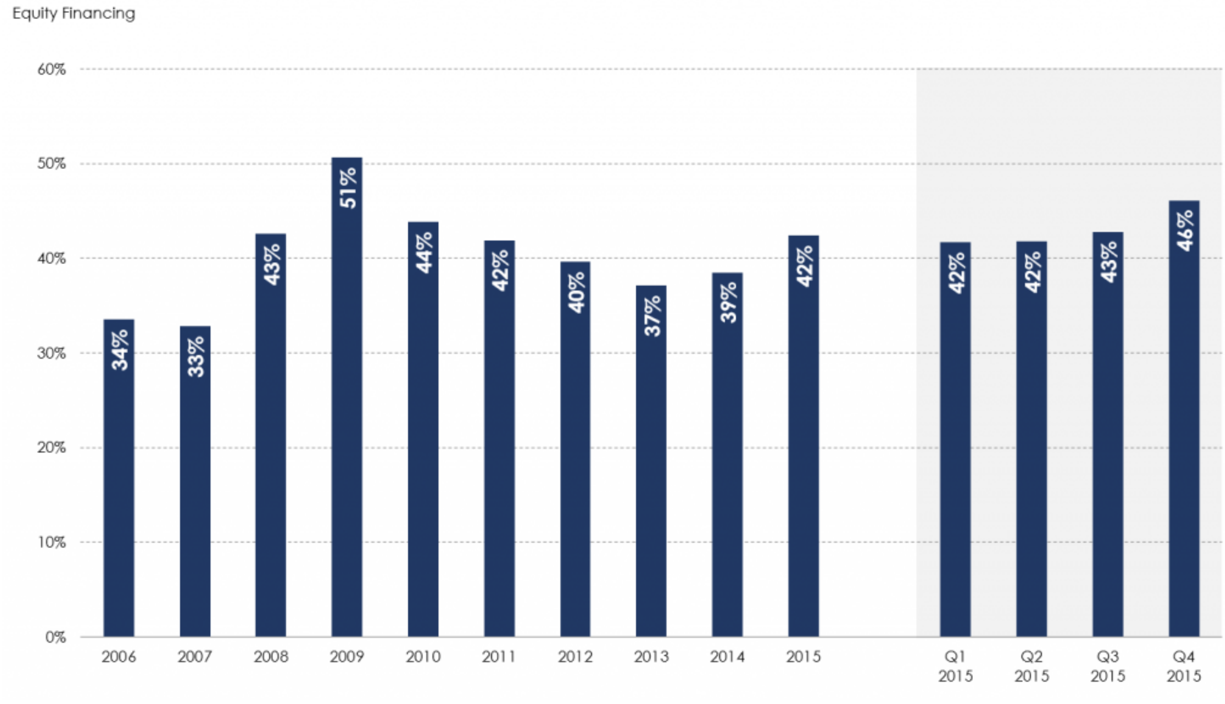
POLITICAL DEFENSE OF PRIVATE EQUITY

- **Private Equity at Work (American Investment Council)**
  - http://www.investmentcouncil.org/private-equity-at-work/education/
  - Charts and Graphs Below

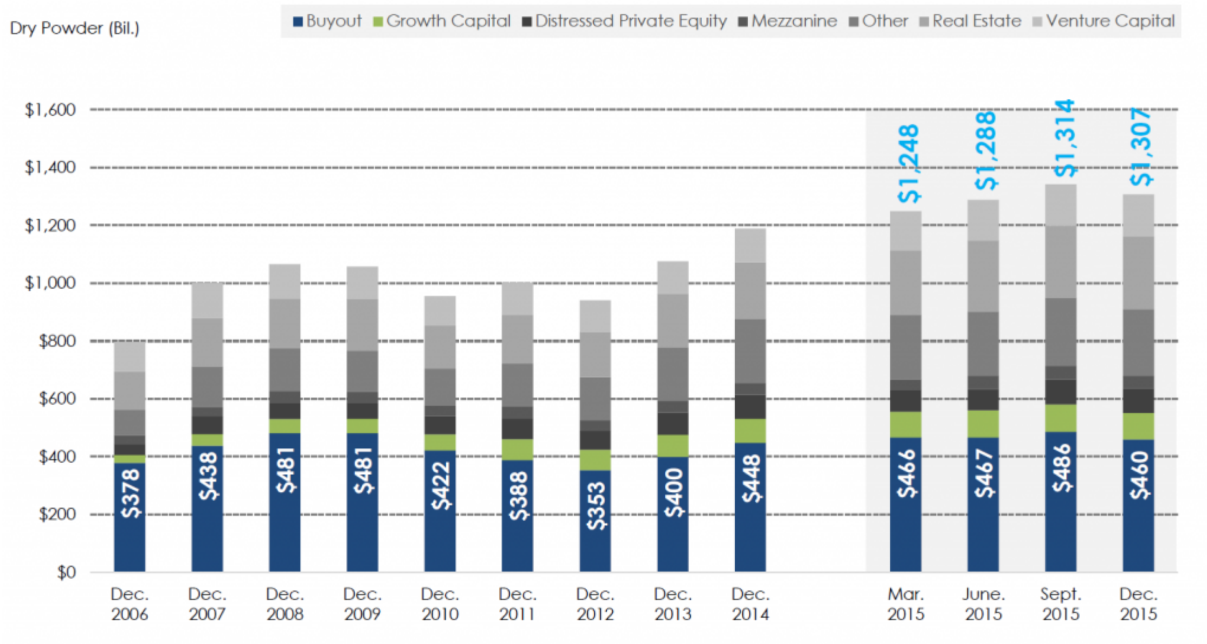
U.S. Private Equity Investment



Average Equity Financing in U.S. LBOs

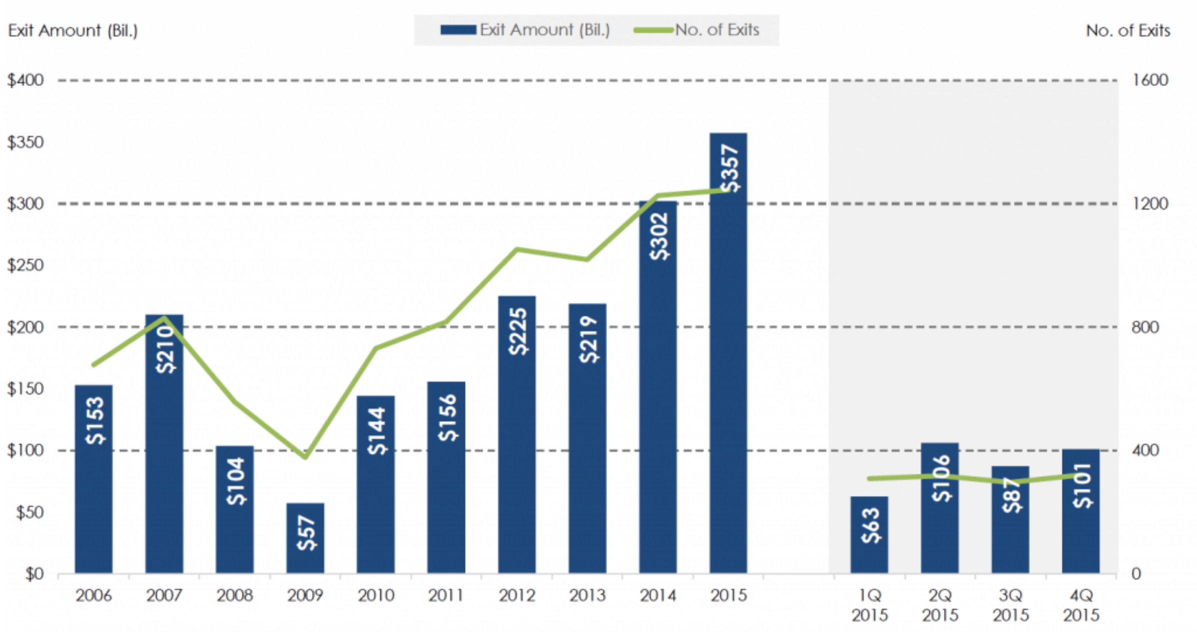


Global Private Equity Dry Powder



Note: Dry powder figures are global and not specific to the United States.

U.S. Private Equity Exits



- *Last updated: March 2016. Source: PitchBook, Preqin, Standard and Poor's Capital IQ Leveraged Commentary Data and PEGCC Analysis.*

  - "Who Benefits?"
    - https://youtu.be/GrNDa38AM0A
  - "How Private Equity Helps Pensions and Foundations"
    - http://www.slideshare.net/pegccouncil/private-equity-at-work-investors

- **"How to Think About Private Equity"**
  - http://www.aei.org/publication/how-to-think-about-private-equity/
  - "Private equity firms like Bain Capital start off by raising capital commitments. The capital comes primarily from large institutional investors like pension funds, foundations, and endowments. Large investors in private equity include Calpers (the California Public Employees Retirement System), New York State Teachers' Retirement System, and even the National Public Radio (NPR) Foundation. When private equity fund returns are strong, a lot of workers, teachers, and pensioners benefit."
  - "Private equity firms typically apply three types of engineering to help increase the value of their investments—financial, governance, and operational engineering. Financial engineering involves providing very strong incentives to the CEO and top executives of the

company. The private equity firms also typically require the CEO and executives to invest their own money in the company. With equity and options, the executives usually own 10 percent to 20 percent of the company. This means that if the company does well and the investment makes money, the executives do very well. One the other hand, if the investment fails, the executives suffers real losses. The upsides and the downsides tend to be greater than for executives at comparable public companies.

Governance engineering involves playing a strong role in corporate governance. Private equity investors control the boards of their portfolio companies. As they do so, they closely monitor and regularly advise the company and its executives.

More recently, most top private equity firms have added operational engineering. Operational engineering means bringing consulting and executive resources systematically and consistently to portfolio companies. These resources might include advice on and help with pricing, sales management, manufacturing, and procurement. At Bain Capital, Mitt Romney pioneered the use of consulting resources (from Bain Consulting) in private equity investments. More than 20 years later, that strategy has been widely adopted."

- "The best empirical evidence—co-authored by one of my colleagues, Steve Davis—says the answer is that private equity both creates and eliminates jobs.[3] After a buyout, employment in existing operations tends to decline relative to other companies in the same industry by about 3 percent. Many of those job losses are undoubtedly painful.

  At the same time, however, employment in new operations tends to increase relative to other companies in the same industry by more than 2 percent. Davis et al. conclude that "the overall impact of private equity transactions on firm-level employment growth is quite modest…."

  If retail buyouts are excluded, the overall net employment change appears to be neutral or even positive. In other words, there does not seem to be a large net employment effect when compared to companies in the same industry….

  The overall pattern of the empirical evidence suggests that private equity firms make companies more productive. They make cuts or grow more slowly when that makes sense and they invest and grow more quickly when that makes sense."

- "While it is true that the private equity firms get to keep the dividends, it is ridiculous to say that private equity investors actively loot their companies. As Steve Rattner (former Obama administration 'car czar' and former private equity investor) pointed out recently, private equity firms can take cash out of a company only when banks are willing to lend more money. That happens only when the company has done well and is expected to do well in the future. In most dividend recaps, therefore, the private equity investors and the banks are positive about the company—the banks expect to be repaid, and the private equity investors expect their equity to be worth even more. When those companies go bankrupt instead, something unexpected (and negative) has usually happened.

  In other words, private equity investors cannot systematically and purposely loot their companies. Banks do not purposely make bad loans. That just does not happen."

OTHER USEFUL INFORMATION

- **“Buyout firms lose leverage with backers” by James Fontanella-Khan and Eric Platt**
  - http://www.ft.com/cms/s/0/3ace5424-bfdc-11e5-9fdb-87b8d15baec2.html#axzz4CWdtP7NU
  - “With the market for higher risk junk bonds in a state of disarray, private equity firms are finding their most highly leveraged buyouts left hanging by a thread, as big banks become reluctant to lend them money to close the deals.”
  - “Securing debt finance for new and existing deals is already much harder, warns Frank Aquila, a corporate lawyer at Sullivan & Cromwell. ‘The leveraged finance markets ... are extremely tight right now due to a large backlog coupled with a high degree of volatility,’ he notes. ‘It is difficult getting previously financed deals funded and very difficult to get new leveraged deals financed.’
    According to one banker, who asked not to be named, highly leveraged deals face renegotiation, or collapse. ‘It’s going to be very tough for some of these deals to get done as they were agreed,’ the banker says. ‘A lot of people are seriously worried they will not be able to close deals that [they] thought were done and dusted.’
- **“A Booming Market for Art That Imitates Life After the Financial Crisis” by Alessandra Stanley**
  - http://www.nytimes.com/2016/02/08/business/media/a-booming-market-for-art-that-imitates-life-after-the-financial-crisis.html?_r=0
  - “Entertainment industry executives and publishers say there is a growing audience for movies, plays, television shows and novels that address the misdeeds and systemic failures that brought the economy to the edge of collapse eight years ago.”
  - “Film historians liken this lag to the ones that followed the Vietnam War and the 1929 stock market crash. Movies were made about those events in real time, but the most powerful ones came years later. ‘The Deer Hunter’ and ‘Coming Home’ were released in 1978; ‘Apocalypse Now’ came out in 1979. Classic films about the Great Depression, like Frank Capra’s ‘Meet John Doe’ and John Ford’s ‘Grapes of Wrath,’ didn’t make it to the screen until World War II was underway.
    ‘After a cataclysmic event, it takes a while for the collective unconscious to bubble to the surface,’ said Brian Koppelman, one of the creators of ‘Billions,’ a new Showtime series about a hedge fund titan under investigation by a crusading United States attorney.”
- **“Sell everything! 2016 will be a ‘cataclysmic year,’ warns RBS” by Jim Boulden**
  - http://money.cnn.com/2016/01/12/investing/markets-sell-everything-cataclysmic-year-rbs/index.html

- “RBS remains ‘deeply skeptical’ that Chinese authorities can right the ship any time soon. It warns that without allowing a massive devaluation of its currency -- around 20% -- China can be of no help.”

- **Suggestions of books to read**
    - *King of Capital: The Remarkable Rise, Fall, and Rise Again of Steve Schwartzman and Blackstone* by David Carey and John E. Morris
    - *Barbarians at the Gate: The Fall of RJR Nabisco* by Bryan Burrough and John Helyar
    - *The Big Short* by Michael Lewis
    - *The Price of Inequality* by Joseph Stiglitz
    - *Flash Boys* by Michael Lewis
    - *Debt: The First 5,000 Years* by David Graeber
    - *Animal Money* by Michael Cisco
    - *The Economics of Art and Culture, Second Edition* by James Heilbrun & Charles Gray

- **Suggestions of films to watch**
    - *The Big Short*
    - *Barbarians at the Gate*