



BRILLIANT THIEVES

EDITOR: CHRISTINE ST ANNE

This month I had the pleasure of attending two vastly different literary events.

Both writers had authored books about the global financial economy. One was by former Goldman Sachs investment banker John Talbott, the other by the Wolf of Wall Street, Jordan Belfort.

Speaking about his book, *The Wolf of Wall Street* at Sydney's Westin Hotel, Belfort charmed the property investment community with tales of his days as a high-flying Wall Street financier earning over \$50 million a year while juggling prostitutes in the basement and a severe drug addiction. Belfort was eventually jailed for 22 months for fraud, swindling millions of dollars from families predominantly located in America's mid-west.

He is now a life coach and motivational speaker.

A week later, Talbott addressed a small gathering at Sydney's Gleebooks about his new book, *The 86 Biggest Lies on Wall Street*.

Talbott had predicted the sub-prime collapse in the United States in his 2003 book, *The Coming Crash in the Housing Market*.

He labelled investment bankers who developed and sold

complex structured products as "brilliant thieves" who were able to successfully transfer the responsibility for managing the risk of those products to other holders.

The credit default risk market, which is now worth around \$72 trillion, was effectively fuelled on the bets made by investment managers on which companies would default, he said.

For Talbott, corporate law reform is imperative if another crisis is to be averted.

Pivotal to his argument is that the corporations that contributed to the financial crisis also helped write the rules.

Moreover, corporations played a big part in lobbying the US government, he said, noting that a former Fannie Mae executive was now an Obama adviser.

While the two authors spoke about lessons learnt from the market collapses and, in Belfort's case, redemption of some sort, the market crisis has not only lost people's money but also stolen the public's trust.

Talbott said the US public's approval of its Congress was now at 7 per cent, while George W Bush's lowest approval rating ran at 13 per cent.

Closer to home, a report from Investment Trends has shown investors have lost trust in the financial services sector on the back of the global market downturn.

Keeping people's faith in their superannuation is no doubt a task Superannuation Minister Chris Bowen will have to address.

In our cover story, Bowen speaks to *Investor Weekly's* Alice Uribe about his plans for the industry. He notes the number of government reviews should "set up superannuation for the next 20 years."

He also admitted he would like to see an increase in the superannuation guarantee.

It's an obvious focus for the long term for Bowen, but for now it seems an immediate concern for government and industry alike is addressing the perceptions that people have about being robbed of their savings and trust in the system



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