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PHILIPPE SABBAH

HEDGE FUND

2. TOXIC ASSETS



euRoPe
COMICS



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WRITERS

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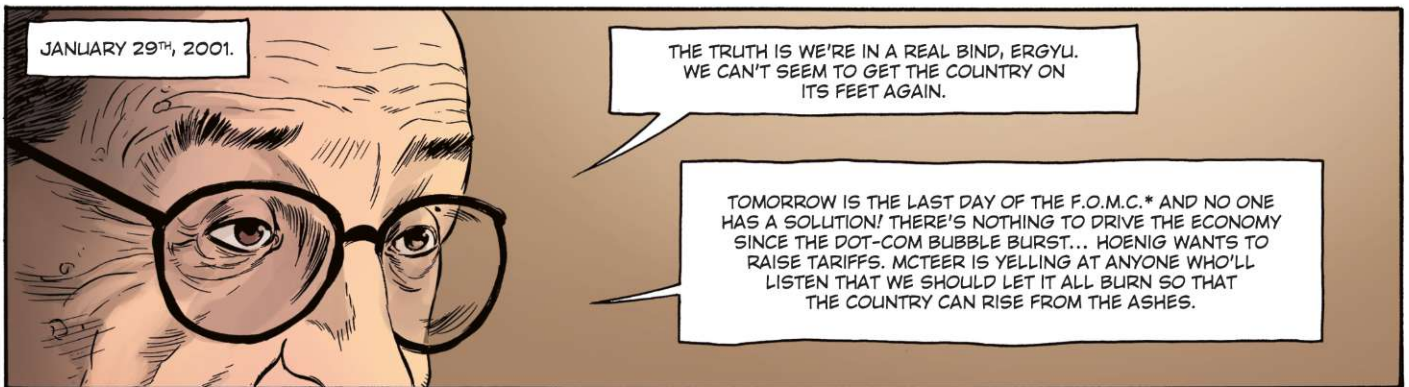
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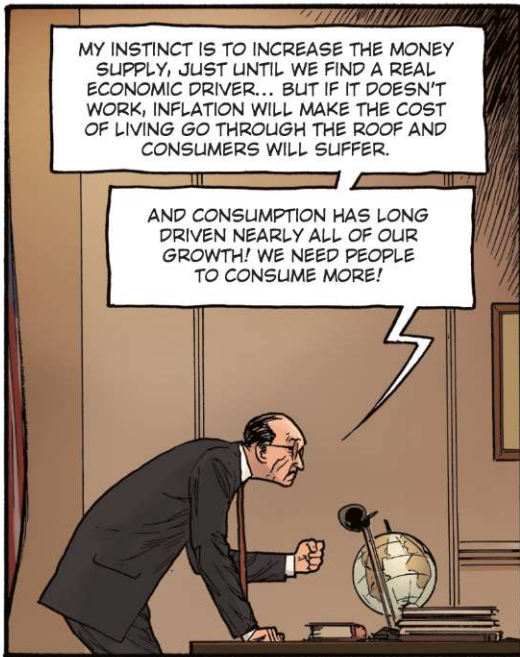
CHRISTIAN LEROLLE
POUPART & LE MOAL





*FEDERAL OPEN MARKET COMMITTEE: THE FED'S MONETARY POLICYMAKING BODY.





MY INSTINCT IS TO INCREASE THE MONEY SUPPLY, JUST UNTIL WE FIND A REAL ECONOMIC DRIVER... BUT IF IT DOESN'T WORK, INFLATION WILL MAKE THE COST OF LIVING GO THROUGH THE ROOF AND CONSUMERS WILL SUFFER.

AND CONSUMPTION HAS LONG DRIVEN NEARLY ALL OF OUR GROWTH! WE NEED PEOPLE TO CONSUME MORE!



SO YOU SHOULD REDUCE INTEREST RATES TO THEIR LOWEST LEVEL SINCE WORLD WAR II.

HOW LOW, DO YOU THINK?

ROCK BOTTOM... 1%.



ERGYU, WITH ALL DUE RESPECT, YOU KNOW THAT'S IMPOSSIBLE. PEOPLE'S RETIREMENT FUNDS WILL GET MINISCULE RETURNS!

AND THE BABY BOOMERS WILL ALL BE HITTING RETIREMENT AGE SOON!



WITH LOW RATES, YOU KILL TWO BIRDS WITH ONE STONE, ALAN.



YOU FORCE THOSE WITH MONEY TO INVEST INSTEAD OF LETTING THEIR SAVINGS SIT IN THE BANK. AND THE HAVE-NOTS WILL BE ABLE TO TAKE OUT CHEAP LOANS AND START CONSUMING AGAIN!

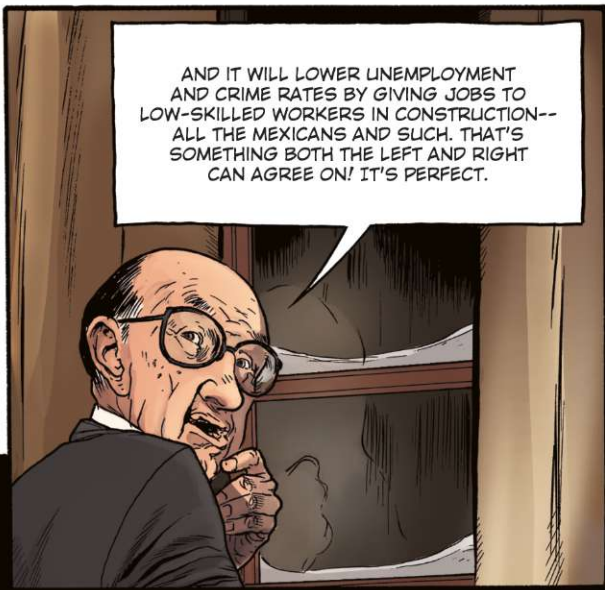
THAT'S HOW YOU'LL REBOOT YOUR ECONOMY.



A SORT OF CREDIT-FUNDED MARSHALL PLAN?



EXACTLY. YOU'LL ALSO NEED TO RELAX LOAN CONDITIONS. MORE PEOPLE WILL TAKE OUT MORTGAGES, WHICH WILL KICK START THE HOUSING MARKET.




AND IT WILL LOWER UNEMPLOYMENT AND CRIME RATES BY GIVING JOBS TO LOW-SKILLED WORKERS IN CONSTRUCTION-- ALL THE MEXICANS AND SUCH. THAT'S SOMETHING BOTH THE LEFT AND RIGHT CAN AGREE ON! IT'S PERFECT.

ERGYU, YOU'RE A LIFESAVER.




LADIES AND GENTLEMEN, MEET MR. SMITH...



MR. SMITH IS AN IMPORTANT GUY. HE'S IN CHARGE OF THE FREEDOMLAND PUBLIC SCHOOL TEACHERS' PENSION FUND.


EACH MONTH, MR. SMITH RECEIVES MILLIONS OF DOLLARS IN CONTRIBUTIONS TAKEN DIRECTLY FROM TEACHERS' SALARIES. QUESTION: WHAT DOES MR. SMITH DO WITH ALL THOSE MILLIONS HE'S ACCUMULATING?



THE ANSWER? HE HAS TO FIND LOW-RISK INVESTMENTS TO KEEP UP WITH INFLATION AND COVER HIS OPERATING COSTS... BUT THEY NEED TO BE PROFITABLE IN THE LONG TERM, BECAUSE MR. SMITH HAS RETIREES TO PAY.


UP UNTIL 2001, IT WAS EASY: HE PLUT MOST OF IT IN THE BOND MARKET. BONDS ARE LESS RISKY THAN STOCKS AND PERFORM RELIABLY WELL.

BUT NOW, MR. SMITH HAS A BIG PROBLEM...



WITH THE LOUSY INTEREST RATES WE'VE HAD OVER THE LAST THREE YEARS, HIS MONEY ISN'T BRINGING IN ANYTHING!

THERE'S NO WAY TO GET PROFITS LIKE IN THE 1980s, WHEN 15% RATES WERE THE NORM...



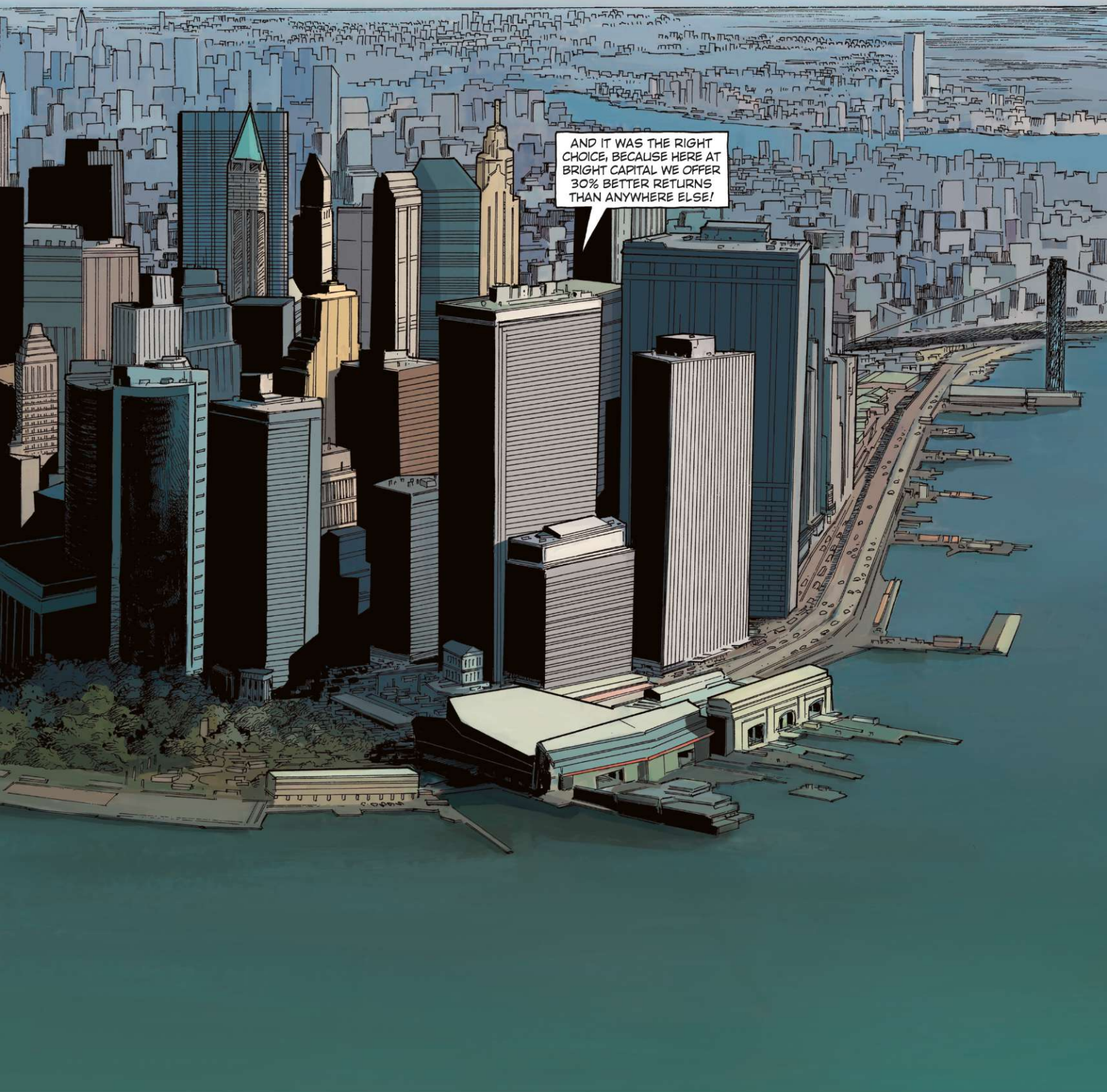
AND MORE AND MORE BABY BOOMERS ARE REACHING RETIREMENT AGE. HE'LL BE PAYING THEM FOR YEARS!



SO MR. SMITH CAME TO SEE US...

NEW YORK CITY
MARCH 11TH, 2004.

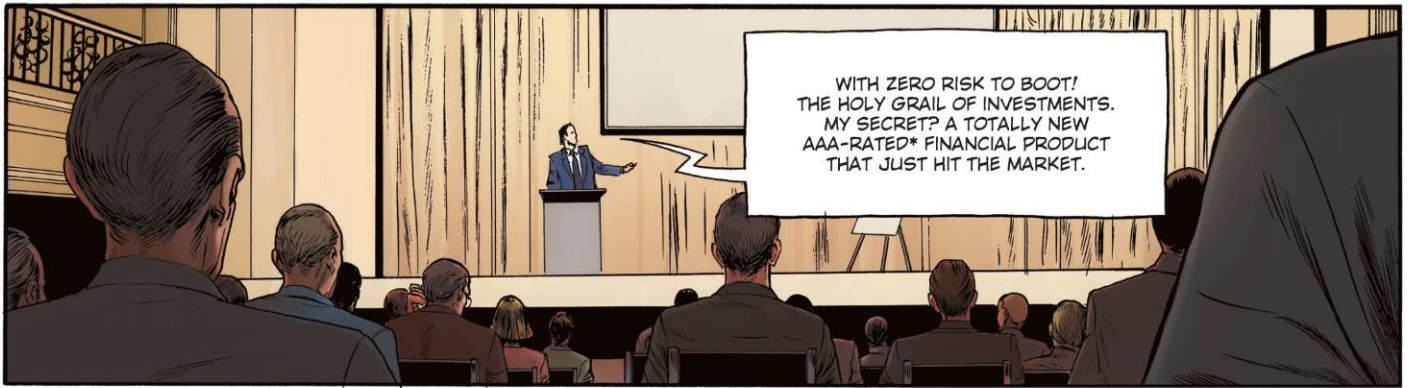




AND IT WAS THE RIGHT
CHOICE, BECAUSE HERE AT
BRIGHT CAPITAL WE OFFER
30% BETTER RETURNS
THAN ANYWHERE ELSE!

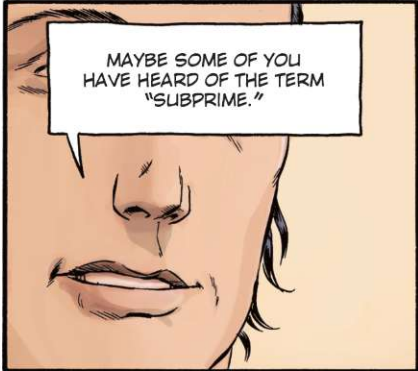
HEDGE FUND

2. TOXIC ASSETS



WITH ZERO RISK TO BOOT!
THE HOLY GRAIL OF INVESTMENTS.
MY SECRET? A TOTALLY NEW
AAA-RATED* FINANCIAL PRODUCT
THAT JUST HIT THE MARKET.

*THE BEST POSSIBLE GRADE GIVEN BY THE RATING AGENCIES THAT DECIDE THE SAFETY OF AN INVESTMENT.



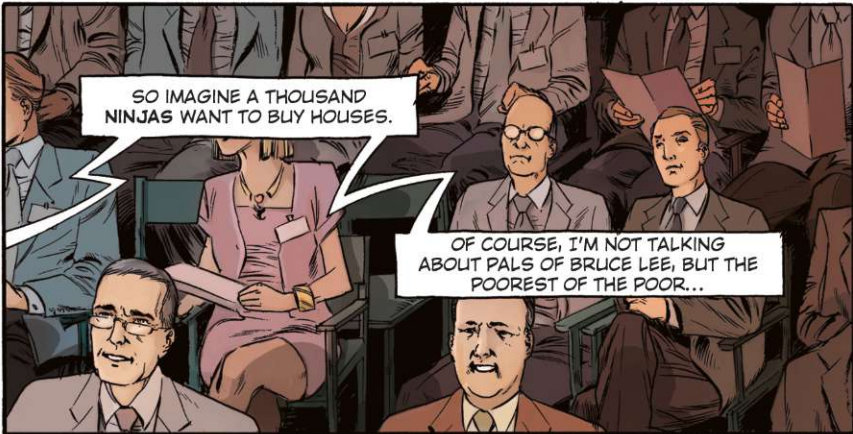
MAYBE SOME OF YOU
HAVE HEARD OF THE TERM
"SUBPRIME."



FOR THOSE WHO HAVEN'T, LET ME
SHARE SOMETHING A WRITER FROM
MY NATIVE FRANCE ONCE SAID: "YOU
HAVE TO TAKE MONEY WHERE IT'S
FOUND. THAT IS, FROM THE POOR..."



"THEY MIGHT NOT
HAVE MUCH, BUT THERE
ARE LOTS OF THEM."



SO IMAGINE A THOUSAND
NINJAS WANT TO BUY HOUSES.

OF COURSE, I'M NOT TALKING
ABOUT PALS OF BRUCE LEE, BUT THE
POOREST OF THE POOR...



"NO INCOME, NO JOBS, NO ASSETS": N.I.N.J.A.
THEY HAVE NO FINANCIAL SECURITY, SO BANKS CHARGE
THEM INTEREST WAY ABOVE THE MARKET RATES.

BUT RATES ARE SO LOW
THESE DAYS THEY CAN STILL
TAKE OUT A LOAN TO
BUY A HOUSE.



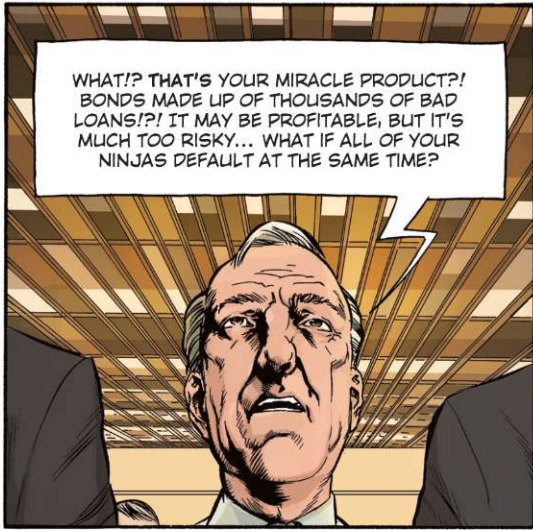
IF THEY DEFAULT ON THEIR
PAYMENTS, THE BANK CAN
ALWAYS REPOSSESS THE
HOUSE, THE VALUE OF
WHICH CAN ONLY GO UP.

THESE LOANS TO THE BARELY CREDITWORTHY ARE
WHAT WE CALL "SUBPRIMES." AND EVERYONE WINS!
THE NINJAS GET THEIR HOMES, THE BANK HAS ITS
GUARANTEE. BUT WE KNEW WE COULD DO BETTER...

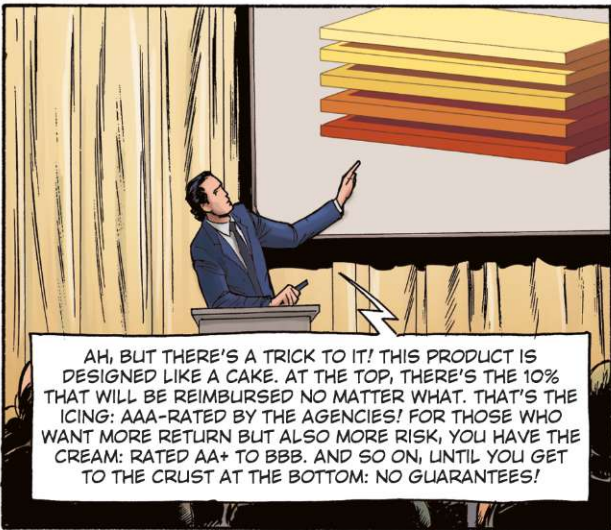


FOR THE BANKS, ALL THESE SUBPRIME LOANS TAKEN TOGETHER REPRESENT HUNDREDS OF MILLIONS OF DOLLARS! AND SINCE BANKS LEND TO NINJAS AT ABOVE-AVERAGE RATES...

...THEY GENERATE INTEREST LIKE NOTHING ELSE YOU'LL FIND ON THE MARKET! TODAY, I'M GIVING YOU AN OPPORTUNITY TO CASH IN.



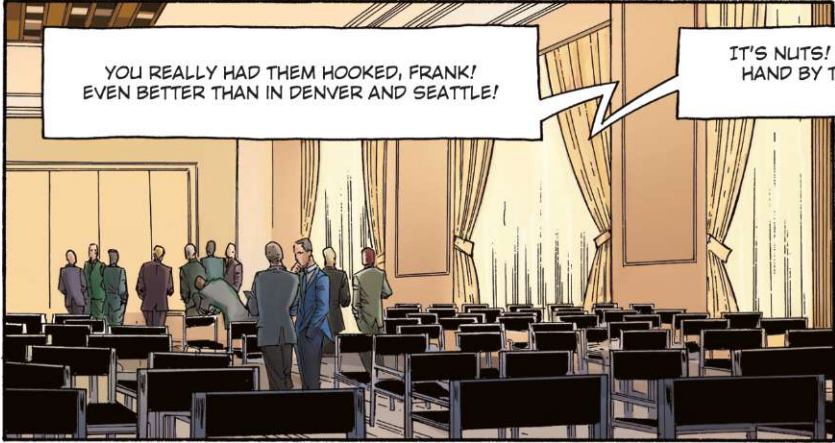
WHAT!? THAT'S YOUR MIRACLE PRODUCT?! BONDS MADE UP OF THOUSANDS OF BAD LOANS!?! IT MAY BE PROFITABLE, BUT IT'S MUCH TOO RISKY... WHAT IF ALL OF YOUR NINJAS DEFAULT AT THE SAME TIME?



AH, BUT THERE'S A TRICK TO IT! THIS PRODUCT IS DESIGNED LIKE A CAKE. AT THE TOP, THERE'S THE 10% THAT WILL BE REIMBURSED NO MATTER WHAT. THAT'S THE ICING: AAA-RATED BY THE AGENCIES! FOR THOSE WHO WANT MORE RETURN BUT ALSO MORE RISK, YOU HAVE THE CREAM: RATED AA+ TO BBB. AND SO ON, UNTIL YOU GET TO THE CRUST AT THE BOTTOM: NO GUARANTEES!

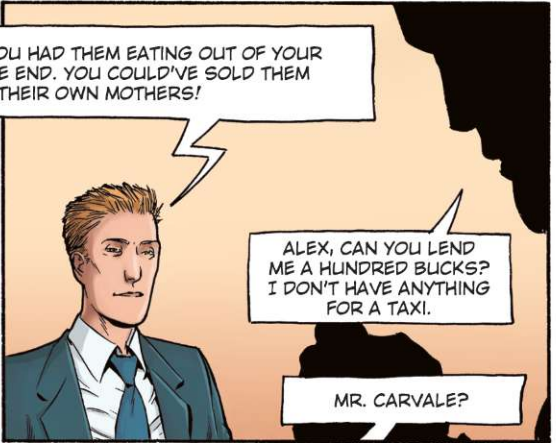


MY HEDGE FUND IS ALL ICING.



YOU REALLY HAD THEM HOOKED, FRANK! EVEN BETTER THAN IN DENVER AND SEATTLE!

IT'S NUTS! YOU HAD THEM EATING OUT OF YOUR HAND BY THE END. YOU COULD'VE SOLD THEM THEIR OWN MOTHERS!



ALEX, CAN YOU LEND ME A HUNDRED BUCKS? I DON'T HAVE ANYTHING FOR A TAXI.

MR. CARVALE?



YOUR SUBPRIMES SOUND TEMPTING, BUT I'D LIKE TO START SLOW. TWO MILLION IS MY MAXIMUM, JUST A TRIAL RUN.



SORRY, MR. ECKART. IT'S 20 MILLION TO GET IN. THAT'S HOW WE KEEP ADMIN FEES LOW AND PROVIDE MAXIMUM RETURNS FOR OUR CLIENTS.



I'LL THINK ABOUT IT, BUT I DON'T THINK MY INVESTMENT COMMITTEE WILL APPROVE...

IT'S UP TO YOU, MR. ECKART!



ARE YOU OUT OF YOUR MIND? YOU'D TURN DOWN A GUY WITH 2 MILLION!?

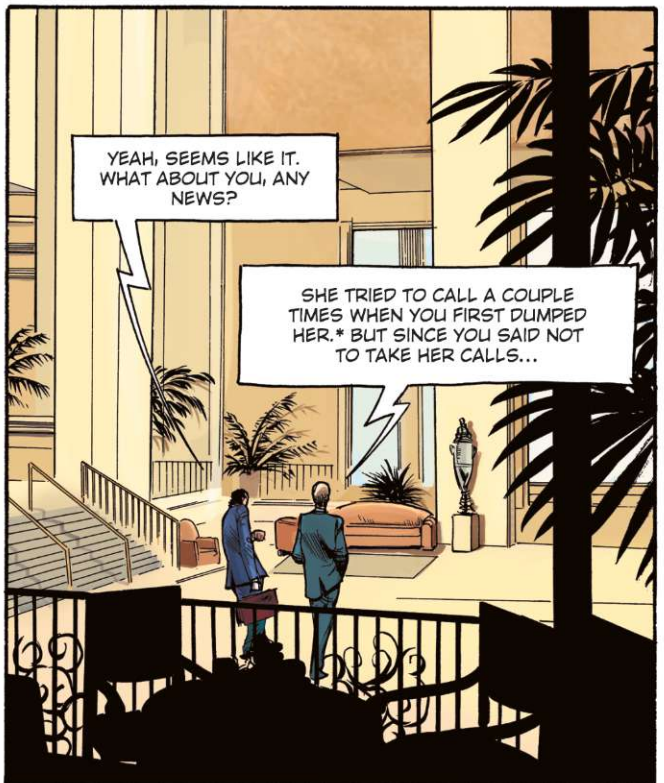


STRICT ORDERS FROM BILKAER. HE WAS VERY CLEAR.



IT'S ALL SO CRAZY... AND TO THINK I USED TO PAY FOR YOUR MEALS IN HONG KONG...

BY THE WAY, HEARD ANYTHING FROM KATE? SHE FINALLY STOP BUGGING YOU?



YEAH, SEEMS LIKE IT. WHAT ABOUT YOU, ANY NEWS?

SHE TRIED TO CALL A COUPLE TIMES WHEN YOU FIRST DUMPED HER.* BUT SINCE YOU SAID NOT TO TAKE HER CALLS...

*SEE BOOK 1.



I FEEL KIND OF BAD... SHE WAS A NICE GIRL.

SHE CALLED AGAIN YESTERDAY. I FIGURED IT WAS TIME TO LET BYGONES BE BYGONES.

DID YOU KNOW SHE LEFT TRINH? SHE EVEN MOVED BACK TO NEW YORK.

THAT'S ALL ANCIENT HISTORY. DAMN! I HAVE TO GO, I HAVE AN INTERVIEW AT THE OFFICE!



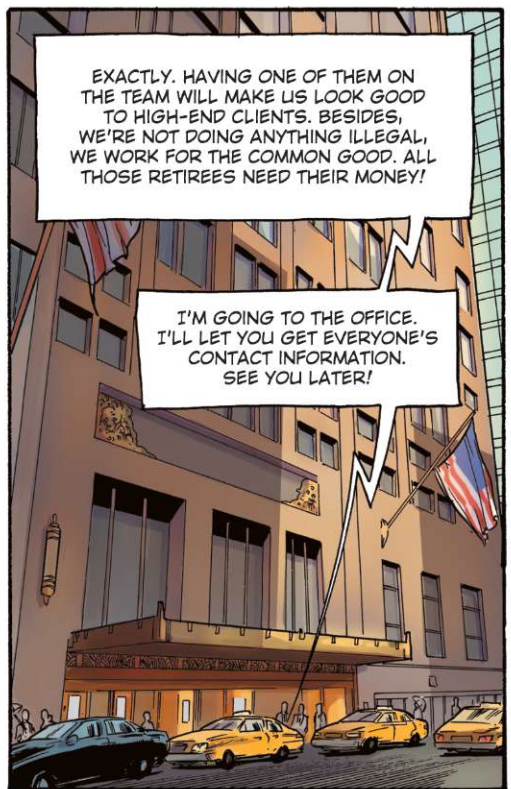
WHO YOU GONNA HIRE?

DUNNO. SOMEONE FROM MOODY'S* OR THE S.E.C.**

*ONE OF THE "BIG THREE" RATING AGENCIES, ALONG WITH FITCH AND STANDARD & POOR'S.
**SECURITIES & EXCHANGE COMMISSION.



WHAT? YOU SURE ABOUT THAT? THOSE GUYS ARE BASICALLY THE COPS!



EXACTLY. HAVING ONE OF THEM ON THE TEAM WILL MAKE US LOOK GOOD TO HIGH-END CLIENTS. BESIDES, WE'RE NOT DOING ANYTHING ILLEGAL, WE WORK FOR THE COMMON GOOD. ALL THOSE RETIREES NEED THEIR MONEY!

I'M GOING TO THE OFFICE. I'LL LET YOU GET EVERYONE'S CONTACT INFORMATION. SEE YOU LATER!



GENTLEMEN, I'M WELL AWARE THAT THIS IS A LITTLE UNUSUAL...



...BUT I'M LITERALLY RACING AGAINST THE CLOCK. THIS COMPETITIVE INTERVIEW IS THE BEST WAY FOR ME TO KILL TWO BIRDS WITH ONE STONE. I HOPE YOU UNDERSTAND.



I HAVE TO ADMIT, I WASN'T EXPECTING--

NOT A PROBLEM, MR. CARVALE. IT'S NOTHING.



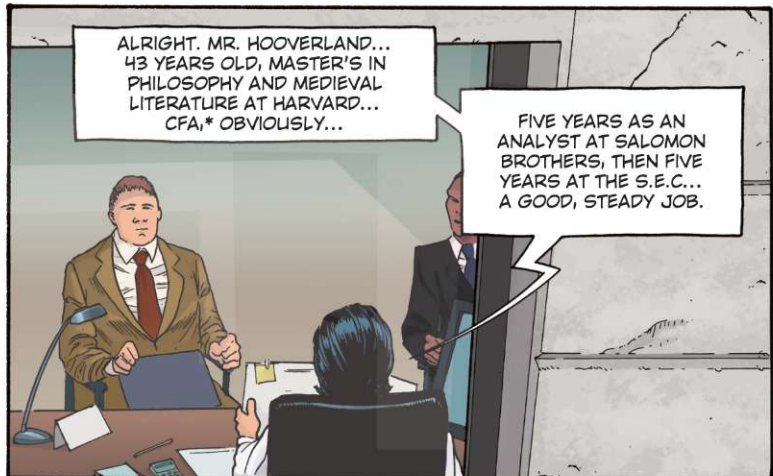
OK, LET'S START WITH YOU, MR. CORREGA! 28 YEARS OLD, YOU GRADUATED EARLY...

...AND WORKED IN REAL ESTATE IN L.A. WHILE EARNING YOUR MBA. THEN YOU BECAME AN ANALYST AT MOODY'S!

AN UNUSUAL PROFILE, I LIKE THAT. WHAT BRINGS YOU TO US?



FOR THREE YEARS, I'VE BEEN RATING FINANCIAL PACKAGES. I HAVE SOME IDEAS ABOUT HOW TO IMPROVE THEM. AND IN LESS THAN A YEAR, YOU'VE MADE QUITE A NAME FOR YOURSELF ON WALL STREET, MR. CARVALE.



ALRIGHT. MR. HOOVERLAND... 43 YEARS OLD, MASTER'S IN PHILOSOPHY AND MEDIEVAL LITERATURE AT HARVARD... CFA,* OBVIOUSLY...

FIVE YEARS AS AN ANALYST AT SALOMON BROTHERS, THEN FIVE YEARS AT THE S.E.C... A GOOD, STEADY JOB.

*CHARTERED FINANCIAL ANALYST.

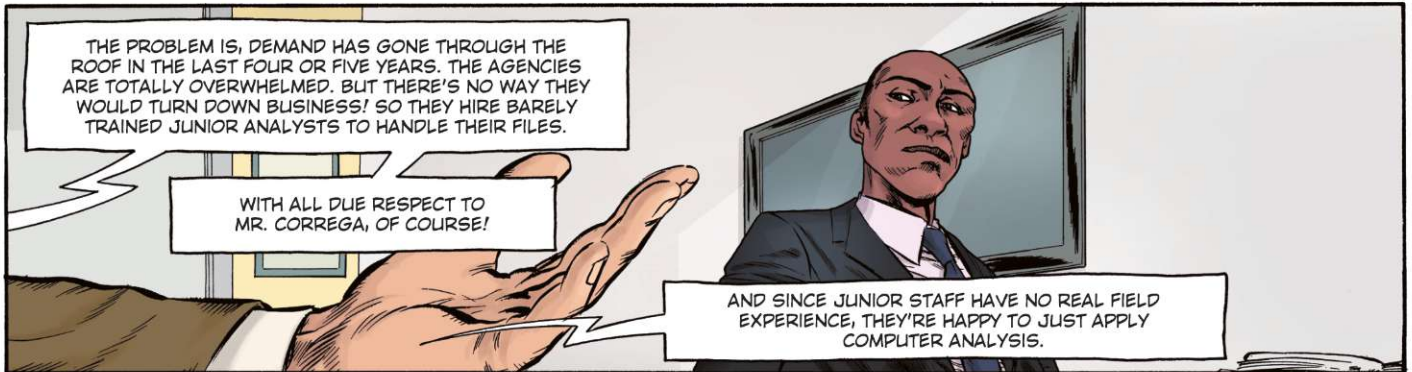
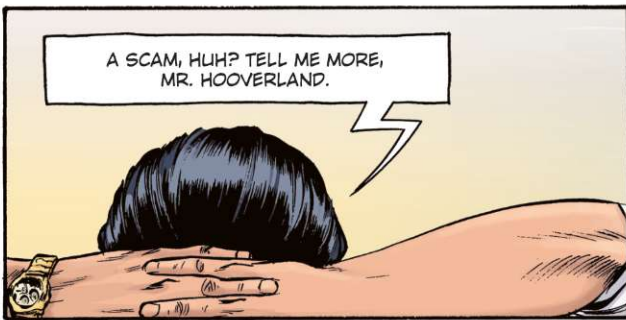
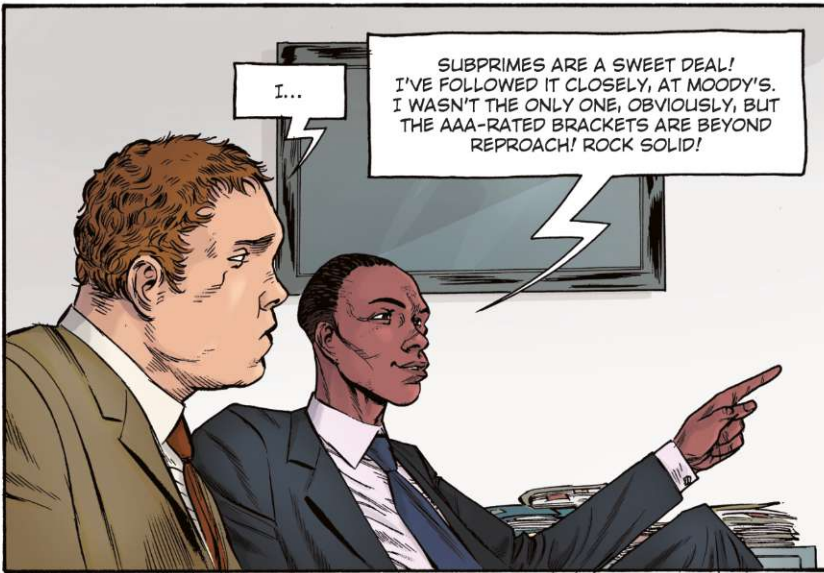


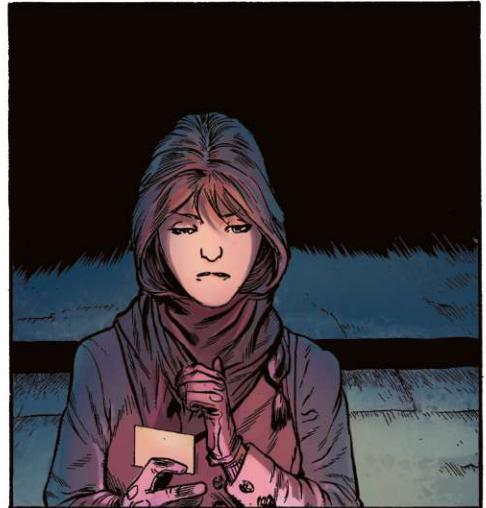
YOU KNOW, THE S.E.C. IS ALL ADMINISTRATION... TO GET AHEAD, I NEED TO SEE THE OTHER SIDE... WORK IN THE MARKETS ON A DAILY BASIS... THAT'S WHAT I WANT!



WHY NOT? WE'RE DOING GREAT THINGS.

WHAT DO YOU THINK OF SUBPRIMES?







WHERE TO NEXT?
ONE LAST DRINK?

THIS TIME OF NIGHT,
ONLY PLACE I CAN THINK
OF IS DI DUCA'S. I GO
THERE EVERY ONCE IN A
WHILE. THE GIRLS ARE
INCREDIBLE.



HAHA! I GOT THEIR
NUMBER! WHERE
WE GOING?



NOOO, I'M TELLING YOU, FRANK! YOU GOTTA STOP
PUTTING THIS STUFF OFF! LIKE THE LEASE FOR THE NEW
OFFICE, IT'S STILL UNDER YOUR NAME! WHY HAVEN'T
YOU PUT IT UNDER THE COMPANY'S NAME YET?



THAT'S 10,000
DOLLARS OUT THE
WINDOW EVERY MONTH!



GIMME A BREAK,
ALEX! I DON'T HAVE
TIME FOR BULLSHIT
PAPERWORK...



BESIDES, WHAT DO I CARE?
10,000 BUCKS IS NOTHING! LOOK
AT CORREGA, HE'S GOT IT ALL
FIGURED OUT!



ARE YOU FRANK CARVALE?
MR. DI DUCA IS HAVING A
PRIVATE PARTY UPSTAIRS.
HE'D LIKE TO INVITE YOU AND
YOUR FRIENDS TO JOIN HIM.



MR. CARVALE!
WELCOME TO DI DUCA'S!



ROBERT DE NIRO HAS BEEN HERE,
DID YOU KNOW THAT? TWICE! HE'S A
GOOD FRIEND. PLEASE, TELL YOUR
FRIENDS TO ENJOY!



I DOUBT THEY NEED ME TO TELL THEM, BUT THANK YOU. HOW DID YOU KNOW WHO I AM?

TV, MAGAZINES! COME ON, FRANK, YOU'RE ALL ANYONE'S TALKING ABOUT LATELY! MY ASSOCIATES NEVER STOP SINGING YOUR PRAISES...



THEY'RE THE ONES WHO SAID, "HEY, DONNY! WHY NOT PUT OUR MONEY WITH MR. CARVALE?"



BY THE WAY: CARVALE, THAT'S ITALIAN, ISN'T IT?

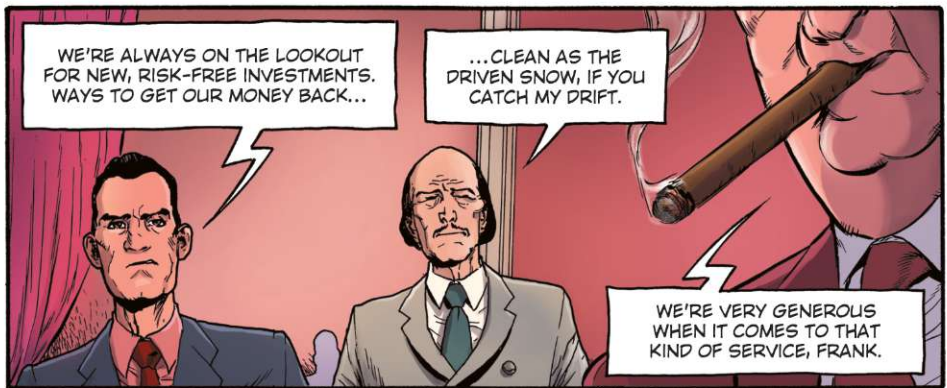
MY GRANDFATHER WAS FROM PIEDMONT.

I DON'T WANT TO DISCOURAGE YOU, MR. DI DUCA, BUT IT'S AN EXPENSIVE CLUB TO GET INTO.



MY BUSINESS GENERATES A LOT OF CASH, MR. CARVALE, AND I MEAN A LOT.

BUT IT'S MONEY NOT EVERYONE WILL ACCEPT.



WE'RE ALWAYS ON THE LOOKOUT FOR NEW, RISK-FREE INVESTMENTS. WAYS TO GET OUR MONEY BACK...

...CLEAN AS THE DRIVEN SNOW, IF YOU CATCH MY DRIFT.

WE'RE VERY GENEROUS WHEN IT COMES TO THAT KIND OF SERVICE, FRANK.



I'M NOT SURE I FOLLOW YOU. BUT I'M AFRAID IT MIGHT BE AGAINST OUR POLICY.

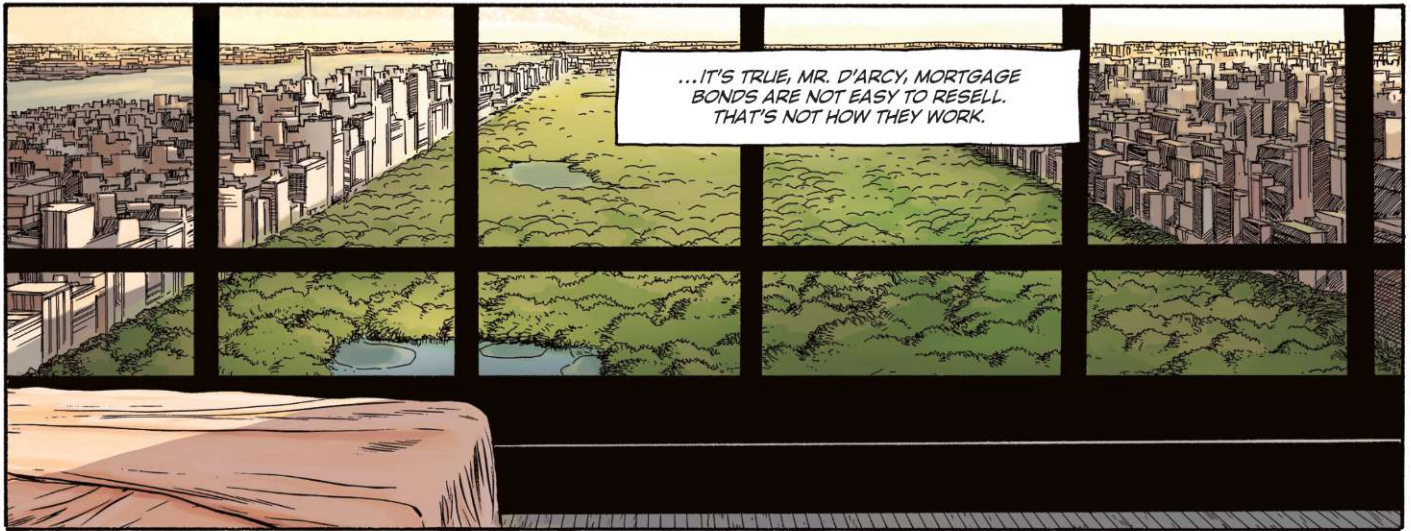
EVERYTHING WE DO IS STRICTLY WITHIN THE LAW.

JUST AS WELL, FORGET I EVEN BROUGHT IT UP. AMERICA NEEDS UPSTANDING FOLK LIKE YOU, FRANK! BUT GIVE ME A CALL... IF YOU EVER CHANGE YOUR MIND!

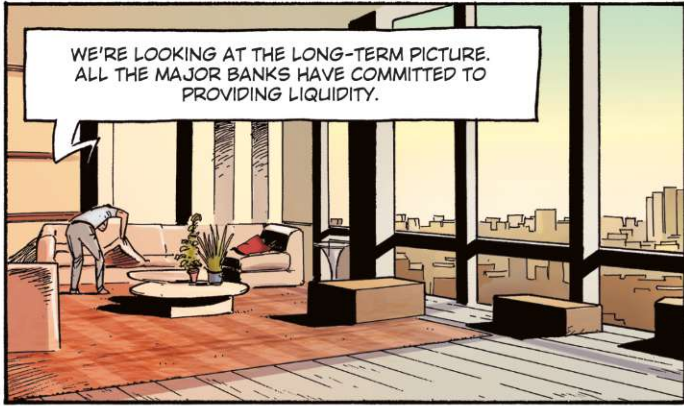


WHAT DID HE WANT?

IT'S WEIRD... I THINK HE WAS ASKING US TO LAUNDER MONEY FOR HIM. BUT I SAID NO. OK, TIME TO GO, I HAVE TO GET UP EARLY TOMORROW.



...IT'S TRUE, MR. D'ARCY, MORTGAGE BONDS ARE NOT EASY TO RESELL. THAT'S NOT HOW THEY WORK.



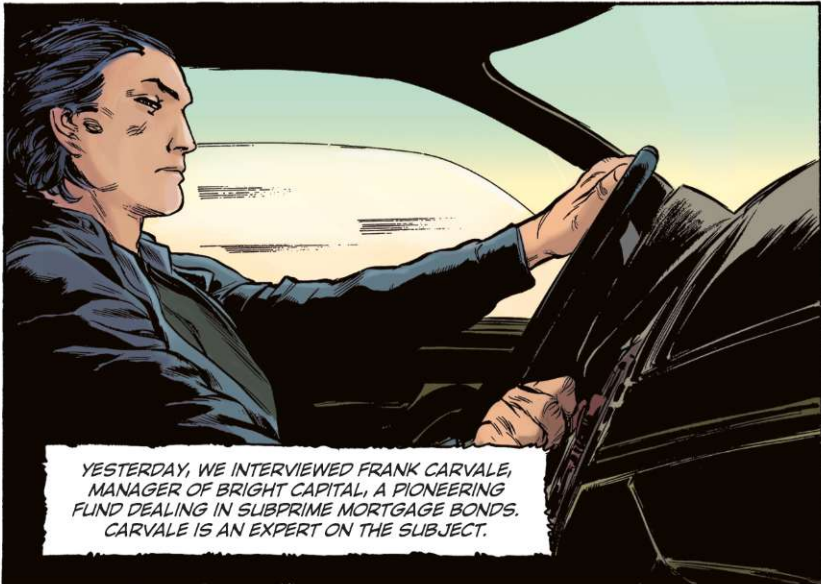
WE'RE LOOKING AT THE LONG-TERM PICTURE. ALL THE MAJOR BANKS HAVE COMMITTED TO PROVIDING LIQUIDITY.



PERFECT! WHAT TIME IS IT IN LONDON? DON'T FORGET TO MAKE THE TRANSACTION BEFORE 4 PM TO GET IT IN TODAY.



CNBC RADIO, IT'S 6:30 AM.



YESTERDAY, WE INTERVIEWED FRANK CARVALE, MANAGER OF BRIGHT CAPITAL, A PIONEERING FUND DEALING IN SUBPRIME MORTGAGE BONDS. CARVALE IS AN EXPERT ON THE SUBJECT.



WE TALKED ABOUT RISK CONTROL ON THE FUTURES MARKET. TAKE A LISTEN.



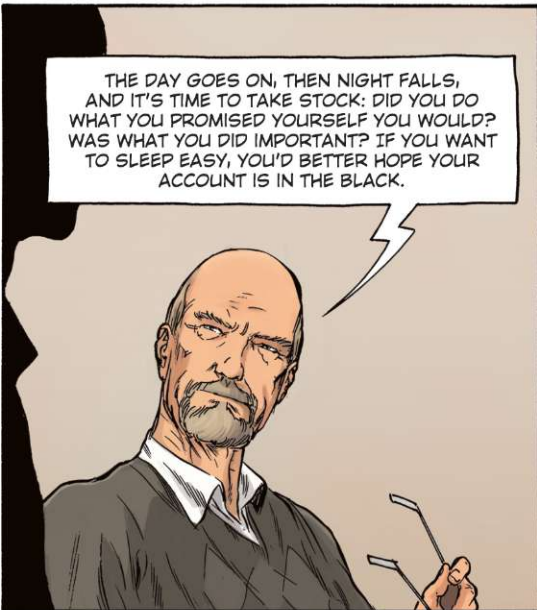
FRANK! HAVE YOU EATEN? HELP YOURSELF.



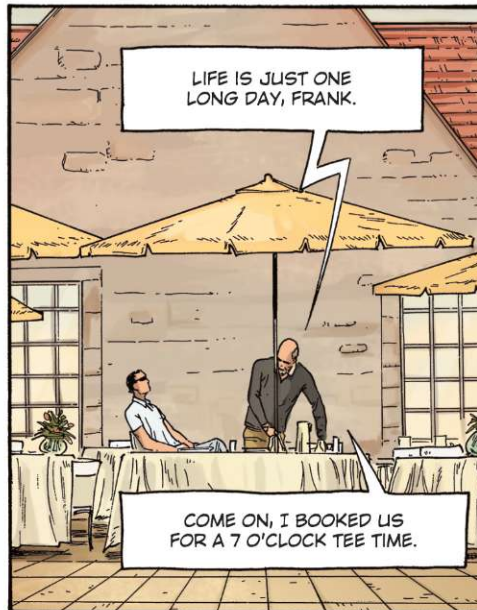
THANKS, MR. BILKAER.



I TRY TO COME HERE EVERY MORNING. AT DAWN, THERE'S NOT A SOUL AND THE WORLD DISAPPEARS. IT'S WHEN EVERYTHING IS STILL POSSIBLE.



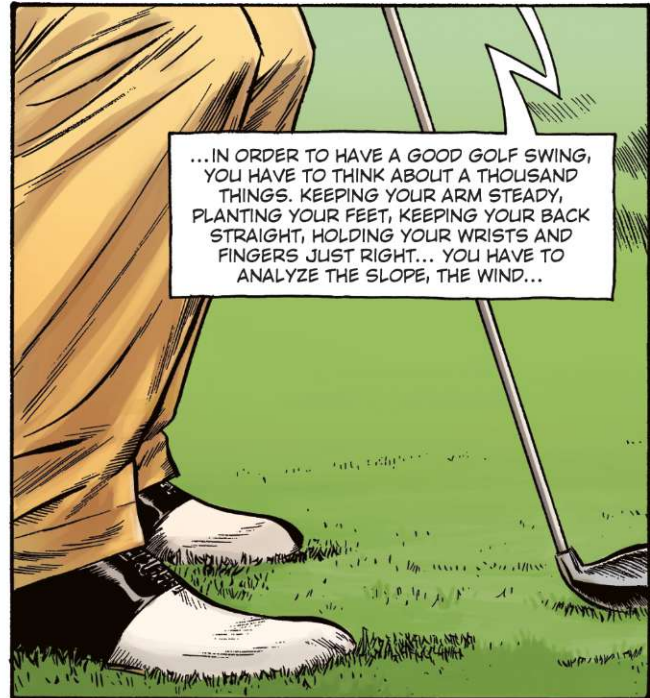
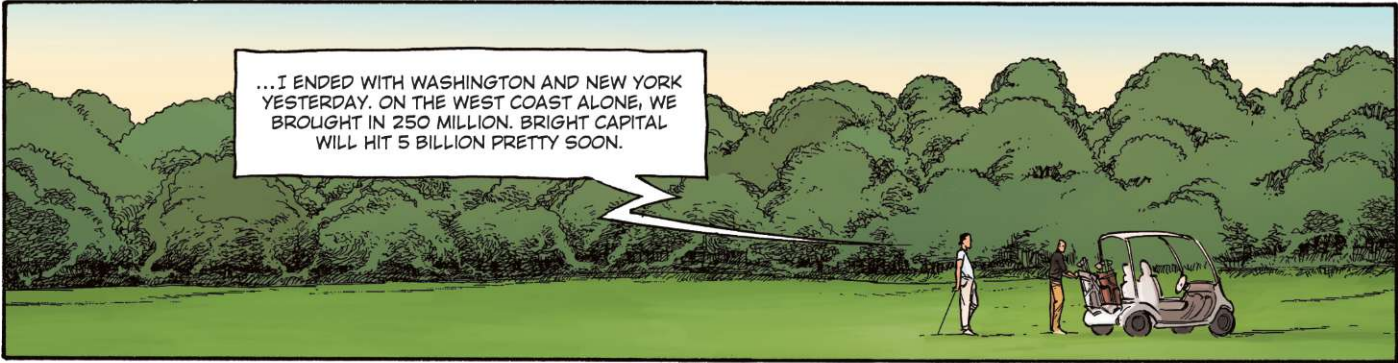
THE DAY GOES ON, THEN NIGHT FALLS, AND IT'S TIME TO TAKE STOCK: DID YOU DO WHAT YOU PROMISED YOURSELF YOU WOULD? WAS WHAT YOU DID IMPORTANT? IF YOU WANT TO SLEEP EASY, YOU'D BETTER HOPE YOUR ACCOUNT IS IN THE BLACK.



LIFE IS JUST ONE LONG DAY, FRANK.

COME ON, I BOOKED US FOR A 7 O'CLOCK TEE TIME.





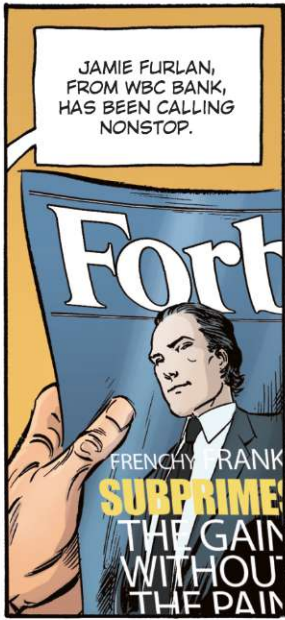


HI, CARMEN.
HOW'S IT GOING?

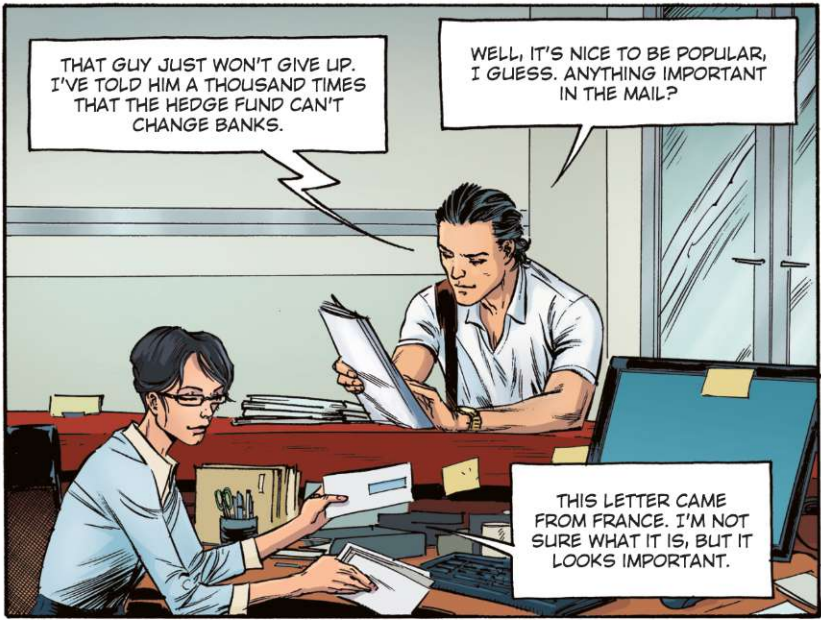


JUST FINE, MR. CARVALE!
HARVEY D'ARCY BOUGHT IN
RIGHT WHEN WE OPENED.

PERFECT, I TALKED TO HIM
THIS MORNING BEFORE GOLF.
WHAT ELSE?



JAMIE FURLAN,
FROM WBC BANK,
HAS BEEN CALLING
NONSTOP.



THAT GUY JUST WON'T GIVE UP.
I'VE TOLD HIM A THOUSAND TIMES
THAT THE HEDGE FUND CAN'T
CHANGE BANKS.

WELL, IT'S NICE TO BE POPULAR,
I GUESS. ANYTHING IMPORTANT
IN THE MAIL?

THIS LETTER CAME
FROM FRANCE. I'M NOT
SURE WHAT IT IS, BUT IT
LOOKS IMPORTANT.



I DON'T BELIEVE IT! IS THAT
ABOUT THE SCOOTERS? WHAT
DO THEY WANT NOW?

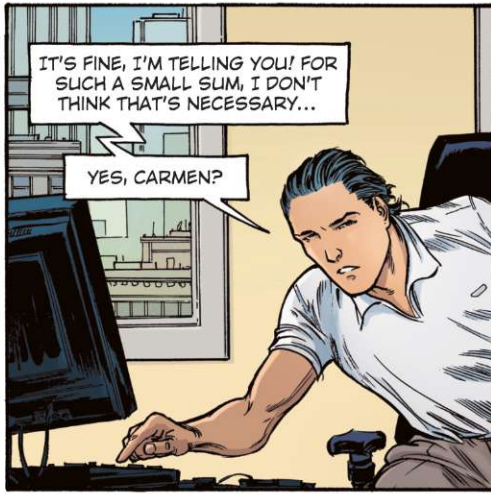
HEY, MAN, HOW'S IT GOING?



IT'S ABOUT THE
HEARING IN TWO MONTHS...
A FORMAL SUBPOENA,
SINCE I DIDN'T RESPOND
BEFORE.

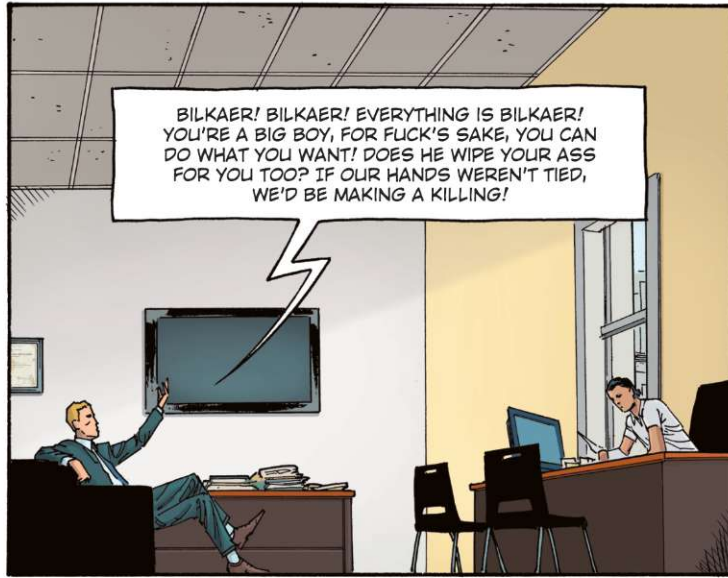
YOU'RE KIDDING!
YOU NEVER
REPLIED!?

*SEE BOOK 1.

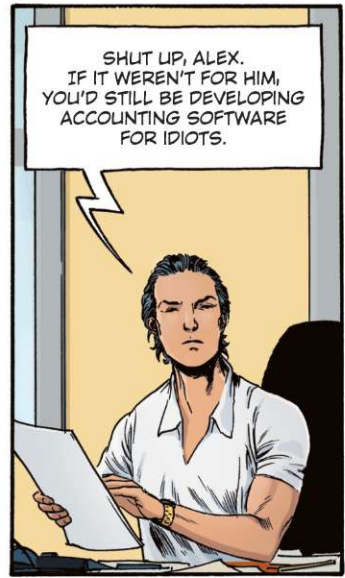




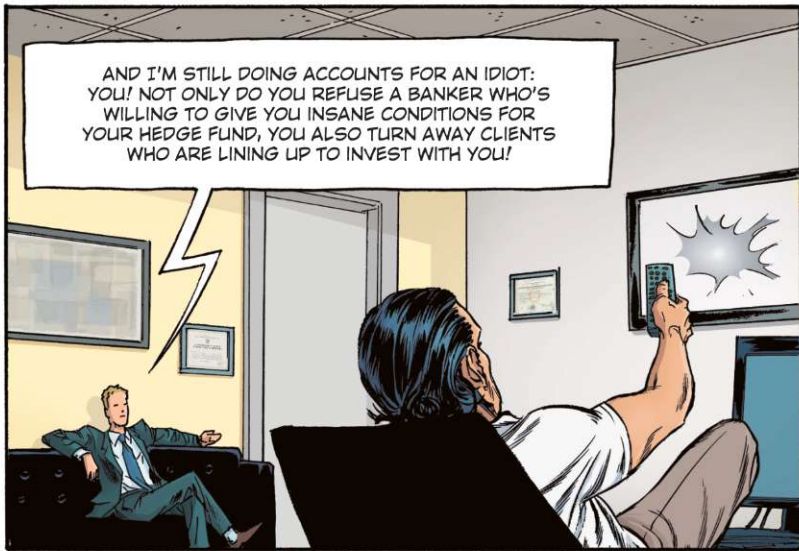
BILKAER'S ORDERS, I ALREADY TOLD YOU.



BILKAER! BILKAER! EVERYTHING IS BILKAER! YOU'RE A BIG BOY, FOR FUCK'S SAKE, YOU CAN DO WHAT YOU WANT! DOES HE WIPE YOUR ASS FOR YOU TOO? IF OUR HANDS WEREN'T TIED, WE'D BE MAKING A KILLING!



SHUT UP, ALEX. IF IT WEREN'T FOR HIM, YOU'D STILL BE DEVELOPING ACCOUNTING SOFTWARE FOR IDIOTS.



AND I'M STILL DOING ACCOUNTS FOR AN IDIOT: YOU! NOT ONLY DO YOU REFUSE A BANKER WHO'S WILLING TO GIVE YOU INSANE CONDITIONS FOR YOUR HEDGE FUND, YOU ALSO TURN AWAY CLIENTS WHO ARE LINING UP TO INVEST WITH YOU!



BILKAER DOESN'T LIKE IT? OK, FINE! SO START A NEW FUND WITH JAMIE AND LET IN EVERYONE WHO CAN'T PUT UP THE 20 MILLION TO GET IN WITH BRIGHT CAPITAL! SETTING IT UP WOULD BE CHILD'S PLAY.



WE COULD RUN IT FROM HERE, WITH NOBODY THE WISER! THINK ABOUT IT! IF BILKAER DROPS YOU ONE DAY, WHAT'LL YOU BE LEFT WITH?! REMEMBER WHAT YOU TOLD ME! YOU SAID YOU'D BE THE BOSS, NOT SOMEBODY'S BITCH!



BUSINESS
ALL STREET NEWS

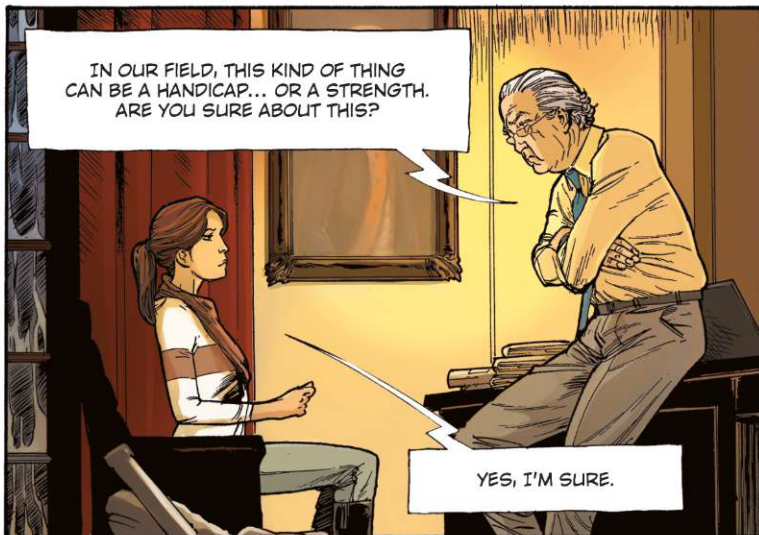
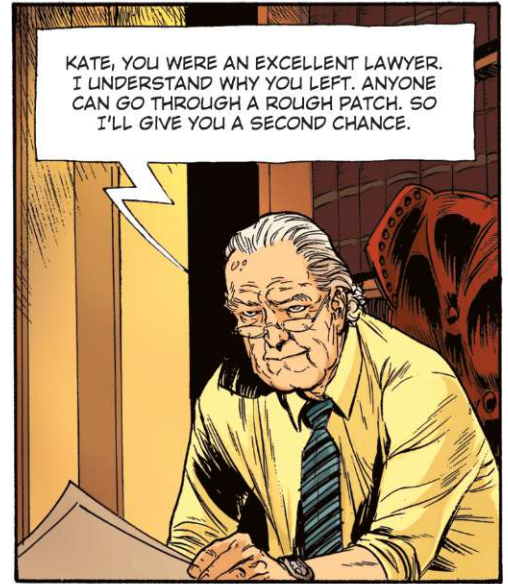


YEAH... YOU'VE GOT A POINT. CALL EVERYONE WHO COULD CONTRIBUTE BETWEEN ONE AND 20 MILLION. LET THEM KNOW FRANK CARVALE IS STARTING A NEW PROJECT. I'LL TAKE CARE OF NEGOTIATING WITH JAMIE FURLAN.



ALEX, WE'RE GONNA MAKE MORE THAN A KILLING--IT'S GONNA BE A BLOODBATH!

ECONOMIC GURU
FRANK CARVA
PRIMES ARE THE NEW





ALAN? CALL GREENSPAN AT THE FED. PUT HIM THROUGH RIGHT AWAY.



IT'S TIME, EDDY. YOU CAN START SELLING OFF ALL OF OUR SUBPRIMES.



TAKE IT SLOW. THE MARKET MUST CONTINUE BELIEVING IN EL DORADO IF WE WANT TO HIT THE JACKPOT.



"FROM THE SUBURBS OF PARIS TO THE STARS." RIDICULOUS! IF ONLY THOSE MORONIC JOURNALISTS KNEW THE TRUTH... WHAT WILL WE DO WITH HIM, BY THE WAY?

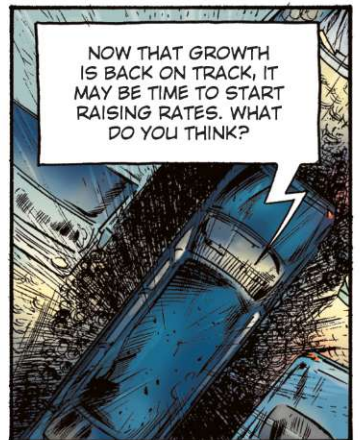


CARVALE? HE'S TOO BUSY REVELING IN HIS SUCCESS TO UNDERSTAND WHAT'S GOING TO HAPPEN.

HELLO, ERGYLP

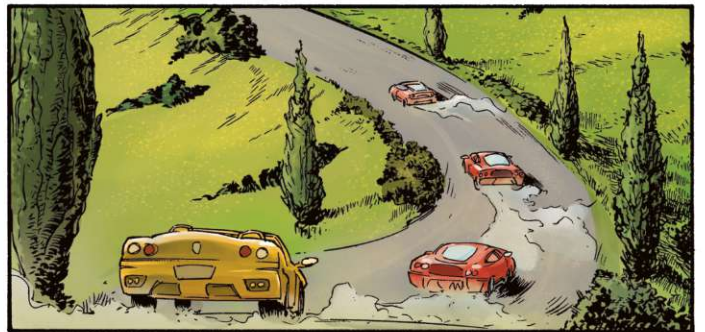
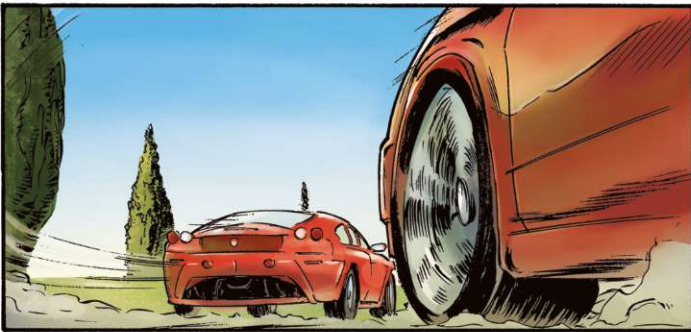


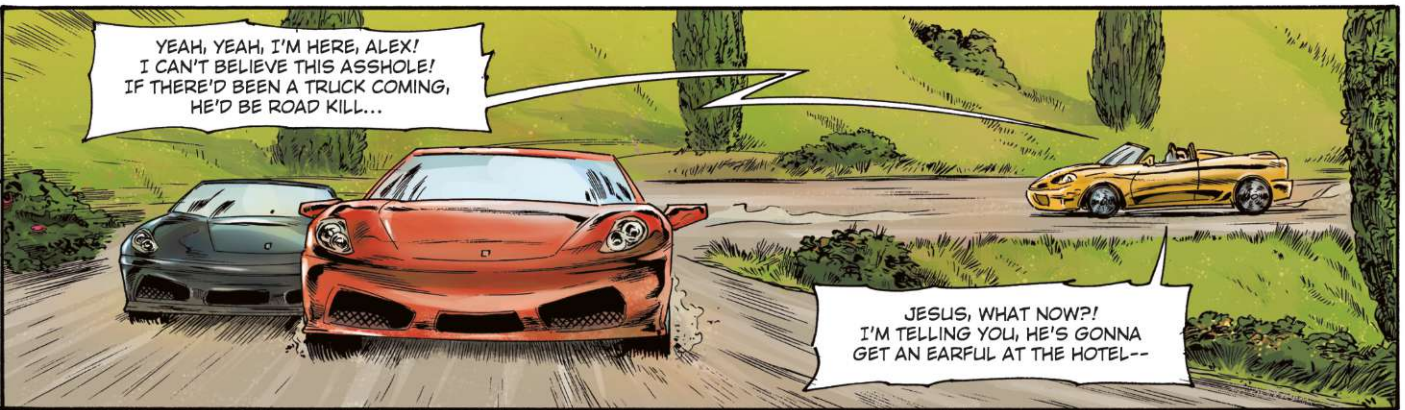
HELLO, ALAN! HOW ARE YOU, MY FRIEND? SAY, I'VE TAKEN A LOOK AND ALL THE SIGNS ARE GOOD...

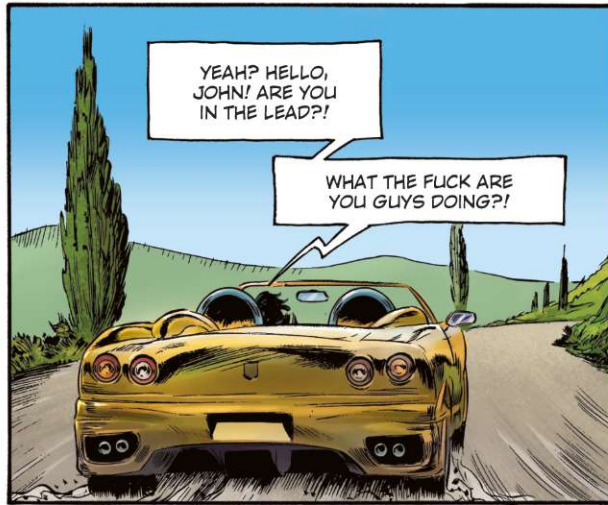
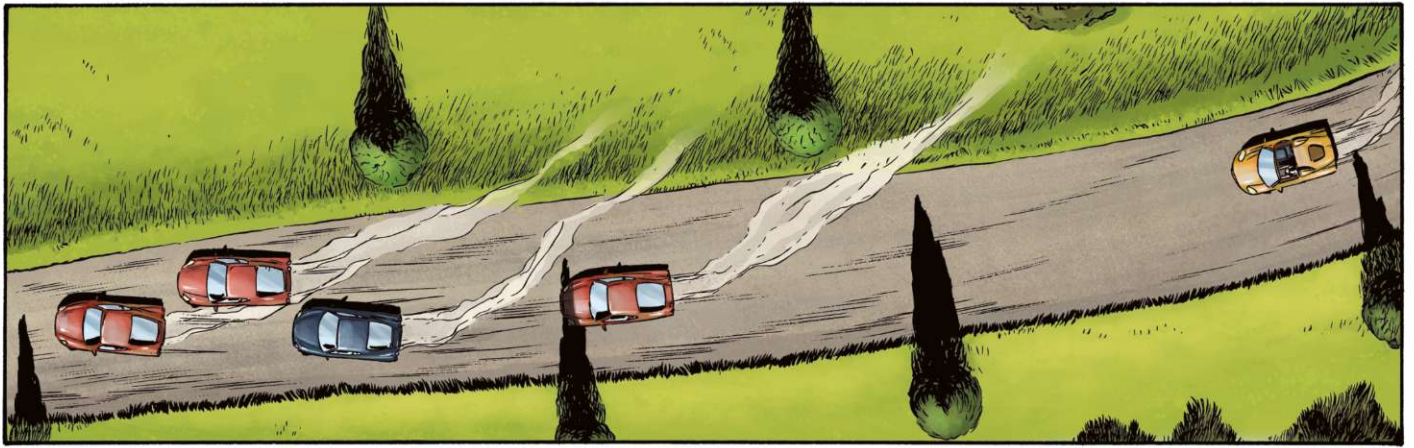


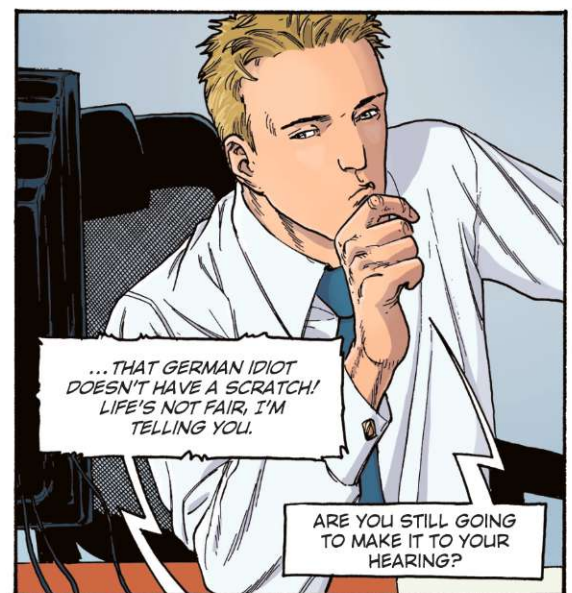
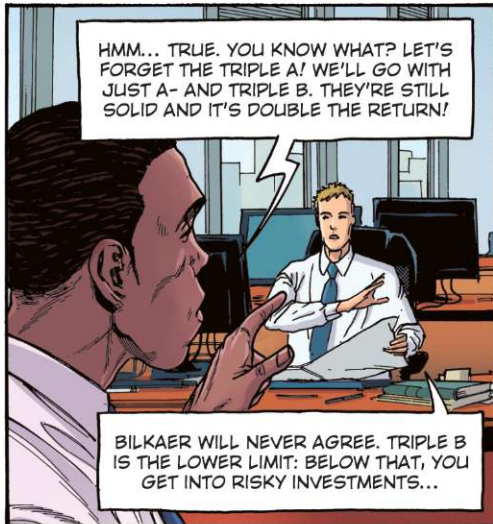
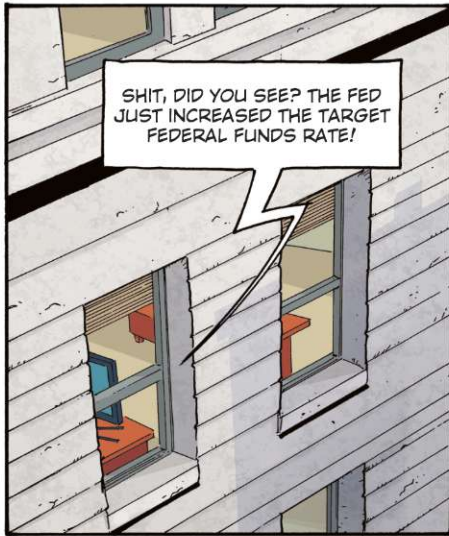
NOW THAT GROWTH IS BACK ON TRACK, IT MAY BE TIME TO START RAISING RATES. WHAT DO YOU THINK?

VIA SCOPETANO - TUSCANY, ITALY.





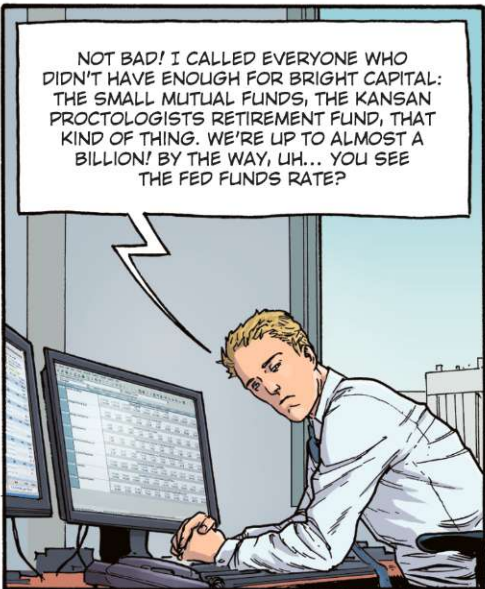






FORGET IT, I'M NEEDED HERE. I HAVE TO NEGOTIATE WITH THE INSURANCE COMPANY, OR THEY'LL ROB US BLIND.

WHAT? GIVE IT A REST! WE'RE TALKING 3 MILLION IN DAMAGE! NOT 30,000 FUCKING EUROS. WHO GIVES A SHIT, SERIOUSLY! HOW'S IT GOING WITH NEW HORIZON?



NOT BAD! I CALLED EVERYONE WHO DIDN'T HAVE ENOUGH FOR BRIGHT CAPITAL: THE SMALL MUTUAL FUNDS, THE KANSAS PROCTOLOGISTS RETIREMENT FUND, THAT KIND OF THING. WE'RE UP TO ALMOST A BILLION! BY THE WAY, UH... YOU SEE THE FED FUNDS RATE?



YEAH, WE KNEW IT WAS COMING, IT COULDN'T STAY AT ROCK BOTTOM FOREVER. THE SLUCKERS WITH ADJUSTABLE-RATE MORTGAGES ARE GONNA FEEL IT, BELIEVE ME.

ABOUT THAT... TO COMPENSATE FOR THE RATE INCREASE, WE WERE THINKING OF USING MORTGAGES RATED BBB- MAX IN NEW HORIZON'S BONDS...



WHAT DOES CORREGA THINK?

HE'S ALL FOR IT!



OK, WELL, GREAT!

THIS IS DISGUSTING! HOW CAN ANYONE EAT THIS CRAP?

SIGNORE?

HOLD ON, I GOT ANOTHER CALL COMING IN...



YEAH, HELLO, MOM?

CI DISPIACE, SIGNORE! I CELLULARI SONO VIETATI ALL'INTERNO DELL'OSPEDALE!*

BEEP!

*SORRY, SIR! CELL PHONES AREN'T ALLOWED IN THE HOSPITAL!



VA BENE! OK, OK, I'M LEAVING!

YEAH, SORRY MOM, WHAT'S THAT?



...

OK... TELL HIM--WELL, KEEP ME IN THE LOOP, ALRIGHT? LOVE YOU... **BEEP!**



HELLO, FRANK? WHAT'S GOING ON? YOU OK?



IT'S MY DAD... THEY FOUND NODULES IN HIS LUNGS.





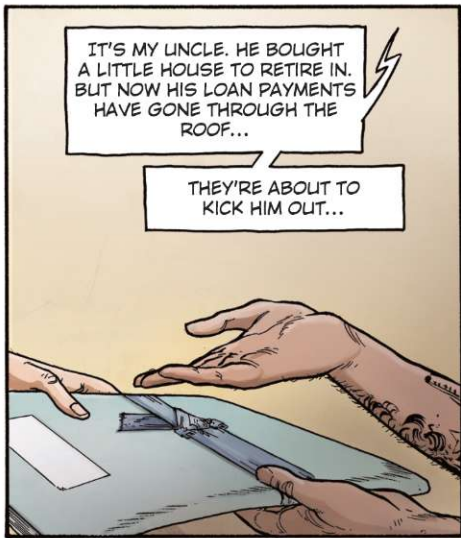
YOUR MOM AND I GOT TALKING THE OTHER DAY... I WAS PLAYING KINDA LOUD AND IT WOKE UP THE BABY.

I'M ANDY, ANDY HEMMETH.



KATE, NICE TO MEET YOU. SO YOU'RE THE GUITAR PLAYER?

YEAH, AND UH... WELL, I HAVE A PROBLEM...



IT'S MY UNCLE. HE BOUGHT A LITTLE HOUSE TO RETIRE IN. BUT NOW HIS LOAN PAYMENTS HAVE GONE THROUGH THE ROOF...

THEY'RE ABOUT TO KICK HIM OUT...



HE'S ALL I'VE GOT LEFT, EVEN IF HE'S A LITTLE NUTS... AND WELL, YOUR MOM SAID YOU WERE A LAWYER, SO I THOUGHT...



OK, STOP BY SOMETIME AND WE'LL LOOK AT IT TOGETHER.

COOL, THANKS. REALLY.



...BUT THE TARGET RATE WAS ALREADY AT 4% THREE MONTHS AGO! AND NOW IT'S UP TO 5.25%!

THOSE GUYS AT THE FED ARE CRAZY! DO THEY WANT TO SINK US ALL!?



LET'S KEEP CALM, THIS WAS TO BE EXPECTED! SO RATES ARE EXPLODING AND THE POOR CAN'T KEEP UP. SO WHAT? IT'S NOT OUR FAULT THEY'RE TOO STUPID TO MANAGE THEIR FINANCES!



BUT THAT'S THE THING! THEY'RE YOUR NINJAS! THEY WERE ALREADY STRETCHED THIN, AND THEY TOOK OUT ADJUSTABLE-RATE LOANS BECAUSE IT WAS CHEAPER AT THE TIME! YOUR FUND DEPENDS ON THESE GUYS, MAN!



SO WHAT, JAMIE? IF THEY CAN'T HACK IT, THE BANK TAKES BACK THEIR HOUSE AND IT'S ALL GOOD, FOR THE BANK AND FOR US! IT'S BEEN THAT WAY SINCE THE START, THERE'S NO REASON IT SHOULD CHANGE NOW.



THE METROPOLITAN SAVINGS BANK IN PITTSBURGH JUST DECLARED BANKRUPTCY.



WHAT HAPPENED?

PFFF... WHATEVER... IT'S JUST ONE OF THOSE PODUNK RETAIL BANKS IN THE MIDDLE OF NOWHERE. THEY AREN'T MANAGED PROPERLY...



COME ON! YOU STILL DON'T GET IT, DO YOU?

TOO MANY BAD LOANS, TOO MANY FORECLOSURES, TOO MANY HOUSES ON THE MARKET. AND WITH RATES THIS HIGH, THERE ARE NO MORE BUYERS!

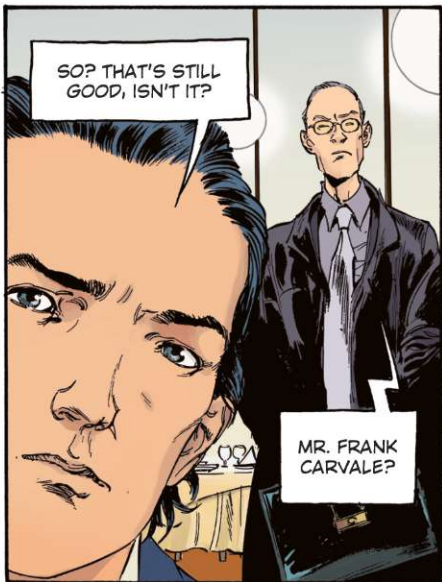


AND NO BUYERS MEANS NO LIQUIDITY FOR THE BANK, WHICH BITES THE DUST, TOO...

AS IF I GAVE A SHIT!! WE HAVE AAA LOANS, WE'RE SAFE NO MATTER WHAT!

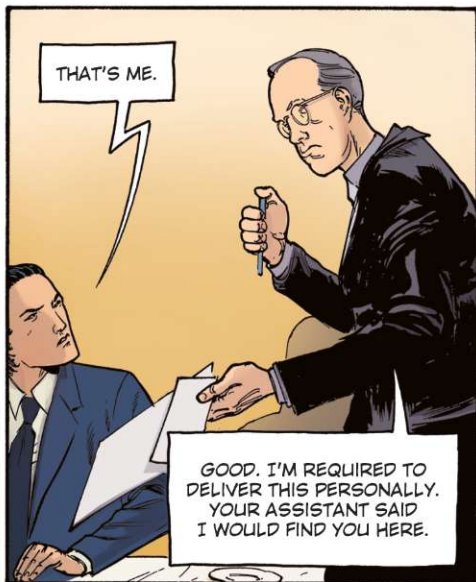


UHH, FRANK... FOR BRIGHT CAPITAL, YEAH, WE HAVE AAA. BUT FOR NEW HORIZON, WE BOOSTED RETURNS BY BUYING ONLY A- AND BBB-, REMEMBER?



SO? THAT'S STILL GOOD, ISN'T IT?

MR. FRANK CARVALE?



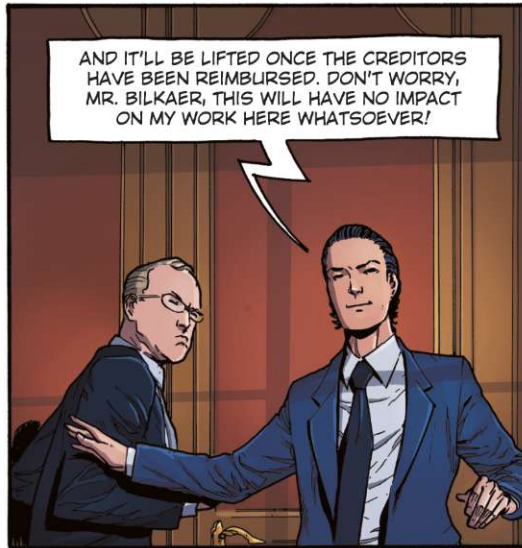
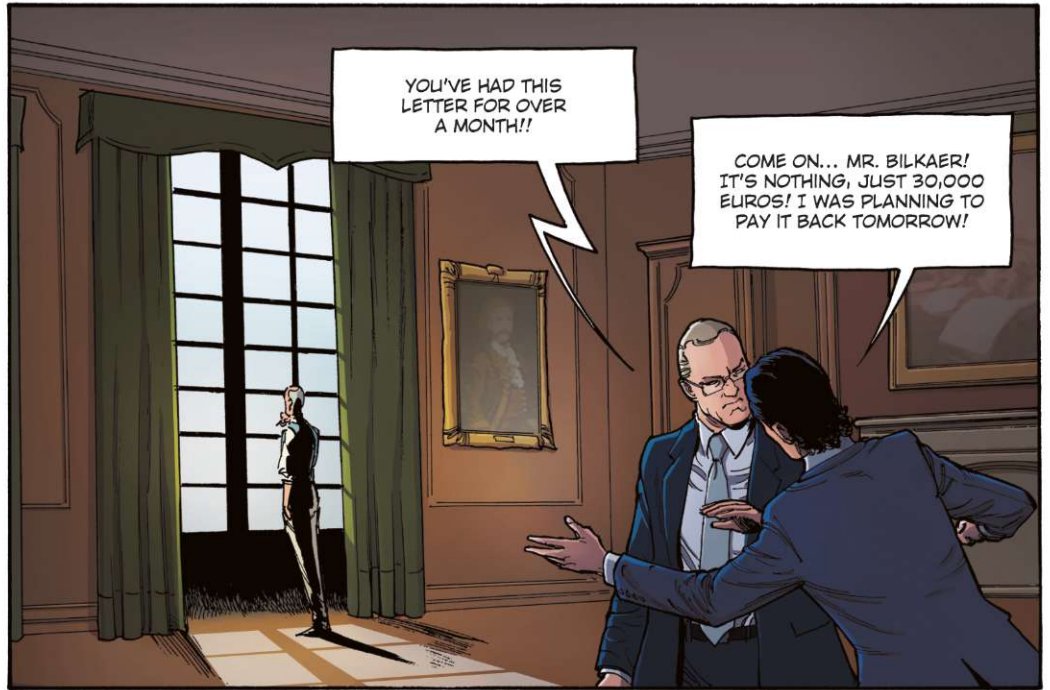
THAT'S ME.

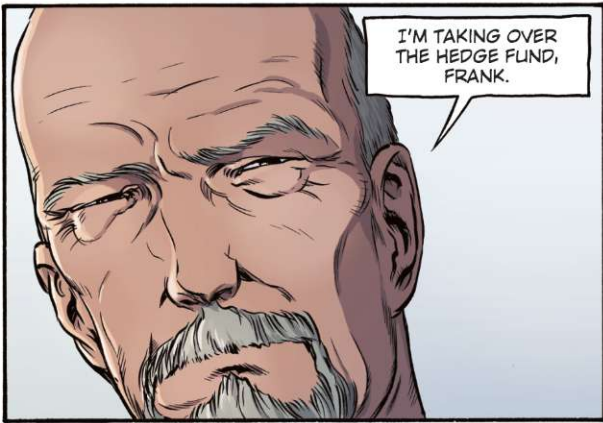
GOOD. I'M REQUIRED TO DELIVER THIS PERSONALLY. YOUR ASSISTANT SAID I WOULD FIND YOU HERE.



I NEED YOUR SIGNATURE HERE, PLEASE.







I'M TAKING OVER THE HEDGE FUND, FRANK.



BUT YOU CAN'T! YOU DIDN'T WANT TO!

YOUR NAME WASN'T SUPPOSED TO BE ON IT!!

IT'S ONLY TEMPORARY, UNTIL WE FIND SOMEONE MORE RESPONSIBLE THAN YOU!



ARE YOU KIDDING?! IT'S OUT OF THE QUESTION!

I CREATED THIS HEDGE FUND! HAVE YOU FORGOTTEN ABOUT THE FIRST 100 MILLION IN HONG KONG?



I'VE WORKED MY ASS OFF, I'VE FLOWN ALL AROUND THE WORLD SELLING THOSE DAMN SUBPRIMES! BRIGHT CAPITAL'S SUCCESS IS ALL THANKS TO ME!



MR. BILKAER! MR. BILKAER!!

FRANK, YOU'RE OUT. ERGYU IS TAKING OVER THE FUND AS SET FORTH IN THE CLAUSE YOU SIGNED WHEN WE HIRED YOU.



SO THAT'S IT? YOU ASSHOLES ARE GETTING RID OF ME? I DON'T KNOW WHAT YOU'RE PLANNING, BUT YOU'RE GONNA REGRET THIS!!



I'M KEEPING MY TEAM! AND THE OFFICE IS STILL UNDER MY NAME, I'M KEEPING THAT TOO!! YOU WON'T GET AWAY WITH THIS!! YOU'RE GONNA PAY!!!



WELL THAT WENT FAIRLY WELL, ALL THINGS CONSIDERED.



EDDY, CALL LLOYD AT GOLDMAN SACHS. TELL HIM TO LOOK INTO THEIR SUBPRIME MORTGAGE BONDS.

GIVE THEM A FRIENDLY WARNING THAT IT'S ABOUT TO BLOW UP IN THEIR FACES...



...EXACTLY! AND THAT'S WHY I'VE LEFT BRIGHT CAPITAL, MR. ECKART.

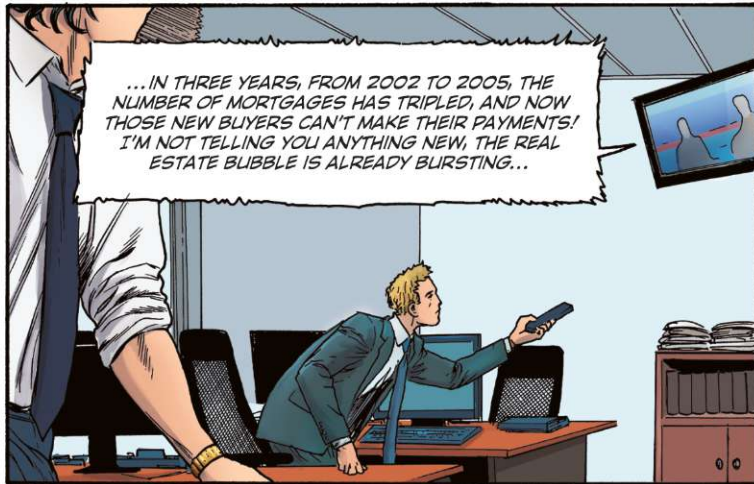


GREAT, YOU'RE MAKING THE RIGHT DECISION. NOW THAT I CAN FULLY DEVOTE MYSELF TO NEW HORIZON, YOU CAN EXPECT RECORD PERFORMANCE!

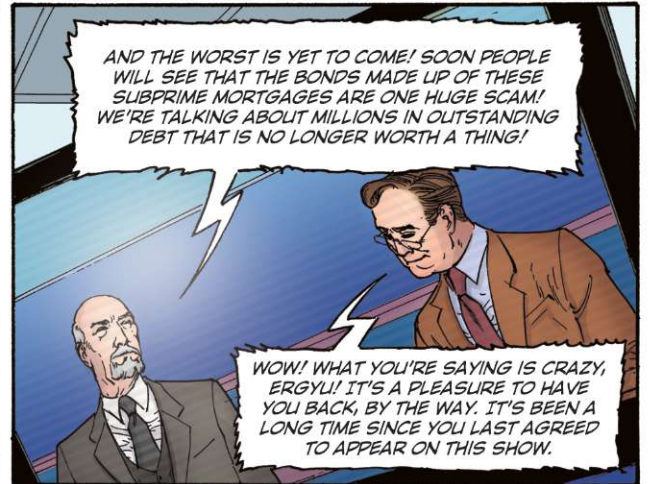


FRANK! I THINK YOU SHOULD COME SEE THIS!

PERFECT, MAKE SURE YOU GET IT IN BEFORE THE CUT-OFF TIME TODAY. SUBPRIMES ARE THE FUTURE, MR. ECKART!



...IN THREE YEARS, FROM 2002 TO 2005, THE NUMBER OF MORTGAGES HAS TRIPLED, AND NOW THOSE NEW BUYERS CAN'T MAKE THEIR PAYMENTS! I'M NOT TELLING YOU ANYTHING NEW, THE REAL ESTATE BUBBLE IS ALREADY BURSTING...



AND THE WORST IS YET TO COME! SOON PEOPLE WILL SEE THAT THE BONDS MADE UP OF THESE SUBPRIME MORTGAGES ARE ONE HUGE SCAM! WE'RE TALKING ABOUT MILLIONS IN OUTSTANDING DEBT THAT IS NO LONGER WORTH A THING!

WOW! WHAT YOU'RE SAYING IS CRAZY, ERGYU! IT'S A PLEASURE TO HAVE YOU BACK, BY THE WAY. IT'S BEEN A LONG TIME SINCE YOU LAST AGREED TO APPEAR ON THIS SHOW.



TIMES ARE CHANGING, JACK. I FEEL IT'S MY DUTY TO SOUND THE ALARM. SUBPRIMES ARE A TICKING TIME BOMB, AND I ADVISE EVERYONE TO UNLOAD THESE TOXIC ASSETS AS FAST AS THEY CAN!

FUCKER...



BRIGHT CAPITAL, THE FUND THAT I MANAGE, LIQUIDATED ITS SUBPRIME POSITIONS LONG AGO.

WHAT IS HE TALKING ABOUT? BRIGHT CAPITAL IS SUPER EXPOSED! THAT'S ALL WE HAVE!



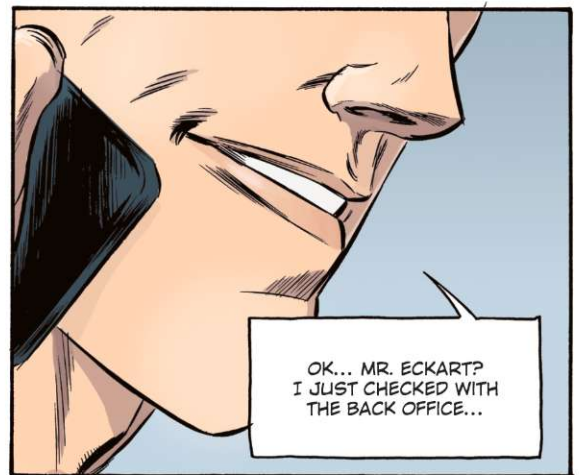
THAT'S ALL WE HAD! LOOK... HE'S SOLD OFF ALL THE HEDGE FUND'S POSITIONS IN THE LAST THREE MONTHS! AND AT THE TOP OF THE MARKET, FOR 15 BILLION! AND HE SHORT-SOLD 15 BILLION MORE RIGHT AFTERWARD...

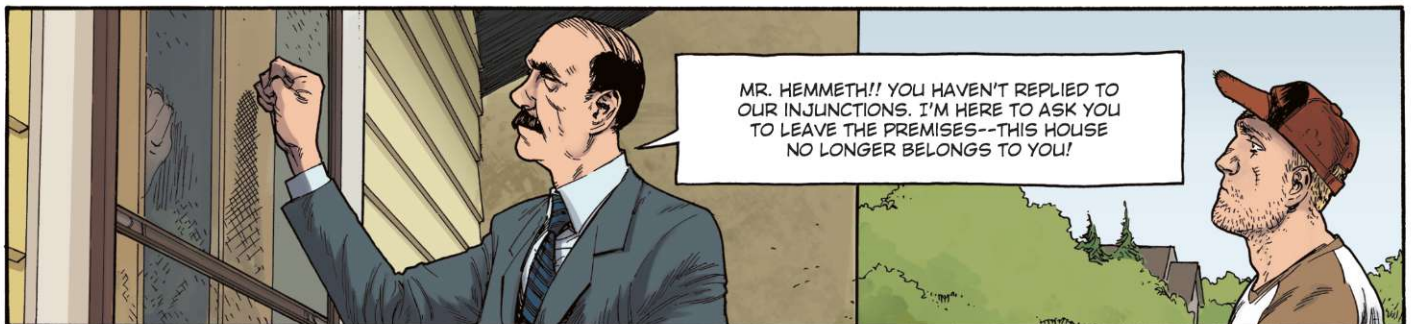
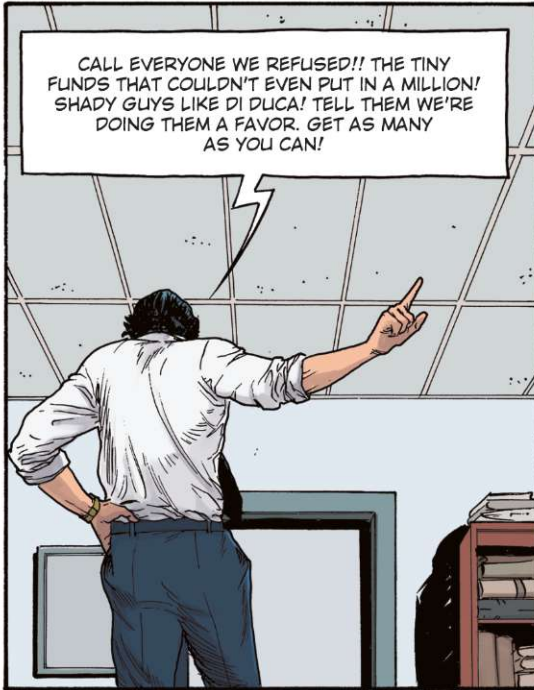
TRANSPARENCY IS VERY IMPORTANT TO US. WE WOULD THEY KNOW THAT THEY CAN TRUST US, THERE'S NOTHING WE NEVER TAKE SUCH A RISK ON



THAT BASTARD STAYED ONE STEP AHEAD OF THE MARKET JUST SO HE COULD MAKE IT CRASH! IF PEOPLE FOLLOW HIS LEAD AND EVERYTHING COLLAPSES, HE'LL BE RAKING IT IN!

BUT HOW DID WE NOT SEE?! HOW'D HE DO IT? I NEVER SAW A SINGLE TRANSACTION!



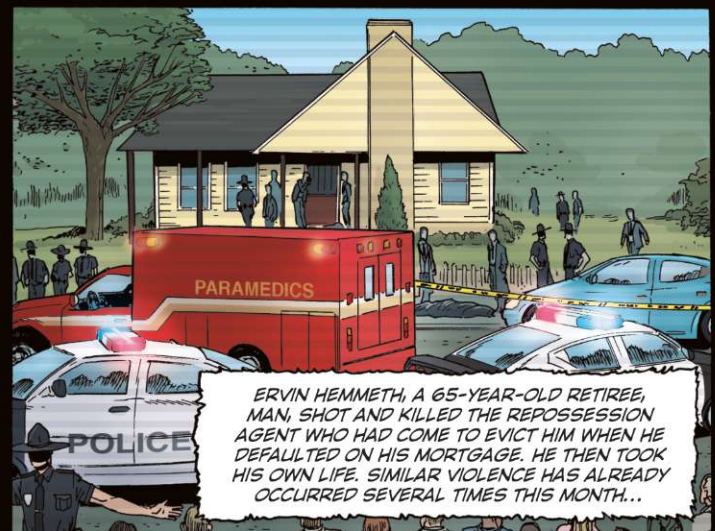




TRAGEDY STRUCK YESTERDAY IN MILWAUKEE, WISCONSIN, AS A RESULT OF WHAT'S BEING CALLED THE SUBPRIME MORTGAGE CRISIS.



MILWAUKEE SHOOTING

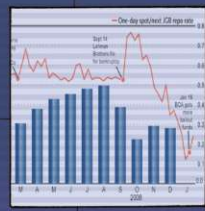


ERVIN HEMMETH, A 65-YEAR-OLD RETIREE, MAN, SHOT AND KILLED THE REPOSESSION AGENT WHO HAD COME TO EVICT HIM WHEN HE DEFAULTED ON HIS MORTGAGE. HE THEN TOOK HIS OWN LIFE. SIMILAR VIOLENCE HAS ALREADY OCCURRED SEVERAL TIMES THIS MONTH...

YOU KNOW WHAT THE BANKERS CALL THOSE DAMN LOANS THEY GIVE PEOPLE LIKE US? "NEUTRON LOANS"! 'CAUSE THEY KILL THE FOLKS INSIDE AND LEAVE THE HOUSES. LIKE A NEUTRON BOMB!!



BUT ONCE THEY KICK YOU OUT, THEY CAN'T EVEN SELL THE DAMN HOUSE!



WE'RE NOW REALIZING ALL THIS GROWTH WAS JUST A MIRAGE. IT ONLY TOOK A SLIGHT RISE IN THE FED'S TARGET INTEREST RATE TO DROWN ALL THE HOMEOWNERS WHO TOOK OUT ADJUSTABLE-RATE MORTGAGES.

FTY (S&P CNX)	5906.05	▼	- 29.35	DTI
45	16.62	▼	- 16.62	DSA
2.05	219.05	▼	- 28.72	DTA
L	678.50	▼		DSV

THE AMERICAN HOUSING MARKET HAS DROPPED 20% IN THE LAST 18 MONTHS. THE NUMBER OF HOUSES ON THE MARKET IS AT AN ALL-TIME HIGH. WE'RE EXPERIENCING AN EQUALLY SEVERE DROP IN BUILDING PERMIT REQUESTS AND NEW DEVELOPMENTS.



WE CAN EXPECT TO SEE A COLLAPSE IN DEMAND FOR UNSKILLED LABOR, THE SAME WORKERS MOST AFFECTED BY THE RISE IN INTEREST RATES...

APRIL 2007.

WE'VE JUST LEARNED THAT NEW CENTURY FINANCIAL CORPORATION, WHICH SPECIALIZES IN HOUSING LOANS, HAS FILED FOR BANKRUPTCY. INTERNATIONAL BANKS LIKE LEHMAN BROTHERS, BEAR STEARNS, AND WACHOVIA ALSO SEEM TO BE IN TROUBLE. BEN BERNANKE, WHO TOOK OVER FROM ALAN GREENSPAN AS CHAIR OF THE FED LAST YEAR, MADE AN ANNOUNCEMENT THIS MORNING.



GIVEN THE EXPLOSION IN MORTGAGE DEFAULTS, WE ESTIMATE BANKS' LOSSES COULD REACH 150 BILLION DOLLARS.



JULY 2007.

THE BRUTAL MARKET STALL WE'RE CURRENTLY EXPERIENCING BRINGS UP A MAJOR CONCERN: THE TRUTH IS THAT NO ONE, AND I MEAN NO ONE, KNOWS JUST HOW EXPOSED TO SUBPRIMES THESE BANKS ARE!



EVERYONE'S IN IT UP TO THEIR NECKS! ONLY GOLDMAN SACHS HAD THE FORESIGHT TO GET RID OF ITS BAD BONDS BEFORE EVERYONE ELSE DID!



The financial sector slashed 35,752 jobs in August, according to Challenger, Gray & Christmas

J.P. MORGAN IS BUYING BEAR STEARNS AFTER THE LATTER DECLARED BANKRUPTCY. BEAR STEARNS HAD BEEN A MAJOR PLAYER ON WALL STREET FOR OVER 100 YEARS!

AUGUST 24TH, 2007.



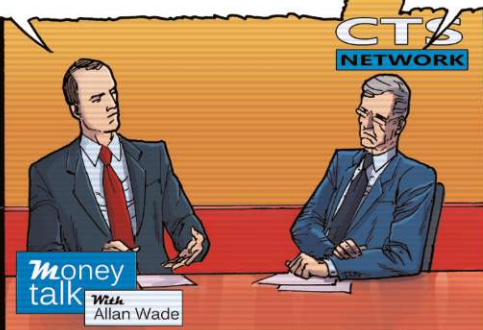
THERE HAVE BEEN EXACTLY 1,268,525 KNOWN PAYMENT DEFAULTS THIS FAR.

WE ESTIMATE THAT BETWEEN ONE AND THREE MILLION AMERICANS MAY LOSE THEIR HOMES.



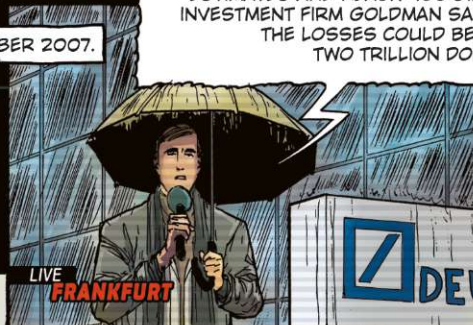
WE'VE JUST HEARD THAT MERRILL LYNCH IS SLINGING ITS INSURERS, WHO DID NOT CONDUCT A PROPER RISK ASSESSMENT AND WERE UNPREPARED FOR RECENT EVENTS.

BUT WITH THE INSURERS ALSO DECLARING BANKRUPTCY, IT'S HARD TO IMAGINE THERE'S MUCH TO BE GAINED BY AMERICA'S FIFTH-LARGEST PRIVATE BANK!



OCTOBER 2007.

DEUTSCHE BANK ANNOUNCED TODAY THAT ITS LOSSES COULD ACTUALLY DOUBLE THE FED'S OPTIMISTIC ESTIMATES AND REACH 400 BILLION DOLLARS. THE INVESTMENT FIRM GOLDMAN SACHS ESTIMATES THAT THE LOSSES COULD BE AS HIGH AS TWO TRILLION DOLLARS.



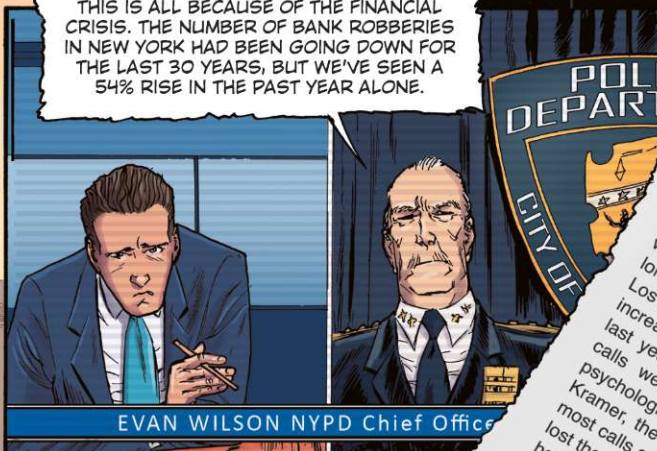
SORRY, CORREGA, BUT YOU WERE HIRED LAST.

NO HARD FEELINGS, MR. CARVALE, IT WAS AN HONOR TO BE PART OF THE TEAM.



IN NORTHAMPTON, PENNSYLVANIA, A 49-YEAR-OLD WOMAN ROBBED A BANK, ONLY TO BE ARRESTED 18 MINUTES LATER AT THE POST OFFICE. SHE WAS SENDING A MONEY ORDER OF \$1,000 TOWARDS PAYING OFF HER DEBTS. THE POLICE CONFIRMED THAT SHE WAS ABOUT TO BE EVICTED.

THIS IS ALL BECAUSE OF THE FINANCIAL CRISIS. THE NUMBER OF BANK ROBBERIES IN NEW YORK HAD BEEN GOING DOWN FOR THE LAST 30 YEARS, BUT WE'VE SEEN A 54% RISE IN THE PAST YEAR ALONE.



EVAN WILSON NYPD Chief Officer

North Carolina suicide helpline in Raleigh, increase in calls in October and November. "The stock market crash is responsible for the sharp increase in suicide rates," said its executive director, Courtney Atwood. "These are people who have lost a lot of money and are no longer able to support their families." In Los Angeles, suicide helpline calls have increased more than 60% compared to last year. "One year ago, most of the calls were coming from people with psychological problems," said Sandi Kramer, the program's director. "Today, most calls are coming from people who have lost their homes or their jobs, or who have a job, but can't pay their H.G."



ACCORDING TO THE OFFICER IN CHARGE OF THE INVESTIGATION, THOMAS GARRETT PREFERRED TO KILL HIS WIFE RATHER THAN TELL HER THEY'D BEEN EVICTED FROM THEIR HOME WHILE SHE WAS IN THE HOSPITAL. THE POLICE MANAGED TO ARREST HIM BEFORE HE WAS ABLE TO TAKE HIS OWN LIFE.



OKLAHOMA SHOOTING

1.40

SINCE EARLY 2008, BANKS ALL OVER THE WORLD HAVE BEEN REVALUATING THEIR SUBPRIME-BASED ASSETS AT A LOSS. TOTAL LOSSES HAVE SURPASSED 500 BILLION DOLLARS SO FAR. JUST THINK! IT'S LIKE REALIZING THAT NOT ONLY IS YOUR HOUSE MADE OF STRAW, BUT THAT ALL THE OTHER LITTLE PIGGIES' HOUSES ARE TOO! AND THE BIG BAD WOLF IS ON HIS WAY!

Subprime Crisis



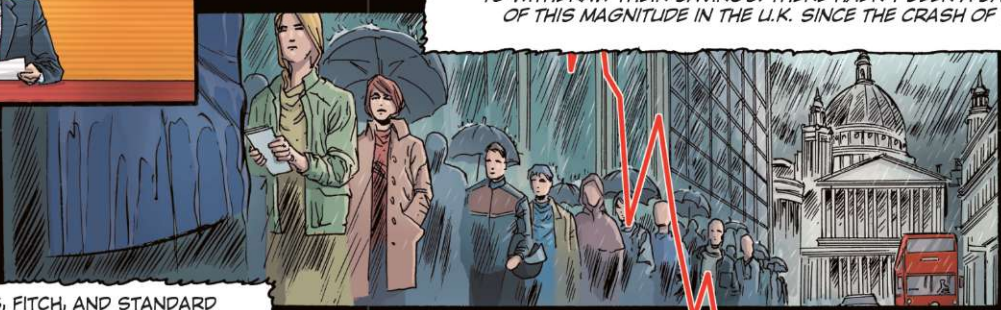
FRANK? WE JUST PAID 2 BILLION TO OUTGOING CLIENTS! WE'VE GOT NO LIQUIDITY LEFT! AND OUR REMAINING ASSETS ARE WORTH JACK SHIT... IF WE HAVE TO PAY EVERYONE BACK, WE'RE TOTALLY SCREWED!

1.30

IN ITS LATEST REPORT DATED APRIL 9TH, 2008, THE INTERNATIONAL MONETARY FUND ESTIMATES, AND I QUOTE, "BANKS' TOTAL LOSSES COULD REACH \$945 BILLION."



THE BRITISH GOVERNMENT JUST ANNOUNCED PLANS TO NATIONALIZE NORTHERN ROCK BANK AFTER CLIENTS LINED UP TO WITHDRAW THEIR SAVINGS. THERE HADN'T BEEN A BANK RUN OF THIS MAGNITUDE IN THE U.K. SINCE THE CRASH OF 1929!



1.10

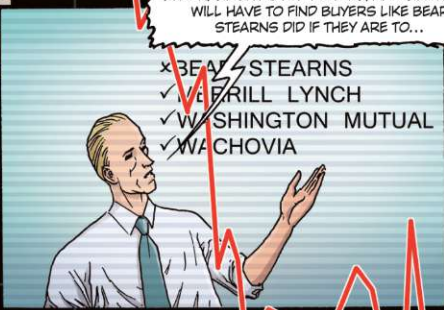
RATING AGENCIES MOODY'S, FITCH, AND STANDARD & POOR'S HAVE BEEN ACCUSED OF MISJUDGING THE RISKS POSED BY SUBPRIME BONDS AND GIVING THEM MISLEADING RATINGS.



WE'VE JUST HEARD THAT REFINANCING AGENCIES FREDDIE MAC AND FANNIE MAE, THE MORTGAGE GIANTS, HAVE BEEN NATIONALIZED!



IN AN EARTH-SHAKING DEVELOPMENT, THE U.S. GOVERNMENT JUST LET LEHMAN BROTHERS GO BANKRUPT WITHOUT INTERVENING! MERRILL LYNCH, WASHINGTON MUTUAL, AND WACHOVIA WILL HAVE TO FIND BUYERS LIKE BEAR STEARNS DID IF THEY ARE TO...



- ~~X~~ BEAR STEARNS
- ✓ MERRILL LYNCH
- ✓ WASHINGTON MUTUAL
- ✓ WACHOVIA

1.00

0.90

0.80

Jun

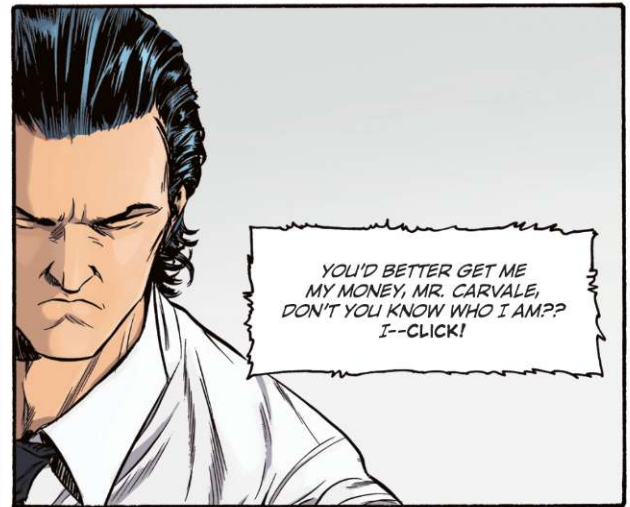
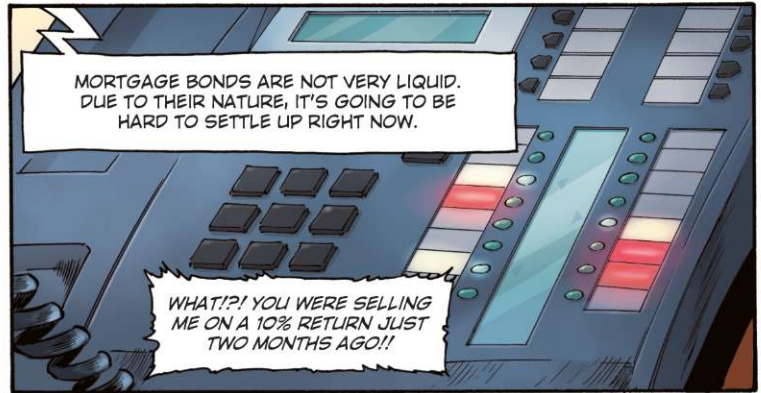
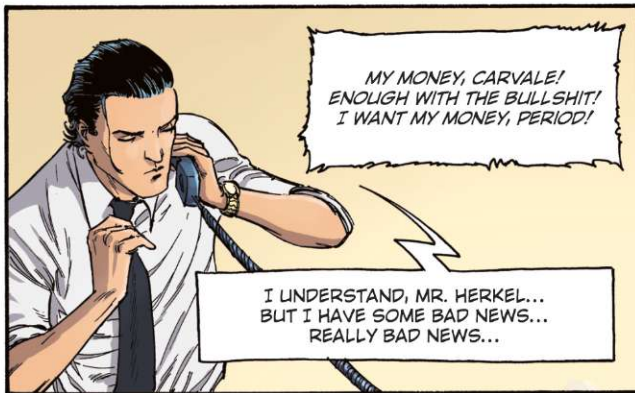
Jul

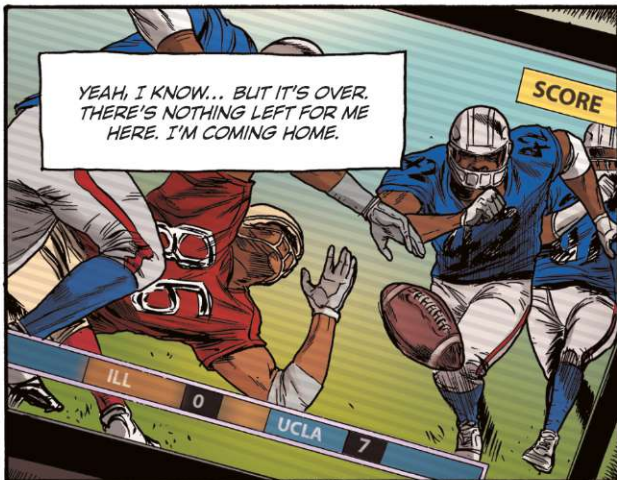
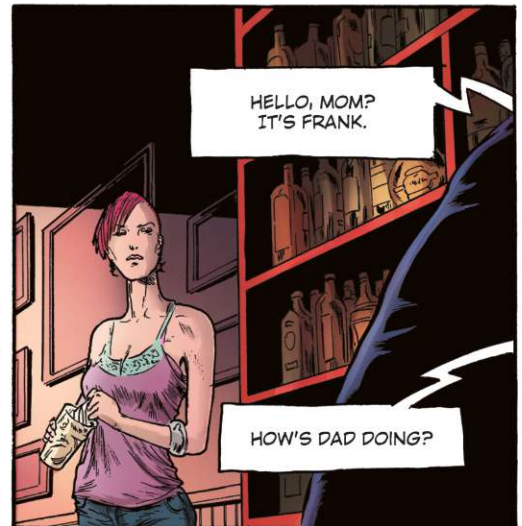
Aug

Sept

Oct

Nov







FRANK, I KEPT TRYING TO CALL!
THE S.E.C. HAS BEEN HERE SINCE NOON!

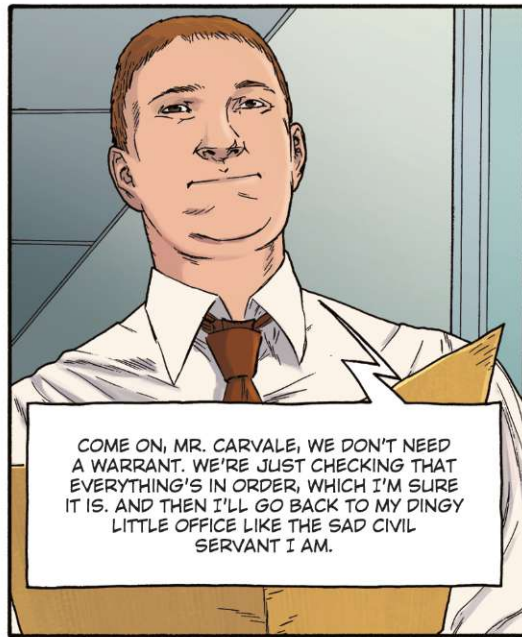


REMEMBER ME, MR. CARVALE?
HOOVERLAND! EMERSON
HOOVERLAND.



I HAVE SOME BAD NEWS. ONE
OF YOUR CLIENTS, MR. HERKEL,
FILED A COMPLAINT AGAINST
YOU THIS MORNING.

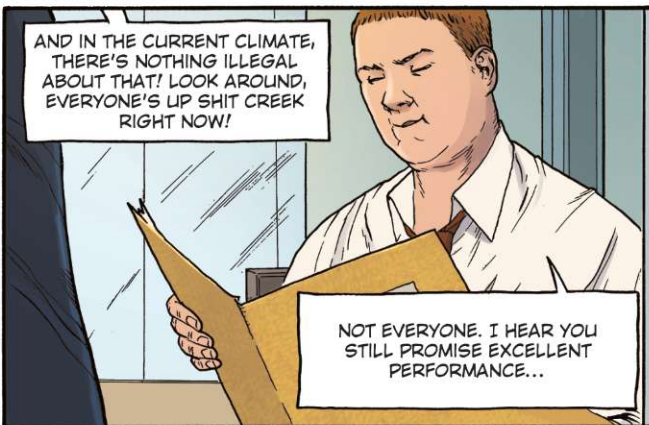
AND YOU'RE HERE
ALREADY? WHAT, DOES THE
S.E.C. HAVE HELICOPTERS
NOW? AND HOW DARE YOU
JUST BARGE IN HERE!
YOU GOT A WARRANT?



COME ON, MR. CARVALE, WE DON'T NEED
A WARRANT. WE'RE JUST CHECKING THAT
EVERYTHING'S IN ORDER, WHICH I'M SURE
IT IS. AND THEN I'LL GO BACK TO MY DINGY
LITTLE OFFICE LIKE THE SAD CIVIL
SERVANT I AM.



ALRIGHT, I GET IT.
THIS IS YOUR MOMENT, EH,
HOOVERLAND? TIME TO GET
YOUR REVENGE ON THE GUY
WHO SULLIED YOUR HONOR?
SORRY, BUDDY, BUT YOU'RE
WASTING YOUR TIME. I FROZE
THE FUND TO PROTECT MY
CLIENTS' INTERESTS!



AND IN THE CURRENT CLIMATE,
THERE'S NOTHING ILLEGAL
ABOUT THAT! LOOK AROUND,
EVERYONE'S UP SHIT CREEK
RIGHT NOW!

NOT EVERYONE. I HEAR YOU
STILL PROMISE EXCELLENT
PERFORMANCE...



WHAT CAN I SAY? TOUGH
TIMES SEPARATE THE WHEAT
FROM THE CHAFF!

WHERE ARE MY
ASSOCIATES!?

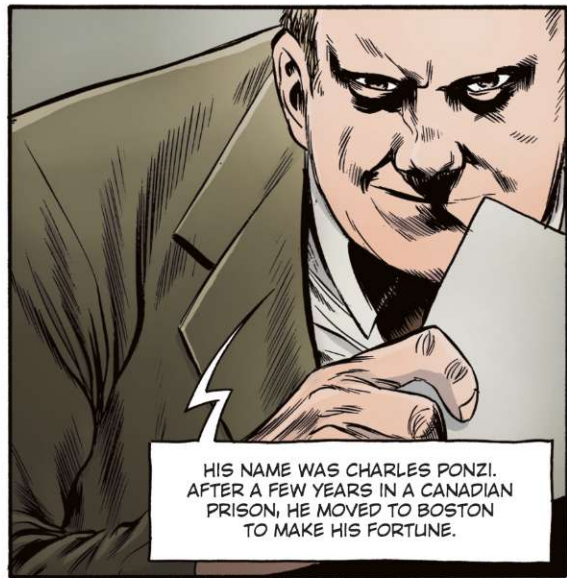
ONE OF 'EM JUST
CRACKED, SIR!





WHOA! WHAT ARE YOU SAYING!? HOLD ON A SECOND, I NEVER KILLED ANYONE!

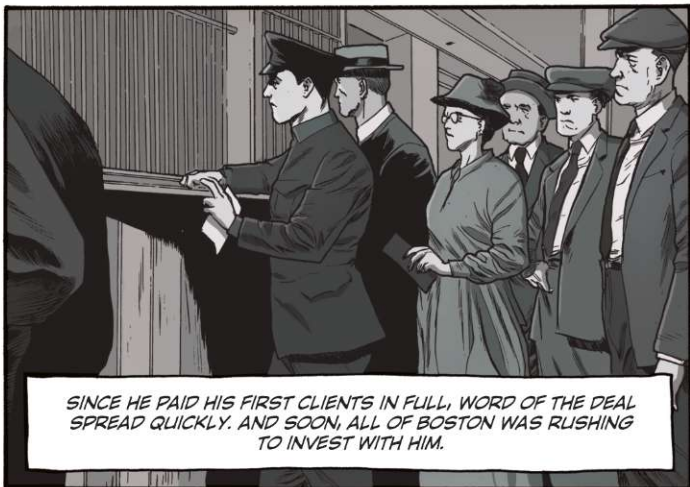
OH, I BELIEVE YOU. HE DIED IN 1949. I DON'T THINK YOU WERE BORN YET.



HIS NAME WAS CHARLES PONZI. AFTER A FEW YEARS IN A CANADIAN PRISON, HE MOVED TO BOSTON TO MAKE HIS FORTUNE.



IN JANUARY OF 1920, HE CLAIMED TO HAVE IDENTIFIED A LUCRATIVE SCHEME USING DISCOUNTED POSTAL REPLY COUPONS, AND HE PROMISED TO DOUBLE HIS INVESTORS' MONEY IN JUST THREE MONTHS. A GOLD MINE.



SINCE HE PAID HIS FIRST CLIENTS IN FULL, WORD OF THE DEAL SPREAD QUICKLY. AND SOON, ALL OF BOSTON WAS RUSHING TO INVEST WITH HIM.



HE EARNED UP TO \$250,000 PER DAY. FANCY CARS, MANSIONS, HE HAD IT ALL! EXCEPT HE'D NEVER INVESTED THE MONEY, YOU SEE?

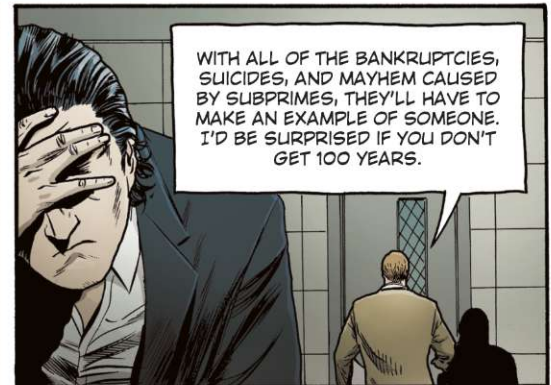
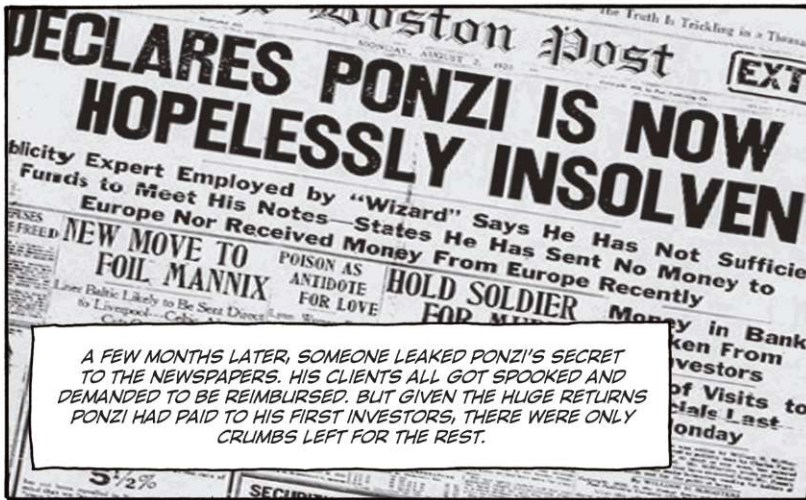


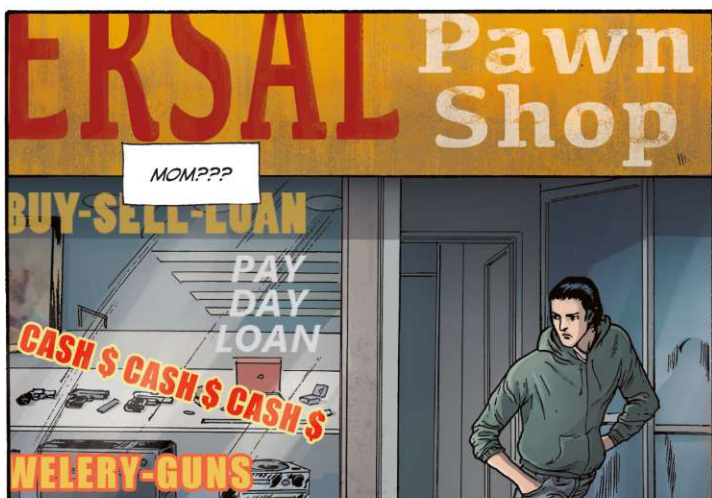
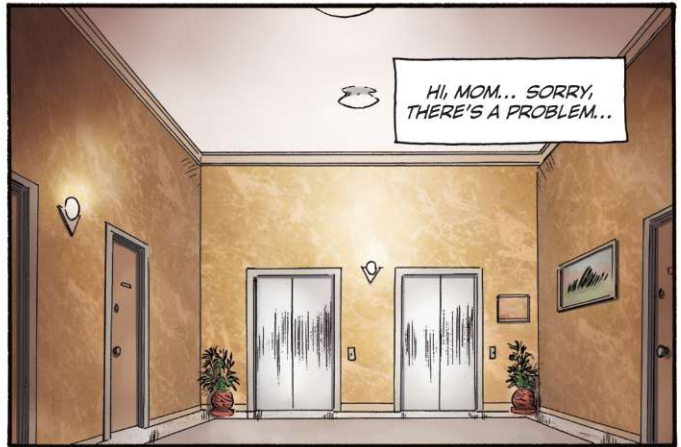
- HE SIMPLY PAID HIS FIRST CLIENTS WITH MONEY BORROWED FROM THE BANK. AND ONCE WORD GOT AROUND, HE USED NEW INVESTORS' MONEY TO PAY THOSE WHO WANTED TO POCKET THEIR PROFITS.

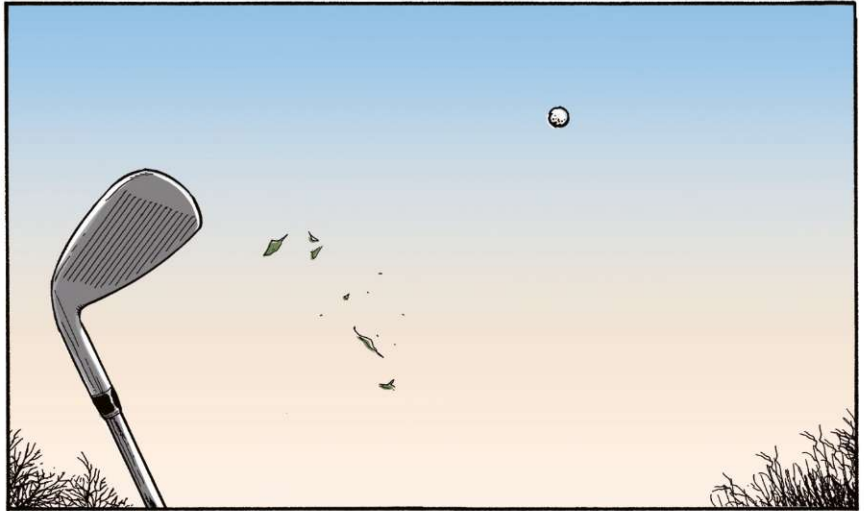
- ROBBING PETER TO PAY PAUL, YOU COULD SAY.

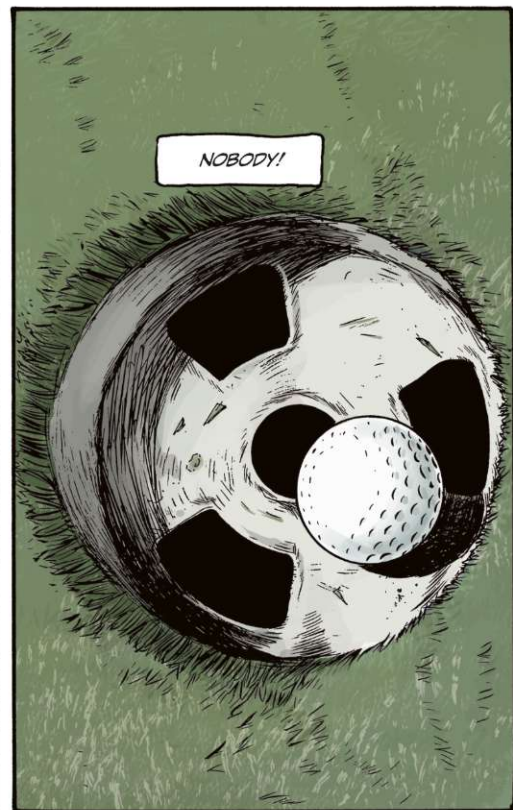
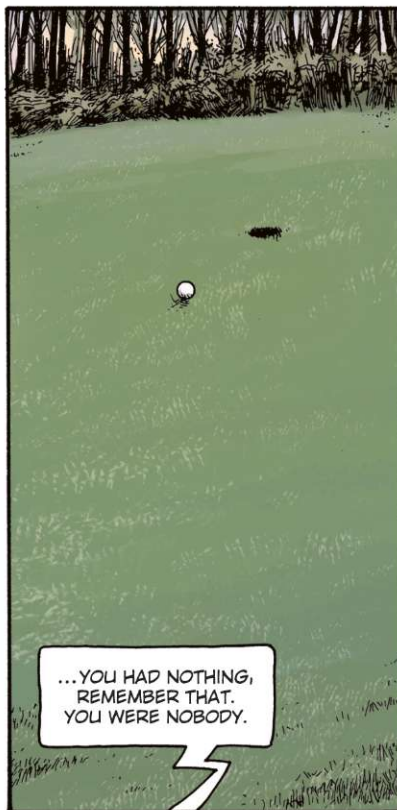


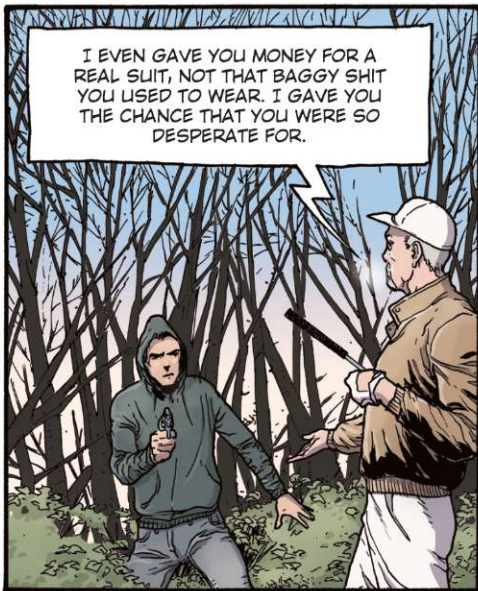
I SEE THAT YOU'RE STARTING TO GET MY POINT. BUT LET ME FINISH MY STORY.







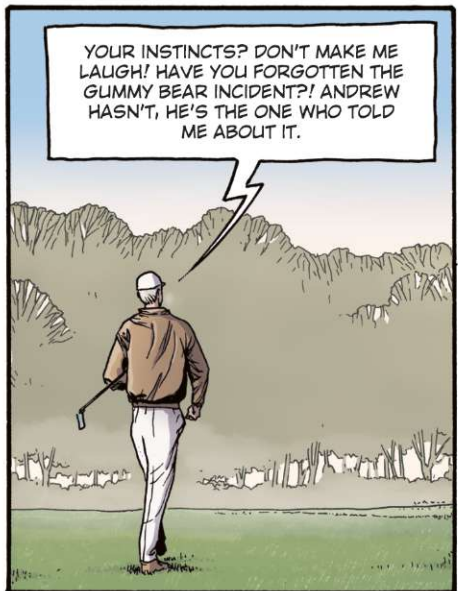




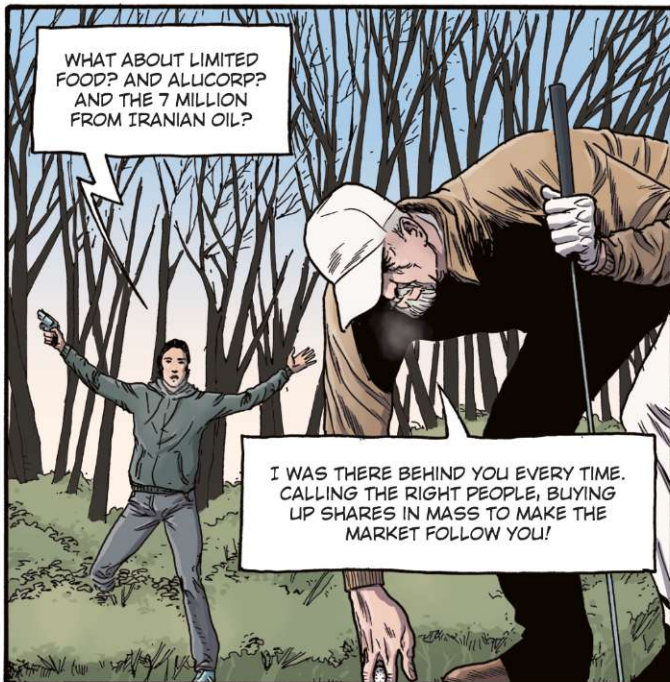
I EVEN GAVE YOU MONEY FOR A REAL SUIT, NOT THAT BAGGY SHIT YOU USED TO WEAR. I GAVE YOU THE CHANCE THAT YOU WERE SO DESPERATE FOR.



YEAH, YOU GAVE ME MY FIRST BREAK. BUT IT'S MY INSTINCTS THAT GOT ME TO THE TOP! NO ONE EXPECTED ME TO CLIMB SO QUICKLY. MY SUCCESS IS ALL MY OWN!

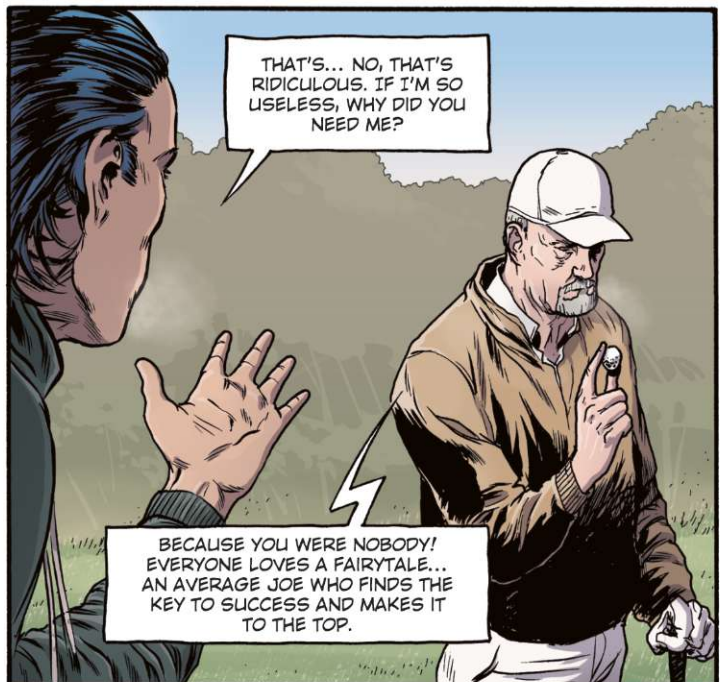


YOUR INSTINCTS? DON'T MAKE ME LAUGH! HAVE YOU FORGOTTEN THE GUMMY BEAR INCIDENT?! ANDREW HASN'T, HE'S THE ONE WHO TOLD ME ABOUT IT.



WHAT ABOUT LIMITED FOOD? AND ALLICORP? AND THE 7 MILLION FROM IRANIAN OIL?

I WAS THERE BEHIND YOU EVERY TIME. CALLING THE RIGHT PEOPLE, BUYING UP SHARES IN MASS TO MAKE THE MARKET FOLLOW YOU!



THAT'S... NO, THAT'S RIDICULOUS. IF I'M SO USELESS, WHY DID YOU NEED ME?

BECAUSE YOU WERE NOBODY! EVERYONE LOVES A FAIRYTALE... AN AVERAGE JOE WHO FINDS THE KEY TO SUCCESS AND MAKES IT TO THE TOP.



I NEEDED A FACE TO INSPIRE THE MEDIA, THE INVESTORS, THE BANKERS... ALL THOSE LITTLE SHEEP. I CREATED YOU, FRANK.



SO IT COULD HAVE BEEN ANYONE?



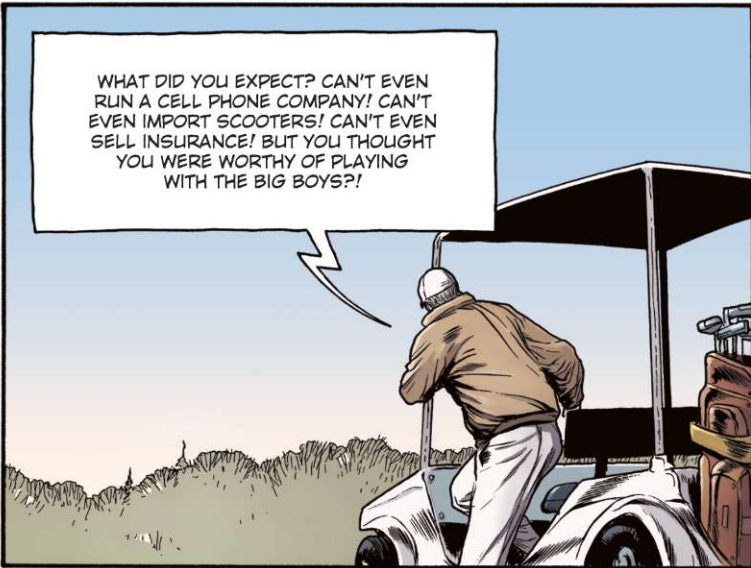
NOT AT ALL! I WAS LOOKING FOR SOMEONE JUST LIKE YOU! HANDSOME, SHARP IN A SUIT, WITHOUT SO MUCH BAGGAGE THAT YOU'D SEEM SUSPICIOUS...



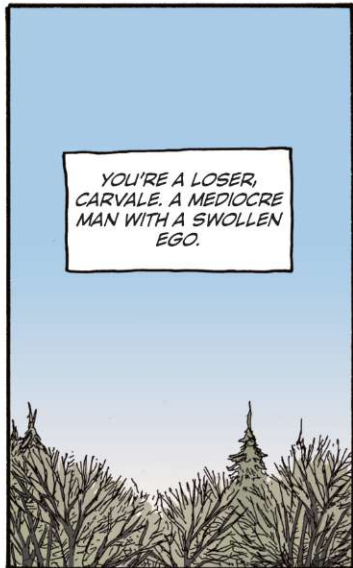
... BUT JUST ENOUGH SO I COULD CUT YOU OUT WHEN THE TIME CAME.



I TRUSTED YOU!!!



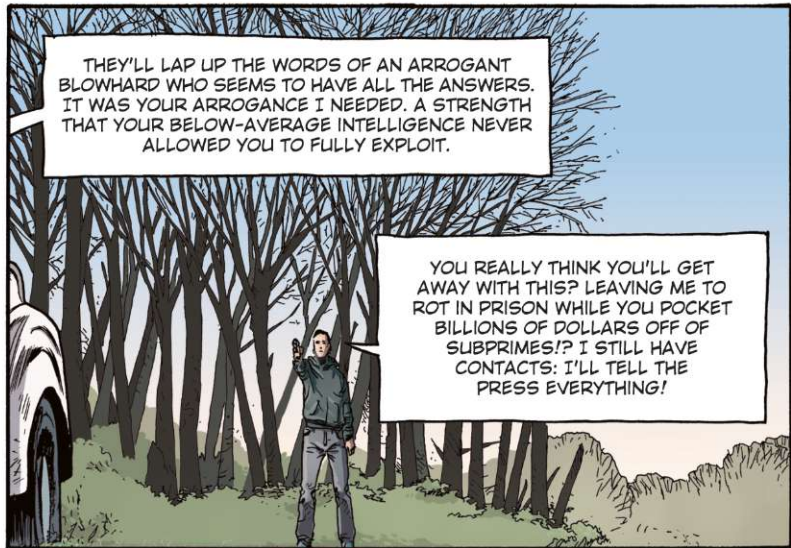
WHAT DID YOU EXPECT? CAN'T EVEN RUN A CELL PHONE COMPANY! CAN'T EVEN IMPORT SCOOTERS! CAN'T EVEN SELL INSURANCE! BUT YOU THOUGHT YOU WERE WORTHY OF PLAYING WITH THE BIG BOYS?!



YOU'RE A LOSER, CARVALE. A MEDIOCRE MAN WITH A SWOLLEN EGO.

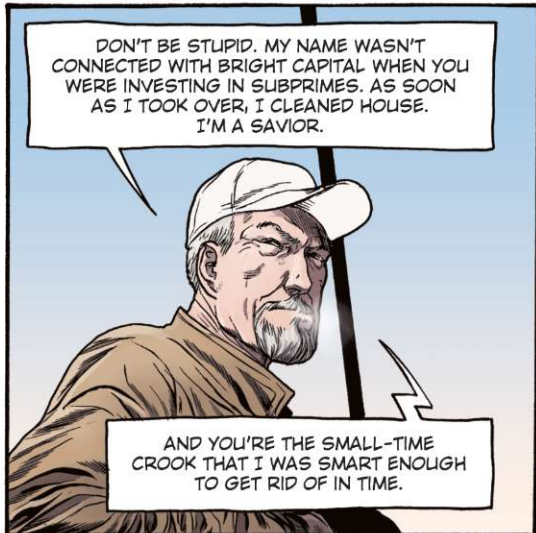


AND IT MADE YOU THE PERFECT PUPPET. ALL I HAD TO DO WAS ENGINEER A FEW LITTLE SUCCESSES, AND YOU BECAME THE BEST PAWN IN THE WORLD! PEOPLE WILL NEVER ADMIT IT, BUT THEY'RE COWARDS. THEY'RE AFRAID OF EVERYTHING...



THEY'LL LAP UP THE WORDS OF AN ARROGANT BLOWHARD WHO SEEMS TO HAVE ALL THE ANSWERS. IT WAS YOUR ARROGANCE I NEEDED. A STRENGTH THAT YOUR BELOW-AVERAGE INTELLIGENCE NEVER ALLOWED YOU TO FULLY EXPLOIT.

YOU REALLY THINK YOU'LL GET AWAY WITH THIS? LEAVING ME TO ROT IN PRISON WHILE YOU POCKET BILLIONS OF DOLLARS OFF OF SUBPRIMES!? I STILL HAVE CONTACTS: I'LL TELL THE PRESS EVERYTHING!

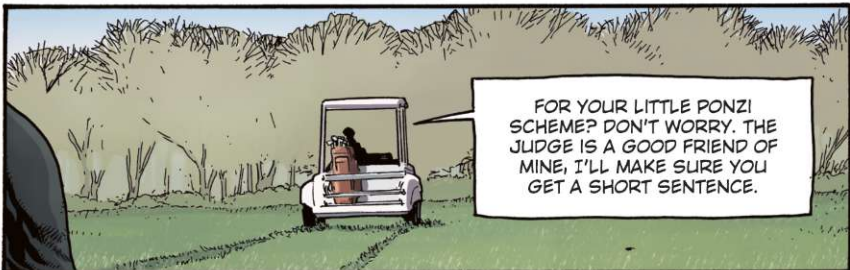


DON'T BE STUPID. MY NAME WASN'T CONNECTED WITH BRIGHT CAPITAL WHEN YOU WERE INVESTING IN SUBPRIMES. AS SOON AS I TOOK OVER, I CLEANED HOUSE. I'M A SAVIOR.

AND YOU'RE THE SMALL-TIME CROOK THAT I WAS SMART ENOUGH TO GET RID OF IN TIME.



I MIGHT GET 100 YEARS IN PRISON...



FOR YOUR LITTLE PONZI SCHEME? DON'T WORRY. THE JUDGE IS A GOOD FRIEND OF MINE, I'LL MAKE SURE YOU GET A SHORT SENTENCE.



NOW IF YOU DON'T MIND, I'D LIKE TO CONTINUE MY GAME. WE WON'T SEE EACH OTHER AGAIN, FRANK.





MR. CARVALE,
OPEN UP! FBI!



GO! GO!



BLING!



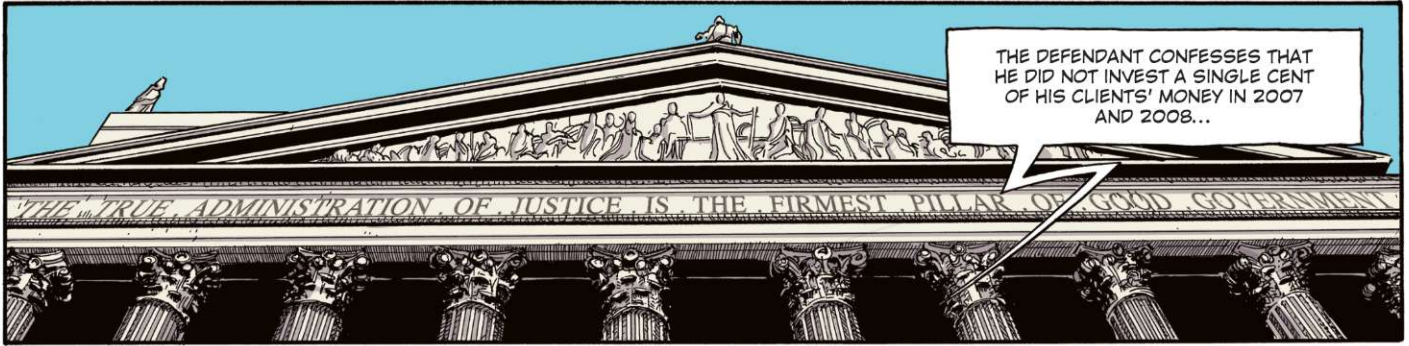
HANDS WHERE WE
CAN SEE 'EM! PUT THE
GUN DOWN!



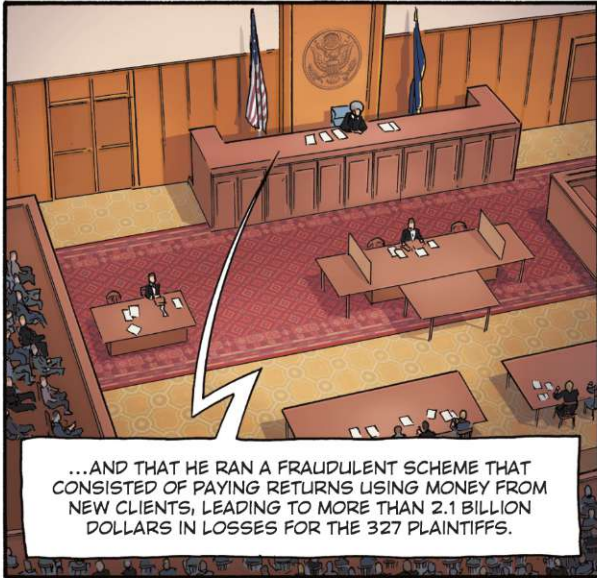
I DIDN'T EVEN HAVE
THE BALLS TO PULL
THE TRIGGER.

PUT DOWN YOUR WEAPON!
HANDS IN THE AIR!!
RIGHT NOW!!





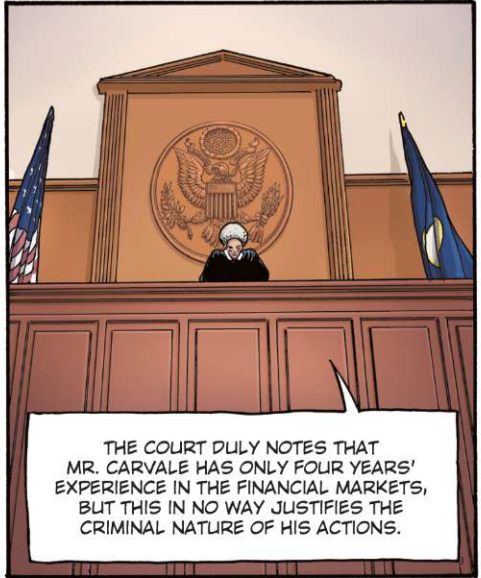
THE DEFENDANT CONFESSES THAT HE DID NOT INVEST A SINGLE CENT OF HIS CLIENTS' MONEY IN 2007 AND 2008...



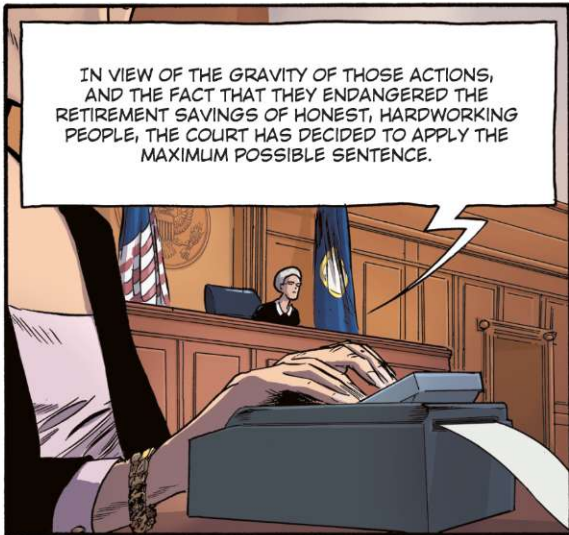
...AND THAT HE RAN A FRAUDULENT SCHEME THAT CONSISTED OF PAYING RETURNS USING MONEY FROM NEW CLIENTS, LEADING TO MORE THAN 2.1 BILLION DOLLARS IN LOSSES FOR THE 327 PLAINTIFFS.



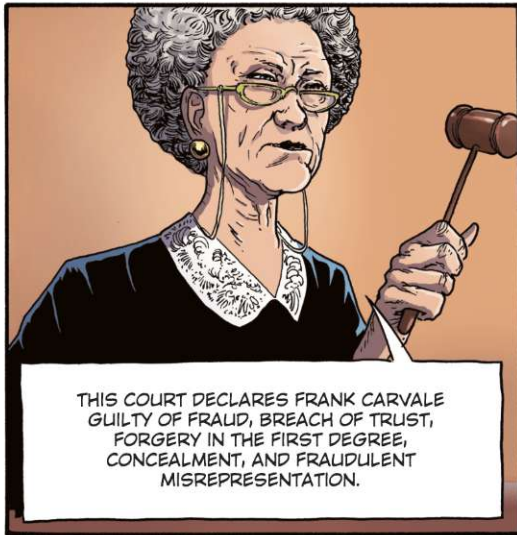
THE DEFENDANT ALSO INTENTIONALLY DECEIVED HIS CLIENTS, AS WELL AS THE AUTHORITIES, USING FALSE DATA AND FABRICATED DOCUMENTS.



THE COURT DULY NOTES THAT MR. CARVALE HAS ONLY FOUR YEARS' EXPERIENCE IN THE FINANCIAL MARKETS, BUT THIS IN NO WAY JUSTIFIES THE CRIMINAL NATURE OF HIS ACTIONS.



IN VIEW OF THE GRAVITY OF THOSE ACTIONS, AND THE FACT THAT THEY ENDANGERED THE RETIREMENT SAVINGS OF HONEST, HARDWORKING PEOPLE, THE COURT HAS DECIDED TO APPLY THE MAXIMUM POSSIBLE SENTENCE.



THIS COURT DECLARES FRANK CARVALE GUILTY OF FRAUD, BREACH OF TRUST, FORGERY IN THE FIRST DEGREE, CONCEALMENT, AND FRAUDULENT MISREPRESENTATION.



THE DEFENDANT IS SENTENCED TO 100 YEARS IMPRISONMENT.



Thanks to my dad for his help with
the legal technicalities of this story.

TRISTAN ROULOT

Thank you to Ivan Babuik, Robert Lutener,
and Sean Diehl.

PATRICK HÉNAFF

Thanks to my parents, for passing on
to me their curious spirit... and for letting
me read comic books. Thanks also to the
whole Lombard team: diligent readers,
careful correctors, and kind critics.

PHILIPPE SABBAH

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HEDGE FUND



Frank Carvale is arrogant,
ambitious, and willing to do anything
it takes to get ahead. He's clever, too,
but maybe not as clever as he thinks.
A chance meeting with a magnate
in Hong Kong could either be the
big break he needs—or the biggest
mistake of his life.

*A financial thriller set at the heart
of the international economic crisis.*