A Demon of Our Own Design: Markets, Hedge Funds, and the Perils of Financial Innovation
Richard Bookstaber

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DESCRIPTION

Inside markets, innovation, and risk

Why do markets keep crashing and why are financial crises greater than ever before? As the risk manager to some of the leading firms on Wall Street—from Morgan Stanley to Salomon and Citigroup—and a member of some of the world’s largest hedge funds, from Moore Capital to Ziff Brothers and FrontPoint Partners, Rick Bookstaber has seen the ghost inside the machine and vividly shows us a world that is even riskier than we think. The very things done to make markets safer, have, in fact, created a world that is far more dangerous. From the 1987 crash to Citigroup closing the Salomon Arb unit, from staggering losses at UBS to the demise of Long-Term Capital Management, Bookstaber gives readers a front row seat to the management decisions made by some of the most powerful financial figures in the world that led to catastrophe, and describes the impact of his own activities on markets and market crashes. Much of the innovation of the last 30 years has wreaked havoc on the markets and cost trillions of dollars. A Demon of Our Own Design tells the story of man’s attempt to manage market risk and what it has wrought. In the process of showing what we have done, Bookstaber shines a light on what the future holds for a world where capital and power have moved from Wall Street institutions to elite and highly leveraged hedge funds.
**ABOUT THE AUTHOR**

Richard Bookstaber runs an equity hedge fund in Greenwich, Connecticut. He was the director of risk management at Ziff Brothers Investments and at Moore Capital Management, one of the largest hedge funds in the world. He served as the managing director in charge of firm-wide risk management at Salomon Brothers and was a member of Salomon's powerful Risk Management Committee. Mr. Bookstaber also spent ten years at Morgan Stanley in quantitative research and as a proprietary trader, concluding his tenure there as Morgan Stanley's first market risk manager. He is the author of three books and scores of articles on finance topics ranging from options theory to risk management. Bookstaber received a Ph.D. in economics from MIT.

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