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HOW WALL STREET WORKS

Part I: Boot Camp

Ima Sleaze was 22 and hungry to take on the world. He always wanted to be a stockbroker, and today was the first day of boot camp. He showed up for his first training day in the basement of Wall Street investment banking powerhouse Bowlin Bags and took his place among 25 other newbies in the classroom. The instructor was none other than the top stock market forecaster of all time, Flabby Boastin Coastin.

Flabby stood at the front of the room and addressed the young recruits. "You're here for one purpose, and one purpose only," she claimed. "To sell stocks, bonds, mutual funds and anything else that generates commissions and helps me to maintain my reputation as the top stock market forecaster of all time."

"I've just told the financial press an even juicier story than last year. This year, we'll see the market go up by 25%. That means you all have to get suckers to buy from you so that my prediction is right. Any questions?"

"Excuse me," said a bashful female student as she pointed to Flabby's leg. "But there's a run in your panty hose."

"Those aren't panty hose," snapped Flabby. "Next question."

Ima raised his hand, and Flabby called on him. "Ma'am," asked Ima, "didn't you predict last year that the market would rise by 21%?"

Flabby answered, "Yup."

"Excuse me, ma'am, but the market actually declined by 13%."

"So what of it?" asked Flabby.

Ima asked, "Well, can I have *your* job?"

"No way," answered Flabby. "When you get to be in my position in 30 years or so, the press will eat up anything you say. And it doesn't matter whether you're wrong. They just want you to say that the market will rise a lot. By the way, that brings up a very important point. The market *always* rises."

Ima spoke up again. “But ma’am, the market actually *declined* last—“

“The market didn’t decline!” snapped Flabby. “The market *never* declines. What we had last year was a *correction* of 13%, not a decline.”

“But it went down the year before, too,” answered Ima.

“We had a correction then, too,” said Flabby.

“And the year before that?” asked Ima.

“Same thing. You tell your clients that those years of corrections have brought about incredible deals in the stock market. Now, since there are 25 of you and we need the market to go up by 25%, you will each have to bring in an average of \$45,289,310.07 in new assets this year. That means about \$181,157.24 from each of you on every business day. If you fail, you will be fired. No benefits, no gold watch, no call girl to see you off.”

“What if we *do* get that much?” asked another recruit.

“You get a free doughnut.”

“Where are we supposed to find people with that much money?” asked another recruit.

Flabby bent over behind her table, picked something up and slammed it on the table. “This is the best sales manual that ever existed,” she said, pointing. “A telephone book. You each get one. On the house. You’ll call from 8 in the morning until 8 at night, and then you use it as a pillow until the next morning, when you wake up. Go to bathroom. Come back to desk. Repeat process. Simple, no?”

Ima raised his hand. “Excuse me, ma’am. But did you have to do this when you were our age?”

“Well, no,” answered Flabby cautiously.

“May I ask why not?” asked Ima.

“No,” snapped Flabby. Flabby felt her waistline and noticed that she had been gaining weight. She said to the class, “When you get off work at night, go run up and down the stairs ten times. That way, you won’t put on the pounds like me.”

“Sounds like one too many meals at McFartels,” said a student. “You should sue them.”

“For what?” demanded Flabby.

“For making you overweight,” answered the student. “They entice you into their restaurants with their fresh-smelling, fast-served, high-fat, less-filling meals. When you eat the food, you get fat. They ought to be sued for causing you to eat there.”

“You can do that?” asked Flabby.

“Of course,” answered the student. “This is America.”

“See me about that afterwards,” Flabby told the student. Then she turned back to the class. “Okay, let’s get back on the subject at hand. Before you can call up people and sell to them, you have to be motivated by our firm’s slogan.”

“Bowlin Bags has a *slogan*?” asked a suspicious student.

“Sure,” answered Flabby. “And it doesn’t involve splits. Here it is. Repeat after me:”

*If you think your broker sags,
Bring your funds to Bowlin Bags.
When you think your mutual fund lags,
Bring your funds to Bowlin Bags.
If your money isn’t turnin’,
Bowlin Bags will get it churnin’.*

The audience was pumped up with excitement as Flabby concluded, “Alright, go get ‘em!”

Coming Up: Part II: The Selling

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HOW WALL STREET WORKS

Part II: The Selling

The sales crew streamed in at 8:00 on a Monday morning. The voice of the sales manager, Pete Fleece, came over the loudspeaker. “Let’s look sharp today, crew. We’ve been allotted 2,000,000 shares of Redface Corporation to sell to our best customers. The company has no assets, one unshaven employee in a garage out in Slimeacon Alley, and a business plan from Copy Paste which set the company back by \$150,000.00. So it’s perfect for us to sell. The offer price is \$125.00 per share. And you get triple commissions on each sale. Let’s get to work.”

Ima had made a lot of sales at Bowlin Bags and was starting to do well. But today he wanted to earn triple commissions by selling Redface. He was going through the telephone book and was already down to the "M's." The next name on the list was McNure. Ima smiled and dialed. He got a connection. "Hello, Mrs. McNure? I'm looking for Horace."

"Who's calling, please?" answered the woman, suspecting it was a sales call.

"His savior."

"Well, in that case, hold just a moment, please." She turned away from the phone. "Horace? Your savior is on the line."

Horace came on the line and said quietly, "Listen, honey, I can't talk right now. She's right in the next room. But I did get that lingerie you wanted. Can I call you about 6 tonight and see you try it on?"

"I don't need any lingerie right now, Mr. McNure," answered Ima.

"What?" asked a surprised Horace. "Who is this?"

"This is Ima Sleaze from Bowlin' Bags investment firm."

"But you told my wife that you were my savior."

"From the way it sounds, I am," answered Ima. "But that's not why I called. Listen. We have a fantastic opportunity for you in the stock market, but only if you get in right now."

"What company is it?" asked Horace.

"Appropriately enough, it's called Redface. It's a high-tech company that has grown over 300% in each of the last three years. And they're getting ready to go public. You can get shares before the rest of the world has a chance to bid them up. How much can you set aside for your retirement, Mr. McNure?"

"I'm retired now."

"How about for the lady who is supposed to get the lingerie?" asked Ima.

"That isn't a lady."

"Oh, well, how about for that *person* who is supposed to get the lingerie?"

"I can give you two numbers," Horace whispered into the phone. "I can buy a million bucks worth right now."

“Sounds good, Mr. McNure,” said a gratified Ima. “But what is the second number you mentioned?”

“The second number is a quarter-million.”

“What’s the difference?”

“The difference is my wife finding out about this conversation.”

Coming Up: Part III: Flabby Prepares Ima For Television

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HOW WALL STREET WORKS

Part III: Flabby Prepares Ima For Television

Five years later, we find the world’s greatest stock market forecaster, Flabby Boastin Coastin, walking up to Ima Sleaze’s cubicle at the prestigious Wall Street investment banking firm, Bowlin Bags.

Flabby: Ima, we just got a call from the financial channel, PCB. They’re looking for someone from our firm to be a guest host tomorrow.

Ima: On which program?

Flabby: The big one. The one that’s on when the market opens. The one viewed by millions of people from all around the world. The most popular financial program in the history of television.

Ima: You mean Lost Socks?

Flabby: That’s it. And we want the best salesman in our firm to represent us on the show.

Ima: That would be Jenkins.

Flabby: He has stage fright.

Ima: What about Watson? He’s number two.

Flabby: He can’t do it either. He said something about a “Clap.”

Ima: Then you should do it.

Flabby: No, Ima. They’re looking for someone new. Someone who’s full of life, full of spunk. That and the fact that I’m coming down with the flu.

Ima: But I’ve never done this before.

Flabby: Look, it’s really easy. At 9:00, the host will announce your name, and you give a fake smile for the camera. Then, in the first part of the show, you help to interview the executive of a large company that just reported earnings. And you’re in luck, because you’ll never guess the name of the company.

Ima: Which one is it?

Flabby: It's Endrun, one of our closest clients. We brought them to market and are still dishing out their secondary offerings to an unsuspecting public.

Ima: Which exec will be on the program?

Flabby: The CEO himself, Menace Got Laid. He's a nice guy, very easy going. Just ask positive questions so we can keep his investment banking business, okay?

Ima: Okay, I think I can handle that. What else do I have to worry about?

Flabby: At 9:30, the market opens. Then the host will cut to three different reporters for their comments on how the market is going. Then the host will ask you for your opinion. Now there are only three things that can happen when the market opens. Do you know what they are?

Ima: I don't have a clue.

Flabby: The market can go up. What else can it do?

Ima: You got me.

Flabby: It can also go down. It can also be flat. You have to be prepared for any of the three to happen.

Ima: What do I say?

Flabby: Let's take them one at a time. If the market goes up, you say we're at the beginning of a new bull market, and that everyone should be buying stocks. Is that simple enough?

Ima: Sure. What do I say if the market is flat?

Flabby: Say that it's the pause that refreshes, and that the market will start taking off any minute. Therefore it's time to be buying stocks.

Ima: Okay. What do I say if the market opens down?

Flabby: Say that it could have been worse. Therefore it's time to be buying stocks.

Ima: There seems to be a common theme here.

Flabby: There's always that common theme. You have to be positive on the markets. Otherwise, PCB will never invite us back again.

Ima: What if I say the market will go up, and then it tanks?

Flabby: They'll still have us back. Nobody cares whether you're right or wrong. You just have to be positive.

Ima: That's hard to believe. You mean you can be wrong 100% of the time, and they'll still want your opinion?

Flabby: That's what I'm saying. For example, PBC still employs the famous economist, Harry Sunklow.

Ima: Isn't he the guy who said he was wrong for all the right reasons?

Flabby: That's the man.

Ima: That guy's still around?

Flabby: Yup. Now he's just wrong for all the *wrong* reasons. And another example of someone who's wrong all the time is Farton Twigs. He was bearish all through the 90's and bullish through the 2000's, and he's as popular as ever.

Ima: Meteorologists and economists. The only people who make six figures a year for being wrong all the time. Well, present company excepted.

Flabby: Hey, watch it. Analysts should fall into that category, too. Anyway, be at the station at 8:15 so they can show you the set and put on your makeup. And keep an eye on the futures markets. Any questions?

Ima: Yeah. Why is it that we always have to be so positive on the markets? I mean, we always have “buy” recommendations on stocks. But “sell” recommendations are as rare as an honest economist. Why is that?

Flabby: Because \$700 million says so. That’s what we generated last year from investment banking fees. And we only get those fees when we push companies. We don’t see a dime if we have “sell” recommendations. Those companies will go to the competition if we have a “sell” recommendation on their stock.

Ima: Even though that would be the honest thing to do?

Flabby: Honesty will get you nowhere on the street, kid. You can be the most upstanding, honest guy in the world, and you’ll also be broke. Look at it this way. Remember a few years ago, when we were pushing that company, Redface?

Ima: Sure.

Flabby: How much in commissions would you have earned from them if you hadn’t sold their offering?

Ima: Nothing.

Flabby: And what did you earn by selling their shares?

Ima: A whole bunch.

Flabby: Where’s the company now?

Ima: In Chapter 7.

Flabby: And where are you now?

Ima: On Park Avenue.

Flabby: I rest my case.

Ima: You have a point. Hey, how’s that diet going?

Flabby: It’s not. I think I’ll sue McFartel’s and use the proceeds to go on a diet.

Coming Up: Part IV: The Live Interview On PCB

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HOW WALL STREET WORKS

Part IV: The Interview Live On PCB

Host (To Camera): Good morning, I’m Stark Strained, and welcome to PCB’s Lost Socks. My guest host today is I.M. Sleaze from the investment-banking firm Bowlin Bags (fake smile at camera). The futures markets have been down all morning because of bad news out of the Middle East. We’re also pleased to be joined via satellite by Menace Got Laid, CEO of Endrun Corporation. As you can see on your screen, Endrun reported earnings this morning that met Wall Street expectations, meaning Endrun may be filing for bankruptcy protection at any time. Mr. Laid, it looks like business is looking up.

Laid: You're right about that, Stark. We're ecstatic about the numbers. There's nothing quite as satisfying as taking advantage of your customers when they're down on their luck so that we could add to our bottom line. And that's what we did.

Stark: How did you take advantage of the situation?

Laid: Thumbscrews worked the best.

Stark: What's the mood like inside the company?

Laid: It couldn't be better. The employees are pumped up and excited. They're taking advantage of our stock-purchase plan so that they can acquire our stock while it's still down..

Ima: Good morning, Mr. Laid, and congrats on your numbers. This is Ima Sleaze with Bowlin Bags.

Laid: Oh yes, Ima, I recognize you. How are the wife and kids?

Ima: Well, I'm divorced and facing wage garnishment for child support. But thanks for asking. Anyway, you think your stock price will be going higher?

Laid: Yes, I do. Sales are going through the roof. We're getting a lot of referral business from satisfied customers.

Ima: Do you see any problems on the horizon?

Laid: The only problem is that someone big has been shorting our stock. That's why the price is low. But everything else is terrific.

Ima: Mr. Laid, I was looking at some insider sales and noticed that you're at the top of the list. Can you tell us why you sold stock if you think the price is going higher?

Laid: I was buying a house.

Ima: It must be quite a house if it costs \$210 million. And it looks like you don't have any stock left.

Laid: Look, kid, just because I tell the world to buy our stock doesn't mean *I* have to buy it.

Ima: Obviously.

Stark: Mr. Laid, I'd love to continue this interview, but it's time to take a commercial break. Thank you for joining us, and we wish you continued success. Now Ima, we have to take care of disclosure here, so do you have an investment banking relationship with Endrun?

Ima: No.

Stark: Have you ever had one with the company?

Ima: Yes, until about two minutes ago.

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HOW WALL STREET WORKS

Part V: The Market Opens, The Story Closes

Host (To Camera): Good morning, I'm Stark Strained, and welcome to PCB's Lost Socks. My guest host today is I.M. Sleaze from the investment-banking firm Bowlin Bags (fake smile at camera). The futures markets have been down all morning because of bad news out of the Middle East, and they closed many points below fair value, indicating a weaker opening. Let's get right to our reporters and see what's going on. First, let's go to Soyura Littleloco at the New York Clock Exchange. Soyura?

Soyura: Thanks very much, Stark, and indeed we are ticking lower across the board on the opening. Part of the problem is negative comments out of Endrun, which filed for bankruptcy protection about five minutes ago. Maybe you can move the camera to the post behind me, which is where the traders play marbles when they're not that busy. That post is not active today, which indicates heavy volume on issues that matter. The selling has accelerated as I've spoken here, and now the Cow Bones Industrials are down 600 points. That's about it from here, Stark, back to you.

Stark: Alright, thank you Soyura. Now let's go to the NAPSAQ and check in with Fermé LaBoche, who's standing by. Fermé?

Fermé: Oui, Stark, as Soyura mentioned, we're moving lower. Currently the NAPSAQ Composite is down nearly 100 points, so this is shaping up to be a meltdown. A few minutes ago, we heard positive comments from We're All Cowards about the tech sector, so that might explain why we're selling off. That's it from the NAPSAQ, Stark, back to you.

Stark: Thank you Fermé. Now let's check in with Nick Spaghetti at the Chicago Board of Jade. Nickster?

Nick (yelling to be heard over the floor traders): Same pattern we've been seeing over the last few years, Stark. When the stock market sells off, there's a flight to treasuries and precious metals. You can see behind me these idiots yelling their heads off. The only workouts these guys get are in here. One guy had a heart attack at 30, another has had high blood pressure since age 21, and a third guy came in on a stretcher because he was short gold before it took off this morning, and he's trying to cover his position. That's it from here, Stark, back to you.

Stark: Thank you, Nickster. Now Ima, what's your view on this morning's goings-on?

Ima: It could have been worse.

Stark: It could have been worse? The market is now down over 650 points. How could it have been worse?

Ima: Because it could have been down 700 points.

Stark: Using that logic, then, would it be safe to say that we're lucky if the market is above zero?

Ima: Yes, because the stock market always goes up.

Stark: But this is a big decline today, wouldn't you agree?

Ima: No, it's a correction.

Stark: If this is a correction, how do you define a decline?

Ima: When the market goes below zero, that's a negative and therefore a decline.

Stark: So the Great Depression was a correction?

Ima: Correct.

Stark: When was the last time that the market went below zero?

Ima: I don't know. I'll have to get back to you on that.

Stark: Please do. (Turns to camera.) Our time is up today on Lost Socks. Thanks for joining us, and a special thanks to I.M. Sleaze for joining us as our guest host (fake smile for camera).

Ima arrived back at his office, and everyone avoided him. Everyone, that is, until Flabby Boastin Coastin came to his cubicle. She handed him a pink slip of paper. The dialog went as follows:

Flabby: You're fired, Ima.

Ima: Do I get my doughnut now?

Flabby: No. You don't get squat.

Ima: I am glad that you won't squat.

Flabby: Calls are pouring in from all of our investment banking clients. Three have already canceled their IPOs with us. Another one is thinking of suing us. And PCB called to say they won't be inviting any of us on the show anymore. I hope you're happy.

A Voice From Down The Hall: Hey Ima, you have a call from a Horace McNure on Line 2.

Ima (looking down): Oh, no. That's one of the guys who got screwed in the Redface deal.

Flabby (with a little smile): Good. Answer the call, then clear out. (She leaves.)

Ima (on telephone): Ima Sleaze.

Horace: Hey, buddy. I just saw you on TV. You really fried that guy from Endrun.

Ima: You're not mad at me? After all the money you lost?

Horace: Mad? No, are you kidding? I learned a long time ago that when a commentator on PCB says to do something, you should seriously consider doing just the opposite. I've been shorting the market recently and made back everything from the Redface deal, and a lot more.

Ima: That's great news, Mr. McNure. How's the lingerie?

Horace: The what? Oh, that. Well, it disappeared a long time ago, along with the person wearing it. Now it's just me, the Mrs., and a Caribbean cruise in two weeks.

Ima: Congrats. That's a happy ending.

Horace: I gotta ask you something, though.

Ima: What's that?

Horace: Do you really believe what you said on television? That the market only "corrects" and never "declines"?

Ima: I think you've already answered your own question, Mr. McNure. When a commentator on PCB says to do something, you should seriously consider doing just the opposite. The market is like a symphony. Sometimes it goes up, sometimes it goes down.

Horace: Hey Ima, do you want to join us on our cruise?

Ima: I'm broke, Mr. McNure. They're firing me here, and I've lost my savings in a stock market that was supposed to go up forever. And with the divorce and child support...

Horace: My treat.

Ima: What, are you nuts?

Horace: No, just grateful. Just think, you might even be able to set up shop on the ship. Brokers are a dime a dozen, but honest ones are few and far between.

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