

## Chapter 32

Excessive Purity Turns Away Affection  
Weilin Finds the Tinder Box at Last

It was in towards the end of his first year at the University that William's disappointment became acute.

The University was run on the British principle: students were required to pay their fees and were expected, though not required, to attend lectures and examinations. Nothing else was asked of them at all. This was not the best possible environment for a nineteen-year-old with underdeveloped study habits and a budding obsession with the financial markets.

There was, furthermore, an undue concentration on logical rigor in all the courses. William had been aware of this aspect of mathematics from his high school studies, but had never before felt so hindered in his advances through mathematical topics by his instructors' insistence on pausing to construct strict proofs of even the most obvious assertions. He chafed under this puritanism, felt more keenly than ever his lack of early training, and fled to the University library, which had good historical tables covering all the major financial indices.

At the end of that first year their Analysis course culminated in Jordan's Curve Theorem, which asserts that every simple closed curve in the plane—a circle, for example—possesses both an inside and an outside. The instructor stretched out the proof over three lectures, in the third of which William fell asleep, having spent the previous evening in the

Ngs' apartment constructing a model for the short-term movements in the prices of U.S. money-market instruments. He took a scolding from the lecturer, a good deal of cheerful joshing from his classmates, and passed his first-year exams the following week with only a middling mark.

"Don't waste this opportunity," preached Mr Ng on the first week of summer vacation. "I can see you're not satisfied. Things can't always go the way we want, you just have to stick them out."

"It's just that I thought things would be more *practical* once I got out of high school," said William.

The second year things only got worse. In Algebra they were taught group theory, ring theory and field theory, in none of which were the objects of their attention any less abstract than rotations and permutations. In Analysis they discovered functions of a complex variable, which could only be adequately visualized by regarding the heretofore-friendly Cartesian plane as a sheet of infinitely stretchable rubber, capable of being folded over on itself an infinite number of times. The lecturer in Applied Mathematics, a fierce lanky Scotchman with red hair and beard, attempted to persuade them that Newton's laws of motion merely described lines of least distance in certain curved  $n$ -dimensional spaces. William developed a strategy for evaluating the comparative worth of stocks by taking ratios across, instead of within, the balance sheets of the underlying companies. He itched to try it out on the Hong Kong market, but had no funds.

In the British academic calendar, three semesters comprised one year. Tuition fees were payable at the beginning of each semester, which was also the time William received each portion of his scholarship. Being privately funded, the scholarship came to him as a check. He cashed this check at the University bursar's office, paid his tuition fees for the semester at the registration office, and gave the balance to Mrs Ng, who managed the family finances.

At the beginning of spring term, in January 1977, William cashed his check but did not pay his fees. Instead he went out of the University and down into the business district. The broker recognized him, and made small jokes as he wrote up William's deposit into Mr Ng's account, which was still open. William then gave careful instructions for some stock

purchases, after which he went back up the hill to the university, and sat in the library wondering how he would explain things to the Ngs.

William's theory about stocks proved false, or perhaps true only over a much longer term than he had allowed for. His investments stolidly failed to earn, and in fact slumped somewhat. As the weeks went by, he grew more and more despairing. *Should have stayed with commodities. Fast results—either good or bad, but fast.*

Meanwhile his position at the University was becoming untenable. A certain degree of latitude was allowed in the payment of fees, but after two weeks notes from the registration office began appearing in William's pigeonhole at the Department of Mathematics. After two more weeks a large Englishwoman from that office came seeking him, cornering him as he came out of a complex variable class.

"Is there a problem, William?" asked the woman in a kindly way. "Some family problem?"

"No," said William. "Not at all. It has just slipped my mind. I'll pay tomorrow."

The next day William put on the suit and tie the Ngs had bought him when he started at the University and left the apartment, explaining to Mrs Ng that there was a function he had to attend. He rode round to the business district and walked into the lobby of Talmadge Tucker.

Talmadge Tucker was an American trading firm. William had read about them in the *Hong Kong Standard* financial pages. They had opened a Hong Kong office the year before, "to dip a toe" (this had been the Standard's metaphor) "in the Asian markets". From subsequent reading, William gathered that Talmadge Tucker had not proceeded from toe-dipping to full immersion, being more averse to risk than suited the oriental temperament; but were highly regarded none the less, as being American and therefore not likely to disappear to Taiwan one night with the clients' funds.

The lobby of Talmadge Tucker reminded William of Blitzter, where he had studied English an age ago. It had the same dark, grave furnishings in polished wood with shining brass accouterments, the same cream-colored venetian blinds; but the carpet was a pleasant fawn color, not

green. The desk featured a pretty Chinese receptionist talking on the telephone. William waited for her to finish.

“I want to speak to Mr Wolf,” said William in English, naming the man who had been interviewed for the *Standard* piece.

“Have you an appointment?”

“No. I . . .”

“I’m sorry,” said the receptionist, concealing her sorrow with a very high order of dramatic skill. “Mr Wolf will not see you without an appointment.”

“Won’t you ask him, please, *siuje?*” William asked, using Cantonese for maximum connection. “I’m from the University. Department of Mathematics. We think we’ve made a breakthrough in analyzing commodity price fluctuations. I know Mr Wolf would be most interested.” William had brought with him a thin folder, outlining his theories on commodity prices. He had spent hours typing it up, on the Selectric typewriter Mathematics shared with Psychology.

“I’m sorry . . .”

A door opened at the side and a foreigner came through, putting on a suit jacket. “Just going for a club sandwich, Daisy,” the man said in English.

William stepped forward. “Mr Wolf?”

The man stopped, not altogether pleased. “No, I’m Murray Seidman. And you are . . . ?”

“My name’s William Leung, Mr Seidman. I’m a student at the University. Department of Mathematics. Mr Seidman, I’m a keen student of the financial markets, and I think I can improve on the current pricing models. By an order of magnitude, I believe.”

“Is that so?” Seidman was broad, though you would not have said fat, and somewhat taller than average. He had a round, pleasant face with blue eyes. He was bald on top of his head, but had carefully brushed some hairs across to soften the effect. Now, as he contemplated William indifferently, he was making the last of the shucking movements involved in settling into his jacket.

“Why should I be interested in this?” he said.

“Talmadge Tucker is a securities firm. You deal in commodity futures, I know you do. You’re a registered broker-dealer, acting for some of the biggest investors in America.”

The man smiled—a tight, cautious smile, but a smile for all that.

“You want me to give you a job, is that it?”

“Mr Seidman . . .”

Unexpectedly, the man laughed.

“You Hong Kong kids, I love you. You’re so *hungry!* Tell you what, young man. You can walk with me up to the sandwich shop on the corner. If you can convince me to give you a job by the time we get to the counter, you’re in. If not, I’ll buy you a sandwich. Deal?” Not waiting for an answer he turned, opened the outer door, and went through it without looking back. William scrambled to follow.

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It was some days before William dared tell the Ngs, though he thought they must have noticed the change in his routine. Mr Ng took it much better than he had feared.

“I always said nobody got rich from mathematics,” said Mr Ng. “How many doors did you knock on before you got this job?”

“They were the first one I tried. I planned to go to every trading firm in Central, but I got lucky first time.”

Mr Ng sighed. “Well, I won’t say I approve. Whatever you want to do, it seems to me you’d do it better with a university degree. It would have been wiser to stick it out. However”—he shrugged, and looked across the dinner table to his wife—to get a job with an American firm, that’s no small thing. With no recommendation and no qualifications . . .” He laughed. “It shows ability and guts. Shows you’re not afraid to break down doors.”

“And the money will come in handy,” said Mrs Ng, pausing from shoveling rice into her mouth. “Seven hundred a month—wa! The Americans live like emperors!”

Mr Sheldon Wolf, though the nominal chief executive officer of Talmadge Tucker Hong Kong, was hardly ever on the premises, William

soon discovered. He was a man of meetings: meetings in Tokyo, in Singapore, in Sydney, in New York. There seemed no limit to the number of meetings at which Mr Wolf's presence was considered indispensable. Day to day affairs were handled by Murray Seidman, and it was to Murray that William reported.

William had hoped for a trading position—buying and selling securities with the firm's own funds, for the firm's own inventory. This proved to have been an unrealistic aspiration. As an unknown quantity, he was assigned at first to Equity Research, performing financial analysis of local firms so that their stock could be evaluated. If, in the opinion of the analysts, the stock was undervalued, Talmadge Tucker would buy for their own account, and advise their clients to buy. William was surprised to find that he had already taught himself much of what was required, during his development of what he called the cross-ratio theory some months before. Balance sheets and income statements quickly yielded their secrets to him. In his spare time he developed a refined version of the cross-ratio theory, and spent half his first month's wages implementing it. He had his own account now, with Talmadge Tucker—employees were not permitted to conduct securities business with other brokers.

His shares gained slowly for six weeks. Then one of the firms involved was the subject of a glowing profile in the Chinese press, and its stock price soared. William cashed in an eighty per cent profit and took his theory to Murray.

"Interesting," said Murray. "But a little exotic. I couldn't commit TT to a strategy like that."

"But look at my returns."

Murray looked, and shrugged. "One swallow doesn't make a summer. Could be a fluke. Look, William, it's great that you're doing all this research—in your own time, I think? I hope—and cooking up all these mathematical theories. But the methods and strategies we use here at TT have been tried and tested over decades. You can't expect us to go out on a limb with something like this."

They were in Murray's office, Murray behind the desk in his black leather executive swivel chair. It was Murray's habit, when discussing things at his desk, to straighten out paper clips and throw them over his

shoulder. He had just straightened one, and now he jabbed it towards William to make his point.

“You’re a diamond in the rough, William. I can see your head is buzzing with these wild ideas—all this math and statistics. But you’re working now in a billion-dollar industry with tried and true ways of doing things. You have to learn those ways. It’s like art: you have to pay your dues, do your still lifes and your landscapes, then you can experiment with abstract painting. Otherwise people won’t take you seriously.”

Murray tossed the paper clip over his shoulder, swung forward and pushed William’s worksheets back across the desk to him.

“Don’t worry, William.” He laughed, the broad open American laugh William liked. “We’ll make a respectable financial analyst out of you.”

For all his outward caution, Murray privately thought William a genius. He had never been any good at math himself, and held the younger man’s mathematical skills in exaggerated, though well-concealed, awe. He believed what he had said, though: that William was rough, unschooled, and needed the discipline of two or three years dogged analysis—studying actual *firms* and their actual *financial statements*—before his wild theories could find any practical application. Still he understood William’s worth, and respected what he always called his *hunger*, and so when the training proposal came through from New York, it was William he thought of at once.

Talmadge Tucker, like most Wall Street firms, sent out recruiters to the best colleges and business schools every summer, looking for the brightest prospects to take on as analysts. After two years of back-office drudgery these youngsters would be considered for positions on the trading floor, or in management. This year, with awakening interest in Far Eastern markets, the firm decided to fill two of these positions with native-speakers of Asian languages, the better to come to grips with financial statements printed up in Japanese or Chinese. They accordingly asked the Tokyo and Hong Kong offices to put forward recommendations for these two positions. Murray proposed William.

“It’ll be tough,” he told William, across the desk in his office that September. “In New York they’ll work you to death. And you’ll be working alongside high flyers, Uncle Sam’s best and brightest. Don’t go pushing

your graphs and charts at them, not the first two years anyway. Just listen and learn, let them educate you.”

There was a great fuss over travel documents. It dragged on for months. William was a Hong Kong resident—technically a subject of Her Britannic Majesty, but with no right to a British passport. His citizenship was Chinese; but whether this meant that he owed allegiance to Beijing, or to Taipei, or to both, neither of them seemed willing to tell him. With Talmadge Tucker pushing, it was all sorted out at last, and in January 1978 William landed in New York, pitifully ill-equipped for the freezing air, and rode a cab to TT’s fine grand offices at Wall and Nassau.

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It was Jeffrey who showed him the computer. There had been a computer at the university, of course, an ICL mainframe. The Department of Mathematics had had four teletype terminals, and the students had all had to learn FORTRAN. William had learned with everyone else and had done the required programming exercises, but it seemed to him like a trivial discipline, mechanical and uninteresting. There had been no computers at Talmadge Tucker’s Hong Kong office and William thought he had probably forgotten FORTRAN.

Jeffrey was William’s first friend in New York. He was an American, of course, a recent graduate of the Wharton school—one of the previous summer’s intake of young financial analysts, assigned with William to Fixed Income Support. Jeffrey was tall, with the broad-shouldered, narrow-hipped physique of an athlete—the figure Americans call “rangy”. Though smart and hard-working, he had an amused, irreverent attitude to things, an attitude William found very engaging. He liked William at once, and took it upon himself to induct William into the little mysteries of New York office life: how to use the phones, the copier, the fax, how to fill out a medical-insurance claim or expense voucher, where to get the best sandwiches and doughnuts, the right way to eat a bagel, hail a cab, order a drink.

“This is New York, Willy boy,” Jeffrey used to say. “In New York you have to walk a little faster, talk a little faster, and think a whole lot faster.”

“Willy boy” was one of Jeffrey’s names for William. Others were “Professor”, “The Chink with the Chart”, and “The Graph Paper Geek”—the last two alluding to William’s endless calculations, with which his desk at the office was always cluttered.

William wondered about Jeffrey. Did more than wonder, in fact; he fantasized, with a quality of graphic immediacy he himself found shocking. But the business with Fong had left his appetites stunned and stunted. He had been celibate, if not precisely chaste, for over three years. Jeffrey was open, friendly and mildly protective, but gave no indication whatsoever of deeper interest. He had a regular girlfriend, a brisk pretty girl called Grace, who accepted William readily and easily; but William’s past experience of human affairs had left him with no conclusions at all about the exclusivity or otherwise of sexual orientation. Pushing away the fantasies as best he could, William accepted Jeffrey’s friendship gratefully, tried hard to understand his jokes, and shared with Jeffrey some of his more straightforward theories about bond pricing.

They were in Jeffrey’s apartment when Jeffrey showed him the computer. Jeffrey shared a two-bedroom on Thirty-Third Street with another guy, also one of the young analysts. The apartment was a glorious mess of skis, sweaters, jackets, tennis racquets, laundry, bedding and dirty dishes. It was from this chaos that Jeffrey extracted the computer one evening in May.

This was not a mainframe. In fact, you could hold it in one hand. It looked like nothing more than a large electric-typewriter keyboard, with attachments you could plug in to a TV set to make a display. There were other attachments that could be connected to a cassette recorder, so that you could save your work on tape. Jeffrey showed him how the computer could play a game, a silly business with space aliens trying to land and a gun with which they could be destroyed.

“How about programming? Do you use FORTRAN, or what?”

Jeffrey knew nothing about programming, and had never even heard of FORTRAN.

Somehow, this time, the computer hooked William. He began spending more and more time at Jeffrey’s apartment, fiddling with the odd little keyboard. There was a programming language built into the machine, he soon discovered; a simplified version of FORTRAN called

BASIC. He began running some of his yield calculations through the computer, using this BASIC. At his suggestion they bought one of the new daisy-wheel printers, going halves on the expense. By the fall of that year, 1978, his interest in the machine far surpassed Jeffrey's, and Jeffrey was beginning to grumble about never getting a chance to watch TV. William bought the computer, and Jeffrey's share in the printer, and a TV set of his own, and set up the system in his own apartment, a tiny dark studio on Second Avenue, with a bed that folded down from the wall. He developed a way of displaying yield curves on-screen, and began to notice things he had never noticed before. Things which, as it soon turned out, *nobody* had ever noticed before. In October he invented the Bosco.

The Bond-Originated Securitized-Collateral Obligation met with a cool reception at Talmadge Tucker. William took it to Overstone Bruys, the manager of Fixed Income Research. Overstone Bruys frowned, then laughed.

"I can't see our investors going for a thing like that," he said. "Too complicated. How on earth do you calculate the yield?"

"Why, it's just a program. We could have it print out tables. It's only a function of four variables."

Overstone Bruys laughed again. "William, William. Try telling the CFO of some bank in Pokeville, Alabama that you want to sell him an instrument which isn't exactly a stock, and isn't exactly a bond, and whose yield is a non-continuous function of four variables."

"It is so continuous. It's the first derivative that's not continuous, that's all."

Overstone Bruys drummed on his desktop with the eraser end of a pencil, and looked again at the graphs William had printed out. They were very neatly done; William had figured out how to make the daisy-wheel place a dot anywhere in the page, to an accuracy of one-thirtieth of an inch. He liked computers now.

"Sorry, William. It's ingenious, but I don't see a market. Too strange."

"That's what they said about interest-rate swaps. Now everybody's doing them."

The manager nodded. "True. But a swap's easy to understand. You're exchanging one kind of obligation for another. With this thing the investor can't see *what* he's getting."

“He’s getting a conservative instrument, backed ultimately by the full faith and credit of Uncle Sam, with an exceptionally stable yield curve.”

Bruys laughed again, shaking his head. “Sorry, William. Did you get those Treasury spreads for me?”

William told Jeffrey about the Bosco, though he had not yet thought to use the acronym. Jeffrey listened, grinning across at William impishly as William went through the mathematics.

“The Graph Paper Geek,” he said when William had finished. “You tried to sell this to Bruys?”

William confessed that he had.

Jeffrey laughed. “You’re crazy. This white-shoe crowd will never go for that stuff.”

“White-shoe” was a term that surfaced repeatedly in Jeffrey’s talk. It apparently referred to the old-established Wall Street firms, with their wood-paneled executive offices, their patrician Managing Directors, their conservative trading strategies. Jeffrey himself came from a lower-middle-class background, his father a school administrator in Long Island.

“It’s us against them, Willy boy,” he liked to say when he was riding this particular hobby-horse. “The white shoes versus the white trash. Or in your case, yellow trash.”

William took the Bosco to the only other manager he knew well enough, the man in charge of the government desk down on the trading floor. The result was even more negative.

“Why the hell would we mess up perfectly good securities like that? Commingling different kinds of Treasuries? I couldn’t even say if it would be legal.”

“Then let’s have Legal look at it. Legal and Regulatory both. To make sure it’s okay.”

The desk manager shrugged. “All right. Put in the request. You can use my name. But I don’t think it will fly.”

Legal and Regulatory were unenthusiastic but not negative. Legal issued a 12-page opinion asserting that, provided the proper agreements were signed and in place with the appropriate counterparties and/or investment advisors (see suggested form of agreements in Annex C), and

contingent upon there having been obtained the necessary and appropriate signed trading authorizations from same (Annexes D and E, with provision for event of default), the obligations as presented did not infringe upon any aspect of current securities law, reserving only that . . . Regulatory wanted daily reporting of positions and segregated trading accounts, but could see no breach of rules. William took the opinions back down to the desk manager. Now, however, the man was frankly brusque.

“Maybe it’s legal, and maybe the SEC won’t jump all over us. But it’ll never get past the Trading Committee. Think of the trouble they gave us with interest-rate swaps. This is a whole lot more derivative.”

“Won’t you bring it up with them anyway? Since we’ve gone to the trouble to get opinions.”

The desk manager shrugged. “All right. Give it a try.”

But when William checked with him after the Trading Committee’s monthly meeting, the desk manager had gone from brusque to icy.

“No chance to bring it up. Sorry, kid.”

“You’re the wrong color, that’s what,” said Jeffrey, across the desks in the tiny cluttered office they shared. “Face up to it, Willy boy: you’re a slitty-eyed gook, a yellow-belly Chink. You’ll never cut the mustard with the TT crowd. They took you in to sit here in the back office reading Chinese quarterlies. You’re not supposed to go around inventing new kinds of securities. I say, Cuthbert” (Jeffrey had adopted an exaggerated mock-British accent, the white shoes all being devout Anglophiles, apparently), “know what that little coolie of yours had the nerve to ask me? Could we start trading some cockamamie instrument his momma back in Ping Pong Po has cooked up? Bit of a cheek, what? Ta ta old boy, knock me up in the mornin’.”

A few days before Thanksgiving Jeffrey invited William out to lunch in a restaurant. When they got there there was a third man waiting for them. He was fat, disheveled and sweating in a heavy gray coat with a black fur collar, and obviously Jewish even to William’s untrained eye—nothing at all like the sleek traders and managers at Talmadge Tucker. Jeffrey made introductions.

“Lenny Goldfarb, William Leung. Lenny does Fixed Income for Wechsel Cassidy Bruno. I told him about you.”

“Not so much told as sold,” said Goldfarb. “Jeffrey here says you’re a fucking genius.”

Jeffrey nodded. “See, Willy boy, I’ve been thinking about our position there at TT. You, like I told you, they’re never going to let you out of back office. Don’t want your chinky little face darkening up their annual reports. Me, I’m not in a much better condition. My Dad doesn’t belong to their yacht club, my grandma didn’t come over on the fucking *Mayflower*, and it’s going to be a long hard climb for me. But there’s other firms on the Street that have a more open attitude.” He nodded at Goldfarb.

“What d’you know about Wechsel Cassidy?” asked Goldfarb.

William shrugged. In truth, he did not know much, having little insight into the Wall Street pecking order. “I know you’re a big player,” he said. “Corporate bonds, commercial paper. Trading, underwriting. High yields.”

“Right. Big, and gonna get bigger. We need bright young kids like yourself and Jeffrey here. Not to turn cranks in the back office, clearing equity margin crap for little old ladies—to be out front trading and selling, or on the computer playing the angles. These old white-shoe firms, they don’t know what age they’re living in. Government controls are loosening up, trade barriers are coming down. Look at the high-yield markets.” He laughed. “TT aren’t even *players*. They don’t *believe* in the fucking things!”

“Thing is, Willy boy,” put in Jeffrey, “I’m going to jump ship. I think the opportunities are better at Wechsel. And the career path faster. It’s gonna be tough, they look for results right away. But I’ll be on the trading floor where I can make things happen.”

“You want me to come with you?”

“Like I said, you’re not going to get anywhere at TT. After twenty years, maybe they’ll make you a VP, so long as you promise not to scare the clients with your yellow gook face. It’s a dead end for you, Willy boy.”

This was a new way of looking at things for William. He had felt obliged to Talmadge Tucker for giving him the chance to work in New York, for giving him a job at all. His heritage, his tradition, his blood told him that his loyalty was to Murray, who had opened the door for him, and to Talmadge Tucker, whom Murray represented. On the other hand, he suspected that Jeffrey was right about his future prospects. His failure to

get anywhere with the Bond-Originated Securitized-Collateral Obligation reinforced that suspicion.

“Did you tell him about my ideas for a new type of collateralized obligation?” he asked Jeffrey.

“Sure he told me.” Goldfarb nodded eagerly. “I didn’t follow the technicalities, I must admit. But that’s the kind of new thinking we’re looking for. We’ll look it over and give it a shot, if we think it’s worthwhile. But we’d like to have you join us anyway. Your pal here says you’re a real whiz at research.”

“That’s where I’d be working, in research?”

“Sure. We’d give you the run of our computers. We’re getting these new desktop models in for all the research geeks.” Goldfarb laughed. “No offense. But Jeff says you’re the geek de la geek.”

“How about my visa? I think it’s only valid if I work for TT.”

Goldfarb laughed again. “We have immigration lawyers on staff, they’ll sort it out for you. No need to worry about that. Stuff like that, you just need lawyers. We got lawyers up the fucking Wazooey. We got lawyers in the mail room. Fucking doorman’s a lawyer.”

William looked from one to the other. He thought of Murray, and what he owed him. Then he thought of the long road he’d traveled from Seven Kill Stele. Then he summoned up the not inconsiderable amount of Wall Street smarts he had absorbed these six months past.

“Make me an offer,” he shrugged.

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The work environment at Wechsel Cassidy Bruno was quite different from TT’s. The desks were more often steel than mahogany, the lights garish fluorescent in place of subdued recessed spots, the carpets were scuffed and coffee-stained, and when a meeting was called it was *called*, the floor manager yelling down the desks MEETING! ASSHOLES AND BELLY-BUTTONS, ON THE DOUBLE! HUPTWOTHREE! instead of, as at TT, circulating a memo three days in advance with the precise time and location printed up and a room booked with club sandwiches and coffee catered.

The Bond-Originated Securitized-Collateral Obligation was a tough sell, though, even here. William went over it in detail with Lenny at the end of his first week. Lenny frowned.

“Is it legal? To commingle securities like that?”

William showed him the opinion from TT’s legal department, which he had photocopied and brought with him. Lenny grimaced, turning the pages, struggling with the attorneys’ Esperanto.

“Looks all right,” he said at last. “Will anybody buy it?”

“I’ll be glad to make a presentation to the sales force. Any time.”

Lenny laughed. “We’re not too much in the way of making presentations here at WCB,” he said. “Call the fuckers up. See what they say.”

William called every sales rep in the company directory. None displayed much interest. The best reaction was from the San Francisco rep: “If it’s available, I can probably sell it.” San Francisco, thought William, putting down the phone: the Golden Mountain! [The name by which the city is known in Cantonese.] He told Lenny what the San Francisco rep had said, coloring it as best he could to make it sound like a general opinion among the sales force.

“All right,” said Lenny. “Bundle up a few of these things, total face value no more than five million, and see if the sales force can move them. Run ’em up the flagpole and see if anyone salutes.” (Which was a thing everyone said at that time.)

It was the San Francisco rep who christened the new security “the Bosco”. William had called him back. He called him at lunch time—start of business on the West Coast—and again in the evening of the same day. He called him the next day, and the next, and every day for a week. He called the other reps, too, though not daily, and perfected a line of patter: *Perfect hedging instrument in the current interest-rate climate*, and *Innovative product with superior yield potential*, and *Full faith and credit of Uncle Sam with enhanced-yield profile*. Thinking to himself: Heaven, I’m a salesman to the sales force.

The San Francisco man sold a Bosco to one of the bigger California banks. The Denver office used them in a portfolio deal with a midwestern investment advisor. Then nothing for three weeks. Then *Forbes*.

It was the *Forbes* piece that got the ball rolling. The business magazine was doing a series on derivative instruments—indexes, options, swaps—and it happened that the San Francisco rep for Wechsel Cassidy Bruno was a leading propagandist for currency swaps, then a new thing. The *Forbes* people interviewed him, and he started talking about the Bosco. *Perfect hedging instrument in the current interest-rate climate*, he said. *Full faith and credit of Uncle Sam with enhanced-yield profile*. This was just before Christmas. When trading picked up after New Year's, everybody wanted Boscos in their portfolios.

All William knew at first was that his routine twelve-hour days were stretching to fourteen, sixteen hours. He was given two trading assistants to do the drudge work of trawling through the firm's inventory for suitable combinations of securities to be packaged as Boscos. Then he got his own paralegal to keep track of the agreements. Then a programmer, quickly expanded to a project team, to develop regulatory and exposure reporting. He was promoted to Vice President, and his base salary raised to \$100,000. He asked for, and instantly got, the very latest personal computer, an Apple with all the software then available.

Still he could not keep up. As well as being a convenient financial instrument for big institutional investors, the Bosco had been picked up and carried along by the zeitgeist. It was the time when financial markets were expanding, government controls loosening, business barriers coming down. The staid, gentlemanly little world of bond brokerage was being infiltrated by the Lennys and Jeffreys—smart young men and women from the suburbs, with open minds, immense appetites for work, and a quite disgraceful reluctance to defer to the way things had always been done. Innovation was in the air.

In June of that year, 1979, William gave his first newspaper interview. It was the trade press, *Institutional Investor*, and Lenny said he should do it, so he did it. To William's surprise and everyone else's *Institutional Investor* front-paged the story, with an evaluation of the Bosco so upbeat it might have been put out by Wechsel themselves, and a photograph of William across three columns. Suddenly everyone knew William Leung, the Golden Geek. Powerful desk managers from the trading floor came upstairs to shake hands with him. He was called in to see the Managing

Directors, who stood to shake hands with him one by one, and presented him with an offer so sensational it got a column on the front page of the *Wall Street Journal*. A base salary in the high six figures; one million dollars “sign-on” bonus to begin a new contract; annual bonus for the current year not to be less than five million dollars. Title of Director. His own trading desk, with his own traders, dedicated to the Bosco business. A full-time support staff of paralegals, programmers, trading assistants and administrators. A new section to be established in Operations for clearance of Boscos, and a new computer system dedicated to this function. A blank check for personal computer equipment. (“When you look at what he did with that Radio Shack piece of junk,” said WCB’s Chief Information Officer, “it might not be a bad idea to give him his own mainframe.”)

The bonus paid to William in January 1980 was, in fact, \$12 million, plus an assortment of stock and options worth half as much again. He banked it all, having no time to spend it—though at Lunar New Year he sent \$100,000 to the Ngs in Hong Kong. He still had the studio apartment on Second Avenue, having had no time to grapple with real-estate agents and little use for an apartment anyway. He frequently slept on the large couch in his new office on the trading floor, and still owned only one suit. He was becoming a legend on the Street: the Nerd of Nassau, the Chinese whiz-kid, the Bosco billionaire. His business card—everyone with rank A. V. P. and above had cards printed up for them by the firm—became a collector’s item, trading for thirty dollars in the secondary market. Visitors to Wechsel’s trading floor would be shown the glass-walled enclave where William and his minions worked their magic, and would stand staring, hardly willing to breathe for fear their cherished glimpse of William Leung’s wrinkled shirt back might turn to mist and vanish, as in a fairy story. William did interviews in that same office for *Forbes*, *Business Week*, *Fortune*, *Investment Banker*.

William had found the magic tinder box. In March, striking the flint a second time, he invented the Mosco, constructed on the same principles as the Bosco, but with mortgage-backed securities instead of Treasury paper as the underlying bonds. Mortgage-backeds were trickier, but fundamentally just as conservative. The pricing and yield calculations

were fiendish, but with a full 128K of computer power on his desktop they were eventually standardized. Wechsel made no great effort to keep the Mosco under wraps, in fact made a prefatory announcement; and when the new instrument was launched in May the markets went into a feeding frenzy. The MDs met in solemn conclave, William's base salary crossed into seven figures, and he was given an oral guarantee of a \$20 million minimum bonus payable in January 1981.

By the end of the year every bank, savings and loan, and pension fund in the country had a drawer full of Moscos. Wechsel split off a subsidiary, Wechsel Cassidy Bruno Financial Engineering, to handle the Bosco/Mosco business. For regulatory reasons—he was still a Chinese citizen—William could be only an employee of the new entity, not a principal; but WCBFE was awash in profits before the ink was dry on their letterhead stationery, and William's salary disappeared into the stratosphere.

Now the mainstream press was taking an interest. The *New York Times* interviewed William for a front-page story in its business section. *Newsweek* ran a cover story on “The New World of Securities Trading”, highlighting derivative instruments, profiling William with a picture of him in his office, and devoting a full-page sidebar to explaining the Bosco and Mosco. Lenny persuaded William to abandon his computer for long enough to attend Wechsel's Christmas party, held at the Waldorf Astoria. The whole room turned and applauded when William walked in.

In January William banked two bonuses—one each from WCB and WCBFE—for a total of fifty-five million dollars. When this was known in the Street, the *Journal* front-paged him again, and ran a stern editorial about out-of-control remunerations, trading instruments based on esoteric mathematics, and the need to show restraint in a potentially inflationary environment. Then at the end of January William found himself on the cover of *Time*, alongside a caption reading: “The New Breed of Financial Wizards”. He actually bought a copy—the first non-technical publication he had bought in two and a half years—and took it back to the poky studio apartment on Second Avenue to read. There was no interview; *Time* had requested one but William had declined. He thought the *New York Times* interview of some weeks previous had cut a little too deep

into his background (“ . . . escaped from Red China by swimming across the open sea . . . raised by family friends in Hong Kong . . . ”). He regretted having been so frank with them and was wary of further revelations.

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William was getting a lot of mail at the firm now. It had been running at ten or fifteen private letters a day since the *New York Times* article, rising to thirty or forty after *Time* put him on the cover. Most asked politely for investment advice. Some were frank begging letters. A few were from lunatics. William could not be bothered with them, and had one of the executive secretaries look through them in case there might be anything of interest. It was this person, a trim lady in late middle-age, twenty years with the firm and a byword for efficiency and discretion, who came to him three weeks after the *Time* cover, carrying an airmail letter.

“From Shanghai,” she said, “according to the postmark. And all in Chinese, of course. I thought you might want to look at it.”

William looked, hardly recognizing the characters of his own language at first. Then the letter began speaking to him in a voice rough—barely literate in fact—but clear.

It suddenly seemed to William that for two, two and a half, years he had been toiling alone in a diving bell at the bottom of the ocean, sifting nuggets from the sea floor mud, the outside world making itself known only by an occasional muffled clanging or thumping on the walls of his prison. Now there was this voice, loud and plain as could be, and William tasted again the memories of poverty, of desperation, of comradeship, of fear.