



## Den of Thieves

*James B. Stewart*

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## **Den of Thieves** James B. Stewart

A #1 bestseller from coast to coast, *Den of Thieves* tells the full story of the insider-trading scandal that nearly destroyed Wall Street, the men who pulled it off, and the chase that finally brought them to justice.

Pulitzer Prize–winner James B. Stewart shows for the first time how four of the eighties’ biggest names on Wall Street—Michael Milken, Ivan Boesky, Martin Siegel, and Dennis Levine —created the greatest insider-trading ring in financial history and almost walked away with billions, until a team of downtrodden detectives triumphed over some of America’s most expensive lawyers to bring this powerful quartet to justice.

Based on secret grand jury transcripts, interviews, and actual trading records, and containing explosive new revelations about Michael Milken and Ivan Boesky written especially for this paperback edition, *Den of Thieves* weaves all the facts into an unforgettable narrative—a portrait of human nature, big business, and crime of unparalleled proportions.

## **Den of Thieves Details**

Date : Published September 1st 1992 by Simon Schuster (first published 1991)

ISBN : 9780671792275

Author : James B. Stewart

Format : Paperback 592 pages

Genre : Business, Economics, Finance, Nonfiction, History

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## From Reader Review Den of Thieves for online ebook

### Steve Vockrodt says

If all it took was a major Wall Street scandal to bring down the center of United States financial institutions, it would have ended with the insider trading scandal covered in James Stewart's *Den of Thieves*. But as we're all too painfully aware, particularly in today's economy, greed and avarice continues to run amok among the investment banks, traders and law firms that make their bread on Wall Street.

As far as Wall Street crimes go, the insider trading scandal of the 1980s was not much different than the ones that have occurred since. Investment banks and other Wall Street institutions, highly leveraged against political influence, hold the keys to the house as the downtrodden, resource-strapped and powerless regulators can't stand tall enough to look over the fence. But as detailed through Stewart's impeccable reporting and research, the difference with the scandal that took place among the corporate takeover craze of the 1980s was the perpetrators got caught and their feet were held to the fire. At least to some degree.

Stewart, a reporter and editor at the *Wall Street Journal* while Ivan Boesky and Michael Milken and company plundered millions from junk bonds and selling secrets of financial transactions during the Decade of Greed — this is just limited to the 1980s? Painstakingly assembled from trading records, interviews, SEC documents and deposition transcripts, Stewart weaves a well-reported tale of this important time in America's financial history. While Stewart assumes some level of business and financial sophistication from the reader, the story is readable and even engaging as he explores the personalities of eventual convicts like Ivan Boesky, Marty Siegel and Dennis Levine.

With the benefit of more than 20 years of subsequent history, the importance of Stewart's story is somewhat diminished. Wall Street recklessness continues unabated today, and the major players of the scandal are out of jail following all-too-short prison terms, given the magnitude of their crimes. Michael Milken, the biggest catch in the sea of piranhas in Stewart's book, has managed to rebuild his character through money-infused and heavy-handed public relations tactics not unlike those he forged during his years as the Junk Bond King. But *Den of Thieves* still emerges as an important read for the present-day observer wondering what's wrong with the culture on Wall Street.

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### Cynthia says

It's a very good book, but I gave it three stars because it's so heavily documented. The subtext of the whole book is "these horrible people did this horrible thing, and probably no one will ever do anything this horrible again". Well, that seems like a pretty naive way for an experienced Wall Street Journal reporter to look at it. And of course in light of what's happened since then, the bad behavior of Mike Milken and Ivan Boesky seems relatively benign compared to the actions that led to 2008. And if you've read Michael Lewis' *The Big Short*, his account of a much more complex series of events is actually a little easier to follow than this book. It's almost like Stewart felt that he was writing a book so that history could look back and find everything it needed to know about the Junk Bond era; he overpacked it with so much information that it's almost numbing to read it. But it's good enough that I finished it, quickly.

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### Stephanie says

Wish I'd read this book a decade ago...

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### **Tim O'Hearn says**

A respectable account of the most significant insider trading scandal of all time as well as Michael Milken, the most rapid accumulator of wealth at that time. *Den of Thieves* is doomed to be remembered as a history book, though. While the author managed to wring every drop of fun out of this storyline, which was drawn out beyond any bystander's control, it often enters dull and tedious stretches. This former New York Times bestseller has been featured on dusty shelves across the country with bookmarks hanging out somewhere around page 206.

Reading this book is kind of like visiting a place for the first time after hearing glowing reviews from your friends. It's new to you, to a degree, and you feel social pressure to remain upbeat and engaged even as you hit snags of disappointment. *Den of Thieves* is comparable to *Barbarians at the Gate* in many ways—thickness, setting Guinness World Records for number of names contained in a book, subject matter—but the story is muddled by litigation and can't be placed on the same plane of greatness.

Aside from John Mulheren, the entire supporting cast is totally forgettable by the time you make it to the last three chapters. Even Ivan Boesky, who stars prominently early on. Don't get me started on the SEC or the law firms of lawyers, lawyers, and lawyers. Overall, there is way too much zooming in and out for one to keep track of any of the main players.

I highly recommend reading *Barbarians at the Gate* before this book, so you'll have a more thorough background of the subject matter, and saving *Fortune's Formula* for after, as it reuses some of the most interesting factoids and will cheapen the experience.

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### **Ross McDougall says**

This was a struggle! If you're a reader who only feels right when they can leave a book at a chapter mark, you will too! :)

A seriously in-depth and well constructed analysis of the Wall Street shenanigans of the late 80's, it's easy to be completely floored by the sheer amount of funds being thrown around on every page. Stewart has clearly done his homework and compiled an excellent inside-story of greed, arrogance and ignorance.

I was enthralled as the house of cards was built higher and higher than it was every designed to go, and it was exhilarating to watch the cards near the bottom removed one by one before the whole thing came tumbling down.

The books' main narrative largely covers an even more exciting one for this reader: the tension and relationships between the criminals and those charged with ensuring they pay for the damage they've caused. The line can so easily be blurred or forgotten when any party prioritises its own gains above the others. While you can understand the rationale for some decisions, they were ominously close to the outcome of the actions by the people under investigation.

To paraphrase George Shaw: If you try to wrestle with a pig, you're going to get dirty.

This would have attracted five stars if the chapters were half the length.

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### **James says**

With all the scandal tarnishing the financial system I have always wondered if there is an inherently corrupting force in anything which can lavishly reward the most extreme personal greed or if it is a question of the regulators catching up with the financiers. In his account of the Milken and Boesky insider trading scandal that bookmarked the 80s, Stewart gives credence to both.

Stewart painstakingly lays out the principal actors, the actions they took, sins committed and what the consequences were of the junk bond scandal. In his hands this is actually pretty riveting stuff and best of all is the access you get into the mind sets of those who committed these crimes. What I found most striking was the arrogance of the principals, the steadfast self justification - not only would they refute any wrongdoing in their minds they were heroes, and finally how the criminal behaviour was so richly rewarded even post persecution.

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### **Karolis Balankovskis says**

A lengthy and unnecessarily prolonged book. I hardly received any knowledge or pleasure from reading this book. It remains a mystery of how the author got so much information about the conversations between the traders/ investors, presumably imagination was used in an attempt to make the book more entertaining or the individuals mentioned in this book had great memory and were willing to cooperate with the author to recall their conversations and little details for reasons which will remain unknown to the reader.

It's very difficult to keep track of all the names, relationships, companies mentioned in this book. Characters change companies, made new acquaintances and intertwined with each other.

To cut a very long story short, this book is about traders/ investors working as a team, sharing information not available to the public (known as insider trading), to manipulate the stock market i.e. to raise or lower the value of shares, then sell or buy them on to make profits for themselves or their companies. It may sound complicated, but it's a fairly simple process. Please note: this process/ scheme is considered to be unethical and it is also illegal numerous countries.

You will learn beneficial key words, however the book was originally published in 1991 and since then various other sources have been created to provide you with this information such as "Investopedia" and the "Google search engine".

Ironically the book got stolen/ lost before I got the chance to finish reading it, however I do not have any intentions to purchase a new copy or even borrow one as I value my life and time too much. Please note, this book is close to 600 pages long, reading this book is a very time consuming and tedious process, as it lacks an element of entertainment, 80% of the information mentioned in this book is gibberish and is completely irrelevant to most readers, the knowledge you will receive will be very basic and can be acquired through the "Google search engine".

Kudos to the author for his ability to extend the description of this event to this extent. I believe the moral of

this book was the fact that the traders/ investors got too greedy.

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## Mark says

For those that remember the high-flying days of the 1980's Wall Street, or even remember the fictional Gordon Gecko of the 1987 MOVIE "Wall Street", this is a definite read.

In fact, Gordon Gecko was inspired BY the real-life characters of this book: Michael Milken and Ivan Boesky. Boesky even spoke at Berkeley in 1986 talking about greed, saying, "I think greed is healthy. You can be greedy and still feel good about yourself". This statement became the impetus of the memorable Gordon Gecko speech in the movie.

James Stewart, a former front-page editor for the Wall Street Journal, does a masterful job explaining to the lay person the convoluted dealings of Wall Street after the Reagan-backed deregulation of the banking industry. He gives you a great sense of the culture and lack of true oversight that led to what was at the time, the biggest Wall Street scandal since the '29 crash.

All this seems to pale in comparison to the sub-prime fiasco in the 90's and 2000's, but is certainly a precursor to that greater scandal. The culture explained here led directly to the later and greater problems to come.

I would suggest that you read this, then move right on to books like "The Great Short" on the sub-prime mortgage story.

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## Eric\_W says

Part of the disgust with Washington and big business stems from the slew of mergers and acquisitions that began during the seventies and eighties and which resulted in many people losing their jobs as the larger entities pulled cash out of the acquisitions, cut jobs, and moved much of the business overseas for cheaper labor costs. In part, what drove the acquisitions mania was the tax code that taxed dividends and profits from a business or stocks and made interest costs fully deductible. It paid therefore to borrow any amount to purchase a company driving the stock price up and then reselling the same company to someone else. The brokers in the middle as well as the managers of those companies became insanely rich from the shell game.

One surprising tidbit that surprised me was how Milliken and others manipulated the press to achieve movement in stock prices and to get what they wanted. By carefully planting stories they could build momentum for mergers and speculation that would otherwise have gone unnoticed. The stock price would move in whatever direction they wanted.

It was shameful how Ivan Boesky was hailed by business magazines and university departments as some kind of business genius. His speeches were lauded and yet he achieved what he did purely by cheating.

It's instructive given today's PR strategies by the White House to see how Wall Street and the business community responded to SEC investigations and indictments. Once the information about Boesky's crimes and his indictment was released, the attacks on the SEC began. They discovered that the SEC had permitted Boesky to sell \$400,000,000 of his position for a couple of reasons: the SEC wanted to make sure he would

have money to pay the \$100,000,000 fine he had agreed to in his plea, and they were worried that if news got out prematurely the market would tank and many investors would get hurt. As it was, his investors made a lot of money and the fine was paid. But that knowledge was used against the SEC by the business media (and others who had been guilty of the same insider trading) as a way to focus attention away from themselves and to make the SEC look bad, paving the way for future emasculation of the agency, already underfunded. The charge was that the SEC was letting Boesky get away with millions, an untruth.

Boesky today lives in California and as a result of his 1991 divorce settlement, his wife (!) paid him \$23 million and \$180,000 per years. Not too shabby.

Millkin and others involved made literally billions, some served prison terms, almost all came out of it quite comfortably. My own feeling is the deck is stacked against the average investor and that the whole idea of leveraged buyouts hurts everyone except those who orchestrate the deals and collect the fees. Then again, my pension relies on a healthy and growing stock market, so perhaps my complaints should be muted.

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### **Mehrsa says**

It was so bad at the time and so shocking. Reading this book a bit late and after the financial crisis, I feel like yeah, whatever. It feels much worse now and it's hardly even litigated by the SEC anymore. But it's still a great story of how this sort of crime becomes so tempting, so easy to commit, and so hard to root out.

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### **Joseph Luk says**

Throughout most of listening to this book, I thought to myself A) when is this book going to end, and B) what's the point of understanding something that happened almost 30 years ago? After finishing the book, my thoughts were A) James B. Stewart is a really good investigative journalist! and B) Seems like most of what happened in the book repeated itself in 2008. Can't really say I thoroughly enjoyed the book, but it was definitely a very detailed exposé on what was going on in the junk bond market in the mid-80's. Perhaps I would have enjoyed it more if I was in the banking industry.

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### **Jeremy Raper says**

Not ashamed to say this tale of Michael Milken's 1980s junk-bond shenanigans was one of the more entertaining books I have ever read. 500 pages but it flies by. The kind of detail Stewart has extracted from the records is pretty amazing. Milken unsurprisingly comes off as a grandiose, power and wealth-hungry egomaniac but still the extent of his achievement is pretty impressive. Highly recommended for a good summer read.

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### **Omar Halabieh says**

I recently finished reading Den Of Thieves - by Pulitzer Price Winner, James B. Stewart.

Below are key excerpts from the book that I found to be particularly insightful:

Even now it is hard to grasp the magnitude and the scope of the crime that unfolded, beginning in the mid-1970s, in the nation's markets and financial institutions. It dwarfs any comparable financial crime, from the Great Train Robbery to the stock-manipulation schemes that gave rise to the nation's securities laws in the first place. The magnitude of the illegal gains was so large as to be incomprehensible to most laymen.

Nor were these isolated incidents. Only in its scale and potential impact did the Milken-led conspiracy dwarf others. Financial crime was commonplace on Wall Street in the eighties. A common refrain among nearly every defendant charged in the scandal was that it was unfair to single out one individual for prosecution when so many others were guilty of the same offenses, yet weren't charged. The code of silence that allowed crime to take root and flourish on Wall Street, even within some of the richest and most respected institutions, continues to protect many of the guilty. To dwell on the ill-gotten gains of individuals, however, is to risk missing the big picture. During this crime wave, the ownership of entire corporations changed hands, often forcibly, at a clip never before witnessed. Household names—Carnation, Beatrice, General Foods, Diamond Shamrock—vanished in takeovers that spawned criminal activity and violations of the securities laws.

Nor should the financial implications of these crimes, massive though they are, obscure the challenge they posed to the nation's law-enforcement capabilities, its judicial system, and ultimately, to the sense of justice and fair play that is a foundation of civilized society. If ever there were people who believed themselves to be so rich and powerful as to be above the law. They were to be found in and around Wall Street in the mid-eighties. If money could buy justice in America, Milken and Drexel were prepared to spend it, and spend it they did. They hired the most expensive, sophisticated, and powerful lawyers and public-relations advisors, and they succeeded to a frightening degree at turning the public debate into a trial of government lawyers and prosecutors rather than of those accused of crimes. But they failed, thanks to the sometimes heroic efforts of underpaid, overworked government lawyers who devoted much of their careers to uncovering the scandal, especially Charles Carberry and Bruce Baird, in the Manhattan U.S. attorney's office, and Gary Lynch, the head of enforcement at the Securities and Exchange Commission, the head of enforcement at the securities and exchange commission. The scale of crime on Wall Street after a decade of lax enforcement sometimes overwhelmed their resources. Not everyone who should have been prosecuted has been, and mistakes were made. Yet their overriding success in prosecuting the major culprits and reinvigorating the securities laws is a tribute to the American system of justice.

For Levine, the experience only reinforced his view that without extraordinary measures, he was never going to realize his grand ambitions. Not that he was particularly surprised. As he told Wilkis constantly, he was convinced that everyone was using inside information to get ahead: the game was rigged.

The causes of the boom were probably as much psychological as financial, though many economic explanations have been offered to explain the sudden, almost frenzied effort to buy existing companies rather than create new ones. Throughout the 1970s, investors had focused on company earnings, and the corresponding price/earnings ratios, as a measure of value. With an economy ravaged by post-Vietnam War and OPEC-induced inflation, high tax rates, and soaring interest rates, profits had been meager. So stock prices stayed low even as inflation pushed the value of income-producing assets ever higher. Coupled with low-priced assets was the tax code's very generous treatment of interest payments on debt. Corporate dividends paid on stock aren't deductible; interest payments on debt are fully deductible. Buying assets with borrowed funds meant shifting much of the cost to the federal government. The election of Ronald Reagan in 1980 sent a powerful "anything goes" message to the financial markets. One of the first official acts of the Reagan Justice Department was to drop the government's massive ten-year antitrust case against IBM. Bigness apparently wasn't going to be a problem in the new era of unbridled capitalism. Suddenly, economies of scale could be realized in already oligopolistic industries such as oil, where mergers wouldn't even have been considered in the Carter years.

Yet history offers little comfort. The famed English jurist Sir Edward Coke wrote as early as 1602 that

"fraud and deceit abound in these days more than in former times." Wall Street has shown itself peculiarly susceptible to the notion, refined by Milken and Boesky and their allies, that reward need not be accompanied by risk. Perhaps no one will ever again dominate the financial world like Milken with his junk bonds. But surely a pied piper will emerge in some other sector. Over time, the financial markets have shown remarkable resilience and an ability to curb their own excesses. Yet they are surprisingly vulnerable to corruption from within. If nothing else, the scandals of the 1980s underscore the importance and wisdom of the securities laws and their vigorous enforcement. The Wall Street criminals were consummate evaluators of risk—and the equation as they saw it suggested little likelihood of getting caught.

A highly recommended read in the area of finance.

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### **Diane says**

Great background from the 1980s for what is going on today (2011) in the financial markets. A wise professor has said that the needs of the financial markets to operate and profit now rival if not surpass our inclination to and institutions of democratic self-government. Witness the Greek government yesterday (3 Nov 2011) backing away from a referendum of the people (regarding their austerity measures imposed by financial powers in France and Germany) in favor of not upsetting the financial markets (who predictably like to be repaid with incredible interest on principal). This book shows us just how we fell into this web of "necessity." Communism hasn't triumphed, but money is trying to. One can see in Den of Thieves that the Drexel company culture of "what's in it for me" triumphed over sacrifice for "the good of the company." The same choice is now being played out on a much larger scale in Europe as the social safety net is being reduced toward elimination for the good of the financial markets (they want their money, even though the amount of money paid already could easily have paid off the principal with interest to spare). In contrast, Iceland did not destroy its citizen-conscious socially responsible society when it was decimated by the international financial misdeeds of 2008 (or thereabouts). And Iceland's society today in 2011 is thriving from all accounts. But Europe and soon the United States are heading in the opposite direction, where financial markets falsely persuade "customers" (that's us, the people) that financial needs and solutions are the only possible solutions to society's financially-induced problems. Read this book and weep for the future of our world. It is not behind us, it is us and it is now.

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### **Jeff Swystun says**

It was interesting to return to this book over twenty years after first reading it. For some reason I consumed the many tales of greed that were published at the time...Barbarians at the Gate, Mr. Diamond, Liar's Poker. A decade later there was the spate of books on Enron, Tyco, ADM. A few short years after that it would be the financial crisis that produced written works to explain the collapse of Bear Stearns, Lehman Brothers and others. And let's not forget the Madoff saga.

Author Stewart asks in his Epilogue, could something similar to the Boesky, Levine, Seigel, and Milken insider trading ever happen again. The events mentioned above certainly indicate so. History repeats itself because greed always exists. Still, it is amazing at the dollar values that were involved back then along with the hubris and shock when these dealings were exposed. This is a brilliantly researched and written cautionary tale that many refused to heed.

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