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Billion Dollar Whale

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Billion Dollar Whale by Tom Wright & Bradley Hope (2019). Hachette Books. 391 pp. ($18.99 softcover). ISBN: 978-0-316-43647-2.

In *Billion Dollar Whale*, Tom Wright and Bradley Hope regale readers with the exploits of a young Malaysia, Jho Low, whose understanding of success likely differs from that of readers of this review. Mr. Low was born into privilege, but he wanted more. While many readers might consider attending a prestigious boarding school in London and an Ivy League university in Philadelphia as educational opportunities; Mr. Low allocated significant scarce resources to identifying and acquainting himself with classmates of rich and influential families from around the world. It appears that Mr. Low knew all he needed to know before attending either school. What he sought was not an education but links to individuals with influence and access to money. Wright and Hope pen a narrative that escorts readers through the meanderings of a young man devoid of morality and an unlimited willingness to cheat, lie, and steal. His only sense of duty or obligation is toward his confederates with whom he conspires to defraud others and the politicians who empower his misdeeds. And, yes, of course, Goldman Sachs is involved and profits.

The book reflects reporting by the authors, who covered the story as it unfolded. Subsequent research fills gaps and provides context for the headlines and stories that appeared in *The Wall Street Journal*. Written by journalists, the book is easily comprehendible. The short, focused chapters make the book easy to pick up and difficult to set down, thus, a quick read. Previous reviews highlight the details and the extent of Mr. Low's fraudulent activity and offer a glimpse into the celebrity involvement in the charade, so this review will depart from that worn path by challenging the language employed to convey the outcomes of the extensive deceit and theft before focusing on the disturbing realities of high-end real estate, jewelry, and art markets presented throughout the book.

Mr. Low aspires to accumulating vast wealth and power without earning either in any conventional understanding of the term. As such, this reviewer finds language referring to Mr. Low's *success* and *wealth* alarming. Similarly, the authors refer to "…mastering the levers of international finance," (p. 9) which implies that international finance is entirely fraudulent and without and productive value. On occasion, the authors refer to Low as a *billionaire*. Was he? It should be clear that Mr. Low achieved nothing. His entire existence hinged on misdirection.

Only a disciple of Nicolo Machiavelli could celebrate outcomes derived from malicious intent and disregard for others. Mr. Low was not a business man, he was a confidence man. Moreover, to glamorize his excessive consumption defined by conspicuous waste is dismissive of the vast majority of individuals who work, produce, and consume without fanfare. While for some this may read like *sour grapes*, I have sought to spark recollection of the insights of Thorstein Veblen, who coined the term conspicuous waste to describe the ostentatious displays of wealth secured by industrialists during the later decades of the nineteenth century. While many of the Robber Barons of yore unquestionably engaged in dubious practices; at the core, they organized companies that produced goods or provided a service. There is no tangible evidence of Mr. Low's producing anything. For this reason, the language ought not imply or hint at success or legitimacy. Similarly, referring to *friends* seems inappropriate and mistaken. It is hard to imagine that Mr. Low was capable of friendship, but more importantly, the authors make it very clear that the people surrounding Mr. Low were either paid to be present or ingratiating themselves to Mr. Low so he would employ them or participate in a deal or scheme.

Diction matters because felonious financiers and corporate executives intrigue the American public, much like gangsters. To hint at legitimate success clouds the already murky environment in which financial firms operate. The more criminal among these men, typically they are men, do not accede to laws, customs or a life-denying morality. They do what that want and take what they want without concern. Michael Milken, Ivan Boesky, Charles Keating, Ken Lay, Jeff Skilling, Andrew Fastow, Bernard Ebbers, Bernie Madoff, Jordan Belfort, and Jho Low to name a few lied, cheated and defrauded others and eventually got caught. Quite recently, women entered this auspicious hall of shame when Elizabeth Holmes was convicted of defrauding investors after claiming that her firm, Theranos, possessed an ability to diagnose cancer using a blood test. Yet, reports speak of her rise and fall when there was no meteoric rise without the deception. To celebrate the exploits of criminals conveys a message to young and old alike that the ends justify the means. Such a message does not contribute positively to society. Rather the message exacerbates cracks that threaten the foundation of society. As economic historians may be quick to point out, an essential component of capitalist societies is trust. Trust reduces transaction costs associated with contracting and enforcing agreements. Higher transaction costs impede economic activity and reallocate scarce resources to non-productive uses. Perhaps, Fredrich Nietzsche would applaud the life-affirming actions of these

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sociopaths. I jest; Nietzsche's übermensch attains greatness by contributing to culture through artistic expression, not through deliberate deception, theft, and fraud. The übermensch embodies genius and life-affirming output, not greed that harms.

With the arrival of crypto currency, the list of individuals arrest for fraud or money laundering seemingly grows daily. The arrests and/or convictions Heather Morgan and Ilya Lichtenstein, Sam Bankman-Fried, and Changpeng Zhao remind us that all is not as it seems, or more precisely, outward appearances may shield a fawning media and public from unpleasant details funding the pretentious displays of wealth and success. As Veblen astutely observed, idleness associated with wealth and influence cannot be easily and continuously observed, so industrialists had to display their wealth, and no display of unlimited resources is more compelling that self-indulgent waste. *Billion Dollar Whale* illustrates society's willingness to accept that which can be observed as real and to avoid asking questions or performing due diligence. Some time ago, the adage "fake it until you make it" resonated within society among the wannabes. It is now common to observe faking it as making it.

Despite these minor criticisms, the authors reveal the awkwardness that accompanies inauthentic people and experiences. More than a few references and quotes remind readers that the glamour was not real. Identified as a *friend* of Low, an individual is quoted stating, "It felt fake…we were just there to go through the motions …and look cool as a group (p. 134). Actual friends would describe the time together as fun. Perhaps, most condemning were comments by Jordan Belfort, whose exploits were depicted in the film, "The Wolf of Wall St." While attending a party celebrating the formation of the production company that would produce the film depicting his crimes, Belfort commented on the waste stating, "you wouldn't spend money you worked for like that." (p. 148). Belfort immediately concluded that Low was fraud. One is left with the impression that others forged similar conclusions but did not care as long as Low's scam funded their interests.

Perhaps the most stirring insights from the book reveal acceptance of distortions present in segments of the jewelry, real estate, and art markets. Segments of these markets serve unique needs of monied people. Readers with an interest in economics will recognize the distinction between profiting from trading and profiting from investment and production of goods and services valued by society. Construction of a house provides shelter. Subsequent sales of the house offer nothing new to the community. The authors demonstrate that expensive real estate markets often serve to launder funds. The properties are bought and sold without concern for the provenance of the funds. The willingness and ability to pay bids up the price of real estate that provides no tangible contribution to society. Once sold, the proceeds are available for any use.

Similarly, an art investor can drive up his net worth simply by buying and selling paintings to himself through brokers and lawyers, who do the bidding. We learn that art serves as an effective store of value. Whereas banking laws require explanations regarding the origin or destination of funds, art transaction are not regulated. Ill-gotten resources can be used to buy art at auction and never raise suspicion, whereas making a large deposit or a series of large deposits will garner unwanted attention. Jewelry serves a similar function as a store of value. While it can be difficult to travel with large sums of money. Jewelry is more easily transported across national borders. The influx of funds into these markets escalates prices, creates paper wealth, all the while encouraging misallocation of resources.

Billion Dollar Whale is much more than a collection of reports regarding a brash swindler from Asia. *Billion Dollar Whale* presents the sordid realities of our time. The book offers a captivating glimpse into corrupt governments around the world, the abuse and misuse of celebrity, and compelling evidence that global finance is not simply an intermediary channeling resources from savers to borrowers. In the end, *Billion Dollar Whale* offers justification to increase regulation and oversight of financial firms involved in global deal-making. Although difficult, multilateral member organizations can create incentives to remove the graft. Nonprofit watchdog organizations and a free and independent press will be needed to monitor activities. Collective action is difficulty and cracks will continue to form, but identifying and repairing the gaps sooner will benefit many people who are most vulnerable.

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