Clarion Review

Business & Economics

Lehman Brothers' Dance with Delusion: Wrestling Wall Street

Stanley J. Dziedzic Jr.
Create Space
978-1-4537-9156-1
Four Stars (out of Five)

The recent financial meltdown has been fair game for any number of books that have either exposed the inner workings of Wall Street firms or been highly critical of the manner in which such firms have operated. Stanley Dziedzic's book is yet another, but it does have an interesting twist: the author weaves together his experience as an amateur wrestler with his career as a Wall Street banker.

Dziedzic is clear in his objective for writing the book. He says he is compelled to tell his story because of his, "visceral anger at Richard 'Dick' Fuld [head of Lehman at the time] and his loyal lieutenants for failing to ensure Lehman's viability and my frustration at Wall Street's unwillingness to address the fundamental structural flaws in its risk management…"

Dziedzic begins by explaining how an amateur wrestler who won an Olympic bronze medal became interested in a Wall Street career. He proceeds to secure a position with Salomon Brothers and relates his experience during Salomon's training program. The author spends several chapters discussing the mortgage-backed securities market, the derivatives market, the thrift industry's "regulatory debacle," and other financial issues.

Dziedzic then talks about his transfer to Lehman, describing in subsequent chapters the rise and, ultimately, the fall of the firm. He is openly critical of Lehman's leader, Dick Fuld. Dziedzic writes: "Missing the cues that Lehman's risk management was inadequate, Fuld was the architect behind Lehman's demise; he had condoned the untenable leverage and reckless risk management."

Again, the author spends a good deal of time concentrating on details of financial aspects, such as “the bailout of long term capital management” and “noneconomic residuals.” While this information is pertinent to Lehman’s downfall, it is presented at a level of detail that the average reader might find to be dry, technical, and somewhat overwhelming.

Dziedzic does offer solid observations in the chapter, “Lessons Learned from Lehman’s Dance with Delusion,” and he makes his position on preventing future disasters clear in the Epilogue: “…Wall Street must be challenged or embarrassed (if that is possible) into taking responsibility and abiding by the very meritocracy that it espouses.” He goes on to say, “To withstand future financial disasters, pricing must be more visible and the derivatives markets’ capital structure must be reshaped.”

Large sections of the book may be too detailed and perhaps financially sophisticated for a general audience; however, *Lehman Brothers’ Dance with Delusion* does present an insider’s perspective–a uniquely personal view of the underbelly of the financial world. As such, it is interesting if not compelling to see how Lehman unravels. In the end, Stanley Dziedzic’s metaphor of “wrestling Wall Street” turns out to be very appropriate.

Barry Silverstein