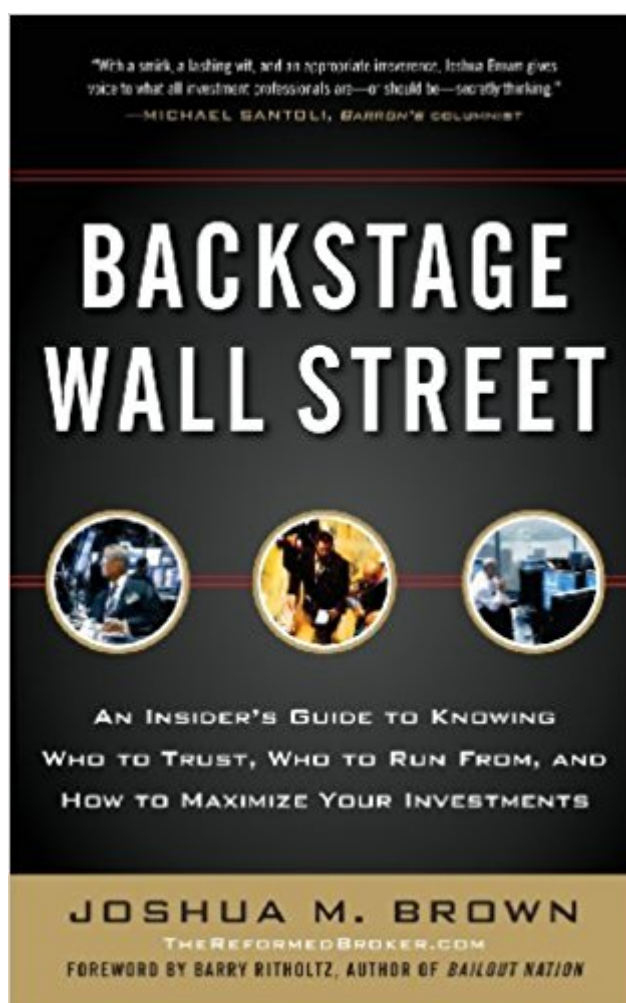


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# Backstage Wall Street: An Insider's Guide To Knowing Who To Trust, Who To Run From, And How To Maximize Your Investments



## Synopsis

Chances are you haven't been making the best investing decisions. Why? BECAUSE THAT'S HOW WALL STREET WANTS IT. [T]he always irreverent author of the Reformed Broker blog has written an excellent narrative that shares all of your broker's dirty little secrets. Much like Michael Lewis's *Liar's Poker* captured the essence of 1980s institutional Wall Street, Brown's *Backstage Wall Street* recreates the boiler room retail brokerage culture of the 1990s and early 2000s in vivid color. **FORBES** "With a smirk, a lashing wit, and an appropriate irreverence, Joshua Brown gives voice to what all investment professionals are or should be secretly thinking. **MICHAEL SANTOLI**, Barron's columnist "The pages of this book are filled with colorful exposés of misconduct in the way Wall Street presents and sells itself (and its financial products offerings!). . . . Run don't walk to read Brown's chronicles of deception [perpetrated by] those wonderful folks on Wall Street, who nearly bankrupted the world's financial system a few short years ago. **DOUGLAS A. KASS**, Seabreeze Partners Management, Inc. "Everything you've ever read about Wall Street is a total lie. Everyone is lying to you every day. Until you read this book. **JAMES ALTUCHER**, Formula Capital and author of *I Was Blind but Now I See* "Joshua wants Wall Street to be awesome. You can feel it every day on his amazing blog and in this great book. He is happy to shout when Wall Street drives him crazy. I guarantee you will enjoy this book that describes the action behind the business of Wall Street and his own experiences along the way. **HOWARD LINDZON**, Lindzon Capital and founder of StockTwits "Joshua Brown may be the funniest writer on finance today, but *Backstage Wall Street* could make you cry more than laugh. The buffoons, manipulators, and incompetents Brown parades before us are the stewards of our retirement accounts....What's important is that investors understand the choices before them. *Backstage Wall Street* goes a long way to taking us backstage, while making us laugh in the process." **BARRON'S** About the Book: Wall Street is very good at one thing: convincing you to act against your own interests. And there's no one out there better equipped with the knowledge and moxie to explain how it all works than Josh Brown. A man *The New York Times* referred to as "the Merchant of Snark" and Barron's called "pot-stirring and provocative," Brown worked for 10 years in the industry, a time during which he learned some hard truths about how clients are routinely treated and how their money is sent on a one-way trip to Wall Street's coffers. *Backstage Wall Street* reveals the inner workings of the world's

biggest money machine and explains how a relatively small confederation of brilliant, sometimes ill-intentioned people fuel it, operate it, and repair it when necessary—none of which is for the good of the average investor. Offering a look that only a long-term insider could provide (and that only a “reformed” insider would want to provide), Brown describes: THE PEOPLE—Why retail brokers always profit—even if you don’t, THE PRODUCTS—How funds, ETFs, and other products are invented as failsafe profit generators—for the inventors alone THE PITCH—The marketing schemes designed for one thing and one thing only: to separate you from your money It’s that bad . . . but there’s a light at the end of the tunnel. Brown gives you the knowledge you need to make the right decisions at the right time. Backstage Wall Street is about seeing reality for what it is and adjusting your actions accordingly. It’s about learning who and what to steer clear of at all times. And it’s about setting the stage for a bright financial future—your own way.

## Book Information

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## Customer Reviews

"I have long wanted to see a book that would teach ordinary investors how to avoid being cheated by those that create/sell financial products. If this book isn't it, the one that surpasses it will be astounding. If Wall Street is a show, this book gives you a peek behind the curtain." -- David Merkel

"SeekingAlpha" I have long referred to the author of Backstage Wall Street as "Downtown" Josh Brown because he is no "Uptown Guy." Rather, he is irreverent, unorthodox and iconoclastic. The pages of his new book are filled with colorful exposes of misconduct in the way Wall Street presents and sells itself (and it's financial products offerings!). Josh's anecdotes - like his description of the

audience's reaction to Piper Jaffrey analyst Nicole Miller Regan's questions at a Jamba Juice's analyst day - are priceless. (With apologies to Billy Joel) if you have "never met a backstreet guy..".. run, don't walk to read the Downtown Man's chronicles of deception from those wonderful folks on Wall Street that nearly bankrupted the world's financial system a few short years ago." -- Doug Kass "TheStreet.com"

Sure to be a revelation to even the savviest financial professional, *Backstage Wall Street* is a brutally honest look at the investment business from a veteran who's seen it all. "Reformed" Wall Street insider Joshua M. Brown offers clear and proven advice on how to navigate all the snares set by the lords of Wall Street.

I was expecting more, but perhaps I was unfairly categorizing who the book was for. I watch CNBC every day and follow Josh on twitter, read his blog every day, and for the most part I have a good pulse of the markets. Pretty much everything in this book I already knew. His satire and manner of information-sharing is typical Josh Brown excellence (and why I bought the book in the first place), but it's not ground breaking. He doesn't say anything I don't already know, but I still enjoy his style of writing. His way with words really makes topics easier to grasp - and humorous - without dumbing down the information. I think this book is meant for the novice investor who does not know much about the financial industries. If you're an advisor, day trader, or pay attention to the markets regularly - there's not much in here you don't already know. It's never bad to hear Josh's take on things, but the "insight" seems more geared to those who aren't able to follow the markets day-in and day-out. Maybe I misunderstood who the book was meant for, and being a Josh Brown fanboy I just bought it without taking the time to research first. Good for new investors or those not already familiar with markets. Rather redundant information if you're market-savvy.

*Backstage Wall Street*, is a well thought out mix of hard-earned personal experience from both the buy and sell side of the business, in-depth research and witty commentary on the side effects of greed and fear on Wall Street. Without any hesitation, I would label it as a highly useful read for anyone that manages or intends to manage money. Here are some of the insights I picked up from reading it: 1. Selling one's expertise is much easier than actually developing an expertise, especially as it pertains to investing. 2. A good broker can close on anyone and he means anyone. Well almost. I was secretly hoping to adopt some of the successful selling techniques in my portfolio of bar pick up lines, but then Brown slapped me with the following: "It is nearly impossible to

impulse-sell securities to women, as they tend to invest more for financial security than for bragging rights, big fish tales, or naked greed like wealthy men do." If only stocks were shoes.<sup>3</sup> By driving the costs out of trading, the online brokerages had inadvertently driven the investment banks back to the profit drawing board--as history has shown time and again, Wall Street getting creative is almost never a good thing.<sup>4</sup> Social media is just one more disruptive force that allows talented individuals to build their own brands and to gnaw away at the once-mighty oaks that have ruled the industry for so long.<sup>5</sup> Wall Street Sell-side research is a giant joke. In bull markets, you don't need them because everything goes up. In bear markets, their warning is usually way after the fact.<sup>6</sup> The game used to be played like this: "Do your initial public offering through our banking department, and our brokerage analysts will guarantee you a 'strong buy' rating for your first six months of trading."<sup>7</sup> There is still an understanding that you don't downgrade the big clients of the firm. When analysts do downgrade stocks, in my experience, it tends to come only after a slew of weak earnings reports and in the context of a stock price that has already been falling for months. In fact, ask most experienced traders about which type of sell-side call gets them most excited and they'll almost unanimously answer that they love when a broker goes negative. The value investors will wholeheartedly agree.<sup>8</sup> The most effective method of selling anything in this world is through storytelling. And it is not just product that needs to be sold. Strategies have received their own stories as well. "Buy and hold" is one of the greatest stories ever told, this despite the fact that in the past century we've seen 25 cyclical bear markets and two bone-crushing secular bear markets.<sup>9</sup> There are a lot of "murderholes" on Wall Street: SPACs, Chinese ADRS, one-drug biotechs, private placements among others. I love the quote from Mike Tyson in the book: ""Everyone has a plan, 'til they get punched in the mouth."

Great book . . .very insightful. It could have also been called "Unmasking Wall Street". There's nothing particularly new here, but rather a strong confirmation of what many of us "retail investors" have thought all along. Josh does a nice job of stitching it all together in a nice, enjoyable read, while exposing the industry and its self-interests. The bottom line: we ALL need to take some personal responsibility and be more accountable to ourselves! As for retail investment advisors, you can't paint them all with the same brush . . . there are still plenty of GOOD advisors out there, but you still have to do your homework!

This book was long overdue and different than any of the many books on the financial service industry I've read over the years. Anyone who is seriously interested in investing will enjoy this

book. The writing is irreverent, yet substantive and the book is peppered and illustrated with anecdotes that at times made me laugh and, at other times, cringe. The chapter, "Staying out of Murder Holes" is alone worth the price of admission. If you learn nothing else except the difference between a "fiduciary" standard and a "suitability" standard, you will learn something that could make a huge difference. The fact that I had invested for years and never understood the difference until reading Josh's book was a rude awakening. Finally, Josh Brown has the distinct advantage of being in the same office with Barry Ritholtz, the author of "Bailout Nation" and one of the best minds in the business. I would think just being on the same block with Barry would improve one's perspective on what to do and what not to do when it comes to investing.

I want to tell you a bit about this dude, Josh Brown. I'm in the financial services business for 24 years and there aren't many like him. He's honest, straightforward. His words are cutting and real. No bull. As I read through this tome and featured Josh in my book, I kept shaking my head. He's right on. Know the difference between a broker and a true registered investment adviser? No you don't. Want to really understand what goes on behind the scenes? Here it is. Follow Josh on Twitter @reformedbroker. No, I'm not a paid spokesperson. I just know what I'm reading is true. And poignant. And Josh wraps this stuff in entertaining prose, too. A must read.

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