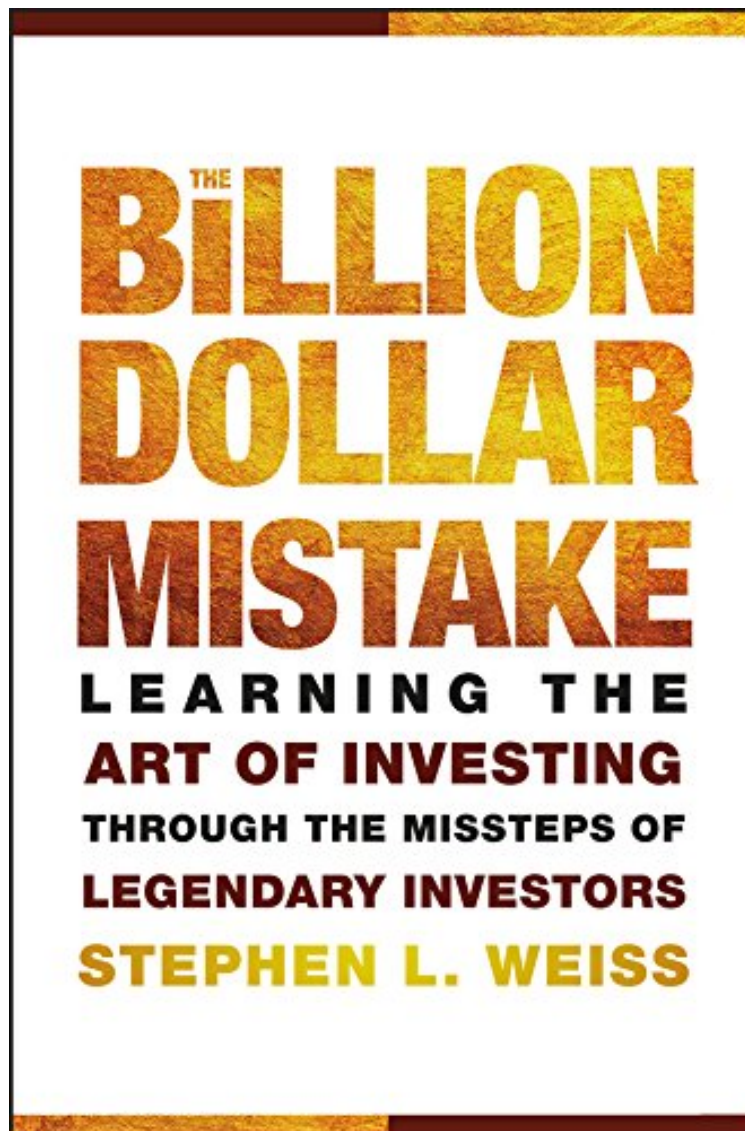


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Legendary Investors

The Billion Dollar Mistake: Learning the Art of Investing Through the Missteps of Legendary Investors

Stephen L. Weiss

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**Stephen L. Weiss : The Billion Dollar Mistake: Learning the Art of Investing Through the Missteps of
Legendary Investors** before purchasing it in order to gage whether or not it would be worth my time, and all praised
The Billion Dollar Mistake: Learning the Art of Investing Through the Missteps of Legendary Investors:

11 of 11 people found the following review helpful. Excellent Content, poor editing. By Tim Dooling This book is a
fabulous idea and takes an interesting approach. Mistakes are by far the most valuable part of an investors education. I

thought it would be great to tack a few billion of some others "education" money onto the large stack of my own. After reading Weiss' bio on the jacket extolling how smart the author seemed to be, I was anticipating a professional-grade read on some major wiffs. What I got was some excellent content punctuated with editing errors and a few annoying mistakes. (Azerbaijani is plural), or the following set of words oddly attempting to describe active and passive investing from page 70 (capitalization mistake included from book): "The active investor is the volleyer, hitting shots off a short bounce while trying for a wide range of angles And the activist investor?"Huh?...poor activist investor has enough to worry about without having the active investor hit tennis balls at him!! Make no mistake the content of this book is excellent, but many things are aimed and introductory level investors which may be frustrating to readers with more advanced knowledge of investments. One rather glaring mistake is the author's misrepresentation of the performance of levered short ETF's.....page 188 "If a trader is really bearish, DXD is the fund to buy since it is levered to multiply the downward move on the DOW twofold. That means that for every dollar that the DJIA trades lower, DXD will trade higher by \$2"--A vast oversimplification and is patently untrue, for reasons the author should be very familiar with, but I'll spare you the details of here (has to do with volatility, rates and the square root of time...ooo)Overall, I found the book well worth the time and money, but I just got frustrated a bunch of times with some simple details that should have been caught in the editing process....1 of 1 people found the following review helpful. Even the Big Players fall into the same trapsBy CustomerLet's be absolutely clear. This book is not an investment guide, but it clearly points out the costly mistakes that some of the real Players have made and what could have been done to avoid such calamities. Just bring the decimal point further to the right for the rest of us as on a scaled down basis. Most of us have made those same missteps and can learn not to repeat history. The detailed simplicity taken by Weiss reads like a novel. I enjoyed it and hopefully have learned something from it. Time will tell.0 of 0 people found the following review helpful. Case Studies of Big Mistakes by Usually Smart InvestorsBy HappyMomVery interesting case studies of successful investor's big mistakes. Nice recap at the end of each chapter. Written for the average investor to warn of hidden dangers that have gotten the best of some of the best investors out there.

Important investment lessons gleaned from the mistakes of accomplished professional investors and billionaire businessmen The Billion Dollar Mistake is an up-close account of the career-defining mistakes that some of the world's most brilliant billionaire investors have made, and a revealing look at what we can learn from them. Drawing on author Stephen Weiss' twenty-two years experience at some of Wall Street's most prestigious firms, the core of this book is based upon original research and interviews with these legendary investors, who discuss the most significant trade or investment that went against them, the magnitude of the loss, its effect on their businesses-and on their personal lives. To some, these fascinating accounts will read like a novel; to others, it will be a treasured and unique investment guide. This intriguing book skillfully examines the causal relationship between the quirks of each investor's personality and the mistakes they have committed. Along the way, Weiss provides a series of compelling narrative accounts of the individuals' road to success, the particular mistakes they made, the character flaws that led to them, and the lessons learned. While some investors made errors of judgment, others made errors of perception. The Billion Dollar Mistake Uncovers important lessons learned from the failures of some of the most enduring and accomplished investors, including Kirk Kerkorian, Bill Ackman, Aubrey McClendon and Leon Cooperman Discusses how to incorporate these lessons into your investment discipline and avoid the same missteps Reveals common mistakes made by bigger investors that the average investor can relate-the only difference is in magnitude with more zeros attached to the loss Includes insights on improving your investment endeavors by refining your approach to today's markets Learning from the missteps of the best in the investment business can help you succeed. With The Billion Dollar Mistake, you'll discover how.

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by bigger investors that the average investor can relate—the only difference is in magnitude with more zeros attached to the loss. Includes insights on improving your investment endeavors by refining your approach to today's markets. Learning from the missteps of the best in the investment business can help you succeed. With *The Billion Dollar Mistake*, you'll discover how. Get to Know the Billionaires—exclusive content from the authors of *The Billion Dollar Mistake*. These are the Billionaires. Follow their paths to incredible wealth, observe their investment missteps as if you are in the room while they are being made and learn how to become a better investor by avoiding these common errors in judgment. "Better be wise by the misfortune of others than by your own"; —Aesop

Bill Ackman Discipline means discipline—Bill Ackman and his firm, Pershing Square, had a very profitable experience with Barnes Noble. Ackman believed he could replicate that success with Borders Group, a competing chain of bookstores, but in order to make that investment he had to violate his discipline. The result was far from what he had hoped.

David Bonderman Always do your due diligence—David Bonderman, a very careful, accomplished investor, had a long personal and professional history with the CEO of Washington Mutual, and saw opportunity in the popular banking institution. With only a week or so in which to perform due diligence, Bonderman and his firm invested \$2 billion in the troubled company. Only five months later, the FDIC seized the bank's assets, making it the biggest bank failure ever.

Leon Cooperman The absence of regulatory safeguards is a sign of danger ahead—Leon Cooperman was the top investment strategist on Wall Street and a senior partner at Goldman Sachs before forming Omega Advisors, a hedge fund. Presented with the opportunity to invest in the privatization of Azerbaijan's state oil company, Cooperman took the chance but would soon regret it, a victim of fraud by a well-paid employee and an unregulated emerging market.

Chris Davis Don't own what you don't know—In 2005, Chris Davis significantly increased the Davis Financial Fund's investment in AIG, a company the \$60 billion Davis portfolio had owned for more than thirty years. Between the initial investment and the time he added to the position, the AIG in which Chris Davis chose to go "all in" had become a fundamentally different entity—much more complex and murky than a traditional insurance company. When AIG stock plummeted, the loss took a significant toll on the fund's total value.

Geoff Grant Don't be blinded by outsized returns—Geoff Grant's Peloton Partners found extraordinary success—rising 87 percent in 2007—with the trading of asset-backed securities (ABS). But with the onset of the global credit crunch, other ABS investors ran for the exits while Peloton stayed put—ultimately wiping out the firm and \$2 billion.

Weiss counsels caution in chasing hyper-returns, particularly when your style has to drift to get there.

Kirk Kerkorian Passion is not an investment strategy—Kirk Kerkorian's passion for the American auto industry drove four attempts, three realized, to buy into the Big Three automakers. That passion, combined with early investment successes in the industry, ultimately led to a loss of nearly \$800 million when Kerkorian took a large position in Ford. In the world of investing, emotion is the antithesis of discipline. Passion cannot override objectivity.

Bernie Madoff's investors Be skeptical—Investors who lost billions to Bernie Madoff seemed to have found a deal that was too good to be true—consistent returns at a discount (no fees!). But if something appears too good to be true, it probably is. Investing demands a healthy dose of skepticism. Weiss details the lessons to be learned and followed when temptation presents itself.

Nick Maounis Understand risk—Nick Maounis and his Amaranth hedge fund found phenomenal success in energy trading before losing more than \$6 billion in less time than it takes a half-moon to complete its cycle. Although Amaranth had a highly developed risk management function designed to avert such disasters, the reality is that risk management offers no guarantees. If risk can be the downfall of brilliant and experienced traders, where does that leave the individual investor? Weiss provides the answer to this important question and the lessons for navigating individual risk.

Aubrey McClendon Leverage is a double-edged sword—Aubrey McClendon leveraged himself to the hilt to buy millions of shares of his own company, Chesapeake Energy. It was a strategy that created a \$4 billion fortune. But when gas prices slid, margin calls wiped out nearly all his holdings in the company he had started with just \$50,000. Buying on margin—that is, with borrowed money—allows investors to increase the size of their investments, but the penalty for being wrong can be severe.

Adolf Merckle Short selling: Proceed with caution—Adolf Merckle was one of the wealthiest people in Germany when he risked a fortune "shorting" Volkswagen stock. His multi-hundred-million-dollar bet that the stock price would decline proved a risk he couldn't afford to take, particularly with the rest of his business empire crumbling. With more than a little help from Porsche, VW stock skyrocketed and Merckle—after being forced to sell off assets and beg for loans—hurled himself in front of an oncoming train. Short selling requires a very cautious approach including the observance of specific rules that Weiss details in this chapter.

Richard Pzena Declining stock prices may not equal opportunity—Richard Pzena saw the collapse in residential mortgages and the tanking of financial stocks in late 2007 and early 2008 as a once-in-a-generation opportunity to pay bargain basement prices for Citigroup, Fannie Mae, and Freddie Mac. Less than a year later, and with financial stocks comprising 40 percent of Pzena's portfolio, Fannie and Freddie were nationalized—essentially wiping out their equity value. Stocks are rarely inefficiently priced, Weiss warns, offering insights on finding opportunity in potential calamity—and avoiding the reverse.

"Concentrating on personal finance" is a clever idea. Mr. Weiss writes about 11 big investors—; from the very well known, like the billionaire Kirk Kerkorian, to others like Richard S. Pzena, who runs his own investment firm. The author zeros in on one enormous error that he says each of the 11 made—; a mistake, in the words of the book's title, that cost each \$1 billion or more; the book is an intriguing reminder of what not to do when investing your

money.” —The New York Times

“Great investors are often put on a pedestal and worshiped by those trying to emulate them. This book removes the pedestal and allows you to truly learn from them. Author Stephen Weiss has truly crafted a great read and has transformed the lessons of legendary investors into an entertaining and educational narrative. Definitely check out *The Billion Dollar Mistake* as you're bound to become a better investor from it.” —Market Folly

Weiss creates a fascinating look at these cases with up close narrative reporting. In some instances the famous investors themselves review their mistakes and provide a surprising candor on how and why they failed. You almost feel like an eavesdropper in a closed door meeting learning untold secrets. Who knew investing could be so riveting!

—800 CEO Read (Dec. 2009)

When a great investor flubs it, everyone can learn a lesson. With that in mind, author Stephen Weiss delves into the biggest mistakes of such Wall Street luminaries as Bill Ackman, Leon Cooperman and Richard Pzena.

—Barron's (Dec. 2009)

From the Inside Flap

THE BILLION DOLLAR MISTAKE offers an up-close account of the career-defining mistakes that some of the world's most brilliant billionaire investors have made—and a revealing look at what you can learn from them. These mistakes, while spectacularly large in amount, are commonly simple in practice, identical to the errors in investment judgment made by everyday investors. Drawing on author Stephen Weiss's more than twenty years of experience at some of Wall Street's most prestigious firms, this book is based upon original research and interviews with legendary investors who discuss the most significant trade or investment that went against them, the magnitude of the loss, and its effect on their businesses—and their personal lives. Page by page, this intriguing book skillfully examines the causal relationship between the quirks of each investor's personality and the mistakes each committed. Along the way, Weiss provides you with a series of compelling narrative accounts of the individual's road to success, the particular mistakes they made, the investing flaws that led to them, and the lessons learned. While some investors made errors of judgment, others made errors of perception. Engaging and informative, *The Billion Dollar Mistake* is a unique investment book. Each chapter entertains while imparting the wisdom that will help you become a better investor. Along the way, it:

- Uncovers important lessons learned from the mistakes of some of the most enduring and accomplished investors, including Kirk Kerkorian, Bill Ackman, Aubrey McClendon, and Leon Cooperman
- Discusses how to incorporate these lessons into your investment discipline and avoid the same missteps
- Reveals common mistakes made by the world's most skilled investors that the average investor can relate to—the only difference is the number of zeros attached to the loss
- Includes insights on improving your investment results by refining your approach to today's markets
- Learning from the missteps of the best in the investment business can help you succeed. With *The Billion Dollar Mistake*, you'll discover how.