

# **Octopus: Sam Israel, the Secret Market, and Wall Street's Wildest Con**

*Guy Lawson*

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***Octopus* is a real-life thriller that tells the inside story of an audacious hedge fund fraud and the wild search, by a colorful cast of rogues and schemers, for a “secret market” beneath the financial market we all know.**

Sam Israel was a man who seemed to have it all – until the hedge fund he ran, Bayou, imploded and he became the target of a nationwide manhunt. Born into one of America’s most illustrious trading families, Israel was determined to strike out on his own. So after apprenticing with one of the greatest hedge fund traders of the 1980’s, Sam founded his own fund and promised his investors *guaranteed* profits. With the proprietary computer program he’d created, he claimed to be able to predict the future.

But his future was already beginning to unravel.

After suffering devastating losses and fabricating fake returns, Israel knew it was only a matter of time before his *real* performance would be discovered, so when a former black-ops intelligence operative told him about a “secret market” run by the Fed, Israel bet his last \$150 million on a chance to make billions. Thus began his year-long adventure in “the Upperworld” -- a society populated by clandestine bankers, shady European nobility, and spooks issuing cryptic warnings about a mysterious cabal known as the Octopus.

Whether the “secret market” was real or a con, Israel was all in – and as the pressures mounted and increasingly sinister violence crept into his life, he struggled to break free of the Octopus’ tentacles.

## Octopus: Sam Israel, the Secret Market, and Wall Street's Wildest Con Details

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# From Reader Review Octopus: Sam Israel, the Secret Market, and Wall Street's Wildest Con for online ebook

## Joe Loncarich says

It starts off as your normal ho-hum ponzi scheme run by a hedge fund. Then the book takes a HARD left turn where you start to realize how stupid rich people are. Like, good god, it is unbelievable how stupid these people are. It goes into hidden markets, and then the hidden markets have even more hidden markets, and SHOCKER: None of these actually exist. It's a very fun read.

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## David Earle says

*Octopus* opens with a suicide, and by the end of the book you've encountered frauds, spies, scam artists, lunatics, killers, Chinese gold, shadow markets, thirteen families that run the world, the lost Zapruder footage, and General Zod's henchman. None of this is an exaggeration.

This book is *insane*. It's supposed to be about Sam Israel, who is Bernie Madoff light: a Ponzi scammer, but one who retains a degree of sympathy - he at least didn't *mean* to defraud his victims. But the text reads like Wiseguy, nee Goodfellas, and ultimately descends into a world of madness that I don't know how to describe without spoiling it for you.

If you are interested in a look behind the scenes of Wall Street and global finance, read this book. If you are interested in a tale of madness and desperation, read this book. If you believe in the New World Order and think the CIA teamed up with the Mafia to kill Kennedy, *read this book*. You will not be disappointed.

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## Nancy says

I entered a goodreads contest for this book because I thought it would be a look behind the scenes in the financial meltdown. It is not. It is about con men getting conned. The "secret market" is essentially a story that a favored few can buy dollar bills for 50 cents. Yeh sure. Sam Israel is probably mentally ill. If not, he is conning the author.

It is fun to win boks on goodreads but I am really sorry that I wasted the time to read over half of this one.

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## Collin Lysford says

It's counter-intuitive that people who run cons are also generally the most susceptible to them - the picture in your head is a devious criminal mastermind. But Octopus does a really good job of showing how confidence tricksters are often successful in part because of their ability to truly believe in their own shit. By being necessarily so steeped in the testimony of a known liar, this is obviously not the most objective account. As long as you keep that in account while reading, though, it's a perfect way to show the sort of delusional world that the hyper-rich can live in, free of all links to common sense, and how those who get everything they

need in life always have the hunger for more. If you want to understand the sort of mental twists that lead to things like "Twitter CEO Jack Dorsey sent beard shavings to Azealia Banks so she could make an amulet to protect him from ISIS ", you could do a lot worse than Octopus, even if the circumstances of how Guy Lawson got this information make it more fluff than crunch.

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### **Nikolay Krylovskiy says**

This book is must read if only from the standpoint of understanding human psychology. This book is not a tale of lurid wall street dealings, but a more personal tale of how we as people are apt to lie to ourselves before lying to others.

Guy Lawson is a gifted researcher and talented writer. The book takes a sharp turn about 40% of the way in. The sympathy you feel for the quasi-criminal turned full criminal Israel draws on the reader slowly understanding the cognitive dissonance that we all weave for ourselves. Lawson's sympathy also seeps through only to be confirmed at the very end.

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### **Rlcohen says**

I didn't finish this book. The writing was fine but the characters were rotten. I've read about this mixture of ego, greed, ruthlessness and immorality on Wall Street before. I decided that there were better things to read, and better people to read about.

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### **James says**

A poorly written book I'd say.  
The author & his subject start off by aggrandizing him,  
later he's shown for the idiot loser he always was,  
at the end the author feels sorry for him and says his sentence was "unjust".

Who's conning who?

18 people have pseudonyms, do these people really exist?  
The author says: Trust me.

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### **Jacob Wren says**

In this article:

<http://www.rollingstone.com/politics/...>

Matt Taibbi writes:

The other thing that led him to believe in the Octopus? The Fed's response to, among other things, the 1987 crash. Israel saw that whenever Wall Street screwed up, the Fed jumped in and rescued everyone with cheap cash. His reaction to 1987:

...the Fed had propped up the market. To pay for the massive rescue, the Fed had created money out of thin air. The end of the gold standard had turned the dollar into a fiat currency, effectively giving the Fed the power to print money. It was a kind of Ponzi scheme, Israel thought, but at the highest level of abstraction – and secrecy.

Sam believed he'd discovered the central illusion at the heart of modern capitalism. He had the dizzying sensation that there was nothing underneath the whole edifice of Wall Street, the dollar, the American economy.

Sam Israel saw that Wall Street made its money cheating, and he also saw that the government enabled the cheating. He then drew what seemed to him a logical third conclusion, which was that the two realms were conspiring in secret to make a second shadow market for the elite of the elite, one bursting with fantastic riches. He didn't realize that the real market was the shadow market.

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### **Pat Fitzgerald says**

Big disappointment. Sammy was a conman, and he found a mark in Guy Lawson. (And me too, I guess, since I shelled out \$12.99 for this.) I've written about these conman-conspiracy types myself -- Chris Sugre, Lenny Dykstra and even Bayou itself -- and I think you have to be ruthlessly skeptical. I figured Lawson would be too. But he's a big disappointment, providing little perspective. He just lets Sammy spin out his delusional conspiracy theories, culled from the Voice circa the early 90s. There's way too much time spent with Sammy fondly reminiscing on his blow-and-babes exploits. I mean the guy is a monumental asshole, maybe Lawson could have cut him off. Don't waste your cash.

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### **Jonathan says**

Octopus tells the weird, wacky and true story of Sam Israel III, a member of a very rich American family, who had been making money the old fashioned way - via trading and the market - for decades, heck since the mid 1800s. Sam III decided he wanted to make his own mark, so off he went to trade on the market, this time as a day trader, working on minor fluctuations of the market.

He learned how to turn inside information into cash and then decided to go one better and start his own hedge fund. Now, I am still not sure what a "hedge fund" does, but in this case, it basically masked a big fraud, as soon after starting the Bayou Funds, it started losing money due to bad trades. But they came upon a brilliant strategy for cooking the books and they kept things rolling.

As it got deeper into debt, while showing a brilliant bottom line, Sam started going crazy looking for a killing somewhere. Thinking back to his days illegally trading on inside knowledge, he kept looking for that big score, no matter how illegal or far fetched it may sound.

Thus he became the perfect target for a "long con". And about halfway through the book, this true story becomes a story of truly bizarre happenings, as Sam gets carefully reeled in by a big group of sharks. He keeps thinking the big score is right around the corner, when him and his partners would be able to right the books and everything would come out okay.

But of course it doesn't and finally it all comes crashing down on him, in a myriad of ways. He even goes on the lam in a camper but ends up in jail, still believing his own tall tales. Very odd.

This wasn't really the book I was thinking it was going to be. I thought it would tell the tale of a nefarious hedge fund and how it broke the market. Instead, it told the tale of a seriously deluded rich playboy, who thought he had the golden touch, when really he was crazy. But we're not sure if he was singularly crazy or just crazy enough to get caught.

The greed rampant in the book is perhaps the most sickening. Sam tells tales of his father regaling the family with talk of how the family money was earned, by crass market manipulation. They would buy futures in a good, then surreptitiously buy all the goods and hide them until the prices went up, sell their futures and then dump the goods on the market. Ha ha, isn't that fun.

No really it is just sad and infuriating. At no point in the story does anyone show the slightest bit of remorse, like the markets are just sheep for the plucking. Everything goes and nothing seems to get checked, as long as the fake money makes the cycles around. Nothing gets added to society, nothing gets produced, just money sucked off the top, and you can do whatever it takes to get it. Just sickening really.

And when he falls into the clutches of the outrageous scam artists? Wow, does the book take a turn into the surreal. But the long con went out way too long. I am not sure why it went on for so long. But it sure played out over about a third of the book, as they would bring Sam ever so close to the mysterious "bond market", where billions could be made. Frankly, I got bored after a while, as only a deluded idiot would believe what was going on.

So, in the end, only three stars I think. It didn't really tell all that interesting a story, just one that gets you mad. And despite the claims made that Sam was gregarious and likable, he sure didn't come across like that in the book. Just a rich pampered fool who never needed a reality check. I wish they would all just take a boat out of town and never come back.

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## **Ken says**

The book reads like a thriller, and doesn't get bogged down in the minutia of high finance. It's kind of like FEAR AND LOATHING IN LAS VEGAS goes to Wall Street.

Sam Israel was a prominent Wall Street investor, and the founder of the Bayou Hedge Fund. He was a greedy, larger-than-life character, and OCTOPUS is the fascinating story of his downfall. Although he deftly conned his investors for more and more cash to keep the fund afloat, he falls prey to one of the wildest cons

of all. Robert Booth Nichols, a shadowy figure with questionable links to numerous espionage outfits and international investment firms talks Israel into believing in a fantastic and secret, global investment market which is available only to the powerful people who control all the money on the planet. At face value, you would think that a serious trader such as Sam Israel would instantly smell a rat. But, I guess this is what the book is about. If you are a schemer, you are more than likely to fall prey to another schemer.

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### **Jim says**

The definition of modern schadenfreud is reading about how a hedge fund manager's life goes down the toilet, and the dirtier and more foul the toilet, the better. Octopus promises such a tale but it becomes, almost literally, a tale told by an idiot. As the main protagonist in the book develops from being an apprentice Master of the Universe on Wall Street to inhabiting a different Universe altogether, I began to feel I could be told a similar story from a number of patients on a mental ward who think they're either Nelson Mandela or Napoleon. As you read of how this hedge fund trader became duped by a series of con-men trying to rob him of his millions, you actually begin to feel sorry for him. He's clearly mentally ill but the author resists making this diagnosis, instead trying to con us, the reader, into thinking that there may well be a "shadow market" in the world, run by the rich and powerful for the rich and powerful. Baloney. Wall Street isn't much more than a casino that outlandishly rewards dumb luck and privilege. Books like this try to lend it an aura that it doesn't deserve.

To be fair, the book was well written and the plot keeps moving, but I found it difficult to believe in the main characters as they became increasingly unlikeable and disconnected from reality. As ever, one guy with the ability to stand back and ponder the old adage that if something looks too good to be true then it probably is, begins to unravel the whole scheme. It seems, however, that there's no fool like rich fools and that while in the world of finance, greed might not be good, it is almost endemic. I finished the book thinking that there was a deeper and better story to be told from this tale, one that looks at just what is wrong with the systems and psychologies that allow the worst excesses of capitalism to happen. When we begin to understand that then we might start to make the world a better and fairer place.

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### **Jerry Peace says**

I'm addicted to these stories. An addiction not as bad as to alcohol but worse than Twizzlers, these panoramas of greed and fraud just fortify the belief that larceny is perhaps larceny is the essential linchpin of capitalism. But as cool as it is to read about yet another Ponzi scheme (and "Sam was sure that there were hundreds-if not thousands-of hedge funds that were Ponzi schemes but that few would ever get caught."), the Fall resulting from hubris being many times greater than talent and incessant lying becoming an art form, the great Octopus con sets this book apart from run-of-the-mill post-2008 recession recounts of Wall Street suited and coiffed crooks. Shadow governments, secret markets, and the "Upperworld," a cast of thousands of con men, and women, princes and heiresses, black op intelligence figures out the wahoo, and another plethora of seemingly sane people whose greed propels them down the rabbit hole. Though not greed exactly. Avarice is a factor but the main stimulus-which observers fail to appreciate when they view any hare-brained scheme, financial or religious- is simply belief. I've come to think that the will to believe is our strongest impulse. Now certain characters in this weirdness do make you come to think that our entire

government intelligence apparatus is one big con job. Following is my favorite quote- "Walking up the driveway of 52 Oregon Road in Mount Kisco, Sam knew he'd found the spot. The house wasn't so much a mansion as a monument to excess. The owner was Donald Trump. The self-promoting tycoon had lived there himself. Like Trump, everything about the house was comically over the top-so impossibly huge for one person to live in that it signified only massive insecurity."

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## **Aaron Arnold says**

There were a few different reactions I had to this airport thriller-style account of the life and career of Steve Israel, a hedge fund con artist. One is that it's just another rise-and-fall tale of a Wall Street jerk who got shown that he wasn't as smart as he thought he was, and whose life story would be ignored if he had been, say, a blue-collar worker from the South Side with a gambling problem rather than a rich-kid trader who turned his hedge fund into a Ponzi scheme. The book is full of lurid psychodrama and the standard "this is larger-than-life" kind of writing where the smallest bits of detail, like what kind of tattoo the main character gets, have Immense Significance. It's a bit mysterious to me exactly why and how someone else's mundane personal problems with drugs/alcohol/money/family/their marriage seem more interesting when that person has more money, and even though I'm obviously not immune to this effect (after all, I read the whole book), I found myself getting impatient with all the chin-stroking about the psychological roots of Israel's behavior, like his relationship with his father and so on.

Another way to look at the book is that an example like Israel helps give more weight to its detailed look at how silly the self-image of the finance industry is. If people like him are really smarter than the rest of us, then society is fucked, because as the lengthy quotes from interviews show, he and the rest of the Masters of the Universe crowd he hung out with were basically idiots. Cut to its core, all he and his compatriots did was steal from people, using flimsy cover stories of a magical automated trading program, regulatory loopholes, and his clients' ignorance and willingness to be deceived. That's it. Some people might find the book's depictions of cocaine parties and trips to warehouses and jamming with the Allman Brothers thrilling or shocking or whatever, but while I'd also have had a great time with all that decadence if it were my story, anyone who has watched a few Behind the Music specials of hair metal bands will be more than familiar with how lifestyles of wild partying usually end. Furthermore, I just can't be impressed with what guys like him do: the way he eventually gets stuck doing business with a cartoonish CIA agent and his pack of shady friends with ludicrous stories of secret financial cabals and hidden conspiracies (the Octopus of the book's title is your garden-variety banking/political/power Illuminati) is more funny than anything else. How smart can you really be if you actually believe someone who says they're pals with the people who shot JFK and can get you access to a magical bond market with free money, especially when you went to a psychic beforehand and seem to base your sense of reality on cheap spy novels? Sure, you were on a lot of drugs, but come on.

Another reaction was simple disgust. The way he and his other partners in the fund talk about their exploits as acts of cleverness is sickening. There's plenty of anecdotes about the sense of power they got from being surrounded by rich and powerful people, about how great it is to be incredibly rich, and about the huge rush that they got from spinning straw into gold. But when I read these stories about fooling their clients with fake audits, or tricking regulators, or other financial crimes, I just got depressed. Maybe these people's lives of making and losing hundreds of millions of dollars are "great stories" in the kind of Greek tragedy sense that seems to infect writers like Lawson and Michael Lewis (the inevitable Icarus analogy is trotted out a few times) because they show what happens when familiar human flaws are magnified by lots of money. Or maybe these people are just small men made big by the collapse of the rotting institutions of society, nothing



more admirable or impressive than your everyday loan shark, and one of the best ways to handle them is to see them for the demented idiots they actually are. Lawson is a good writer so it's likely that you'll make it to the end of the book, but knowing the damage that asshole finance types can inflict on the world, it's as hard to actually cheer for Israel and his increasingly deranged schemes to make his company solvent again as it is to cheer for a termite that's burrowing into your house, especially when his attempt to fake his own death after the jig was up didn't even last a month. "I cheated my partners, wrecked my company, and destroyed zillions of dollars in wealth based on my own inflated sense of self-worth and inability to tell the truth, and all I got was a ruined marriage and 22 years in prison." Couldn't happen to a nicer guy.

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## **Phil Scovis says**

When I got this book, for some reason I thought it was a financial thriller novel. I was surprised to learn after a few chapters that I was reading non-fiction -- a biography, no less. Yet, the story is quite novel-like anyway. I kept thinking of the people as "characters" (which they certainly were).

About halfway through the book the story joins just about every wild conspiracy theory ever heard; the JFK assassination, the Yamashita gold treasure, and the vaguely understood new-world-order conspiracies that control the markets and chart the courses of empires.

It is hard not to feel pity for Sam Israel, the lowest rung in the great con. This book colors him as a pitiable character, and suggest that his intentions were noble from beginning to end, even if his methods were criminal. This is hard to reconcile with his flamboyant and self-aggrandizing lifestyle, but the author barely pulls it off anyway.

The effectiveness of the confidence games described in the book relies on the fact that no one quite knows how the markets work; not even the traders and brokers who make a living there. Since the author does not explain any of it to the poor, confused reader, there is no way to judge the plausibility of the proposed schemes. For all I know, there really is some magic spell that effortlessly turns \$100 million into \$4 billion. This seems obviously incredible at first, but so does the true fact that people make millions by clicking computer keys and yelling into telephones. It would have been nice to have some brief background on how the market is supposed to work and how it really does work.

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