The IEOR Department extends a warm welcome to Dr. Richard Bookstaber, as the MSFE 2009 Program Orientation Key Note Speaker.

RICHARD BOOKSTABER is a Wall Street insider and outspoken critic of many of today's financial practices who predicted the current economic meltdown.

Bookstaber was named to this year’s Conde Nast Portfolio 25 list of technical innovators, in the company of Steve Jobs, Jeff Bezos, Jeffrey Katzenberg and Eric Schmidt. He has testified in the House and Senate, calling for greater transparency and improved regulation for Wall Street long before it was fashionable.

Called "one of Wall Street's 'rocket scientists'" by the New York Times, Bookstaber is the author of A Demon of Our Own Design: Markets, Hedge Funds, and the Perils of Financial Innovation (Wiley, 2007), a book that pinpointed the market weaknesses that spun out of control to create today’s financial crisis. A Demon of Our Own Design ranked number one on Amazon in finance and was selected as a finalist for the prestigious Loeb Award.

Reviews of his book include:

Bright sparks like Mr. Bookstaber ushered in a revolution that fueled the boom in financial derivatives and Byzantine 'structured products.' The problem, he argues, is that this wizardry has made markets more crisis-prone, not less so. It has done this in two ways: by increasing complexity, and by forging tighter links between various markets and securities, making them dangerously interdependent. – The Economist

Like many pessimistic observers, Richard Bookstaber thinks financial derivatives, Wall Street innovation and hedge funds will lead to a financial meltdown. What sets Mr. Bookstaber apart is that he has spent his career designing derivatives, working on Wall Street and running a hedge fund. – The Wall Street Journal

In the book, he makes a simple point: The turmoil in the financial markets today comes less from changes in the economy--economic growth, for example, is half as volatile as it was 50 years ago--and more from some of the financial instruments (derivatives) that were designed to control risk. – The New York Times

I cannot recommend this book too highly. It is a clear exposition of what the combination of derivatives, leverage and hedge funds can do to the markets. In short, A Demon of Our Own Design is a guide to the dangerous financial markets we have created for ourselves by the clever innovations of structured finance, derivatives, credit default swaps and other newfangled products that are a mystery to the ordinary investor and even plenty of the sophisticates in the investment business. To understand the demonic risks we're taking, read this book. – Forbes.com
Bookstaber worked at Bridgewater Associates, the world’s largest hedge fund until the end of 2008, and before that ran the Quantitative Equity Fund at FrontPoint Partners. He was in charge of risk management at Moore Capital Management, another hedge fund with over $10 billion in assets. He served as the managing director in charge of firm-wide risk management at Salomon Brothers and was a member of Salomon’s powerful Risk Management Committee. Bookstaber also spent ten years at Morgan Stanley, first designing and marketing derivative instruments, then as a proprietary trader, and concluding his tenure as Morgan Stanley’s first market risk manager.

In addition to *A Demon of Our Own Design* (Wiley, 2007), he is the author of three other books and scores of articles on finance topics ranging from option theory to risk management. He has won the Graham and Dodd Scroll from the Financial Analysts Federation and the Roger F. Murray Award from the Institute for Quantitative Research in Finance for his research.

Bookstaber has a PhD in Economics from M.I.T.

His blog provides insights into his thinking: [http://rick.bookstaber.com/](http://rick.bookstaber.com/)