



# Naked Option

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# Chapter 1

I used to pity the poor souls forced to work in Exchange Place, New Jersey.

Then, on September 12, 2001, I became one of them.

The day before, we watched the whole horrific scene over our shoulders as we fled from our offices in the World Financial Center, a few hundred feet west of the Trade Center. The headquarters of our investment bank was badly damaged by smoke and debris. But while we were still staring at the TV replays, the bank was leasing space in a building across the Hudson River that would serve as our temporary trading floor until things returned to normal.

Which they never did.

Monday, still shaky and haunted by our escape, we found our way to Exchange Place. Real estate developers like to call it “Wall Street West,” but it’s nothing more than a dozen corporate office buildings plunked down on the other side of the Hudson River near an entrance to the PATH train.

When we walked into the new trading floor, we faced rows of new desks with computers, but most of them had never been turned on. We spent the first few days idly watching techies try to wire everything together. By Wednesday afternoon, they managed to get the main derivatives trading system up, but it was disabled a half hour later by the Nimba virus. We were all floundering in our own noxious brew of emotions, and this comic dumb show was a welcome distraction from the tragedy playing outside.

When people weren’t infuriated, they fell into a generalized depression. The trading screens that we had spent weeks customizing defaulted to their bewildering factory presets. Data about the stock, bond and currency markets was unavailable, delayed or hopelessly unreliable. I’d jump on a guaranteed sure thing, then get back an error message: “This trade cannot be processed” or “Awaiting credit check” or my favorite: “Network error: Please resubmit using a different DLL.” I could make outgoing calls to clients, but I couldn’t give them a phone number because I didn’t know it myself. No one even knew the combination to the bathroom, so we used the one downstairs for two days — until somebody finally karate-kicked the door open.

A week later, as things progressed from insane to merely loony, we received a warning from on high: The bank's earnings would take a massive hit in the fourth quarter, and our bonuses would be cut by 50 percent or more.

That was big news on the trading desk, because our salary is only a fraction of our total compensation. Most of it comes from our bonuses, which depend on a baroque and secretive calculation of how well each trader, his department and the bank have done that particular year. I had a pretty good 2000, and the first three quarters of 2001 were looking even better. I was making \$150,000 in salary and due to earn a bonus somewhere near \$500,000 if my trading profits held up through December 31.

The bonus announcement hit everyone like a sucker punch. The year was shot. All our hard work down the toilet. The only thing to do was hold on until the next year and hope the markets recovered.

Like most of the guys on the trading desk, I had already spent my bonus. But the money was not the worst thing. More dispiriting was the depression around me. When I was a summer intern in 1991, a trader walked onto the First Boston trading floor and shot another guy who had been sleeping with his wife. They moved the victim to the side and called the paramedics. Within minutes everybody was trading again. I saw one guy actually step over the body to get back to his desk.

This time it was different. Nobody cared about making money. Instead of trading, people watched the news on CNN. Guys with draconian exercise regimens stopped entirely; they blimped up, day by day. I'd spent the last couple of weeks trying not to get sucked into the general gloom, but I wasn't succeeding.

I stomped around in a foul mood, but so did everyone. Instead of my 20-minute zip downtown, I had to change to the PATH train at 34th Street, and then transfer again in New Jersey. Exchange Place existed solely as a utility: a system of streets that supported buildings that stored people. It had wide avenues but no traffic. There were no shops or delis, unless you counted the McDonald's, the Starbucks and the Au Bon Pain. Rush hour was unidirectional: In the mornings people rushed from the PATH train to their building, in the evening they rushed back. Its sole redeeming feature, a spectacular view of lower Manhattan, only increased the sense of exile. As I walked to my office, carrying my McDonald's Big Breakfast, I tried to ignore the mass grave behind me. On the way back it was unavoidable, the vanishing point of every street.

Exchange Place leached the glamour out of our lives. We were options traders at one of the world's largest investment banks. But when we walked out of that PATH station, we might as well have been actuaries in Cincinnati.

That was a relatively minor irritation, however, compared to my biggest problem — Ray Goodman.

When I arrived in Exchange Place the first day, I found myself assigned to the seat next to his. We were both options traders with similar responsibilities. In the Financial Center, my superiors were always trying to convince us to sit together, but I pulled every trick in the book to keep a safe distance. Now we were rubbing elbows.

I was a brilliant trader. I could glance at four numbers on two screens, spin them around in my head and turn a wicked gamble into a mathematical equation. I devised new option trading techniques by adapting scholarly articles in trade journals. The firm had put \$40 million of its capital in my trading account, a huge portfolio, which I earned based on five years of consistent profits.

But Ray was a superstar.

Month after month, I plodded along, studying the market, studying my models, tweaking things here and there just so I would be prepared to go “Ready, Aim, Fire!” at the right moment.

For him, it was just “Fire! Fire! Fire!”

He didn’t have to think, he just did it. I used to watch him from afar. He would slouch in his chair, check his screens, fly his flight simulator, call his options broker in Chicago, shop for a better stereo. Then, inevitably, there would be a short conversation with his broker, a few dead seconds of silence, and a victorious “Cha-CHING!” accompanied by basketball hand pumps and the monkey hoots of a primate overcoming his rivals in a coconut battle. The fact that he never read anything but the Daily News sports pages only added to his mystique on the trading floor.

In the Financial Center, I sat close enough to see him, but I’d been spared the soundtrack. Now I heard him brag about his winning trades to his brokers. I heard him discuss which New Jersey mall restaurant he and his wife should try on Saturday night. I heard him grill audiophile salesmen about speaker acoustics. I heard him hum his three favorite Eagles tunes, off-key and just loud enough to be irritating. When he was deep in concentration, his right thigh would bounce up and down in his chair, and he would start sucking on his left pinky. Goodman was born a runty little physics nerd and he’d die one, in spite of his contact lenses, his Ferragamo loafers and the funky designer shirts his wife bought him.

The physical contrast between us couldn’t be greater. He called me “Moose,” a name not unfamiliar to guys who are 6’2” and 220 pounds. For variety, he occasionally called me “Link,” as in “Missing Link,” because I had to shave the hair on the back of my neck.

I called him “Dickhead,” sometimes “Dick.”

In the Financial Center, I had been a relatively distant and obscure rival. Now I became his obsession. He memorized all my trades and rubbed them in my face when

they went bad. I responded by talking to my brokers in a low mutter so he wouldn't hear. He retaliated by peeping at my trade slips and my spreadsheets like a high school student cheating on his math test.

He seemed to spend as much time monitoring my trades as his own. I'd be watching my screen, trying to hide my emotions as the biggest trade of my day fell apart before my eyes. Then I'd hear him tapping away on his keyboard. "The market's dropping like a brick!" he would exclaim. "That put spread you sold must be bleeding pretty bad, huh?"

He had plenty of opportunities to mock me. I lost money hand over fist, and he minted it. After he cashed out of a winning trade, he would lean as far back into his chair as possible and launch into a remarkably adept mimicry of Bobby Mercer and Tim McCarver, the Yankee announcers.

*"Goodman has been having a stellar year and an even better September, wouldn't you say so, Tim?"*

*"Yes, Bobby. What's notable about today's big trade was the way it was executed. He's done butterfly spreads before, but not quite in this size. I should point out that Goodman's performance contrasts dramatically with some of his other team members, particularly David Ackerman. Ackerman has had some serious problems since he came back from the September break. In fact, if you ask me, he's looking at a negative October."*

*"That's right, Tim. Ackerman's been playing in the majors for a decade now, but I get the feeling management has been disappointed by his performance lately. Once they get their trading floor problems straightened out, they're going to start cutting out the dead wood. It looks like Ackerman is heading back to the farm team."*

Ray and I sat amid a small group of options traders in a carefully stratified primate hierarchy. Ray was clearly the dominant gorilla. I was number two, and some younger guys made up positions three through five.

We all had strong math or science backgrounds. Ray and Gary Pricer had Ph.D.s in physics. Steve Carey, Henry Wilson and I were math majors. But on a Wall Street trading floor, our conversation rarely surpassed the level you'd find in a high school locker room.

Sports, of course, was always the favorite topic. Steve, the youngster of the group, was a chatterbox who relayed sports bulletins as soon as they appeared on his screen. Ray, to his credit, knew an awesome amount about the Yankees. And I was the undisputed king of sports statistics.

After 9/11, however, war and military theory made inroads as the favorite topics. Steve had grown up in a military family and knew a lot about strategy and tactics. Ray,

however, spent two summers as an intern in the nuclear weapons lab at Los Alamos, and was the expert on weapons of mass destruction. He told us all about the challenges of milling anthrax before they appeared in the papers. One morning, as we sipped our coffee, he delivered a mind-blowing lecture on the physics of tower fires, complete with gruesome theories of how our buddies at Cantor spent their last few seconds.

Most of our other discussions revolved around the markets, our fucked-up trading system, and when the techies would get things back to normal. There were no women within earshot, so my colleagues considered it acceptable to compete over who could be the most sexist. Racism was out of bounds, but it was fashionable to be homophobic and politically incorrect in every possible way. I generally kept out of this end of things, but the comments seemed to get more virulent as the general anxiety level increased.

Atul, our Pakistani network technician, had suffered more than his fair share of teasing in the old office. Now it was merciless. The poor schmuck always seemed to be on his back under somebody's desk, attaching wires from one computer to another. He carried a large black Samsonite briefcase weighted down with techie stuff, and had started wearing a huge red, white and blue ribbon on his shirt in a heartbreaking display of patriotism.

"Look at Atul," Steve said one slow afternoon. "I think he's got one of the suitcase nukes!" He called up a picture on his screen of a Pentagon expert with the model of a nuclear bomb missing from the Soviet arsenal. It looked exactly like Atul's briefcase. Steve soon had a half dozen people gathered, laughing hysterically.

They had to shout across the floor to get Atul's attention. "Hey, Atul! Don't waste it on New Jersey. Go over to the Lexington Avenue office. You could level midtown!"

Atul looked up with a weak smile, not getting the joke.

"A suitcase nuke wouldn't level midtown," Ray said, with an irritated authority that silenced everyone. "There'd be a nasty hole for about six blocks and a lot of big buildings down in a two-mile radius, but a lot of stuff would still be standing. Downtown should be unaffected."

"You're crazy," said Steve. "There'd be all kinds of radioactive fallout from a bomb like that."

"It would only be serious for four miles downwind," said Ray. "Beyond that, the effects are pretty minimal. And radioactive fallout isn't like instant death. You don't want to inhale it. That's why you wear a gas mask. It's like any other kind of dust. You take a shower and it washes off."

He opened up his bottom drawer and rooted around in its depths. "We're six miles from midtown. Get yourself a good Israeli gas mask and rubber gloves and you'll be

fine.”

He held up a box of Playtex Living Gloves and a larger box featuring Hebrew writing and a curly-haired blonde wearing a bright yellow gas mask. Ray’s outfit was going to be color-coordinated.

“You’re going to put those on if a nuclear bomb goes off?” I asked.

“Yeah, and I’m going to walk home. A car would be useless. My wife will duct tape the windows in the basement and turn off the ventilation system. The kids will walk home from school. We’re going to take showers, change our clothes and then wait for the whole thing to blow over. It should take a day or two. Less if it rains. We’ve got food in the basement, video games, the works. It’s not that big a deal.”

He glanced at his futures screen and hit a couple buttons. “Fucking Eurodollars. They’re all over the place.”

Steve looked like he was going to be sick. I checked my watch: 3:29. Maybe it was time to call it a day.

It took me two hours and 14 minutes to get from Exchange Place to my girlfriend Chris’s apartment in the East Village, including a lovely half hour stuck in the PATH train tunnel under the Hudson River. After a few minutes, the electricity died and the emergency lights kicked in, casting an eerie glow through the packed subway car. You could hear every cough, every nervous mutter.

A little while later, a girl of about 12, seated at the other side of the car, began hyperventilating because she thought the concrete barriers surrounding the Trade Center had been breached and that the river would soon rush in to flood us. Her dad hugged her and patiently explained that the tunnel they were worried about was the southern PATH tunnel. We were in the northern tunnel, which now ended a half mile north of the Trade Center.

I realized that the girl was either emotionally disturbed or mildly retarded when she continued to panic, but her fears infected all of us. Ten minutes stuck under the river was almost routine, but after 20 minutes, I couldn’t help but think that something had happened in the real world upstairs, and that we had either been saved from a nuclear incident raging above us or that we had been buried alive. When the train arrived at 33rd Street a few minutes later, we all rushed out of the car in near panic.

The cab ride to Chris’s place in the East Village was mercifully quick.

“Terrific day,” I said as I collapsed on her couch. “Lots of fun.” I wanted to drown my consciousness in a plate of killer ribs at the Korean restaurant nearby, then come back for some sexual healing and a good night’s sleep.

Chris, however, was putting fresh batteries in the backlit Palm Pilot she used to take notes during film previews.

“I tried calling you on your cell, but you must have been in the tunnel,” she said. “Brian wants me to cover an indie video festival tonight in Queens. I got him to pay for a car service back and forth. Can you believe it?”

“When is the car coming?”

“Seven-thirty. Do you want to grab a slice of pizza?”

I lifted her sweater and put my palm over her belly button.

We both looked at our watches. Seventeen minutes. We had our 10-minute quickie down pat, and our extended-play version could take all night. But 17 minutes would be an interesting challenge.

I could have bought us a few more minutes by giving her money to take a cab, but that would have deprived her of the victory she had just wrested from her editor. The economics of freelance film criticism never made much sense to me. She had just spent \$800 to fly to Miami to write a director profile that paid \$400, and she always seemed to have enough money to buy pricey vintage clothing and occasional bags of high-grade pot. I guessed Daddy was writing monthly checks for five or six grand.

I wasn't quite cool enough for Chris. And she wasn't really deep enough for me. But great sex gave the relationship an extended life it wouldn't have otherwise had.

The immediate challenge was our 17 minutes. The only way to guarantee her an orgasm in that period was orally. Then we'd have a few more minutes for “ride ‘em cowboy,” which, in the right circumstances, might allow her to reach a second orgasm — “O2” as she called it — just as I was having O1. We didn't need to articulate this. The strategy was obvious.

We pushed her dirty clothes off her bed, unzipped our pants, and set a new speed record for O1, in order to give her as much time as possible for O2.

The whole thing required enormous concentration on her part, with only a 50 percent chance of success, but “ride ‘em cowboy” was what she preferred. There never seemed to be any pattern to it. One moment she loped rhythmically across the plains, the next she crouched into a gallop. Then she'd take a break and sit upright, do some yogic breathing for a few seconds, and try something else. It struck me as a noble struggle. She was never sure she'd get there, but damn it, she would go all out every time.

I wasn't about to complain. In fact, it required almost equal concentration on my part just to make sure I didn't come. I had an uneven track record the first few times, until I went out and bought the thickest condoms I could find.

I kept my eye on the VCR clock. At 7:25, as O2 was just within reach, the car service guy rang the buzzer.

“Wait, wait,” I said, “We’ve got five minutes.”

“Sorry cowboy, I gotta go.” She grabbed my buttocks and did an irresistible little swivel thing that ended our western adventure right then and there.

“Black jeans,” she said with satisfaction as she zipped up and headed out the door. “Nobody’s going to see the wet spot.”

My brain had been twisted inside out for a few minutes. Now I was back in New York City in November 2001, a space/time coordinate I wanted to leave.