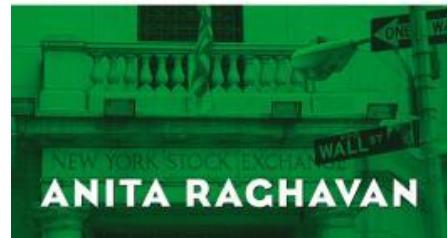




THE RISE OF THE
INDIAN-AMERICAN ELITE
AND THE FALL OF THE
GALLEON HEDGE FUND



The Billionaire's Apprentice: The Rise of The Indian-American Elite and The Fall of The Galleon Hedge Fund

Anita Raghavan

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Just as WASPs, Irish-Catholics and Our Crowd Jews once made the ascent from immigrants to powerbrokers, it is now the Indian-American's turn. Citigroup, PepsiCo and Mastercard are just a handful of the Fortune 500 companies led by a group known as the "Twice Blessed." Yet little is known about how these Indian emigres (and children of emigres) rose through the ranks. Until now...

The collapse of the Galleon Group--a hedge fund that managed more than \$7 billion in assets--from criminal charges of insider trading was a sensational case that pitted prosecutor Preet Bharara, himself the son of Indian immigrants, against the best and brightest of the South Asian business community. At the center of the case was self-described King of Kings, Galleon's founder Raj Rajaratnam, a Sri-Lankan-born, Wharton-educated billionaire. But the most shocking allegation was that the éminence grise of Indian business, Rajat Gupta, was Rajaratnam's accomplice and mole. If not for Gupta's nose-to-the-grindstone rise to head up McKinsey & Co and a position on the Goldman Sachs board, men like Rajaratnam would have never made it to the top of America's moneyed elite.

Author Anita Raghavan criss-crosses the globe from Wall Street boardrooms to Delhi's Indian Institute of Technology as she uncovers the secrets of this subculture--an incredible tale of triumph, temptation and tragedy.

The Billionaire's Apprentice: The Rise of The Indian-American Elite and The Fall of The Galleon Hedge Fund Details

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Sankarshan says

The book covers nearly everything about the lead characters and, a few cameos. However, it attempts do so in sweeping style going back and forth to their origins and, trying to derive the motivation for "who they are, where they came from and why did they do what was done". It presents a good basis for a script but it makes for absolutely awkward reading. Add to this the fact that it doesn't break new ground. For anyone who has been following the Galleon case through various media, this book is a very neat single file summary of it. For those who are new to it, the book presents a breezy run through Gupta's origins and, thereafter builds out the specific parts of the case.

The chronology is often disturbed by the alternative time style. Recent events are juxtaposed with events from the past and, thus it is cinematic - flashbacks and present time. But not for standard reading. Plus there are elaborate explanatory aspects viz. "loose collared clothing called kurta" etc which make it a somewhat funny material to read. Especially if one is reading an edition marked for India.

Athan Tolis says

"Barbarians" summed up the junk bond era (and remains my favorite business book ever), "When Genius Failed" summed up the bondarab era. A movie (Startup.com) actually summed up the Internet era. "The Smartest Guys in the Room" (which, shame on me, I've yet to read) summed up the creative accounting era.

While we're waiting for somebody more focused and less confused than David Stockman to pick up on his tremendous ideas and sum up the causes of the ongoing financial crisis, Anita Raghavan comes in and tells us the tale of how the US Government finally got its act together and started locking up the insiders who we've always suspected creamed all the profits out of the stock market, amassing fortunes that make Michael Milken look like the enthusiastic amateur he was when it came to insider dealing.

I have no doubt that one day we'll read about SAC Capital, but for now Steve Cohen is sitting on USD 8 billion p.a. and we really don't know how his story will end. Until he's had his day in court, if he ever does, indeed, we must presume him innocent; that's how we roll.

But there's no need to wait. I don't see anybody topping this breath-taking account . The Millionaire's Apprentice sets a very high bar. The author has conducted deep research into the characters and the events, and this shows. She sat in court, she listened to the tapes, she listened to all views and I'd be extremely surprised if one fact in the entire book is wrong. When there's doubt, besides, the author presents both sides, never shying away from saying how she thinks it went.

More than that, this would be a fantastic book even if it was fiction. You get character development here. There's a plot that moves quickly. There are tons of threads that get woven together. The author has evidently left loads of stuff out (duh!), but there's just enough there to make you know there's more. This is a very fine line to walk. Any more and you'd really lose count of the names and roles and angles. Any less and you'd

feel short changed. So very often I'd find myself thinking "who's this Goel guy again?" and then immediately "oh yeah, he's the guy at Intel," for example. The key point is she never lost me, this really read like a novel.

Except of course it's very much a piece of journalism. An exquisite piece of journalism, at that.

"So where's the fifth star, Athan, boy?"

Ah, yes. I don't buy at all that this book tells the story of the Indian diaspora. The author thinks she's doing two things here. First, telling us a story about insider dealing and second telling us about the "twice blessed" generation of Indian Americans. If I was one of them, I'd be furious. In my view she holds her own people to a crazily high standard here and kind of acts like an uninvited judge and jury on millions of her own.

What do I care? I'm from Greece, not India.

Well, this book purports to tell us about two things, including on its cover. The fact that it does such an incomplete job of one of the two tasks the author assigned to herself has to be a failure.

More to the point, I think the author fails in another respect. By being "plus royaliste que le roi" when it comes to judging one of her own, I think she misses out on something rather big: Rajat Gupta probably acted 100% in line with other people in his position. Yes, maybe he did not notice that the wind had started blowing from a different direction. But if you ask me, by dint of being on the wrong side of the first ever incidence of wiretapping, the poor fellow just got very unlucky. Period. He ain't a stain on all Indian Americans.

Finally, a point of order. The basic thing in a Greek tragedy is at some juncture you get presented with a choice. A choice where you're damned if you do and damned if you don't. This is the "tragic" choice. You make that choice and a bunch of inevitable consequences follow and you face them with dignity or with no dignity, everybody dies in the last scene and then we all go home.

These fellows never crossed any type of Rubicon the way I see it. They got to where they got by sailing at the appropriate-for-the-time angle toward the wind, but failed to notice when the weather changed. The world changed, not them. And amen to that, of course.

But I digress. Buy the book.

Pallavi Kamat says

I had been wanting to read *The Billionaire's Apprentice* for quite a long time. Like many others, I, too, was shocked when the news of Rajat Gupta's conviction in insider trading was announced by a US Court. What only added fuel to the fire was the fact that two Indian immigrants Preet Bharara and Sanjay Wadhwa were behind the conviction.

This is the first book on an insider trading case written with the aid of nearly fifty wiretapped calls. The author Anita Raghavan takes us behind the scenes of the entire insider trading saga – right from the childhood days of Rajat Gupta in Kolkata and New Delhi to his initial days at Harvard and his entry into McKinsey. His success as indicated by him being appointed the managing director of McKinsey three times

is juxtaposed with his eventual fall when he fell prey to Raj Rajaratnam's sneaky association.

As the book tells us, Rajat Gupta was quite a hotshot guy – he was close to Mukesh Ambani, head of Reliance Industries and was one of the few Indian executives who could get Dr. Manmohan Singh on the phone at short notice.

The book mentions the insider trading case in great detail including the various persons involved, their modus operandi, the rise and fall of tech industry and their stocks. The way the prosecution went about building the case going through tons of documents to piece together the evidence makes for interesting reading, especially for financial junkies like me.

September 23, 2008 turned out to be a red letter day for Rajat Gupta for that was the day the Goldman Sachs had its board meeting information about which was passed on by Gupta to Rajaratnam just before the stock markets closed. While we may wonder what led Gupta to keep on passing sensitive information, as respected and wealthy as he was, his actions may be explained perhaps by his quote during his speech at Columbia University in April-2004, “I think money is very seductive. However much you say you will not fall into the trap of it, you do fall into the trap of it.”

The details of the trial are also quite interesting with the author bringing out Gupta's humane side and his family's reactions quite skillfully. According to Bharara, his rationale behind going after people involved in insider trading was that, “People with lots of money were trying to game the system.” Judge Rakoff disallowed testimony on Gupta's philanthropic plans, saying, “The annals of white-collar crime in this district are filled with people who wanted to make themselves respected, powerful members of society by giving to charity.”

The book is a must-read for those who are interested in reading about financial white-collar crimes. It is also a must-read to understand what made a person like Rajat Gupta, probably one of the most revered and influential Indian-Americans in the world, indulge in insider trading. When Rajaratnam was convicted, you do not feel bad or surprised because his persona was such. But Gupta exuded a different personality and, thus, his conviction affected everybody. The book stays with you long after you have finished reading it; I went on to read much more about the case and Gupta.

Random snippets I found interesting in the book about Rajat Gupta :)

1. Rajat Gupta's wife Anita Mattoo was the only girl in a graduating class of 250 at IIT-Delhi in 1968.
2. Subramanian Swamy, a well-known Indian politician, taught Rajat Gupta economics at IIT-Delhi
3. Rajat Gupta was one of the youngest members of the Harvard Business School class of 1973 and one of three from India.

Random snippets I found interesting in the book that have absolutely nothing to do with Rajat Gupta :)

1. Golf arrived in Calcutta in 1829, some sixty years before it reached New York.
2. Governor-General William Bentinck introduced English as the official language for Indian higher education, a move that would have momentous consequences a hundred years later.
3. Narayana Murthy's son could not get into IIT to study computer science so he had to go to his safety school, Cornell University.
4. McKinsey has its roots in a company founded in 1926 by James O. McKinsey, a certified public accountant and University of Chicago professor.

References to literature in the book:

1. Rajat Gupta's most remembered drama performance at IIT-Delhi was his role in Jean-Paul Sartre's searing

existential drama Men Without Shadows.

2. Rajat and his wife Anita acted together in a Hindi adaptation of the Moliere play The Miser.
3. On his study table at Harvard, Gupta kept a tattered piece of paper which read, “But I have promises to keep and miles to go before I sleep – Robert Frost.”
4. The Guptas named their first daughter Geetanjali after the Nobel Prize-winning epic written by the Bengali poet Rabindranath Tagore.

Anita Raghavan's mother came to the United States in 1959 for an internship at the Brooklyn Public Library.

Additional reading for those interested :)

<http://sree.net/stories/bt-gupta.html>

<https://www.youtube.com/watch?v=3aAFc...>

<http://www.wsj.com/articles/SB1000087...>

Note: I was given a review copy of this book by the publisher Hachette India.

This review first appeared on my blog www.pallosworld.blogspot.in.

Lisa says

I first saw this on The New York Times Best Books of 2013 list. I was looking to read a nonfiction book off of the NYT list and since I had enjoyed reading Michael Lewis's The Big Short, I chose it. It is very well written and researched - it has extensive notes and documentation but it reads like a financial thriller. There are a lot of players and moving parts in the book in addition to lots of financial jargon and legalese so at first the book read extremely slowly but midway through the book really picks up and is well worth the initial effort.

Prity Malhotra says

Ok So If you have no Idea about Investment banking, hedge funds, stock trading etc etc, then this book is not for you coz Anita, the Author hasn't mentioned the concepts of. Stock Trading or IB in the Introductory part. And 80% of this book has Banking & Trading Jargon which normal people won't understand. If you want to know the plot in 1 line..Here it is : Raj & Rajat involve themself in internal trading & get their ass busted. Yet I won't take the credit from the Author just cause of this fact. The Book should be weighted in Gold for all those who hv an inking to finance. The Research work put in by ANita is commendable..She has literally mentioned the day to day life activities of Rajat & Ram, including the hotels the visited, the conferences they attended, what they had for dinner, how they cracked up the trading scenario etc etc. The pace of this book is too slow..which may not work for regular readers as anita tried to cram a lot in this Book. I won't be surprised if this book wins a few finance book awards

Qube says

Great research and details that have been gathered meticulously and with rigor. It must have taken a lot of time and effort. The author must be commended for it.

Unfortunately a reportorial style of writing, coupled with jumping backwards and forwards in time, makes awkward reading. After a few chapters, I abandoned all attempts to keep track of the rapidly changing time frames.

One confession: I managed to get through this book only on the third attempt. The initial few chapters that deal with Gupta's past, his pre-Galleon days, and the author's version of India & its culture, defeated me twice. On the third attempt, I skipped several of those parts and got to the meat of the story, where it became interesting. The initial chapters are perhaps meant for non-Indians. Subsequently, I skipped life histories of some other characters, and focused on the crimes and their modus operandi.

The rock star (if the term could be applied to such an infamous person) is Rajaratnam, who seems to have been a consummate manipulator. Gupta & Kumar seem to have been drawn in by avarice and ambition that one sees so often at senior levels in the corporate world. Gupta's desire for money and creature comforts seems to have done him in. One has come across several such persons in corporate India - successful person whose avarice is limitless.

In summary, it's a good account of the scam (probably the best around) that requires some patience and judicious skipping.

George Anders says

What a fascinating book! Anita Raghavan weaves together two contrasting -- but inextricably linked -- stories with great skill. The first is an upbeat, panoramic story of ambitious strivers in India and Sri Lanka, coming to the United States in search of fortune and fame. Her descriptions and character insights in this odyssey are just wonderful. We start in Mumbai, Kolkata and a dozen other cities, getting to know the full family stories of these high achievers. We get inside the ultra-intense culture of the IIT launch pad. And then it's off to New York, Silicon Valley and many other places where these achievers start to make it as bankers, tech executives, lawyers and financiers.

But there's a more disturbing story playing out, too. Some members of this cohort are infected with insecurities or greed that lead them to start cheating. They pass along stock tips to one another. Before long, some are leading preposterous secret lives, where they shuttle ill-gotten gains into offshore accounts and place illicit phone calls to one another using cell phones registered in their gardeners' names.

As a giant collision course takes shape, Raghavan brings to life the different motivations and manners of her two great characters: billionaire hedge fund operator Raj Rajaratnam ... and his most compromised informant, former McKinsey & Co. managing director Rajat Gupta. It's an alliance fused in hell. It's one that will send both men to prison. And her portrayal of how both men ruined their careers is spellbinding.

Yet guess who the chief prosecutor is, who brings all of this wrong-doing to justice? It's another Indian immigrant, Preet Bhahara, with his own coming-of-age story. Born in the Punjab, he came to America as a small child and emerged as valedictorian of his New Jersey high school and a summa cum laude graduate of Harvard.

For one generation, the dream dies. For the next generation, the dream springs to life, more vivid than ever. This is a big-scale drama that's been hidden in plain sight the past few decades. Bravo to Anita Raghavan for bringing it all to life.

Amol says

I couldn't put this book down as I found the subject personally compelling. However, I disagreed with a few conclusions the author made, mainly that the South Asian diaspora held Rajat Gupta in such high regard and that his demise has tarnished Indian-American success in the U.S. I believe more folks know about Sanjay Gupta than Rajat Gupta.

Washington Post says

“Wall Street was tough to get into for us,” Raj Rajaratnam, the founder of the Galleon Group hedge fund, explained to Newsweek’s Suketu Mehta after his conviction on multiple charges of insider trading. “Not to be crude, but there’s a Jewish mafia, and a WASP mafia, and an Irish mafia up in Boston.” As Rajaratnam saw it, every other ethnic group hired its own, socialized with its own and, yes, even traded information with its own. So why should South Asian Americans be any different or be held to a different standard? Read the review: <http://wapo.st/16vSRC1>

Brajesh Jha says

With a fast paced narrative, author has covered the entire investigation as well as personal profile of all the key players involved in Galleon trial. At the end, the reader is left with a mixed feeling. There are reasons to be proud of the American meritocracy that makes it possible for Indian American immigrants to do so well. On the other hand, there is the sad truth that moral failings are fairly common within the successful rich classes. Of course, Rajat Gupta's fall from grace is the most depressing aspect and the author herself seems tormented between her respect for him and the unfortunate reality...

A good read - highly recommended.

Leela says

How the mighty fall!! In a gripping tale of power, money and ambition of a 'Twice Blessed' generation of South Asian immigrants, Anita Raghavan takes us through the events that led to fall of the Galleon Hedge Fund and perhaps the biggest securities fraud and insider trading case post 2008 meltdown.

The central characters in this tale emerge from very humble beginnings, driven by intellect and a drive to make some thing out of their lives in the land of opportunity. In their search for more, they stretch, bend and break the law.

More than anything else, for me, this book is a Greek tragedy of a fallen angel - Rajat Kumar Gupta, once an idol for the Indian-American community.

Read it, it goes like a suspense thriller! Great job Ms. Raghavan!

David Quinn says

This book fits mostly into the business thriller category. I read the first half in a day and found it completely absorbing. The author did an exceptional job of chronicling the early rise of South Asians in the U.S. in the 70s and 80s and of detailing the personal stories of the main subjects.

The main subjects make for interesting reading. All are very bright and industrious and all have very different personalities and character traits. It was interesting to see how a dominant personality could (temporarily) elevate Rajaratnam to such heights and to allow him to hold sway over others. Gupta came across as such a terrific and decent man (until he didn't seem that way anymore).

Some things I didn't love so much about the book were the comments by former McKinsey consultant, Enron exec and felon Jeffrey Skilling as background for Rajat Gupta's career at McKinsey. There had to have been someone else from McKinsey who could have provided similar insights. Also, there were a few spots in the book that seemed to have some puzzling gaps. Nothing major and it could have been my lack of comprehension but a few segments seemed to lack coherence. Lastly, the legal aspects at the end of the book were just too detailed and bogged the story down.

Prasanth K V S S D says

Although the book focuses mostly on the two protagonists, the author's take on the rise of south Asians in the American elite is especially interesting. The author has made through research on many things she touched and that has given more depth to the plot. She made the plot crisp and interesting till the end and the way she reveals about the proceedings of the investigation has made it into a page-turner.

Max Nova says

Full review and highlights at <https://books.max-nova.com/billionaires-apprentice>

In college, I remember watching the collapse of the Galleon Group, one of the world's largest hedge funds, but I didn't appreciate the unique place that Galleon held within the Indian American community. "The Billionaire's Apprentice" details the Galleon Group insider trading scandal of 2009 and the central role that the Indian American immigrants played on both sides of the case. Raghavan explains how the "twice-blessed" wave of Indian immigrants to America in the 1970's hustled their way to positions of wealth and power, sometimes cutting corners along the way. Raghavan's book traces the rise and fall of Rajat Gupta, the first Indian head of the McKinsey & Co. consulting firm. Climbing to the highest levels of establishment influence and power (including a seat on the board of Goldman Sachs), Gupta ended his career in disgrace after becoming embroiled in the Galleon Group insider trading scandal. He served time in federal prison with his co-conspirator and fellow South Asian Raj Rajaratnam (see Raghavan's article in the NYT about their awkward prison meetings).

Raghavan portrays Gupta as hard-working, philanthropic, corporate climber who lost his way as he aspired to ever-higher levels of financial success. Galleon founder Rajaratnam comes off as much sleazier character,

the operator of a vast network of South Asians at tech companies and hedge funds who supplied him with a trove of insider information. Raghavan connects the dots between these two men and the many other players in the interconnected web of this case, but some things still don't add up. As Raghavan notes:

In the Galleon case, for instance, the government alleged that Rajaratnam pocketed as much as \$75 million from his illegal trades. Compared to Rajaratnam's net worth of \$1.3 billion at one time, the sum pales.

If Rajaratnam was already making so much money, what could have possibly justified the risk of his insider trading activity? There seem to be only two explanations. Either Rajaratnam was a pathological gambler, or the majority of Galleon was built on insider information and the government only uncovered a tiny portion of it. Unfortunately, Raghavan never addresses this question.

Overall, "The Billionaire's Apprentice" was a nice introduction to the world of insider trading and white-collar crime. This book was part of my 2018 reading theme on "Crime and Punishment."

Sanjay Sanghoee says

My review of this book which was posted onto the Huffington Post.

<http://www.huffingtonpost.com/sanjay-...>
