

To: [REDACTED]
From: [REDACTED]
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it always seems like cuts like this come around xmas time...

On Nov 22, 2011, at 1:12 PM, [REDACTED] wrote:

Wall Street Unoccupied as 200,000 Job Cuts Bring 'Darkest Days'
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By Max Abelson and Ambereen Choudhury

Nov. 22 (Bloomberg) -- John Brady, co-head of MF Global Inc.'s Chicago office, was having a vodka cocktail at the Ritz-Carlton in Naples, Florida, overlooking the Gulf of Mexico, on the day his company reported its largest-ever quarterly loss.

"Wow, the sun just set," Brady said to his wife and two colleagues attending a conference with him, he recalled in an interview. "I hope it doesn't set on MF Global."

A week later, on Oct. 31, the firm led by former Goldman Sachs Group Inc. co-Chief Executive Officer Jon Corzine collapsed. Brady and 1,065 colleagues joined a wave of firings that has washed away more than 200,000 jobs in the global financial-services industry this year, eclipsing 174,000 in 2009, data compiled by Bloomberg show. BNP Paribas SA and UniCredit SpA announced cuts last week, and the carnage likely will worsen as Europe's sovereign-debt crisis roils markets.

"This is something very different," said Huw Jenkins, a former head of investment banking at UBS AG who's now a London-based managing partner at Brazil's Banco BTG Pactual SA. "This is a structural change. The industry is shrinking."

Wall Street rebounded from the financial crisis of 2008 with the help of unprecedented government support, including loans from the U.S. Federal Reserve. Goldman Sachs posted record profit the following year, and bonuses paid to securities-firm employees in New York City rose 17 percent to \$20.3 billion, according to New York State Comptroller Thomas DiNapoli.

'Nothing There'

Now, faced with higher capital requirements, the failure of exotic financial products and diminished proprietary trading, the industry is undergoing what Steven Eckhaus, chairman of the executive-employment practice at Katten Muchin Rosenman LLP, called "a paradigm shift." The New York attorney, whose clients have included former Lehman Brothers Holdings Inc. Chief Financial Officer Erin Callan, said he has stopped giving his "spiel" about inherent talent leading to new work.

In interviews, a dozen people who have lost jobs at firms including Societe Generale SA, Royal Bank of Scotland Group Plc and Jefferies Group Inc. described a grim banking landscape that also includes Occupy Wall Street protests against unemployment stuck above 9 percent and income inequality.

"These are by far my darkest days," said Scott Schubert, 49, who was dismissed in late 2008 as a mergers-and-acquisitions banker at Jefferies, a New York-based securities firm, and has been unemployed since. "It's harder and harder to look for a job and feel that there's nothing there."

HSBC, BNP Paribas

Banks, insurers and asset managers in Western Europe have been hardest hit, announcing about 105,000 dismissals this year,

66 percent more than the region's losses in 2008 at the depths of the financial crisis, Bloomberg data show. The 50,000 job cuts in North America this year are more than twice last year's and fewer than the 175,000 in 2008.

Almost every week since August has brought news of firings by the world's biggest banks. HSBC Holdings

Plc, Europe's biggest lender, announced that month it would slash 30,000 jobs by the end of 2013. In September, Bank of America Corp., the second-largest U.S. lender, said it would cut the same number of jobs. Both banks are trimming about 10 percent of their employees. Last week, BNP Paribas, France's largest bank, said it will cut about 1,400 jobs at its corporate and investment-banking unit, and UniCredit, Italy's biggest, said it plans to eliminate 6,150 positions by 2015.

"It's a once-in-a-generation challenge," said John Purcell, founder of London-based executive search firm Purcell & Co. "Everyone who has worked in the City since 1985 will have no idea of how to cope with this level of dislocation."

Panic Attacks

Neil Brener, a psychiatrist whose patients work in London's City and Canary Wharf financial districts said the stress is contributing to panic attacks, binge drinking and chest pains.

"Because there are fewer jobs, people are unhappy about being stuck," Brener said. "They don't have options about moving, and there is a sense of feeling trapped."

London hiring could be frozen next year, according to the Centre for Economics and Business Research Ltd. Headcount in the City and Canary Wharf may fall to 288,225 by the end of the year, 27,000 fewer than in 2010 and the lowest since at least 1998, when there were 289,666 jobs, according to the London-based research firm.

Wall Street won't regain its lost jobs "until about 2023," Marisa Di Natale, an economist at Moody's Analytics in West Chester, Pennsylvania, said in an e-mail.

Second Time

That's not encouraging for Michael Reiner, 44, who lost his job in June as a credit strategist in New York for Societe Generale, France's second-largest bank, whose shares are down 60 percent this year. When he called his wife to tell her the news, she was home watching "The Company Men," a film about corporate downsizing, he said.

It wasn't the first time Reiner had lost a job on Wall Street. He worked at Bear Stearns Cos. for 14 years until the firm collapsed in March 2008 and was taken over in a fire sale by JPMorgan Chase & Co. He said he was happy to have some time off with his family and go to Little League baseball games.

When he began looking for a job, he "wanted to find a place for the next 14 years," he said. A recruiter brought him to Paris-based Societe Generale. It didn't last that long.

It's harder to talk about losing a job the second time, Reiner said. "There are a lot of people I haven't told." Opportunities for employment "evaporated" as the European debt crisis escalated, he said. Now he spends his time going to his daughter's field hockey games and managing his investments.

He's planning to make maple syrup from the trees in the backyard of his home in Briarcliff Manor, New York.

'Fruitless' Search

For Schubert, the former Jefferies banker in his third year looking for work, the longer he's out of a job, the harder it is for him to tell his 10-year-old son to do his homework, he said.

"It might seem outwardly to him that I've given up," he said in an interview this month from his four-bedroom home in Glen Ridge, New Jersey. "I can't come to the table and say, 'Well, when you were five, I worked nonstop.'"

Schubert, who received a master's degree in business administration from New York University in 1989 and was a managing director specializing in middle-market M&A deals at Jefferies, said he wasn't surprised when he lost his job in 2008 during the financial crisis. He thought unemployment would last 12 months at most.

"The first year out was fruitless," he said. "There wasn't much hiring going on at all."

By the middle of 2010, more potential employers seemed interested, and he felt "something was imminent," he said.

Nothing happened.

This year, he has become increasingly disheartened by bad news on Wall Street, and it's more difficult to stay in touch with former colleagues as time goes by, he said.

Hurricane Irene

On the August weekend of Hurricane Irene, training to coach his son's soccer team alongside younger fathers,

being “overly competitive for a man of my age,” Schubert twisted his right knee, he said. He aggravated the injury doing yard work and worries how much his health insurance will help, he said.

While his investment choices haven’t been “too terrible,” he will consider selling his house if he doesn’t find a job.

“God, I hope it’s in the next six months,” he said.

Hetal Patel, 44, a foreign-exchange trader who worked at London-based Lloyds Banking Group Plc for more than 20 years until last month, said he doesn’t plan to look for work until early next year, “when budgets become clearer and perhaps conditions improve.”

Shares of his former company, controlled by the British government since a bailout in 2008, have fallen 64 percent this year, and the bank has posted a pretax loss of 3.86 billion pounds (\$6 billion) in the first nine months. It announced 15,000 job cuts in June.

RBS Cuts

Another lender backed by the U.K., Edinburgh-based RBS, has announced about 30,000 job cuts, including 2,000 this year, since receiving the world’s biggest government bailout in 2008. Its shares are down 50 percent in 2011, and CEO Stephen Hester said Nov. 4 the investment bank “will have to shrink further.”

Tim Leary, 29, a director in high-yield and distressed trading, lost his job there on Nov. 7. After he got the news, he called his wife to say he’d see her and their 4-month-old son for breakfast.

He drove back to Manhattan from his office in Stamford, Connecticut, and put together a resume for the first time in years. He said he plans to spend “a fair amount of time figuring out what the landscape is” before starting his search.

Falling Bonuses

“Unfortunately, the industry always seems to get it wrong and they over-hire,” said Philip Keevil, 65, a former head of investment banking at S.G. Warburg & Co. and now a partner at New York-based advisory firm Compass Advisers LLP. “They are over-optimistic and then periodically throw large numbers out.” Morale on Wall Street and London is “probably as bad, if not worse” than it has been in decades, said Keevil. Wall Street bonuses are expected to fall in 2011 from the \$128,530 average last year, DiNapoli, the state comptroller, said in October. Even so, when Goldman Sachs set aside 24 percent less to pay employees in the first nine months than in the same period last year, the amount, \$10 billion, was equal to \$292,836 for each of its 34,200 workers as of Sept. 30. That’s nearly six times the median household income in the U.S., where 49.1 million live in poverty, according to Census Bureau data.

Quitting for Quito

Wyatt Laikind, 26, made three times as much in his first year out of college working at Citigroup Inc. as his single mother earned when he was growing up in western Massachusetts.

“It was like winning the lottery to get that job,” said Laikind, who worked as an associate on the New York-based bank’s high-yield credit-trading desk.

He got a job on Wall Street because he “was under the impression that it was a more meritocratic environment,” and “my hard work and intelligence would be paid off,” he said.

At first, he liked the excitement, he said. Then, after financial regulations curtailed proprietary trading, the job became “less appealing.” He said he didn’t like smiling at clients while having to figure out how to profit from them.

In July, after a vacation, he called his boss to quit, he said in an interview from Quito, Ecuador, where he is now working for Equitable Origin LLC, a start-up that offers a certification system for oil exploration. His salary is less than 5 percent of what he made at Citigroup, he lives with intermittent hot water, and he was robbed at knifepoint last month, he said.

“I feel happier on a daily basis,” Laikind said.

Sagging Mattress

His tone was different in a later e-mail.

"I wasn't brought up in luxury, so I like to think I can tough it out," he wrote, describing the sagging mattress he slept on in jeans and a hooded sweatshirt to stay warm. "But I may have to give it up and try going back to finance soon."

If he does, it won't be easy.

"Until now, at many firms, a lot of investment bankers have been convinced that we are living now in a limited period where things are a bit more difficult and afterwards the old world will come back," Kaspar Villiger, 70, chairman of Zurich-based UBS said in an interview this month. "This illusion has now vanished."

Increased capital requirements agreed to by the Basel Committee on Banking Supervision will limit banks' use of borrowed funds to boost profit, lower their return on equity and likely reduce executive compensation, analysts say. High leverage "was the juice in the system," said Ilana Weinstein, CEO of New York-based search firm IDW Group LLC. "It's gone."

Boxer Shorts

For Brady, 42, the vanishing point at MF Global arrived after he returned to Chicago from Florida. He thought the New York-based futures brokerage would "weather the storm," even as Moody's Investors Service cut its rating and shares plunged, he said. He got word that another company would buy the firm while at a Talking Heads cover-band concert and celebrated with a friend by drinking Anchor Steam beer and shots of Jameson.

He woke on Oct. 31 at 4:40 a.m. and searched for deal reports on his phone while standing in his boxer shorts with an electric toothbrush in the other hand. He didn't find any.

The acquiring firm, Interactive Brokers Group Inc., pulled out of the deal after a discrepancy in client accounts surfaced, and MF Global filed for bankruptcy later that day.

At first, Brady thought his company would survive, he said.

His wife thought he was in denial. His mood changed when he was sitting in the home office adjoining his bedroom, looking at the value of his holdings.

"My Fidelity account looks like my bar tab from just a week ago," Brady said.

All Fired

On Nov. 11, a human resources executive asked colleagues on Brady's floor to gather by his desk, which looks out on the Willis Tower, the tallest building in the U.S. They were all fired. She told them to show receipts for large personal belongings to the plainclothes security guards by the elevators, and that checks would be sent in the mail, Brady said. Someone asked if the checks would bounce. She said she didn't know.

Brady, who said he wasn't aware of the size of the bets MF Global made on European sovereign debt, wrote to clients this month saying he's looking to join a firm that believes "integrity and honesty are the single most important ingredients to success." He said last week he is optimistic.

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