

“It’s not like the pain is good, but it works. It gives me control,” Sam thought. For months, the scars on his arms had increased in both numbers and size. Last week, he inserted two drawing pins under his right forearm and put bandage and tape over them. The blood didn’t show from under his shirt, and he could have them in all day. From then on, every time the anxiety came, he pressed them further into his arm. Yesterday he almost got to the bone.

Sam stood in the elevator in the Cohen Bros. Securities building trying to ignore the instrumental bossa nova tune playing from the blown speaker in the ceiling. The BBQ sauce stain on his navy blue suit screamed for a visit to the dry cleaners. His wrinkled shirt wondered why it only held one cufflink. Facial hair drifted in the twilight zone between neglected shaving and ungroomed full beard. The worn brown leather shoes however, shined like diamonds.

He loosened his tie knot while scrolling through news on OPEC production cuts, emails about jobless claim expectations and unrest in the Middle East. “Nothing groundbreaking,” he thought. Ever since he started working as an analyst for Cohen Bros. two years ago, he had gotten into the habit of combing the Internet for news and developments impacting the share price of the companies he covered. Today, the biggest of those companies, a defense contractor named CPL Inc. would present its second quarter results. This pre-dawn browsing would be his only chance to catch up on other market developments.

Two weeks before the results announcement, he wrote a report saying CPL’s results would crush market expectations. Brokers and investors responded well to his high conviction and millions of clients’ money now depended on his advice. He even agreed to promote the case on CNBC. The TV appearance lasted no more than 45 seconds; he pressed on the pins the entire time. For days after the interview, colleagues approached him just to chat, even giving him fist bumps. Female colleagues looked up from their desks when he walked through the trading floor. “Why do they stare at me?” he thought. “I hope I didn’t offend them.”

The elevator stopped on the 22nd floor and emitted its polite “ding”. Sam exited, still glued to his phone. Inside the office, rows of desks and a myriad of computer monitors made the place look like a NASA control center. All workstations except Sam’s drowned in piles of paper. The lights made a buzzing noise and switched on as they registered the first movement for the day.

Sam sank into his chair and closed his eyes. He took a deep breath and exhaled while counting to five. “I wish I worked outside again, but in a peaceful job. I could be a farmer, or a park

ranger,” he thought. “No more pointless meetings, or spreadsheet work until late at night. No more reporting days. Less pressure.”

He opened his eyes again and returned to reality. He placed his wallet, keys and phone in a straight line in front of him and glanced over his check list for the day. In a notebook with grid paper, it read:

Up until 07:00 – Prepare. Check printer, model, email

07:00 – CPL results release

07:00 – 07:15 – Write email comment, share price reaction, consensus change expectations

07:15 – 08:20 – Call tier 1 clients: Fidelity, Blackrock, Texas Trust etc.

08:20 – 08:30 – Break. Get coffee

08:30 – 09:30 – Company conference call

09:30 – 11:00 – Call tier 2 clients. Check list.

11:00 – 11:20 – Lunch

11:20 – 13:00 – Update model

13:00 – 14:30 – Write report. Editing deadline

14:30 – 14:45 – Break

He expected to miss several of the deadlines. Still, the satisfaction alone of crossing out each segment as he progressed made it worth having the list. Sam checked his watch, a scratched-up Casio G-Shock; 06:31.

Sam started his Bloomberg software and watched as all the little windows with charts, news feeds and financial data emerged like well-organized popup ads. “So far so good,” he thought. He browsed through his model on CPL while clicking a pen faster and faster. In the printer room he cleared the predictable paper jam someone else should have fixed the prior night “No Mr. Printer, no shenanigans today,” he said. He tapped his foot while waiting for the coffee machine to finish dispensing a double espresso. Back at his desk, he checked his watch again. “Just a few more minutes now,” he thought.

As he counted down, the door to the research room opened. In came a tall, slim man in his late twenties. His hair looked like it came straight from a shampoo commercial shoot, styled and pitch black. Sam smiled at him as he approached and knew exactly what the man would say.

“Wipe that grin off your face John,” Sam said.

“Three million barrels per day. Their cutting production like crazy. They have to. There’s no discipline in OPEC anymore. The Saudis show their hand now; it’s not about market share anymore, it’s about oil price. And can you blame them? They have like thousands of little towel head princes there, all wanting more Lamborghinis. They have to defend the oil price. Now, how much is it up?”

Sam glanced over to his Bloomberg screen and looked at the table for commodities. “WTI spot is up 4.8%.”

“Nice! You know what? I’m not going to do anything today. I worked my ass off getting my sector upgrade out a week ago. Today is victory lap day. Perhaps a client lunch. With wine. The sales guys will book it. Want to join?”

“I have CPL results today. Sorry, but I’ll be here all-day calling clients and writing the report,” Sam said and checked his watch again. 06:47.

“Gotcha. You need a new watch man. Your plastic toy watch does not go well with a suit. How about a Rolex or Jaeger? To show you mean business.”

“This one has served me well in the past,” Sam said.

“Ah, yeah, Iraq. I heard things got a bit dicey there at times?”

“You know I don’t talk about Iraq.” Sam said with his eyes locked on his computer screens. He stroked one finger over the drawing pins.

“No problem. Hey, did you hear about the guy over at New American Securities? He bought stock in a company he covered, and now the SEC is all over him. They arrested him yesterday and raided the offices. They took his computer and everything.”

“SEC can’t make arrests,” Sam said and looked up for a brief moment.

“FBI put him in shackles. The guy from SEC just stood there and gloated. They called him God jr. or something.”

“Weird nickname. Sounds like he’s compensating.”

“A friend of mine works there. He couldn’t believe his eyes. Colleagues were filming with their phones when they led him out. Shit man.”

“Just goes to show.” Sam said. “You never want anything to do with the SEC. Its not like they’ve ever showed up with good news.”

As more people came in to work, Sam stared at the Bloomberg screen as the time hit 07:00. Nothing happened for about half a minute. Then, rows of red text in all capital letters appeared on the left monitor.

CPL REPORTS \$1.2BN REVENUES, UP 4% YOY

OPERATING PROFIT DOWN 7% YOY TO \$458M

NEW CONTRACT WITH DEPARTMENT OF DEFENCE WILL INCREASE ORDER BACKLOG BY APPROX. \$0.7BN OVER NEXT THREE YEAR PERIOD

CPL 2Q FULL REPORT [CLICK HERE](#)

“Go time!” Sam said and opened the report and skimmed through the earnings statement. It looked strange, he thought. The revenues were in line with his estimate, but the operating profit looked way low.

He checked line after line in the profit and loss statement, until he noticed the error. One simple cost line, ‘General & administrative expenses’ was listed as a revenue and not a cost in his model. He had forgotten to put a minus sign in front of the estimate.

Sam gasped for air as he realized the gravity of his blunder. He sat in silence in front of his monitors, realizing he had to explain to everyone why the results missed his forecast. Sweat beads began to worm their way down his back as he thought about the consequences. What would the brokers say? Would the clients ever trust him again? Would he be fired on the spot? They all expected his comments on the results by now, but he just sat there, paralyzed. He decided to regain control.

He pressed the drawing pins deep into his arm, scratching tissue and nerve endings. The pain shot through his whole arm, as he felt muscle fibers tear. He grimaced in silence. Still, he just sat there, unable to write his comments. “This is taking too long. I can’t waste more time,” he thought, and punched himself in the arm where the pins were. He let out an audible, yet short “Ah!”. Less than a second later, his fingers flew over the keyboard, typing.

He finished writing the email to his clients, pasted in the table with the results, showing the operating profit disappointed market expectations. He left out his own estimates, hoping his error would go unnoticed.

Sam's eyes were glued to his monitors as the market ticked closer to opening bell. He rocked back and forth in his chair while his feet were shaking. His right arm rested on his desk pressing on the pins. As the market opened, he looked at the CPL share price, and to his surprise, it opened up 1.5%. Sam leaned back into his chair and let out a big sigh. "My head won't be on the chopping block after," he thought. He chuckled to himself and wondered why the share price wasn't trading down. "Perhaps the new contract with the DoD pushed the share up," he thought. "It shouldn't really matter though; it wasn't a huge contract." He studied the quarterly report again to see if he had missed anything, while peeking back to his left most monitor every few seconds. The CPL share price now traded down 0.2%, and it continued to decline. Minus 1.6%, minus 3.2%. And just as the price showed a small move back up, it slammed to minus 6.8% in a matter of seconds.

As the share price tanked, Sam heard loud coughing followed by heavy breathing approach from the trading floor. A stockbroker walked into the research room and up to Sam. "Out of all the people to catch my mistake, why did it have to be Fat Frank?" Sam thought.

"What's going on? Why is CPL down? I just spoke to Blackrock. They want to know," Fat Frank said as he scratched himself on his jiggling belly.

"You're not allowed to be in here."

"Why is it down man?"

"Operating profit came in lower than the market expected"

"You said last week it would be a monster quarter for CPL. What happened?"

"Costs were higher than we expected" Sam said and pressed on the pins.

"No shit! How much?"

"The 'General and administrative' expenses came in at 68 million..."

"Show me you model. What do you have?"

Sam rubbed the needles back and forth and close his fists, before pointing to the spreadsheet. The broker looked at it for a few seconds before confusion set in and prompted him to ask for clarification.

“I don’t get it. You have 65 million here, but you don’t have a minus sign in front of the cost” he said.

“I... I made a mistake”

“A mistake? You think this is a mistake? You overestimated the operating profit by almost 150 million fucking dollars. Our clients are bleeding cash right now because you forgot to put a minus sign in front of a cost item in your spreadsheet. You told half the guys on Wall Street and Midtown and went on CNBC looking all slick and pushing your bullish – and let’s just say it, *bullshit*, CPL case. I think the word ‘mistake’ might not suffice boy”

“I get it,” Sam said, burying his face in his hands. He wiped a tear and he continued. “I’ll call Blackrock”

“Yeah, you will.” Fat Frank said before he wobbled back out to the trading floor. “Fuck a duck!”

The research room froze in silent shock. Sam stared at his desk. He sensed everyone looking at him with a mix of unease and morbid curiosity, like observing a car accident or the sudden end of a career. He got up and headed for the restroom. If today marked the end of his investment banking run, he thought, he might as well take a moment for himself before facing the humiliation of packing his things into a cardboard box and handing in his access card.

Sitting in a bathroom stall, the floodgates opened and tears streamed down his face. His nose clogged up, his jaw trembled. He pounded his right arm over and over again. “You fucking bitch ass fuckup! You let everyone down again! Now they’re paying for your mistake” he said to himself. “Just like Iraq. You can’t fucking do anything fucking right”. A speck of blood emerged from under his shirt.

Sam heard footsteps entering. He recognized Fat Frank’s voice talking on his phone while getting into the stall next to him to pee. “Hundred thousand Tesla? No limit?” He listened to the other end of the call, before continuing. “If I remember Rio? Ha, that bitch was so in heat you could fry bacon on her ass. But dude, for real, we have to get back there. Carnival, restaurants, samba. And white sugar!” Sam couldn’t hear what the other end said, but it made Fat Frank giggle like a little schoolgirl. “Oh for shizzle. I’ll check with the analysts. See if we can set up some bullshit company meetings while we’re there. Expense the whole shit you know? Look, I need to shake a dick and bake a trick. I’ll get back to you on chat OK?” Fat Frank zipped up and left without washing his hands.

Sam got out of his stall and looked at himself in the mirror. What a state, he thought. After rinsing his face with water he looked at his shirt, missing a cufflink. "Can't even get dressed, huh?" he said to himself, before letting out a chuckle. He exhaled, and remembered what his superior in Iraq once said: "If you're going through hell, keep walking". Sam couldn't say who the quote really belonged to, just that it struck a chord with him. "True words", he thought. "Just keep walking."

The memory of that day in Iraq felt like having his head squeezed in a vice. "For the next hour, you don't think, you don't feel, you just do!" his superior told him. Sam remembered just sitting there hugging a pile of rocks, shaking and hyperventilating. Only a bullet snapping through the sound barrier right above his head, made him return fire. They won that day, but no one celebrated or talked on the way back. They knew the curse they got that day would stay with them forever, for every dream and waking hour. "But you survived Sam", he thought. "And if you survived Iraq, you can survive this. Just act. Do!"

As he came back into the office space, colleagues' heads turned towards him but avoided eye contact. He walked with his back straight and chin held high. He logged on, checked his client list, and picked up the phone.

"Fidelity..."

"It's Sam. Would you like a few comments on the CPL results?"

"Sure"

"Results were below market expectations, mainly on costs. But the buy case and valuation still stands. They keep on getting contracts with the DoD, and if you look at free cash flow-

"Totally, and the contract they announced wasn't really supposed to go to them. I had dinner with the CEO last week, and he said they continue to take market share from other military contractors. The share is down today, but we're long term on this one"

"Cool. I'll let you know if I hear anything on the conference call."

Sam dialed a new number without putting the phone down. He briefed them on the results, and his investment case. He didn't mention his mistake, and the investor didn't seem to care either. He kept on calling. Half of them even thanked him for reaching out and giving them reassurance on the outlook for the stock. For each call, he sat a bit easier in the chair. His legs stopped

tapping the floor, and he didn't touch the pins. He almost finished dialing another client when his boss came over to him and asked if he could spare a moment. Sam followed him towards a meeting room down the hall.

"I heard about your mishap with the reporting today", his boss said.

"Yeah, stupid mistake, but I've talked to most of our clients. It's pretty good now."

"Good. Don't worry about it. I've made mistakes on reporting myself," he said and opened the door to the small and windowless room. Sam walked in and noticed the two men already sitting there marinating in the stale office air. The poor lighting only added to the claustrophobic atmosphere. They stood up and shook his hand.

"Nice to meet you Sam. Have a seat. We just want to ask you a few questions", the man on the right said.

"Sure."

The man across from Sam pulled out a pristine and milky white business card with raised print and placed it in front of him. Normally, Sam would compliment a man for having such good taste. Instead, his heart dropped, and his hands started to tremble when he read the card: Gabriel O. Donahue Jr., U.S. Securities and Exchange Commission.