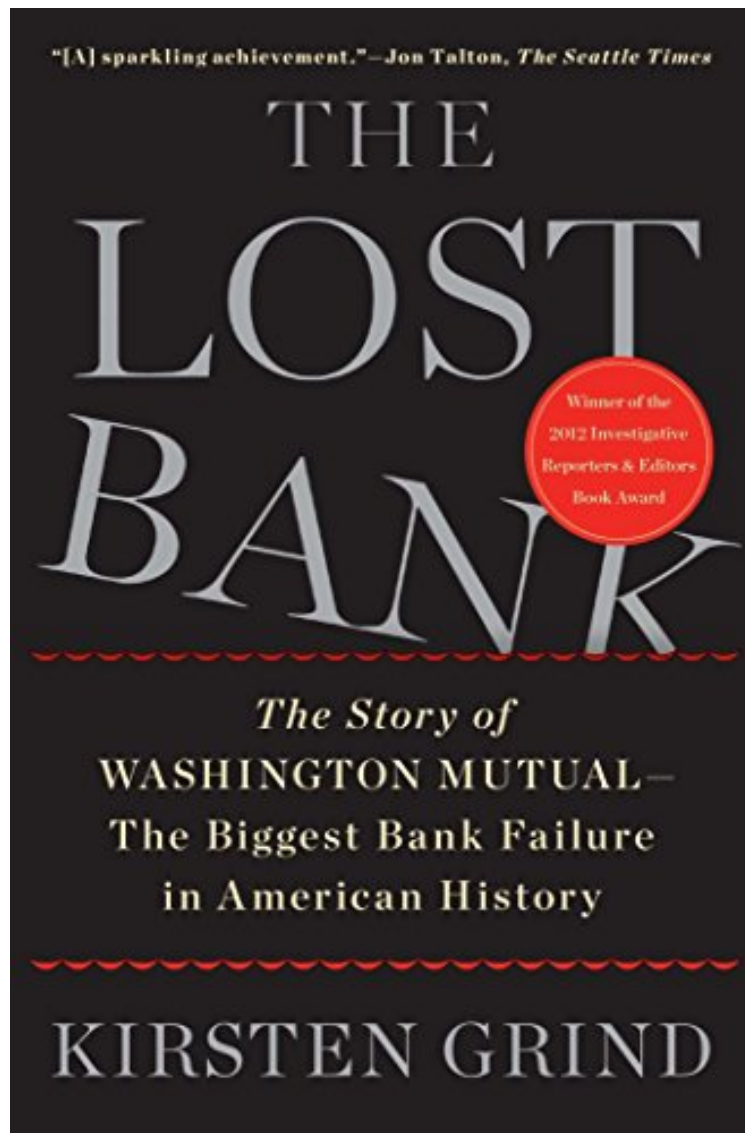


(Mobile ebook) The Lost Bank: The Story of Washington Mutual-The Biggest Bank Failure in American History

## The Lost Bank: The Story of Washington Mutual-The Biggest Bank Failure in American History

Kirsten Grind

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**Kirsten Grind : The Lost Bank: The Story of Washington Mutual-The Biggest Bank Failure in American History** before purchasing it in order to gage whether or not it would be worth my time, and all praised The Lost Bank: The Story of Washington Mutual-The Biggest Bank Failure in American History:

1 of 1 people found the following review helpful. An intriguing story, masterfully presentedBy CustomerThe author has taken the salient facts --pulled like strands from an Olympic-sized swimming pool of spaghetti -- and woven them

into an engrossing tapestry of greed, moral blindness and denial. It documents the rise of a reputable local financial institution into a nationwide mega-institution based on neglectful deceit (if not outright fraud) in the sale of mortgage loans to people who could not afford them and did not understand the transactions or their consequences. The result is a picture of overwhelming greed and denial of the laws of physics. It was a failure to acknowledge that the huge volume of heavily marketed bad loans -- that the bank executives eventually came to recognize were either fraudulent or given in knowing disregard of mis- or non-representations of borrowers' inability to pay -- would eventually create a huge problem for the institution. The problem was exacerbated by regulatory failures, including tension between two federal agencies having related but divided responsibilities for financial institutions' health, their concerns about turf and different views of regulation. This is also the story of an executive team and board that was tied up in short-term goals, internal politics and personalities to the extent that it completely lost sight of its original mission, to provide reasonable loans to people who could repay them. A sad story but one that should be widely read and understood in today's political and economic climate.

48 of 51 people found the following review helpful. Former WaMulan's perspective

By Banker Gone Gaming

This is an extensively researched, great book that will be enjoyed particularly by those who are interested in understanding the psychology of some of the participants behind the financial collapse. The book is more about the unraveling of Kerry Killinger and his executive team than it is about the bigger problems that plagued the credit and housing markets. But it's a great snapshot of the biggest bank collapse in American history and those who were supposed to regulate it. All told, the book feels accurate.

I was an officer at WaMu, having spent time in various marketing roles at the bank, including tours with the Retail Bank and Home Loans. I was there right up till the end and remember vividly that evening on September 25, 2008 when we found out we had been seized and handed over to JPMorgan Chase. We weren't surprised we were snatched up by another bank, but we were disappointed it was Chase, which we knew would almost certainly eliminate all our jobs. As a marketer, the knowledge that Chase would impose its cold, tone deaf brand across our branch network, including Seattle, just added insult to injury. While I certainly wasn't privy to the conversations happening among WaMu executive team (thank God), I have to say the book largely reflects the perception that I believe most of the employees at headquarters had at the time. We thought WaMu's leaders, namely those in Home Loans, had completely lost their way and polluted the portfolio. We thought Kerry's pollyannaish view of the world totally outweighed the intellect that had made him a banking superstar. We thought our own executives' terrible decisions were due not only to their own greed and naivete, but also pressure from the secondary markets. (Meaning, effectively WaMu was seduced by the Goldmans and Lehmans of the world; the investment banks created an insatiable hunger for dangerous, high margin products that slowly infected each step of process - from the secondary markets, the consumer banks, the brokers and ultimately the consumers too. That's not to say WaMu's leaders weren't also culpable - I think they were). We thought Kerry never had access to the real power corridors roamed by the likes of Hank Paulson, Jamie Dimon and Sheila Bair. We thought that although we technically had adequate liquidity, a significant run on the bank would doom us because our massive deposit base would wipe out entirely the FDIC's reserves. We thought that neither Bair nor Paulson was particularly motivated to try to help the shareholders, customers or employees. That all proved to be true and this book does a good job, to varying degrees, of weaving some of those factors into a great story. Kirsten Grind really captured what was happening internally at WaMu, in my opinion.

At the end of the day, this was a sad time for our customers, shareholders, and employees. For the honest, hardworking people who "just worked there" and didn't know about the misguided decisions destroying the company, it was both fascinating and disheartening to watch the dominoes fall. We felt for our customers, our shareholders and each other. I think that comes through well in the book. As Grind notes, the place had an amazing culture, one I can't really articulate in a way that does it justice. People just loved working there, even as we started to unravel. The desire to do right by the customer was built into our DNA, and to see the way these terrible products had been foisted off on consumers to feed the cash machine felt like such a betrayal by leadership. Still, whether earnings were positive or negative, it was the best place I ever worked because of the people. So for me, reading this book felt like walking through a ghost story, as I sadly nodded my head throughout it. The financial crisis taught us that there were villains everywhere: the banks, the FDIC, OTS, Treasury, the brokers, the investment houses, and on and on it goes. This book certainly validates that, exposing both Kerry Killinger and Sheila Bair as myopic, out of their depth and hopelessly biased in very different ways. Sometimes I wish we could sentence Killinger and Bair to sit in a room together for the rest of their lives and contemplate their mistakes and philosophical differences while annoying muzak plays in the background. But the system doesn't punish the privileged equally, as we know. In general, I've moved on with my life and don't care much anymore.

This really is a good book. I would have liked to see Grind explore the impact of the Federal Reserve's (lack of) oversight throughout the 1990s and 2000s, along with on the secondary market's influence on the entire financial system, including consumer banks. I think those factors were the primary catalysts, at least in the beginning. In that regard, I think those omissions make the book a little bit incomplete. However, it's not a story about that. It's about WaMu. It's about the guy who built it, then lost it. And that's enough.

1 of 1 people found the following review helpful. It is not a story about Greed

By Rand McGreal

This is a magnificent book. It is one of the best books on the financial crisis. The story of WAMU is told with rare honesty. The author, Kirsten Grind, does not use selective facts from the story to make a point. She just assembles the different perspectives

of the various players and retells the story as told to her. No where will you find a more complete vignette of one of the seminal moments of the Great Recession. The book is composed of two stories. The first is the tale of a good looking executive; the first hurdle any up-and-coming executive must jump; that rises to CEO. He is not without skills, but they are limited. He possesses financial analysis skills, but is naive to the rough and tumble world of residential real estate brokerage. The second tale is the story about a government agency, the FDIC, that lacks knowledge, creativity, insight and any other trait you might assume is essential for them to do their job properly. Kirsten retells her story of WAMU using a reality TV show approach. Consequently, the book is captivating, but like all reality shows it gets boring as Kirsten describes the rise of a CEO without ideas. But this pause is quickly rectified as Kirsten begins to describe the regulators and their inaction. The book becomes a fascinating story of corporate and government hubris and back stabbing as the vultures assemble to dissect their prey. Kirsten unfortunately was not able to get the regulators to reveal much of their actions behind closed doors. I wish the regulators were more forthcoming, but the author does an excellent job of filling in the blanks based on what occurred. At this point, it is not the story of a lack of financial controls in WAMU, but a said tale of unregulated government egos running down a hapless bank in the Pacific Northwest, far from the power centers in that other Washington. Kirsten portrays the CEO as an inattentive pretty boy working for adulation and a large salary, hoping others would solve the problems of the bank. This characterization might be correct. Kirsten does make you wonder how many other CEOs are just pretty faces without any substance. Kirsten bases her story of WAMU's demise on high risk loans, but in fact the problem was high risk borrowers. Repeatedly throughout the book Kirsten makes the point subprime loans were more profitable than prime loans. Unfortunately, the author never explains how the WAMU executives accepted this analysis. The author's failure to explain why WAMU made subprime loans in the ghettos of Los Angeles, left me unsatisfied with the subprime loan portion of the story. She doesn't discuss the role of the Fannie Mae in WAMU's decision making process. This oversight deprives the reader of a full understanding of what happened in the Financial Crisis. Nevertheless, the portion of the story the author tells is crystal clear like the mountain water of the Northwest.

During the most dizzying days of the financial crisis, Washington Mutual, a bank with hundreds of billions of dollars in its coffers, suffered a crippling bank run. The story of its final, brutal collapse in the autumn of 2008, and its controversial sale to JPMorgan Chase, is an astonishing account of how one bank lost itself to greed and mismanagement, and how the entire financial industry; and even the entire country; lost its way as well. Kirsten Grind's *The Lost Bank* is a magisterial and gripping account of these events, tracing the cultural shifts, the cockamamie financial engineering, and the hubris and avarice that made this incredible story possible. The men and women who become the central players in this tragedy; the regulators and the bankers, the home buyers and the lenders, the number crunchers and the shareholders; are heroes and villains, perpetrators and victims, often switching roles with one another as the drama unfolds. As a reporter at the time for the Puget Sound Business Journal, Grind covered a story set far from the epicenters of finance and media. It happened largely in places such as the suburban homes of central California and the office buildings of Seattle, but Grind covered the story from the beginning, and the clarity and persistence of her reporting earned her many awards, including being named a finalist for the Pulitzer Prize and the Gerald Loeb Award. She takes readers into boardrooms and bedrooms, revealing the power struggles that pitted regulators at the Office of Thrift Supervision and the FDIC against one another and the predatory negotiations of investment bankers and lawyers who enriched themselves during the bank's rise and then devoured the decimated bank in its final days. Written as compellingly as the finest fiction, *The Lost Bank* makes it clear that the collapse of Washington Mutual was not just the largest bank failure in American history. It is a story of talismanic qualities, reflecting the incredible rise and the precipitous collapse of not only an institution but of trust, fortunes, and the marketplaces for risk across the world.