

Anti-Virals for Omicron and Writing a Blockbuster First Novel What Happens Next – 1.9.2022

Larry Bernstein:
Welcome to What Happens Next.

My name is Larry Bernstein.

Today's discussion is on using anti-viral medications with Omicron and Writing a Blockbuster First Novel.

Our first speaker today is Dr. Ari Ciment who is a pulmonologist at Mt. Sinai Hospital in Miami Beach. Ari has treated thousands of COVID patients since the March 2020 outbreak. Ari spoke on my last two programs, and he is now officially a regular on the show.

Omicron cases continue to explode exponentially around the world.

We are going to talk about the new Merck and Pfizer anti-viral drugs that are just coming to market and who should take them to reduce the likelihood of hospitalization after infection with COVID.

I want to know what Ari is seeing in the hospital's Covid Ward right now, what Omicron symptoms look like for the typical victim as well as for patients who are hospitalized.

Ari will explain how the vaccine and boosters will reduce the risk of hospitalization and the Omicron symptoms.

This Covid variant is unbelievably contagious. Masks are the best we can do, but anecdotal evidence is that masks are not working particularly well. Herd immunity here we come.

Our second speaker is my good friend Jay Newman who has been a long-standing member of my book club.

Jay retired from the Elliott hedge fund after working there for many years. Jay is well known in the industry for his litigation victory against Argentina where he successfully defended bondholders after Argentina defaulted on their debt.

Jay has written his first novel about a crooked hedge fund manager. The chatter from the publishing industry is that it will be a blockbuster.

I want to learn from Jay how he pulled that off.

I also want to understand his creative process, that led to his novel entitled *Undermoney*.

Every month since the start of COVID, I have discussed the monthly employment data released by the Bureau of Labor Statistics because it is the leading indicator for global growth. This month proved to be another surprise. The Establishment and the Household surveys this month had very different results. The Establishment uses employment data from our largest firms showed a gain of 199k jobs while the Household report showed a much larger increase of 650k. There is another private sector employment survey that is conducted by ADP which is the nation's largest payroll service. Since ADP has access to so

many firms' latest employment data, they have a good handle on the situation and their survey showed an increase in employment of 807k. What is the truth? Is employment surging or stagnating, nobody knows. What I learned in my economics training is that when you don't have a firm grasp of supply and demand, the best indicator is price. And here we can look at the change in the average hourly earnings which increased by 4.7% YoY and accelerated to a 7.3% wage increase when you annualize the December monthly result. With wages increasing so quickly it is likely that employment demand is outstripping labor supply, and I would guess that the surveys with the larger employment growth are probably right.

The wage inflation is disconcerting because it cannot be blamed on supply chain constraints. Companies will need to increase the prices of goods to make up for the cost of labor. Inflation is probably here to stay for the foreseeable future as the economy is on fire.

Alright, let's get started with our first speaker Dr. Ari Ciment. Welcome back.

Larry Bernstein:

All right, we welcome back Dr. Ari Ciment. Ari, my first question is it's been a week, what's new in the hospital? Do you have a bunch of new Omicron patients? And if so, what do they look like?

Ari Ciment:

A bunch of new Omicron patients. Omicron is sort of fleshing out their underlying comorbidities.

Larry Bernstein:

let's imagine you have a bad case of heart disease, you catch COVID, it aggravates the heart disease and it sends them to the hospital?

Ari Ciment:

That's what it looks like. So, you're more likely to have an MI if you have some coronary disease, just like you pointed out. If you have diabetes, you're more likely to get diabetic ketoacidosis.

Larry Bernstein:

Now, if we compare this with a generic flu, what we notice is there's significant loss of life for children under the age of one and for the elderly. The reason why the flu kills the elderly is it causes some form of pneumonia and they end up dying of the pneumonia. But they really died of old age and comorbidities associated with it. How do you compare Omicron with a standard bad flu?

Ari Ciment:

I think that's a perfect analogy. I think in 1919 when they had the flu epidemic, the majority of people probably didn't die of the flu itself, they died from bacterial super infection, and as opposed to the COVID Delta surge where we were seeing a lot of ARDS from COVID pneumonia. Here, it seems like that people are getting sick because of their Omicron disease, but it's not directly the Omicron; it's not the, the flu-like illness itself, it's what it's bringing out.

Larry Bernstein:

And just to contrast it with Delta; there was a, a lot of virus in the body, your body went into shock in the sense that it started producing a lot of fluid. That fluid would end up in the lungs, it would interfere with your normal breathing apparatus, and then low and behold we are in the hospital with a bacterial infection in the lungs. I'm hearing that Omicron does not cause that sort of body response but instead it's staying in the upper nose, respiratory area and away from the lungs.

Ari Ciment:

Right. There are at least seven studies, that are published now showing that the phenotype of this Omicron is different than the Delta; it does not attack the lungs. However, I am not sure if in reality the unvaccinated patient is going to have that same phenotype. I've seen already a few of the unvaccinated Omicron that it does seem to act a little bit like the old Delta.

Larry Bernstein:

I see. So if you compare and contrast a vaccinated patient with an unvaccinated patient, I guess what's happening with the vaccinated patient is because the antibodies and the T-cells are all reacting to take down the Omicron virus as it enters the body, it doesn't engage, the full body apparatus that would cause the pneumonia. And I think what you're saying is that for an unvaccinated patient, he or she would get a greater response that could result in pneumonia.

Ari Ciment:

Correct. But even in that unvaccinated patient, the pneumonia looks different. When they've done these hamster models and the mouse models those are the in vitro studies showing decreased lung infectivity. There is a difference in the phenotype of this disease, but those unvaccinated are going to have more of a response whether it be upper respiratory, but it's going to lead to the pneumonia. We're seeing patients all across the world that are unvaccinated are much worse off if they get even the "lighter" Omicron.

Larry Bernstein:

Now, one of the concerns, for vaccine hesitancy was that the vaccine was worse than, than the disease. The disease varied by age, by comorbidity, but you've been in the hospital for the last year and a half visiting these patients. How bad is the disease for the unvaccinated?

Ari Ciment:

For the unvaccinated, there are people that will get by just like in the Delta phase before, but the vast majority of the people that things go wrong for are the unvaccinated. It's clearer than ever actually if you've been double vaccinated, even though your hospitalization rate, vaccine effectiveness is 50%, it's 50% even if double vaccinated. If you're triple vaccinated, it's 88% reduced risk of being hospitalized, so it's much better if you're triple boosted. But even if you're hospitalized being double vaccinated, chances are you're going to be okay.

Larry Bernstein:

Mm-hmm (affirmative). We have a lot of viewers probably who have had two vaccinations, have not gotten boosted. Based on that 50% versus 88%, would you highly encourage people to get their booster right now?

Ari Ciment:

Yes, I would. You are going to hear cases, "Oh, I just got my booster then I got Omicron," because it takes some time for the booster to kick in. But the numbers are already published out there that you are significantly less likely to be hospitalized if you have Omicron, if you have triple boosted versus just two vaccines.

Larry Bernstein:

I have some listeners who have vaccine hesitancy who have not been vaccinated. One reason I've, I've heard for hesitancy is, "Look, if I've been working in a retail store for 18 months and I haven't got it, I must have some natural immunity." Do you think that applies to Omicron as well? Do you believe in natural immunity story or that they may have gotten it and had been asymptomatic?

Ari Ciment:

I think that there is definitely a validity to those who have vaccine hesitancy if they already had COVID before. I do feel like the natural immunity, if you've had previous infection, is understandable. I mean, studies have shown that if you've had COVID it's like you've had two vaccines. So, in other words, you've had it. If you haven't had your booster, you're better off having three vaccines than having just one prior COVID infection. But if you have one prior COVID infection, it is you, like two vaccines; you have T-cell immunity as well, there is some, some evidence to support that. However, in the vast majority of people that say that they've felt like they had COVID, they probably didn't have it, and those patients should be vaccinated.

Larry Bernstein:

If you've had COVID it's like having two shots, which you called, like, a 50% reduction in hospitalization. And you've had COVID and now you get this one shot, it's something you'll probably get to the 88% number of not being hospitalized. That's a material difference.

Ari Ciment:

Yeah.

Larry Bernstein:

When I was hospitalized at Mount Sinai, I had a chance to speak to a substantial number of the nurses, and a lot of them expressed hesitancy of getting the vaccine. They mentioned that they were worried about getting pregnant, sometimes they said they wanted to wait a year and see how the vaccine worked out in the general population. What would you tell your nursing staff at this point about whether or not to get the vaccine if they were thinking about having a baby, or wanted to see more data before making a decision?

Ari Ciment:

Every hospital there is hesitancy in the age group of peri-pregnancy. The issue is that if somebody's pregnant and then they get COVID, there is clear data that there's more of a risk to not only the baby but the mother as well once they have COVID, so you want to get the vaccine even if you're pregnant. And that's something that you have to talk about with your OBGYN, but we would recommend a vaccine to prevent you from getting COVID, which is much more deleterious to the fetus and the mother than the vaccine. If we just think of it logically, you're getting multiple antigens when you got COVID versus one antigen, spike protein, whichever vaccine you've got, so it stands to reason you should take the vaccine more than you should get COVID.

Larry Bernstein:

This Omicron is incredibly contagious. I've heard numbers five, seven, 10 times more contagious than Delta. One of the concerns, the vaccinated had with the unvaccinated population was that the unvaccinated would be spreaders, and they only wanted to stay with their vaccinated friends. But I'm hearing that the vaccinated are also contagious with this Omicron. How do you distinguish being a super spreader to the extent that you're vaccinated versus not?

Ari Ciment:

if you're double vaccinated, I agree with Dr. Eric Topol who has voiced his opinion on this matter, being fully vaccinated now shouldn't be two vaccines, it should be three vaccines.

Larry Bernstein:

Okay.

Ari Ciment:

That's the reality. if you've had two vaccines and you're around somebody that had COVID, you could potentially spread it. Now, the caveat to that is that it's not as deadly or it's not as dangerous, it's just like having a cold for most people so you don't have to live a life of seclusion now. It's not like the first wave, so you have to balance those two.

Larry Bernstein:

Earlier this week the Chicago public school teachers went on strike. They closed the Chicago public schools because teachers said they didn't feel safe with Omicron on the rise. Is that a rational decision for schools to close indefinitely because of Omicron?

Ari Ciment:

I understand this is a very touchy subject, but I think it is not a rational decision, personally. I think it's more important to keep kids in school and to educate them. And there are risks but we can't overdramatize the risks of this variant compared to the prior variants.

Larry Bernstein:

It seems that for kids that are between the age of zero and 20, Delta was not that dangerous nor was the original virus. Is Omicron proving to be even less problematic for that age group than others?

Ari Ciment:

As you have so many more Omicron infected people, you're going to see numbers in the children's hospital, and numbers in the children's ICU go up. I am not a pediatric doctor, but I could imagine that those numbers are going to go up, but it's not because the variant is more deadly, it's just because the numbers (of total infected children) are really sky rocketing. that's what we see in the adults too, so I imagine that flows over to the pediatric population.

Larry Bernstein:

If you had a teenage child who already had two shots, would you recommend they have a booster or do you think that the vaccines for a child isn't worth the gander?

Ari Ciment:

That, that's a great question because I have two kids between... just at the age. Just to prove, actually, the CDC just advised that it's approved above 12 years old, and I would take the vaccine. Again, right now the reason for the vaccine is a little bit more to prevent them from losing time, five days out, as opposed to the risk of infection, it's tricky. I'm not pushing for it, I'm not rushing to the, to the pharmacy right now to get the vaccine. My answer is I'm not scared of it but I'm not rushing to get it.

Larry Bernstein:

For the 80-year-old grandma you would say, "Do whatever you need to do. Go get that booster." For the 60-year-old businessman, you'd say, "You know what? I think it makes good sense to get a booster." 40-year-old, much less, 20-year-old, you know what? not that big a deal. Is that, is that where you are?

Ari Ciment:

Yes, that's, that's where I am. I remember when the H1N1 Swine Flu was around, they were wondering why specific populations were protected. And one of the reasons was because they had it when they were children so they had natural immunity-

Larry Bernstein:

Mm-hmm (affirmative).

Ari Ciment:

... because this Swine Flu was around as a young person. In a way I was sort of hoping that my children would get it. One of them had; one out of three already had it. But I was hoping the other two sort of had it already so we have that natural immunity also down. I don't know how well the spike protein is going to look like many years from now when there is antigenic drift,

Larry Bernstein:

Mm-hmm (affirmative).

Ari Ciment:

But I have a feeling that the natural immunity's going to play a stronger role many years from now.

Larry Bernstein:

So. you're saying that 25 years from now the fact that I had Alpha will be a positive for me. Ari, you didn't get it but you got those three vaccines. It's probably not as good as the real deal.

Ari Ciment:

Correct. Until they make a universal COVID vaccine, which will solve the problem.

Larry Bernstein:

All right, let's move onto the new antiviral drugs which will be hitting the market the next few days. This is the Merck and the Pfizer drug. I'm going to skip the scientific name because, you know, no one can pronounce it anyway. They're not real words. Ari, tell us a little bit about the Pfizer drug.

Ari Ciment:

The Pfizer drug is the more studied drug in terms of the randomized controlled trial, and it showed more efficacy. So, for instance, just to throw out a number, you are 0.8% likely to be hospitalized if you got the Pfizer drug versus 6.3% if you got the placebo drug. So that's a very good number of hospitalizations, so it's efficacious. The downside to using the Pfizer drug is it's actually two drugs in one, and one of them is a well-known HIV drug called Ritonavir, which actually is what keeps the other active drug higher up in your bloodstream which makes it work, but that causes some drug interactions. So, the issues going to be some drugs that you're on such as statins or if you're on amiodarone, those medicines either have to stop or be cognizant that you're taking.

Larry Bernstein:

Let's say that you're on a statin and you're 80 and you get COVID, Omicron. Would you recommend discontinuing for a week your statin, taking down a Pfizer drug because it's more efficacious than the Merck drug and maybe co-terminously trying to get a monoclonal antibody on the side?

Ari Ciment:

For the, for the 80-year-old, for the higher risk person, I'd want my numbers to be better, so if the Pfizer drug is better than the Merck drug but, like I mentioned, there are more drug interactions and probably more side effects, so I would definitely stop those drugs that I know, like statins and amiodarone. There's a special enzyme that it inhibits that the drug Pfizer, so it's very easy to look up those drugs.

Larry Bernstein:

Tell us a little bit about the Merck drug and who would be a good candidate for that antiviral.

Ari Ciment:

I think the Merck drug molnupiravir, numbers for that are less impressive. So 6.8% versus let's say 9.7%. It definitely is significant in the big scheme of things but it's not earth shattering so I wouldn't use it for my highest risk patient that I'm really worried about, I would give it to somebody, in their 30s to 60s who wants the symptoms to go away faster and wants to take something, is not happy with just letting the natural course. I think what's a better question, Larry, is whether or not you should take anything at all-

Larry Bernstein:

Yeah, should you take anything, Ari?

Ari Ciment:

I would say for a high-risk patient who can't get monoclonal antibody, I would take something for sure. But for the lower risk patient, you could really just wait it out, supportive care.

Larry Bernstein:

Let's just go through it: my teenage kid gets it; forget about it. Drink some Gatorade, do your homework.

Ari Ciment:

For sure.

Larry Bernstein:

The 40-year-old, no preexisting conditions, equivalent to the teenager

Ari Ciment:

Yeah, but there's always a 40-year-old that knows another 40-year-old who ended up on a ventilator and they-

Larry Bernstein:

For sure.

Ari Ciment:

... might be worried, so that's the patient I'd give molnupiravir, that's the Merck drug, or maybe the Pfizer drug.

Larry Bernstein:

Got it. But you wouldn't be trying to jump the line for the monoclonal. And then the 60-year-old and the 80 year old, it sounds to me like for the 80 year old you'd say get the monoclonal antibodies and if you can take the Pfizer, but if you've got something, take the Merck. Is that right?

Ari Ciment:

Yeah, the only difference between the last time we talked, which was, like, a week ago, versus today is that a week ago I think the Delta numbers were probably higher-

Larry Bernstein:

Yeah.

Ari Ciment:

... percentage wise, and now I think they're lower so there's more and more Omicron, so the Regeneron or the Eli Lilly drug is really focused against the, the Delta, so I think you're going to see less effect on the, on the 80 plus year old-

Larry Bernstein:

Could you explain why Omicron is pushing out Delta so much?

Ari Ciment:

Yeah. So, the Omicron is affecting those people that the Delta would've hit, but Delta didn't have a chance to hit 'em yet so the Omicron... So, he's actually protected from Delta because he got Omicron. It's not like you get Delta and the Omicron. However, it's interesting that you are seeing Omicron with other viruses. I know they talked about influenza and Omicron. They're calling it a flu-rona, , which is the flu and Corona-

Larry Bernstein:

I looked at the testing centers, there's lines around the block, it's not that bad, you don't feel that sick. We're hearing that it's just the entire population is getting this Omicron. How is this going to play itself

out on a local and national level? What percentage of our population do you think has been exposed to Omicron already, and when are we going to start seeing herd immunity from it?

Ari Ciment:

I think the numbers of our vaccination in the world, the USA, it's something ranked 66th in the world which is pretty sad, so I think that we're going to be hit harder than those 65 other countries. We're going to see hospitalizations sky rocket, and then like in South Africa, they're going to plummet. And there's also talk about the Omicron, the masks are not as effective so it, it's just continuing to spread. Everybody here knows another person who got infected. it's going to peak and come down. I don't think there's much we could do at this point other than, get your booster shot.

Larry Bernstein:

Do you think your first vaccine would be helpful if you, if you've been on the sidelines 'til now?

Ari Ciment:

I think if you take your first vaccine and then you walk around, with a N95 mask or you stay really in hibernation, then you have a good chance. But if you're out and about like you were before, then chances are you're going to get this thing.

Larry Bernstein:

And will the vaccine prevent you from getting to the hospital? Even one?

Ari Ciment:

one vaccine is unlikely, but it's better than zero.

Larry Bernstein:

And when you compare and contrast, let's say you're unvaccinated and you run and grab the monoclonal antibodies, which is a riskier proposition health-wise, the monoclonal antibodies or the vaccine?

Ari Ciment:

Okay, and now you just brought up a great point. I don't know if you meant to do it.

There is actually an alternative for somebody who has not been vaccinated. Let's say there's a reason. Let's say there was a patient who was anaphylactic to vaccines so they didn't take vaccines and now they're very worried. There is a monoclonal antibody that's specifically made for preexposure prophylaxis. It's called E-V-U-S-H-I-E-L-D, Evushield. And that is something they could look into. It's called Evushield, and that's actually interesting for the person who really wants to get the vaccine, is really worried and hasn't been vaccinated to investigate about that option.

Larry Bernstein:

And another example is I've heard there are people who have certain autoimmune disease who have not vaccinated for fear of some sort of complicity associated with that comorbidity, what are your thoughts on that at this point?

Ari Ciment:

it's definitely a reasonable avenue to speak with your rheumatologist or oncologist, say, "Hey, look, I, I didn't have the vaccine. Can I even get this monoclonal antibody to protect me at least for the next 30 days or so," however long it lasts in your bloodstream.

Larry Bernstein:

I end each session, Ari, on a note of optimism. What at your optimistic about?

Ari Ciment:

I'm optimistic that I'm not seeing the same ARDS that we saw on the whole with the other variants. I'm optimistic that this will turn out to be a bad cold for most people. And I'm optimistic that this will actually give us all the herd immunity that we've been looking for-

Larry Bernstein:

Mm-hmm (affirmative).

Ari Ciment:

... so that we could move on from this, from this and be normal in three to four months.

Larry Bernstein:

Perfect. Thank you, Ari.

Ari Ciment:

Thank you very much.

Larry Bernstein:

Let's move onto our second speaker today who is Jay Newman. Jay is a very good friend of mine and a former hedge fund manager that focused on emerging markets. Jay is well known in the business for his successful litigation against Argentina after the country refused to pay back its debts.

Today, Jay is going to discuss his new work of fiction entitled *Undermoney*, which the literati are calling it a likely blockbuster. Jay, please begin your six-minute presentation.

Jay Newman:

I spent over 20 years in the hedge fund world, essentially chasing deadbeat countries that didn't want to pay what they owed. I occasionally wrote op-eds describing what it took to chase down Argentina, the Congo or Peru to make them pay back what they owed. And when I retired, I thought it would be fun to write a book of non-fiction about my experience.

But I realized that I could accomplish more if I fictionalized it. My idea for a novel centered around a military guy that I knew from my days at Morgan Stanley. He was special-ops, an intelligence guy, who was a true American patriot. His name was Don like the hero of my new novel *Undermoney*.

Don described to me the interplay between finance, military tactics and foreign policy. I started the novel with my protagonist Don Carter who wanted to change the world. He doesn't like how the military is run, politics are practiced and the corruption that's inherent in money, politics and policy.

I started thinking about the ways that the Don character might change these things and his challenge is that he needs money to support his political candidate. He puts together a team of his former military colleagues to help him: An active service general, an aspiring politician, and a young woman who is the other hero in the book who is an undercover agent.

And their big idea is to take over the world's largest hedge fund to fund their guy's election campaign. And what they discover is that the targeted hedge fund is corrupt and engages in nefarious activities. And that's the underlying plot premise.

Larry Bernstein:

Jay, I've known you for more than 10 years. You are a long-standing member of my book club, and you are the first book club member that has retired to write a novel. What happens next? How did you get this published? And how have you successfully persuaded the influence makers that this is going to be a blockbuster?

Jay Newman:

There was a lot of luck. I had some early readers who were very helpful, mostly friends and family. The first test was I able to write something in a compelling way? Was the story interesting? And by chance, I got introduced to Sloan Harris who is the head of literary at CAA.

I sent Sloan a pathetic first draft. I've since rewritten the book four times. But Sloan must have seen something in it because he took me on as a client and nursed me through the first two revisions, and, and then encouraged me to work with the editor in chief at Scribners: Colin Harrison. I got the dream team; the top agents in the business and a brilliant editor to support me.

Larry Bernstein:

Your novel reminded me of works by Tom Wolfe and Tom Clancy. You use incredibly detailed descriptions like Tom Wolfe used in *Bonfire of the Vanities*. And your book also has a military aspect that reminds me of Tom Clancy's classics. I'm a former hedge fund guy like you, I'm interested in politics, and I've met politicians and the key decision makers. I'm aware of these people, how they dress, how they think, how they behave. And you really dive deep into the minutia. I didn't even know that you were that observant, to be honest with you. it's just fantastic.

Jay Newman:

One of the benefits of working in the hedge fund business is that you meet a lot of interesting people. from all over the world. And if you're paying attention, you can quickly appreciate who they are and how they operate. Tom Wolfe was a huge influence for me. He was a brilliant writer and he was at his best with social commentary. I hope I've captured some of that approach. I wanted my characters to be classically Wolfian.

The military and strategic elements were definitely influenced by Clancy. The other guy that I read throughout the writing was Norman Mailer, especially *The Harlot's Ghost*, which is his novel about the Cuban missile crisis, which I recommend to anyone interested in geopolitics and policy.

Larry Bernstein:

Your book also reminded me of Robert Penn Warren 's novel All the King's Men because all of the major characters have done something in the past that they are embarrassed about and they are desperate to keep private.

Jay Newman:

Obviously, everybody has secrets and these characters are all in my view, heroic in their own way. They're all very dangerous, self-involved individuals. Most of them are psychopaths. But the red pill that I'm hoping people will swallow when they read the book is to think very critically about everything they read in the press because I think what people don't realize is that money, just beneath the surface controls everything that happens.

It doesn't matter whether it's in the public or sectors, in charitable organizations, in NGOs. It's always the money. Even when the purpose of the organization is high-minded and principled, it's still the money. And that's where the term undermoney comes in.

When my son David was in Japan, he befriended a restaurateur Esau Isano who runs Robotaya in Roppongi. When Isano visited New York, we took him out to a restaurant in the neighborhood. And I asked him through my translator, "is it any different opening a restaurant in New York versus a restaurant in Tokyo?"

And he said, "It is the same. undermoney." And he gestured with his hand, rubbing his fingers together under the table. And that's where I first heard the term undermoney, which by the way I, I want to take credit for this, Larry, I think I will introduce broadly a new word, undermoney, into the English language, which refers to the flow of money that influences and seeps into everything, controlling events and people.

Larry Bernstein:

What I think is funny about you introducing a new word to the English language is that on the very first page of your book, you open with a dictionary definition of undermoney. It's not even a word yet, but there is the definition you want for the next edition of Webster's.

Jay Newman:

I wonder how I can get that done.

Larry Bernstein:

I think it's a money problem.

Jay Newman:

Undoubtedly. I want to give credit to Colin Harrison for that idea. He said, because it's a new word, you really open with a definition. Let me read it from the book. Money which is unknown publicly that controls individuals and events, the currency of corruption, bribery. See also blood money. That's in essence what this novel is about.

Larry Bernstein:

Let's talk about sex. We have never broached the topic of women let alone sex in our dozens of previous conversations. Your book has plenty of sex. How did that come to be? Was it the editor's idea? Who told you to put so much sex into the book?

Jay Newman:

So originally it had no sex. It was totally cerebral. It could easily have been one of our lunch or dinner conversations, not touching on sex. Even though maybe sex is like money, under the surface everywhere all the time. When I was working with my agent Sloan Harris, he said, "These are powerful people. Sex is involved. You got to put some sex in the book." So, I put some sex in. And then Collin Harrison, who has written half a dozen novels told me to be me to put in more sex.

So, I went home and I told my family and one of my kids said, "No, no, Dad. I can't have you writing about sex. That's just crazy." I said, "it's what I've got to do." So, I put in more sex. And it got to Colin's, desk, and he said, "There's too much sex." And I said, "it's too late. It's already there."

Larry Bernstein:

That's fantastic. The hedge fund industry plays a central role in the book. Hedge funds entered the public zeitgeist through the television program Billions. And in that TV show, we saw the inner workings of a hedge fund and the interactions between the various players. But in your book, we only get to observe one man in action. Why did you choose to limit it to just the most senior hedge fund manager and not his team?

Jay Newman:

In my experience 99.9% of hedge funds are completely honest that do things by the book. But we've all read about the Ponzi schemes like Bernie Madoff that are corrupt. And what I wanted to explore was the possibility that if your only business was trading on inside information and the knowledge of future events, what would that look like? How much money could you make and how would you do it? And I thought it was much more straight forward to deal with one really ruthless, crazy trader than to have a whole cast of corrupt hedge fund characters.

This is a man who doesn't trade on anything unless he knows the outcome at the start. He's the ultimate insider trader.

Larry Bernstein:

Your concept of insider trading is different. Instead of trading on nonpublic information, the character buys put options on a refining company and then blows up the plant. I don't think it is insider information. I think it is just criminal. Why do you call it insider trading?

Jay Newman:

Maybe insider trading is the wrong word. In the book I refer to it as making things happen. And maybe if someone took him to court, they wouldn't be able to convict him. I'm trying to explore the toxic confluence of a Russian private military contractor, American military types, and this corrupt hedge fund trader. What happens when they come together? Creating events, whether it's blowing up a factory or a bridge or a country. They are always looking for an edge, looking to trade something. It happens in real life, for example, periodically the Russians and the Saudis get together and they decide they're going to produce more or less oil.

There's no way that the Saudis and the Russians are not trading on that information. And that's what happens in Undermoney. The characters are looking for events that will make a big financial impact.

Larry Bernstein:

In the book you reference the possibility of paying off the Mexican president to default on its government debt during a financial crisis? So, the trader could profit by shorting Mexican government bonds. I'm not sure that is a crime.

Jay Newman:

In the hands of the right prosecutor, I think maybe it could be criminal. I think things happen in third world countries all the time because somebody is paid off. You could imagine a very simple example where the Mexican public official brooding in a private meeting that they were going to have trouble making the next debt payment. Obviously, that would have a huge impact on the price of debt and the local equity markets as well.

Larry Bernstein:

Let's talk about the military next: I never knew you to be a lover of military action, weapons, and strategy. I always knew you were interested in foreign policy and the use of military force, but not the specific weapon. How did you get to be so interested in warfare?

Jay Newman:

I learned by using Google. There's a whole section in the book that deals with what's happening in Syria, and researching it I learned a lot about Russian, American, and Syrian weapons. I also had the benefit of having two ex-military guys read drafts of my novel who guided me. So that was how I made sure that I got the information right.

I particularly enjoyed researching what a female agent would use and carry. Greta Webb, the protagonist is never without a knife and a gun. For her the question was what kind of weapons would look good under a skirt?

Larry Bernstein:

An Armani skirt.

Jay Newman:

Always Armani, she's an Armani girl.

Larry Bernstein:

Love that.

Jay Newman:

The military guys in this book are unhappy with the US military. They believe that most wars fought since the Korean War have been ill-conceived, poorly managed, and have cost a lot of lives and money with no purpose other than aggrandizing the military. They're students of Eisenhower's military industrial complex and they're disgusted by it.

Larry Bernstein:

Samuel Huntington's book *The Soldier and the State* discusses the military's deference to civilian control. And in your novel, there is a desire to follow the President and his cabinet in the decision-making process as well as the role of Congress in overseeing it. The good guys want to use their ill-gotten money to persuade the American people to elect a leader who shares their political philosophy. How do we think about the soldier and the state?

Jay Newman:

I think soldiers have captured the state. The relationship between members of our military and Congress in particular is uncomfortably close. The military has done a great job over a very long period of time of buying off Congressmen and senators by locating facilities in local districts, whether it's manufacturing weapons or military bases. It becomes an incestuous relationship of the military wanting more toys and the political class wanting more money. It's undermoney at work.

And that's part of the problem that the characters of Undermoney want to solve; money wasted in inappropriate ways and ultimately lives will be lost.

Russia might be in a better strategic position than the United States. With hackers, toying with our elections and companies. If I were designing our navy from scratch, I wouldn't have aircraft carriers. Hypersonic missiles can destroy our aircraft carrier groups. If there were a hot war with the Chinese or with the Russians, our aircraft carriers would be sitting ducks and they'd be sunk in the first half an hour of battle.

Larry Bernstein:

Russia plays a very important role in the book. To what extent does your real-life experiences explain your portrayal of Russian oligarchs?

Jay Newman:

I've been to Russia maybe half a dozen times. And it is one of the scariest places that I've ever traveled to. Russia is controlled by crime families. The difference between Russia and, say a smaller crime family like the Cosa Nostra who control Sicily is that they manage a vast state with immense oil and gas production and have a seat on the UN Security Council.

Russia could be viewed as a big hedge fund run by Vladimir Putin's lieutenants. Putin also controls its military. And, private military companies that he can be deployed to do his bidding in various theaters around the world. So, whether it's in the South China Sea, the Middle East, Latin America, Cuba ... you have a crime family that has global reach.

People talk about how much money Putin has made. He's rumored to be one of the richest men on the planet because he's tithing an entire nation.

Larry Bernstein:

The novel also explores cultural literacy and appreciation for art and paintings. How did you decide to include that?

Jay Newman:

I enjoy drawing the contrast between brutality, cruelty and ruthlessness on the one hand, and culture and refinement on the other. It was really a pleasure to relate the two. In one scene a Russian oligarch is sitting on a yacht in the Mediterranean, eating caviar and talking about a rare painting that's just been given as a hostess gift and then he blows up a factory to make a profit. The wealthy often pride themselves on erudition in music, art, literature, and philosophy. The characters in Undermoney are similar.

They style themselves as contemporary moral and political philosophers. But at the same time, these characters have an inherent brutality and cruelty that underlies everything they do, particularly because they're always making things happen that cause destruction of property and loss of life – all done to make money.

Larry Bernstein:

I was not familiar with the 19th century Russian painter Ilya Repin. How did you come to reference his art and make it core to your novel?

Jay Newman:

After retiring from the hedge fund business, I decided to learn how to draw. I went to the Grand Central Atelier, a school in classical art. I took drawing classes and I met the artist Ted Minoff who introduced me to Repin. And in fact, Ted named one of his kids Repin.

That's where I got the idea. Repin is one of the foremost painters in the Russian Pantheon. The fact that was so highly prized made it the perfect foil for my characters.

Larry Bernstein:

You signed up for a second book. How did you get a second book deal before the release of your first one?

Jay Newman:

My first book is called *Undermoney*, the second will be entitled *Uncertainty*, and just to be grandiose and ambitious, the third book will be *Unthinkable*. *Uncertainty* explores how people can manipulate the world, markets and prices. It also explores the question of what would happen if an American president had his own private army to manipulate domestic politics? And if that president was willing to take on the Chinese?

Larry Bernstein:

I want to turn next to the interrelationship between the wealthy and the media and how the wealthy can use the media to their ends. There's a character in *Undermoney* who is paid off to spread misinformation. How do you think about the media's independence and accuracy? And why was that a focus of your book?

Jay Newman:

I don't think that the media is independent by any stretch, journalists want to sell books or catch eyeballs. It's all about the money.

I mean Jeff Bezos owns the Washington Post. People will say he is completely hands-off, but is that really possible? The New York Times is controlled by the Sulzberger family, but their biggest shareholder is Carlos Slim, a Mexican billionaire. The media interacts on a daily basis with the political class. You have that combination of wanting to earn money and influence people, and the two goals are inextricably linked.

Larry Bernstein:

You have a libertarian political philosophy. Why did you decide to embed your political beliefs in Ben Corn's character?

Jay Newman:

Now you've let the cat out of the bag, Larry. I think that Ben Corn is the candidate that, we've all been waiting for. Somebody who tells it like he sees it and he said that both the left and the right are irresponsible. And he's the guy that in another time, Donald Trump might've been. Somebody who was willing to use a bully pulpit and his frank talk, to get people to come together and in the middle.

Larry Bernstein:

Judge Richard Posner spoke to my book club about his book Law and Literature. And he said that literature allows us to create situations to evaluate legal principles that normal circumstances do not. And in your book, you give us a chance to think about Ben Corn the rising politician who doesn't do right thing. For example, he's running for president, so why is he screwing around on the side, and doing it in a way where he could easily be caught?

Jay Newman:

This is why there should've been more sex in the book from the very beginning. Because he can't help himself, he's schtupping a journalist and she's gorgeous, and she's powerful in her own right that's part of the attraction. We're living in a world where sexual predilections and orientations are what drive everyday events. And we can't ignore that. Why would someone risk his political future? Ego.

Larry Bernstein:

Trump is a politician who doesn't seem to care much about airing his dirty underwear. Why has he uniquely been willing to say, "Fine, it's true. Let's move on," where others have not? Bill Clinton denies Monica Lewinsky, I think to this day.

Jay Newman:

I wish I understood that better. Trump didn't care, maybe he didn't care enough. I think if Trump cared a little bit more, he might be president today.

Larry Bernstein:

I end each episode on a note of optimism. What are you optimistic about?

Jay Newman:

I'm optimistic that if people understand the role that money plays in everything that goes on, they'll be more critical and make better decisions when they vote for their elected officials.

Larry Bernstein:

Jay, thank you very much.

Thanks to Jay and Ari for joining us today.

That ends today's session.

If you are interested in listening to a replay of today's What Happens Next program or any of our previous episodes or if you wish to read a transcript, you can find them on our website Whathappensnextin6minutes.com. Replays are also available on Apple Podcasts, Podbean and Spotify. Good bye.

