

Jay Newman – WHN
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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 do 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.

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