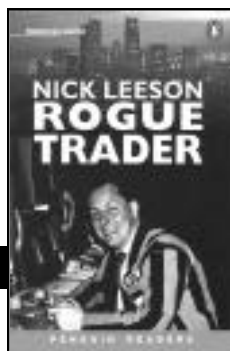


Teacher's notes

Rogue Trader

by Nick Leeson



SUMMARY

Rogue Trader, published in 1997, is the autobiographical account of Nick Leeson's career from humble beginnings to his high-powered position as an investment officer for Barings Bank, a well-respected and long-established London bank which, among other claims to fame, had members of the British Royal Family as customers.

Working in Singapore, Leeson rose to prominence in the early 1990s, making huge amounts of money for his bank on the Far East money markets. But investing in these markets was a risky business and Leeson started losing money. He hid these losses in a special account while at the same time demanding more money from Barings in London to support his continuing activities. He used the extra money to try to recover losses he had already made. Leeson's wife, Lisa, knew nothing of his problems and like everyone else saw Nick as a highly successful investment banker. But all the time he was covering up greater and greater losses. Eventually the situation got out of control and senior Barings' staff started an investigation.

In February 1995, Leeson, realizing the truth was about to be discovered, left Singapore with his wife for a holiday in Malaysia. On 27th February Barings Bank announced that it was bankrupt, having suffered losses of £600 million, and the worldwide search for Nick Leeson began.

Attempting to get back to Britain, the couple were stopped and Leeson was arrested. Attempts were made to extradite him to Singapore, but Leeson argued that as Barings was a British bank, he should be tried by a British court. After several months in a German prison Leeson was sent back to Singapore where he faced charges of forgery and cheating and was sentenced to six and a half years in prison.

In July 1999, after serving 3 years of his sentence, Leeson was released from prison and returned to London, suffering from cancer. His wife, Lisa, shocked by some of the things she read in his autobiography, had divorced him.

Arriving at Heathrow Airport after his release from prison, he said he regretted what he had done. 'I'm not proud of my activities as a trader with Barings Bank in Singapore. I was foolish and very much regret what happened. I have done my time. I have taken my punishment and now I want to get on with the job of rebuilding my life.'

Ill and unemployed, Leeson must now account for every penny he spends. At the request of the liquidators of Barings Bank, the British High Court froze his assets. He can spend up to \$7,900 a month for living costs, legal fees and health care, but he must provide details of where his money comes from and how it is being spent. He has also been prevented from making a profit from the sale of his story.

Since his release there have been rumours that Leeson has \$3 million in a secret bank account.

ABOUT NICK LEESON, THE BOOK AND THE FILM

Nick Leeson was born in North London in 1967, the son of a

plasterer. In 1985 he started working for Coutts Bank, but moved to the City of London to work for Morgan Stanley, a successful American Bank, in 1987. It was here that he learnt about the financial markets and particularly about futures. Like many young men of his age in the 1980s, Leeson worked long hours in the city and earned a lot of money. In 1989 he had the chance to become a trader and left Morgan Stanley for Barings Bank. In the late 1980s and early 1990s he was sent to work in Indonesia where he met Lisa, who he married in 1991. Later that year the couple started their new life in Singapore.

Leeson wrote *Rogue Trader* while in prison and it was published by Warner UK in 1997. In 1998 it was made into a film starring Ewan McGregor as Leeson and Anna Friel as Lisa. The film received mixed reviews. Peter Bradshaw, in the *Guardian*, described the film as *the story of the untragic and uninteresting downfall of Barings Bank. ...The problem is Nick isn't all that interesting: there are no sexual shenanigans, as Nick is sweetly devoted to his lady wife, Lisa, and no real money excitement, as Nick is making nothing for himself.'*

BACKGROUND AND THEMES

The disappearance of Nick Leeson, followed by the fall of Barings Bank held the attention of the world's media and the general public for a few months in 1995. What was most shocking, however, was not what Leeson had done – that was almost expected – but the fact that he had brought down one of the oldest, most well-respected financial institutions in Britain: the bank used by the Queen and members of her family.

To some British people the story epitomized everything that was wrong with Margaret Thatcher's Conservative Britain. The 1980s and early 1990s was a period when the 'free market' ruled – when money was everything. It was the age of the yuppie.

Leeson himself was a symbol of the times. Going straight from school into a high-powered banking job, working long hours, becoming very wealthy very young, he was a top star on the world's economic stage. The cover-up to hide his incompetence symbolized the corruption at the heart of the system and Leeson's superiors at Barings Bank represented everything that was wrong with the senior managers of British companies; they were complacent, incompetent and more interested in sport than running an efficient modern business.

The story of Nick Leeson can be seen as the rise to fame and fortune of a working-class hero who fell from grace because of ambition and greed and finally ended up back in the gutter, poorer but wiser. But actually *Rogue Trader* tells us little about the personalities of Nick Leeson or his friends and colleagues. It is a story dominated by the intricacies of the financial markets and the technicalities of the cover-up operation.

Cynical readers may even see the book and film as a further attempt by a corrupt capitalist to make more dishonest money from crime.

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PRE-
INTERMEDIATE

ROGUE TRADER



Teacher's notes

Communicative activities

The following teacher-led activities cover the same sections of text as the exercises at the back of the Reader, and supplement those exercises. For supplementary exercises covering shorter sections of the book see the photocopiable Student's Activities pages of this Factsheet. These are primarily for use with class readers but, with the exception of discussion and pair/groupwork questions, can also be used by students working alone in a self-access centre.

ACTIVITIES BEFORE READING THE BOOK

- Ask students to look at the cover of the book and discuss these questions in pairs or groups. They should try to give evidence for their answers.
 - What kind of job does this man have?
 - Is it easy or stressful?
 - Is it a well-paid job?
 - What kind of life do you think he lives?
 - What kind of a person do you think he is?
- Students read the Introduction on page v of the book to find out if any of their answers to questions 1a–c are answered.
- In groups, students work through the Business Wordlist, talking about any personal connections. Examples:
 - Does anyone know an *accountant* or a *consultant*? What kind of person is he/she? Does he/she enjoy their job?
 - Has anyone in the group any experience of working for a *big corporation*? What are the pros and cons of big corporations as employers?
 - Has anyone in the group ever been *sacked* or *sacked* another person? Exchange experiences.

ACTIVITIES AFTER READING A SECTION

Chapters 1–2

Put students into pairs and ask them to discuss these questions.

- From what you have read so far, what is your impression of Nick Leeson? Do you feel sorry for him?
- At the beginning of Chapter 2, we read about an accident Nick was involved in at a nightclub. Why does he lie to his colleagues? What does this tell us about him?
- What do we find out about Nick's relationship with his parents?

Chapters 3–4

In pairs, ask students to discuss the following questions.

- Why did so many 'mistakes' occur in the bank's business? Was it because the traders were incompetent or was it an unavoidable fact of financial life?
- What should Nick Leeson have done about these mistakes? Why do you think he kept using the 88888 account? What would YOU have done in his situation?
- What impression does Nick Leeson have of the senior management of Barings Bank?

Look at the photograph of Peter Baring on page 18. Does his appearance confirm or contradict this impression?

- When Nick finds out that the London office of the bank is sending people to check on the paperwork, what thoughts do you think go through his head? Imagine the conversation Nick might have had with himself as he waits and worries. Example:

Q Why are they coming?

A They must have found out about your 'mistakes'.

Q But that's impossible.

Chapters 5–7

In pairs, ask students to discuss the following questions.

- We find out that traders like Nick Leeson earned about £200,000 a year.

- Do you think anyone is worth that much money?
- Would you work as a trader if you could earn as much as this?

- Imagine a continuation of the conversation between Nick and Lisa on page 45 which started like this:

Lisa *Is this you?*

Nick *Yes, I wanted to tell you. I lost money, a lot of money. But I didn't know that things were as bad as this.*

Lisa *I thought you were very successful. How did you lose the money?*

- Imagine the letter Nick Leeson wrote to the newspapers (p.51). Why did he think he should go to prison in Britain not Singapore?
- Why do you think Lisa left Nick? What did she read in his book, *Rogue Trader*?

ACTIVITIES AFTER READING THE BOOK

- Rogue Trader Trivia*

Students work in pairs or small groups. Give each group a copy of this quiz and set a time limit (3 minutes) for them to answer the questions without looking at the book, and then give them 3 minutes more with the book to refer to.

Rogue Trader Trivia

- When was Nick Leeson's birthday?
- Where did he go for a holiday when he left Singapore in February 1995.
- What do the letters SIMEX mean?
- What was the number of the account where Leeson hid his mistakes?
- Where did Leeson live when he first worked in London?
- What was the name of the second bank he worked for in London?
- When did Barings Bank start?
- What was Lisa's second name before she married Nick?
- Where was Nick Leeson arrested?
- What was the name of the prison in Singapore?

- As things get worse and worse, Nick is forced to hide the truth. He cries because he feels like a criminal? Do you think he is a criminal or not? Who are the victims of his crime?

Glossary

It will be useful for your students to know the following new words. They are practised in the 'Before You Read' sections of exercises at the back of the book. (Definitions are based on those in the Longman Active Study Dictionary.)

Chapters 1–2

operation (n) a planned activity

trading floor (n) an area of a stock market where business takes place

account (n) a sum of money kept in a bank which may be added to or taken from

fax (n) a copy of printed material that is sent along a telephone line

balance sheet (n) a statement of how much money has come in and how much has gone out of an account

Chapter 3–4

bonus (n) an additional payment made to people who work for a business

contract (n) a legal written agreement between two or more people or groups

to cover (a loss) (vb) to be enough money to pay for

Chapter 5–7

audit (n) the official examination of the accounts of a business

a billion (n) a thousand million – 1,000,000,000

charges (n) an official statement that someone has done something wrong

earthquake (n) a sudden violent shaking of the earth's surface

fraud (n) dishonest behaviour which is intended to deceive people, often in order to gain money

lawyer (n) person whose business it is to advise people about laws and to represent them in court

yen (n) the standard unit of money in Japan

rogue (adj) not following the usual or accepted standards, especially in an uncontrolled or troublesome way.



Student's activities

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Students can do these exercises alone or with one or more other students. Pair/group-only activities are marked.

Activities before reading the book

- Without looking at the book complete the Introduction with the right work and money words:

account / banking / banks / business / dollars / employer / financial / lose / Market / trader

Money, international (a) , crime. The story of (b)..... dealer Nick Leeson is difficult to believe. But it's true.

Nick Leeson was an ordinary boy from a town near London. He went into (c) and soon became a star (d) on the Singapore Futures (e)..... . At first, he made millions of (f) for his (g) , Barings Bank. Then he began to (h) money. He had to find a way to hide the problem. So the 88888 (i) was born. As a result, Nick Leeson went to prison and Barings, one of the oldest (j) in the City of London, was destroyed.
- Look at the photographs of Nick Leeson on pages 7, 10, 14, 21, 32, 48 and 53.
 - Write two lists of adjectives:
 - What does he look like? (his appearance)
 - What do you think he is like? (his personality)
 - Compare lists with another student. How many of the same adjectives are in your lists?

Activities while reading the book

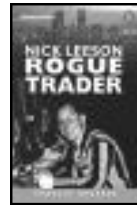
CHAPTERS 1 & 2

Chapter 1

- When did these things happen? Match the events with the dates:

| | |
|---------------|---|
| 23rd February | (a) A telephone rang in a hotel. |
| | (b) Nick thought about killing himself. |
| 25th February | (c) Nick and Lisa left Singapore by plane. |
| | (d) Nick went to Danny's flat. |
| 26th February | (e) Nick saw the newspaper story about Barings Bank. |
| | (f) A Japanese newspaper asked Nick Leeson questions. |
| 27th February | (g) Nick and Lisa planned to go to Australia. |
| | (h) Nick and Lisa went on a boat on a river. |
- Complete these sentences about four people in Nick Leeson's life.
 - Lisa is Nick Leeson's
 - Tony Railton is a for Barings Bank from the in London.
 - Simon Jones is one of the who for Barings in South Asia.
 - Danny is a of Nick. He works for a different

Rogue Trader



PRE-INTERMEDIATE

ROGUE TRADER

- Who says these things: Lisa, Tony, Simon, Danny or Nick?
 - 'I've found a hole in the balance sheet.'
 - 'You need to go away for a few days and think about things.'
 - 'You've been very busy. You're probably very tired.'
 - 'I'm never going to see that place again.'
 - 'There are one or two things we don't understand on the balance sheet.'

Chapter 2

- Are these sentences True or False. Write T or F, then check in Chapter 2.
 - Nick drove to work from Watford to London.
 - In 1985 he left Morgan Stanley and went to work for Coutts and Company.
 - While Nick was working for Morgan Stanley his father died.
 - Nick's first job abroad was in Jakarta in Indonesia.
 - Nick and Lisa got married in Singapore.

CHAPTERS 3 & 4

Chapter 3

- Answer these questions
 - What were the two main ways of making money on SIMEX?
 - How many people worked for Nick Leeson during his first year in Singapore?
 - Why did Nick and the other traders make mistakes?
 - What was the 88888 account? Why did they use the number 8?
 - How did Leeson make sure his traders did not get into trouble?
 - Why was Philippe Bonnefoy an unusual customer?
- Work with another student
 - Explain how Nick Leeson made and lost money for Barings Bank.
 - How did George Soros make his money?

Chapter 4

- Don't look at the book. Match the two halves of the sentences a-f and 1-6

| | |
|---|--|
| (a) People in Barings were most interested in | 1 but sometimes he lost it. |
| (b) Leeson was the only trader in the world who | 2 because the Singapore office made £25 million. |
| (c) When Leeson went to see Simon Jones | 3 to check Nick Leeson's paperwork. |
| (d) Sometimes Nick made money back | 4 could work on both sides of the balance sheet. |
| (e) Nick Leeson was the star of Barings | 5 the profit and loss account. |
| (f) Two people from Barings in London came | 6 they talked about football not business. |



Student's activities

- 2 Work with another student
- (a) Why do you think Nick Leeson says 'I was glad that my mother couldn't see me like this?' (page 19)
- (b) What does Nick Leeson think about the people he works with?
- Simon Jones 'Sometimes I went to see him, but we usually talked about football, not business.' (page 16)

Peter Baring 'I thought about Peter Baring. In my mind I saw him in a beautiful office in the Bank of England. He was drinking tea. (page 17)

CHAPTERS 5-7

Chapter 5

- 1 Answer these questions.
- (a) What percentage of its share capital can a British bank move out of the country?
- (b) Who is Dave Mousseau and what do we find out about him?
- (c) Why is Nick angry that George was half an hour late?
- (d) Why does the local trader want Nick Leeson to go to the Chinese religious place?
- (e) Why did Nick and his wife have to go back to London at the end of November? What effect did this have on Nick's work?
- (f) Why did Nick hate the thought of Christmas that year?
- (g) While Nick and Lisa were in Ireland after Christmas who phoned Nick? What did he ask this person to do?
- (h) Why did Lisa want to go back to Singapore after the Christmas holiday?
- 2 Who says these things and what are they talking about?
- (a) 'You need a good lawyer.'
- (b) 'You should have children and give money to the poor. Then things will be calmer'
- (c) 'It's easy to say that Ron. It's more difficult to do it.'
- (d) 'Well done! You can trade every night you're here.'
- (e) 'It's fine. It'll be no problem.'

Chapter 6

- 1 Fill the gaps in these sentences with one of the words from this list

accountant / baby / balance sheet / bonus / brother / crying / losses / markets / missing / signature / success / worried

- (a) Leeson's at the end of the year were £170 million.
- (b) Barings in London was getting because Leeson was asking for so much money.
- (c) Lisa was when she phoned Nick because she had lost her
- (d) Nick's worked for their father in England. He thought Nick was a

- (e) On 1 February Simon Jones wanted a meeting about the 7.78 billion yen.
- (f) Leeson made a photocopy of Ron Baker's
- (g) Tony Hawes, who was the chief from London, came to Singapore.
- (h) Ron Baker phoned Leeson to tell him he was going to get a of £450,000.
- (i) When SIMEX opened on 23 February the fell immediately.
- (j) Tony Railton found a hole in the and wanted a meeting with Leeson.

- 2 Work with another student

- (a) On the night of 20 February Nick Leeson had a dream. Read about it again (pages 42-43). What do you think it meant?
- (b) Imagine how Nick Leeson felt on 23 February when he arranged to meet Tony Railton later in the afternoon. Think of some adjectives to describe his feelings.

Chapter 7

Without looking at the book, put these events in the correct order 1-15

- British newspapers wanted to buy Nick's story.
- Lisa bought a newspaper and read the news about Barings Bank.
- Lisa left Nick.
- Lisa visited Nick in prison.
- Nick and Lisa flew from Malaysia to Singapore.
- Nick and Lisa flew to Brunei.
- Nick and Lisa said 'Goodbye' to each other.
- Nick and Lisa's plane landed in Bangkok.
- Nick arrived at Hoechst prison.
- Nick became ill.
- Nick came out of prison.
- Nick flew to Singapore.
- Nick met his German and his English lawyers.
- Nick read the Bank of England report about Barings Bank.
- The plane arrived in Frankfurt.

Now look through Chapter 7 again to check your answers.

Activities after reading the book

Talk to one or more other students

- (a) Do you think Nick Leeson deserved to go to prison for six and a half years?
- (b) What kind of life can he have after prison?
- (c) How would you describe the character of Nick Leeson to a person who had not read this story?

