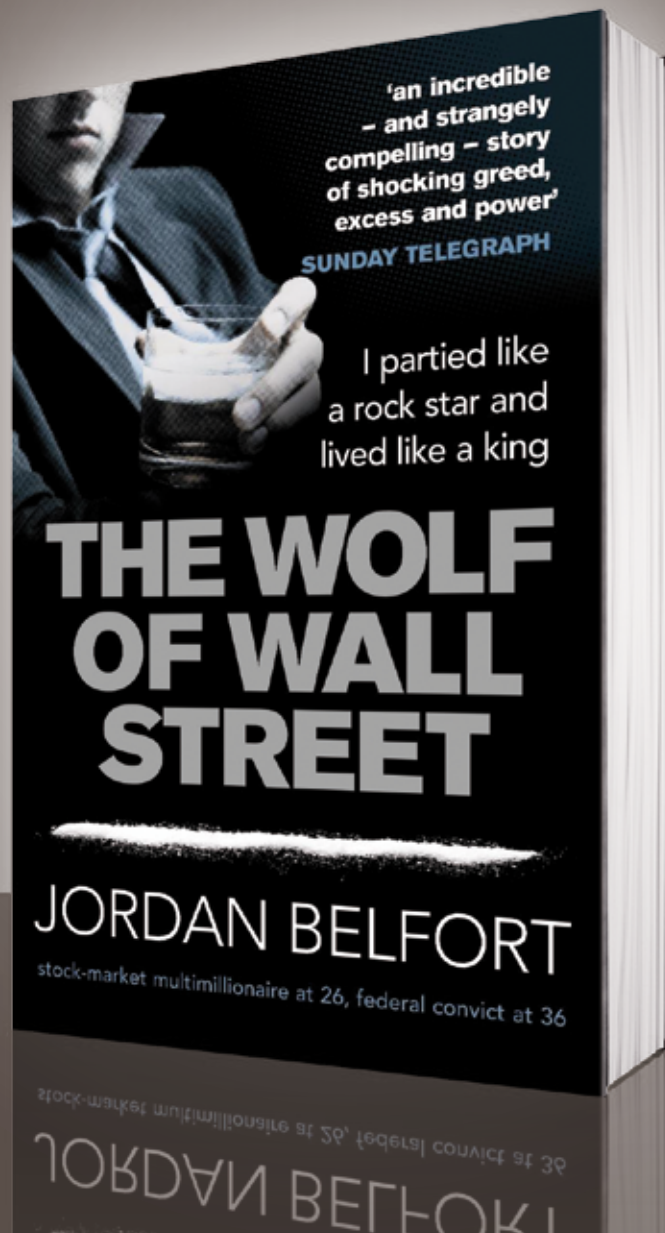


# Jordan Belfort's

Best-selling Memoir:

## “The Wolf of Wall Street”

### The Lost Chapter



Dear friend,

Thanks for dropping my website - I'm always looking for new ways to provide value added content and strategies, to help you on your path to personal wealth and massive business success.

What you've just downloaded is an unpublished 'lost' chapter of my best-selling memoir, *The Wolf of Wall Street*, which is soon to be a major motion picture, starring Leonardo DiCaprio, who is playing me. (Pretty cool, right?)

Anyway, as you read it through it, here's **a word of warning**: If you know even a little about my story, then you're probably aware that *The Wolf of Wall Street* is a very direct account not only of my massive financial success in the brokerage business but also of the depravity, hedonism and seduction that resulted from it. You'll find I'm not shy about using a little colourful language along the way.

And while I'm not proud of how I behaved, and what ensued as a result - 22 months in a federal prison camp, and more importantly, the separation from my family - I am now grateful for the experience, as well as my current, unbridled commitment to use what I have learned for the greater good.

In my world, making lots of money and creating a successful business is easy, and I can show you how to do that. The part that takes more work involves understanding what it really means to be on the road to riches and how to use those lessons to make a greater difference for yourself and all those who join you on this path.

If you have already read the book, this chapter goes right after the part where I find out my junior partner, Danny, gets busted in the parking lot. If you recall, there was a side story going on about an investment banking client. (In fact, I was actually smuggling money with more than one person.) Because the book was getting so long, we had to pick story lines and this one got cut.

In the end, of course, Harry offers to help with the laundering scheme and, ultimately, landed in jail as well. So, enjoy as you enter back into the depraved, exciting, unbelievable and often hilarious antics of *The Wolf of Wall Street*.

I look forward to being in touch soon.

To Your Great Success,

Jordan

## CHAPTER 12

# OUT OF AFRICA

It was one of those sweltering late-June days, a Wednesday, and the town of Lake Success was being smothered by a soupy air mass of such stillness and oppressiveness that, by 9:30 am, you could literally feel it on your skin, like a wet blanket. But inside the boardroom of Stratton Oakmont ... *perfection!* The twenty-ton air conditioner was humming away at a feverish clip—cooling all those writhing young torsos and gesticulating appendages and sizzling loins and lamb chops. On this particular morning, as on every morning, the astonishing blend of fear and greed was pushing every soul in the boardroom to the brink of ... *everything!* The mighty roar was ricocheting off the mahogany covered walls and bouncing off the oppressively low ceiling making it seem twice as loud. The whole scene was ... *intoxicating!*

I was back from a week's vacation, standing outside my office with Henry Shuster, a Stratton investment-banking client. Together, we were watching and listening to the hustle and flow of the boardroom. It was something I did with each of Stratton's investment banking clients—to allay any of their fears that our regulatory problems might impinge on our ability to raise capital. And the fact that today was New Issue Day made the demonstration that much more poignant. In fact, at this particular moment the boardroom was unadulterated mayhem.

“You got a fucking call holding!” screamed a nineteen-year-old sales assistant, with a full-budding lower lip and a long blond ponytail. She was dressed for the weather, in a white halter-top the size of a Kleenex and a white miniskirt the size of a dinner napkin. Her feet were shod in the merest of high-heeled sandals.

“Tell him to keep fucking holding!” screamed the broker she worked for. He was short and muscular with a military style haircut and the rosy cheeks of an adolescent. He was pacing back and forth, with his phone glued to his ear, and he was sweating profusely. “I mean, what the fuck am I paying you for, Carla: to sit on your ass?”

“Fuck you,” she shot back.

“Anytime you’re ready, sweetie.” And he blew her a tender kiss and winked. Then he turned on his heel and began screaming into his phone again.

“50,000 Marketplace!” screamed another broker, two desks over.

“I got thirty!” yelled another, slamming his phone down in victory.

“The stock’s going to Pluto, Goddamnit!”

“The upside is huge!”

“For Chrissake, Computer Marketplace is the hottest deal on Wall Street!”

“All I’m asking for is one shot. Believe me—you will *not* be sorry!”

“You wantta think about it? Fuck that! By this afternoon it’ll be too late!”

“— 20,000 B Warrants at 4—”

“It’s a buck spread?”

“—I’ll do it at  $\frac{3}{4}$ —”

“Not a fucking chance!”

“Fuck it then! It’s nut-cutting time”

Ahhh, the mighty roar! It was all around me, cutting through all the meaningless bullshit of life, and I loved it. I casually glanced over at Henry, who was standing to my right. He was scratching his chin thoughtfully and slowly shaking his head back and forth, amazed. I said to him, in a voice loud enough to cut through the mighty roar: “It doesn’t matter how many times you see it; it’s still incredible, right?”

“It’s enough to boggle one’s mind,” replied a dapper Henry Shuster, who was sporting a double-breasted black Versace suit, a purple vest with daisies on it, and a striped tie that announced his presence a hundred yards before the rest

of him. His accent had the sort of nasally British twang that reeks of aristocracy and bullshit. “I must say, I’ve been inside dozens of Wall Street firms before but I’ve never seen one remotely like this. It almost defies description, my friend. How on earth did you get this started? I’m literally flabbergasted by all these *Barrow Boys* under one roof!”

*Barrow Boys*? Gimme a fucking break! It was British slang for hard-selling telephone salesman, but Henry Shuster wasn’t even a Brit; he was South African. And despite his silly accent, he was no aristocrat; he was a sixty-year-old Jew, with a long thin nose, thin lips, a weak chin, and a slight paunch over his beltline, which he kept carefully tucked away beneath some of the most outrageous vests that smuggled gold Krugerrands could buy. He had a thin layer of perfectly coiffed gray hair, which he kept combed straight back over his oval skull. He had fled South Africa with his short dumpy wife, Nita, who looked like an aging Elizabeth Taylor. But since Nita was barely five feet tall, it was as if someone had taken Elizabeth Taylor and squashed her.

In any event, in the mid 1960s, Henry and Nita had fled South Africa, to escape the righteous wrath of eighty million oppressed blacks, who were in the process of overrunning their hometown of Johannesburg, which was the country’s capital. According to Henry, it had been a disaster of biblical proportions, literally a nightmare come alive. In Henry’s estimation, it was a living, breathing version of the Planet of the Apes, with Nelson Mandela taking on the role of Cornelius, and his wife, Winnie, taking on the role of Zera. I was more than a bit taken aback by his comparison of oppressed South African blacks to talking monkeys from the future, but when I pointed that out to Henry, he quickly rebutted me. He said, “South African whites have treated South African blacks a whole lot better than you’ve treated your American Indians. After all, in South Africa, we simply locked the blacks away in shantytowns and gave them food to eat, while in the US, you slaughtered the Indians, outright, until there were only a handful of them left. Then you turned them into alcoholics and gave them Casinos to run, as making amends.”

Whatever the case, I decided to push politics aside and accept Henry Schuller for who he was: a racist-bigot who now resided in Beverly Hills, and viewed blacks—or *kefirs*, as he called them—as an inferior sub-species of

human being, which still belonged in the jungle, or if not in the jungle, then in petting zoos, where they could be observed and controlled.

Coincidentally, petting zoos were something Henry Shuster was quite familiar with. He had been the pioneer of all those drive-through Safari Parks that had sprung up in the United States, in the '60s. In fact, in 1968, he'd been able to parlay his aristocratic accent and his flashy west-coast vests into a public offering—convincing a bunch of idiot Wasps at the white-shoe investment-banking firm of DLJ, Donaldson Lufkin and Jenrette, to take his lion parks public. He had told me the story numerous times, focusing on how, prior to that, his only exposure to safaris had been on Television, where he'd watched an occasional manhunt for a wayward black, who was being pursued by a posse of law-abiding whites, holding elephant guns. It was just another example, I figured, of a governing society defining what and what is not a Depraved Act.

I said to Henry, “Well, it’s a long story, but a lot of it has to do with the training program. What I do is teach unsophisticated people to sound very sophisticated.” I shrugged. “It’s kind of a nice way of putting it, considering most of these kids can’t walk and chew gum at the same time. I mean, they’re not exactly from the deep-end of the gene pool. But the training program changes all that.”

I looked around the boardroom. “Take that kid over there.” I pointed to a young Strattonite, a few rows away. He was leaning over his desk, screaming into his black telephone, engulfed with greed and ambition. “He just turned twenty. His name is Tom Nimczig. He’s Polish.” I looked at Henry and cocked my head to the side and raised my eyebrows high on my forehead.

Henry nodded in understanding. The unspoken message was: “Most Polish people are morons!”

I said to Henry: “Let’s take a few steps over and listen to him. He’s a good kid. Tell me how you think he sounds.”

We walked over to within earshot of the desk. Tom was tall and good looking and had a full head of slicked back hair. He had his suit jacket off, and his shirtsleeves were rolled up to the elbows. He wore a thick Rolex that had enough gold on it to feed a family of four for two years. He was leaning over at the waist with his phone wedged between his cheek and collarbone, and he was reading—no, *shouting*—from a typewritten script:

“Listen, Bill, we’re talking about a serious company here. A company with earnings, assets, cash flow. We’re talking about a blue chip management team that’s second to none! And a management team that’s committed to both short term and long term growth, and that’s strategically positioned this company to become the industry’s dominant player!

“Now I pride myself on being one of the most astute players in the new issue game. And I’m not here not only to guide you into the situation but also to guide you out as well. I can be tremendous asset to you over the long-term ...”

As Tom continued pitching, I said to Henry: “Two years ago that kid had just graduated from high school, and the most stirring piece of literature he’d read was a Batman comic book! Get the picture?”

Henry pursed his lips and nodded. “He sounds remarkably good; very professional. One would never guess the fellow’s age, at least not over the phone.”

I nodded. “That’s the point. That little black phone is the great equalizer for them. Tom’s on pace to make about a million-five this year, and he’s a solid broker. He didn’t lie at all. He kept things vague, which is just the way it should be. Unfortunately, some of the *other* kids around here have a tendency to go off the reservation a bit. It’s pretty sad, because it’s not necessary. A good salesman doesn’t have to lie to create excitement; he does it with the tone of his voice.”

I paused and looked around the boardroom until I found Russell Ehrens, who was the antithesis of Tom Nimczig. Russell was loud and brash, favoring the use of hype and bullshit to close a sale, rather than logic and reason. I pointed to Russell, who looked like a football player gone to fat. He had a thick roll of blubber that bubbled out over shirt collar like freshly baked bread. His collar was so tight on his neck that he looked like he was about to choke to death. He had frizzy brown hair, an enormous head, and a very wide nose, which he used to inhale more than three grams of cocaine every day of the week, including Sunday. “Take that oversized moron over there. He makes a lot of money, but he does it without the slightest bit of grace. He’s like a bull in a China shop. Let’s walk over and listen to him.”

Living up to his reputation as the Village Idiot, the moment Russell saw us heading over, he kicked it up a notch. He began pacing faster, talking louder,

and sweating even more profusely. The sweat stains under his arm pits were the size of Frisbees. They were so large they were almost touching in the middle, giving his sagging pectorals the appearance of female breasts. Russell was gesticulating wildly and spitting even more wildly. "... and that's what I'm talking about!" barked Russell. "There not an ounce of risk here, Jim!" (lie number one) "Can't you see that? The stock's going to fifty in a straight line," (lie number two) "and everyone on Wall Street's gonna be buying it. I just got off the phone with the Chairman of the Board, who's a personal friend of mine" (lie number three) "and he told me that he plans on making a huge announcement right after he goes public!" (lie number four) "And that's a guarantee!" (Lie number five)

"Listen," said Russell, the portly, pathological liar, "I'm the top broker at this firm" (another lie) "and I didn't get to where I am by being wrong! And I've been in this business for over twenty years now" (and yet another lie) "and I've never seen a deal as hot as this one. And one thing about Russell Ehrens that you need to know is that Russell Ehrens is willing to go the extra mile for his clients. Russell Ehrens is ..."

And as Russell Ehrens continued referring to himself as Russell Ehrens, it was more than I could bear. It was simply too hard on my ears. I said to Henry, "Come on; let's go in my office. I can't listen to this douche bag anymore."

Henry asked the obvious question: "Why on earth would you keep a bloke like that around? He's a loose cannon. He'll get you in trouble."

I nodded slowly. "You're right; the problem is that you can't just fire someone from Stratton, *especially* someone like Russell Ehrens. He's got a wife and kids. All these guys have taken on huge mortgages and car leases and God only knows what, and their lifestyles will come crashing down if they miss even one paycheck. Firing someone from Stratton is like a deathblow; you just can't do it. So, unless we catch them outright stealing, we won't fire them. And it goes way beyond money. When you work here, it's like being part of a family. If I fired Russell, he would be ex-communicated. No one would call him, no one would hang out with him anymore, no one would invite him to any of the parties; and that goes for his wife, too, and his kids! It's fucked up, when you think about it, but that's the way it is.



“See, everyone is making so much money here that even the slightest bit of disloyalty is viewed with tremendous hostility. When you’re a Strattonite, you don’t socialize with people who don’t work at Stratton, unless their life long friends who come to all the parties and are known by everyone. Those sorts of people are all around; they don’t actually work here, but they hang on the fringes and make money as the wealth trickles down. Some are in real estate, some are in mortgages, some are car salesman; get the picture?”

“I certainly do,” replied Henry . “I’ll tell you, I’ve traveled the world many times over, and I can say with complete confidence that there’s never been a place like this and there never will be again. You broke the mold, my friend.”

I shrugged my shoulders “I won’t argue with you that. This place is like an alternative universe. Or maybe it’s an insane asylum. Either way, I can’t take credit for the whole thing. A lot of good people came together to make this thing go. There’s a lot of talent in this office, and not only in the boardroom. There’s operational people, financial people, support personnel; it’s a team effort. Anyway, enough of the boardroom; let’s go in my office and talk in there. It’s quieter.”

“Absolutely,” replied Henry . “There’s much to talk about it.”

“There is,” I agreed. “And you can start by telling me how you talked those Wasp bastards over at DLJ into taking a bunch of zoos public!”

#

Coming straight from the boardroom, my office seemed quieter than a hermetically sealed coffin. I took a seat behind my wonderful dictator’s desk, and casually crossed my legs. I leaned back and stuck my right hand in my pants pocket and did a quick check to make sure the four Quaaludes I had placed in there this morning hadn’t fallen out, or simply vanished into thin air. Quaaludes had a way of vanishing sometimes, although usually it meant that you’d gotten so stoned that you took them and didn’t remember. That was fourth and, perhaps, most dangerous phase of a Quaalude high: the Amnesia Phase.

Anyway, thankfully, the Quaaludes had not vanished; they were right where I’d put them. I took a moment to roll the beveled edges around in my fingertips, which gave me an irrational sense of joy. Then I began the process of calculating the appropriate moment to take them. Somewhere around 4:00

pm, I figured, right after the market closed. That would give me fifteen minutes for the afternoon meeting, as well as enough time to supervise this afternoon's Act of Depravity, which was a female-head-shaving. One of the young sales assistants was strapped for cash, so she'd agreed to sit at the front of the boardroom, on a stool, in a Brazilian bikini, and let us shave her head down to the skull. She had a great mane of shimmering blond hair and a wonderful set of breasts, which had recently been augmented to a D-cup. Her reward would be \$10,000 in cash, which she would use to pay for breast job, which she had financed at 12 percent. It was a win-win situation for everyone.

Henry sat down across from me in one of the oxblood leather club chairs and he crossed his legs, too. His outrageous purple vest blazed away like a neon advertisement for a swank Gay Men's Club. I resisted the impulse to ask him why he felt compelled to dress like a pimp, and I said, "So what's going on with United Restaurants. Is it bankrupt yet?" I let out a tiny chuckle. "It wouldn't be the first time I made an investment and had it vanish like a fart in the wind!"

Henry smiled thinly, not appreciating my humor. Then he began condescend to me, from the top of Mount Johannesburg. "Actually," croaked Henry, "like most of my ventures, this company is performing wonderfully. We're very much ahead of schedule. We've commenced the process of buying back the underperforming franchises, and we're currently renegotiating greater advertising allowances with the ones that are still profitable. By the end of the summer, we should be in a position to start recapturing market share. The key is to redesign the menus and try to attract a broader..."

And as Henry plunged into the boring details of his turnaround strategy, I found myself attentively not listening to him—shaking my head at strategic intervals, while ignoring every boring word that escaped his thin lips. I just didn't have the patience to listen to a blow by blow description of how Henry Shuster—entrepreneur, slash, pimp—planned to turned around a sad chain of twenty-two Chicken and Rib Restaurants, which, ironically, catered to blacks.

"... and if you could get me the money a little sooner, we could break ground on this new concept right away," said Henry confidently, and he reached down by his feet and picked up a large black leather portfolio, the sort graphic artists use to carry renderings. He unzipped it and slowly pulled out a large piece of

oak tag, and then walked over to my desk and laid it on the desktop with great care. “Here,” he said, pointing to a rather cute picture of a human-looking jalapeño pepper. The jalapeno stood upright on a set of very thin legs. On its oblong head was a large Mexican Sombrero. Protruding from its torso were two thin arms, which were strumming away at a small Mexican guitar. The jalapeno bore the warmest of smiles, looking both friendly and intelligent.

I took a moment to regard this lovable little jalapeño, and, *all at once*, it hit me. The jalapeno was a dead ringer for that sage-looking peanut on the Planters Peanuts jar, the one with the black top hat, cane, and monocle. Yes! The only difference was the big block letters just above the sombrero, which spelled out the name of the prospective chain: Hopping Jalapeños.

With great pride, Henry pointed to the jalapeño and said, “This is one of the concepts I’m working on right now. It’s Mexican, which is one of the hottest sectors to be in right now. It’s got very high profit margins.” He pointed to a series of big block letters above the jalapeño. “The name of the restaurant will be *Hopping Jalapeños!* Rather catchy, don’t you think?” He cocked his head to the side and raised his eyebrows high on his forehead.

Hopping Jalapeños? Well, as stupid as it sounded, I’d been presented with stranger business ideas than that! In fact, just last month, an ex NASA-scientist had finagled his way into my office, at which point he shoved a light bulb in his mouth, causing it to light up. Then he tried to convince me to give him a million dollars to mass-produce magic light bulbs.

But that was beside the point right now. My patience was wearing thin. I would give Henry a few more minutes, and then I would move on to my next meeting, which was a sit down with Danny, over the Todd debacle. Apparently, the shopping center’s security cameras hadn’t picked up a clear image of Danny’s license plate and the trail had gone cold. But according to Todd, the police were offering him a deal if he would tell them who the other driver was, to which he told them to eat shit and die. I was suspicious, however, that Todd might be exaggerating things a bit—to the set stage for economic extortion. Either way, he would have to be taken care, at least for the foreseeable future; but for now, it was business as usual.

As I stared at the obvious rip off of the Planters Peanuts logo, I fought the urge to say something completely ironic. But I quickly broke down. With

wonder in my voice, I said, “I like it Henry, but it reminds me of something else, but I ... I just can’t seem to place it! Hmmm, where have I seen this jalapeño before?”

Henry studied the jalapeño studiously. “Really? *Hmmmm* ... Well I can’t imagine where you might’ve seen it. I designed it myself. No matter, though.” And he took the incriminating piece of oak tag off the desktop and stuck it back inside the portfolio and closed the zipper and placed it back by his feet. Then he plowed on, as if he hadn’t just been busted for ripping off the Planter Peanuts logo: “Anyway, the logo is unimportant. What is important, though, is that the margins on Mexican food are some of the highest in the industry. I’ve broken down all the costs for building out a new location. I have them right here for you, on a spreadsheet.”—*Oh God, no!*—“The way I figure it we could recoup our investment in the first twelve months. But time is really of the essence, here. It would be very advantageous if we could raise the money now, while the window of opportunity still remains open. You see, there are certain trends in the restaurant business and when it ...”

Oh Jesus—Save me, please ... and I tuned out once more. It was time to end this meeting. No two ways about it. He was a decent guy, Henry, and he was a smart enough guy, too, despite being a world-class bigot and having a wife who looked like a troll. In fact, if he truly loved running these companies as much as he purported, he might be a valuable long-term asset. On a deal like United Restaurants I stood to make six or seven million dollars, even if the company just broke even! And if it actually performed well, then the sky was the limit.

“—like to place the stock in one of my Swiss accounts, as long as you have no objection to me doing that, of course. Would that be okay with you?”

Swiss accounts? I immediately zeroed back in on the conversation. How had he gone from Hopping Jalapenos to Swiss accounts so quickly? Very strange; and very intriguing, too! I took a stab at answering his question, despite the fact that I hadn’t really heard it: “Well, that depends on what the circumstances are. Which Swiss account would you be using?”

Henry cocked his head to the side at an extreme angle, as if he were perplexed by my question. Had I completely missed the mark? I wondered. But then, after a few moments, he shrugged and said, “Well, I have many Swiss accounts. I’ll

probably use one called Plus One Finance. If you don't have a problem with it, I'd like to put 90 percent of my stock in my overseas account, and keep the other 10 percent domestically, in my own name."

Instantly, I realized what he was doing. That one meeting I'd had with my Master Forger, had increased my understanding of these matters a thousand fold. Henry's strategy was obvious: he would hold just enough stock domestically, in his own name, to justify his position as CEO of the company; but when it came time to sell his stock, the bulk of his profits would be made overseas, where there would be no income taxes to pay. It was a simple tax dodge. No big deal ...

And then, suddenly, a surge of nefarious thoughts came rising up my brainstem, starting with: if Henry was doing it, why shouldn't I? I mean, what was stopping me from moving some of my own United Restaurants stock to my overseas account? After all, the Master Forger had already formed a bearer corporation for me. And despite what had happened with Todd, I had almost three million bucks in Switzerland right now!

*I wonder how much money Henry has in Switzerland? Was it in the millions? Tens of millions? And how had he gotten his money there, in the first place? Had he smuggled it out of the United States, or directly out of South Africa? Had he used couriers, like I had, or had he done something different?*

I had known Henry for almost six months now, and he'd been asking me to give him large blocks of Stratton new issues since the day we met. Yet, I had always shied away from doing it, because I had never figured him to be the sort of guy who would feel comfortable kicking me back cash. *He'd completely fooled me!* That uppity British accent and holier than thou demeanor had me thinking he was a straight shooter! Meanwhile, he was a world-class money launderer! *Hmmm*, you could never tell, now could you!

Perhaps I would start using Henry as my rathole—making him money in new issues, domestically, and then have him kick me back the cash into my overseas account. There would be no paper trail whatsoever! *The perfect rathole!*

What an inspired notion that was! I felt my soul expanding beneath my crisp white dress shirt. The mere thought of a seamless swap of domestic money for foreign money filled my heart with a sense of righteousness. Yes, righteousness!

I felt like a small child, who'd just found the missing piece to a jigsaw puzzle. For the last few weeks, I'd been trying to figure out a way to smuggle cash to Switzerland; and now, this over-starched South African dandy could become my rathole and wire money directly into my overseas account!

I smiled and said, "Fundamentally, I have no problem with it. In fact, I was thinking about doing something along those lines myself, although I don't really know all that much about it."

Sensing an opening the size of a Mack truck, Henry replied, "Well, I would be more than happy to educate you. In fact, would even introduce you to people who could open up the accounts for you and manage all the paperwork.

*Master Forger! Master Forger!* Those two glorious words instantly bubbled up into my brain. I was about to ask Henry to elaborate, when he added, right on cue:

"In return, perhaps you might see your way clear to give me a block of shares in today's new issue. I would take as many as you would be kind enough to offer me." He smiled weakly, exposing grayish teeth.

"Well, I have about 700,000 units to allocate, but they're all pretty much spoken for." I paused for a moment and looked up at the ceiling, as if I were doing a mathematical calculation in my head. "Well, perhaps we could work something out, Henry, but only if you're interested in kicking things up a notch—like doing some overseas business outside the purview of the IRS."

"I'm all ears," replied Henry. "I'm all ears!"