

Life as a Lehman's desperate housewife

After the bank's collapse, ex-employees were happy to tell tales of its ruthless family regime, writes **Bryony Gordon**

The legend of Dick Fuld, the chief executive known as "the Gorilla of Lehman Brothers", lives on. It is almost two years since he presided over the company's bankruptcy. The images of former employees leaving Lehman offices clutching cardboard boxes containing their once promising careers are fading from memory. Yet the stories of his reign of terror remain fresh in the minds of bankers who once called him the scariest man on Wall Street.

He effed, he blinded, and he did so loudly. There was the time, as a junior trader at the company in the 1970s, when Fuld needed something signed off by a senior banker. That senior banker was on the phone, but Fuld stormed into his office anyway and demanded his signature. Irritated, the man refused, telling Fuld that he would sign once the piles of paper on his desk had been cleared. Fuld promptly swept the desk of paper. He got his signature.

But perhaps the most telling story regarding Fuld is how he met his wife. When Kathleen Bailey arrived at Lehman in the 1970s, the Gorilla did not want to hire her. "She's too pretty," he said. "She'll distract someone and marry them and will be no use to the firm." Dick and Kathy were married on September 24, 1978. In a gesture of romance that most women can only dream of, he began to refer to his new wife as "Fuld".

Actually, you can tell a lot about Lehman Brothers by looking at the Lehman wives. This is what the British journalist Vicky Ward discovered as she began to research a book about the fall of the bank.

In *The Devil's Casino*, published this week, Ward exposes the almost cult-like company that Fuld and his

fellow executives ran. The Lehman motto was "One Firm" and that extended to the personal lives of the powerful men who worked there. As Ward puts it, Fuld expected the top brass to "get married and stay married". Their wives may not have been employed by Lehman, but to all intents and purposes, they were owned by Lehman.

This was a part of the firm that had hitherto remained unknown. "When a company is powerful nobody wants to talk because they are too scared," says Ward, who is a contributing editor at *Vanity Fair* and now lives in New York. "But as soon as it falls they queue up. That was what happened with Lehman Brothers." She interviewed the wives and widows of senior Lehman men and what she discovered shocked her. "All corporate wives expect that they will have to play some role but at Lehman it was ridiculous. They had to act like women in the 1950s. They were like Stepford wives."

The picture that Ward paints is of *Wall Street* meets *Desperate Housewives*. The women had to attend Lehman functions and were expected to contribute to the philanthropic causes the company supported. When Kathy Fuld was put on the board of New York's Museum of Modern Art (MoMa), the other wives were made to attend MoMa evenings and then told exactly how much they were required to donate to the museum. There is now a wing at MoMa dedicated to the Fuld's, but no mention of the other Lehman wives who supported it.

There was an annual summer jaunt to the Fuld's ranch in Sun Valley, Idaho. Not for this lot relaxing walks and jovial team bonding; the event was planned with military precision. Ward writes that the men



Niki Gregory

Wife of Lehman president Joe Gregory, had staff of 30 and twice the number of shoes as the Jimmy Choo store in New York

were expected to wear "khaki pants and either a golf shirt or button-down"; Fuld believed that sloppy dress equalled sloppy thinking. The women had to pack "pretty dresses, jewellery, and Manolo Blahnik shoes" as well as hiking gear for the day. This annual hike was so gruelling that one wife turned up with a fake plaster cast in an attempt to get out of it. To her horror, another woman had turned up with a real cast on, but still planned to do the hike. "The wives were just as competitive as their husbands," says Ward. "If anything, they were more political." Given the millions that their

Vicky Ward

Journalist who, while investigating the bank, found the spouses to be 'like Stepford wives'

Kathy Fuld

Wife of Dick Fuld - known as 'the Gorilla of Lehman Brothers'. If Kathy froze a wife out of the social scene, a husband's demotion would soon follow

husbands earned, it might seem difficult to feel pity for these women. Niki Gregory, the wife of Lehman president Joe Gregory, had a personal staff of around 30 and a room full of shoes "twice the size of the Jimmy Choo store in New York." Ward writes that there were Christian Louboutins, Manolo Blahniks and Chanel shoes, and that most of them had never been worn.

Yet Ward says she found the roles that the wives were expected to play "chilling". There is one particular episode in the book that stands out in this respect. Karin Jack, the wife of executive Bradley

Jack, recalls the moment one of their children had a seizure. That day some of the senior executives and their wives were due to go and look at a house that Joe Gregory, the company's then chief operating officer, was building. "We were using Joe's helicopter," says Karin in the book. "But I said, 'I have to take my son to the paediatrician.' So they landed the Sikorsky near our home and waited for me, and they were not leaving without me. Can you imagine the pressure? I have this really sick child, but I know if I don't get on that helicopter it's going to hurt Brad."

Karin went through labour without her husband, who had to take a meeting with the Hong Kong office. "I knew the culture," she says in the book. "We knew that it would have been used against him. If you made a personal choice that hurt Lehman, it was over for you." And often, it was the wives who knew it was over before the husbands. Karin remembers, on one of the Sun Valley weekends, coming in for breakfast to discover the wives had gone off without her. Later, she told her husband that what was happening to her was a "metaphor for what's going to happen to you". Shortly afterwards, he was demoted.

The importance that Fuld placed on marital harmony, or at least the appearance of it, should not be underestimated. One only has to look at the sorry tale of Chris Pettit, his charismatic, handsome deputy who was adored by the Lehman masses but became airbrushed from the company's official history. Pettit's mistake was to have an affair with a woman at the firm. Nobody liked her. His colleagues were angry with him and their wives were furious (though his own wife, his childhood sweetheart, always believed that her husband would return, keeping his clothes in the wardrobe and his slippers under the bed).

In 1996, not long after he left his wife, Pettit was ousted from the company. Just three months later he took a snowmobile on to a frozen lake in Maine "in the black of night", as Ward writes. "He hit a stump, and his helmet was dislodged as he fell. He died en route to the hospital from trauma wounds to his head."

For Ward, Pettit is Lehman's greatest tragedy. "This company pretended to be united but they were ruthless, they couldn't wait to knife each other in the back. What is really heinous about it is the hypocrisy. This was a place that had a diversity programme that was much lauded, yet they tried to get one guy to go to Asia, knowing he had a child with cerebral palsy."

Ward says that since the book's publication in America, she has received numerous e-mails from former bankers and their wives thanking her for exposing the "weird cult" that was Lehman Brothers. As the ousted Bradley Jack says in the book, "this is the price that no one ever talks about."

The Devil's Casino: Friendship, Betrayal and the High-Stakes Games Played Inside Lehman Brothers by Vicky Ward (Wiley & Sons) is available from Telegaph Books for £16.99 + £1.25 p&h. To order, call 0844 871 1515 or visit books.telegaph.co.uk