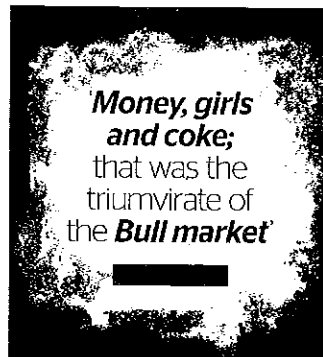


# High finance

When the markets boomed, City boys took cocaine as an after-work perk; now it's what gets them through the day. And as the drug affects perception of risk, it's not just a trader's health at stake - it's your money, too

**S**eth Freedman, a former London City worker and author of the forthcoming novel *Binge Trading*, describes a typical evening with clients in the early Noughties. 'We would start at about two in the afternoon. The clients expected us to pick up cocaine just as we picked up the bill. We had lots of discretionary money to spend. We would convene

in the bathrooms of Nobu, The Ivy, Locanda Locatelli. I knew the path to the loos so well I could have walked it blindfold.' The group would then drift on to the Sanderson hotel or to their favourite bars to hook up with colleagues with additional cocaine stashes. The ensuing drink and drug sessions lasted between 12 and 14 hours. 'Then I would go home, shower and show up at work to



start all over again,' he says.

City workers were renowned for their binge approach to drink and drugs in the boom years of the 1990s, when they considered themselves invincible and thought, foolishly, that the party would never end. As another trader explains: 'Money, girls and coke; that was the triumvirate of the Bull market.'

You would have thought in this new post-Lehman era of austerity that such excesses would have

become the stuff of myth; that fresh-eyed young traders would be so relieved to still have a job they would not spend their nights blowing their expense accounts at Nobu. In fact, the opposite is true: according to reports, cocaine is more plentiful in the City than ever before. When the markets were good, the cocaine came out at night. Now they're bad, it comes out at about the time a worker arrives in the office.



**Job fears are 'driving City workers to use cocaine'**

**Cocaine and drink mix 'causes heart attacks'**

To give you an example: 'A bad day in the Nineties was one in which you lost £100 million,' says a hedge fund manager. 'Today anything under a billion is sissy stuff.' It's this sort of daily pressure, coupled with fears of redundancy, that is pushing more City workers into cocaine addiction. One banker describes driving home recently with a nervous colleague whose firm was teetering on the edge of closure. 'He put the coke on the dashboard and started sniffing it while driving. He kept saying: "I gotta do something about this. I gotta do something about this."'

**T**he situation was bad enough to have warranted a 20-month-long investigation, called Operation Telson, by Scotland Yard in 2007, and for Dr Neil Brenner, medical director of the Priory clinic, to warn MPs on the parliamentary home affairs committee last October not to be complacent about mounting cocaine use in the City. Traders, he explained, were vulnerable members of

London society. 'They often have a high-pressure job and will often start using it not so much as a reward, but as a way to keep themselves going.' According to Dr Brenner, the cocaine problem affects everyone in the City, 'from the chief executive all the way down to the post room'.

'There is an expression, "confirmation bias", in the City,' says a trader currently working for a large American bank. 'It means believing your own myth. It's something you carefully avoid. The coke addicts traded high, believing they were invincible. They tanked along with the markets.'

Now drugs are used for other reasons. Cocaine increases levels of the feel-good hormone, dopamine. Ironically, it mimics the reaction traders have when their stocks triple in one afternoon. So, when stocks are routinely losing value, drugs are the only high available, sometimes with devastating consequences.

Melvin Sabour, 44, a managing director of AKN Investments, was a paid-up member of the hedge fund community. He was found dead from a cocaine

overdose in the flat he shared with his girlfriend Kyara Dekker in Mayfair last February. Dekker later told the inquest that Sabour was depressed over losses at his privately held firm. A postmortem examination showed that he had a lethal level of metabolised cocaine in his blood which had triggered heart failure.

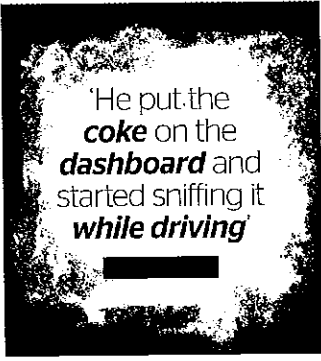
Darren Liddle, a fixed income analyst at Credit Suisse AG, was one of the saddest victims of the cocaine epidemic. The 26-year-old had already made two attempts to stop both cocaine and alcohol abuse, but the treatment didn't work. He jumped off a ledge on the Hilton hotel's 19th floor after spending two hours weeping there. A coroner told the inquest in January 2008 that job pressures might have contributed. Liddle was also suffering from psychosis, which cocaine would have exacerbated, if not caused.

In order for this epidemic to take hold, supply lines must be plentiful and sophisticated. Everyone I spoke to explained how easy it was to get hold of cocaine on the trading floor. Indeed, Stephen Grump, 41, a former broker who was arrested as part of Scotland Yard's investigation (he later received a suspended sentence), was earning £250,000 a year selling cocaine to office workers on his lunch break. He said the drug was offered to him almost as soon as he started working. At the peak of his own addiction, he was spending £400 a day on the drug, as well as drinking two bottles of wine, ten pints of lager

and a bottle of vodka. He blamed work pressure.

Two other City workers, Phillip James, 38, and Lee Ingram, 40, both owners of multimillion-pound homes, were each jailed for ten years by Southwark Crown Court in November 2007. The two men were caught dealing cocaine and Viagra from the Bar Bed in Leaman Street (drugs were also sold at Mr Pickwicks bar). One dealer didn't even leave the office: David Frith, 28, a banker with Barclays in Basingstoke, dealt from his desk. He received a seven-and-a-half-year sentence in the same year.

An inevitable result is that rehab clinics are reporting a steep rise in City clients, both here and abroad. 'This is much worse than in the boom years,' says





From left: Stephen Grump was sentenced for dealing; Darren Liddle jumped to his death

Brendan Quinn, chief executive officer and specialist nurse at the Causeway Retreat in Essex. Rooms at the 400-acre private wildlife sanctuary on an island in the Thames Estuary start at £5,000 and scale up to £10,000 per week. Quinn says they are 'mostly full'. Some guests use corporate insurance (you don't have to specify what you're checking in for); others are paying for themselves, taking it as holiday. Some guests arrive by helicopter, having taken their last snort moments before checking in.

**C**ocaine use, says Quinn, generally starts recreationally. 'People begin using for fun. There's always peer pressure to do drugs where there's lots of money and parties. But when the pressure starts to mount, people start using it in private,' he says. Cocaine, he explains, is not only much cheaper (it now retails for around £40-£50 a gram but it can go for as little as £25; it cost about £70 in 1997), but also the distribution channels have become much more sophisticated. City boys scored their drugs on the corner of housing estates in Notting Hill in the 1990s. Now they are available across the street in Canary Wharf. 'It's no dark secret,' says Quinn. 'It happens daily in the loo at work.' Stephen Grump described his morning as 'arriving at 6.30am and being in the toilet snorting by 11.30am'.

Those of us with acquaintances in finance know the symptoms well. I have seen friends come to dinner already quite wound up and retreat to the bathroom almost immediately. Though one trader I know had to start work at 6am every morning, he still managed to hit a party or two most nights. Kleenexes are the dead giveaway. 'Sneezing is the orgasm of the investment banker,' says a banker friend. 'I used to think because we're too busy for the other variety.'

Johnny Graaff, who runs the luxurious Montrose Place treatment centre in Cape Town, says his clinic is 95 per cent full of London City workers. 'I think what is happening is that while City workers were making pots of money, they were able to sustain the habit. When the recession hit, those who were just 'abusers' quit because they couldn't afford it, but

those who were addicts kept going despite the financial toll it took on them and their families.' Many flock to Montrose Place because it costs £5,000 a week compared with £10,000 in the UK or \$50,000 in the US. 'Many of our clients are staying for six months,' he says. This is the new approach to addiction. 'It takes two weeks just to detox,' he says. 'Then you need to learn life skills. You need time to get on top of your problems and reintegrate into society.'

As with the Causeway, many of the City workers Graaff sees started out as good-time boys. 'I believe most were having fun but the pressure and the stress made them keep going and then it all went very wrong,' he says. Many were made redundant and are using severance packages to finance their rehabilitation. For many it is not a moment too soon.

Mixing cocaine with alcohol or any other substance creates a lethal poison that takes its toll on most of the organs in the body, as do the myriad

other chemicals that cocaine is routinely cut with. The Serious Organised Crime Agency (SOCA) says one reason that cocaine figures are going up is because cocaine prices are coming down, but this is because the purity of the drug is compromised. 'The purity is ten per cent,' says an employee. Agents such as rat poison aren't used any more, but much of the 35-40 tonnes of cocaine seized in Britain each year is found to have been cut with Phenacetin, a pharmaceutical drug banned years

ago in Britain for causing kidney failure and cancer; Lignocaine (an anaesthetic used in dentistry), tetramisole (used for worming pets) and boric acid (used to kill cockroaches).

A study by Harvard University showed that taking even a small amount of cocaine can constrict the blood vessels in the brain. This narrowing, they determined, can lead to memory loss, learning problems, attention deficit and even a stroke. Also, the brain eventually adapts to cocaine. When dopamine levels are reduced, the user feels the opposite of pleasure, namely fatigue, depression and altered moods. Combine this with real-time stress on the job, and you have more than just a financial disaster waiting to happen.

Many are using **severance packages** to finance their **rehabilitation**