

# Ruthless dealers 'preyed on small investors'

By R Barry O'Brien

PRIVATISATION provided a major source of clients for disreputable, licensed share-dealers selling worthless stock to gullible buyers, claims a former share salesman in a book published today. During the floatations, dealers used unprincipled, high-pressure selling techniques, he says.

They found small investors who wanted to buy into British Telecom, Rolls Royce and other privatisation issues an easy target, says Alexander Davidson in *The City Share Pushers*.

Mr Davidson, a former dealer with Harvard Securities, which ceased trading in September, tells how they became victims when they sought to make a profit on their shares by selling them in share shops.

Many were persuaded to re-invest the proceeds in unquoted over-the-counter stocks and then received phone calls pressing them to make further investments in unquoted stocks which were impossible to sell.

"Clients who have gone in for public issues often rue the day they chose to sell through a licensed dealer," says Mr Davidson.

"The majority of clients were basic-rate taxpayers, educated perhaps, but too trusting. Many did not know the difference between a licensed dealer and a stockbroker."

Several of the share dealing firms launched for the Stock Exchange "Big Bang" went out of business after the City's new watchdog body, the Securities and Investments Board, came into operation last April.

But many of their salesmen made fortunes by selling large quantities of stock — and many are still working for other City firms, Mr Davidson says.

"Some commissions available would enable an astute dealer to stash away hundreds of thousands of pounds for a year's work. It was enough to set him up for life."

He claims he has been threatened by dealers to stop him writing his book, which tells of a frenzied world of flashy cars, drunken parties, sex and drugs.

He describes young dealers staggering back drunk from pub lunches, shouting four-letter words, snorting cocaine, watching porn films and ringing sex lines in New York, Los Angeles and Amsterdam, and going to bed with female colleagues.

Most of the licensed dealers were not in the City but operated from small offices far from the financial centre. To impress clients, some played tape-recordings to provide a background noise of activity.

Dealers were recruited from "young hopefuls in dead-end jobs with a burning desire to make a quick buck". Many had been on the dole.

Many had no financial knowledge and read only the Sun newspaper. Some could not even spell. "Aggression, more than market knowledge, can sell shares," says Mr Davidson.

Among the most ruthless were female dealers exploiting sex appeal to squeeze the last £500 out of a client.

"The secret lies in a combined assault on the senses," he adds. "Breathing heavily down the telephone. A naughty joke here. A dash of innuendo there. A low seductive chuckle. Above all exclusive attention."

To succeed as a sharedealer a woman needed cast-iron aplomb and an exploitive spirit. "Most females turn their backs on this way of making a living in disgust. It is too much akin to prostitution," he says.

*The City Share Pushers, by Alexander Davidson. Scope Books, £12.95*