

04 07 2009 Codici rubati a Goldman Sachs Group Inc.

Quelli di Goldman Sachs sono gli arbitraggisti dei nostri tempi.

Ho letto che il loro trading high frequency si basa su elaborazioni di microsecondi.

Quindi il loro vantaggio sta SOLO qui; se le elaborazioni durassero uno o più secondi il loro business non funzionerebbe.

L'ambaradan funziona più o meno così.

Hanno messo a punto degli algoritmi intermarket.

Il primo e più semplice, che conosciamo tutti, è che i mercati americani danno il ritmo e l'andamento di tutti gli altri mercati.

Banalmente se Wall Street sale, salgono anche gli altri e viceversa.

Ma una simile constatazione è assolutamente inutilizzabile da noi comuni mortali.

Anzi, è la strada per l'inferno.

Chi la vuole seguire diviene proprio VITTIMA di Goldman, che infatti SERVE il malcapitato con la provvista fatta qualche microsecondo prima.

Direi che gli arbitraggi fanno sempre bene ai mercati e solo l'entrata di ulteriori arbitraggisti riduce gli utili.

Questa la notizia:

Sergey Aleynikov, an ex-Goldman Sachs computer programmer, was arrested July 3 after arriving at Liberty International Airport in Newark, New Jersey, U.S. officials said. Aleynikov, 39, who has dual American and Russian citizenship, is charged in a criminal complaint with stealing the trading software. Teza Technologies LLC, a Chicago-based firm co-founded by a former Citadel Investment Group LLC trader, said it suspended Aleynikov, who started there on July 2.

At a court appearance July 4 in Manhattan, Assistant U.S. Attorney Joseph Facciponti told a federal judge that Aleynikov's alleged theft poses a risk to U.S. markets. Aleynikov transferred the code, which is worth millions of dollars, to a computer server in Germany, and others may have had access to it, Facciponti said, adding that New York-based Goldman Sachs may be harmed if the software is disseminated.

"The bank has raised the possibility that there is a danger that somebody who knew how to use this program could use it to manipulate markets in unfair ways," Facciponti said, according to a recording of the hearing made public yesterday. "The copy in Germany is still out there, and we at this time do not know who else has access to it."

'Preposterous'

The prosecutor added, "Once it is out there, anybody will be able to use this, and their market share will be adversely affected."

The proprietary code lets the firm do "sophisticated, high-speed and high-volume trades on various stock and commodities markets," prosecutors said in court papers. The trades generate "many millions of dollars" each year.

Defense attorney Sabrina Shroff said in court that the government's allegations are "preposterous." The firm was aware that Aleynikov, who is the father of three young girls, was downloading programs to his personal computer to do work at home and that he hasn't disseminated the code, the lawyer said.

"If Goldman Sachs cannot possibly protect this kind of proprietary information that the government wants you to think is worth the entire United States market, one has to question how they plan to accommodate every other breach," she said.



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Michael DuVally, a spokesman for Goldman Sachs in New York, declined to comment.

\$750,000 Bail

U.S. Magistrate Judge Mark Fox ordered Aleynikov, who earned \$400,000 a year, to be held by on \$750,000 bail, after prosecutors claimed he posed a threat to the community. Aleynikov planned to earn three times his salary by joining a startup company and engaging in high-volume automated trading, prosecutors said. Aleynikov posted bail yesterday and was released. Aleynikov didn't speak at the hearing, except to say that he understood the conditions of his bail.

Teza, co-founded by former Citadel trader Misha Malyshev, said in an e-mailed statement that it first learned of the allegations on July 5 and suspended Aleynikov without pay following an investigation.

The firm "was not aware of the alleged misconduct" and offered to cooperate with the government, according to the statement.

Reverse Engineering

"Someone stealing that code is basically stealing the way that Goldman Sachs makes money in the equity marketplace," said Larry Tabb, founder of TABB Group, a financial-market research and advisory firm. "The more sophisticated market makers -- and Goldman is one of them -- spend significant amounts of money developing software that's extremely fast and can analyze different execution strategies so they can be the first one to make a decision."

Someone could use the code "to implement the same strategies and maybe on certain stocks they can be faster and, in effect, take away money that would normally be Goldman's," Tabb said in a phone interview. "The second thing that they can do is actually analyze the code so that they know what Goldman's going to do before Goldman does it and kind of reverse engineer Goldman's strategies and make money basically at the expense of Goldman."

'Wake-Up Call'

Harvey Pitt, former chairman of the U.S. Securities and Exchange Commission, said proprietary electronic data poses significant risks for all financial institutions.

"This is a wake-up call to all financial institutions to review their security systems, not just with respect to trading codes, but with respect to all proprietary information," said Pitt, now chief executive officer of Kalorama Partners LLC in Washington.

Goldman appeared to have taken some steps to prevent the theft of its code, Pitt said. "The real question is whether, in light of this outrageous conduct on the part of one of its employees, it should have taken more steps," Pitt said.

Aleynikov spent four hours with a Federal Bureau of Investigation agent after his July 3 arrest, Shroff said. He told the agent that he'd done nothing wrong, authorized prosecutors to seize his personal computers, and said he hadn't known the server he was using was in Germany, she said.

32 Megabits

Only 32 of 1,024 megabits of the software code was transferred, Shroff said. "It is not disseminated," she said of the code.

Facciponti said at the hearing that Aleynikov could disseminate the code "in 10 minutes" using a cell phone. Once the government obtains access to the German server, prosecutors will see if Aleynikov transferred other confidential data as well, he said. It's logical to conclude that Aleynikov planned to use the code at his new company, the prosecutor said.

"This is the most substantial theft that the bank can remember ever happening to it, in the sense the entire platform has been taken from it," Facciponti said. "There has been no breaches anywhere on this magnitude at the bank."

Aleynikov worked at Goldman from 2007 until June, the government said in the complaint. He was part of a team of workers responsible for improving the computer platform. His alleged transfer of computer codes ran from June 1 to June 5, according to prosecutors.

Moscow, Rutgers

Aleynikov studied applied mathematics at the Moscow Institute of Transportation Engineering before transferring to Rutgers University, where he received a bachelor's degree in computer science in 1993 and a master's of science degree, specializing in medical image processing and neural networks, in 1996, according to his profile on the social-networking site LinkedIn.

Before joining Goldman Sachs, he worked for about eight years at IDT Corp., the U.S. vendor of prepaid calling cards, where he led the team responsible for developing routing systems, according to the profile.

His profile on LinkedIn describes him as a vice president in equity strategy at Goldman Sachs and includes two recommendations from colleagues at the firm.

Goldman Profit

Goldman was the world's biggest and most profitable securities firm until it converted to a bank in September following the bankruptcy of smaller rival Lehman Brothers Holdings Inc. Goldman earned \$2.3 billion last year, down from a record \$11.6 billion in 2007, as market turmoil caused it to report a fourth-quarter loss, its first in a decade as a public company.

Goldman's equities business generated \$2 billion of revenue in the first three months of 2009, down 20 percent from the first quarter of 2008, the company reported in April. Second-quarter results are due to be reported next week.

Goldman rose \$2.97, or 2.1 percent, to \$146.46 in New York Stock Exchange composite trading yesterday.

