

T O M R U B Y T H O N

# Boy Plunger Jesse Livermore

The Man Who Sold  
America Short in 1929

FOREWORD BY PAUL TUDOR JONES

"Livermore went bankrupt for at least the fourth time in 1934. Despite having amassed a fortune of \$100 million by 1929, Livermore was back where he started at 16. He did not seem to learn from his mistakes."

- Victor Nierdorhoffer

"That was the call of a lifetime, everyone was blind and deep into the crisis and Jesse Livermore made \$100 million going short when almost everyone else was bullish and then almost everyone else lost their shirts."

- John Paulson

"It was an amazing day on 24th October 1929 when Jesse came home and his wife thought they were ruined and instead he had the second best trading day of anyone in history."

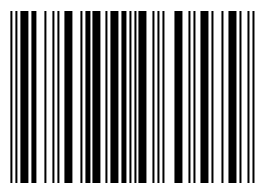
- John Templeton

"His stories of making millions, were the financial equivalent of "sex, drugs and rock 'n roll" to a young man at the advent of his financial career."

- Paul Tudor Jones

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# A view of Wall Street in 1929



## The Biography - Provisional Chapter List

Chapter No	Chapter Title	Background	Period
Chapter 1	Three Blackest Days on Wall Street	Meltdown in October 1929	Retrospective
Chapter 2	Birth of the Greatest	An unpromising childhood	1877 to 1890
Chapter 3	The First Trade	Paine Webber in Boston	1891 to 1894
Chapter 4	Bucket Shop Heaven	Makes first fortune	1894 to 1899
Chapter 5	Marriage and Move to New York	The boy becomes a man	1900 to 1901
Chapter 6	Down and Out	Back to the bucket shops	1901
Chapter 7	Do or Die: Back to Wall Street	A re-learning process	1902 to 1905
Chapter 8	San Francisco Earthquake	£250,000 profit in a few days	1906
Chapter 9	Stock Market Crash	US\$1 million profit shorting stocks	1907
Chapter 10	The Life of Riley	Buys yacht - luxury lifestyle begins	1907
Chapter 11	The Cotton Trade Fiasco	Loses everything on cotton trades	1908
Chapter 12	The Lean Years	Loses his way again	1908 to 1915
Chapter 13	Official Bankruptcy	The ultimate humiliation	1915
Chapter 14	Dramatic Return to Form	Makes US\$3 million in a year	1916 to 1922
Chapter 15	Divorce, Marriage, Family	Dottie steals his heart	1918
Chapter 16	Legendary Status is Conferred	Publication of fictional biography	1922
Chapter 17	Offices and Staff and Big Money	Moves into permanent offices	1923
Chapter 18	Commodities Coup	Huge profits on trading grain	1925
Chapter 19	1929 and the Very Good Years	Makes £100 million in a few weeks	1929
Chapter 20	Personal Disaster	Home life falls apart	1933 to 1935
Chapter 21	Official Bankruptcy No 2	US\$200 million seems to disappear	1934
Chapter 22	Personal Tragedy	Ex wife shoots eldest son	1935
Chapter 23	Partial Recovery	The good times are over	1935 to 1940
Chapter 24	Reflections in a book	Looking back at the good times	1940
Chapter 25	Death by His Own Hand	The final reckoning	1940

## The Life of Jesse Livermore - Timeline

Jesse Livermore, was in many people's opinion, the greatest investor and stock and commodities trader that ever operated on Wall Street. He was, almost simultaneously, the man who made the most money in a single day on the stock exchange and the man who lost the most money in a single day. In fact he made and lost three great fortunes between 1900 and 1940. For a brief period in the early 1930s he was one of the world's richest men with a personal fortune believed to be worth over \$150 million, \$100 million of that earned from the Wall Street crash of 1929. In the end it was too extreme a change of fortunes for any man to cope with and Livermore shot himself in a New York hotel lobby in 1940 aged just 63.

Year	Event	Age	Description
1877	Birth	0	Born in Shrewsbury, West Acton, Massachusetts USA
1891	First Job	14	Employed at Paine Weber Boston stockbroking offices
1892	First trade	15	Makes a \$3.12 profit in Burlington stock.
1893	Starts trading on his own	18	Makes \$10,000 trading in Bucket Shops in Boston
1899	Moves to New York	22	Begins trading properly at the office of E.F. Hutton
1900	First Marriage	23	To Nettie Jordan of Indianapolis
1900	Loses all his money	23	Loses as he misreads trading skills needed at Hutton
1900	Returns to bucket shops	23	Makes \$5,000
1901	Returns to New York	24	Makes \$50,000 and loses it again on cotton trades
1906	San Francisco Quake	29	Makes \$250,000 after earthquake causes slump
1907	Stock Market Crash	30	Makes \$1 million shorting stocks on a hunch
1907	Buys first yacht	30	Holidays in Palm Beach, Florida
1908	Loses money again	31	Loses all his money on cotton trade
1908	Meets Dan Williamson	31	Williamson bankrolls return with limited success
1909	Start of lean years	32	Period of three years when he loses his touch
1915	First Bankruptcy	35	Declares official bankruptcy with debts of \$100,000
1915	Return of Dan Williamson	36	With backing makes \$145,000 on Bethlehem Steel
1916	Return to form	38	Makes \$3 million
1917	Consolidates progress	39	Makes another \$1.5 million and established trust fund
1918	First Divorce	39	Divorces Nettie
1918	Second Marriage	41	Marries 18-year-old Dorothy Wendt
1919	Birth of eldest son	42	Jesse Livermore II is born on 13 <sup>th</sup> September
1922	LeFevre Book	45	Fictionalised biography is published
1923	Birth of Youngest Son	46	Paul Livermore is born on 3 <sup>rd</sup> April
1923	Moves into Hecksher office	46	Moves into secure permanent office with staff
1925	Huge grain profits	48	Makes \$10 million trading corn and wheat
1929	The Crash	52	Goes short before October 1929 makes \$100 million
1932	Second Divorce	54	Dorothy gets settlement of \$10 million
1933	Third Marriage	56	Marries Harriett Metz Noble
1933	Long Island home sold	56	Evermore house is auctioned off by ex wife
1934	Second Bankruptcy	57	Liabilities listed at \$2 million
1935	Ex Wife shoots eldest son	58	Dorothy shoots Jesse II on 29 <sup>th</sup> November
1940	Own book published	62	Book is called How To Trade In Stocks
1940	Death	63	Commits suicide in New York on 28 <sup>th</sup> November



### About the Author - TOM RUBYTHON

Tom Rubython is a well known journalist and author, specialising in the worlds of business, entertainment and sport. Previously editor of well known business and sports magazines, he has scored twin success in books with the best selling biographies of racing drivers, Ayrton Senna and latterly James Hunt. His last book And God Created Burton, a biography of the actor, Richard Burton was published in May 2011. He has been waiting for more than ten years to write this biography of Jesse Livermore. The wait was necessary until Livermore's fictional biography 'Reminiscences of a Stock Operator' came out of copyright and Livermore's own words as told to Edwin Lefevre came into the public domain.

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In the summer of 1929 most people believed that the stock market would continue to rise forever. Wall Street was enjoying a nine-year winning run that had seen the Dow Jones increase 1,000 per cent from the start of the decade - an unprecedented rise. The Dow peaked at 381 on 3rd September and later that day the most respected economist of the day, Irving Fisher, declared that the rise was "permanent". One man vigorously disagreed and sold \$300 million worth of shares short. Two weeks later the market began falling and rising again on successive days for no apparent reason. This situation endured for a month until what became famously known as the three 'black' days: On Black Thursday 24th October the Dow fell 11% at the opening bell, prompting absolute chaos. The fall was stalled when leading financiers of the day clubbed together to buy huge quantities of shares. But it was short-lived succour and over that weekend blanket negative newspaper commentary caused the second of the 'black' days on Black Monday 26th October when the market dropped another 13%. The third 'black' day, Black Tuesday 29th October saw the market drop a further 12%. When the dust had settled, between the 24th and 29th October, Wall Street had lost \$30 billion. Only much later did it become known that the man who had sold short \$300 million worth of shares was Jesse Livermore. Livermore had made \$100 million and overnight became one of the richest men in the world. It remains, adjusted for inflation, the most money ever made by any individual in a period of seven days. This is the story of that man.