

"No other investor has produced better results for such a long period—not Peter Lynch, not Warren E. Buffett."

—*Business Week* on George Soros

SOROS

THE UNAUTHORIZED BIOGRAPHY

THE LIFE,
TIMES & TRADING
SECRETS

OF THE
WORLD'S GREATEST
INVESTOR

Robert Slater

SOROS

**The Life, Times, & Trading Secrets of
the World's Greatest Investor**

SOROS

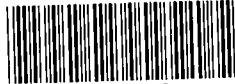
The Life, Times, & Trading Secrets of
the World's Greatest Investor

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To Prime Minister,
Datuk Dr. Mahathir

ROBERT SLATER

From C.P.T. M. E.
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Preface

This is not an authorized biography. I mention that at the outset because it answers the first question most people ask an author when they hear he or she is writing a book about someone. The idea of doing a profile of George Soros was mine. After writing a book in 1992 on General Electric chairman Jack Welch, also published by Irwin Professional Publishers, I looked around for another important business personality to profile. I hit upon Soros. When I contacted his office to let him know what I planned to do, I was put in touch with David Kronfeld of Kekst & Co., the firm Soros chose to handle his public relations.

We had a pleasant thirty-minute meeting, in which I gathered that no one else had been contemplating or was in the process of doing a book on Soros. I explained to Kronfeld that I hoped to remedy that, and that I would notify him if and when I got a contract. I asked him not to convey anything about the project to Soros and his people at that time; Kronfeld gave me the impression that he would wait for my phone call.

When I got the go-ahead to do the book a month later, I called Kronfeld right away to inform him that indeed I would be doing the book. He replied that "unfortunately, the Soros people had decided not to cooperate with you." He did not give any explanation. Considering that I had not even written to Soros to inform him of my plan, the reaction was not what I expected. Kronfeld then told me that he and Gershon Kekst, head of Kekst & Co., had recommended to the Soros people, whoever they are—they were never identified—that they cooperate with me. He said they had tried to "plead your case" but without success. I thanked him, but pointed out that I had not asked him to plead my case, nor was I asking for cooperation. I would be asking only for interviews with Soros and his associates, which seemed to me in everyone's interest—Soros's and

mine. I asked whether I would be able to interview staff workers at Soros's various foundations in Eastern Europe. Kronfeld suggested that I contact Frances Abouzeid, who handled public relations for that aspect of Soros's efforts.

In a telephone conversation, Abouzeid said that Soros had "made a commitment" to someone else who was working on a book about him, and therefore he and his associates "would not have the time" to spend with me. I said I planned to go ahead with the book and hoped Soros would change his mind. Abouzeid did indicate that I would be able to interview people connected to Soros's foundations.

And so I began research on this book, hoping to talk to as many people as possible who had known Soros and worked with him both on the philanthropic and on the investment side of his career. At the outset, I decided to focus on those who worked for the Soros Foundations in Eastern Europe.

In Bucharest, Romania, the Soros staff treated me royally. They picked me up at the airport, drove me to meetings with foundation staff, and permitted me to sit in on private foundation meetings and to interview anyone and everyone, from the directors on down. They provided me with the kind of cooperation that I had sought, and that seemed a good omen. Later in Budapest, Hungary, I set myself more complicated goals than just interviewing foundation staff. I also wanted to track down people who had known Soros from childhood. Finding them was not easy, but eventually I came across several. Their memories were usually fresh, and they seemed to enjoy the chance to reminisce about their schoolmate or childhood friend.

In Budapest I also had a brief introductory meeting with Soros. I had had no idea that he would even be in Budapest when I had planned to be there. But it turned out that he was in town to meet with the executive directors of his foundations in Eastern Europe and the former Soviet Union—and that he would be present at an evening reception for them on March 8, 1994, at the Taverna Hotel. As luck would have it, I was supposed to interview a foundation employee at the hotel, so I seized on the chance to introduce myself to Soros. The first person I met that evening, however, was Frances Abouzeid. In a friendly voice, she said she would try to arrange for me to meet with Soros briefly before the reception. Failing that, she said she would try to set a meeting up when I was in New York the next month. She later returned with word that it was not at all certain

Soros would be coming to the hotel that evening, so I would have to wait until April. I was, to say the least, disappointed.

I chatted with other Soros people—and then Soros walked in. He was walking very briskly, but I darted over to him. Abouzeid accompanied me and made the introduction.

I said I was writing a book about him.

Soros replied that he hadn't known about the project.

Hadn't known about the project? How could he not have known? I was, needless to say, taken back. After all, both David Kronfeld and Frances Abouzeid told me that it had been Soros who had decided not to cooperate with me on my book.

I briefly sketched in my background and said that I wanted very much to meet with him.

He said he could not make any promises.

I persisted. I told him that I had already had some fascinating meetings with acquaintances of his in Budapest who had known him from childhood. I reiterated that it would be important for me to talk with him.

He seemed to thaw a bit, for he said that when I was finished with my research, we would meet. Soros then said to Frances Abouzeid, "He can come to the meeting tonight. It will be off the record."

I was very pleased with this turn of events.

But then Abouzeid intervened: "No, we want it closed."

Soros looked at me apologetically. "I have to follow her judgment." I was astounded that George Soros had bowed to a public relations aide in deciding whether or not someone writing a book about him should attend a reception.

As it turned out, I never met with Soros again. In five countries, however—the United States, England, Hungary, Romania, and Israel—I was able to interview many of his associates, dating back to the earliest days of his investment career. Thanks to those interviews, I believe I have been able to portray George Soros in all of his complexity. Fortunately, Soros has often spoken on the record, in newspaper, magazine, and television interviews. Because of those interviews, I have been able to provide a sense of what Soros believes on the issues affecting his career. And, he has written three books, one about his financial theories (*The Alchemy of Finance*), the other two about his philanthropic endeavors (*Opening the Soviet System* and *Underwriting Democracy*). Here and there in those

books, Soros writes about himself personally, helping me to round out his personality.

I have also benefited from a series of fascinating interviews I arranged with financial analysts both on Wall Street and in the City of London. Some of these analysts did not know Soros personally, but they were able to describe the milieu in which he functioned and provide me with insights about how the financial community works and how it has reacted to Soros's phenomenal investment record.

Conducting research on a living public figure for an unauthorized book is never easy. In this case, I felt particularly challenged, conscious as I was that Soros wanted to keep his closest associates, including his public relations aides, from talking with me. In several letters that I wrote to him, I stressed that I saw it as my obligation as an author to provide him with the opportunity to comment on certain episodes and certain statements that people had made about him. This argument failed.

Indeed, on May 31, 1994, I received a letter from Sean C. Warren, general counsel of the Soros Fund, in essence a response to the second of two letters I had written to Soros asking for an interview. Warren wrote that the purpose of his letter was to confirm that Soros would not cooperate with me, since he was cooperating with another author writing a book about him. "As I am sure you can appreciate, Mr. Soros and his affiliates have very limited time which they must allocate carefully. Consequently, Mr. Soros has also requested that persons affiliated with his foundations and other entities not respond to your inquiries." Warren reiterated that "no one will be available to meet with you" and that I should "please cease calling Mr. Soros and the foundations regarding meetings."

He closed the letter with what was essentially a plea: "In your letter you state that you wish to meet with Mr. Soros in an effort to make your book as accurate as possible and out of a sense of 'fairness.' Although no one will meet with you, I am sure that you will nevertheless use your best efforts to fulfill your journalistic responsibility regarding the accuracy and fairness of your book."

I was rather bemused by the plea. On June 20, 1994, I wrote a letter to David Kronfeld, putting to him a series of questions about Soros that I had hoped to discuss in person. I noted that the general counsel had asked me to be fair and accurate while acknowledging that I would have no access to those who were in a position to help me do that. I received no reply from Mr. Kronfeld.

I happily discovered that Soros's reach extended only so far. A good number of his former employees were more than willing to share their views of him with me, almost always on the record. I am deeply grateful for the lengthy interviews they conducted with me. In contrast I felt at times as though I was playing cat and mouse with the Soros people. I would call someone up, ask for an interview, the person would agree, but then would cancel. In one case, a woman agreed to an interview, noting that the Soros people had already contacted her, asking her not to talk to me, but she decided that she was going to do so anyway. On another occasion, a close Soros associate agreed to meet with me. After a lengthy interview extending over a full evening, the person called the next morning to say that she had learned from the Soros people that she wasn't supposed to talk to me. I had to turn our on-the-record interview into one "not for attribution." In cases like these, George Soros's long reach was evident.

Despite these constraints, I can say confidently that this book provides the most in-depth look at George Soros to date.



A word about my editor, Jeffrey Krames. Once again, I have had the great pleasure of working with him on a major book project. In so many ways he has been there with support, advice, and enthusiasm, helping me to shape the project, sharing my excitement with the topic, pointing out ways to strengthen the text. He has helped turn a complicated challenge into a wonderful experience for me, and I am deeply grateful.

I wish to thank Bruce Liebman for handling some important research assignments in New York. Thanks to him, I was able to get my hands on a whole series of valuable articles about Soros with relative ease. My thanks also to Zelda Meislin Metzger and David Nachman for their assistance.

I also wish to thank those with whom I had the chance to talk: Frances Abouzeid, Edgar Astaire, Ferenc Bartha, Cimpoca Narcisa, Leon Cooperman, Beth Davenport, Csilla Dobos, William Dodge, Daniel Doron, Don Elan, Dinu C. Giurescu, Alex Goldfarb, James Grant, Anca Haracim, Charles Hoffman, Miklos Horn, Dale Jacobs, Gheorghe Jumuga, Radu Jugureanu, Anatole Kaletsky, Laszlo Kardos, Stephen Kellen, David Kronfeld, Benny Landa, Arthur Lerner, James Lister-Cheese, Niel MacKinnon, George Magnus, Sandor Magyari,

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Allan Raphael, James Marquez, Byron Wien, Don Elan, and Chris Turner read parts of the text. I am grateful to them for giving their valuable time and for their comments.

A word of thanks to my family: My wife Elli was always there, supporting, suggesting, reading drafts, taking care of our family while I hopped from one country to the next in search of yet one more detail about George Soros. She was most understanding, most helpful, and I thank her for everything. I thank my children—Miriam and her husband Shimi, Adam, and Rachel—for just being there and for adding so much joy to my life.

Each time I write a book about business, and this is now my fourth, I am reminded of how much closer to the subject, in practical terms, are certain members of my family. A number of them not only displayed the requisite enthusiasm but went beyond that by adding important points of clarification and insights, and I wish to thank them for all their help: my brother, Jack Slater; my brother-in-law, Judd Winick; my nephews, Michael Winick, Mark Winick, Jeffrey Slater, Mitchell Slater, Craig Jacobs, and Jerry Bedrin; and my cousin, Melvin Slater. They are the “businessmen” in my family, and they are one of my most important audiences. My most important “audience” is my late father, Joseph G. Slater. However subconsciously, he inspired me to find the whole topic of business endlessly fascinating. I was stubborn at first, wondering what exactly it was about business that turned him on. Later in life, I found out, and I believe he would have been pleasantly surprised and amused to find out that I finally got his message. To him, above all, I give my thanks. I dedicate *Soros* to Joseph G. Slater.

Robert Slater