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Hedge fund investor turns hand to publishing

Steve Higgins , Register Business Editor

HAMDEN — The irreverent tone of Timothy Sykes' rollicking first book becomes apparent before Page 1, in the "Acknowledgements" section.

"I would like to thank the thousands of inept corporate management teams, shady brokers, boiler rooms, pump and dumpers, stock promoters, market manipulators, wannabe traders, newsletter writers and Internet message board posters — for your endless scheming and undying greed, without which my fortune would never have been possible."

Sykes, 26, an Orange native who made \$2 million on Wall Street before he graduated from college, has published "An American Hedge Fund: How I Made \$2 Million as a Stock Operator & Created a Hedge Fund."

The book is a fast-paced, funny and brutally honest account of Sykes' rocket ship ride to Wall Street riches after he became obsessed with day trading while in high school.

By the time he was 22, Sykes had piled up \$1.65 million from stock trading and then created his own hedge fund, the Cilantro Fund in New York.

Sykes is a regular guest commentator on CNBC and starred in a reality TV series, "Wall Street Warriors," a six-part documentary that ran in fall 2006 on the INHD cable TV channel.

He also just signed a deal with the MSN Money Web site to be host of his own video clips, at <http://moneycentral.msn.com>.

On Monday, the book's official release date, Sykes announced the closing of the Cilantro Fund and the start of his new career, as founder and owner of a new book publishing company, Bullship Press in Hamden.

"An American Hedge Fund" is the first offering by the company, and Sykes is looking for office space in Hamden.

After years of frustration stemming from the U.S. Securities and Exchange Commission's stringent rules governing hedge fund operations, Sykes said his new mission in life is to educate young people interested in stock trading and to advocate for more transparency within the secretive hedge fund industry.

He had to close his fund in order to do so.

In a recent interview, Sykes said the business world is presented to young people in a way that is either too intimidating or too boring, and he wants to make it more exciting, like sports.

"Business is fun. Business is awesome," said Sykes, who brought female models onto CNBC in April to hold up stock charts during a contest show.

"I want to provide education and clarity about business and trading, especially to young people," said Sykes, who cited a recent study that showed 700,000 college students are involved in day trading.

"There are so many people doing this, and they need inspiration."

Sykes also plans to become an advocate for regulatory change. The SEC doesn't allow hedge funds to advertise and doesn't allow anyone with a net worth below \$1 million to invest in hedge funds, ostensibly to protect investors from the higher-risk levels carried by hedge funds.

Sykes said those rules prevented him from raising enough money to grow his fund to a significant size.

Sykes said the main problem is that the SEC is underfunded and therefore is forced to regulate the industry in a pre-emptive manner, rather than punishing wrongdoers when they are caught.

"The way to police the markets is not to force everyone to be secretive, it's to fund the SEC to the extent they can fine people for misleading press releases and other abuses," Sykes said.

"If you're willing to take the risks, you should be allowed to make the investment. We need to take the fear out of the industry."

In his book, Sykes recounts how he turned \$12,415 of bar mitzvah gift money into \$1.65 million as a momentum trader in the penny stock arena before starting his hedge fund.

In high school, he did not realize that the volatility patterns among stocks that he detected and exploited resulted largely from illegal "pump and dump" tactics hatched in the "boiler rooms" of the late 1990s.

The book provides a lively account of Sykes' never-ending search for money-making opportunities among thousands of stock plays, and the emotional ups and downs of winning and losing thousands of dollars with the touch of a computer key.

Unlike many accounts of stock trading, "An American Hedge Fund" includes the embarrassing mistakes along with the exhilarating triumphs.

Sykes said he decided to self-publish his book — and then start his own publishing company — after realizing he could make far more profit per book on his own.

The book is selling only online, at \$19.95 a copy, by the "print on demand" method, meaning high-speed printers will print copies as they are ordered, rather than by the thousands ahead of time.

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Sykes said he wants to publish books on trading, finance and business history, and is seeking writers.

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