

THE BIG SHORT

Written by

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Based on the book by Michael Lewis

The most difficult subjects can be explained to the most slow-witted man if he has not formed any idea of them already; but the simplest thing cannot be made clear to the most intelligent man if he is firmly persuaded that he knows already, without a shadow of doubt, what is laid before him.

Leo Tolstoy, 1897

1 OPEN ON: INT. SOLOMON BROTHERS - 1979 - DAY

1

A bunch of FAT BOND TRADERS eat deli sandwiches and smoke cigarettes on the Solomon Brothers Bond Trading floor. It's not exactly Michael Douglas in Wall Street.

The voice that walks us through this is smart, too the point and slick. We'll meet him later.

MODERN TRADER (V.O.)

In the late seventies banking was not a job you went into to make large sums of money. It was a good stable profession like selling insurance or accounting. And if banking was boring then the bond department at a bank was downright comatose. We all know about bonds, give em to your nephew when he turns 16 and then we he's thirty he makes a hundred dollars. Yawn. Bonds were for losers. That is, until Lewis Ranieri came on the scene at Solomon Brothers...

MUSIC: Some great 70's ballad like KISS YOU ALL OVER by EXILE

We see an even schlubbier version of the other Bond Traders emerge. His suit is rumpled, he has a mustard stain on his shirt from a soft pretzel he's eating and he is easily seventy pounds over weight. This is LEWIS RENIERI. And though his world is obscure, he is the shit.

Our NARRATOR the MODERN TRADER passes through the scene for a second, dressed in modern clothes...

Lewis greets his Bond Department with obscenities barked through his patchy beard and glasses.

MODERN TRADER (V.O.)

You see Lewis didn't know it yet, but he had already changed banking forever. He had just one simple idea...

2 INT. SOLOMON BROTHERS - CONFERENCE ROOM - 1979 - DAY

2

Lewis and HIS TEAM are doing a presentation to a bunch of STATE PENSION FUND MANAGERS with an old fashioned OVER HEAD PROJECTOR.

LEWIS RANIERI

...The mortgage backed security. Or the private label M.B.S.

FUND MANAGER

What is that?

BOND TRADER

I hope you don't say that when you look at your wife's pussy!

They all HOWL except the fund manager who looks shocked but then finally laughs to fit in.

LEWIS RANIERI

Here's how it works. You've got your average person's mortgage. Fixed rate, 30 years...

We see A HOUSE on the over head projector.

LEWIS RANIERI

Boring, safe, small pay off... Right? But when you have thousands of them all bundled together...

We see an illustration of many homes. The next illustration shows them all "bundled" together with a bow.

LEWIS RANIERI

Suddenly the yield goes up and the risk is still low cause it's a mortgage and who the hell doesn't pay their mortgage?

BOND TRADER

Dickheads and junkies.

LEWIS RANIERI

And because the risk is hedged these bonds allow for people with not so perfect credit to get homes. So you're making money and you're doing a good thing.

BOND TRADER #2

Lewie is a fucking genius.

FUND MANAGER

Uhm, what exactly is the credit rating on this bond? All my pension fund cares about is triple A rated risk.

LEWIS RANIERI

Risk? What risk? The only risk is that you get paid back too soon! Plus each of these mortgages is guaranteed by the U.S. Government. This bond gentlemen, is AAA rated.

FUND MANAGER

This is exactly what the Michigan State pension fund has been looking for. I'll buy 20 million...

BOND TRADER #2

Come on live a little!

FUND MANAGER

Twenty five million.

LEWIS RANIERI

Let's break out the paper work!

MUSIC: Something like BOOGIE OOGIE OOGIE by A TASTE OF HONEY

3 INT. STRIP CLUB - 1979 - NIGHT

3

The Bond Traders are partying at a strip club throwing dollars everywhere and boozing. It disgusting and fun as hell and none of these guys will live past 60.

MODERN TRADER (V.O.)

Lewis and his band of foul mouthed bond traders took a sleepy department and made it the most profitable on Wall Street. Pretty soon stocks and savings were almost inconsequential to the big banks. They were doing 50, 100, 200 billion in mortgage bonds and dozens of other securities a year.

4 EXT. SKYLINE OF MANHATTAN - DUSK

4

TIME LAPSE: New impressive BANKING BUILDINGS SPRING UP and dot the Manhattan skyline. Chase, B of A, Morgan Stanley, Lehman Brothers etc.

MODERN TRADER (V.O.)

And America barely noticed as it's number one industry became boring old banking. Then one day... almost thirty years later... in 2008... It all came crashing down.

SMASH CUT TO BLACK

1010 WINS ANCR (V.O.)

Wall Street has suffered one of it's worst days in history as Lehman Brothers has declared bankruptcy.

- 1) TRACKING SHOT PAST HOUSING DEVELOPMENT LAWNS WITH FORECLOSED AND FOR SALE SIGNS ON ALL THEM (STOCK FOOTAGE).
- 2) AND THEN A LONG LINE OF APPLICANTS AT A MCDONALD'S JOB FAIR. (STOCK FOOTAGE)
- 3) IMAGES OF THE DOW DROPPING. (STOCK FOOTAGE)

1010 WINS ANCR (V.O.)

This follows the demise of Bear Stearns and a plummeting Dow Jones, down four thousand since January.

MODERN TRADER (V.O.)

In the end Lewis Ranieri's Mortgage Backed Security mutated into a monstrosity that collapsed the whole world economy. And none of the experts or leaders or talking heads had a clue it was coming. I'm guessing most of you still don't really know what happened. Yeah, you got a sound bite you repeat so you don't sound dumb but come on...

WE FADE TO BLACK.

MODERN TRADER (V.O.)

But there were some who saw it coming... While the whole world was having a big ol' party, a few outsiders and weirdos saw what no one else could. Not me, I'm not a weirdo. I'm pretty cool. We'll meet later. These outsiders saw the giant lie at the heart of the economy. And they saw it by doing something the rest of the suckers never thought to do: they looked.

TITLE: THE BIG SHORT

5 EXT. MIDDLE SCHOOL FOOTBALL FIELD - DAY

5

GRAPHIC: 1985

A MIDDLE SCHOOL football game is in progress. MICHAEL BURRY age 11 catches a ball and starts running. He's pretty good.

His parents and coaches cheer him on. Cute 8th GRADE CHEERLEADERS wave their pom poms.

PARENTS/COACH
Thatta way Michael! Go! Go!

He is TACKLED by a few players and as Michael gets up we hear an OPPOSING PLAYER scream.

OPPOSING PLAYER
Ewwww! Look!

CU of a GLASS EYE on the field. Michael covers his eye with his hand.

OPPOSING PLAYERS
Gross! His eye fell out! He's a freak! etc.

Michael picks the eye up and walks back to the side lines still covering his one eye. Another player runs into replace him.

PA ANCR (V.O.)
Replacing Michael Burry at tight end, number 88, Scott Proffer!

A CUTE CHEERLEADER looks at Michael with her nose scrunched up and then looks away. His MOM and DAD meet him.

MOM
It's okay Michael. Let's just wash it off and put it back in.

DAD
You were playing so well son. I heard the coach compliment you.

11 YR OLD MICHAEL BURRY
Can we just go home?

He walks away.

6 INT. INDOOR POOL - DAY

We see from under the water ADULT MICHAEL BURRY swimming laps. His strokes are clean and strong.

Michael Burry gets out of the pool. He towels off and walks immediately to the lockers.

MICHAEL BURRY (V.O.)

I've always been more comfortable alone. I believe it's because of my glass eye. I lost the eye from a childhood illness. It separates me from people. Most social interactions are awkward. For me, for the person. Even when I try to compliment someone it comes out wrong... The compliment, not the eye.

(quarter beat)

That wasn't a joke. I'm just being clear.

GRAPHIC: MICHAEL BURRY

MICHAEL BURRY (V.O.)

The other night there was a party with some old college associates.

7 INT. WATER FRONT RESTAURANT - NIGHT

There is a party going on with upper class professionals drinking white wine and Heinekens. Michael stands alone between two groups of professionals talking.

LAWYER

We bought the house two years ago for 650 and we just sold it for 950. We put 30 thousand into it tops...

8 EXT. WATER FRONT RESTAURANT - NIGHT

FLASH to Michael starting his car, a Honda, and leaving.

MICHAEL BURRY (V.O.)

After ten minutes I left and went home and researched state by state mortgage fraud rates until three in the morning.

9 INT. MICHAEL BURRY'S FUND OFFICE - DAY

9

Michael is seated behind his desk in a t-shirt and shorts.

MICHAEL BURRY
Did you know they're going up?
Highest fraud rates since the
1930's.

We reveal he is talking to a YOUNG EAGER ANALYST in his office at the center of SCION CAPITAL, Michael Burry's fund.

Michael's office is at the front enclosed in glass. There are 20 ANALYSTS working at desks in the main room outside the glass.

A big white board shows the quarterly profits from Scion:
+38%

YOUNG ANALYST
No. I didn't know that.

MICHAEL BURRY
I'm sorry if I'm going on and on.
My wife says I need to share more.

MARCH 2005
3 years 6 months until the crash

YOUNG ANALYST
That seems healthy.

MICHAEL BURRY
I like your hair. Did you cut it
yourself?

YOUNG ANALYST
What? No. I uh, paid someone.

MICHAEL BURRY
Oh.

Beat.

YOUNG ANALYST
So, do I get the job? I really
think I could help your fund.

MICHAEL BURRY
What? Oh sure. Right. Yes...um

YOUNG ANALYST
David.
(onward)

Great! I guess I'll find a desk. Is there anything you want me to work on for starters?

MICHAEL BURRY
Yes...

Another long beat. Michael thinks. This beat keeps going.

Finally the Young Analyst starts to speak just as Michael does.

MICHAEL BURRY
Did you find it strange-

YOUNG ANALYST
You can let me know later-
I'm sorry.

MICHAEL BURRY
Did you find it odd that when the tech bubble burst in 2001 the housing market in San Jose, the tech center of the world, went up?

YOUNG ANALYST
Huh. I guess. I mean, no. It's housing. It's always AAA rated, low risk.

MICHAEL BURRY
Yes.... That's the idea...
(he knows what he needs now)
I need you to get me the top 20 selling mortgage bonds.

YOUNG ANALYST
So you want to know what the top 20 selling mortgage bonds are?

MICHAEL BURRY
No. I want to know what mortgages are in each one.

YOUNG ANALYST
Wait, aren't those bonds made up of thousands and thousands of mortgages?

MICHAEL BURRY
Yes.

The Analyst waits for Burry to complete the thought but he doesn't.

YOUNG ANALYST
Right away Dr. Burry.

Finally he leaves. Burry sits down at his desk and PUTS EAR BUDS IN while Googling "SEC mortgage brokerage firm violations" He gets no hits.

MUSIC: Some hard-core heavy metal like BLOOD THUNDER by MASTADON

An Asian American ASSISTANT walks by Burry's office window and LOOKS AT CAMERA.

ASIAN AMERICAN ASSISTANT
I was Michael's actual assistant for years. I know what you're thinking, a hedge fund manager with a glass eye who unwinds by listening to thrash metal, come on. But he really did do that.

10 INT. SCION CAPITAL - MICHAEL BURRY'S OFFICE - NEXT DAY

10

CU of a COMPUTER SCREEN showing THOUSANDS OF COMPLICATED LINES OF MORTGAGES from a MORTGAGE BACKED SECURITY. The lines are almost indecipherable but we see Michael Burry is reading them intently like it's a page turning mystery novel.

MICHAEL BURRY (V.O.)
(his internal thought process)
30 days late... Rate adjusts in one year... Foreclosed... Paid on time... rate adjusts in one year... Investment grade mortgage bonds full of high risk interest only adjustable rate mortgages... Do people really understand how an adjustable rate mortgage works?... Most of these are no money down loans... 105 LTV... 540 Fico score?... Why are the mortgage companies giving these people mortgages...?

Outside Burry's office we see the Analyst he just hired David at his desk talking to another ANALYST #2

YOUNG ANALYST

What's he doing? He hasn't moved all day.

ANALYST #2

He does this every few days. He hasn't spoken to me since he hired me.

MICHAEL BURRY (V.O.)

90 days late... 30 days late... These bonds are one of the banks' biggest revenue sources... They need more mortgages to fill them... That's why it's all adjustable rate high risk... They're giving mortgages to people who can't afford mortgages in order to fill these bonds, in order to earn fees...

As he continues to read we TIME LAPSE and see the employees start to leave at the end of day. Eventually THE MAIN ANALYST'S OFFICE IS EMPTY and THE SUN IS COMING UP OUTSIDE.

MICHAEL BURRY (V.O.)

These mortgage bonds might fail... No one thinks they can fail, but all that subprime credit risk is real, no matter how they slice and dice it... 30 days late, rate will adjust next year... 60 days late... These bonds will fail...

11 INT. MICHAEL'S OFFICE - THE NEXT AFTERNOON

11

Michael is on the phone. He clearly hasn't slept and his clothes are rumpled. There are water bottles everywhere.

Michael brushes his teeth over a garbage can with water.

MICHAEL BURRY

Lawrence. I found something really interesting.

LAWRENCE FIELDS (V.O.)

Great Michael. Whenever you find something interesting we all tend to make money. What stock are you valuing?

MICHAEL BURRY

No stocks. I want to short the housing market.

12 INT. METRO CAPITAL - LAWRENCE FIELDS'S OFFICE - SAME TIME 12

LAWRENCE FIELDS'S office is the opposite of Michael's. It's lavish with Manhattan views as is he.

LAWRENCE FIELDS
Haha! Really? But the housing market is rock solid. Greenspan just said bubbles are regional, defaults are rare.

FIELDS motions to his assistant through the open door.

LAWRENCE FIELDS
Tell them I'll be there in a minute...

MICHAEL BURRY
Greenspan's wrong.

LAWRENCE FIELDS
I don't think you mean to do it but sometimes you sound very dismissive and superior Michael. Alan Greenspan is the greatest Fed Chairman in history.

MICHAEL BURRY
It's a fact. Greenspan's wrong. He's too focused on being right to realize he's wrong. I don't know how else you want me to say it.

Burry spits out his coffee gargle into the garbage.

LAWRENCE FIELDS
Look, Metro Capital backed you four years ago when you were a doctor with a dinky web page and some inheritance money. And we've all done very well. Why don't you just stick with stocks?

MICHAEL BURRY
I look for value whereever it can be found. And the fact is: mortgage backed securities are filled with extremely risky subprime adjustable rate loans.

MICHAEL BURRY

Once the majority of adjustable rates kick in 07' they will begin to fail and when they fail above 15% the whole bond is worthless.

The scene freezes.

MODERN TRADER (V.O.)
 Mortgage backed securities, subprime loans, tranches... Pretty confusing right? Does it make you feel bored? Or stupid? Well, it's supposed to. Wall Street loves to use confusing terms to make you think only they can do what they do. Or even better, for you to leave them the fuck alone. So here's Scarlett Johansson under a water falls to explain...

13 EXT. SMALL WATERFALL - DAY

13

SCARLETT JOHANSSON in a white T shirt and cut off jeans let's the waterfall run over her while explaining mortgage backed securities.

SCARLETT JOHANSSON
 Basically Lewis Ranieri's Mortgage bonds were amazingly profitable for the big banks. They made billions and billions off of their 2% fee on each of these bonds they sold. But then they started running out of mortgages to put in them. After all, there's only so many homes and so many people with good enough jobs to buy them. So the banks starting doing something different. Instead of creating mortgage bonds that were guaranteed by the US government, they started creating their own private mortgage bonds. No government, no pesky standards like good credit or minimum income. And then the big banks were able to fill the bonds with riskier and riskier mortgages and keep the profit machine churning. By the way, the risky mortgages are called "subprime." Anytime you hear subprime, think shit.

SCARLETT JOHANSSON

Michael Burry found out these mortgage bonds that we supposedly 65% AAA were actually mostly full of shit, so now he's going to "short" the bonds, which means to "bet against." Got it? Good.

14 INT. MICHAEL BURRY'S FUND OFFICE - CONTINUOUS

14

Back to the scene.

MICHAEL BURRY

It's only a matter of time before someone else sees this investment. We have to act now.

LAWRENCE FIELDS

And how do you know the bonds are built on subprime crap? Aren't they filled with hundreds of pages of mortgages?

MICHAEL BURRY

I read them.

LAWRENCE FIELDS

You read them? No one reads them. Only the lawyers who put them together read them.

MICHAEL BURRY

I don't think they even know what they made. The whole housing market is propped up on these bad loans. It's a time bomb. And I want to short it.

LAWRENCE FIELDS

Through what instrument Michael? There are no insurance contracts or options for mortgage bonds. The bonds are too stable. No one would buy them.

MICHAEL BURRY

I'm going to get a bank to make me one. Then I'm going to buy a ton of them.

CUT TO:

15 EXT. GOLDMAN SACHS - MANHATTAN - DAY

15

We push in on Goldman Sachs. We see FINANCIAL NEWS on a monitor outside playing Jim Cramer's Mad Money show.

JIM CRAMER
Folks, this market ain't dropping!
It's like the running of the bulls
in Pamplona. Either get out of the
way or invest, invest, invest!

THE FEMALE SALES REP (V.O.)
So, Dr. Burry, tell us about this
trade.

16 INT. CONFERENCE ROOM - GOLDMAN SACHS - DAY

16

A SALES REP (LUCY THALIA), an INDIAN NUMBERS GUY (DEEB WINSTON) all from Goldman Sachs sit across from Michael Burry. Michael looks very Men's Warehouse in a blue blazer and slacks compared to the Goldman group who looks very GQ in Prada suits.

MICHAEL BURRY
I want to buy swaps on mortgage bonds. A credit default swap that pays off if the underlying bond fails.

SALES REP
You want to bet against the housing market?

MICHAEL BURRY
Yes.

DEEB WINSTON
Why? These bonds only fail if millions of Americans don't pay their mortgages. That's never happened in history. If you'll excuse me Dr. Burry, it seems like a foolish investment.

MICHAEL BURRY
Based on prevailing sentiment of the market, the big banks and popular culture, yes, it's a foolish investment. But everyone's wrong.

There's a beat and then everyone laughs except Michael Burry who wasn't kidding.

SALES REP

This is Wall Street, Dr. Burry. If you offer us free money, we are going to take it.

MICHAEL BURRY

My one concern is that when the bonds fail I want to be certain of payment in case of solvency issues with your bank.

They are shocked.

SALES REP

I'm sorry. Are you for real? You want to be against the housing market the most reliable sector of the American economy and you're worried we won't pay you?

MICHAEL BURRY

Yes. That's correct.

The Goldman people whisper amongst themselves for a beat.

DEEB WINSTON

We could work out a pay as we go structure that would pay out if the bond's value falls. But it would also apply to your payments if the value of the mortgage bond goes up. You'd have to pay us monthly premiums.

SALES REP

Is that acceptable Dr. Burry?

Mike starts pulling thick DOCUMENTS out of his backpack. He slides them across the table.

MICHAEL BURRY

Yes it is. Here are prospectuses on 6 mortgage-backed securities I want to short.

They scan them. They're diligent, they make us wait.

DEEB WINSTON

These should be fine.

SALES REP

We are prepared to sell you five million in credit default swaps on these mortgage bonds.

MICHAEL BURRY
Can we do 100 million?

17 EXT. GOLDMAN SACHS HALLWAY - MOMENTS LATER

17

Michael Burry leaves the conference room. AS HE CLOSES THE DOOR HE HEARS THE SALES REPS AND THE NUMBERS GUY LAUGHING AND CLAPPING. He hesitates, is he hurt? But then pushes on.

MUSIC: Popular Hip Hop track like GOLD DIGGER by KANYE WEST

MICHAEL BURRY (V.O.)
Is there any way to buy 200
million?

18 INT. DEUTSCHE BANK - THE NEXT DAY

18

Michael is now across from SALES REPS from Deutsche Bank.

DEUTSCHE SALES REP
I, uh, I don't see why not. But are
you sure?

DEUTSCHE SALES REP #2
(waves off his colleague)
Absolutely. Absolutely we can do
that.

MICHAEL BURRY
That would be great. Here are the
bonds I would like to bet against.

He pushes another bundle of papers across the table.

QUICK CUTS: OF BUNDLES OF HAND PICKED MICHAEL BURRY MORTGAGE BONDS BEING PUSHED ACROSS TABLES AND SIGNED AT BANK OF AMERICA, BEAR STEARNS, MORGAN STANLEY, CREDIT SUISSE ETC.

19 INT. FAST FOOD RESTAURANT - DAY

19

The MUSIC CUTS OUT and we see Michael Burry through the front window eating alone at a chain restaurant. His phone buzzes.

He answers. It's a photo of his WIFE, and his 6 year old son Nicholas. Under it, it reads "We miss you!"

20 INT. MANHATTAN NIGHT CLUB - NIGHT

20

THE HIP HOP SONG KICKS BACK IN AS SOURCE. AN UPSCALE CLUB IS PACKED WITH BANKERS dancing and drinking.

We focus in on the DEUTSCHE SALES REP AND COWORKERS WHO SOLD BURRY THE SWAPS. They are clearly CELEBRATING HARD.

TRADER

Hey Randall, what's with the Dom?
Bonuses aren't for three months.

DEUTSCHE SALES REP

We just sold 200 million today in credit swaps for mortgage bonds!
Some fund manager from California!
Fucking crazy right? It's a whole new way to make money!

TRADER

I didn't know there were swaps on mortgages!

DEUTSCHE SALES REP

There are now! We made one for him.
He must have gone off his zoloft!

More Dom is poured. A male and female sales rep make out. The Trader steps over to another table and taps a guy on the shoulder.

TRADER

Hey Jared! Did you hear about the deal Randall did with some fund manager?

For the first time we see the Modern Trader, JARED VENNETT, 32. He's smart, a bit slick with a slight Jheri curl and wears a sharp suit. HE'S OUR NARRATOR.

JARED VENNETT

Randall's a foot soldier. It must be a shit deal.

GRAPHIC: JARED VENNETT

TRADER

No, it's for real.

Jared LOOKS AT CAMERA.

JARED VENNETT

I told you I'd come in later.

TRADER

Apparently this guy wanted 200 mill in credit default swaps on mortgage bonds! Randall made the sale. Can you believe it?!

JARED VENNETT
 Someone shorted 200 mill worth of
 mortgage bonds?

TRADER
 That was just with Deutsche. Word
 is he hit half the town!

JARED VENNETT
 How much total?

21 INT. MICHAEL BURRY'S FUND OFFICE - DAY

21

Michael Burry is on the phone with Lawrence Fields.

MICHAEL BURRY
 1.3 billion.

LAWRENCE FIELDS
 What?! That's pretty much all of
 Scion's liquidity! Michael this is
 highly distressing.

22 INT. ACADEMY GALLERIA - FLORENCE

22

Lawrence Fields is in Florence with the David behind him. He steps away to continue the conversation.

MICHAEL BURRY
 It's not all of our liquidity
 Lawrence. I'm not certain you
 understand this trade. This is a
 certainty.

LAWRENCE FIELDS
 Michael, I consider myself a mentor
 to you. But our company is not
 comfortable with this investment.
 Am I being clear?

MICHAEL BURRY
 I have full autonomy when it comes
 to investment strategy. You can
 read our agreement-

LAWRENCE FIELDS
 Don't throw our inception agreement
 in my face Michael. There was an
 underlying understanding that you
 wouldn't act like a goddamn crazy
 man!

MICHAEL BURRY

This isn't crazy. It's all very logical.

LAWRENCE FIELDS

So now we pay out premiums on these swaps against the housing market until the mortgages fail? In other words we lose millions until something that's never happened before happens?

MICHAEL BURRY

That's correct.

LAWRENCE FIELDS

And you have no doubts. You're not nervous at all?

MICHAEL BURRY

I have no doubts. But yes, I'm nervous. It's a very large position for me to take.

LAWRENCE FIELDS

And will you please tell me what the difference between doubt and nervousness is?

Half beat.

MICHAEL BURRY

That is a very good question. And I'm sorry but I'll have to get back to you on that. Have a nice vacation Lawrence.

He hangs up. His computer and phone are dinging.

QUICK CUTS OF EMAILS FROM MICHAEL BURRY'S INVESTORS:

1. "Have you lost your mind? I'm seriously worried about you."
2. "What the hell is a credit default swap???"
3. "I am not comfortable trying to guess what the peak of a 70 year housing spike is!"
4. "So you're telling me that rather than receiving profits on stocks I will now be paying premiums on these credit default swaps you bought? How is this in anyway good news?"

And finally we push in on one last ominous email:

"A LOT OF PEOPLE IN NEW YORK ARE TALKING ABOUT WITHDRAWING THEIR MONEY FROM YOUR FUND."

CUT TO:

24 EXT. SUNNY ROOFTOP - DAY

24

CU of a cell phone on the ground. We hear a voice.

VOICE (V.O.)

Paul? Are you there Paul? Paul!

We FLASH out.

25 INT. GROUP THERAPY SESSION - MANHATTAN - DAY

25

A group of 7 PROFESSIONALS in suits sits in a circle with A THERAPIST leading the group session.

BUSINESSMAN

... I'm a nice guy all day long.
Ask anyone. I'm a pleasure to work
with. But the second my son screws
up I'm yelling at him just like my
Dad did to me-

MARK BAUM, 40, moppish hair, rumpled suit, will always say what he thinks, busts into the room.

MARK BAUM

I'm so sorry I'm late! No cabs!

He sits down and starts right away.

MARK BAUM

So, yeah. I met with this retail
banker yesterday and I'm supposed
to be getting him to invest in our
fund but instead I start grilling
him about over draught penalties
and how his bank lets a customer
write ten, twelve checks before
they tell em they're overdrawn. And
this creep is making billions off
of screwing over people this way-

THERAPIST

Mark- 22.

MARK BAUM

And I'm getting madder and madder
and I ask this guy how he sleeps at
night knowing he's ripping off
working people and he just leaves.
He doesn't say a word. He just
walks away from the lunch. So am I
fucked up or is he?

Beat as the room catches up.

THERAPIST

Mark, we've talked about this
numerous times. You can't come in
late and hijack the entire session.

MARK BAUM

I didn't hijack the session.
(to another businessman)
Did I hijack the session.

BUSINESSMAN #2

Yes.

MARK BAUM

What'd you do?

BUSINESSMAN #2

I'm in commodities.

MARK BAUM

Of course you are.

THERAPIST

Mark, I know you suffered a
terrible loss... Maybe we can talk
about that...?

MARK BAUM

I don't talk about that. Hold on!

Mark's phone is buzzing.

MARK BAUM

Oh shit. I have to take this. So
sorry.

He answers and walks out.

MARK BAUM

(onto phone)

I don't care Porter. The guy's
whole business is built on ripping
people off. How long can that last?

He leaves. The group is left stunned.

GRAPHIC: MARK BAUM

27 EXT. MANHATTAN STREETS - LATER

27

We see GIANT BILLBOARDS: for Movado watches, Mercedes SUVs, Designer jeans (with a topless woman with her back to us).

We're on the streets of Manhattan and Mark's walking while talking on his phone.

MUSIC: Pop song like HIPS DON'T LIE by SHAKIRA plays on monitors in the window of an electronics store.

JANUARY 2006
2 years 7 months until the collapse

MARK BAUM

I don't want that kind of business... I'm sorry. Money's not money... That's bad money. Other than Goldman what company lasts ripping people off like that?

JARED VENNETT(V.O.)
Mark Baum had built a career on never assuming anyone or any company was legit without proving it. When he was a kid he excelled at studying the Talmud in Yeshiva. That was great. But one day the Rabbi told his Mom why-

28 INT. YASHIVA SCHOOL - DAY

28

10 YEAR OLD Mark Baum and his 8 YEAR OLD BROTHER PAUL run around with kids in the hallway of a Yashiva while his MOM, 35, talks to the RABBI, 52.

RABBI

Paul is a fine boy. But his brother Mark... He is the best student of the Torah and the Talmud...

MOM

Then what's the problem Rabbi?

RABBI

It's the reason.. He says he studies so hard because... 23A.

RABBI
he is looking for inconsistencies
in the word of God.

Beat.

MOM
So has he found any?

BACK TO MANHATTAN STREET

JARED VENNETT (V.O.)
Later Baum started his own fund on Wall Street. He had an amazing nose for bullshit and wasn't afraid to let everyone know when and where the bull had gone number 2. But then a tragedy happened to Mark that turned his world view dark and ready to believe the whole system was a lie.

MARK BAUM
(sees he's got another call)
I gotta go, it's Cynthia. I'll be in the office in twenty minutes.

INTERCUT:

30 INT. APARTMENT LIBRARY - PARK AVENUE - NEW YORK - DAY 30

Mark's wife, CYNTHIA (35). Their TWIN DAUGHTERS (10) are on the floor on matching laptops while their SON (7) runs around.

CYNTHIA
Your therapist called me. You did it again.

MARK
There were no cabs. What was I supposed to do? At least I went.

CYNTHIA
I worry about you Mark. You run around like you've got to right every wrong in the world.
Everyone's a creep or a crook.

MARK BAUM

Fine. I'm a rude guy. And I'm pissed off. But it's a shit storm out here sweetie. 24A.

MARK BAUM

You have no idea the crap people are pulling and the average person just walks around like they're in a goddamn Enya video.

31 EXT. MANHATTAN STREETS - CONTINUOUS

31

MUSIC: Dreamy new-age song like ENYA'S ONLY TIME

We see SLO MO people walking down the street. Some laughing. Some stressed about work. Some eating hot dogs.

MARK BAUM

They're all getting screwed... Credit cards, pay day lenders, car financing, fees, fees, and more fees. And what do they care about? The ball game or which actress went into rehab?

MUSIC: OUT

CYNTHIA

I think you should try medication.

MARK

Nooo. We agreed. If it interfered with work.

CYNTHIA

You hate Wall Street. Maybe it's time to quit.

Mark is now trying to hail a cab.

MARK

I love my job.

CYNTHIA

You hate your job.

MARK

I love my job!

CYNTHIA

You're miserable!
(gets quieter)

Mark. I feel sad about what happened every day. I know you must feel the same... But you never show it.

QUICK FLASH TO THE CELL PHONE ON THE GROUND.

MARK (V.O.)
Paul? Are you there Paul? Paul!

WE PULL UP AND SEE A MAN IN A SUIT WALK TOWARDS THE EDGE OF THE BUILDING... AND STEP OFF.

WE CUT BACK TO MARK just as the man falls fully out of frame.

33 INT. APARTMENT LIBRARY - PARK AVENUE

33

There is silence for a beat before Cynthia speaks.

CYNTHIA
I know how close you were to your brother... I keep hoping you'll talk about it. But you never do. And now you're so distrustful of everything and everyone. You didn't used to be this way...

34 EXT. MANHATTAN STREETS

34

Mark is quiet. He's still unconsciously holding his arm up for a cab.

MARK
Please don't. I really can't do this now Cynthia.

A cab stops.

CYNTHIA
We should talk. Can you just think about the idea of making a change?

MARK
I'll think about anything. I'll think about shaving my head and joining a monastery but I can tell you the answer is no.

CYNTHIA

Consider it. Please. I'm not talking about joining a monastery. We could just get off the treadmill and move to Vermont and open a B&B. It could be that easy.

MARK

Fine, I'll consider it. But honestly, I'm okay Cynthia. I really am.

(sees a guy try and take his cab)

No! That's my cab!! Back off asshole!

He grabs the guy and yanks him out of the cab.

35 EXT. MORGAN STANLEY BUILDING - LATER

35

Everyone walking in and out of the Morgan Stanley building is on their Blackberries. Mark gets out of his cab while finishing a conversation with his cab driver.

MARK

And remember, get out of that mutual fund you're in. They're going to rape you with fees!

He walks into the building and passes a Morgan Stanley higher up KATHY TAO.

KATHY TAO
Hello Mark Baum!

MARK

Hey Kathy. You busted me. I had an afternoon personal thing.

KATHY TAO
I'm not your baby sitter. If FrontPoint makes Morgan Stanley money I'm happy!

MARK
Hey did I hear you're expecting?

KATHY TAO
We're expecting to be expecting!
The IVFs are cleaning us out but we're staying positive!

36 INT. FRONTPOINT OFFICE - MORGAN STANLEY NEW YORK - LATER

36

Small. Provisional. A tiny SUPPORT STAFF. There are four desks with Mark's team working at each.

Mark enters, pushing open the door that reads "FrontPoint Partners."

MARK

Hey! Cynthia wants me to quit and open a B&B in Vermont!

VINNY DANIEL, a Queens city school graduate in a Macy's suit turns from his desk.

VINNY DANIEL

I'd love to see Mark Baum run a B&B. "Here's your steel cut oatmeal asshole!"

JARED VENNETT (V.O.)

Because he didn't kiss the ring of the people with the check books Mark Baum had to set up his fund under Morgan Stanley's umbrella. His small team reflected Mark's distrust of the system.

MARK

Yeah. She says this job is making me unhappy.

VINNY DANIEL

But you're happy when you're unhappy.

JARED VENNETT (V.O.)

Vinny Daniel: Mark's numbers guy. Vinny lost his Father to violent crime when he was young. Just like Mark he didn't talk about it.

VINNY DANIEL

(to camera)

I don't talk about it.

An athletic Wasp, PORTER COLLINS, 31. who wears a suit jacket and polo shirt, covers his blue tooth to chime in.

PORTER COLLINS

Cynthia doesn't mess around. She got me to stop eating gluten. You want me to check the residential real estate market in Vermont!?

JARED VENNETT (V.O.)

Porter Collins: former Olympic rower who went to Brown. He had worked with Baum at a previous firm and couldn't figure out why no one listened to Baum, the guy with all the good ideas.

MARK

There's no way I'm moving to Vermont. Westchester maybe, but not Vermont...

DANNY MOSES (31) Southern but moving fast towards New Yorker, a self-effacing analyst type, though he's actually their trader. HE'S FINISHING A PHONE CALL.

DANNY MOSES

... wait a minute. I think you have the wrong FrontPoint. There's another FrontPoint in this same building that is bonds.

JARED VENNETT (V.O.)

And Danny Moses: the optimist of the bunch. And a hell of a trader, which is why they tolerated the optimism.

DANNY

Okay... No problem.

He hangs up.

DANNY

That was a weird call.

PORTR

Why? Did the person actually enjoy talking to you?

DANNY

It was this guy from Deutsche who was talking about shorting housing bonds. In the middle of the call I realize he's got the wrong FrontPoint. He wanted the one of the eighth floor.

VINNY

He wanted to short housing bonds?
Who bets against housing?
(due diligence)
What's the ABX at?

PORTER
What's the ABX?

VINNY
It tracks sub-prime mortgage bond
value.

Danny checks his computer.

DANNY
It's down... Wow. That's weird.
It's down three points since last
year. I haven't heard a peep about
that.

MARK
What was this guy's name again?

DANNY
Jared Vennett. From Deutsche. He
sounded pretty sketchy.

One of the ASSISTANTS (the real DANNY MOSES) LOOKS UP TO
CAMERA.

ASSISTANT
This actually happened. I'm the
real Danny Moses. A wrong number
led us to one of the biggest leads
in investment history. I still work
in New York and I wasn't that much
of an optimist.

MARK BAUM
Call him back. Tell him we want to
hear his presentation..

VINNY
You wanna take advice from a trader
we don't know -- about a market we
don't understand -- cause the idiot
dialed a wrong number?

MARK BAUM
Yeah. Why not?

DANNY
If he'd even show up, it'd be to
screw us.

MARK BAUM
Probably.

VINNY

Definitely.

37 INT. CONFERENCE ROOM - THE NEXT DAY

37

Jared Vennett, his Chinese Quantitative Analyst, TED JIANG and a Deutsche YOUNG SALES REP stand and sit in front of the room.

Mark, Porter, Vinny and Danny listen to the bond trader's spiel, which is condescending and very sharp.

The Deutsche Rep hands out hard copies.

MARK BAUM

So how many people have you talked to about this trade?

JARED

A few. And there's definitely some interest.

FAST CUTS: A HALF DOZEN PEOPLE THAT HE TALKED TO PREVIOUSLY SAYING "NO" "GET LOST JARED" "YOU'RE HIGH" ETC.

39 INT. CONFERENCE ROOM - CONTINUOUS

39

MARK BAUM

(sarcasm)

Which is why you're here talking to us, a wrong number.

JARED VENNETT

Look, some people have called me in to just laugh at me on this deal. Is that what this is?

VINNY

That's not what this is. That's just Mark. We wanna hear this.

JARED VENNETT

Okay, here we go...

On the table is a JENGA GAME of stacked wooden blocks. On the side of the blocks is written the ratings of the tiers AAA, AA, BBB, BB, and B.

JARED VENNETT

This is a basic mortgage bond. The original ones were simple, thousands of AAA mortgages bundled together and sold with a guarantee from the US government. But the modern day ones are private and are made up of layers of tranches, with the AAA highest rated getting paid first and the lowest, B rated getting paid last and taking on defaults first.

JARED VENNETT

Obviously if you're buying B levels you can get paid more. Hey, they're risky, so sometimes they fail...

He throws one of the B blocks into a TRASH CAN.

JARED

But somewhere along the line these B and BB level tranches went from risky to dog shit. I'm talking rock bottom Fico scores, no income verification, adjustable rates... Dog shit. Default rates are already up from 1 to 4 percent. If they rise to 8 percent, and they will, a lot of these BBB's are going to zero.

Jared chuck's another B block and a BB in the garbage.

JARED

And that, my friends, is an opportunity.

DANNY

You're sure of the math?

Jared gestures to his CHINESE QUANT, sitting to his right.

JARED

Jiang is my quant. Look at him, he doesn't even speak English. He won a national math competition in China. China. Yeah I'm sure of the math.

Ted turns to camera.

TED JIANG

Actually I do speak English. Jared likes to say I don't because he thinks it makes me seem more authentic. And I finished second in the national math competition. Some people at work think Jared's a dick but he's great at his job.

VINNY

So you're offering us the chance to short that pile of blocks? How?

JARED

With something called a credit default swap. It's like insurance on the bond. And if it goes bust you can make a 10 to 1, even 20 to 1 return. And it's already slowly going bust. But no one's paying attention cause all the banks are busy getting paid obscene amounts of fees selling these bonds. Basically I'm standing in front of a burning house and offering you fire insurance on it.

Danny's trying to get his head around Jared's numbers.

DANNY

How can the underlying bonds in these pools be as bad as you say? They wouldn't be legal.

JARED

No one knows what's in these bonds. I've seen some that are 65% AAA rated that are actually full of 95 percent subprime shit with Ficos below 550.

VINNY

Get the fuck out of here!

JARED

And now get ready to really have your mind blown. I just discovered this treat...

TED JIANG

(to camera)

We discovered it. But that's fine. He's on a roll.

JARED

...when the market deems some bond too risky to buy, what do you think happens to it? We just warehouse them on our books?! No. They get repackaged, with a whole bunch of other shit that didn't sell, into a CDO.

MARK

A what?

Jared takes a bunch of the BBB, BB and B rated blocks and makes a precarious NEW tower.

JARED

A collateralized debt obligation. A C-D-O. We put a bunch of unsold B, BB or BBB bonds together, when the pile gets large enough, the whole thing's considered diversified and the whores at the ratings agencies rate it 92, 93% AAA. No questions asked.

MARK

Holy hell... Say that again.

FREEZE: Mark, leaning forward completely engaged.

JARED (V.O.)

The Collateralized debt obligation. It's important to understand because it's what allowed a housing crisis to become a nation wide economic disaster. So here is world famous chef Anthony Bourdain to explain.

41 INT. CHEF'S KITCHEN - DAY

41

In a high end professional kitchen ANTHONY BOURDAIN opens a fridge with a bunch of fish in it.

ANTHONY BOURDAIN

Okay, I'm a chef on a Sunday afternoon setting the night's menu at a big restaurant. I ordered my fish on Friday which is the mortgage bond that Michael Burry shorted. But some of the fresh fish doesn't sell. I don't know why, maybe it just came out halibut has the intelligence of a dolphin. So what am I going to do, throw all this unsold old fish, which is the BBB level of the bond, in the garbage and take the loss?

Bourdain chops up the old fish and pushes it into the big pot of "SEAFOOD STEW."

ANTHONY BOURDAIN

No way. Being the crafty and morally onerous chef that I am, whatever crappy levels of the bond I don't sell I throw into a "sea food stew." See, it's not old fish. It's a whole new thing! And no one knows they're eating three day old halibut. That is a CDO.

42 INT. CONFERENCE ROOM - CONTINUOUS

42

BACK TO THE SCENE

MARK

Wait, wait, so the mortgage bonds are dog shit but the CDOs are dog shit wrapped in garbage?

JARED

Institutions treat these CDOs like they're as solid as treasury bonds and these things are going to zero.

DANNY

That can't be right. There were 500 billion in housing bonds sold last year alone.

DANNY

The banks, the ratings agencies, the government... They wouldn't let this happen.

JARED

They would and they did. My whole department is long this stuff. The pricks are calling me Chicken Little and Bubble boy. But when reality hits the idiots in my department won't be laughing.

He starts pulling blocks out of the CDO and MBS towers and throwing them in the garbage.

JARED
Triple B's? Zero. Double B's? Zero.
B's? Zero.

On this last one, the table shakes... both towers collapses.

JARED
Then that happens.

MARK
What's that?

JARED
That is Aermcia's housing market.

44 INT. FRONTPOINT OFFICE - DAY

Vinny, Danny and Porter cluster unhappily at their desk.

They watch Mark say good-bye to the Deutsche Bank team at the door. He's lost in thought as he returns.

VINNY
He's playing us. He's dumping his position.

MARK
What if he's right?

VINNY
You want him to be right!

MARK
Yes, I do. When a bank offers a loan, people take it. Why? Because they assume banks know more about money than they do.

MARK

Banks have spent decades training us to let them handle our money and credit. How else do they get away with credit cards that keep you in debt for years? Student loan rates that you never get free of? Financing, for many Americans, is just a fancy term for getting raped. Then this guy walks in my office... tells me those same banks got greedy... lost track of the market ...and I can now profit off their stupidity? Fuck yeah, I want him to be right.

DANNY

Things can't be as bad as he says out there.

MARK

Let's find out. That's our job.

VINNY

Why don't you hate this guy? He's everything you taught us not to trust.

MARK

I can't hate him. He's so transparent in his self interest I kind of respect him. Would I buy a car from him? No way. Is he right about the mortgage market? Let's find out.

(the others moan)

Look, it's two very simple questions. Is there a housing bubble? And if there is, how exposed are the banks?

Mark's team can't resist him when he's in adventure mode.

DANNY

Yeah, okay. Fine.

PORTER

Sure.

Vinny pffs his concession.

MARK

And let's move fast. If Vennett's right, it's only a matter of time before every loser with a few million bucks in a fund jumps on this.

45 INT. HIGH END DANCE CLUB - NIGHT

45

MUSIC: A rap song with a great beat and attitude like GRILLZ by NELLY

JAMIE SHIPLEY, 30, good looking but earnest and CHARLIE GELLER, 31, very smart and neurotic are dancing on a dance floor in a high end Chelsea club.

WOMEN COME TO HANDSOME Jamie but his horrible dancing soon chases them away TO Charlie who tries to impress.

CHARLIE

Hey ladies! I'm Charlie! This is Jamie!

The WOMEN move away.

MOMENTS LATE: Charlie and Jamie approach a table full of ATTRACTIVE MANHATTAN PROFESSIONAL WOMEN.

CHARLIE

(yelling over the music)

Hi ladies! I'm Charlie . This is Jamie!

JAMIE

Hi! I'm Jamie!

ATTRACTIVE MANHATTAN PROFESSIONAL

How can we help you?

CHARLIE

I'll just be straight with you. No games. The truth is, you all are very attractive and we wanted to get to know you!

ATTRACTIVE MANHATTAN PROFESSIONAL

Get the fuck away from us!

CHARLIE

Okay!

Jamie starts to sit down with them.

CHARLIE

No! They said fuck off.

JAMIE

Oh!

Jamie jumps up and they leave.

GRAPHIC: CHARLIE GELLER AND JAMIE SHIPLEY

47 INT. LOBBY WAITING AREA - JP MORGAN - NEW YORK - DAY

47

Charlie and Jamie sit nervous under massive Richter works.

CHARLIE

JP Morgan. Can you believe it?

JAMIE

Okay, don't make me nervous.
They're just people.

Finally, they hear...

YOUNG MAN'S VOICE

Brownfield Fund?

They stand, straighten their suits. A BOY BANKER hurries out from behind the reception desk.

CHARLIE

You must be Ted!

YOUNG BANKER

No, I'm Chris. I'm on Ted's desk.

CHARLIE

Oh. I'm Charlie. Charlie Geller.

JAMIE

Jamie Shipley. We're excited to get set up on your trading platform.

YOUNG BANKER

Cool. Here, guys, have a seat a second.

He gestures to the chairs they just stood from. Not good.

YOUNG BANKER

Ted asked me to do some meeting prep but I couldn't find any marketing material on you. 39-40.

CHARLIE

Oh. Sorry. We don't have any. We recently moved here from Colorado.

YOUNG BANKER
Got it. Can we see your offering documents?

CHARLIE
(sheepish)
Brownfield is all our own money.

YOUNG BANKER
Well, can you tell us how much you manage?

CHARLIE
Sure. It's 30 million, but we started four years ago with 110 thousand. So, our returns have been pretty phenomenal.

JAMIE
We want to get an ISDA agreement with JP Morgan so we can deal in long term options.

YOUNG BANKER
That's cool. But you're under the capital requirements for an ISDA.

CHARLIE
Like, by how much?

YOUNG BANKER
One billion four hundred seventy million.

Jamie and Charlie flinch.

CHARLIE
Does it make us look bad that we didn't know what the capital requirements were?

YOUNG BANKER
It's not great.

Awkward beat.

YOUNG BANKER
Have a good one guys.

He walks away.

JAMIE

B of A and Bear didn't return our calls and even Wachovia blew us off. 30 million means nothing to these banks. They keep calling us "high net worth individuals."

CHARLIE

Here's the prospectuses and brochures of all the other losers who didn't get past the lobby.

There are scattered brochures and folders with names like "The Nostradamus Fund" and "The Long Short Group." Under one is Jared Vennett's "Shorting the Housing Market."

CHARLIE

Look... This guy's saying the housing market is a massive bubble...

Jamie LOOKS TO CAMERA

JAMIE

We didn't really find Jared Vennett's housing bubble pitch in the lobby of a bank that rejected us.

JAMIE

The truth is, a friend told Charlie about it. And I read about it in Grant's Interest Rate Observer. But this is more fun.

CHARLIE

This guy says there are 10 to 1 returns on credit default swaps on mortgage backed securities. He says they whole housing market will collapse...

Freeze.

JARED VENNETT (V.O.)

For Jamie and Charlie , the housing market doomsday prediction was music to their ears.

A CRAPPY GARAGE with computer paper on the wall reading "The Brownfield Fund" It's hot as Jamie and Charlie work on their lap tops. Jamie pours water over his head. A CHOCOLATE LAB sleeps on the floor.

JARED VENNETT (V.O.)
 They had started working out of
 Jamie's garage with 110 thousand
 Jamie had saved taking sailboats up
 and down the east coast. Their
 strategy was simple and
 brilliant...

CHARLIE
 People hate to think about bad
 things happening so they
 underestimate their likelihood.

JAMIE
 Holy shit. That's like the most
 brilliant thing you've ever said!
 42A.

JARED VENNETT (V.O.)
 And Jamie and Charlie found banks
 will sell options very cheaply on
 things they think will never ever
 happen. When they were wrong, they
 were wrong small. But when they
 were right, they were right big.
 Within a few years they had
 turned their 110 grand into 30
 million. But then it was time to go
 to NYC. And so far, it wasn't going
 well.

51 INT. JP MORGAN LOBBY - CONTINUOUS

51

JAMIE
 So what if it does seem
 interesting. No bank will give us
 our ISDA. We're dead in the water.

CHARLIE
 I think we should call Ben.

52 EXT. RESIDENTIAL STREET - DAY

52

FREEZE: WE CUT TO BEN RICKERT, 45, and the most neurotic
 person we've met so far, walking his dog with Jamie on A
 RESIDENTIAL STREET or PARK.

JARED VENNETT (V.O.)

Ben Rickert was a former trader in Singapore for Chase who had quit the whole game in disgust. He happened to be Jamie's neighbor when they were in Colorado and they met walking dogs. But Ben was dark. He didn't just think the whole system would fail, he thought the whole world was going down.

53 INT. SAM'S HOUSE - NIGHT

53

We see hands putting down jugs of water next to a dozen jugs of water in a kitchen. It's Jamie and Charlie.

JAMIE

Hey Ben! Do you think you have enough water?

BEN (O.C.)

Average precipitation in this region is down 2% a year for the past eight years! And Congress just cut the budget to police loose nukes!

CHARLIE

God he's paranoid.

Ben enters.

BEN

Not paranoid. Prepared.

FREEZE

JARED VENNETT (V.O.)

Ben had real experience in a big bank. Jamie and Charlie had never even been in a Manhattan bank bathroom. But Ben was done with the banking world. He was very clear.

55 INT. JP MORGAN LOBBY - CONTINUOUS

55

JAMIE

Look, there really could be something here. But it's pretty bold, so let's do some digging before we call Ben. .

CHARLIE
(Still perusing the
pitch)

. Wow. This is pretty shocking.
It's like it's all hidden in plain
sight...

LOBBY SECURITY GUARD
Seriously guys! I need you out of
here! Now!

CUT TO:

CU: The hilarious scowl of the MIAMI DOLPHINS LOGO.

56 INT. TERMINAL - MIAMI AIRPORT - DAY

56

Porter and Danny pass a shop with the Dolphins logo on every conceivable domestic item. They're on a mission, one they're sure is a waste of time.

PORTER
One time Mark sent me to Indiana
for a week to check out an air
conditioner factory. He thought
they were using inferior materials.
They weren't.

DANNY
Come on, it's not so bad. It's
Florida. Besides, I never get to
travel. Let's have fun.

PORTER
Don't be chipper in the face of me
being miserable. Please. It makes
me hate you.

DANNY
I wasn't being chipper.

Beat as they walk.

DANNY
Maybe we can get some Cuban food. I
hear it's amazing in Miami.

PORTER
I'm serious Danny. Knock it off.

DANNY
How is wanting to eat chipper?

56 EXT. UNFINISHED SUBDIVISION - DUSK

56

Porter and Danny get out of a rental car and consider a FAILED DEVELOPMENT. Four model houses sit alone, closed for business, their perfect yards surrounded by cyclone fencing.

STREET LIGHTS NOW COME ON ACROSS THE EMPTY AND HALF FINISHED SUBDIVISION. Danny and Porter are puzzled, and intrigued.

DANNY

It's like they just walked away...

58 INT. CONFERENCE HALL - CORPORATE HOTEL - THAT NIGHT

58

Two-hundred eager PARTICIPANTS attend a seminar called, "You Can Be a Real Estate Millionaire!"

SEMINAR LEADER

Real estate is the only entrepreneurial activity available to all Americans. Why? Simple, it doesn't require capital. That's right. Let me say that again. You don't need money to be a real estate millionaire!

In the back, Porter sips a hotel takeaway cup, stunned, appalled. Danny takes notes. An EAGER GREETER spots them.

She slips out.

GREETER

Hello gentlemen. Are you interested in the 10 CD set? Only 2999 dollars!

PORTER

We're good! Thank you.

Porter and Danny slip away.

59 EXT. FRONT PORCH - RANCH HOUSE - NEXT DAY

59

Danny knocks like someone knocking for the last time. No answer. He looks in the mail slot... the house is empty.

60 EXT. FRONT PORCH - ANOTHER RANCH HOUSE - DAY

60

Covered in old newspapers. Porter checks one for a date. It's three months old.

61 EXT. FRONT PORCH - YET ANOTHER RANCH HOUSE - DAY

61

Danny peers in a front window. This time, the door OPENS. A sleepy MAN WITH A TATTOOED NECK rubs his eyes.

DANNY

Oh. Hello. I'm surveying mortgage owners who are over 90 days delinquent. I'm looking for a... Harvey Humpsey?

TATTOOED NECK

You want my landlord's dog?

DANNY

Your landlord filled out his mortgage using his dog's name?

TATTOOED NECK

I guess so. Hold up, has that asshole not been paying his mortgage? Cause I'm paying my rent.

DANNY

He is 90 days late on his payments, yes.

TATTOOED NECK

Seriously, am I going to have to leave?

There's fear in his eyes, the last thing Danny expected. A CHILD now appears between the big man's legs.

TATTOOED NECK

Cause my kid just got settled in the school.

DANNY

Um. I don't know. You should talk to your landlord. Sorry. Have a good day!

The man stays at the door as Danny hurries away.

62 INT. FOYER - STILL YET ANOTHER RANCH HOUSE - DAY

62

The door opens. Danny and Porter peer in... the place is abandoned; its few modest furnishings, covered in dust.

PORTER

Hello?! Anybody here?! Hola?! Yo?!

63 INT. LIVING ROOM AND HOME OFFICE - CONTINUOUS**63**

Porter tries a light switch, dead.

A CORKBOARD above a desk still has post-its. The carpet is covered with files, books, a box of old photos.

PORTR

The only thing they took was their
TV!

He picks up a dusty TIME MAGAZINE with Greenspan/Summers/Rubin on the cover. "The Committee to Save the World".

DANNY (O.S.)

Come here!

64 INT. DEN AND KITCHEN - CONTINUOUS**64**

White bread molds in the bag.

At the counter, Porter watches Danny shows the old mortgage bill: the house's owner used a black marker to circle the amount due and then wrote... SORRY!

65 EXT. BACK YARD - CONTINUOUS**65**

The back yard is over grown and the pool is murky green.

PORTR

I think I saw three houses in the whole development with cars in the driveway.

Suddenly something swirls in the pool and they see a 10 FOOT ALLIGATOR emerge and submerge.

DANNY

Holy... fucking... shit.

66 EXT. CUBAN RESTAURANT - DAY**66**

DANNY IS VISIBLE IN THE WINDOW OF A CUBAN RESTAURANT EATING.

Porter is outside on the sidewalk on his phone.

PORTR

Hey Mark, you might want to get down here.

CUT TO:

68 INT. SCION OFFICE - DAY**68**

We pan past Scion's office which is now littered with empty desks and land on the WHITE BOARD showing last quarter's returns: -9.3%.

Two ANALYSTS talk to each other from their desks gossiping while Burry in his office works on his computer.

ANALYST #2

I heard he had a breakdown. He's letting the fund tank.

YOUNG ANALYST

A buddy of mine in Manhattan said Burry left his wife and is moving to Peru.

A PHONE RINGS at Burry's ASSISTANT'S DESK.

MIKE'S ASSISTANT

(answers the phone))

Scion. Dr. Burry's office. ...He would prefer you email him...I sit twenty feet away and I email him--

The FRONT DOOR opens.

Lawrence Fields and MARTIN BLAINE (45) of Metro Capital enter. 2 thousand dollar sport coats and polo shirts.

They stride right for Mike's office. MIKE'S ASSISTANT starts to email Burry furiously, gives up, stands.

MIKE'S ASSISTANT

(loudly)

Mr. Fields. Mr. Blaine. Hello.

They enter Mike's office, shut the door.

YOUNG ANALYST

Was that Lawrence Fields? Holy shit.

69 INT. SCION OFFICES - MIKE'S OFFICE - DAY**69**

Lawrence sits. Martin stands. They're angry. Yet, Mike, in T-shirt, shirts with no shoes, doesn't seem to even register there's any emotion here at all.

LAWRENCE FIELDS

Your big mortgage bet concerns us.
We have no confidence in your
ability to identify macroeconomic
trends.

MIKE
You flew here to tell me that? Why?
I mean, anyone can see there's a
real estate bubble.

LAWRENCE FIELDS
Actually, no one can see a
bubble... that's what makes it a
bubble.

MIKE
That's dumb, Lawrence. There are
always markers. Mortgage fraud.
It's quintupled since 2000. Average
take home pay is flat yet home
prices are soaring. That means the
homes are debt not assets.

MARTIN BLAINE
So, Mike Burry of San Jose, a guy
who gets his hair cut at Super Cuts
and doesn't wear shoes, knows more
than Alan Greenspan and Hank
Paulson?

MIKE
Dr. Mike Burry. And, yes. He does.

LAWRENCE FIELDS
Are you being sarcastic with us,
Michael?

MIKE
I don't know how to be sarcastic. I
don't know how to be funny. I don't
know how to work people. I know how
to read numbers.

Okay, let's talk numbers. Lawrence changes tack.

LAWRENCE FIELDS
How big's your short position?
Right now?

MIKE
It's 1.3 billion.

LAWRENCE FIELDS
And the premiums?

MIKE

We pay roughly 80 to 90 million
every year.

(they wince)

I know it's high but I was the
first one to do this trade. It will
pay. Watch. I may have been early,
but I'm not wrong.

MARTIN BLAINE

It's the same thing!

Lawrence raises a finger to ask his partner for restraint.

LAWRENCE FIELDS

You're managing, what, a fund of
555 million?

(Mike nods)

In 6 years it'll all be gone. On
one bet.

MIKE

Second quarter of 07' the
adjustable rates will kick in and
defaults will sky rocket.

MARTIN BLAINE

Says you.

LAWRENCE FIELDS

How much is eligible for withdrawal
before they do, say in the next two
quarters?

(then)

If your investors panic.

MIKE

It's 302 million.

LAWRENCE FIELDS

My God, Michael.

MIKE

No one will pull out! It'd be
suicide! Yeah, I'm down 17 percent
for the year, but if they trust me-

-

MARTIN BLAINE

No one trusts you.

MIKE

I've written several emails to the investors letting them know second quarter of 07' is when our position on housing shows returns. I've been very clear.

He sounds like a crazy man defending himself to a tree.

LAWRENCE FIELDS
There will be redemptions.

MIKE
Well, that would be really stupid.
(angry)
If the fund's capital drops too much, the swaps contracts are voided. And the banks get to keep the collateral!

MARTIN BLAINE
What?

They didn't know this, and it seals the deal.

LAWRENCE FIELDS
Give us our money back.

CLOSE ON:

BUMPERSTICKER: "Pricing gets traffic, staging gets offers."

The sticker's on a brand new...

70 INT. MERCEDES SUV - UPSCALE SUBDIVISION - DAY

70

Mark gets a house tour from a wealthy REAL ESTATE AGENT.

MUSIC: A dreamy samba like SO NICE by BEBEL GILBERTO

REAL ESTATE AGENT
The market's in an itsy-bitsy little gully right now. It's like everybody said, "Okay, that was crazy. Let's all just slow down."

A YOUNGER AGENT sits in the back between Danny and Porter.

Mark's engrossed by the upper-middle-class world out the window; Every driveway has a new SUV, or odd Prius. Every garage has a Winnebago, jet ski, speed boat. Complicated riding mowers. Trampolines. Plundered Ebay and Amazon boxes.

And, yet, there are For Sale signs everywhere.

71 EXT. TRACT MANSION - DAY

71

An attractive brick house, exhaustively landscaped. In fact, the harried HOMEOWNER is now edging his lawn.

REAL ESTATE AGENT (O.S.)
I sold it the year it was built for
350.

72 I/E. MERCEDES SUV - DAY

72

The SUV has stopped at a discreet distance.

REAL ESTATE AGENT
Two years later for 480. Then...585
maybe... only 18 months later. This
couple bought it last year for 650,
he'd let it go for that.

He spots her. Come show it!

She waves back. Not today!

REAL ESTATE AGENT
It'll break his heart, but he'll
let it go.

MARK
Why's he selling?

REAL ESTATE AGENT
Neither one's working right now.

YOUNGER AGENT
Marlene, you'd say they're
motivated, right?

REAL ESTATE AGENT
As much as one can be in this
neighborhood.

73 I/E. SUV - TRAVELLING - DAY

73

SHOTS of the SUV driving them past big houses for sale.

REAL ESTATE AGENT
House on the left might be
motivated...That is another quasi-
motivated seller...They're probably
teensy-weensy bit motivated...In
her case I'd say possibly almost
motivated.

Danny and Porter exchange a look. The market's in trouble.

MARK

A lot of homeowners seem pretty motivated.

REAL ESTATE AGENT

It's the gully. That's all. Just nerves.

(faces Mark)

So... where are we?

MARK

Let me talk to my wife.

YOUNGER AGENT

This market won't last.

MARK

Actually, can I talk with a mortgage broker? Anyone you like?

75 INT. HOTEL BAR - SOUTH BEACH - DAY

75

BLACK

Bitch better like me, I sent her to Cabo.

The bar's empty save Mark, Danny and Porter sitting with two overly-groomed MORTGAGE BROKERS -- their ties match their shirts: the hip one's in BLACK; his friend, MAROON.

The guy in Maroon has Porter's business card.

MAROON

Is Morgan Stanley recruiting us?

PORTR

The bank owns our hedge fund but we're not really part of it. We invest in financial service companies. 53A.

PORTR

We're here trying to understand the residential mortgage business.

The brokers just nod, glad to be part of the conversation.

MARK

How many loans do you write each month?

BLACK

It's about 60.

Maroon nods. Me, too. Almost.

MARK

What was it four years ago?

BLACK

Ten. Maybe 15.

MAROON

I was a bartender.

DANNY

How many are adjustable rate mortgages?

BLACK

Most. Ninety percent. The bonuses on those sky rocketed a few years ago. Adjustable is our bread and honey.

MARK

These are people buying a primary residence?

BLACK

No, they're all cash-out refi's, or property to flip. A shitload of condos. A few primaries.

DANNY

Do mortgage applicants ever get turned down?

They laugh.

BLACK

Dude, if they get rejected I suck at my job.

DANNY

Even if they have no money?

MAROON

Well, my firm offers NINJA loans. No Income. No Job. I just leave the income section blank if I want, corporate doesn't care. And the people just want a house. So they go with the flow.

BLACK

We call those loans "Dorothys"
cause they're magic. No credit, no
income, no problem: just tap your
shoes together three times and say
"There's nothing like owning a
home."

MARK

Your companies don't verify?

BLACK

If I write a loan on Friday
afternoon, the big banks buy it by
Monday lunch.

MAROON

Same here.

MARK

Can you two hold on a second?

76 INT. HOTEL LOBBY - SECONDS LATER

76

Eyeing the brokers, Mark whispers with Porter and Danny.

MARK

I don't get it. Why are they
confessing?

DANNY

That's not confessing.

PORTR

They're bragging.

77 INT. HOTEL BAR - DAY

77

Mark takes an ottoman right in front of the brokers.

MARK

Do customers ever know what they're
buying?

MAROON

I focus my business on immigrants.
Once you tell them they're getting
a home they sign where you tell
them to sign, don't ask questions,
don't really understand the rates.

Mark starts to say something, then turns to Black.

MARK

You target immigrants, too?

MAROON

Ha! Their credit isn't bad enough
for him!

BLACK

I'm a yield guy. I make 2,000 on
fixed-rate prime loans. I can make
10,000 on a subprime adjustable.
Trust me, I would not be driving a
Hummer without Strippers. Nobody on
the pole has good credit. And
they're all cash rich.

Porter and Danny watch Mark consider punching this punk. The last thing they expect is...

MARK

Can you introduce us?

78 INT. ALCOVE - VIP ROOM - STRIP CLUB - NIGHT

78

MUSIC: A sexy pop song like SEXYBACK by JUSTIN TIMBERLAKE

DANCER

I always get option-pay
adjustables. I'm a private
contractor. I need flexibility.

A DANCER does rote gyrations. Mark's indifferent to the lap dance, unashamed, occupied by his agenda.

MARK

You tell the mortgage company what
you do?

DANCER

I write therapist.
(and then)
You can touch me.

MARK

Always?

DANCER

Only in the VIP.

MARK

No, you said you always do
adjustables. You have more than one
loan on a property?

DANCER

Everybody does. At least down here.
That way you only put down like 5
percent.

MARK

But prices have leveled off.

DANCER

Yeah, there's a gully.

MARK

Can you stop moving? I'll still pay
you.

She peeks out of the alcove, sees a BURLY MAN WITH A HARD FACE and keeps dancing.

DANCER

Sorry,
(mouthing it)
we're not alone.

MARK

Okay, look, if home prices don't rise you won't be able to refinance. You'll be stuck with whatever your monthly payment jumps to after the teaser rate expires. Plus any payments you missed. Plus interest on those payments! Your monthly could go up 200 or 300 percent!

DANCER

Jamie says I can always refinance.

MARK

He's lying. Actually, in this particular case, Jamie's probably just wrong. 57A.

DANCER

Two hundred percent? On all my loans?

MARK

What do you mean all my loans?
We're talking about two loans on one house, right?

She stops and gives him a look.

DANCER

I have five houses. And a condo.

79 INT. TICKETING AREA - MIAMI AIRPORT - DAY

79

Full of purpose, Mark strides ahead of Porter and Danny.

MARK

Get the mortgage exposure and
leverage ratio of every bulge
bracket i-bank--
(into his phone)
--Hey, there's a bubble.

VINNY (O.S.)

How do you know?

MARK

Trust me. Call Vennett. Buy 50
million in swaps on the MBS...

Danny holds out the offering doc.

MARK

...Garabaldi IV. Triple B.

VINNY (O.S.)

You sure, Mark?

MARK

Yeah. It's time to call bullshit.

VINNY (O.S.)

Bullshit on what?

MARK

Everything.

80 INT. GYM - DAY

80

Jared Vennett is running on a treadmill when the phone rings.

59.

JARED

(on his cell)

Is this America's angriest hedge
fund?

VINNY (O.S.)

How are you, JARED?

Jared steps off the treadmill to take the call.

JARED
Starting to believe my own hype.

VINNY (O.S.)
I've got one last question.

81 INT. TRADING DESK - FRONTPOINT OFFICE - DAY

81

Vinny on the phone.

VINNY
How are you fucking us?

Jared cackles.

VINNY
I'm serious. We'll buy your swaps.
But only if you say how you're
fucking us.

JARED (O.S.)
Hold on.

82 INT. GYM - DAY

82

Jared steps away from a few guys working out.

JARED
Swaps are a dark market. That means I set the price. Whatever price I want. When you come back for your pay day I'll rip your eyes out and make a fortune. The good news for you is you'll make so much you won't care. Plus your boss has a big mouth and I need people to know about this trade so my superiors don't think it's an esoteric waste of time and I can keep selling it.

Static.

VINNY (O.S.)
Thank you.

JARED
Anytime.
(then)
What's it gonna be? You want me to make you a market?

VINNY (O.S.)

Yeah. We'll take 50 million--

He disconnects, punches air. His casual pose evaporates.

85 EXT. WIDE SHOT OF BOULDER COLORADO - DAY

85

Can be stock footage showing mountains and the town of Boulder. We hear a phone ringing.

86 INT. BEN RICKERT'S HOME OFFICE - BOULDER COLORADO - DAY

86

APRIL 2006
2 years 4 months until the collapse

CU on a cell phone ringing on a desk. A hand fumbles for it and answers.

BEN
Hello?

It's Ben Rickert. His office has three computer screens showing the Japanese markets, the Dow, Nasdaq, weather satellite images and tidal charts.

JAMIE (V.O.)
Hey Ben. It's Jamie-

BEN
I told you not to call this number.

He hangs up. After a beat a satellite phone rings. Ben answers.

BEN
Hey.

JAMIE (V.O.)
I hate when you do that. No one's listening to your calls Ben. You're a retired trader.

BEN
Really? So the NSA has a 52 billion dollar budget and the ability to monitor 10's of millions of calls a second but they're not using it?

JAMIE
Okay fine. We'll call this number and I'll stop saying "Ben Rickert" and "dirty bomb" in the same conversation.

BEN

Seriously don't do that. That's not funny.

CHARLIE (V.O.)

Did you read what we sent you?!
It's Charlie! I'm here too!

BEN

Hey guys. Yeah, I checked out what you sent me... Hold on...

Ben picks up a bootleg copy of Jared's PRESENTATION.

87 INT. BROWNFIELD OFFICE - GREENWICH VILLAGE - DAY

87

A brick loft. Jamie and Charlie are gathered around a phone on speaker. We cut back and forth.

JAMIE

And?

BEN (V.O.)

I'll be honest gentlemen... It scared the shit out me.

CHARLIE

So this guy Vennett's not wrong?

BEN (V.O.)

No... he's not.

CHARLIE

Yes!

BEN (V.O.)

Tell me more about these CDOs... I feel like I opened the hood of a car and instead of an engine saw a monkey on a bike.

Ben holds up a report Jamie and Charlie did on CDOs.

JAMIE

Vennett mentions the CDOs but they're way worse than even he knows. We couldn't even model them.

CHARLIE

They don't make any sense! And they're a hundred times larger than the MBS!

BEN (V.O.)
 And somehow they're over 90% AAA
 rated. The perfect scam.

FREEZE

JARED VENNETT (V.O.)
 I'll be honest. I don't love that
 these losers are saying I missed
 something but the truth is they're
 right. The CDOs were a hundred
 times worse than even I imagined.
 Let's go back to Bourdain's seafood
 stew so we're all on the same page.

89 INT. KITCHEN - DAY

89

Bourdain stands over the pot of seafood stew.

BOURDAIN
 Alright, remember how I said the
 CDOs are seafood stew filled with
 old fish stamped AAA? Well Jamie
 and Charlie found out the CDOs were
 even worse than that.

BOURDAIN
 Turns out they were filled with
 shitty mortgages from different
 bonds that didn't even operate by
 the same laws. And there were also
 swaps and all kinds of other junk
 just thrown in there. Millions and
 millions of this garbage... So
 instead of just old fish our
 seafood stew also has... wolverine
 meat in it...

He puts a weird gray meat in.

BOURDAIN
 Possum... skunk... Kimodo dragon
 and then a whole lot of stuff the
 no one even knows what it is.

Bourdain reaches into a box marked simply MEAT (?) and throws
 a bunch in.

BOURDAIN
 And these CDOs were selling and
 selling....

Wee pull out and see dozens of pots of stew all around the kitchen.

BOURDAIN
Nuts, right?

90 INT. BROWNFIELD OFFICE - GREENWICH VILLAGE - DAY

90

BEN (V.O.)
I saw the CDOs you want to short.
They're brilliant. Worthless, total
crap.

CHARLIE
Jamie Shipley, Ladies and
Gentlemen.

JAMIE
I'm good at finding shit. If I can
keep Charlie from trying to sneak
in a little value.

CHARLIE
Sue me, I'm Jewish. We shorted all
double BBs and triple B's. The risk
is relatively low and the pay off
is 25 to 1. 61B.

BEN (V.O.)
So why are you calling me? I don't
do this anymore.

Charlie and Jamie share a careful glance.

CHARLIE
Look, Ben, help us get an ISDA so
we can short this crap. We know you
hate Wall Street but it's not like
you'd be trading, you'd only be
helping us get a place at the
table.

BEN (V.O.)
That's an ugly table to be seated
at.

JAMIE
The system fucked up in a big, big
way here. And somehow we know
before anyone else.

JAMIE

This is a once in a lifetime trade.
Help us make this deal. Come on,
it'll be fun.

BEN (V.O.)
Oh this won't be fun.

Sam's tone is less than definite, he's clearly tempted.

JAMIE
I didn't mean fun.

BEN (V.O.)
You said fun.

Beat.

BEN (V.O.)
Okay, I'll call Deutsche Bank.

Charlie and Jamie high five.

CHARLIE
Thank you. What about Bear? They
have some reprehensible product.

BEN (V.O.)
Okay. Bear will trade with anybody.

Silent air pumps.

JAMIE
How soon can you be out here?

BEN (V.O.)
I don't know... I haven't flown
since they put those Chertoff body
scanners in the airports. I've
never been a fan of being strip
searched by radiation.
(takes a breath)
I'll be there Tuesday.

Jamie and Charlie celebrate more.

MUSIC: An popular alternative hip hop song like FEEL GOOD INC by GORILLAZ plays us into the next scene.

He passes an Asian man also wearing a flu mask, salutes his comrade-in-fear. The man stares back confused.

At the bottom of the escalator Charlie and Jamie wait with a sign reading "Ben Rickert"

Ben walks past them without breaking stride and crumples up the sign.

92 EXT. DEUTSCHE BANK - TWO HOURS LATER

92

Establishing.

93 INT. LOBBY - DEUTSCHE BANK - DAY

93

Charlie and Jamie sign an ISDA CONTRACT in the lobby.

Ben waits over them. NOAH, 26, Vennett's assistant takes the contract.

NOAH

All right. I'll see if I can push it through.

BEN

Thanks, Noah. And thank Jared for us.

Charlie and Jamie stand. Noah goes. The boys exchange an unsure look. What now? Ben gestures to the exit.

JAMIE

You know, just once in my life, I'd like to see the inside of an investment bank.

CHARLIE

So that's it Ben? We're done?

BEN

That's it. Between Bear and Deutsche, you now officially own 12 million dollars of credit default swaps on the BBB- tranches of subprime ABS'.

CHARLIE

Somehow I thought it would be more dramatic.

JAMIE

So what'd we do now? 62B.

Ben doesn't break stride.

BEN
Now we wait for the world to blow
up.

CUT TO:

QUOTE COMES UP OVER BLACK:

"THE TRUTH WILL SET YOU FREE. BUT NOT UNTIL IT IS DONE WITH YOU." -DAVID FOSTER WALLACE, INFINITE JEST

CUT TO:

95 EXT. MIDTOWN - MORGAN STANLEY BUILDING - DAY

95

An electronic scroll on the side of Morgan Stanley reads:

Mortgage Delinquencies Hit New High

JANUARY 11, 2007
1 year 7 months until the collapse

We hear snippets of business news audio:

SNIPPETS OF BUSINESS NEWS
Ben Bernanke calls the news a
momentary market fluctuation....
Despite the disappointing housing
news all other market indicators
are very strong....

Mark Baum is running down the street while dialing his phone
and trying to hail a cab.

MARK
Hello! Vinny Daniel please!

A CAB STOPS, he gets in.

MARK
The Morgan Stanley building. Fast.

VINNY
(feint voice on the cell)
Hello? Mark is that you?

MARK
Vinny! Did you see?

96 INT. FRONTPOINT PARTNERS OFFICE - DAY

96

Vinny is walking through the FrontPoint offices. Danny, Porter and the rest of the staff are on the phones.

MARK (V.O.)
Mortgage defaults just went through
the roof! Is anybody jumping off
buildings?

VINNY
Why would they? Subprime mortgage
bond prices are up.

We see emails on Vinny's screen from Duetsche notifying that the bond's value is up. "Garabaldi IV: BBB tranche"

MARK (V.O.)
What?!

Porter turns over his shoulder from his desk.

PORTER
Vennett is asking for more
collateral on our swaps!

MARK (V.O.)
What the hell's going on?!

VINNY
We don't know. But Deutsche is on
the phone demanding payment.

MARK (V.O.)
Somebody call Vennett.
(Porter does so)
Subprime loans go bad... but
subprime bonds get more valuable?!

VINNY
They want another 2 million by
market close.

MARK (V.O.)
What about the rating's agencies?
Are Moody's and S&P downgrading
CDOs or mortgage bonds?

VINNY
Nope. They're all still triple A.
64A.

Motherfuckers!

The West African CAB DRIVER looks over his shoulder.

CAB DRIVER
Is everything okay sir?

MARK
Yeah, other than the fact America
is a cesspool of corruption and
greed.

CAB DRIVER
That is very true sir! But I never
hear Americans say it! Haha!

VINNY (V.O.)
That's not all Mark...

98 INT. TINY SIDE OFFICE - FRONTPOINT - DAY

98

Vinny peers into their Conference Room, where there are THREE RISK MANAGERS. Standing at the head of the table is a very pregnant, Kathy Tao.

VINNY
The Frontpoint risk guys are here.
They called in Kathy Tao. They're
trying to convince her to make us
to sell our swaps. Apparently,
tying up 6 years of insurance
payments in hopes of housing
Armageddon is not good investing.

MARK (O.S.)
What'd Kathy say?

VINNY
Nothing, yet. She keeps asking if
this is one of your crusades.

99 INT. CAB - DAY

99

Mark on the phone.

MARK
When she leaves, go back in and
very calmly, very politely, tell
the risk assessors to fuck off.

MARK

Then meet me over at Standard and Poors. Let's go talk to Georgia Hale.

He hangs up.

CAB DRIVER

In my country they just show up and steal your children for their army. In America they are very sneaky. They take your house, your money and you still think they are your friends!

MARK

You want a job?

CAB DRIVER

No way brother! I am just the ferryman! Haha!

He drives crazy fast through traffic.

100 INT. CONFERENCE ROOM - FRONTPOINT PARTNERS - DAY

100

Vinny enters. The risk managers go silent.

VINNY

(calmly, politely)

Mark said to fuck off.

The Risk Managers wait for nuance. None will be coming.

CUT TO:

101 INT. SCION OFFICES - DAY

101

Michael Burry writes on the big white board the quarterly returns: -11.3%. There are now only five working analysts.

The rest of the desks are empty.

Michael walks into his office closes the door and yells.

MICHAEL BURRY

Fuuuuuuuck!!!!

Everyone in the office looks up and then after a beat, go back to working.

WIFE (V.O.)

Michael?

102 INT. MICHAEL BURRY'S HOME - LIVING ROOM - DUSK

102

Michael is watching Business News on the TV while his WIFE, pretty and direct, tries to talk to him.

SOMEONE FROM THE TREASURY OR THE FED BEING INTERVIEWED.

GOVERNMENT OFFICIAL(SOT)

Yes, there's been an up tick in defaults but it's well within our models.

WIFE

Michael.

GOVERNMENT OFFICIAL (SOT)

So despite these temporary aberrant numbers we're quite pleased.

WIFE

Michael!

She turns off the TV.

WIFE

I'm trying to talk to you.

MICHAEL BURRY

I'm sorry. I was listening. Go on.

WIFE

The school says Nicholas has been having issues. He's not socializing. He isolates and doesn't communicate with the other kids.

NICHOLAS his six year old son is playing with a toy crane on the floor.

ALEX

(listing parts of the crane)

Hoist rope, lattice boom, upper sheave, gantry, harnass...

MICHAEL BURRY

Well I was never the most social of kids... Is that such a bad thing?

WIFE

They think we should take him to a specialist to get an evaluation.

MICHAEL BURRY

Then yes, of course, let's do that.

NICHOLAS

Mom, Dad...

Nicholas has walked over to them holding his toy crane.

NICHOLAS

The crane is rotating 260 degrees.
It just needed a circular base and
a catch for the string.

MICHAEL BURRY

That's great Nicholas! Good job!

105 INT. SMALL OFFICE - RATING AGENCY SURVEILLANCE DEPT - DAY 105

GEORGIA

I can't see a damn thing.

GEORGIA HALE (55) is a pleasant, middle-class woman wearing EYE EXAM SUNSHADES and fussing with her blinds.

GEORGIA

My eye doctor's always busy. I end up taking any appointment they'll give me and then the whole morning gets shot to hell.

She goes to her desk... where Mark and Vinny wait.

GEORGIA

Alrighty. So. FrontPoint Partners.
How can Standard and Poors help you?

VINNY

We don't understand why the ratings agencies aren't downgrading subprime bonds, since the underlying loans are deteriorating.

GEORGIA

Well, delinquency rates have people worried, but they're actually within our models.

MARK

Models that you share with the banks. Couldn't they be gaming them?

GEORGIA

I highly doubt it. These are very large banks that care a great deal about their reputations.

MARK

They care a lot more about their bonuses.

GEORGIA

I'm sure the world's banks have more nuanced incentives than abject greed, Mr. Baum.

MARK

You're wrong.

GEORGIA

Then they'll go bankrupt. The marketplace is ruthlessly efficient.

Mark considers this old saw a moment.

MARK

Your convinced the underlying mortgages in these bonds are solid loans?

GEORGIA

That's our opinion, yes.

MARK

Here's what I don't understand: if these mortgage bonds are so solid why are all the stocks for the mortgage brokerage companies down? These are companies issuing the loans that make up the bonds and they're tanking.

She's inscrutable behind her sunshades. But the fact she doesn't argue tells us he's shaken her confidence.

GEORGIA

We believe our ratings will prove accurate.

MARK

Have you ever refused to rate any of these bonds upper tranches AAA? Can we see the paper work on those deals?

GEORGIA

I'm not under any obligation to share that information with you.

MARK

Just answer me Georgia. Can you name one time in the past year where you checked the tape and didn't give the banks the triple AAA percentage they wanted?

Half beat.

GEORGIA

If we deny them the rating they'll go to Moody's.

A stunned beat. She's not supposed to say this.

GEORGIA

If we don't work with them, they'll go to our competitors.

VINNY

Holy shit. They're selling ratings for fees.

Silence. Mark didn't know it was that simple, that cynical.

MARK

You can afford to make less. Make less.

GEORGIA

It's not my decision. I have a boss.

MARK

Really? That's the angle you're taking? So anyone who has a boss can't be held responsible for doing shitty and illegal things? What are you, nine years old?

She takes her glasses off. Her eyes are watery, dilated.

GEORGIA

And what, pray tell, are your incentives?! Why are you in my office?! Is it maybe in your interest to have the ratings change?! How many credit default swaps do you own?!

She's nailed him.

MARK
(quietly)
That doesn't make me wrong.

GEORGIA
No, it just makes you a hypocrite.

106 INT. CAB - DAY

106

Vinny watches Mark as they ride back uptown in a crowd. He's rattled.

VINNY
(checks his blackberry)
Vennett's coming to the office at
3.
(then)
You okay?

Mark nods.

MARK
Short the rating agencies. All of
them.

107 INT. BROWNFIELD OFFICE - NYC LOFT - DAY

107

Charlie and Jamie are climbing the walls. Ben is on speaker phone.

BEN (V.O.)
Mortgage delinquencies went up and
the CDOs got more valuable!? You
gotta be kidding me!

JAMIE
We know. It's completely backwards.
It's like 2 plus 2 equals 73.

108 INT. BEN RICKERT'S OFFICE - SAME TIME

108

Ben sits at his desk reading the Sixth Great Extinction. We cut back and forth.

BEN
I just called an old friend at Bear
and he didn't even know what a CDO
is.

JAMIE (V.O.)

I had to transfer Bear and Duetsche
78 thousand dollars. It's like I
bought a suit and paid for it with
two suits. 71A.

CHARLIE (V.O.)

It's rigged. We bought into a
rigged game. We're going to lose
hundreds of thousands a year until
it's all gone and I have to move
back in with my mom.

BEN

Having fun yet?

Beat as Charlie catches a thought.

CHARLIE

Wait a minute... We know the CDOs
are taking losses and yet the price
is frozen or going up. Maybe
they're frozen because the banks
have no idea how to value them? I
bet they're so toxic the banks are
just guessing!

(half beat)

I think we should buy more swaps.

JAMIE

What?! No way! No.

109 INT. FRONTPOINT PARTNERS - SAME TIME

109

Jared Vennett is seated in the conference room. Mark, Vinny,
Danny and Porter are SCREAMING AT HIM. He is amazingly calm
and even CHECKS HIS PHONE at one point.

ALL

You fucked us! I knew you'd fuck
us!... What game are you running!
I'm calling the goddamn justice
department! Don't check your phone!
Don't you check your fucking
phone!!

Finally the group is exhausted from yelling and they run out
of gas.

JARED

You guys done?

DANNY

Yeah. I think so.

PORTR
(holding his side)
Jesus. I think I pulled a muscle in
my back from yelling.

VINNY
Mortgage defaults are way up. Yet
you quote us a higher price on the
bonds. Tell me why we shouldn't
pull out of this trade right now?

JARED
Listen, I told you when we did this
deal the ratings agencies, the SEC
and the big banks are clueless. So
now their foot's on fire and they
think their steak is done and
you're surprised?

MARK
This isn't stupidity, this is
fraud.

JARED
Hey, if you can tell me the
difference between stupid and
illegal I'll have my wife's brother
arrested.

Danny laughs. Everyone glares at him.

DANNY
I'm sorry. That was funny.

JARED
I just don't think you guys realize
how clueless the system is. 73.

JARED
Yeah, there's shady shit happening
but trust me, it's all fueled by
stupidity. Face it, as cynical as
you all are I think you still have
a shred of respect left for the
powers that be.

VINNY
Not me.

JARED
Okay, except Vinny.

111 INT. BROWNFIELD OFFICE - NYC LOFT - SAME TIME

111

Charlie is pleading to his case.

CHARLIE

Look, either we're wrong or we're right in a giant, giant way! If we're right I want to go all in. If we're wrong I want someone to tell us.

JAMIE

I'm not feeling remotely confident that we're right. And if we're wrong, who's going to tell us?

BEN (V.O.)

Sounds like we need to go to Vegas.

JAMIE

Vegas?

112 INT. FRONTPOINT PARTNERS - SAME TIME

112

JARED VENNETT

Yeah, Vegas. The American Securitization Forum. It's next week. Every bond and CDO salesman, subprime lender and swap trader in the country will be there. I'm telling you, your bet is against dumb money. I think it's time you meet that dumb money.

PORTER

I hate Vegas.

DANNY

I hear the restaurants in Vegas have gotten really good. They have a Nobu.

PORTER

Fucking stop it.

CUT TO:

113 INT. VENETIAN HOTEL - STATUES - DAY

113

CU The LIVING STATUES AT THE VENETIAN. The white classical statues are STILL FOR A BEAT and THEN MOVE AND LOOK INTO CAMERA.

MUSIC: A hip hop or rap song that exudes attitude like TOUCH IT OR NOT by CAM'RON kicks in as soon as the statues move.

114 INT. MAIN CASINO FLOOR OF CAESAR'S PALACE - DAY

114

QUICK SERIES OF IMAGES: 1) Cash being exchanged for chips 2) A SEXY WAITRESS serving drinks with a tattoo of her baby daughter on her calf 3) A MARINE is playing two slot machines smoking and drinking. 4) A poster showing happy good looking people gambling and winning.

115 INT. TRADE SHOW FLOOR - CAESAR'S PALACE - DAY

115

A sea of sponsored booths. Familiar banks. Lots and lots of White people. A BANNER tells us it's the:

American Securitization Forum

Ben gives Charlie and Jamie the tour. Jamie takes photos with his cell. Charlie gets schooled.

BEN

And what's "midprime"?

CHARLIE

A loan that's between prime and subprime?

JAMIE

Midprime's exactly the same as subprime.

CHARLIE

That doesn't make sense.

BEN

And if a bond is "rich" it is...?

CHARLIE

Loaded with assets?

JAMIE

Overpriced and you probably lose all your money.

(how did he know this?)

I can't sleep on planes so I did my homework.

Ben stops, turns to his proteges.

BEN

Let's focus up. Now what's our goal here?

CHARLIE

To figure out if this is the deal of a lifetime, or if everybody knows something we don't and we're about to get royally screwed.

BEN

Good. Now don't lose sight of that when you're with the guys from Bear tomorrow morning. I set you up with a face-to-face.

JAMIE

Great!

CHARLIE

Where's the meeting?

Mark, Vinny, Danny and Porter enter and cross past the Brownfield Guys.

MARK BAUM

Five years ago securitization was a loser convention. 100, maybe 200 people would show. 500 billion dollars a year later and you get this.

PORTR

A lot of smug looks in this place.

VINNY

It's like someone hit a pinata filled with white people who suck at golf. Who are all these clowns?

MARK BAUM

According to Vennett, this is who we're betting against.

Vennett approaches the group with his young ASSISTANT, who hands out room keys.

JARED

Hello gentlemen. My assistant Chris has your room keys. I trust your travel was uneventful?

MARK

So when do we get face time with these charming folks?

JARED

They'll be plenty of face time. But remember, we're here to gather info, not advertise our short position. We don't want to spook anyone. Got it?

Mark nods. The group still checking out the crowded lobby.

JARED

Seriously. Mark, you've got a very loud mouth. Can you muzzle it for a few days?

MARK

So you don't want me warning people that the entire conference is put on to normalize the buying and selling of worthless shit?

JARED

Yes.

VINNY

Don't worry. We'll be good little boys.

116 INT. SHOOTING RANGE - THE GUN STORE - LAS VEGAS - DAY

116

RICH GUY and Reps from Bear Stearns in business casual shoot guns.

Bullets rip into politically incorrect targets...a black kid attacking a sexy white woman, an Asian gangster, a big photo of Osama bin Laden.

|Charlie and Jamie shoot Uzi's, surprised by how much fun they're having. Clips spent, they remove headgear.

77.

CHARLIE

The Beretta's great, but the Uzi... awesome!

BEAR REP #2

Nice shooting, Brown Holers.

JAMIE

Brownfield. The name of the company is Brownfield.

BEAR REP #2

Yeah, I know. But it's more fun to call you Brown Hole.

CHARLIE
I get it, wow that's really clever.

Another Bear Rep #1 is about to shoot.

CHARLIE
Hey, Matt right?

BEAR REP #1
(removes head phones)
What's going on?

CHARLIE
We were hoping we could get a little more insight on the CDO's from you we've got swaps on.

JAMIE
SO, what do you think's gonna happen to CDO's in seven years?

BEAR REP #1
7 years? I just need this CDO machine to keep going for another 2 years. By then I'll be rich enough to get a place in Aspen.

CHARLIE
Do you have any concerns about the performance of the underlying securitizations? It's easy to see delinquencies and even default rates on the rise.

BEAR REP #1
Don't be a buzzkill, dude. We didn't bring you guys out here to talk work, OK?

JAMIE
Then why did you?

BEAR REP #1
We need a client along so we can expense the ammo.

Aims machine gun at a poster of thug, and fires.

RICH BEAR REP
Woooo!!

CHARLIE

(to Jamie)

Holy shit. These are the guys on
the other side of our trade. They
only care about their fees and
bonuses. And they're morons. We
need to buy more shorts.

Jamie checks his cell.

JAMIE

You hit the main floor and price
some more swaps. My Brother's ex
girlfriend works at the SEC and
she's in town. If we're missing
something she can tell me.

117 INT. GIANT BALLROOM - SAME TIME

117

TWO HUNDRED OR SO BANKERS AND BOND TRADERS TAKE THEIR SEATS
in a large ball room with a podium at the front. A sign reads
"Option One CEO Paul Dantone: The Mortgage Market is Strong
and Getting Stronger"

DANNY

Option One is the mortgage company
last year that took a big loss in
their subprime department.

PORTER

I don't get it. They sell the
mortgages they make. How did they
take losses?

DANNY

There's a provision that if the
owner misses the very first payment
the loan goes back to Option One.

VINNY

Who takes a mortgage if they can't
make the first payment?

MARK

The real question is: what company
gives a mortgage to someone who
can't make the first payment?

LATER: THE CEO OF OPTION ONE is speaking to the room.

OPTION ONE CEO

...Business is good. Profits are strong and the mortgage continues to be the bedrock on which this economy is built. Yes, we did take some losses in our subprime department last year. But those losses will be contained at 5%.

Mark raises his hand.

VINNY
(whispers)
Hey Mark, this isn't a Q and A...

Mark juts his hand up even higher.

OPTION ONE CEO
Uh, yes... There's a question?

MARK
Would you say it's a possibility or a probability that subprime losses stop at 5%?!

OPTION ONE CEO
Well... I would say it's a very strong probability.

Mark raises his hand again. But his hand is in the shape of a ZERO.

MARK
Zero! There is a zero percent chance your subprime losses stop at 5%!

His phone rings.

MARK
Excuse me, I have to take this!

He gets up and leaves while answering his phone.

MARK
Hey honey... You're just calling to say hi? Well that's so sweet. How are the kids?

Mark walks past Vennett, patting him on the shoulder. JARED flips him off and then looks to camera.

JARED VENNETT
The fucker really did this.

CUT TO:

118 INT. SCION OFFICE - SAN JOSE - DAY

118

CU OF EMAILS:

"Withdrawing money end of the month"

"I trusted you. And you betrayed that trust. I am done with Scion"

"Will be severing ties with Scion next month"

"When my two year period is over next month I withdraw all my money from your fund"

Mike Burry is looking at his emails at his desk. He looks pale and unhealthy. He now has only THREE EMPLOYEES -- the other desks have the abandoned look of people laid off quickly.

Mike comes out and goes to the company white board. He writes the latest quarterly returns...-19.3%.

On his way out, he stops at a ladder where his Assistant is putting up Valentine's decorations.

MIKE

Can you come in early tomorrow? As you know, we also have big shorts in AIG and Countrywide, Frauddie Mac and I need to unload those positions to ensure we can afford the insurance premiums on our core mortgage short.

ASSISTANT

Sure Dr. Burry.

Mike starts to leave.

ASSISTANT

Dr. Burry? What's going to happen?
If the investors withdraw, are we done?

MIKE

Honestly? I don't know. The bonds aren't going down. They won't move. It's possible we are in a completely fraudulent system.

ASSISTANT

Or you're wrong.

Silence.

ASSISTANT
I'm sorry. I just meant...

MIKE
That's okay Lewis. Yes, it's possible I'm wrong. I don't know how. But I guess when someone's wrong they never know how.

He leaves.

120 INT. BURRY'S BASEMENT - LATER

120

MUSIC: BY DEMONS BE DRIVEN

Michael sits behind drums and furiously plays double kick drum heavy metal drums to Pantera. Finally he breaks the sticks from playing so hard.

MIKE
AAAHHHHH!!!!

We hear his wife from upstairs.

WIFE (O.C.)
Michael! Is everything okay?

MIKE
Yes honey!

122 INT. TRADE SHOW FLOOR - LATER

122

MERRILL REP
We can maybe sell you BBB level swaps at five-hundred basis points.
Maybe.

Ben and Charlie are testing the waters for a deal with the MERRILL REP at the Merrill Lynch Booth.

CHARLIE
Five-hundred? You want us to pay a 5% premium on a swap? We paid 2% on the ones we got two months ago!

MERRILL REP

Good for you. That was two months ago. Trust me, you're not gonna do any better anywhere else.

CHARLIE

So you're pricing the swaps like the bond is going to collapse but the bond value has gone up? Really? How are you not in jail? Or at least-

BEN

Charlie, let's go. Thanks guys! We'll consider it.

He takes Charlie firmly by the arm, marches him away.

CHARLIE

What the hell is going on?

BEN

People are starting to wake up. Not enough for them to adjust the values on the bonds but enough to stop giving the swaps away. Cheap bets are over.

The Rich Bear Rep passes them.

BEAR REP #1

Hey! It's Brown hole!

CHARLIE

Fuck off!

BEN

You have to calm down.

123 EXT. CASINO HOTEL - POOL SIDE - SAME TIME

123

Jamie in polo shirt and shorts is talking to a bookish but pretty college friend who works at the SEC, EVIE, 30.

EVIE

I can't believe you got into finance Jamie. I always thought you'd... I don't know. Be living off canned beans on your sailboat or mooching off older women at the yachtclub or something...

JAMIE

Thanks. Actually we've been investing in housing bonds and I wanted to ask, is the SEC worried about them? I mean, I know you can't tell me specifics.. Just generally.

EVIE

Oh we don't investigate mortgage bonds. Truth is since we had our budget cut we don't investigate much.

JAMIE

Really? Then why are you here? I thought-

EVIE

I'm not here for the SEC. I'm here on my own dime.

(she leans in)

I'm floating my resume to some big banks. How's your brother by the way?

JAMIE

He's good.

(back to business)

How are you floating your resume to big banks when you're supposed to be the ones policing them?

EVIE

Grow up Jamie. 90% of the people at the SEC are just there to get better jobs.

(she sees someone)

Hey Doug!

(then to Jamie)

He's at Goldman.

She gets up and leaves. The guy she's approaching grabs her.

DOUG

Look everyone! It's regulatory capture!

He pulls Evie and himself into the pool. A whole group of bankers laugh while dance music plays. Jamie looks sickened.

CHARLIE

Even Bear's doubled their prices.
And they keep calling us Brown
Hole. 82A.

BEN

Don't take it personally. You just
don't have the money or the
reputation.

CHARLIE

So I'm a broke loser with a bad
reputation but don't take it
personally?

BEN

They're assholes. Let it go.
(to Jamie)
Did your friend from the SEC give
any perspective?

JAMIE

The SEC isn't even paying
attention. Their budget has been
gutted and they know zip about the
housing market. It was actually
depressing.

BEN

People wanted small government,
they got it.

They eat for a beat, defeated.

CHARLIE

Wait a minute... We need a deal
that we can afford and they can't
refuse, right? What if we bet
against the AA rated tranches of
the CDOs? What's cheaper than AA?

BEN

Come on Charlie. AA is so safe they
barely even show up on the risk
sheets for the banks.

CHARLIE

Are they really though? We know if
the bottom tranches fail at over 8%
the double AA tranches are worth
zero. We also know the ratings
agencies and the SEC are asleep at
the wheel. I bet those AAs are more
like Bs.

Jamie fishes some paper work out of his bag and points to some numbers.

JAMIE

Charlie's right. The pay off is 200 to 1. But they don't see it so they're charging pennies on the dollar to bet against the 83A.

JAMIE

AAs. With that kind of risk/reward we'd be fools not to do it.

Ben looks at the returns on AA swaps.

BEN

Just when I start thinking you guys are clowns... No one on the planet is betting against AA. The banks'll think we're high or having a stroke... And they'll take every dime we have.

Charlie LOOKS TO CAMERA

CHARLIE

This is the thing we did that no one else did. Even Burry and Baum didn't imagine the AAs could fail.

MUSIC: A song with a beat like US v THEM by LCD SOUND SYSTEM MONTAGE OF CHARLIE, JAMIE AND BEN MEETING DIFFERENT BANKS OVER DRINKS, LUNCH, BLACKJACK TABLE, POOL SIDE.

GOLDMAN REP

I don't understand, you want to bet against AA?

BEAR REP #1

Brother, I will sell you as much as you want. And you can shoot with us anytime you want.

MERRIL REP

What's the angle here?

BEN

No angle. We want 10 million against a AA housing CDO.

LEHMAN BROTHERS REP

Yes. Of course yes. Wow. I thought this trip might be a waste of time. Wow.

MORGAN STANLEY REP
Yes. Yes and yes.

126 INT. CASINO - DAY

126

As they get AROUND A CORNER, Charlie AND Jamie SILENTLY CELEBRATE AND EVEN DANCE A BIT. But Ben tells them to cool it.

BEN
Do you even know what you just did?

CHARLIE
Yeah, we made the deal of our careers.

BEN
You just bet against the American economy. If we're right it means people lose homes, jobs, retirement savings, pensions. These aren't just numbers. For every point unemployment goes up, 40 thousand people die. Did you know that?

CHARLIE
No...

Jamie and Charlie look like kids who have been caught teasing an old person.

JAMIE
We were just excited...

BEN
Just don't fucking dance. Okay?

He walks off. Exiting through double doors.

JAMIE
Where are you going?

BEN
Home! I'll call you when things get bad.

CHARLIE
Alright Ben! Talk soon!
(then to Jamie)
Jesus. I didn't know it could be that bad for the country. I guess this hasn't really hit me yet. I just got scared. Are you scared?

JAMIE
I'm always scared.

127 INT. TABEMASU ASIAN RESTAURANT - HOTEL - NIGHT

127

MUSIC: Traditional Japanese string version of something like LIONEL RITCHIE'S EASY.

A tranquil waterfall out of plate glass windows. Jared walks in with Mark and his team.

JARED VENNETT
Alight Mark Baum from Frontpoint Partners... You're nervous you and your swaps are being played? Now you get to meet who you're betting against. Try not to get too righteous and listen for once.

MARK
Okay, okay. So who is this guy?

FLASH CUT: Mark sits at a table. His dining partner is MR. CHAU (50), Chinese-American, an expensive suit.

MR. CHAU
I'm a CDO manager. At Harding Advisors.

MARK
I didn't know there was anything to manage.

MR. CHAU
We select the securities that go into the CDO portfolio, and monitor the assets. I do most of Merrill Lynch's CDOs.

Mark glances through hibachi steam to see Jared... raising his beer. Meet your counter-party. Meet the sucker.

MARK
And you represent investors or the bank?

MR. CHAU
The investors.

MARK
But Merrill's only going to send you buyers if you put Merrill's bonds in your CDOs.

MR. CHAU

Let's just say Merrill and I have a good relationship.

Mark can't tell if Mr. Chau is being naive or just arch.

MARK

Are you worried about rising default rates?

MR. CHAU

I assume no risk for these products myself.

MARK

Let me get this straight. The bank calls you up. Gives you bonds they want to sell. Gives you the clients. Gives you the money to run your business. Gives you fat fees for doing so. But you represent the investors?

Mr. Chau finally chuckles -- he's actually being defiant.

MR. CHAU

Yes. But my office is not in the Merrill Lynch building. We're in New Jersey.

MARK

20 minutes away.

MR. CHAU

5 if we use a helicopter.

MOMENTS LATER: Vinny, Jared and Danny nervously watch Mark huddle with Mr. Chau. Mark's animated, speaking too loudly.

MARK

Say that again! Say that again!

JARED

Uh-oh. Your boss is about to explode.

VINNY

No. He's too curious to explode.

Ignoring his food, Mark scribbles furiously on a napkin.

MARK

CDO A has parts of CDO B and CDO B has parts CDO A, but then both get put inside CDO C?

88-89.

MR. CHAU

That one's called a CDO Squared. And then there are CDOs made up of the opposite side of the bet you made with your swaps. We call them synthetic CDOs.

MARK

"Synthetic CDOs?"

LATER: Mark's completely disheveled now, tie off. Mr. Chau is as decorous as ever, enjoying his dessert.

Another paper napkin slaps the counter.

MARK

Okay. This is a pool of, say, 50 million in subprime loans. How much money could be out there betting on it through these synthetic CDOs and swaps?! Right now?! Tonight?!

MR. CHAU

A billion dollars.

MARK

What?!

Mr. Chau shrugs.

MARK

How much bigger is the market for insuring mortgage bonds than actual mortgages?!

MR. CHAU

Twenty times?

We FREEZE on his disoriented expression.

JARED VENNETT (V.O.)

If the flawed mortgage bonds that Michael Burry discovered were the match. And the CDOs Jamie and Charlie bet against were the kerosene soaked rags... Then the synthetic CDO was the atomic bomb with a drunk President holding his finger over the button. At that moment Mark Baum realized the whole world economy might collapse. But I'm sure you're wondering one thing: what the hell is a "synthetic CDO?" Well here is Dr. Richard Thaler, the father of Behavioral Economics and international pop star Selena Gomez to explain.

128 INT. CASINO FLOOR - NIGHT

128

SELENA GOMEZ sits at a black jack table with a giant stack of chips. She wins another hand and rakes in more chips from the PROFESSIONAL DEALER. A crowd cheers her on around the table.

CROWD

She can't lose! That's seven hands in a row!

SELENA GOMEZ

So here's how a synthetic CDO works. Let's say I make a bet of 10 million on a black jack hand...

DR. THALER

10 million because this hand represents a simple mortgage bond.

She is dealt a Jack and an 8 by the dealer.

DR. THALER

Selena is showing 18 and the dealer is showing a seven. So the odds are very much in Selena's favor. 87% to be exact. Which are like the great odds most perceived the housing market to have.

SELENA GOMEZ

Did you really create a whole field of economic study?

DR. THALER

Well is was inspired by the great work of others, but yes.

SELENA GOMEZ
I have 30 million twitter followers.

DR. THALER
I have 30,000.

SELENA GOMEZ
(Trying to be encouraging)
That's not bad.
(back to the explanation)
So my odds are great. And I am on a winning streak. Everyone else here wants in on this. I can't lose, right?

DR. THALER
We have done countless studies that show that people often make this error in their thinking. If something is happening-- like Selena winning seven hands in a row

SELENA GOMEZ
Or the housing market going up for seven years straight...

DR. THALER
Exactly. They think it will go on forever. It's called extrapolation bias. People see something happening and they extrapolate that it will continue to happen.

SELENA GOMEZ
So the people who are watching and think I can't lose will make a side bet which is the first CDO.

We see A WOMAN IN GLASSES standing behind SELENA. She turns * to a BUSINESS MAN.

WOMAN IN GLASSES
Wow. I love Selena Gomez. And she's won seven in a row with a seven showing for the dealer. I bet you 50 million she wins and I'll give you three to one odds.

BUSINESSMAN

3 to 1 odds? Okay, I'll take that bet.

DR. THALER

Then someone behind him decides to bet on their bet with someone else. That's synthetic CDO number two.

There's a GUY IN A WARRIORS GAME JERSEY talking to a AN OLD WOMAN.

GUY IN GAME JERSEY

Hey I bet you 200 million that lady in the glasses wins that bet.

OLD WOMAN

She probably will win, she always does, so I want a great pay off.

GUY IN GAME JERSEY

How about 20 to 1?

OLD WOMAN

Deal.

SELENA GOMEZ

And this goes on and on and on and on.... With more and more CDOs betting on the bet on the bet on the bet...

DR. THALER

This happens all the time. In the stock market. In sports. In basketball, they call the Hot Hand fallacy. A player hits 3 shots in a row and everyone thinks he is definitely going to make that 4th one. We know, from a lot of statistical evidence, that there is no such thing as hot hands, but people refuse to accept that.

SELENA GOMEZ

People are cray cray.

DR. THALER

I don't know what that means.

We see a LONG LINE OF PAIRS OF PEOPLE making bets of increasing value and complexity that stretches behind Selena and Dr. Thaler at the table down the hall and around the corner and out of the doors of the casino.

SELENA GOMEZ

And then the dealer plays out his hand.

The dealer turns over a 3, giving him 10 and then turns over a King. DEALER WINS.

SELENA GOMEZ

No! How could I lose!?

There is then a long chain reaction of winners and losers' reactions.

LONG CHAIN OF BETTERS

Shit! Pay up! Crap! Wait, I lost? I want my money! How could Selena lose! Nooo!!!

DR. THALER

They all should have known the odds they could lose. But they got overconfident. And because of the synthetic CDOs and all the bets on bets on bets... The one loss becomes thousands of losses.

SELENA GOMEZ

And those losers? Pension funds, insurance companies. City governments all over the world. Crazy shit right?

DR. THALER

Not crazy, just human. The crazy part is assuming people will act logically all the time.

SELENA GOMEZ

Translation: crazy shit.

129 INT. TABEMASU ASIAN RESTAURANT - CONTINUOUS

129

UNFREEZE BAUM AND MR. CHAU. All Mark can think to do is stand and collect his things.

MARK

I have to go. Honestly I feel a bit sick. Be careful, Mr. Chau. You'll make a lot of money... until you don't.

MR. CHAU

You think I'm a parasite Mr. Baum?
 But apparently, society values me
 very much.

(a beat)

In fact, let's do this... I'll tell
 you what I'm worth, you tell me
 what you're worth.

Mark looks straight in the face of everything he hates.

MARK

I don't think you're a parasite, Mr
 Chau.

(sincere)

I think you're an idiot.

Mark walks away and past Jared and the guys.

MARK

Short everything that guy has
 touched.

(he walks away)

I want half a billion more in
 swaps!

JARED

The collateral calls could bankrupt
 you.

MARK

Yup!

DISSOLVE TO:

130 EXT. CAESAR'S PALACE - THE NEXT MORNING

130

SLO MO: Hungover and broke people straggle out of the hotel
 in the bright morning Vegas sun dragging luggage. They get
 into valet'd cars and cabs.

Charlie and Jamie exit and jump into a Mercedes SUV. They
 looked vaguely ashamed and Charlie looks freaked.

Mr. Chau walks out with a smile on his face, designer luggage
 and enters a stretch limo.

A short moment later Mark, Porter, Danny and Vinny walk out.

Mark looks particularly far away and haggard.

Three of the Bear Stearns firing range guys leave with two
 BEDRAGGLED PARTY GIRLS. They're still drunk. They get in a
 Humvee Limo.

And last, we see Evie, from the SEC and the Goldman Sachs guy, Doug, leaving together. They kiss and then he gets in a Range Rover and she gets in a cab.

131 EXT. UPSCALE CLOTHING BOUTIQUE - "EDIT NEW YORK" - DAY

131

Mark struggles to pull his bag out of a taxi's trunk.

CYNTHIA (PRE-LAP)
Did you eat on the plane?

132 INT. UPSCALE CLOTHING BOUTIQUE - DAY

132

The Baum's are in an elegant and isolated seating area in Cynthia's upscale clothing boutique.

MARK
Yeah.

CYNTHIA
What's wrong? What happened?

MARK
Things are worse than I thought. I honestly think the economy might collapse.

CYNTHIA
Really?

MARK
Yeah.
(then)
And we could end up making a fortune.

CYNTHIA
Define fortune.

MARK
The fund could make half a billion, Cynthia. Maybe a lot more.

She had no idea. A SALES CLERK approaches.

SALES CLERK
Ms. Baum should I- ?

CYNTHIA
Not now Paula. You're my manager. I trust you.

They lower their voices, lean closer.

CYNTHIA

A half a billion on one trade?! How
is that even possible?!

MARK

Group think. Fraud. Legalized
corruption. Stupidity.

CYNTHIA

You've been saying the whole system
is broken for years Mark. Why are
you shocked?

MARK

It's all so much uglier and more
twisted than I ever imagined. And
I'm a banker. I'm a part of this
horrible world.

A silence between them. Cynthia refuses to break it.

93A.

CYNTHIA

And I keep thinking about my
brother. About Paul. And how he...
When he...

CYNTHIA

When Paul took his own life.

MARK

...We can talk about it later.
You're at your store-

CYNTHIA

Mark. 94.

MARK

Before... my brother... committed
suicide... when he told me he was
having bad thoughts... My first
response was... to offer him some
money. My brother was in pain. Real
pain. And I offered him... money.

CYNTHIA

You tried to help. There's no
perfect way...

MARK

All this greed in the world. Maybe I'm not so above it. Maybe I'm part of it. And it's changed me. Changed me into a person who's not able to reach out to someone who's hurting without money being a part of it.

(beat)

Does it bother you that I feel that way?

CYNTHIA

No. You can't name a scenario for how I could have helped him that doesn't play in my head every day. But it bothers me that you're so certain you're right. Because you're not.

His silence means yes.

CYNTHIA

You love to know more than other people. To be the virtuous one. You always have Mark. As though you're untainted and we're all the filthy masses clawing at Noah's arch. But the truth is: you're a banker. A banker who makes more than he should. A banker who had a terrible thing happen to a family member. And now you're about to make a lot of money from another terrible thing. And even you can't find a way to make that virtuous. Because it's not. It's just life. And sometimes it hurts and it's sad and it's scary. So stop trying to fix the world and just feel the feelings like all of us. Because they're there. 94A.

CYNTHIA

And when you act like they're not it makes me want to scream.

Mark starts to break.

MARK

(tears up)

Paul was always there for me...

MARK

His face was so smashed we couldn't even have an open casket... He just dropped the phone...

CYNTHIA

He couldn't hear anyone. That's why he's dead... There's nothing you could have done.

They both sit there holding hands.

CYNTHIA

Nothing.

133 INT. WAITING AREA - PEDIATRIC PSYCH CENTER - DUSK

133

Mike's son Nicholas plays alone, talking to himself about the different parts of a BACKHOE LOADER. Stabilizer legs...bucket...articulated arm...

Mike enters. His Wife's been waiting, annoyed, gestures to her watch. Where were you?

MIKE

I'm sorry I'm late. Everything's falling apart at work. People want to remove their money from the fund. I don't know what to do.

His wife doesn't respond.

MIKE

What's wrong. Is Nicholas okay?

MIKE'S WIFE

(upset, quiet)

They think it's Asperger's Syndrome.

MIKE

No. What? What...what's the symptomology?

134 INT. LIVING ROOM - BURRY HOUSE - NIGHT

134

Mike has a stack of books: Attwood's The Complete Guide to Asperger's, Baron-Cohen's Mindblindness, etc.

Sceptical, he chooses A Parent's Guide and reads...

MIKE (O.S.)

"The first sign a child is on the Autism spectrum is often a hobby. It will be one that is solitary and idiosyncratic, and it will completely obsess the child."

Mike's surprised, this actually resonates.

JUMP CUTS: A dizzying whirl of TEXT PASSAGES fly at us...

MIKE (O.S.)
 "...few real peer-to-peer relationships...less eye contact...
 ...ability to quickly absorb complex systems ...love of computers... math... good with numbers

Mike stops reading. Sweating. Thunderstruck.

A strange truth settles over his face.

135 INT. HOSPITAL ROOF - SAN JOSE - DAY

135

Mike has sought counsel from a MED SCHOOL FRIEND, a psych ward doctor currently self-medicating on a joint.

MED SCHOOL FRIEND
 This is good, a diagnosis like this, as an adult, it's all upside. You don't have to feel like there's something wrong with you anymore. Now you know. Mystery is solved.

MIKE
 What's the upside of having Aspergers?

MED SCHOOL FRIEND
 C'mon, Burry, who else but an Aspie actually reads entire bond prospectuses?! Your whole life your brain's told you one thing and society another. Now, you get to stop listening to society. Stop caring what we think! Don't you get it? We're normal. We can't keep up.

CLOSE on Mike, taken with the idea, and its implications.

MIKE (O.S.)
 "To All Investors"

MUSIC: A heavy metal song like METALLICA'S EYE OF THE BEHOLDER fades in.

136 INT. SCION - MIKE'S OFFICE - DAY

136

Mike types an email. He is alone in the office with empty desks outside.

MIKE (V.O.)

"As you may know, our agreement allows me to take extraordinary measures when markets aren't functioning properly. I currently have reason to believe the mortgage bond market is fraudulent. So in order to protect investors from this fraudulent market I've decided to restrict investors' withdrawals until further notice. Sincerely.
Dr. Michael Burry."

Mike breathes deep, and hits SEND.

He sits listening to the quiet hum of office outside his open door. The distant highway.

A very long beat.

Slowly at first, isolated, then gathering like an angry storm, the office PHONES begin to RING and his email box begins to ding.

One email stands out: From Lawrence Fields. The subject: I'M SUING.

CUT TO:

OVER BLACK WE SEE THE QUOTE:

"Everyone, deep in their hearts, is waiting for the end of the world to come." - Haruki Murakami, 1Q84

We DISSOLVE to TV Channels flipping from one to the next.

- 1) SOME SORT OF FLUFFY POP ENTERTAINMENT, a sitcom, game show, reality show.
- 2) BARRY BONDS defends himself in a press conference.
- 3) Footage celebrating Lance Armstrong.

137 INT. BROWNFIELD OFFICE - NYC LOFT - DAY

137

Charlie is the one flipping through the TV channels. Jamie is on his lap top. They're restless, tense and killing time.

April 2, 2007

The Crash Begins

JAMIE

Will you stop changing the
channels? You're driving me crazy.
Just put the business news on.

Charlie turns the channel to business news.

CHARLIE

Fine.

Jamie stops and watches while Charlie rolls over on the couch.

JAMIE

Holy shit. Did you see that?

CHARLIE

See what?

JAMIE

On the crawl!

He grabs the remote and rewinds and freezes the TV. On the crawl at the bottom of the financial news show we see:

Nation's second-largest mortgage lender bankrupt.

JAMIE

It's starting.

CHARLIE

I'm going to call my Mom.

138 INT. FRONTPOINT OFFICE - DAY

138

Vinny, Danny and Porter watch Kathy, thin again, yelling at Mark in the Conference Room.

ON A WALL TV: The FED CHAIRMAN is speaking to Congress.

The Dow is down 283 points.

BERNANKE (ARCHIVE FOOTAGE)

...We believe the effect of the troubles in the subprime sector on the broader housing market will likely be limited, and we do not expect significant spillovers from the subprime market to the rest of the economy--

VINNY

Turn off all the financial news.
They're in crazy land. We're trying to stay in reality.

An assistant turns off all the TVs in the office.

Danny Moses, on the phone yells over to Vinny.

DANNY MOSES

Duetsche says the CDOs still haven't lost any value!

VINNY

The banks are holding the value til they can dump their position...
They know now.

The DOOR opens. Kathy and her minions storm off... and out.

Mark emerges beaten, yet hardened.

VINNY

Well?

MARK

Kathy wants us to dump our shorts.

PORTER

What else is new?

MARK

She says Morgan Stanley will buy them.

DANNY

What?! Holy shit. Vinny's right, they need our shorts. They know.

VINNY

The whole time we were wondering who's on the other side of this bet and it's the big banks themselves. They believed their own bullshit.

DANNY

What'd you tell Kathy?

MARK

I told her we're not selling shit.
If Morgan needs to lose half a
billion cause they screwed up it's
not my problem.

VINNY

So now what'd we do?

MARK

Hold on.

139 INT. BROWNFIELD OFFICE - NYC LOFT - SAME TIME

139

Charlie is getting off the phone.

CHARLIE

You need to understand, mom. This
isn't just a banking thing. It's
going to affect real people. All
over the world. Like an enormous
tsunami hitting the global economy
all at once... Yeah, OK. I love
you, too.

He hangs up and turns to Jamie who's at his computer.

CHARLIE

She told me I should go on lithium.

Jamie shows him an email on his computer.

JAMIE

Check it out - from Bear Stearns.
They claim the CDOs still haven't
moved.

CHARLIE

That's insane. They're crooks. Just
look at the ABX: those CDOs should
be at zero! You know what they're
doing, right? They're selling off
their worthless CDOs so they don't
take the loses. That's fraud. On a
massive scale.

(looks panicky)

Jeez, I can't catch my breath. I
think I'm having a panic attack.

JAMIE

We've got to tell someone. The whole world has no idea what's about to hit them.

CHARLIE

Who? The SEC is useless. The ratings agencies are in on it.

JAMIE

Let's go to the press. This is a giant story. Who wouldn't publish it?

141 INT. NEWS ROOM - WALL STREET JOURNAL - DAY

141

Charlie and Jamie just explained the situation to CASEY, 30 their college friend, and the junior finance reporter.

CASEY

So what am I supposed to do? Write a piece called "We're all fucked?"

CHARLIE

Yes! That's a perfect title.

JAMIE

Casey, right now every bank in town is unloading these shit bonds on unsuspecting customers. They won't devalue them until they unload them. This is the biggest fraud in banking history.

CASEY

It took years to build my relationships on Wall Street! 101A.

CASEY

No bank or ratings agency is going to confirm a story like this just because two guys in a garage-band hedge-fund thinks it's the apocalypse.

JAMIE

Don't be a dick Casey. We didn't say "apocalypse."

CHARLIE

Wow. Wow.

JAMIE

(tries again)

Look, these banks bought most of the government. They bought the ratings agencies. There's no one left but you. This story is why journalism exists. If someone like you blows this off because they're worried about access to the banks this country is fucked.

CASEY

Nice speech Kev. You sound like Oliver Stone.

(he gets up)

Look, I've got work to do. So thanks for stopping by.

CHARLIE

Wow.

JAMIE

Stop saying Wow.

(back to Casey)

I thought you were for real Casey.
I really did.

CASEY

Yeah, well you try being "for real" with a three year old and a wife who's getting her Master's degree. I'm not burning my reputation on your wild hunch.

CHARLIE

Wow.

He's holding the door for them. They exit.

CASEY

Thanks for stopping by. Totally fucking awesome to see you.

142 EXT. HALLWAY - WALL STREET JOURNAL - CONTINUOUS

142

CHARLIE

Disgusting. He won't do his job because he wants to keep access to the banks to keep doing the job he won't do? 102A.

JAMIE

I just had a horrible thought.

CHARLIE

I'm already juggling five or six horrible thoughts. Don't tell me.

JAMIE

If Bear Stearn is freezing the value of the CDOs it must mean they own tons of them.

(a breath)

They could go under. And we bought 80% of our swaps at Bear. We'd lose everything.

CHARLIE

Stop it. Bear Stearns has been around for a hundred years. They're not going under.

JAMIE

We have to at least consider the possibility.

143 INT. SCION OFFICES - DAY

143

Mike is at his desk. The headline on the site he's on is:

Bear Stearns liquidates mortgage backed securities hedge funds. Losses at 3.6 Billion.

The office is completely empty save two LAWYERS who are wheeling files out on a hand cart. Michael is on the phone hearing a voice mail.

WOMAN (SOT)

You've reached Lucy Thalia at Goldman Sachs. I'm not available-

He hangs up.

July 31, 2007

LAWYER

That should do it Dr. Burry.

MICHAEL BURRY

If you need any files from 2005-

LAWYER

Mr. Field's suit is very specific to files from the past year.

MICHAEL BURRY

Well then tell Lawrence I said hi.

Burry's PHONE rings. The caller ID is Thalia/Private.

MIKE
(answering)
You can't get back to me for a
whole week?

LUCY THALIA (O.S.)
I'm so sorry, Mike. Goldman had a
systems failure. I lost a ton of
messages.

MIKE
B of A said they had a power
outage. And Morgan Stanley said
their server crashed.

LUCY THALIA (O.S.)
Huh. That's weird.

MIKE
I would call it improbable. Where
do you have our position marked?

LUCY THALIA (O.S.)
It could be the same, Mike.

MIKE
Can you explain that to me? How's
the value of an insurance contract
in no way affected by the demise of
the thing it insures?

LUCY THALIA (O.S.)
They're independent markets.
They're not always correlated. I
know it sounds odd but these are
very complicated products.

MIKE
They are correlated, and I can
prove it.

LUCY THALIA (O.S.)
How?

MIKE
You'd never claim they're
uncorrelated on a hard line --
those are recorded bank records --
but you'll say it on your cell
phone.

Static.

MIKE

Hello?

LUCY THALIA (O.S.)

Mike, I need to call you right back.

She clicks off. Mike hangs up.

The phone RINGS again almost immediately. Goldman.

MIKE

(answers)

I'm listening.

A DIFFERENT VOICE

Dr. Burry?

MIKE

Yeah.

DEEB

Deeb Winston, Goldman Sachs.

Listen, I've been reviewing your position. I wanted to discuss your marks, make sure they're fair.

Mike realizes what's happened.

MIKE

I think you mean you've secured a net short position yourselves so you're free to mark my swaps accurately for once. Because it's now in your interest to do so.

Static.

DEEB

I'm not sure what you want me to say.

MIKE

Nothing.

Mike hangs up. There. See. Done.

CUT TO:

The trading desk is hopping. We see someone on their computer on Bloomberg.com. The story: Countrywide Financial Warns of "Difficult Conditions."

The Dow is down 325 points

Mark has a phone full of blinking red lights, about to pull up a call, as soon Danny finishes prepping him.

DANNY

Subprime bonds went off a cliff.
Rumor is default numbers are huge.

MARK

Who got the remittance data early?
I bet it's Goldman.

Mark punches a blinking light.

MARK

Jared, it's chaos over here. Where
are we?

146 INT. DUETSCHE BATHROOM - DEUTSCHE BANK - DAY

146

Jared enters a bathroom, pushes a BANKER OUT THE DOOR.

JARED VENNETT

The gods have spoken. No one's
buying CDO or mortgage bonds
anymore.

(To the guy he's pushing
out)

Sorry, important call!

(then back to Mark)

Our secret's out. Swaps are now the
most valuable product on the
street. And I heard from someone
who heard from someone that Bennie
Leibman over at Morgan just took
some heavy losses in Morgan's bond
department. Your ship might be
taking on water... It might be time
to grab a life jacket.

Mark hangs up. Everyone's looking his direction.

VINNY

And?

MARK

The market's turned.

A long, weird beat. No one speaks. No one celebrates.
For good reason...

RECEPTIONIST
Kathy's office is looking for you.

147 INT. MORGAN STANLEY HALLWAY - MOMENTS LATER**147**

Mark strides for a corner office. A young woman passes in tears, carrying a personal effects box and crying, newly fired.

148 INT. MORGAN STANLEY - KATHY TAO'S OFFICE - DAY**148**

A BREAST-PUMP on a credenza.

Mark's waiting on Kathy. Considering her Spartan office, he realizes she has no personal effects, save the pump.

Kathy Tao enters, frazzled, scared.

KATHY TAO
Thanks for coming so quickly, Mark.
I'm sure you've been hearing
rumblings about some losses Morgan
has suffered.

He nods. She sits.

MARK
Congratulations.

KATHY TAO
What?

He points to the breast pump.

KATHY TAO
Oh. Thanks. I just wanted you to
know that yes, Morgan has suffered
some losses but our liquidity is
strong and there's no cause for
concern.

MARK
What about Bennie Leibman? Is he
concerned. Word on the street is he
took some heavy losses.

Half beat.

MARK

We know each other too well Kathy.
How bad is it?

KATHY TAO

Okay. Two years ago, Bennie Leibman
in Morgan's bond department also
started shorting subprime housing.
2 billion in triple B's.

MARK

Bennie's smarter than I thought.

KATHY TAO

Not smart enough. The premiums on
the swaps ate into his desk's
profit.

KATHY TAO

To cover his triple B shorts he
sold a lot of A and double A swaps
as protection. A lot. He believed
there was no way they could be
affected.

MARK

Tell me Morgan Stanley doesn't hold
those contracts.

Silence. They held them.

MARK

What's your exposure. 3 billion?
Don't tell me it's over 4.

KATHY TAO

I can't answer that. And I'm not
sure there's even a definitive
answer.

MARK

Kathy, you bring me in here to say
everything's fine and you don't
mention Bennie's losses. You'll
have to pardon me if I don't
believe a word you're saying right
now.

Beat.

KATHY TAO

Our long exposure is somewhere
between 12 and 16 billion.

MARK

Jesus Christ... Are you fucking kidding me?

KATHY TAO

He kept saying defaults over 8 percent were impossible. There'd be a million homeless.

MARK

And how is that a reason it can't happen?!

KATHY TAO

No one thought... Please don't do this Mark. Like it or not you're part of Morgan.

MARK

Kathy, given Morgan's leverage, what are you doing to prevent a run on this bank?

We see she's not just stunned, she's terrified.

149 INT. MANHATTAN RESTAURANT - LATE NIGHT

149

At a window table, Mark and Vinny sit across from Porter and Danny.

PORTER

But we have nothing to do with Morgan Stanley!

VINNY

Tell the bankruptcy court. Morgan fails, our accounts go on their balance sheet.

DANNY

That's crazy. Morgan makes the sucker's bet and we pay their gambling debts.

Mark's brooding dangerously.

PORTER

You're saying, we could do everything right, disciplined, smart, and still go broke?

VINNY

That's right.

PORTER

What do we do?

MARK

Short the bank stocks. Then we wait.

VINNY

Or... we sell our swaps, when the market opens. We get our bonuses and our investors get their profits. We'd get 30 cents on the dollar. Not bad.

MARK

They're worth three times that.

VINNY

If Morgan goes under it won't matter.

MARK

Forget it. I'm not giving away lifeboats.

VINNY

Mark, don't play a game of chicken on this one.

MARK

Drop it! Christ, Vin. We sell when I say we sell. Don't pussy out on me!

VINNY

I get that this is what you've dreamed about but we have a fiduciary responsibility to-

MARK

No. No we don't. No one is being responsible. So fuck responsibility. We're going to shove the knife in to the hilt and make these assholes at the big banks-

WAITRESS

(approaching)

--you boys want--

MARK

--we're talking! Excuse us.

The Waitress is wounded. Goes. A brutal beat. No one can look at Mark.

MARK
(quiet)
I'll say when we sell.

150 EXT. STREETS OF CHELSEA - DAY

150

Jamie is walking down the street on his cell.

August 3, 2007

JAMIE
So not only do two mortgage hedge funds backed by Bear Stearns go belly up but now there's a class action law suit against Bear.

151 INT. SPIN CLASS - SAME TIME

151

A SPIN CLASS IS IN PROGRESS WITH LOUD MUSIC PLAYING and 20 people on bikes. A sweaty Charlie is standing off to the side on his cell.

CHARLIE
(yelling over the music)
Holy shit! Bear Stearns could really collapse?

JAMIE (V.O.)
I don't know if Bear will collapse.
But there's a risk they might. And it's a risk we shouldn't take.

CHARLIE
How the hell do we sell these swaps!? I just realized we bought them but we don't know how to sell them.

JAMIE
We'll have to get Ben to do it.

CHARLIE
He's on vacation with his wife's family in England!

The Spin Class instructor turns to Charlie.

INSTRUCTOR
Hey brother! Do you mind?

CHARLIE

Sorry!

152 INT. SCION - MIKE'S OFFICE - SAN JOSE - DAY

152

CLOSE on Mike's good eye: he's scanning his monitors.

January 14, 2008

He hovers over his terminal, worried. The numbers are not good. We see default rates above 12%, Dow down 420 points etc. He picks up the phone and dials a number by heart.

MIKE

It's Dr. Burry. Looks like the collapse in the financial sector is imminent. Let's start to unwind my position. It's 1.3 Billion.

We hear disappointment in Mike's voice.

153 INT. SCION OFFICE - NIGHT

153

It's been cleared out, even Mike's Assistant is gone. The light goes off in his inner office.

Leaving, Mike stops off at his WHITE BOARD, erases -19.3% with his palm and starts to write +...

He stops, turns and considers the room full of abandoned desks, just a telephone on each, all of them silent.

CUT TO:

154 EXT. THE POWDER MONKEY PUB - EXMOUTH, ENGLAND - DAY

154

A southern England old world pub on a wet street in a small country town.

BEN (V.O.)

I've got almost no cell phone or wifi reception and I'm trying to sell 200 million dollars worth of securities. And yes, this pub smells like wet sheep.

JAMIE (V.O.)

You can do this Ben ...

155 INT. POWDER MONKEY PUB - EXMOUTH, ENGLAND - DAY

155

Ben has his Bloomberg terminal set up at a table, wears a fancy headset, rolls calls in sweatpants.

BEN

This is The Brownfield Fund... I'm trying to sell credit default swaps...20 double A tranches of CDOs...Absolutely, they're all complete shit... Face value is 205 million dollars.

The PROPRIETRESS and THREE OLD ENGLISH MEN AT THE BAR pretend not to listen to the strangest conversation they've ever heard.

BEN

No, we're looking for at least 100 million.

PUB-GOER

100 million! Hey laddy, are you a drug dealer or a banker?! If you're a banker fuck off!

Everyone laughs in the pub. Now they're openly watching.

BEN

Just give me your best number.

PUB-GOER #2

Have em throw in a million for me!

BEN

Look, if you don't want this deal then hang up...

BEN

(they don't hang up)
That's what I thought...

156 INT. BROWNFIELD OFFICE - EARLY MORNING

156

Charlie and Jamie stand around Charlie's SPEAKER PHONE.

CHARLIE

Okay. Eighty million. Okay. That's good.

JAMIE

Eighty's great, Ben. Thank you.
Thank you so much.

BEN (O.S.)

Most of it went to UBS. You're very lucky. The largest bank in France froze customers money market accounts today. This thing's hitting Europe. I hope I can get home...

CHARLIE

You will. Call us when you land.

JAMIE

Hey Ben, I'm just wondering, why did you do this with us? I mean, you didn't have to.... and thanks. But why?

BEN (O.S.)

Because I like you guys.

JAMIE

(thrown)

Wow. You do? That's so cool...
Okay... Bye Ben. Hello? Oh.

He hangs up.

JAMIE

Eighty million in 6 months. From just 110 thousand 4 years ago.
That's not bad.

CHARLIE

I'm done. No more.

JAMIE

Yeah. Yeah, me too.
(half beat)
But we have to short Bear Stearns.

CHARLIE

You damn straight.
(realizing)
Oh, crap, where are we gonna put the money we made?

DISSOLVE TO:

158 INT. AUDITORIUM - DEUTSCHE BANK HQ - DAY

158

Dark. Elegant. A well-heeled crowd of 200 INVESTORS.

March 14, 2008

JARED VENNETT (V.O.)
As the housing markets and banks continued to hemorrhage only one of the big shorts refused to sell: Mark Baum. So it was beyond perfect when he was asked to speak at a conference opposite Bruce Miller, a famous bullish investor. After he and Mark had their debate, Alan Greenspan, one of the architects of the whole crisis was scheduled to speak. Everyone in Mark's office showed up and even invited friends.... This was Ali versus Foreman of the financial world... The realist versus the fools. If it seems almost too perfect, trust me, this happened. And it was beautiful.

A podium waits for Greenspan. Beside it are 3 chairs with THE HOST, BRUCE MILLER, ruddy and confident and a sloppily-dressed Mark Baum.

Vinny's in the front row.

BRUCE MILLER (THE BULL)
As some of you may know, Bear Stearns just received a loan from JP Morgan. We'll see how the market reacts, but I think that lays to rest concerns about the bank's health.

THE HOST
I take it you have no plans to sell your 200 million in Bear stock?

BRUCE MILLER
When we're done here, I'll probably buy more.

THE HOST
For the opposing view, Mr. Baum.

MARK
I gotta stand for this.

Wholly uninvited, Mark takes his mic to the podium.

MARK

Okay, hi, so my firm's thesis is simple: Wall Street took a good idea, Lewis Ranieri's Mortgage Bond and turned it into an atomic bomb of fraud and stupidity that is on its way to decimating the world economy.

BRUCE MILLER
How do you really feel?

The crowd laughs.

MARK
I'm glad you still have a sense of humor. I wouldn't if I were you.
(back to the crowd)
Now, anyone who knows me knows I have no problem telling someone they're wrong. Hell, it's my passion.
(beat)
Well for the first time in my life, it's not so enjoyable.

Arriving late, Porter slips in the last row behind Danny.

PORTER
(whispers)
Bear Stearns issued a press release denying rumors of liquidity problems.

DANNY
(whispers)
They said they had liquidity?! That always means they don't.

MARK
We're living in an era of fraud in America. Not just in banking. But in government, education, food, religion, journalism, prisons, baseball... Somehow, American values became fuck it, let's grab what we can for now and the hell with tomorrow.

Danny gets a quote, curses, types, Here we go! Bear at 47!

MARK

And what bothers me isn't that fraud is "not nice" or "mean." It's that for fifteen thousand years fraud and short sighted thinking has never, ever worked. Not once. How the hell did we all forget that?

Vinny gets a text...Bear at 35 last!

MARK

I thought we were all better than this... I really did. And the fact that we're not doesn't make me feel superior and right... It makes me feel sad...

In the back, a man hurries out holding on his cell phone.

MARK

And as fun as it is seeing pompous dumb Wall Streeters be wildly wrong,

(turns to the Bull)
and you are wrong sir.

(back to his wrap up)
I just know that at the end of the day regular people are going to pay for all of this. Because they always, always do.

Danny's just typed Bear at 29 last!!! as he hears this.

MARK

That's my two cents. Thank you.

Mark pats Bruce Miller on the back as he takes his seat.

THE HOST

Does our bull have a response?

BRUCE MILLER

Only that in the history of Wall Street, no investment bank has ever failed except when caught in criminal activities. So I stand by my Bear Stearns optimism.

A YOUNG BANKER stands, unwilling to wait for the Q & A.

YOUNG BANKER

Mr. Miller! Sorry. Quick Question.
(re: his Blackberry)

From the time you guys started talking, Bear Stearns stock has fallen more than 38 percent. Would you buy more now?

BRUCE MILLER
(unsure)
Sure. Yeah. I'd buy more. Why not?

Awkward silence.

Mark whispers into his mic...

MARK
Boom.

Mark watches the whole room scramble for the aisles.

159 INT. BACK HALLWAY TO AUDITORIUM - DAY

159

A PR PERSON leads ALAN GREENSPAN (never fully seen) and his ENTOURAGE toward an auditorium door.

PR PERSON
This way Mr. Greenspan. We are so honored to have you here today...

160 INT. AUDITORIUM - DAY

160

The PR Person leads Greenspan and entourage in up front.

THERE ARE ONLY SIX AUDIENCE MEMBERS in the vast hall.

PR PERSON
What the hell?

CUT TO:

161 EXT. TIMES SQUARE - PRE-DAWN

161

Empty. The SCROLL is dead.

Suddenly, it flickers and kicks to life as if re-booted.

The first message says it all...

Lehman bankruptcy leaves country in turmoil.

162 EXT. PLAZA - LEHMAN BROTHERS HQ - DAY

162

A beautiful day. Charlie stands on a bench watching LEHMAN EMPLOYEES with effects boxes exit through a PRESS gauntlet.

September 15, 2008

Jamie ends a call below him.

JAMIE

That was Ben . The Dow has dropped 1800 points in the last three days. He thinks the price of gold could go higher than the Dow. Up is now officially down.

Charlie is still watching the chaos at Lehman.

CHARLIE

I want to see inside.

JAMIE

How?

163 EXT. WEST 49TH STREET - DAY

163

His box already in a taxi, a LEHMAN GUY looks from Jamie and Charlie's expectant faces to the building. Fuck it.

The Guy takes off his ID tag and hands it over.

CHARLIE

Which floor's fixed income?

164 INT. FRONTPOINT OFFICE - LATER THAT DAY

164

Vinny is on the phone. Danny and Porter work quietly if feverishly at their desks that are covered in screens.

VINNY

Mark! Answer your phone! We have to sell! This whole thing's blowing up!

DANNY

Prices are moving... I can't get a fix!

Danny's panicked.

DANNY

We have like 70 positions...I
can't...I don't know what's
happening to anything! Morgan's
lost a third of it's value.

Vinny and Porter exchange a worried glance.

VINNY
Is it a run?

DANNY
I don't know.

VINNY
Danny, is there a run on Morgan
Stanley?!

DANNY
I don't know!

Danny squints at his screens; something's wrong with his vision. He's soaking wet. Looks down at his chest.

DANNY
I think I'm having a heart attack.

PORTRER
No, you're not.

He's extremely pale but doesn't walk from the desk, tries to regulate his breathing as Porter and Vinny watch.

PORTRER
You're not having a heart attack.
(no response)
You're not having a heart attack.
(no response)
You're not having a heart attack.

Danny looks as if he can't hear.

PORTRER
All right, maybe you are.

Vinny picks up the phone to call 911.

VINNY
Hello, we need an ambulance, now!

DIMINUTIVE EXEC
 Go straight to your transportation!
 Do not talk to the press! Go
 straight to your transportation! Do
 not talk to the press!

Jamie holds up the pass for a Guard, who hurriedly waves he and Charlie through the turnstile, like two diplomats slipping back in the embassy as Saigon falls.

166 INT. TRADING FLOOR - LEHMAN BROTHERS - DAY

166

Abandoned. A few EMPLOYEES pack. Loose paper's everywhere.

Charlie and Jamie walk through the destruction: plundered desks; emptied picture frames; sad tchotkes.

On one desk, someone's made a pyramid of Red Bull cans.

On one wall, someone's painted a huge...LEH: 0.00.

CHARLIE
 This isn't how I pictured it.

JAMIE
 What'd you think we'd find?

Charlie considers this question a few seconds.

CHARLIE
 The grown-ups.

167 EXT. ST. PATRICK'S CATHEDRAL - DAY

167

A BUSINESS CROWD passes.

On the church steps, Danny is now okay. He, Vinny and Porter watch the crowd, rushing past, oblivious.

VINNY
 You okay?

 DANNY
 Yeah... I think so. It's
 embarrassing. I really thought I
 was having a heart attack.

PORTER
 Let's go to dinner tonight. I hear
 there's a great new Cuban joint in
 the lower east side.

DANNY

Really? I'd like that.

Vinny paces. His Blackberry RINGS.

VINNY

Mark, finally!

(answering)

Hey, it's a bloodbath up here.

168 EXT. UPPER EAST SIDE APARTMENT ROOF GARDEN - SAME TIME

168

Mark sits at a table with his laptop and a coffee, shell shocked staring off into the building around him.

Vinny's on Mark's cell phone speaker.

VINNY (O.S.)

Word's out. Morgan's stock has lost half its value. Down to 23.10. Clients are wanting to talk to you about pulling their money.

(then)

It's now or never. We gotta sell Mark.

(silence)

Hello?

(nothing)

Mark?!

MARK

Yeah.

CLOSE on MARK. He's staring at nothing.

VINNY (O.S.)

At least tell me what you're thinking.

FADE TO BLACK:

MICHAEL BURRY (V.O.)

I met my wife on Match.com. My profile said, quote, I am a medical student with only one eye, an awkward social manner, and \$145,000 in student loans, end quote.

MICHAEL BURRY (V.O.)

She wrote back: you're just what I've been looking for. She meant honest. So, let me be honest...

169 INT. SCION OFFICE - DAY

169

Bare feet on corporate carpet.

MIKE (V.O.)
 ...making money is not like I
 thought it would be.

Mike's at the Assistant's Desk sorting through a stack of his mail. He's also listening to the VOICE MAIL on the phone's speaker, erasing most messages after they start.

VOICE MAIL MESSAGE
 Oh, Mike, this is Kerry Mann down at Camelot Capital. Listen, we see you're jumping back in the equities market in a big way. In this environment, we're not sure that's a wise--

He hits ERASE. And keeps sorting.

MIKE (V.O.)
 This business kills the part of life that is essential: the part that has nothing to do with business.

170 INT. MINI-MART - DAY

170

Burry's FORMER ASSISTANT is stocking Red Bulls in a convenience store.

171 EXT. UPSCALE MIAMI NEIGHBORHOOD - DAY

171

The neighborhood Baum toured with the real estate agent is now covered with foreclosure signs.

172 INT. SEMINAR ROOM - CORPORATE HOTEL - DAY

172

With two dozen others, Marlene and the Younger Agent are taking a seminar, "You Can Be a Real Estate Millionaire".

SEMINAR LEADER #2
 (again)
 The housing crisis represents the greatest financial opportunity of your lifetime!

174 EXT. CONVENIENCE STORE - DAY

174

The Man with the Tattooed Head comes out of the store and hurries to his CAR, carrying food. When he gets in, we see his child, wife and their stuff. They now live in the car.

MIKE (V.O.)

For the past two years my insides have felt like they're eating themselves. All the people I respected won't talk to me anymore except through lawyers...

175 INT. BASKETBALL ARENA - MIAMI UNIVERSITY - DAY

175

A large JOB FAIR.

Maroon waits in a long line for his turn with an ADVISOR, one of many in a row of folding tables. He looks over to see his friend, Black, in another line. Nods. Hey. Hey.

MIKE (V.O.)

People want an authority to tell them how to value things. But they chose this authority not based on facts or results. They chose it because it seems authoritative and familiar. And I am not and never have been... "familiar."

176 INT. CAB - DAY

176

The West African Cab Driver that drove Mark looks at his 401K. It says -43,540 dollars. Leaving only 46k.

177 INT. MIKE'S OFFICE - NIGHT

177

Mike types the email we've been hearing in VO throughout.

MIKE (V.O.)

So, I've come to the sullen realization that I must close down the fund.

178 INT. SCION OFFICE - NIGHT

178

It's the night Mike erased the WHITE BOARD in the empty office.

This time, we watch him write his fund's growth...+489%.

MIKE (V.O.)

I am writing this to inform you
that earlier today I sold off all
positions for Scion Fund.

He circles it. Then walks out.

179 INT. OFFICE - DEUTSCHE BANK - DAY

179

Inscrutable, Jared Vennett considers a BONUS LETTER on his desk. He talks to camera.

JARED
(to camera)

I can't really say it to anyone else, but I'll say it to you: I was right. I took a rash of shit for the past two years but I was right.

His bonus for 2008 is \$47,000,000.

JARED
Hey I never said I was the hero of this story.

He kisses the check.

JARED
I can feel you judging me...
Remember, I made this bank 20 billion. My two bosses lost 30 billion and still got fifty million in bonuses. You didn't see that on your news did you?

180 EXT. UPPER EAST SIDE APARTMENT ROOF GARDEN - DAY

180

Mark as before, quiet, talking to Vinny via cell phone.

MUSIC: A piano piece like THE TWINS by MAX RICHTER fades in slowly

VINNY (O.S.)
Mark!? At least tell me what you're thinking.

MARK
Paulson and Bernanke just left the White House. There's going to be a bailout.

Mark's voice is full of masked emotion, quiet, resigned.

VINNY (O.S.)
You're serious?!

MARK
Yeah... The whole time we were wondering how the big banks could be so stupid... They didn't care. They knew the tax payers had to bail em out.

VINNY (V.O.)
Those fuckers.
(and then)
At least we'll see some of them go to jail. And they're going to have to break up the banks.

MARK
I don't know Vinny. I bet in a few years we'll be doing what people always do when the economy goes south: blaming immigrants and poor people.

JARED (V.O.)
But Mark was wrong. In the years that followed 100's of bankers and rating's agency executives went to jail. The SEC was completely overhauled.

MONTAGE OF REFORM IMAGERY: 1. HEARINGS AT CONGRESS. 2. THE DODD/FRANK BANKING REFORM BEING SIGNED, 3. BANKERS BEING PERP WALKED IN HANDCUFFS.

JARED (V.O.)
And Congress had no choice but to break up the big banks and regulate the mortgage and derivatives industries.
(Beat)
Just kidding.

SMASH TO: VT. OF 1) PEOPLE SCREAMING AT IMMIGRANT CHILDREN ON THE BORDER. 2) GOVERNORS AND TALK SHOW HOSTS BLAMING TEACHERS 3)CONGRESS VOTING DOWN SERIOUS BANKING REFORM.

JARED (V.O.)
The banks took the money the American people gave them and used it to lobby the Congress to kill big reform. And then America blamed immigrants and poor people. And this time... even teachers.

JARED (V.O.)

And when all was said and done,
only one single banker went to
jail.

PICTURE OF THE ONE BANKER WHO WENT TO JAIL.

JARED (V.O.)

This poor schmuck. Kareem Serageldin from Credit Suisse. He hid a few billion in mortgage bond losses. Something most of the big banks do on a good day. I'm sure it didn't hurt that he was of Egyptian decent...

185 EXT. UPPER EAST SIDE APARTMENT ROOF GARDEN - CONTINUOUS

185

Mark silently looks off into the distance, still on the phone with Vinny.

VINNY (V.O.)

Mark?

(beat)

Can we sell now? The fund'll make almost a billion dollars... You'll clear 200 mill Mark.

MARK

You know once we sell we're just like all the rest...

VINNY (V.O.)

No we're not Mark... We didn't prey on people's dreams of owning a home... They did. And now we can kick em in the teeth.

MARK

A billion dollars...

VINNY

That's right. But we've got to sell or it could be zero. It's now or never. It really is.

Long beat.

MARK

Okay... Sell it all.

The Big Short

MUSIC: ORCHESTRAL THEME.

And then over black...

"When the dust settled from the collapse 5 trillion dollars in pension money, real estate value, 401k, savings, and bonds had disappeared. 8 million people lost their jobs, six million lost their homes. And that was just in the USA."

"Charlie Geller and Jamie Shipley attempted to sue the ratings agencies but were laughed out of all law offices.

Jamie still runs Brownfield with Ben Rickert but Charlie left New York to live in Charlotte and start a family. He did not go on Lithium."

"Cynthia says Mark Baum actually became gracious after the collapse and never said "I told you so" to anyone. But he did give large sums of his money to a charity that helps people escape from cults. Danny, Vinny and Porter all still run a fund together and are as terrified as ever."

"Michael Burry contacted the government several times to see if anyone wanted to interview him to find out how he knew the system would collapse years before anyone else. No one ever returned his calls. But he was audited four times and questioned by the FBI. The small investing he still does is all focused on one commodity: water."

After a beat...

"In 2015 several large banks began selling billions in something called a "bespoke tranche opportunity." Which according to the Wall Street Journal is just another name for a CDO."

END.