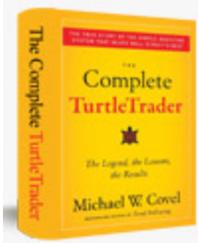


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Book Review

September 2007

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SFO's cover-to-cover offerings from traders and money managers, its chronicles of financial market history and primers on economic trends are meant to give readers a launching-off point for their own pursuit of profit. It stands to reason, then, that the book SFO reviews each month ranges from rather technical texts for sophisticated chartists to easy-to-swallow introductions on beginning investing, all offering a taste of the trading life and most destined to become dog-eared and coffee-stained reference books.

This month's *The Complete Turtle Trader* by Michael Covel can certainly be counted among the investment how-tos that preceded it and which will follow. (Covel's own *Trend Following* was reviewed in the September 2004 issue). *Turtle Trader* offers techniques and strategies. It breaks down in text, tables and charts a well-known trading system that is the genesis of trend following—a style of investing covered in Covel's earlier book and companion website www.turtletrader.com. The system sticks with price patterns and ignores market "noise" such as news, Internet hype, analyst notes and the like.

But with *Turtle Trader*, we have something really quite different from SFO's usual review candidates. *Turtle Trader* is a story. It's a beach-chair page-turner loaded with interesting, even offbeat, characters and, a fair dose of drama. It's part Chicago historical account and sociology text.

Covel's central "character" is well-known futures market icon Richard Dennis, who in 1983 bet his partner William Eckhardt that trading can be taught to individuals of all stripes: rich, poor, formally educated or street tough (not necessarily Street tough). Eckhardt, conversely, believed good traders were born with innate behavior that set them apart from the pack. And so, Dennis ran a classified ad seeking candidates for an experiment that has been recorded in financial market annals. For those who don't know, a group of a couple dozen from a thousand or so candidates soon came to be called the Turtles, inspired by Dennis' trip to Singapore and the farm-grown turtles he saw there.

The already revered, if famously unconventional, Dennis and Eckhardt trained the group over a few weeks then turned them loose on the markets with real money. Perhaps the book's strong narrative qualities aren't surprising. The story has broad appeal. Some consider the Turtle project the real-life version of the Dan Akroyd and Eddie Murphy cinematic offering "Trading Places." In fact, Covel touches on the mystique surrounding the timing of the movie and the early days of the Chicago experiment. Let's just say, Hollywood claimed nothing but coincidence; Dennis could have cared less one way or another.

So who are the Turtles? A few were Ivy League graduates, others Las Vegas gamblers, one was a security guard, another an actor, one a former drug dealer. Some had flash-in-the-pan success and then essentially fell off the face of the earth. Others are running successful funds today. Some lied to get the interview with Dennis, smelling a once-in-a-lifetime opportunity. There were religious and political differences. It was part pressure cooker and part frat party. The

experiences of Liz Cheval, a rare female Turtle in the largely men-only world of 1980s trading, are also detailed here. Turtles would come and go until Dennis pulled the plug on his great experiment in 1988 (known to think of money only as a way to keep score, wealthy Dennis himself called the Turtles the best thing he ever did in the commodities world.).

Even those quite familiar with Dennis, the Turtles and their story, possibly from pit lore or the few attempts in the last 20 years to capture the Turtle technique (members signed a confidentiality agreement), and likely from Jack Schwager's Market Wizards books, will find fresh material here. Coval claims through lengthy and diligent research and time he earned access to many of the participants, some on record, some on background. He records their successes and their failures unlike any writer who's attempted to capture Richard Dennis and his Turtles on paper.

This journalist, never a trader but on the periphery of financial markets for more than a decade and a huge fan of the genre narrative nonfiction, could appreciate such a rare snapshot into dynamic market personalities and a look at what sets apart a chosen few from many of us. My copy is dog-eared from frenetic reading on the first go-around.

Wondering now who won the bet? Is trading success more the result of nature or nurture? Is it still inconclusive?

Even for those who already know the answer, here's a chance to learn more about the quest to answer the question. I won't ruin a good read, either way.

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