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CD track 25 –
Western Englishman

Butterfingers!

HOW LITTLE MISTAKES CAN COST MILLIONS OF DOLLARS!

July 1998: In the biggest incident of butterfingers ever, a **trader** from the company Salomon Brothers accidentally sold \$1.2 billion worth of French government **bonds**, when he **carelessly leaned** on his keyboard. It took almost three months, the world's biggest detective agency, and Europe's largest computer services company to find the **culprit**: an **elbow**, and an F12 key with **unexpected** powers. A new system had been installed days before that allowed traders to repeat the last sale by simply pressing F12 on their keyboard. A lean long enough on the keyboard by one trader apparently repeated the last action – a sale of a bond – 145 times.

In September 2001 the **NASDAQ index** jumped by 4% after a trader accidentally **bid** \$100 a share for the small, **bankrupt** internet company Exodus. The **market price** of the shares at the time was only 4 cents. The jump in the market was caused by a number of automatic **'panic buys'** in other systems, after the error caused shares in Exodus to jump by 59,000%! Rumours on the internet said that the trader dropped his coffee cup on his keyboard.

A 2% drop in London's FTSE 100 **share index** in May 2002 was blamed on a trader who typed £300 million (\$600 million), instead of £3 million (\$6 million) when selling a group of shares. The 120-point drop caused \$60 billion **to be wiped off** the FTSE index. The trader, working for Lehman Brothers, was in big trouble as his company was fined \$40,000.

In October 2002, the US **investment bank** Bear Stearns accidentally entered an order to sell \$4 billion of **stocks and shares** in a **late trade**. The company had meant to sell just \$4 million, a difference of \$3,996,000,000. The error caused a 100 point drop in the Dow Jones index. Luckily, Bear Stearns managed to cancel all but \$622 million of the order before everything was sold. The company blamed the mistake on a **'clerical error'**.

In December 2005, a Japanese stock trader caused **chaos** on the Japanese stock exchange when, after a typing error, he sold 610,000 shares for 1 **yen** instead of 1 share for 610,000 yen. A fault in the **stock exchange's** safety system meant that the **cancellation request** could not be **processed** in time. The trader and the head of the stock exchange lost their jobs. The error cost in total \$380 million to the entire market.

In June 2006, a worker at one of Canada's largest plastics factories accidentally pressed a safety switch that shut down the entire factory. Production had to stop for two weeks after the employee, who was installing a new **platform**, hit the button. Repairs were necessary after the shut down and the whole production line had to be **reset**, costing \$11 million in total.



GLOSSARY

- butterfingers** *exp inform*
someone who always accidentally drops things
- trader** *n*
a person who buys and sells company shares or money
- bond** *n*
a certificate of ownership of some debt due to be paid
- carelessly** *adv*
not paying attention
- to lean** *vb*
to sit or stand with part of your body and your weight touching something
- culprit** *n*
the person responsible
- elbow** *n*
the pointy joint that unites your upper arm and forearm
- unexpected** *adj*
not-known; surprising
- the Nasdaq index** *n*
National Association of Securities Dealers Automated Quotation, an American electronic stock exchange
- to jump** *vb*
to increase very quickly
- to bid** *vb*
to make a financial offer
- bankrupt** *adj*
having no money at all
- market price** *n*
the price at which a company is selling on the market
- panic buy** *n*
when lots of people buy stocks and shares because they think that something good will happen
- share index** *n*
a listing of stocks, such as the Dow Jones or FTSE 100, used to represent the state of economics in general
- to be wiped off** *exp inform*
to be lost, to be deleted
- investment bank** *n*
a financial institution that helps companies raise money
- stock** *n*
the amount of money a company has from selling shares
- share** *n*
parts of a business that can be bought by the public
- late trade** *n*
dealing on the stock market after the market has shut
- clerical error** *exp*
a mistake made by someone in an office; often used as an excuse for something else
- chaos** *n*
a state of total confusion and lack of order
- yen** *n*
a silver Japanese coin worth about 1/120 of a dollar
- stock exchange** *n*
the place where shares are bought and sold
- cancellation request** *n*
a company's act of asking to change a decision after it has already been made
- to process** *vb*
if something is 'processed', then it is put into action
- platform** *n*
a flat, raised surface for working on
- to reset** *vb*
to set everything back to how it was at the beginning

