

Quoz

A FINANCIAL THRILLER

MEL MATTISON



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To Dad, Mom, and Catherina



Banking establishments are more dangerous than standing armies.

—Thomas Jefferson, 1816, writing to John Taylor

Permit me to issue and control the money of a nation, and I care not who makes its laws.

—Attributed to Mayer Amschel Rothschild, founder of the Rothschild banking dynasty

Money is gold, nothing else.

—J. P. Morgan, from his 1912 testimony to the US Congress



PART I

All that Glitters...

According to official statistics, the largest holder of gold in the world is the United States at over eight thousand metric tons.

However, according to unofficial calculations, China holds not the two thousand tons publicly reported but closer to thirty-two thousand tons. As of 2007, China has replaced South Africa as the world's largest producer of gold.

Gold is the traditional way to preserve wealth in India.

Citizens of the subcontinent hold an estimated twenty-five thousand tons of the yellow metal, over three times the amount held in reserve by the United States.

De-dollarization is a key policy of the Central Bank of the Russian Federation. Since the country's 2014 annexation of

Crimea, its central bank has been on a massive gold-buying spree. Russia's true holdings are unknown.



CHAPTER 1

San Juan, Puerto Rico

MONDAY, NOVEMBER 1, 2027

DID I LEAVE IT AT El Loro Verde?

A scraggly wig hung precariously from the frond of a potted palm. Empty bottles of island-brewed Medalla beer crowded the frosted glass of a nearby coffee table. A wallet, keys, a bong, two remotes, and a half-eaten pizza also lay scattered across the room. But something was missing.

Though hard for many in San Juan to believe, Rory Augustine O'Connor possessed one of the most extraordinary financial minds on the planet. Until his abrupt departure from the ICARUS project last year, he was in charge of trading operations across six continents. He had managed eight direct and over two hundred indirect reports. Now, Rory couldn't manage to find his phone.

He continued to circle his luxury condo as remnants of last night's activities surfaced in his mind like fragments from some half-forgotten dream. Noticing the scraggy wig, Rory flashed back to his half-hearted attempt at a last-minute Halloween costume. *That's right, Sam Bankman-Fried.* He had merely added the tangled mess to his typical island attire—a T-shirt and shorts. The truth was, Rory's heart just wasn't into much of anything these days.

Screw it.

Rory abandoned the search for the missing phone. He approached a pair of open French doors that led to his expansive balcony overlooking the Caribbean. Located in the trendy Condado neighborhood, the condo was oceanfront with impressive views of Atlantic Beach. A soft breeze

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drifted past him and into the living room. He stood motionless for a moment, allowing the tropical warmth and humidity to gently caress his dehydrated skin. His bloodshot eyes tracked a brown pelican gliding effortlessly only inches above the water. Suddenly, the bird arched higher, then nose-dived lower to scoop up breakfast. As it landed softly on a placid sea, he couldn't help but think, *So easy, so free.*

Feeling a slight pang of envy as well as his hangover, Rory turned and walked a few steps through the living room and into the kitchen. He grabbed the stainless-steel handle of his \$15,000 Sub-Zero, commercial-grade fridge and reached for a cold bottle of Medalla. As he twisted the cap, the sound of an electronic ring echoed from his office. From the tone, he knew at once it was not the missing phone.

Who the hell is this? Rory walked into his office and sat down at a desk overlooking a sweeping vista of turquoise-blue waters. He looked at the screen of his Mac. The incoming FaceTime was from Kota Nakazawa. *Shit, he definitely doesn't have my phone.*

But Kota was a good friend, and so Rory clicked the mouse.

"Rory, this Kota."

"I know. I can see you."

Kota wore a white button-down shirt and was seated at his desk in downtown Chicago, its imposing skyline visible in the background but dulled by hanging gray clouds. He said, "How are you doing? I am trying to speak with you all morning. You don't answer your phone."

The familiar sound of Kota's imperfect English combined with a strong Japanese accent managed to bring a smile to Rory's sodden face. Kota, however, was not smiling.

"I'm good," Rory lied. "How the hell are you?"

"I am well. We very busy here."

"That's surprising. I figured with the final phase of ICARUS coming online today, you guys wouldn't have much to do anymore. What's up?"

Originally from Tokyo, Kota had also been one of the chief architects of ICARUS. Like Rory, he left the project shortly after the launch of its first phase late last year but for different reasons. An expert in data

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mining and analysis who spent most of his career at universities before ICARUS, Kota wanted to cash in on some hedge fund money before that world became a thing of the past. Without too much trouble, he managed to land a job at Rory's old firm, Celtic Capital.

"We need your help," Kota said with a look of concern across his face. "I find some disturbing anomalies in market trading patterns. Milton want you here right away."

Rory considered replying, *I really don't give a damn what Milt wants. I don't work for that son of a bitch anymore*, but instead he lied once again.

"Look, Kota, I've got a bunch of stuff going on right now. I don't have time for this."

Rory sipped his beer as Kota ignored his disinterest. "The VIX is down well within parameters, just like we model."

"Yeah, so what's the problem? ICARUS is working like a charm."

"Overall, that is true. But ultra-short-term realized volatility is four sigma beyond what we predicted."

"Okay, I think I understand." Rory reached for a pair of binoculars atop his desk. He glanced around the Mac and out the window toward Atlantic Beach. His focus had shifted from four sigma to four young women dressed in thongs and working on their tans.

"I am not sure you do," Kota said firmly, clearly alert to Rory's inattention. "This is serious."

"No, I get it." Rory put down the binocs and refocused on Kota. "On a macro basis, prices are moving in our expected vol ranges, but on the micro or nano level, they're way off. There must be an issue with the volatility-suppression algo. Either that or there's some trader out there hopped up on Adderall and using HFT setups to monkey with fractional moves."

The rise of high-frequency trading had long since taken over the vast majority of transactions executed on world exchanges. Co-located servers, fiber networks, and complex algorithms had created a stock market run more by machines than by men or women.

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“Yes, exactly,” Kota confirmed. “Someone placing buy and sell orders for fractional shares, but they transact huge volumes in total. They just spread it out over tens of thousands of trades per second.”

Rory came back curtly, “What the hell does this have to do with me? I’m not your mystery trader. You know that. And I sure as shit don’t work for Milt anymore.”

Milton McGrady was the boss at Celtic Capital. A master-of-the-universe type, the hedge fund billionaire had helped Rory get his start in the business some eighteen years prior. Indeed, Rory’s relationship with the McGrady clan went back much further than that. Despite their long history, when Rory left Celtic to work on ICARUS, he and Milton did not part on good terms. Understandably, McGrady was not enthusiastic about his best trader heading off to create a quantum AI platform that would eventually render the hedge fund industry obsolete. Of course, that didn’t stop him from hiring Kota, whose experience on the project offered an edge in an era where an edge was getting harder, if not impossible, to come by.

Kota brushed off Rory’s shortness. “Milton thinks you are the only one who can verify the anomalies. He believe we can make a lot of money from them. All he wants from you is a few hours. In return, he will pay you fifty thousand dollars and fly you up on his Gulfstream; stay at any hotel you wish.”

Rory considered McGrady’s proposal. *A quick trip to Chicago might not be a bad idea, maybe grab an Italian beef from Portillo’s. And like Nana said: never turn down free money.*

He took another swig of his Medalla as Kota’s tone ratcheted up in urgency. “There is something else too. I model out all the data. I think there may be a big problem coming, a real crash.”

“With the final phase of ICARUS going live today? You’ve got to be kidding.”

“Rory, this is no joke. Please come. Something not right with ICARUS.”

Kota was not a nervous man. In fact, he was one of the most composed people Rory had ever worked with, at least before happy hour Sapporo

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and sake. There was more to this than simply a few market anomalies. Kota was asking for help with something important, a potential crash involving ICARUS, the AI supercomputer designed to end all crashes.

Rory looked once more beyond his Mac, beyond the thongs and the sand and toward an endless horizon. The sea's tranquility was fading now as morning stillness broke under the mounting heat of day. He watched as another pelican, or possibly the same one, flew swiftly above the waves, then shifted his gaze back to the screen.

"All right, Kota. I'll come to Chicago."

CHAPTER 2

Nagpur Air Force Station, India

MONDAY, NOVEMBER 1, 2027

BOTH JETS CARRIED IDENTICAL PAYLOADS: one hundred tons of .999 pure gold bullion. The two massive An-124 cargo planes had landed just minutes apart at the air force station in Nagpur. Indian military personnel moved quickly, preparing a football field-size hangar for the first jet. A company of armed air force MPs circled the second An-124 as it waited outside the hangar. It needed refueling before its next flight to Moscow by way of Qatar.

As the first jet slowly released its enormous rear door toward the hangar floor, the precious payload was revealed. At current prices, each plane's cargo was worth roughly \$6.4 billion. At next week's prices, if the men receiving the shipment had their way, the glittering yellow bricks would be worth at least a dozen times that amount.

The bullion had been flown in directly from London after being released from the subterranean vaults below the Bank of England. The BoE, Britain's central bank, holds gold both for its own reserves as well as on behalf of other central banks. This particular gold was released upon demand of Arun Patel, governor of the Reserve Bank of India. For decades, the RBI had been keeping much of its gold reserves with the BoE for safekeeping and easy transfer to various counterparties, but the time had come for a sizable withdrawal.

Patel stood in the hangar watching as the young airmen unloaded the gold. Standing next to him were Zhao Hong, governor of the People's Bank of China, and Anton Golev, president of the Central Bank of the

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Russian Federation. The three central bank chiefs all knew that their meeting in an Indian air force hangar on the outskirts of Nagpur was as uncommon as it was necessary. After years of planning, the time for action had finally arrived.

Zhao Hong—given name Hong, surname Zhao—was the youngest of the three men at forty-two years. He turned to Patel and spoke in only slightly accented English, “Did Sir Peter give you any trouble about releasing your reserves?”

“Of course the cheeky bastard did,” Patel said with a grin. “And I loved every minute of it. Some of those Brits still see us as their bloody colony.”

Arun Patel, gray-haired yet quite fit for a man in his late fifties, was small of stature with a gentle voice that evoked calmness in those who spoke with him. Nevertheless, his ruthless business acumen had garnered him a rather ferocious moniker. Nicknamed the Bengal Banker, Patel had his family origins in the state of West Bengal. After receiving his PhD in economics from Cambridge and serving for eight years on the faculty there, he transitioned to the private sector, where he worked his way up at Goldman Sachs. In 2006, Patel helped that firm open its first office in Mumbai. Eventually he served as the bank’s managing director in charge of all Indian operations. Five years ago, the Indian government tapped the Bengal Banker to run the RBI amid global inflation in the aftermath of the COVID pandemic.

Anton Golev, the Russian, then spoke up. His voice was heavily accented, deep, and raspy. “Patel, spare us your tales of imperialist oppression. No one has suffered at the hands of Western Europe more than Mother Russia. Besides, I am here to ensure the other plane departs safely for Moscow, not discuss Indian history.”

In his early fifties, Golev was muscularly built, around six feet tall with a belly growing ever so slightly each year. His slicked-back salt-and-pepper hair was medium length, and he wore a dark suit with a white shirt and no tie. The shirt’s top button was undone, revealing a thin gold chain visible among the gray hairs on his chest.

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“We have a history of culture and civilization here in India,” Patel said, “that goes back long before your beloved Mother Russia was even a nation-state.”

Golev did not reply with words, just an icy glare. Unlike his Indian counterpart, the Russian had not come to central banking from the posh universities of the West and with a résumé full of investment banks. Golev had begun his career in the Federal Security Service, or FSB, a successor agency to the Soviet KGB, and rose to some level of prominence there, including oversight of its vast budget. He also handled many of the personal financial affairs for a former FSB director who unexpectedly rose to the Russian presidency. Never one to let a good crisis go to waste, Golev had been the first to see the financial opportunity posed by Russia's status as a pariah nation. He realized there was a bright side to all those sanctions: it freed the Russian Federation from international scrutiny in its financial dealings, and Golev was a man who preferred to work in the shadows.

Patel ignored Golev's glare and said, “Let's just hope that Prince can hold up his end of the bargain.”

Seizing upon the change in subject, Zhao added, “Do not worry, my friend. Everything will be in order soon enough.”

The men stood in silence for a few uncomfortable moments as the final pallets were forklifted off the first plane. The gold was then loaded into armored trucks standing by for the short trip up Indian Highway 264 to the secure vaults of the RBI located in central Nagpur. Upon completion, Patel said, “Well, gentlemen, I must take my leave.” He gave a respectful nod to his Chinese counterpart and a critical glance to Golev.

“Good night, Arun,” Zhao responded, also with a respectful nod. Golev just stared at the departing Patel as he ducked into a waiting limousine, then turned his attention to Zhao.

Odd for a man in charge of China's central bank, numbers had never been Zhao Hong's strong suit, but he was a master of languages. Fluent in Mandarin, Cantonese, English, French, and Russian, his German, Italian, and Spanish were conversational.

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As Patel's limo drove away, Zhao said to Golev in nearly perfect Russian, "We need India if this plan is going to work. Their gold and silver reserves are just too significant to ignore, and your beloved Russia needs a market for her natural resources."

"You really think so, Zhao? You think *we need them?*" Golev replied in his native tongue. Then, with a sweep of his hand toward the lights of Nagpur shimmering just outside the wide hangar door, he said, "These bastards need our oil and gas to farm, to manufacture, to work, to eat, to transport goods and people. We have them by the balls. If it weren't for the opportunity to get my hands on their gold, I would never have agreed to bring Mr. Patel into our little party."

"Perhaps. But remember, it will be better to have India as our ally when the dust settles. Their national obsession will pay off handsomely soon."

Zhao was referring to the Indian obsession for all things precious metals. Private households in India were estimated to hold around twenty-five thousand tons of the yellow metal. Their silver hoard, mostly in the form of jewelry, tea sets, and other everyday items, was immense. The coming surge in both gold and silver prices would increase the country's wealth by an astronomical amount. As for the hundred tons of gold that still sat in the cargo hold of the second An-124, that would be in Russian hands soon, India's down payment on construction costs for what would be the world's longest natural gas pipeline. The planned route ran from the frozen tundra of Siberia through the Himalayas and into northern India.

Golev turned and looked down with soulless gray eyes at the younger, smaller Zhao. "So, what progress have you made with the American senator?" he asked.

"I'm flying directly from here to the US to visit him personally. I'll make sure he gets the Phoenix Act passed into law this week." Zhao smiled and continued, "Soon the current global financial order will be a thing of the past, fodder for economic textbooks and the tears of Western bankers. Keep your eye on the big picture. With your resources and mili-

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tary strength, Europe will once again be Russia's playground, and not just the eastern half."

"Yes, and what about you, Zhao? What will be your playground? The rest of the world, I suppose. But you must keep your eye on the big picture as well. Remember, only we can truly deter the Americans."

Golev was referring to the massive stockpile of nuclear weapons still in Russian hands. Despite the buildup of the Chinese military in recent years, their nuclear arsenal was still just a fraction of what both the Russians and Americans maintained.

Zhao inquired, "Have you managed to get your hands on the source code yet?"

While it was the Chinese banker's responsibility to ensure passage of the Phoenix Act, Golev had been tasked with something more appropriate to his skills and background in the FSB.

"I have two of my best men working on it, both from the Zaslou unit of Spetsnaz. They are traveling to America as we speak. It is only a matter of time before I secure the code."

"I'm happy to hear that." Zhao made a quick glance at his watch and said, "I have a plane to board, but keep me updated. If Prince doesn't have the complete quantum AI source code by the week's end, he won't be able to restabilize markets after their collapse."

"*Da*," Golev said, then switched to English. "I will, how do the Americans say, keep you in the loop." He turned from Zhao and began walking toward the second jet, still laden with a hundred tons of what was now Russian gold.

"Just one more thing," Zhao added before heading to his own private jet. "Please have your men be discreet. The less attention we bring to our actions, the better."

Golev stopped mid-stride and turned, his gray eyes staring coldly back at Zhao. "My men are professionals. If there is any bloodshed, it will only be because it was necessary."

"Very well. And where, if I may ask, do your men expect to find the code?"

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Golev smirked, his thin gold chain sparkling in the hangar lights. “That is two more things, Zhao.” Before turning back toward the second An-124, he concluded, “But if you must know, latest intelligence indicates we’ll find what Prince needs in Chicago.”