David Einhorn's Books: Recommended Reading List

A few weeks ago I was privileged to hear David Einhorn Capital speak at the UJA (my notes on the speech are here). For anyone unfamiliar with David Einhorn, here is a bio:

DAVID EINHORN is president and co-founder of Greenlight Capital, a long-short value-oriented hedge fund, which started with $1 million under management in 1996, and now has over $7 billion under management. The fund has been closed to new investors for several years. From 1996-2010, Greenlight has generated greater than 30% gross returns on an annual basis.

David Einhorn is Chairman of the Board of Greenlight Capital Re, Ltd. (NASDAQ:GLRE) and serves on the boards of Hillel: The Foundation for Jewish Campus Life, The Michael J. Fox Foundation for Parkinson’s Research, and the Robin Hood Foundation.

Einhorn graduated summa cum laude with distinction in all subjects from Cornell University, where he earned a B.A. from the College of Arts and Sciences.

In 2008 Einhorn authored Fooling Some of the People All of the Time: A Long Short Story, which described his battle with Allied Capital. Einhorn alleged fraud in the book that took place starting with his investigation of the company in 2002. Einhorn released an updated version of the book in December 2010 titled Fooling Some of the People All of the Time, A Long Short (and Now Complete) Story, Updated with New Epilogue, where he adds an epilogue regarding further fraud at Allied, which could not be revealed at the time of original publication. The epilogue also discusses the collapse of Allied Capital, and his short of Lehman Brothers. David
Einhorn is donating 100% of the proceeds from the book to charity.

At the UJA speech, David was asked his favorite books. His three favorite ones are detailed below:

Seth Klarman's **Margin of Safety**: The book is one of the most stolen books from libraries. Used copies of the book cost several hundred dollars. Margin of Safety, is a rare insight into the investment philosophy of Seth Klarman, who tends to shy away from publicity. The book focuses on value investing with an emphasis on special situation investing. While, Margin of Safety does not get too much into the specific investments that Seth Klarman made, it gets into the theory behind it. Almost every value oriented analyst I have spoken to considers the book to be one of the top five books on investing. Seth Klarman was named by Warren Buffett as one of top three favorite investors.

Joel Greenblatt's **You Can Be a Stock Market Genius**: Joel Greenblatt's book has a bit of a cheesy title, but the information is gold. The book is similar to Seth Klarman's Margin of Safety; however, Greenblatt focuses more on specific investments instead of focusing mostly on the process. Klarman ([here](#)) and Dan Loeb ([here](#)) both recommended reading the book. Greenblatt discusses many examples where investors can make high returns including, spin-offs, recapitalizations, and LEAPs. This is probably the best book on how to find special situations.

Michael Lewis's **Liar's Poker**: Michael Lewis is one of the most entertaining and insightful financial authors. Liar's Poker discusses Lewis's time on Wall Street, mostly focusing on his career as a bond trader. Lewis in a humorous manner writes about the rise and the fall of the Salomon Brothers. Lewis also discusses junk bonds at length, and the fraud of the junk bond king, Michael Milken. Seth Klarman also recommended reading “anything by Michael Lewis”.

Finally there is David Einhorn’s own book, **Fooling Some of the People All of the Time: A Long Short Story**. While Einhorn did not recommend the book itself, one can assume he would recommend his own book. The book discusses David Einhorn’s short of Allied Capital. I really enjoyed the book; a full book review that I wrote on it can be found [here](#).