

Lucy Kellaway of the Financial Times Lunches with the Meredith Whitney

Meredith Whitney arrived early for lunch at the Wolseley and so, alas, I didn't see Wall Street's most notorious analyst making her entrance. I bet the other diners stared, though. They may not have known that this was the woman who predicted the US banking crisis but they couldn't have failed to clock her fishnet-clad legs, one ending in a patent leather high-heeled shoe with a diamante buckle, the other in a blue-and-pink trainer.

When I get there, the portion of Whitney visible above the starched white tablecloth looks exactly as a woman known as the "dollar dominatrix" ought to. A long position in gold is festooned around her neck and clamped to her ears; her hair is big and blonde and her sweater black and expensive.



Yet the smile is warm and girly. Please like me, it begs. "This is so nice of you. I'm so excited about this!" she says in a voice so low that I can barely hear it above the din of the restaurant.

Whitney can afford to whisper: people go to great lengths to listen to what she has to say, even if they sometimes regret it afterwards. In 2007 she predicted that Citibank would cut its dividend – and it did. But then in 2010 she predicted that 50 to 100 municipal bonds would default – and they didn't. Call #1 had Michael Lewis saying she was "the closest

thing Wall Street has to an oracle”. Call #2 had Fox TV commentator Charlie Gasparino saying she “didn’t possess a single brain cell”.

Oracle or lobotomy victim, Whitney does her homework. She has been studying the data on Lunch with the FT, reading past examples, and has worked out the importance of getting the restaurant right. She explains her thinking behind the choice of one of London’s swankiest places to eat.

“I didn’t want to pick anywhere too grand.”

Pouring coffee from the silver jug she has already ordered, she tells me she’s in town for a couple of meetings; that London gets “a lot more high-end” every time she comes – and that she has hurt her foot.

“I ran yesterday and was trying to keep up with my girlfriend and completely ate dirt.” Completely did what? It’s not just the low volume that’s a problem: the 43-year-old Whitney talks as if she were back in her dorm at Brown.

“I was so klutzy,” she explains. “I tripped and now one foot looks like an American football.” She pokes a swollen ankle out from under the tablecloth and the waiter advancing to take our orders almost trips over it.

“What’s the biggest crowd-pleaser: the sole or the halibut?” she asks him, conscientiously collecting more data before she makes her menu call. He duly recommends halibut – the more expensive dish – so she orders that. I say I’ll have the fish of the day, trout.

It is odd how cross people are with Whitney about that municipal bond call she made two and a half years ago. Her initial bearish view was shared by such financial luminaries as Bill Gross and Nouriel Roubini; she only departed from them by being specific and saying defaults would run into hundreds of billions dollars within a year. When the defaults didn’t happen, she made everyone even crosser by declining to say sorry.

Now she has written a book justifying her position. In it she argues that the coastal states that were hardest hit by property collapse will suffer a mass exodus as people flee from regulation, debt and punitive taxation, moving to the “flyover” states in the middle where taxes are lower.

I protest that I’d rather endure any amount of tax and red tape in New York than live in South Dakota. Whitney stops smiling and leans across the table, big brown eyes narrowing.

“That’s interesting,” she snaps, “because Julian Robertson [the former hedge fund manager] certainly can afford to live in New York City but he chose to live outside. Ron Burkle [the private equity magnate] can afford to live in California but isn’t it interesting that he lives there fewer than half the days in the year?”

So is she herself quitting New York? Um, no. She'd love to move to Bermuda, where she owns a weekend house with John "Bradshaw" Layfield, the wrestler-turned-financial-adviser whom she met on live TV and subsequently married. But, unfortunately, her clients need her in NYC.

The waiter places a big chunk of white fish in front of her. "Oh, my goodness! That looks great!" she says, putting a speck of Béarnaise on a tiny flake of fish: "Hundreds of billions [of defaults] is still absolutely possible," she goes on. "You hope it's not – but Detroit is a matchstick away from going bankrupt."

Meanwhile, any apparent improvement in California's finances is an illusion. She rehearses again her central argument with an intensity that is slightly scary: taxpayers are getting fed up with footing the bill while bondholders get paid in full. Something's got to give.

I want to know if she feels bad about the people who followed her and lost money. She shakes her head and insists it wasn't like that. It was year-end, and there were technical factors behind the fall in bond prices.

Then, without warning, she changes the subject. "It feels good to me to be nice. It's a return-on-investment deal. I get so much more out of the day when I'm nice to people. You get paid off in spades that way, it's incredible."

I'm slightly nonplussed by this. Is she suggesting I try the same return-on-investment deal myself? Or is she helping me out with my analysis of her? Whatever the reason, I say this niceness isn't what one expects from someone famous for bearish calls.

"It was math, it wasn't personal. Some people make all this stuff personal and it's not."

And yet the way people have gone for her has been very personal indeed. They've made death threats. They call out mockingly in the street.

"It's nasty. If someone does that to me, I have the ability of never knowing their name again, I don't care about them, and they're still walking around in their shoes."

As the waiter removes the halibut into which she's made the feeblest of inroads, I put my theory to her that the market is as bad at valuing analysts as it is at valuing stocks. Whitney looks blank. So I say she has been a victim of this: the "oracle" and the "lobotomy" ratings are equally daft.

"I'm not a victim," she replies. "I'm grateful that I've got name recognition – not since then has there been anyone with name recognition. Analysts are not really a sexy community."

Indeed she tells me that they're the dullest, geekiest people on Wall Street, either wonks or resembling a "high-price concierge". Her first boss was so gauche "he was looking for the restroom and he walked into a closet and stayed there for 120 seconds."

I'm rather enjoying listening to her traduce her entire industry, and briefly fancy that I'd like to be her friend. But then she reverts to self-promotion. "I'm known for the Citi call but I'm not a one-hit wonder at all. I was loaded for bear that entire time."

Loaded for what?

"Meaning I didn't miss a beat the entire financial crisis, and so it wasn't one call, it was all of the calls. So, two weeks after the Citi call I wrote a piece describing how the rating agencies were so central to the capital needs of banks. It was pitch-perfect."

That was in 2008 when she was still working for Oppenheimer, a minor Wall Street outfit, and Whitney was flying around the world, hired out by the hour to talk to clients. When I ask what her hourly rate was, she doesn't blink: "A hundred thousand dollars."

This time I've heard, but I get her to repeat it anyway: \$100,000 an hour? Could anyone be worth such an insane amount?

"I was," she says solemnly. "If I wasn't, people wouldn't pay it, right? The market's fair that way." What she thought less fair was that Oppenheimer pocketed most of the cash. "So I'm, like, if I'm so smart, how come I'm not making the money? In August I was on the cover of Fortune magazine. There was not so much as a firm-wide email, not so much as a pizza party ..."

Were they jealous? "I don't know. Jealousy's not even on the radar screen for me. But it really hurt my feelings and I decided to throw everything in – as girly as that sounds ..."

What she did wasn't girly at all. In 2009 she set up Meredith Whitney Advisory Group and with a team of 10 puts out 500-page research documents, which clients pay for but which she suspects they don't read. So now she's decided to go further and start investing her own money and other people's in "the whole investment super-cycle". I ask whether it's the idea of being even richer that motivates her.

"The thing for me is being right," she says, brown eyes darkening to black, taking on that frightening look again. Has she ever been wrong? She thinks for a bit, and dredges up a few minor calls, all made some time ago.

The waiter comes for orders, and she declares herself full, but orders a plate of cheese anyway. I order a lemon tart. The conversation shifts to bankers, and I ask how well she gets on with them. "I got an email from Mike O'Neill at Citi, saying thanks so much for the kind words about how dull I am. Because I'd said dull was the new black." Running banks these days is a boring job, she says, best done by boring people. Brian Moynihan at

Bank of America is the sort of solid chap she rates, James Gorman at Morgan Stanley, not so much. “He’s a consultant,” she says crisply. “I think that’s all you need to say.”

When I ask why she thinks there are still so few women on Wall Street, her first response is that women are too smart for it. Then she says women aren’t interested in finance. But then she adds that men aren’t either. So why is she? The answer seems to be because it’s hard. “I got better grades in school with harder classes. If a class was supposed to be an easy A, I usually didn’t get an A. I would just get distracted.”

A few weeks before we meet, hedge fund boss Paul Tudor Jones caused a storm by saying that breastfeeding mothers couldn’t make decent investment decisions. I wonder if Whitney, who is childless, agrees. “I don’t know. He’s a really great guy, probably quoted out of context.” She pauses, and then goes on: “But I’ve thought about it more recently because my friend’s kids are so cute and so much fun. I wish I’d had kids. And if I had had them ... my priorities would definitely have been different.”

She produces this private regret as she produces everything, as simple fact. Her main sadness is that her husband would have made a great father. She pushes away her almost untouched cheese plate and says, “John is nearly a saint. If he was a cartoon character, he’d have two birds on his shoulders.”

But as it is, he isn’t a cartoon character. He’s several hundred pounds of muscle, with careers as wrestling comm-entator, philanthropist, author, financial adv-iser and entrepreneur. One business, Mamajuana Ene-rgy, launched in 2008 and financially backed by his wife, was a soft drink that claimed it would improve your sex life. Has it done well? “No,” she says, shutting the conversation down.

The waiter comes bearing another jug of coffee for her and mint tea for me. Whitney suddenly points to a nearby table: “Look at those skinny, beautiful girls drinking champagne!”

I think it’s odd that this successful professional woman is wistful at the sight of a couple of bimbos. I start to say that she’s not exactly ugly herself. I expect her to cringe, but she beams, “Oh, thank you!”

But then isn’t being gorgeous part of the job spec if you are a woman on Wall Street and want anyone to listen to what you have to say about interest rates – especially on TV?

“In finance, maybe. But not in business in general – I don’t want to get myself in trouble but those CEOs ...” She rolls her eyes. “They’re proud of their St John knitwear.”

While I’m trying to unpack this reference to what I subsequently discover is a frumpy US clothing brand, she says, “You get the face you earn.”

Rubbish, I say. Whitney shakes her beautifully highlighted blonde hair at me and says, “You’ve one major choice in life; be happy or be unhappy – simple choice.”

This is too big a topic for the remains of lunch – it is the essence of the different world views of Americans and Brits. What is true, I say, is that you get the face you pay for.

Whitney then declares that she's not a natural blonde and has had her frown lines done. I praise the smoothness of her forehead and in return she looks at me as if in search of something to admire.

“You've got a great neck!” she says.

Although I'm enjoying the turn the conversation has taken, I'm worrying about how it will look on the page: take a serious woman out to lunch and discuss knitwear and Botox. So I ask if she found being female tough on Wall Street.

Yup, she says. Good-looking women aren't taken seriously. I point out that in her case this is nonsense. She has moved the market, so how much more seriously does she want to be taken?

The bill is brought, and Whitney offers to split it, just as if we had been two ladies who lunched. I tell her it's against the rules, pay, and we get up to go. She shows me again her comically asymmetrical legs, and on a whim I ask to see her fingers. She extends her hand, her fingers adorned with gold rings and the nails painted baby blue. It's just as I expected: the ring finger is longer than the index finger. I explain about the research showing that testosterone can be measured by the ratio between the two; her fingers suggest she has as much testosterone as a man.

“Right!” she exclaims, giving her broadest smile. “I like that!”