

TOM RHYNE

GRANITE ELEPHANTS

A HIGH-TECH MURDER MYSTERY



RIVER GROVE
BOOKS

*How do you carve a statue of an elephant?
Start with a block of granite and knock off
everything that doesn't look like an elephant.*

PROLOGUE

Northwest Austin—June 3

Walter Everett was sweating profusely even though the temperature in his secured office was set to 70 degrees. Sitting at his desk in the semi-darkness of his sealed office, he stared at the desktop monitor that showed the balance in his numbered Belgian bank account – \$107,215.25. That was all he had left from the \$300,000 loan he had gotten from International Financial Services, the scary New York loan company that was his only resort after the fucking U.S. Army (these days he always added that adjective when thinking or speaking about them) had shut down his company, AI-Comp. He had only wanted to borrow \$200,000, but they had forced him to add the extra \$100k. *Where did the rest of the money go?* he wondered once again, though he remembered most of the expenditures he made to get his research into expert systems restarted: a high-end Dell workstation, some electronic components, new office furniture, a steel office door that kept everyone else—including the Army fuckers—out of the way as he started over after the shut-down, and the airfare for his trip to the AI conference in Germany later in June. *OK, he thought, the clock is running. It's time to do it for real.*

Walter had been making dry runs with his rule-based currency arbitrage system for the last two weeks. Using those experiments, he had refined the rule set that examined the international currency exchange databases to find opportunities to make profitable in-and-out exchanges. As his rule base improved, he expanded to three- and even four-way exchanges, and in doing so, his on-paper returns had grown larger and larger, with his last trial run yielding a cool \$1 million profit in a mock four-way currency exchange that took place over a ten-minute period on June 1st . . .three days ago.

Taking a deep breath, he used a few ominous keystrokes to move \$100,000 from the Belgian bank into his Monex trading account and kicked off his artificial-intelligence trading program. Using the special accelerator chip he designed while a graduate student at Carnegie Mellon University, the program began scanning the world-wide currency exchanges, comparing the data found there to the currency-exchange expertise he had captured in his rule base and stored in his expert system, looking for opportunities to make a favorable profit by trading funds from one currency at one marketplace to another currency at another. Once his system was started, there was nothing for him to do but wait for it to detect what he hoped would be the right combinations of market conditions. When it did, he had designed the software to signal him to commit his funds for the first actual purchase.

Walter leaned back in his chair, trying not to imagine what Mr. Colangelo at IFS would do to him if he failed to pay back the loan plus another \$300,000 in interest. That payment was due in July. Images of smashed kneecaps and cement shoes kept flashing into his mind. His worries were interrupted, however, when his computer emitted a loud beeping sound. Walter leaned forward to read the message on the screen: *Purchase Japanese Yen now.*

Saying a silent prayer to the patron saint of computer engineers, whoever he or she might be, he used a few keystrokes to buy \$100,000 of yen on the Belgian currency market. The price was a little over 100 yen per dollar. After that, his rule-based program took over. All Everett could do at that point was to wait for his trading program to make additional exchanges at currency marketplaces around the world where it found opportunities to make a profit. Those trades would be made automatically at a speed he couldn't achieve using his own keyboard. Given the nature of the risk he was taking, he tried to remain calm, but his heart rate climbed as if he were running a hundred-meter dash. His wait was ended by another beep after five-and-a-half minutes. He looked at the screen once again.

“Holy shit!” he said out loud. The screen showed that his initial purchase had been transformed into a net total of \$1,387,241.45, an amount now residing in his Belgian account. That success gave him hope, something that had been totally absent from his life for the months since the forced shut-down. With that much profit, he knew he could clear the IFS loan without any injury to himself or his wife. *Now*, he decided with a lip-curling grin, *let's do it again*.

The Kreditbank Building in Brussels—June 22

One by one eight men and two women arrived in the conference room on the secret floor of the bank building, their tailored suits and smart dresses marking them as important individuals. There were no laughs or jokes, just a few silent handshakes. They knew that whenever the Chairman called an emergency meeting there was something very serious that they needed to address. He wasn't present yet, though after a few minutes they heard him coming through the opened door at the front of the room. He was speaking German to someone back in the hallway.

Nodding to each of the room's occupants, an archetypal European businessman walked through the door, sitting in the only remaining open chair and pulling himself forward to rest his elbows on the tabletop. He had a full head of long gray hair, high cheekbones, and deep-set eyes with bushy eyebrows. His features were tan against his starched white shirt, blood-red tie, and dark wool suit. "Good morning," he said in slightly accented English, a deference to the various native languages of the others in the room. "We have a problem." He turned to wave a second gentleman into the room. "Mr. de Groot from our market analysis group will explain."

A short, bespectacled man walked into the room to stand behind the Chairman, handing over a stack of documents. The Chairman passed the reports around the table. De Groot

nodded toward a glass panel at the rear of the room and the lights were dimmed, followed by the projection of a time chart on a screen which lowered as he turned to point out its contents. His English was excellent.

“This shows the anomalies that our monitoring of the currency exchange markets we control has detected. The first took place over a five-minute period on June the third. It was a four-way exchange that converted a purchase of \$100,000 worth of Japanese yen into a little over \$1.3 million. The purchases were highly leveraged. The trades went from U.S. dollars to yen to euros to Australian dollars, and back to U.S. dollars. The trades took place here, in Tokyo, in New York, and in Sydney. The funds started in a numbered account in this very bank, with the profits coming back here. We do not yet know who made the trades. At first, we figured that someone had just gotten lucky, since we had never seen a four-way trade like this before. Our experts believed there was no way to make such a trade. Whoever did it, took a lot of risk.” He paused to let the attendees look at the timeline. He took a deep breath and continued.

“Then, one day later, a second highly leveraged four-way trade was made, this time yielding a profit of almost \$3 million dollars. It took only four minutes. Starting with an investment of \$500,000, it involved euros, yen, francs, and U.S. dollars. There is no way these two transactions could have been luck.” He made the last statement with confidence.

The attendees broke into hushed conversations. “Wait,” the Chairman commanded. The room was immediately silent. He gestured to de Groot once again.

“Here is the final piece of evidence we have found. There was a third transaction two days later. This one took almost six minutes as it moved across the world. It produced a profit of almost \$4 million dollars. The net result of these three trades

took almost \$8 million dollars out of the world-wide currency marketplace in less than a week.”

“That’s not much,” one of the men told the group, his accent marking him as South African.

“I agree,” the Chairman countered, “but it’s not the amount, Herr Pretorius. It’s the methodology. Although this particular trader has stopped after these three trades, there’s no way to know what he or she might be preparing to do next, and if they initiate a new trading pattern with all the capital they have accumulated, they could destroy the stability of the world-wide currency marketplace overnight. A stability that this group has worked so hard to maintain over the past decades.”

“So, sir, what do you propose that we do?” The question was asked by one of the two women at the table. She clearly shared the Chairman’s concern.

“We are going to find out who made these trades and either pay them off or stop them some other way, Madam Zhang. We are going to learn how the trades were made and prevent them from occurring in the future.”

“Couldn’t these trades have been done by some shrewd trader who is smart enough to make these trades on their own?” The question was asked by the lone American in the group.

“No, it could not, Mr. Jackson,” the Chairman answered with a nod to Mr. de Groot. “Our experts say that is not possible, given the speed with which the trades took place. They say it must have been done by some new type of computerized technology. Something we have never seen before. We want to find out what it is and destroy it. It has already upset a large cart of apples. These trades have to be stopped.”

“How do you propose to do that?” A tall gentleman with a British accent asked from the far side of the table.”

“I have asked one of our operatives, a man named Smets, to

find out what has been going on, who is doing it, and to convince them to stop their trading. He has been very effective in that capacity in the past, Herr Whitehall. We will keep you informed.”