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Title: “Bear Trap: The Fall of Bear Stearns and the Panic of 2008”

Authors: Bill Bamber and Andrew Spencer

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By now, the zigzagging, stroke-inducing sputter of the stock market is as familiar as the once-comforting notion that diversifying and rebalancing a portfolio would inevitably yield double-digit gains and a fat retirement account.

By now, credit default swaps are as familiar, though not as benign, as chocolate sprinkles, courtesy of edifying investigations by the TV news magazine “60 Minutes” as well as the hard-hitting reporting of the New York Times and Wall Street Journal.

And yes, by now the litany of victims/villains - Bear, Stearns & Co., Lehman Brothers, AIG, Fannie Mae and Freddie Mac - in the global credit crisis of 2008 is one many of us can recite without pause.

But it is “the Bear” that is the most recognizable face in that lineup.

The defunct firm has the notoriety of falling first, falling hardest, driven down to $2 a share before being picked up at $10 a share and absorbed - or in the words of the book, “Bear Trap,” “assimilated” - by the government's hand-picked “invader,” the investment bank JP Morgan.

As a derivatives trader, author Bill Bamber had a front row seat during the fall of the Bear. But like a moviegoer sitting too close to the screen, Bamber's view during that time was distorted by his proximity to the situation.

Unstoppable rumors over the firm's lack of liquidity ruined the company's chances of rebounding from a crisis that affected most Wall Street investment banks, he contends, looking back. Treasury Secretary Hank Paulson's refusal to open the “discount window” until after Bear had been “left for dead and purchased by JP” made the company a sacrificial lamb, a bank to whom no other banks would lend, and a lesson to its peers, he writes.

That most Bear employees didn't heed the rumors and act to forestall the coming crisis is a reality Bamber faces only after the worst happens.

With witty cynicism and in frank confidence (noting more than once that “you can't make this s*** up”), Bamber cuts to the chase early by explaining the ins and outs of predatory lending and credit default swaps, those mechanisms that appeased investors by promising to insure mortgage bonds, even bad ones, though there never were enough reserves to cover the insurance if it ever came due.

Starting there, and throughout the book, Bamber and his co-writer explain and deploy esoteric Wall Street terms, making the narrative both informative and authoritative.

Key managers at Bear Stearns did try to warn superiors and forestall the crisis that was to come, but weren't listened to, Bamber says. Clearly the roots of deception lie deeper than he can dig, or is willing to dig. He then describes the agonizing, anxiety-inducing week of watching Bear stock values disintegrate as he and his colleagues refused to believe the rumors swirling around them.

Throughout the book, the author's angst comes across as genuine, even though he confides that his backup plan for losing his job (he ends up being rehired by JP Morgan) is to retreat to a second home beyond Manhattan.

During the narrative, Bamber weaves in horrific tragedies ranging from the sinking of the Titanic to the cannibalism that followed the 19th-century sinking of the whaleship Essex in the South Pacific. By doing so, he consciously draws parallels with some of history's greatest catastrophes, acknowledging that the flaws of tragic heroes may very well resemble those that led to the Bear's downfall - flaws like arrogance and pride.

”Bear Trap” serves up several details and insights that make it worthy of its book jacket label, “An Insider's Viewpoint.” One example is the book's early focus on a lesser-known Paulson named John, one of the world's most astute hedge fund managers, who bet rightly that the real estate boom and credit default swaps could not be sustained, and made millions as a result.

The closing explanation of the book's title, left here to future readers, likewise imparts the feeling that Bamber has lived this story from the inside out.

One insight worth disclosing: Had the Bear not been bought by an American investment company, but sold on the open market, Bamber comes to realize, a foreign investor would have scooped the firm up and placed Wall Street in real jeopardy.

” … the United States government couldn't risk sending the fifth-largest investment bank in the U.S. off to join forces with a foreign entity,” the author writes. “It would have done nothing but further devalue the US dollar and other key American financial assets that need to be protected in order to keep the nation's and the world's economies both on an even keel.”

Likewise, without Hank Paulson's action and JP Morgan's reaction, he notes, “panic like the world has never known would have engulfed financiers from New York to New Delhi, and the world's economy would have literally collapsed.”

A hard lesson - hardest, quite possibly, for those like Bamber, who lived it.

Pat Daddona is a business writer with The Day. Her column appears monthly in Enterprise business review.