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Trader's Cocoa Binge Wraps Up Chocolate Market

By **JULIA WERDIGIER** and **JULIE CRESWELL**

LONDON — To some, he is a real-life Willy Wonka. To others, he is a Bond-style villain bent on taking over the world's supply of chocolate.

In a stroke, a hedge fund manager here named Anthony Ward has all but cornered the market in cocoa. By one estimate, he has bought enough to make more than five billion chocolate bars.

Chocolate lovers here are crying into their **Cadbury** wrappers — and rival traders are crying foul, saying Mr. Ward is stockpiling cocoa in a bid to drive up already high prices so he can sell later at a big profit. His activities have helped drive cocoa prices on the London market to a 30-year high.

Mr. Ward, 50, is not some rabid chocoholic, former employees say. He simply has a head for cocoa. And, through his private investment firm, **Armajaro**, he now controls a cache equal to 7 percent of annual cocoa production worldwide, a big enough chunk to sway prices.

"Globally, he is unmatched in his knowledge of cocoa," said Tim Spencer, a former Armajaro executive.

Armajaro maintains offices in West Africa, helping Mr. Ward keep tabs on major cocoa crops. "We even have our own weather stations — our very own that no one else has in some parts of the world," Mr. Ward, soft-spoken and tan, said in a [video interview](#) this year with a financial news service.

Now, traders here are buzzing that Mr. Ward has placed an audacious \$1 billion bet in the

London market for cocoa futures. This month, he bought 241,100 metric tons of beans, they say.

His play has some people up in arms. While some see it as a simple bet that cocoa prices will rise on falling supply, others say Mr. Ward has created a shortage of cocoa simply to drive up the price himself.

The German Cocoa Trade Association and others wrote an angry letter to the London exchange on which cocoa is traded, demanding that it take action against what the association characterized as a "manipulation."

The British news media has christened Mr. Ward "Chocolate Finger," a nod to the Bond villain Auric Goldfinger. And on [Facebook](#), someone has created a "Choc Finger" page featuring Mr. Ward's face superimposed on a pig that is bellying up to the trough.

The fear is that Mr. Ward will become the go-to source until the annual cocoa harvest, which starts in October. With candy makers starting to stock up for the holiday season, they may be forced to pay him ever-higher prices — and cocoa has already jumped 150 percent since 2008.

"The squeeze was really timed perfectly," said Eugen Weinberg, an analyst at Commerzbank in Frankfurt.

Mr. Ward and his firm, which has not acknowledged buying the cocoa contracts, declined to comment for this article.

Attempts to corner a particular market come and go in the rough-and-tumble world of commodities trading. During the 1970s, Nelson Hunt and his brother, William, tried but failed to corner the world market in silver.

While Mr. Ward lords over the world of cocoa, he is a bit of a mystery outside of that universe. Former employees, acquaintances and peers say that, in person, he does not fit his villainous nickname, and characterize him as friendly and intelligent.

Despite rattling the markets with large investments, Mr. Ward prefers to keep a low profile.

After working as a motorcycle courier, Mr. Ward was introduced to commodities in 1979, when

he became a trainee for the tea, rice, cocoa and rubber operations at the conglomerate Sime Darby.

He first made his mark in cocoa with a big bet in the mid-1990s, when he was at Phibro, then the commodity trading arm of Salomon Smith Barney.

Mr. Ward opened his own firm in 1998 with another founder, Richard Gower. Its name, Armajaro, is a mixture of their four children's names.

Mr. Ward's appetite for risk extends beyond the cocoa market. He is also an avid rally racer who once drove a red 1947 Allard sports car thousands of miles in a race from London to Cape Town. He plans to race in a similar rally in January in a 1971 Ford Escort.

His fellow driver will be Mark Solloway, who was badly injured in a crash involving Mr. Ward in 2002 in Poland. When Mr. Solloway ended up in a local hospital, a distraught Mr. Ward, who had been driving their car, arranged for a private jet to fly him to London for treatment.

"He's the greatest and most generous person," Mr. Solloway said.

Mr. Ward lives with his wife and two sons in a four-story red-brick town house in the upscale Mayfair district of London. A brisk, 15-minute walk away are Armajaro's offices, housed in a Georgian mansion with marble floors, soaring ceilings and a courtyard.

At first, Armajaro focused solely on cocoa. Later, it started trading coffee and then other agricultural commodities.

Today, Armajaro manages more than \$1.5 billion in assets, mostly in hedge funds. But through another business, it remains one of the world's largest suppliers of cocoa. It has buying operations in the Ivory Coast, Indonesia and Ecuador.

By most accounts, Mr. Ward profited handsomely by orchestrating a similar cocoa squeeze in 2002. That move, which earned him his chocolate-themed nicknames, caught the attention of financial regulators here, but their findings were never made public.

This time, seeing an even bigger investment, some cocoa organizations complained to the exchange, threatening to take their trades elsewhere. In a letter, the exchange said its

investigations had turned up “no evidence of abusive behavior.” A spokesman for the exchange declined to comment further.

In any case, chocolate lovers should not worry too much, analysts said. Cocoa accounts for only about 10 percent of the price of most ordinary chocolate bars.

The situation could change, however, if the next cocoa harvest falls short of expectations — or if Mr. Ward keeps buying.

“That really scares us. That he would double up the bet and buy more September contracts,” said a London cocoa trader who asked that his name not be used because he might want to do business with Armajaro in the future. Still, the trader seemed in awe of Mr. Ward's play, adding: “If I had the guts and money, I would do that, too.”

Julia Werdigier reported from London, and Julie Creswell from New York.