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DARE TO BE DULL

The main event: Jim Cramer vs. SpongeBob Square Pants

OK, I admit that I really enjoyed Comedy Central's Jon Stewart calling Mad Money's Jim Cramer on the carpet for what he has done to his viewers. But I think we all have a lot to learn from some of the media financial gurus.

First, let me note that I'm not just joining the "pick on Cramer" band wagon. The following excerpt from my book, "How a Second Grader Beats Wall Street," predated all the brouhaha by several months:

I particularly like comparing watching Sponge Bob Square Pants to Cramer's Mad Money. One's an actual cartoon character that never knows what's going on in the market, and the other is a human cartoon character who rants about buying and selling and encourages others to engage in foolishness. Kevin at least knows the Sponge Bob characters aren't real, which is more than I can say for some of Cramer's followers betting their nest egg.

Clearly Stewart had a huge advantage over anyone in print media. He was able to nail Cramer to the wall with his own words by playing some Mad Money videos of Cramer insisting that "No, no, no — Bear Stearns is not in trouble."

Now Jim Cramer has the backing of NBC, so he wasted no time in appearing on the "Today Show" to defend himself. He also, oddly enough, appeared on Martha Stewart's show, where she encouraged him to pretend his pie dough was Jon Stewart and to pound it with the rolling pin.

The thrust of Cramer's victimhood tour was



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that Stewart was focusing on the one bad call he made to investors to get out of the stock market after the plunge during October.

So unfair, since Cramer claimed he saved his viewers billions of dollars as the market fell further afterward.

Wow, billions of dollars, way to go Jim. But did he really tell all investors to get out of the market? No, no, no!

What he actually said was that any investors "needing this money in the

next five years" should get out of the market. Outside of the financial porn industry, good advisers have always known that money you need during the next five to 10 years should generally be invested in conservative fixed income.

The stock market is far too risky for money needed in the short-term — and yes, even 10 years can be considered short-term.

It's bad enough that Cramer told his viewers to invest short-term money in the stock market, but he also had to tell them which stocks to buy, like Bear Stearns and Wachovia. Guess he must be a believer that if you're going to gamble, you might as well gamble big — even if it's your life's nest egg that you're gambling with, and could lose.

Cramer's eccentricity and belief in his own infallibility makes him an easy target, but I'm no longer one of the few who actually tracked some of his predictions.

The truth is that there are Cramer wannabe's everywhere. My favorite local radio guru recently described telling his elderly mother, who lost 60 percent of her nest egg, that she needed

to get out of the market. Otherwise, he shared with his listeners, she would become financially dependent on him.

I think he made Cramer look pretty good by telling his mom to risk short-term money in the stock market and then telling her to get out right at the bottom.

The next time you watch financial TV, listen to the radio or read an investment column (including this one), apply some healthy skepticism. Analyze what they are saying and see if they are using some of the techniques in this box.

Media financial gurus Things to watch out for

- Come across very sure of themselves
- Give numbers and dates, but never both at the same time
- Brag about their winners
- Appeal to your emotions
- Forecast the past
- Tell followers they are beating the market
- Call themselves a "contrarian"

If you really want to have some fun, record an episode and watch it a year later. You'll probably see their confidence was more for ratings than it was for accuracy.

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