

ENDLOAD

GREED IS GOOD?

YOUR PICKS



By David Phipps, senior financial advisor, Assante Capital Management Ltd., Ottawa, as told to Heidi Staseson

Book: *Blood on the Street*, by Charles Gasparino.

It's an entertaining and cautionary tale of the greed and excess that occurred on Wall Street during the tech bubble, specifically, how it was driven by two things: investor greed and advisor greed.

One of the recurring problems for clients, advisors and money managers is getting caught up in momentum investing or following a trend. The book is primarily about the problems created by the lack of a Chinese Wall between investment banking and stock analysts.

Investment analysts are not supposed to be influenced to rate a company by what the investment bankers are doing. The problem that exacerbated the tech bubble was the investment bankers were running around helping these high-tech companies raise money, and in order to get the deals, the analysts that worked for the companies would sometimes provide fraudulently positive reports on the companies. The small investor perceived—and currently perceives—the analysts as being non-biased. So when an analyst says “buy,” the small investor buys. The book reveals how often these buy recommendations need to be taken with a serious grain of salt.

It also deals with the failure of the regulators to protect the public. During this whole tech bubble, the regulators never stepped in and monitored the activities of either the financial advisors, the analysts or the investment bankers. They did not do an adequate job. All of these problems happened on their watches.

So much money was lost during the past five years that reading this book is kind of cathartic. The author really digs into the dirt of the people who were making these high, high salaries. It's a real page-turner. At the end of the book, the clients and the advisors will be left with an appropriate level of skepticism when evaluating investment options.

No Place Like Home

Even if they won a million dollars, most Canadians would stay in their current homes.

I am living in my dream home



Where would your Canadian dream home be located?

- A City, town or area where I live. **32%**
- B By ocean, lake or river. **26%**
- C Countryside. **24%**
- D Warm climate, outside Canada. **10%**

Source: 2005 CIBC Homeownership Poll; 2,150 Canadian household decision-makers surveyed

