



When exactly is it time to make your personal exit?

Consider all of the players who have over stood their hands in the last two years. And I am not talking about you, or me, or our personal stock holdings here. Not all that long ago, **Ken Lay** was the toast of Houston; a regular at the White House, the Texas if not the California Governor's Mansion, and all the best charity events in town. Consider Enron even bought the naming rights for the local arena. Now Lay would be most welcome all over town on a barbeque spit, anybody's barbeque spit, rotating around with his tail feathers just above the coals.

How about **Bernie Ebbers**? What must the new trophy wife be thinking? Whatever lifestyle she thought she was signing on to enjoy a couple of years ago surely didn't include the prospect of personal bankruptcy and a three-bedroom ranch house with a carport for the used Chevy. Let's just watch and see how long true love lasts in the face of what lies ahead for Mrs. Ebbers. What will the new little wifey really think as the "wealthy tycoon" is exposed for having been right up to his elbows in cooking the revenues? Will she really hang out when he trades in his vertical pinstripes for the government -issue horizontal ones?

Perhaps you prefer **Sam Waksal**? Recently Sam decided to go the full 100 yards dash naked. He insisted in Court in August that Imclone will ultimately help a lot of people beat cancer, that he would not plea bargain but rather prove his innocence, and all those apparent efforts to sell his stock were just a big misunderstanding. The New York Daily News had a cover story pointing all the blame at Martha Stewart's broker's poor little junior assistant. Waksal, Bocanovic(the pretty boy broker), and Stewart have decided to pin it all on "The Kid" who clearly should have folded his hand a very long time ago and sung to the rafters before they had five minutes to make him the sacrificial lamb.

Consider the lunacy in which Martha finds herself. She sold a big 4,000 shares for just under \$60 for net proceeds of less than \$240,000. For that paltry sum and a minor lapse in ethics, Martha's personal shareholdings in **Martha Stewart Omnimedia** have declined about \$230 million in value. Martha? What were you thinking? Is greed so boundless that you were willing to sell your soul to the devil for such a small amount of petty cash for someone in your bracket?

For personal reasons, my favorite book-cooker is **Joe Nacchio of Qwest**. Joe was sent to the showers a few months back or his name would be more current in your mind. Just this morning, Qwest, the proud owner of U.S. West, the formerly solvent and well regarded Baby Bell that Nacchio raped and pillaged, was granted some small loan on which to continue operating at interest rates higher than those normally paid by bankrupt

companies. My guess is that there is some connection here between the concept of "presently bankrupt and likely to soon become so" that lies as the explanation for those risk adjusted interest rates. Nacchio ran Qwest like his own private fiefdom. When there weren't sufficient revenues, he made sure some end-of-quarter transactions with Global Crossing resulted in selling the same capacity back and forth between the two entities so that each could make its quarter as expected. Of course, Mr. Nacchio was not contemplating having to sign off on the accuracy of the financial statements after the end of any quarter. Who knows if that would have deterred him, but he supposedly was able to suck \$650 million personally out of the company's stock at inflated prices based on the overly rosy rhetoric that emanated from his own mouth and paid investment banker ally, **Jack Grubman**. I'll bet Grubman, yet another Wall Streeter of high integrity, surely wishes he had not been so seduced by those \$15-20 million annual salaries with which Salomon Smith Barney was plying him to bring in those underwriting deals. Maybe Grubman is now sorry that he never just "retired" with his bundle instead of recently having been shown to the door while N.Y. State Atty. General Eliot Spitzer keeps sniffing around Citigroup, SSB's parent. Please do notice that Grubman was sent off with millions in severance for costing Citigroup investors trillions in investment losses, a concept that escapes me.

Now how about a real man of integrity: Federal Reserve Chairman **Alan Greenspan**? Cancel out "Irrational Exuberance". Forget it ever happened. Alan spent 8 years telling all Americans that we must pay down the debt and move away from deficit spending. We all bought his act and watched the stock market soar as interest rates fell dramatically. Hard to believe that during the last election round two years ago, the U.S. Government was actually enjoying a short-lived but nonetheless joyful budget "surplus". Eight minutes following the selection of G. W. Bush as President, Greenspan did a complete U-turn and suggested that surpluses were bad and deficit spending was good. It appears that Greenspan and Grubman each did what was necessary to keep their jobs. For the last two years, Alan looks old. Early retirement might have been the right idea for his reputation and for our collective well being. His oracle status would have remained intact. In August, he waffled. Not much leadership in waffling. Instead they mumbled: we don't know if the economy is improving or not, if the risks of inflation outweigh those of deflation or not, so how could we, the FED, possibly know what to do with economic policy?

By extension, as investors, how can we possibly know how to invest? No wonder so many individuals have recently given up at what feels in so many ways to be the bottom. Without economic leadership from the FED, the Administration, Wall Street or the poor overburdened SEC, why wouldn't everyone head for the showers? Judging from the mutual fund redemption numbers, they have. That may be the best contrary news yet and the best sign that stocks will beat bonds for the rest of the year.

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