

INSERT FOOT IN MOUTH

MAY 2007

A frequent target of mine here in the newsletter and on the radio show is none other than the ultimate Wall Street showman James Cramer of CNBC's *Mad Money* fame. In our January 2006 article *Easy Money Tall Tales* we utilize the CXO Advisory Group's audit of James Cramer's on air picks to prove that the emperor has no clothes; Cramer was accurate a little under 50% of the time. Recently Cramer has come down with a case of brutal honesty, and revealed some of his trading secrets.

The New York Post broke the story that Cramer bragged about manipulating stock prices back in the days he was a hedge fund trader. In the video from TheStreet.com's "*Wall Street Confidential*" webcast, James Cramer brags about how he manipulated the price of a stocks down. Cramer even acknowledges that his conduct was probably illegal.¹

"A lot of times when I was short, I would create a level of activity beforehand that would drive the futures...It's a fun game. No one else in the world would ever admit that but I don't care"

Seconds later in the interview he admits, ***"I'm not going to say that on T.V."***

The whole interview was basically a "*How To Manual*" on driving stock prices down so a short position would be profitable. Cramer in the webcast basically endorses spreading rumors to "***a bozo reporter***" at the Wall Street Journal and CNBC reporter Bob Pisani. Interestingly enough, while admitting the strategy was illegal, it was safe because, ***"the Securities and Exchange Commission doesn't get it."***²

Sure enough, like a true invertebrate, after the story broke and the webcast made the rounds on YouTube, Cramer backtracked and said he wasn't being clear enough in the interview, and proceeded to blame the messenger (The Post).

1. [Cramer Reveals a Bit Too Much](#) The New York Post Roddy Boyd 3/20/07
2. [Boo-Hoo: Cramer](#) The New York Post Roddy Boyd 3/23/07