

RAWHIDE

MAY 2005

*Move 'em on, head 'em up
Head 'em up, move 'em on
Move 'em on, head 'em up
Rawhide
Count 'em out, ride 'em in,
Ride 'em in, count 'em out,
Count 'em out, ride 'em in
Rawhide!*

*Keep movin', movin', movin'
Though they're disapprovin'
Keep them dogies movin'
Rawhide!
Don't try to understand 'em
Just rope, throw, and brand 'em
Soon we'll be living high and wide.*

*Rawhide!
Rawhide!*

Have you noticed over the past year that there seemed to be a mind numbing excess of brokerage commercials on television? I'll admit, I do have a very sensitive built in *bull-excrement* detector, so it was possible that I might be overreacting. So, I decided to check the numbers. It turns out that I was right. Advertising spending by the large investment firms jumped 27% last year to \$1.12 billion, up from \$882 million in 2003 according to Competitrack, an advertising tracking service based in New York. During the first quarter of this year ad spending has already increased 6%, rising to \$335 million from \$317 million.

Brokerage firms are pulling out all the stops to round up what they consider and equate to cattle, investors. Keep those dogies buying! Ye haw!

No wonder I have been feeling so nauseous when watching the tube.

To honor these lavish advertising campaigns, we have decided to start our own little award program for the most deceitfully convincing efforts. We are going to call them the **"Pukies."**

And the envelope please...

Hands down. No contest. Without a doubt goes to Morgan Stanley's *"At Your Side"* campaign. Morgan Stanley in this campaign tries to rope in customers by getting them to believe that a super-friendly Morgan Stanley financial adviser is actually a trusted member of the family. The wedding reception commercial has to be one of the greatest puke inducers ever. Congratulations guys, you are doing a great job rounding them up.

*Don't try to understand 'em
Just rope, throw, and brand 'em
Soon we'll be living high and wide.*

Rawhide!

Wouldn't it be nice to see a little bit of honesty in their advertising? I have some suggestions...We could have a father explaining to a daughter that her wedding will be held down at the IHOP because he lost a small fortune on Morgan Stanley's hot dotcom stock tips. Or better yet, a man, remodeling his home by wallpapering his basement with worthless stock certificates courtesy of his broker. Or how about an advertisement with an impressive looking stock analyst telling his sales force and his firm's investors how wonderful and terrific the prospects are for XYZ Corporation. Cut to happy hour at the local watering hole later in the day, where the same analyst after having a couple drinks in him starts boasting to his buddies about "What a dog XYZ Corporation is," but, "Who cares, the banking fees paid for my Ferrari."

\$1.12 billion buys a lot of loyalty from the media outlets. Despite all the trouble Morgan Stanley and the other large brokerage firms have gotten themselves into hurting the investing public, you will not hear it discussed on any major news program. They wouldn't want to bite the hand that feeds them. This past month Morgan Stanley in particular has had many problems. From a shareholder revolt over their underperforming CEO Phil Purcell, to a multimillion dollar lawsuit filed by Ron Pearlman CEO of Revlon over fraud which they lost to the tune of \$1.45 billion. Morgan Stanley also lost a multitude of its "best and brightest" bankers to competitors in April and May. Back in 2000 when the whole Enron debacle was coming to a head, I was invited to appear on CBS network news to discuss my insights on the collapse. At the last minute I was spiked after their pre-interviewer found out I was going to point the finger of blame at some of their major advertisers, Merrill Lynch, Citigroup Smith Barney and the other usual suspects for being the true Dr. Frankenstein behind the monster. Since then, we have reported on the many instances the media has purposely spiked negative stories over their sugar-daddies. However, all of our evidence has been circumstantial. This past month I couldn't believe my eyes that Morgan Stanley actually put into words what I had been trying to prove for years.

Morgan Stanley, due to an unusual amount of negative publicity told media outlets that it wants its advertising pulled if they plan to publish "objectionable" stories about the company. Morgan Stanley actually put new guidelines in their advertising contract which was reported on May 18, 2005 in Advertising Age, a trade publication.

"In the event that objectionable editorial coverage is planned, Morgan Stanley's ad agency must be notified as a last-minute change may be necessary. If an issue arises after-hours or a call cannot be made, immediately cancel all Morgan Stanley ads for a minimum of 48 hours." Morgan Stanley spokeswoman Andrea Slattery told the Wall Street Journal That the clause isn't meant to control the news or otherwise influence editorial decisions. "We obviously have no say over that," she stated.

Sure, you don't.

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