



Letter to the Editor

December 28, 2010

The following is in response to our article, [Debunking Ken Fisher](#), which appeared last week.

Dear Editor:

You wrote that in chapter 11, "A Good Con Artist is Hard to Spot," Fisher did an admirable job of warning investors about the key trait shared by Madoff and other frauds: They lacked an independent custodian. "Not every adviser who holds assets is a Ponzi schemer, but every Ponzi schemer I've ever seen has had direct access to the cookie jar," Fisher writes. "Don't give it to them."

Good advice, but how intriguing that Fischer is warning people about Madoff.

With \$10 billion out of the \$20 billion that Madoff stole recovered, Madoff victims now stand to get back at least 50 cents on the dollar, and perhaps more if more is recovered.

Fischer, meanwhile, was well noted for his strong bullish calls in 2008. Let's look at some of those calls, based on his columns in [Forbes](#).

In May of 2008, he wrote, "Stocks should rise regardless of who winds up in the White House." In July, he wrote, "On a recent round of New York media interviews, I encountered two almost unanimous views: that the Fed would hike rates later this year, and that Barack Obama would be elected President. Both events are viewed as all but certain, and as all but certain to do great damage to the stock market. Put aside your fears. The market will recover." In September, he wrote, "People are irrationally depressed, and their depression feeds more depression. ... Before the reverse bubble ends, buy something." Finally, on October 27, he wrote, "Think longer. Unless you are in your late 80s and were an adult as World War II ended, stocks are cheaper, adjusted for tax rates and interest rates, than they've been at any time in your adult life. ... Stop myopically looking at your feet and focus on the horizon. Just buy great franchises at cheap prices now and be patient."

Throughout 2008, Fisher did not issue a single warning to investors. Did his investors fare as well as Bernie's victims? How much of the lost value of their investment portfolios have they recovered?

I'm not advocating for con artists. But how about this for a new metric: How many money managers didn't outperform pure fraud over the last three to five years?



If a manager couldn't outperform the biggest fraud of all time, should he be throwing stones? Or, for that matter, publishing books?

Yours truly,

Kevin McDaniel

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