

## Taking Stock: 'Genius' has a lavish taste for mayhem

by Malcolm\_Berko

Dear Mr. Berko: I have a big loss in NYSE Euronext (aka New York Stock Exchange) and I'm tempted to sell it to take a \$4,000 loss. But I heard that John Thain could rejoin the company. When he took it over, the stock did real well, going as high as \$84. I didn't sell because I liked Thain and because he told a friend of mine that it would go above \$100 and then split two for one. Well, as you can see, the stock is \$21 and I've got almost a 40-point loss from my \$60 purchase price in November 2005. When Thain joined NYSE Euronext the stock took off and went way up. And when he left the stock went way down. So, if he's coming back, I'll buy 100 more shares. If he's not returning, I might sell them. Can you tell me for sure if Thain plans to become the CEO of NYSE Euronext. In fact, I'll buy any public company in which he becomes CEO. You criticized Thain in the past, but you must admit he did a very good job at Goldman Sachs, as well as by selling Merrill Lynch to Bank of America. He's a genuine genius. â€” E.P., Springfield, Ill.

Dear E.P.: I met John Thain twice in 2005 and I accidentally shook his hand once. It was like squeezing a glove filled with wet sand.

You give Thain way too much credit. When he joined the NYSE Euronext (NYX-\$17.14), the market was so hot that dead frogs commanded a price premium, Florida swampland tripled in value, and some Super Bowl tickets were going for \$25,000 a pop. Before joining NYX, Thain was the head big shot at Goldman Sachs, where he clashed with staff who could not abide by his arrogant personality. So, he jumped at the chance to join the NYX, and Goldman people cheered his departure.

When Thain joined the NYX it had zero debt. When he left, it owed a back-crushing \$1.8 billion and a working capital deficient of nearly \$1.1 billion. And when Thain left NYX, the administrative staff was delighted to see him leave. When he got fired from Bank of America, its trading floor erupted in hearty applause.

Thain was not popular at Goldman, NYX, Merrill Lynch or Bank of America. I will give you an ironclad guarantee â€” backed by an AIG derivative â€” that the NYX won't allow Thain to return, even as a janitor-in-training.

Now I don't want to disabuse you of Thain's unique qualifications and skills. But this is the guy who, while at Merrill Lynch, paid his driver \$230,000 a year plus benefits, spent \$137,000 for two office area rugs, \$1,400 for a trash can, \$85,000 for two guest chairs, \$28,000 for a pair of curtains, \$35,000 for a commode, \$37,000 for chairs in his "private" dining room, and \$87,000 for a pair of Roman shades.

When asked how he could justify spending \$1.2 million to change his office decor, he responded: "It was very different from Merrill's offices. It would have been very difficult for me to use it in the form that it was in. ... It needed to be renovated no matter what."

Then, to add insult to injury, Thain doled out more than \$4 billion in key employee bonuses paid for with your tax dollars. He had the temerity to ask Bank of America for a personal bonus of \$40 million for 2008.

Thain doesn't breathe the same air we do. His air is probably imported from the mountains in Switzerland. We don't even share the same gravity, and if you bought a suit from his tailor, you'd need to mortgage your home to pay for it. His white dress shirts cost \$425, his shoes are \$2,500 a pair and his ties run a couple of hundred each. He pays \$300 for a haircut and manicure once a week. His homes are a 25-acre compound in Rye, N.Y.; a large co-op in Manhattan; and a ski chalet in Vail, Colo. His children attend exclusive schools, he and his wife are members of two exclusive country clubs, and she enjoys high tea with her closest friends.

Thain is far removed from common folks like you and me! He doesn't look down his nose at us. Rather, he stares down his chin at us with an attitude of tolerant disdain because our species is sometimes useful to him. Thain has all the warmth and personality of a fireplace poker. He doesn't engender loyalty, commitment, bonhomie; humor is not part of his persona and his personality has been compared to dry ice. Bright, brilliant, focused, disingenuous and steeped in the philosophy of Machiavelli, Thain should have been a tax attorney, head of an international drug cartel or a proctologist. He lacks the skills set to manage a people business and cannot abide by the opinions of the hoi polloi, even those with superior experience and skills.

Your John Thain reminds me of Robert Nardelli, former CEO of Home Depot, who was not well liked as No. 2 man at General Electric, so he moved to Home Depot where he was despised even more. Now he's the boss of Chrysler LLC, which might be going down the tubes.

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