

Gasparino's Glass Jaw is CNBC's Draw

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by [Janet Tavakoli](#)

CNBC is financial entertainment. Guests and watchers should take it in the same spirit they reserve for Dilbert cartoons. Why expect more than it can deliver? Comic relief has its place, and in finance, that place is CNBC (and often Comedy Central's *Daily Show*).

Why didn't CNBC give early warning of Wall Street's implosion? Perhaps because CNBC's on air reporting usually isn't hard hitting, despite what [media articles](#) may say. It's a good thing CNBC's Charlie Gasparino didn't try for the Golden Gloves.

Gasparino's July 14 [rant](#) about Goldman Sachs was very late to the party. On the topic of Wall Street, the only "[f-bomb](#)" CNBC fails to drop is the fraud pulled off by Wall Street firms when they failed to properly mark their books and fueled massive problems for the American economy. On July 20, Gasparino was [easily fooled](#) by Goldman's assertion it is responsible for a public service (liquidity and a backstop) and failed to analyze the key legitimate issues that need to be addressed by reformers: Goldman's (and Wall Street's) [undue influence](#) over Treasury and Fed officials and Wall Street's need to [make reparations](#) to the U.S. Treasury.

Goldman runs a hedge fund. This observation [isn't new](#), and Goldman is not alone among our large banks in running [invisible hedge funds](#). Many others raised [substantive issues](#) about Goldman and Wall Street long before Gasparino, and they haven't caved.

There are many good reporters who actually read documents, analyze them, and know how to sift good information from bad, but Gasparino isn't one of them these days. Here's a tiny Bear Stearns sample:

"Jimmy Cayne built Bear Stearns from the ground up* with one key ingredient: guts. We induct a Wall Street icon" by Charles Gasparino *Trader Monthly* Jun-Jul 2007 [*Trader Monthly* ended operations February 2009]. At the beginning of August 2007, Gasparino's [mantra](#) was:" "When I had dinner with Jimmy Cayne on Sunday night."

Compare that with this 2005 Bear Stearns [CDO expose](#) or this May 2007 BSAM related subprime CDO / [IPO expose](#) [Matt Goldstein, the articles' author, is now a [journalist](#) for *Reuters*.] or with [Jody Shenn](#)'s work on Bear at *Bloomberg News*.

[Disclosure: I was quoted in these articles, which is why I had the examples handy. There are many other good reporters in financial media.]

Footwork Needs Work

After-the-fact reporting is not the same as being “ahead” of everyone else. Here’s Charlie in Oct 2007 with me discussing Merrill. Not only was CNBC very late to the party regarding the meltdown, Gasparino makes a typical assertion: “When we reported [Merrill’s write-downs] here three weeks ago...ahead of anyone else...” right after I point out I wrote an article about Merrill’s short-able positions, “The Predators’ Fall,” ten months earlier (and gave [warnings](#) about Wall Street’s [phony](#) products, [overrated](#) products, and excessive leverage much earlier than that).

VIDEO: [Inside Merrill Lynch](#) – CNBC – October 24, 2007

Gasparino Can’t Take a Punch

As for Gasparino’s on air etiquette, *Squawk Box*’s Joe Kernen has the right attitude. In this January 2008 clip, around 3:44 minutes in, Charlie protests to me: “Would you just let me finish, would you just let me finish! You sound like me, now...let me finish.”

Joe Kernen laughs: “So you know you do it, I didn’t know you knew you did it, Charlie!”

VIDEO: [The Bigger Problem for Bonds](#) – CNBC – January 25, 2008

Disclosure: Near the end of 2007, a producer for CNBC’s *Squawk Box* asked me if I wanted to go on regularly with Charlie, because I took him in stride. I declined.

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Janet Tavakoli’s book on the causes of the global financial meltdown and how to fix it is [Dear Mr. Buffett: What An Investor Learns 1,269 Miles From Wall Street](#) (Wiley, 2009).