



Monday, September 21, 2009

Letters to the Editor

Foolhardy Approach

To the Editor:

Reader John Grisso asked in his Sept. 7 Mailbag response to Marvin Najberg's "Retiring on Less Than a Million" article why there's no promotion or discussion of Najberg's retirement approach among investment professionals. As a fiduciary responsible for over \$145 million of our clients' capital, the approach is foolhardy and irresponsible, bordering on professional suicide. Najberg focuses solely on yield, not total return or risk management. In my 27 years of experience in working with individuals, families and small business owners, I've yet to get a positive response from any of them to the question "Can you comfortably withstand losing over 50% of your capital?" Najberg and Grisso may have more courage than the rest of us, but that doesn't mean they're right.

Bob Kargenian
TABR Capital Management
Orange, Calif

Strategizing for Dummies

To the Editor:

I read the Sept. 7 cover story, "Fall Outlook," with a grain of salt for all analysts' predictions. What was most interesting was the apparent denigration of the average expectation of a 4% return between now and the end of the year. Admittedly it would be tepid compared to the torrid gains since March, but 4% in four months translates to almost 12.25% annually. Perhaps this reflects the current investment environment of seeking outsized returns without regard to the dangers of outsized risk, or the wish that the market will return to pre-Lehman levels shortly. I would be very happy with 12.25%, to have my money double every six years.

Larry Arinsburg
New City, N.Y.

To the Editor:

Almost to a man, the 10 strategists profiled in the Sept. 7 cover story recommended avoiding utilities. Why the disdain for a sector that propels portfolios? Utilities are the building blocks for a successful portfolio. While shareholders were obliterated by mismanaged companies that slashed dividends, utilities such as Duke Energy and Southern Company increased their stipend.

It's interesting to note that the cadre of investment gurus are bullish on financials and industrials. I'm sure their followers will be delighted to receive four cents per annum from Bank of America.

Edd McDermott
Sun City, Calif

End of Anxiety

To the Editor:

I admire Alan Abelson and fundamentally agree with his well-founded, seemingly perennial pessimism relative to the long term outlook for the economy and stock market. However, after much contemplation, I have reached an enlightened state and lack all near-term anxiety because I realized that, at no apparent cost, we have traded the old "Greenspan put" for the "Bernanke, Obama, Pelosi put." As long as this trio has the ways and means (means being other people's money; other people being the Chinese, the rich, and future generations of Americans) we will not be required to bear any financial pain. It's not that they are recklessly ignoring the long-term cost of this free insurance. They are frequently heard praying, to paraphrase St. Augustine, for fiscal discipline -- later.

So relax, Alan, and heed the advice of that great philosopher, my contemporary, Janis Joplin. "Get it while you can." It worked great for her, for a while.

Party on!

David T. Jack, CFA
Baden, Pa.

Other Options

To the Editor:

The report that Amgen's denosumab, a drug for treating bone loss, could generate some \$3 billion if approved by the FDA next month could be true, given the side effects from existing treatments ("[At Amgen, a Prescription for Success](#)," Sept. 7). However, you should also consider alternative drugs currently being tested. One of these is an oral gallium compound being tested by **Genta** (ticker: GETA.OB), a firm that already has obtained approval for Ganite, an injectable form of this drug for cancer patients with hypercalcemia. Because Genta's new drug would constitute a larger percentage of Genta's future revenues than would denosumab for Amgen, Genta might be a better investment, notwithstanding its cash shortage and consequent share dilution. Genta's main efforts continue to be directed toward antisense treatment of melanoma and leukemia, through the combination of Genasense with other previously approved drugs.

Arthur Bechhoefer
Independent Investors Forum
Fairport, N.Y.

Performance and Favoritism

To the Editor:

The Sept. 7 Editorial Commentary, "[Laboring Under False Premises](#)" argues that using pay for performance is better than union representation of employees. Performance can be difficult to measure and is often secondary to other considerations: cronyism, perceived loyalty, image, exposure, and other forms of bias and favoritism that have little to do purely with performance. Giving managers too much power over employees may improve their performance but will result in a kind of indentured servitude.

John Greczek
River Forest, Ill.

To the Editor:

The pay for all federal, state, county and city workers should be frozen until millions of unemployed taxpayers are rehired. If taxpayers have no jobs, it's only common sense that they can't afford to increase government workers' pay. As it is, the average pay for Americans has been flat for several years while government workers' pay has increased.

Carol Nickels
Narberth, Pa.

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