

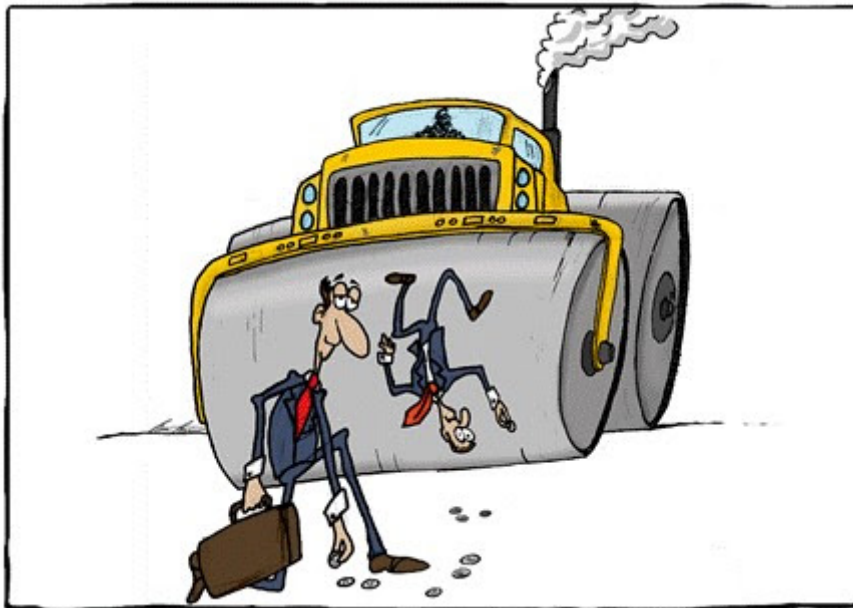
## The Steamroller

*This article by John Heldman is excerpted from a recent issue of The Triad Perspective.*

What do certain actors, movie producers, directors, television hosts, comedians, athletes, music conductors, journalists, musicians, politicians and CEOs have in common? Hint: they're all men. Another hint: they're part of a large and growing group. And yes, they've all been accused of or admitted to sexually inappropriate conduct.

We don't normally drift off into sensitive subjects such as this, but as a red-blooded male who's been around awhile, I gotta admit to being more than a little surprised by the blatant, wanton disregard for women shown by some of these predators.

I'm always amazed when successful people—and the people making recent headlines are successful, or they wouldn't be in the headlines—do stupid things, taking large risks that seem completely out of proportion to whatever their immediate wants might be.



But it's not that simple, I guess. These are smart guys—yes, it's all guys—who would likely be able to size up the risks and rewards in other settings. And yet they make these ridiculous, careless, risky decisions. What is it that drives this behavior?

It seems in these cases that we have too much Ego and not enough Self-Restraint. A giant ego probably creates the feeling of invincibility. The predator must know the behavior is risky—and wrong—but brushes off his inner conscience: "I'll never get caught." Lack of self-restraint apparently grants the go ahead. Perhaps in some circles of society—entertainment, politics, sports, business—cultural norms have degraded to the point that the normal

inhibitions just don't matter. I hope not. Still, logic tells me none of this behavior makes any objective sense.

While I realize that this is a bit far afield for an investment-oriented article, smart people doing stupid things always grabs my attention. Especially when it's large-scale and broad-based as in the current sexual misconduct allegations.

Risky behavior in these situations reminds me of risk-taking in the investment arena. Investors at times will take outsized risks for a rather modest expected return, rationalizing that the risks are so small as to make the bet prudent. The trouble is while the risks are perceived to be low or negligible, the consequences of a bad outcome can be severe. Just ask Harvey Weinstein.

We try to check our ego and resist the impulse to always assume we're right, or have all the answers. Investing is a game of probabilities since we're dealing with the future and its unknowns.

There's an old saying in the investment business: "***don't pick up nickels in front of a steamroller***", or don't take large risks for small gains. A couple of free nickels might be nice, but once the steamroller hits, it's game over. When I see the careers and reputations of these men ruined by their conduct, this phrase resonates well with me. It should for you as well.