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Financial Crisis Report

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Advancing in a Time of Crisis

Words of Wisdom: "The market can remain irrational longer than you can remain solvent." John Maynard Keynes

Inside this issue:

Except for the Great Depression, we are experiencing the most economically unstable period in the history of the modern world. This period will be marked with extreme fluctuations in the stock, commodity and currency markets accompanied by severe and sometimes violent social disruptions. As is typical of such times, many fortunes will be made and lost during this period. After talking with many business owners, executives, professionals and government officials from around the world, the writer believes that for the financially astute investor, this is a time of unprecedented opportunity given the global trade unbalances and distortions in the commodity and currency markets. The *Financial Crisis Report* is a free compilation of the opinions of David Miyoshi as well as of those advisors he himself subscribes to (with appropriate credits given) on how to benefit during this time of crisis. The writer receives no compensation of any kind from any advisors whose articles or ideas may appear in this report. The reader is welcomed to check on all sources of information mentioned herein. Because the opinions and observations of this writer and other advisors are provided herein without charge, the reader is asked to make his/her own judgment on the contents.

What is Fake News?

Fake news is defined as news that has no basis in fact, but it is presented as being factually accurate.

A journalist told me he quit working for the mainstream media because he no longer had the chance to take pride in being truthful, factual and objective... and not insulting his audience's intelligence.

He realized the times have changed. The quest for clicks and eyeballs has lowered standards. And it's affected all forms of "news" media.

Bloomberg's big bitcoin headline recently stated- "Bitcoin Turns Boring as Speculative Frenzy Fades Into Apathy" - is a classic example of this trend. After years of complaining about how volatile bitcoin and cryptocurrencies are, Bloomberg is now complaining about stability. You just can't win with some people.

But it comes down to the basic premise that real news appeals to ones intellect and curiosity while fake news appeals to one's emotions and need for Schadenfreude.

How does one recognize fake news?

Developing a critical mindset is the first step to spotting fake news.

Alice rushes to work with her cell phone in one hand and a coffee in the other. Scrolling through her social media feed, she's stopped in her tracks by the news that her company is about to be bought out by its biggest rival.

She quickly posts a response, shares the story with her contacts, and emails it to her team so that they can discuss it later.

But then Alice has a troubling thought. What if the story wasn't true? What if she just shared a "fake news" story? After all, she didn't check the source, and it was from a website she'd never heard of before.

If she has been a victim of fake news, and then added to the rumor mill herself, how will people ever trust her again?

Fortunately, there's lots you can do to avoid making the same mistake as Alice. In this article, we explore how you can separate fake news from the truth.

What Is Fake News?

There are two kinds of fake news:

1) Stories that aren't true. These are deliberately invented stories designed to make people believe something false, to buy a certain product, or to visit a certain website.

What is Fake News?

2) Stories that have some truth, but aren't 100 percent accurate. For example, a politician attends a conference, but a news story reports that he or she was there to criticize policy rather than to support it.

This kind of fake news is biased, and aims to convince readers of a certain political or ideological viewpoint. Stories like this can also be down to mistakes or "urban myths." This type of biased fake news makes up the bulk of what we call fake news. And we must be mindful that what seems biased to one may not appear biased to another. We all have different experiences, education, upbringing and DNA which all combine and conspire to form our respective views, values and opinions. This is the real world we live in. And it's not a matter of intelligence or IQ either. I know many individuals who I consider highly intelligent yet for the life of me, I can't understand why they think the way they do. And very likely the feeling is mutual. This tells me there are distinct limitations to the human mind. If we can't comprehend why the other person does not understand us, we are still not God.

To obscure matters further, there are also some people who claim that factually accurate stories are fake news, just because they don't agree with them or find them uncomfortable.

Where Does Fake News Come From?

Fake news is nothing new. But, what is new is how easy it's become to share information – both true and false – on a massive scale.

Social media platforms like Twitter, Facebook and LinkedIn allow almost anyone to publish their thoughts or share stories to the world.

The trouble is, most people don't check the source of the material that they view online before they share it, which can lead to fake news spreading quickly or even "going viral."

At the same time, it's become harder to identify the source of news stories, particularly on the internet, which can make it difficult to assess their accuracy.

This has led to a flood of fake news. In fact, one study found that more than 25 percent of Americans visited a fake news website in a six-week period during the 2016 U.S. presidential election.

But, not all fake news stories are found online. Co-workers who gossip by the water cooler and print publications that fail to check their facts, for example, are also guilty of spreading misinformation, even if inadvertently.

The Impact of Fake News in the Workplace

Research shows that 59 percent of people are concerned about the effect that fake news has in the workplace, and with good reason!

For example, some people might start to believe that they no longer need facts to back up their arguments. Others start to mistrust information all together. They stop listening to industry news or reports, and disengage entirely, slowing their professional growth and development. Ultimately, this can damage an organization's learning culture.

Fake news can affect behavior, too. It encourages people to invent excuses, to dismiss others' ideas, to exaggerate the truth, and to spread rumor. This can create divided, anxious workplaces where people are cynical and unsure of who to trust.

They might even begin to mistrust you if they believe that authority figures have lied to them, or that the information that they are working with is suspect. This can sap people of the curiosity, enthusiasm and ambition that they need to be successful.

Misinformation and fake news can also harm your organization. Invented reviews of your products or inaccurate financial updates, for example, can do serious reputational damage

Six Ways to Spot Fake News

Separating fact from fiction accurately can seem daunting. But getting to the truth is always worth the effort – even if it's not what you want to hear! Use these six steps to weed out the truth from the lies:

1. Develop a Critical Mindset

One of the main reasons fake news is such a big issue is that it is often believable, which means it's easy to get caught out. Many fake news stories are also written to create "shock" value.

This means it's essential that you keep your emotional response to such stories in check. Instead, approach what you see and hear rationally and critically

.Ask yourself, "Why has this story been written? Is it to persuade me of a certain viewpoint? Is it selling me a particular product? Or is it trying to get me to click through to another website?"

What is Fake News?

2. Check the Source

If you come across a story from a source that you've never heard of before, do some digging! Find out a bit more about the publisher – is it a professional and well-known news agency or is it someone's personal blog?

Check the URL of the page, too. (A URL, or Uniform Resource Locator, is a web address that helps browsers to find a site on the internet). Strange-sounding URLs that end in extensions like ".infonet" and ".offer," rather than ".com" or ".co.uk," or that contain spelling errors, may mean that the source is suspect.

If the information is something that you've been told by another person, consider his reputation and professional experience. Is he known for his expertise on the matter? Or does he tend to exaggerate the truth?

3. See Who Else Is Reporting the Story

Check whether the story has been picked up by other well-known news publishers. Stories from organizations like Reuters and the BBC, will have been checked and verified beforehand. If the information you have isn't from a well-known source like these, there's a chance that it could be fake.

However, you need to be careful even here. People who spread fake news and "alternative facts" sometimes create web pages, newspaper mockups, or "doctored" images that look official, but aren't.

So, if you see a suspicious post that looks like it's from CNN, for example, check CNN's homepage to verify that it's really there.

4. Examine the Evidence

A credible news story will include plenty of facts – quotes from experts, survey data and official statistics, for example. If these are missing or the source is an unknown expert or a "friend," question it!

Does the evidence prove that something definitely happened? Or, have the facts been "twisted" to back up a particular viewpoint?

5. Look for Fake Images

Modern editing software has made it easy for people to create fake images that look professional and real. In fact, research shows that only half of us can tell when images are fake.

However, there are some warning signs you can look out for. Strange shadows on the image, for example, or jagged edges around a figure. If you still have doubts, you can use tools such as Google Reverse Image Search to check whether the image has been altered or used in the wrong context.

6. Check That It "Sounds Right"

Finally, use your common sense! If a story sounds unbelievable, it probably is. Bear in mind that fake news is designed to "feed" your biases or fears. And, remember, just because a story sounds "right" and true, doesn't mean that it is.

For example, it's unlikely that your favorite designer brand is giving away a million free dresses to people who turn up to its stores. Equally, just because your colleague believes that two married co-workers are having an affair, doesn't mean it's true.

Current example of biased fake news.

The regular print news media such as the New York Times, The Washington Post, the Wall Street Journal, the Los Angeles Times etc. and the televised news such as MSNBC, CNN, CBS, ABC, NBC and Fox News had all covered the Kavanaugh Supreme Court confirmation hearing. Each media went into great preparation and detail presenting the investigation, questioning and hearing of Judge Kavanaugh. We all knew the details of Judge Kavanaugh's activities in his younger days including his penchant to drink beer and write about flatulence in his school yearbook. Now that Judge Kavanaugh has been confirmed as an associate Justice on the Supreme Court, this "news" is passé.

But as for his accuser Dr. Christine Blasey Ford, aside from reporting that she lived in California, wrote a letter to Senator Diane Feinstein accusing Judge Kavanaugh of his attempted rape of her at a party 36 years prior but forgetting, where and when it happened and how she got and left there, they did not report much, if any at all. And they still have not reported much.

During the Senate Judicial Committee hearing, I did some research on Dr. Ford and here is what I found.

Dr. Ford has served as a research psychologist at Stanford in charge of personality assessment for the CIA Undergraduate Program as well as lecturer on the pharmaceutical industry. Her task was to conduct psychological testing followed by statistical analysis of trainees to determine the career track of aspiring national intelligence officers.

Under the program at Stanford, this what Dr. Ford's tasks were:

- Pathological liars are put on the A-list for assignment under diplo-

What is Fake News?

matic cover at the State Department or major American corporations abroad to subvert foreign countries and to recommend various local fanatics and criminals to receive covert weapons shipments aimed at regime change prior to another invasion;

- Thuggish creeps are fast-tracked to the agency's arms-trafficking pipeline under cover of energy corporations or security companies;

- Total losers without an ounce of guts are slated to be desk jockeys in back offices of banks and research firms around the world with eventual promotion to the rear end of a consulate; and

- The leftovers with or without criminal records are promoted to further MK-ULTRA personality-disorder training as lone gunmen and patsies.

Dr. Ford's mentor, psychiatrist Dr. Alan Schatzberg, is head of Stanford psychiatry and also its neuropsychology department, where he runs studies on interactions of drugs with the human brain under President Obama's Brain Initiative, an extrapolation of the CIA MK-ULTRA program but on a much wider scale. His research has been funded by the National Institute of Mental Health (NIMH), the federal cover for the MK-ULTRA mind-control program.

Dr. Ford is now employed at Corcept Therapeutics, a pharmaceutical company with a disturbing record of ethical violations including insider trading with Stanford and Silicon Valley. Its most heavily promoted drugs include psychiatric agents and abortion pills. Her abortion drug is a generic called Korylym, better known as mifepristone or RU-486 (as in "Are You for 86-ing that little burden, woman?"), first developed by Roussel in France and since cloned in China. To bail out a plethora of lawsuits over side-effects including vaginal bleeding and uterine cramps, the French producer gave the proprietary right to the Population Council, a Rockefeller-funded NGO involved in abortions.

Dr. Ford's husband Russell Ford by strange coincidence also works for pharmaceuticals as a mechanical engineer (think of the big rolling machines that make pills and presses that close capsules), including Abbott (RU486 in India) and Zonano-Macroflux, which produces non-needle injection devices for vaccine campaigns, like the health-boosting campaigns sponsored under the Bill and Melinda Gates Foundation's global population control strategy.

The CIA-linked investment fund BlackRock, created by former Commerce Secretary Peter Peterson, is a major shareholder behind Corcept Therapeutics and has also been the prime investor in SunTrust Bank, the successor to National Savings and Trust where Dr. Ford's father Ralph G. Blasey Jr. served as vice president in charge of financing the agency's undercover operations. Among his many financial beneficiaries was psychiatry professor Frederick Melges, who was in charge of establishing MK-ULTRA at the Stanford medical school. Melges's area of research was depersonalization and "re-invention" of personality by introducing a focus on a new future, in short, "transformation" as in how a directionless David Webb became an objective-targeted Jason Bourne in the famous movie series.

By no coincidence, the father of Dr. Ford's husband was also a banker, with Lanson and Company, which sold Treasury notes issued by the Federal Reserve Bank of New York. The firm was founded by Aubrey Lanson, who served as assistant to Treasury Secretary Hans Morganthau Jr. in the administration of President Franklin Roosevelt. Morganthau, of course, was the Rothschild-Bronfman-Rockefeller asset who maneuvered to win U.S. and Soviet Union to support the creation of the State of Israel.

In addition to Morganthau, the Ford clan is intermarried with the Biddle dynasty, whose most prominent members were federalist agents of treachery against the Constitution, Francis Biddle who as FDR's attorney general used the pretext of World War II to crush ethnic German and Japanese citizens, who in reality bore the brunt of fighting in Europe, while providing key technology and political support for the Soviet Union. His ancestor was the infamous Nicholas Biddle, sponsor of an all-powerful central bank who clashed with the populist President Andrew Jackson.

None of this information or "news" has ever appeared in the regular print and electronic major media sources. Had this information appeared in news sources, could the average person deduce that Dr. Ford had the ability to self-hypnotize to make herself believe that it was Judge Kavanaugh who attacked her? We will never know.

Now here are some issues that still remain unanswered by the news outlets.

1) Leland Keyser, the friend of Dr. Ford who denied ever attending the party she described or even knowing Judge Kavanaugh at all, now reports that she was pressured to change, or "revisit," her testimony. Who allegedly did the pressuring? None other than the above mentioned Monica McLean, the retired FBI agent and friend of Dr. Ford who, according to Ford's ex-boyfriend, had been coached by Dr. Ford on how to pass a lie detector test. When the ex-boyfriend initially told that story, it was assumed that McLean was just a random friend. Later we found that she has been deeply involved this whole time.

It should be noted that in the Judicial Committee hearing the questioner Ms. Mitchell asked Dr. Ford had she ever assisted anyone to prepare for a polygraph test. Dr. Ford answered "never". This is a falsehood stated under oath and was a commission of perjury by Dr. Ford.

2) Dr. Ford has refused to turn over her therapy notes or any of the documentation from her polygraph test. If she is telling the truth, these materials would be enormously important evidence in her favor. If she is not telling the truth, these materials might destroy her case and, at a minimum, open her up to perjury charges. The fact that she will not turn over the evidence seems to indicate that it falls into the latter category, not the former.

3) There is still a lot of confusion surrounding the way in which these allegations were first reported and then made public. Diane Feinstein

knew about Dr. Ford for several weeks yet kept it secret. What were the Democrats doing in the meantime? Why did they wait so long? How much communication was there between Dr. Ford and Democrats? What was the content of that communication? The secrecy is suspicious and should be explored by federal investigators.

4) Chuck Grassley sent a letter to Dr. Ford's attorney in early October asking for the third time that any relevant documents be turned over. The last paragraph of his letter is very interesting:

I urge you once again, now for the third time in writing, to turn over the therapy notes, polygraph materials, and communications with The Washington Post that Dr. Ford has relied upon as evidence. In addition to the evidence I requested in my October 2 letter, in light of recently uncovered information, please turn over records and descriptions of direct or indirect communications between Dr. Ford or her representatives and any of the following: (1) U.S. Senators or their staffs, particularly the offices of Senators Feinstein and Hirono, other than your communications with me and my staff in preparation for the September 27 hearings; (2) the alleged witnesses identified by Dr. Ford (Leland Keyser, Mark Judge, and Patrick "P.J." Smyth); and (3) Debbie Ramirez, Julie Swetnick, or their representatives.

This follows the same line of questioning explored by Mrs. Mitchell the prosecutor at the hearing. It would seem that the Republicans have strong reasons to suspect that these various different parties coordinated behind the scenes. Again, what was the nature of that coordination? Why did they coordinate or communicate at all? Why would an honest woman with truthful allegations need to have any conversations whatsoever with the political opposition of the man she is accusing? And why would she need to speak with the other accusers? We know now that someone close to Dr. Ford put pressure on Leland Kesyer; what about the other witnesses? And who instructed McLean to make that call?

There are many crucial questions that must still be answered. Judge Kavanaugh has been exonerated, but Dr. Ford, her team, and Senate Democrats should now come under the microscope. Coordinated smear campaigns destroy innocent lives and undermine our system of government. A CNN analyst said in early October that this is all "just politics." No, it's a lot more than that. If this was a calculated effort to lie, slander, and perjure — which is certainly how it looks — then it is not "politics" but a crime, and everyone involved should spend the next several years in a prison cell. And, just like Justice Clarence Thomas who went through the Democratic gauntlet before his confirmation to the Supreme Court, if Justice Kavanaugh was not a staunch conservative before his hearing, he definitely will be now.

By withholding negative information on one person and providing it on another and vice versa, news agencies are not acting as neutral arbiters of news and events but instead are engaging in acts of propaganda to influence the reader or viewer toward favoring a particular political or social viewpoint. We call this biased journalism or fake news.

If these journalists want to be true to everyone they should simply call themselves commentators, not journalists. This would be fair. And this applies to both Democratic and Republican commentators.

In the meantime, we should get used to dealing with "fake news"

D. Miyoshi

Asia, the New Center of Wealth

The recent hit movie "Crazy Rich Asians" gives us a glimpse into the contemporary lifestyle of the affluent denizens in Singapore. The central leitmotif of the film is the abundance and prosperity that is now Asia.

On September 5, Wealth-X, a global data and intelligence company focused on ultra-high-net-worth individuals, released its *2018 World Ultra Wealth Report.*

Not surprisingly, given recent market performance, the wealthiest individuals throughout the world only got richer last year. But the report wasn't without interesting data points, affirmation of trends and even some surprises—like New York being overtaken by Hong Kong as the world's capital of the ultra-high-net-worth individuals.

Here are some highlights from the report that *WealthManagement.com* found interesting, and what advisors, consultants and investors should take into serious consideration.

Asia is now creating more ultra wealthy individuals — those worth $30 million or more — and accumulating wealth at a faster pace than any other region in the world.

Last year, Asia's ultra wealthy population grew by 18.5 percent and their total wealth shot up by 26.7 percent, twice the rate seen in the U.S., the World Ultra Wealth Report 2018 found. The combined riches of Asia's ultra wealthy now total a staggering $8.365 trillion, based on analysis of Wealth-X's database of wealthy individuals.

Asia, the New Center of Wealth

To be sure, the U.S. remains the world's leading location for the uber rich, staking claim to 35 percent of the world's ultra wealthy population, whose combined wealth totals $10,998 billion. However, Asia is quickly closing in. In the past decade, Asia's proportion of global wealthy rose from 18 percent to 27 percent, positioning it just behind the world's second wealthiest region, Europe (28 percent).

Rank	Country	UHNW population 2017	UHNW wealth ($bn) 2017	Year-on-year change in population (%)	Year-on-year change in wealth (%)
1	United States	79,595	9,845	⬆ 8.9	⬆ 12.9
2	Japan	17,915	1,685	⬆ 11.0	⬆ 13.4
3	China	16,875	2,421	⬆ 14.1	⬆ 32.8
4	Germany	15,080	1,815	⬆ 12.3	⬆ 15.6
5	Canada	10,840	1,153	⬆ 13.9	⬆ 14.8
6	France	10,120	1,077	⬆ 17.3	⬆ 16.5
7	Hong Kong*	10,010	1,295	⬆ 31.0	⬆ 31.5
8	United Kingdom	9,370	1,035	⬆ 9.3	⬆ 10.6
9	Switzerland	6,400	877	⬆ 13.9	⬆ 15.0
10	Italy	5,960	692	⬆ 7.9	⬆ 10.8

Note: Population numbers are rounded to the nearest 10. Annual changes are measured based on model inputs updated retrospectively and not on previously published figures. For further information about our wealth and investable assets model, please see the Methodology section.

*Hong Kong is a semi-autonomous, special administrative region of China.

Source: Wealth-X

In the coming years, that gap is set to shrink further, according to the report. It predicts that Asia-Pacific's ultra wealthy population will increase at a compound rate of 8.3 percent over the next five years, while overall wealth is on track to grow by a slightly faster 8.6 percent. The U.S., meanwhile, is expected to post below-average gains.

That will bring Asia closer to parity with the world's leading wealth regions, Vincent White, managing director of the Wealth-X Institute told CNBC Make It.

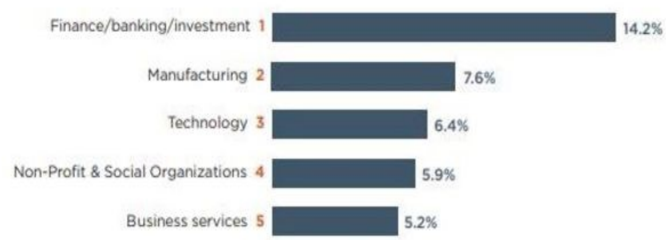
"Asia recorded the highest growth in UHNW (ultra high net worth) population accompanied by a disproportionate rise in combined wealth of over one quarter," said White. "In the forecast through to 2022 we expect to see a continuation of this growth, closing the gap with the Americas and EMEA."

Where is the wealth coming from?

Improved economics and soaring stock markets last year proved a boon for the wealthy throughout the world, with the overall pace of wealth growth more than tripling from 3.5 percent in 2016 to 12.9 percent in 2017.

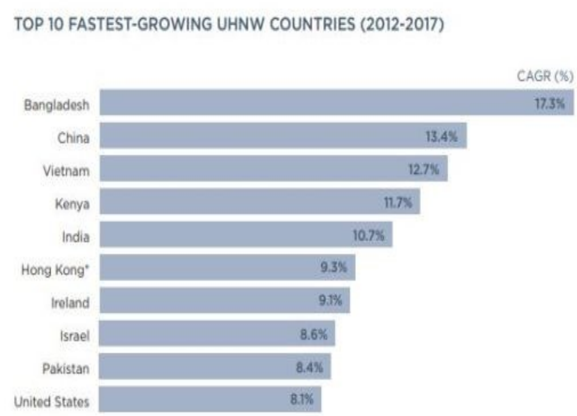
However, Asia's dramatic uptick was led by a new wave of ultra wealthy entrepreneurs, who are capitalizing on growing opportunities within the region, particularly in the financial, manufacturing and tech industries.

Primary industries of the world's ultra wealthy globally:



The vast majority of that wealth accumulation came from mainland China, which is home to 26 of the world's 30 fastest-growing ultra high net worth cities, as well as India and Hong Kong, the report found. All three places registered an increase in wealth of 30 percent in 2017.

But a significant proportion also came from elsewhere, in countries such as Vietnam, Indonesia and Bangladesh. Indeed, over the past five years, Bangladesh has registered the fastest-growing ultra wealthy population of any country in the world.



*Hong Kong is a semi-autonomous, special administrative region of China.

CAGR stands for compound annual growth rate.

Source: Wealth-X

Wealth accumulation is not limited to the "crazy rich," however. Over the coming years, as many Asian countries continue to grow at a faster pace than more developed economies, wealth growth is expected to speed up across all regional demographics, particularly the middle class.

International Families want U.S. Trusts

Currently, Asia's middle class totals around 525 million people, or 28 percent of the world's middle class population, according to DBS bank's "Imagining Asia 2020" report. Over the next decade that group is forecast to expand by more than three times to 1.74 billion.

"That would make up about half of the world's middle class population by 2020," the report notes.

This could become the Age of Asia.

D. Miyoshi

International Families want U.S. Trusts

A tax Haven is defined as a country used to avoid or reduce income taxes, especially by investors from another country.

With that definition it is a little surprising that tax savings, asset protection and privacy, as well as solutions to political and regulatory concerns, all combine to make the United States the Tax Haven situs of choice.

Al W. King III of *Trusts and Estates* prognosticates that by 2060, almost one in five people living in the United States will be foreign born.

Currently, according to statistics reported by *The Atlantic*, more than 975,000 international students attend U.S. colleges and universities each year. One third of these students are from China. Many of these students remain in the U.S. after graduation for professional opportunities as well as to begin families of their own.

The continuing influx of non-resident alien children and grandchildren coming to the U.S., coupled with the projected international global wealth transfers, is estimated to reach $16 trillion over the next three decades, which has resulted in an increased trend of international families establishing U.S. trusts.

Trend Towards U.S. Trusts

Recently, international families without relatives in the U.S. have, nonetheless, opted to use the U.S. for their trusts. The combination of modern trust laws, the greater demand for U.S. investments, a desire for political stability and the protection of property, as well as the desire to establish a trust in a non-blacklisted country, have driven this trend. The modern trust laws in the most popular U.S. trust jurisdictions, such as Alaska, Delaware, Nevada, New Hampshire, South Dakota and Wyoming, are attractive to international families as they provide flexibility and control, tax savings, asset protection, privacy (versus secrecy) among other key advantages. While this trend continues to grow, historically, some international families sought U.S. trust situs because they had family in the U.S., typically children or grandchildren. Considering the above statistics, planning for such international families is set to grow in the coming years. To plan for these wealth transfers, advisors are incorporating efficient structures for international families with U.S. beneficiaries that use modern trust laws in the popular modern trust jurisdictions in the United States.

Foreign Grantor Trusts

One of the more popular modern trust options for these families is the foreign grantor trust, or FGT, with a U.S. trustee in a modern U.S. trust jurisdiction. Generally, while the non-resident alien grantor is alive, if there are no U.S. situs assets, then there are no U.S. income, gift and estate taxes. The FGT often will hold shares of a non-U.S. entity holding either foreign and/or U.S. situs property. The non-U.S. entity acts as an estate tax blocker for U.S. situs assets. The non-U.S. entity can also hold U.S. situs assets producing interest income, resulting in the 30 percent withholding taxes or treaty rates being withheld at the entity level. If the non-U.S. entity owned by the FGT holds publicly traded U.S. securities, both federal and state capital gains are generally saved along with U.S. estate taxes, thus making U.S. securities a very attractive investment for NRAs.

NRA Domestic Dynasty Trust

The establishment of an NRA dynasty trust, while the foreign parents or grandparents are alive, provides another option for an international family with U.S. beneficiaries.

If done properly, an NRA citizen parent or grandparent can transfer an unlimited amount of assets onshore into an NRA dynasty trust without any gift, estate or generation-skipping transfer taxes. NRAs aren't subject to the $11.18 million gift and GST tax exemption limits of a U.S. citizen or green card holder. The unlimited gift exemption generally only applies if NRAs are gifting non-U.S. situs assets, usually cash. Furthermore, assets aren't subject to state income tax if the trust is established in a no-income tax modern trust jurisdiction. Additionally, the trust can continue forever or for a very long time for the benefit of U.S. beneficiaries by providing asset protection as

Generation Z, Technologically Inclined and Socially Impaired

well as many other trust, privacy and tax benefits.

Standby Domestic Dynasty Trust

The standby or pour-over dynasty trust is a structure often implemented for NRAs with U.S. beneficiaries who've established trusts or other planning vehicles in offshore jurisdictions. The standby domestic dynasty trust lessens burdensome income tax filing and reporting requirements for U.S. beneficiaries as well as the negative U.S. income tax rules on distributions of accumulated income after the NRA's death. On the grantor's death, the foreign offshore trust "pours over" the offshore trust assets to an existing standby domestic dynasty trust for the benefit of the U.S. beneficiaries. Typically, such trusts are cost-effective and are nominally funded (for example, $100) during the NRA's lifetime, usually resulting in a one-time set-up fee until fully funded on the pour-over at the NRA's death, at which point annual trustee fees would apply.

The standby dynasty trust allows for grantors to retain the planning they've done in their home country and/or offshore while also having a vehicle in place for their U.S. beneficiaries that offers all the benefits of the NRA domestic non-grantor dynasty trust.

Foreign Trust Change of Situs

Many NRAs with U.S. beneficiaries may not want to wait until their death for their offshore trust to pour over to a standby domestic dynasty trust. Alternatively, they may wish to change the situs of their offshore/foreign trusts to the U.S. while they're alive. This frequently happens when foreign beneficiaries become U.S. persons. Generally, a foreign trust changes offshore trust situs to the U.S. by using a domestic corporate trustee in one of the modern trust jurisdictions. The domestic trustee (or offshore trustee) declares a new U.S. trust, mentioning the purpose of the new trust as part of the declaration. The foreign trustee then pays over trust assets with a deed of distribution to the new domestic trust. This can also be accomplished via a decant by distributing assets from an old trust into a new trust with new terms, for the benefit of one or more of the beneficiaries of the first trust. It's important to note that there may be potential tax issues, such as undistributed net income, accumulations distributions and throwback rules, with either method of changing the situs of an offshore foreign trust to the U.S. However, if there are U.S. beneficiaries of a foreign trust that don't change situs before the death of the foreign grantor or pour over to a U.S. domestic trust at the foreign grantor's death, the U.S. tax and tax reporting requirements for the U.S. beneficiaries will be extremely burdensome.

The glass continues to be half full regarding international families and NRAs choosing the U.S. as a favored trust situs for their U.S. family. Powerful trust laws, tax savings, asset protection and privacy, as well as solutions to political and regulatory concerns, all combine to make the U.S. their trust situs of choice.

D. Miyoshi

Generation Z, Technologically Inclined and Socially Impaired

The following data is taken from an article written by Coty Poynter, writer for *Economy and Markets*.

When Poynter was a kid, his friends and he would clean out the pantry of all the junk food his mom bought.

His sister was never happy about not having Twinkies to devour, or Fruit Roll-Ups to munch on after her soccer games. And Poynter's mom certainly wasn't pleased with their gluttonous ways since it was doing nothing but burning a hole in her pocket every week.

But they were young. They needed junk food.

One of the most satisfying treats in that pantry was the soda… and they had it all: Coca-Cola, Barq's, Sprite, Canada Dry, IBC Cream Soda, Welch's Grape Soda, you name it. Their favorite was Mountain Dew. They'd suck down case after case like it was water.

Life was good until they hit middle school. During sex ed classes they heard a rumor: Mountain Dew makes you infertile.

They didn't care. They were in middle school. The Dew remained their drink of choice.

Then they were in high school. By then, the rumor had morphed somewhat: Yellow-5 lowers sperm count (and that's what's in Mountain Dew).

They still didn't care. Poynter doesn't know many adolescent boys who'd stop drinking such a delicious, refreshing beverage because it might lower sperm count. If anything, such rumors might encourage even more consumption. No high school boy sets out to become a dad that early.

Mountain Dew could almost replace the condom, or so they believed.

Generation Z, Technologically Inclined and Socially Impaired

Their logic behind that belief was sound, but…

The Decline of Man

While Poynter never found out if there was truth to that "Yellow-5" rumor, just 18 short years later they witnessed the greatest drop in birth rates seen in the U.S. since 1987.

It's something that Harry Dent editor of *Economy and Markets* has written about before.

Over the years, researchers and epidemiologists have been looking over the data to figure out what's going on here (and globally). What they've discovered is unsettling…

To start, men are more prone to die before women, regardless of age. It's just how it is.

Studies have also shown a severe decrease in sperm counts per milliliter of semen by more than 50% since 1973. Overall sperm counts were down by about 60% as well.

The cherry on top? Testosterone levels have dropped drastically. And this drop, from what scientist are learning, is starting in utero and going all throughout adult. Even to the extent that the lower testosterone levels are being passed on from parent to child.

In short, men are dying earlier, producing less sperm, and are being born with lower levels of testosterone across the board.

If this trend continues, at this rate, men could lead humanity to extinction in the next 40 years or so…

Thankfully, technology (think IVF and stem cell stuff) is advancing to the point where the human race could still survive, even if men – in all traditional senses – disappeared.

Still, things aren't looking good for modern men.

And most scientists believe that it all started to go south for our swimmers around the time of the Industrial Revolution, when plastics began to infiltrate every aspect of our lives. Foreign chemicals and compounds, like BPA, have taken their toll on our little soldiers.

Now we face the challenge of widespread infertility, which may peak within the next 40 years.

But what does any of that have to do with *Economy & Markets*?

Demographics. It's all about demographics.

Rise of the Socially Inept

We've come to the point when a new generation is beginning to enter the workforce.

Generation Z are the next up to bat. They proceed the Millennial generation (which Poynter is a member of).

Speaking of, in some ways Gen Z may be better than Poynter's generation, who mostly grew up during the technological revolution… who witnessed 9/11 and still remember… who were old enough to understand the 2008 Financial Crisis, but perhaps weren't at the age where it'd influence their behavior.

On the other hand, Gen Z grew up during the 2008 Financial Crisis, but were at the age of impact. They were raised with smartphones in their hands, where everyone was always accessible, and when physical social interaction was drastically limited due to these technologies.

And because of the limited social interaction — bringing about an ineptitude in how they handle day-to-day dealings with actual people — they are having much less sex than Millennials do.

Surveys have shown that Gen Z'ers don't have the ambition to be entrepreneurs like those of previous generations, and instead are opting for jobs with guaranteed safety.

Instead of attempting to gain acceptance into the more prestigious schools, they're opting for local, cheaper colleges to avoid the burden of debt they've witnessed the Millennials bury themselves in.

Growing up in the turbulent times has made them, by and large, less risky, and more focused on simply getting the job done.

Even at young ages, many worry about not being able to find a well-paying job due to the overwhelming competition of today's job market.

When it comes to the hiring process, many companies and corporations — such as Ruby Tuesday — are turning to training videos that are formatted to resemble YouTube. It's a response to the fact that physical interactions are more difficult for Gen Z'ers, and they learn more quickly through a visual walkthrough that cuts out the human element to it. (Although Poynter shudderd at what that means for customers at the mercy of these new servers.)

But with this comes their aptitude for learning new technologies more quickly than previous generations since they've grown up with them.

The Collapse of Saudi Arabia

This is beneficial in a workplace that deals with ever-changing tech routinely.

It’s no coincidence that they’re also a mostly sober generation.

Some scientists have even started comparing their generation to that of the Silent Generation (1925-1945): the one where children were seen, but not heard.

Only now, Gen Z is the generation that doesn’t wish to be seen, and doesn’t wish to be heard. Rather, they want to be acknowledged and kept safe...

Just keep them comfortable, give them their freebies and tell them how to vote.

This is the end of this article but the beginning of a very different generation.

D. Miyoshi

The Collapse of Saudi Arabia

The killing in October of the prominent Saudi journalist Jamal Khashoggi, who was living in self-imposed exile in the United States and writing for *The Washington Post*, has become a huge problem for U.S.-Saudi relations. The relationship between the United States and Saudi Arabia is primarily transactional, and not sentimental or values-based on either side. Therefore, even if many Americans conclude that the Saudi government is directly responsible for Khashoggi’s death, the fundamentals of the relationship are unlikely to be re-evaluated and transformed. However, there will be a significant impact on the political and foreign policy conversation in Washington regarding relations with Saudi Arabia that will lead to repercussions in both the near and long terms. Saudi Arabia will now have to deal with much more opposition in Congress to weapons sales and other forms of cooperation and far more skepticism and criticism in the mainstream U.S. media. At the very least, the tone and tenor of the relationship is likely to deteriorate reflecting a growing anti-Saudi sentiment in American public opinion.

If the Saudis are held accountable for murdering *Washington Post* journalist Khashoggi in their Turkish embassy or at the consulate-general's house (and who doesn't think that's exactly what happened?) and are held accountable, meaning they're hammered internationally, they'll do what they do: Lash back financially.

One way, historically, the Saudis play hardball is by selling their interests in overseas companies as punishment for "slights." The Canadians are the most recent example. After ticking off the Saudis, the Kingdom sold all holdings their sovereign wealth fund had in Canadian stocks, all of them.

The other punishment they mete out is via higher oil prices.

If they're "put upon" by the international community, especially the U.S., they could curtail production and send oil prices skyrocketing. At least short-term.

On the other hand, if the U.S., the lynchpin here, lets them off with a slap on the wrist , they will thank president Trump by flooding the market with oil to drop the price as their "token gesture."

Yes, it's a dirty game, comprised of some filthy players, but it's a game they all play. In fact, for experienced options investors, this is a good time to invest in oil using option straddles. That way, no matter which way oil goes (within a certain price range), the investment will be profitable.

But in the grand scheme of things the current melee is a minor problem for the oil kingdom. Over and above this issue, according to Indian historian and writer Vijay Prashad, Saudi Arabia is in very serious trouble. The Binladin Group, the kingdom’s largest construction company, has terminated the employment of fifty thousand foreign workers. They have been issued exit visas, which they have refused to honor. These workers will not leave without being paid back wages. Angry with their employer, some of the workers set fire to seven of the company’s buses.

Unrest is in the cards in the Kingdom. In April, King Salman fired the water and electricity minister Abdullah al-Hasin, who had come under criticism for high water rates, new rules over the digging of wells and cuts in energy subsidies. The restructured ministry was to save the Kingdom $30 billion—precious money for an exchequer that is spluttering from low oil prices. Eighty-six percent of Saudis say that they want the water and electricity subsidies to continue. They are not prepared to let these disappear. They see this as their right. Why, they say, should an energy rich country not provide almost free energy for its subjects?

The Collapse of Saudi Arabia

When King Salman took over last year, he inherited a kingdom in dire straits. Saudi Arabia's Treasury relies upon oil sales for over ninety percent of its revenue. The population does not pay tax, so the only way to raise funds is from oil sales. As oil prices fell from $100/ barrel to $30/barrel, oil revenues for the Kingdom collapsed. Saudi Arabia lost $390 billion in anticipated oil profits last year. Its budget deficit came to $100 billion—much higher than it has been in memory. For the first time since 1991, Saudi Arabia turned to the world of private finance to raise $10 billion for a five-year loan. That this country, with a vast sovereign wealth fund, needs to borrow money to cover its bills is an indication of its fragile fundamentals.

What does a country do when it enters a period of crisis? It calls the consulting firm McKinsey. That is precisely what Saudi Arabia did. McKinsey sent its crack analysts to the Kingdom. They returned—in December 2015—with *Saudi Arabia Without Oil: The Investment and Productivity Transformation*. This report could have been written without a site visit. It carries all the clichés of neo-liberalism: transform the economy from a government-led to a market-led one, cut subsidies and transfer payments, and sell government assets to finance the transition. There is not one hint of the peculiar political economy and cultural context of Saudi Arabia. The report calls for a cut in Saudi Arabia's public-sector employment and a cut in its three million low-wage foreign workers. But the entire political economy of Saudi Arabia and the culture of its Saudi subjects are reliant upon state employment for the subjects and low-wage subservience from the guest workers. To change these two pillars calls into question the survival of the monarchy. A Saudi Arabia without oil, McKinsey should have honestly said, is a Saudi Arabia without a monarchy.

What would the McKinsey transformation produce? "A productivity-led transformation," wrote the eager analysts, "could enable Saudi Arabia to again double its [Gross Domestic Product] and create as many as six million new Saudi jobs by 2030."

The King's son, Mohammed Bin Salman (MbS), took McKinsey at its word. He then copied and pasted the report in his own *Saudi Vision 2030*. Little of Prince MbS's statement differs from the McKinsey proposal. The eagerness of the Prince shows his lack of experience. It is unlikely that he has read Naomi Klein's *The Shock Doctrine*, a full-scale assault on the idea of economic transformation. Even more unlikely that he has read Duff McDonald's *The Firm*, an evisceration of McKinsey's smoke and mirrors model. To base an entire country's future on a McKinsey report seems reckless. But then Prince MbS has a streak of recklessness in him. He led the Saudi war on Yemen – and that has not turned out well at all. The peace talks over that war being held in Kuwait remain stalled. Saudi Arabia made almost no gains in Yemen. Should the man who led Saudi Arabia into humiliating failure in Yemen now be in charge of its economic transformation?

Saudi Arabia is a monarchy. Prince MbS has the King's favor. His talents are measured by the King and not by the people. They will have to tolerate his shenanigans with the economy just as they have had to tolerate his failed war on Yemen.

What is Prince MbS's *Saudi Vision 2030*? Despite the attempts to create some stability in the oil market, there is no indication that oil prices would be raised to safe levels anytime soon. If oil remains below $50/barrel, Saudi Arabia has to revise its own economic project. That means that Saudi Arabia will have to find new ways to create revenues. To shift from an oil-dependent economy to an industrial-tourism-finance economy will require a massive dose of investment. To secure that investment, Saudi Arabia plans to sell a small stake of its state-owned oil firm—ARAMCO. The plan is to raise at least $2 trillion from that sale and from the sale of other state assets. This money will bolster the depleted Sovereign Wealth Fund, which might otherwise run dry by 2017-2020.

The enhanced Sovereign Wealth Fund will be used to develop new industrial sectors such as petrochemicals, manufacturing at the medium scale and finance as well as tourism. Foreigners will be allowed to own property in the Kingdom and entrepreneurial activity will be encouraged by the state. How does all this happen by 2020 – the date proposed by Prince MbS—or even by 2030—the name of the Prince's plan? Will Saudi Arabia be able to rapidly transform its population from being satisfied with receipts of oil revenues to being workers in an insecure market environment? History suggests a long period of dissatisfaction amongst the public during this kind of enormous transition. Can the Saudi royal family manage (or even survive) the level of anger and humiliation that this change will evoke?

The IMF's director of Middle East and Central Asia—Masood Ahmed—is sure that the transition will work just fine. In fact, Ahmed believes that the McKinsey plan is perhaps a little too modest. What the Saudis need to do, said Ahmed, is to attract more private investment to help the diversification plan. Where will this private investment come from? Perhaps from China, which has already signed a large ($2.48 billion) nuclear deal with Saudi Arabia. The kingdom is China's largest oil supplier. China's Sinopec, PetroChina and Yunnan Yuntianhua work closely with ARAMCO to build oil refineries in the kingdom and on the Chinese coastline. Chinese construction companies are building the Haramain railroad that will eventually link Mecca and Medina. China is the largest trading partner of Saudi Arabia. The Binladin group will mothball some of its cranes, but that does not mean that cranes will not hang over the skyline of the kingdom. Chinese construction firms are prepared to build the new infrastructural base in Saudi Arabia. Washington, if it is paying attention, must see the drift of its old ally—either into social chaos or into the Chinese orbit. No other alternative exists.

We will see.

D. Miyoshi

Catching Wild Pigs

Catching Wild Pigs

A fellow Marine shared this story with me and I think it has a very timely message so I like to share it with you here. D. Miyoshi

Karl Marx once said, "Remove one freedom per generation, and soon you will have no freedoms and no one will have noticed."

There was a chemistry professor in a large college that had some exchange students in the class.

One day while the class was in the lab, the professor noticed one young man, an exchange student, who kept rubbing his back and stretching as if his back hurt.

The professor asked the young man what was the matter. The student told him he had a bullet lodged in his back. He had been shot while fighting communists in his native country who were trying to overthrow his country's government and install a new communist regime.

Then, the student looked at the professor and asked a strange question, "Do you know how to catch wild pigs?"

The professor thought it was a joke and asked for the punch line.

The young man said that it was no joke. "You catch wild pigs by finding a suitable place in the woods and putting corn on the ground. The pigs find it and begin to come every day to eat the free food.

When they are used to coming every day, you put a fence down one side of the place where they are used to coming. At first they are scared, but when they get used to the fence, they begin to eat the corn again and you put up another side of the fence.

They get used to that and start to eat again. You continue until you have all four sides of the fence up with a gate in the last side.

The pigs, which are used to the free corn, start to come through the gate to eat that free corn again. You then slam the gate on them and catch the whole herd!

Suddenly the wild pigs have lost their freedom. They run around and around inside the fence, but they are caught. Soon they go back to eating the free corn. They are so used to it that they have forgotten how to forage in the woods for themselves, so they accept their captivity."

The young man then told the professor that is exactly what he sees happening in America and Canada. The government keeps pushing us toward Communism/Socialism and keeps spreading the free corn out in the form of programs such as supplemental income, tax credit for unearned income, tax exemptions, tobacco subsidies, dairy subsidies, payments not to plant crops (CRP), welfare entitlements, medicine, drugs, etc., while we continually lose our freedoms, just a little at a time.

"Most of the problems we face as a country today are there because the people who work for a living are now outnumbered by those who vote for a living."

Two truths:

1. There is no such thing as a free lunch, and

2. You can never hire someone to provide a service for you cheaper than you can do it yourself.

If you see that all of this wonderful government "help" is a problem confronting the future of democracy in America and Canada, you might want to share this with your friends.

If you think the free ride is essential to your way of life, then you will probably not share this.

BUT, God help us all when the gate slams shut!

Not Fake News

Not Fake News

Some of the biggest crashes in history happened in October – the Panic of 1907… the Black Thursday, Black Monday, and Black Tuesday plunges that preceded the 1929 Crash… the second Black Monday crash in 1987… and the 14% drop for the Dow that preceded the 2008 Great Recession.

October 2018 is living up to its reputation as a cruel month for stocks.

So the following is not fake news. On Oct 10, the Dow fell over 800 points from 26,430 to 25,600. In the trading rooms of Wallstreet, we saw the past, the present, and the future, all stumbling over one another. But that was just the beginning. With a few exceptions, for the rest of the month of October the stock market continued to fall on the remaining trading days. The final day Oct 31, the market rebounded back to 25,147. In total this is approximately 6.5 % down from the high of 26,830 on Oct 3. Although the percentage drop is not huge, essentially all of the gains of 2018 have been erased. Of course, this could be just another small "dip" that bulls can buy to further increase their gains. But the metrics now seem to be pointing to a big "drop" instead of a small "dip".

It would behoove us to take note of the current comments of Paul Volcker, the former chairman of the Federal Reserve under presidents Carter and Reagan, and former deputy Treasury secretary under President Nixon. Volker is one of the most senior and most highly respected bankers in the world. He's seen it all: from the end of the gold standard to the oil crisis to the 1981 recession and the Panic of 2008. When Paul Volcker talks, people listen. What he's saying now is his gravest warning of all. Volcker says "We're in a hell of a mess." His reason for this is not the latest economic data, which are not all bad. His real concern is political dysfunction. Volcker knows that the U.S. debt and deficits are out of control. It's not too late to correct the debt situation, but time is of the essence. What is needed above all is some unity of vision and bipartisan cooperation. That's exactly what's missing. Instead of cooperation, Volcker sees acrimony, lobbyists and swamp creatures from Washington, D.C., making progress impossible. There is no shortage of Washington, D.C., critics these days, but Volcker deserves special attention because he's an insider and he's been around longer than almost anyone else of his stature. His comments give special credence to our advice for investors to reallocate their portfolio to asset classes that will weather the coming storm.

In summary we are seeing the symptoms of the mistakes of the past 20 years – funded by trillions in fake money flushed into the markets by central banks worldwide. And for most of the days thereafter, economic gravity kept the market going down.

And then, there is the future… Donald J. Trump explained what was going on:

"Actually, it's a correction that we've been waiting for a long time, but most conservative economists vehemently disagree with what the Fed is doing…Those economists think the Fed has gone bonkers…

The problem [causing the market drop] in their opinion is the Treasury and the Fed. The Fed is going loco and there's no reason for them to do it. This is not a good situation".

And Trump is on the move. He's pointing his finger at the Fed, preparing to make it the fall guy (which is understandable), while he sets up a whole new round of claptrap "stimulus" to distort markets and put off the reckoning with the past.

Beginning of the End

But let's begin with the Dow. Did the 800-point drop on Oct 10 mark the beginning of the end of the boom?

Frankly, it's hard to say. But it hardly matters. Because what we do know is that the end is coming.

Booms don't run out of money; they run out of time. And time can't be cheated, stretched, or "printed" by the Fed.

Even a healthy boom – sustained by rising output, sales, incomes, and profits – runs out of time. Mistakes accumulate. They need to be corrected.

But this was never a "healthy" expansion – it was funded by stealing from the future. That is to say, it was made possible by some $250 trillion of worldwide debt borrowed at artificially low

Not Fake News

interest rates.

Fake money and fake interest rates produced a fake boom, with runaway asset prices on Wall Street and falling real incomes on Main Street.

Here is the reality, from *The Hill:*

Almost two-thirds of Americans polled say they haven't seen an increase in their take-home pay as a result of last year's Republican tax-reform bill, according to a new survey.

A Gallup poll published Oct 3 (at the height of the market) found that 64 percent of respondents said they haven't seen a raise in their take-home pay as a result of reduced federal income taxes. That finding is identical to results in Gallup's February/March poll taken shortly after the tax changes went into effect.

The boom, in other words, is a fraud.

It was bought and paid for with $4 trillion of fake money created by the Fed… and a total of about $20 trillion from central banks all over the world over the last 20 years.

Fraudulent Tax Cut

The tax cut, too, was essentially fraudulent. Without a spending cut, the lost tax revenue had to come from somewhere…

The money spent to "stimulate" the economy today was taken from tax revenues, which must be covered by loans – to be paid off tomorrow. That extra borrowing has pushed up interest rates, which now threaten the whole tower of bling.

Yesterday, today, and tomorrow come together in the credit markets. Yesterday's savings (theoretically) are lent at today's interest rates, to be paid back with tomorrow's income.

As the weight of the today's debt increases… and the expectation of tomorrow's income declines… the universal joint of interest rates goes haywire.

After 36 years of lower yields and higher bond prices, Treasury yields bounced off a bottom in 2016. Today, the benchmark 10-year U.S. Treasury yields almost 200 basis points more than it did at the bottom.

This is a new world for most people. Americans haven't known a real bear market in bonds since 1980. In other words, a whole generation has grown up in a fake world of falling interest rates, as if easy credit terms were just the way of the world – like gravity and the TSA.

But gravity is real. And so are bear markets in bonds. Falling interest rates have only been a fact of life for the last 38 years. Before that, interest rates were going up!

The last bear market in bonds took us from 1946 to 1980 – about a generation in length. By the time it was over, you could buy the entire Dow for just one ounce of gold… and six times earnings. Mortgage rates were over 12%, and the Fed had boosted its key interest rate to 20%.

In short, if this new bear market in bonds was allowed to play out as usual, there would be hell to pay.

You could, for example, expect to see the Dow at 10,000 or less… house prices cut in half by higher mortgage rates… and as much as $30 trillion in ersatz U.S. wealth wiped out.

But remember, we've glimpsed the future as well as the past and the present. The Trump team is already preparing to step in – with the collusion of Congress and the Fed – to prevent a bond bear market.

Instead, they will stifle the correction… and make things much, much worse. And how will they do that? By the time-tested method of issuing more debt and kick the proverbial can even further down the street. But the problem is, exactly that-TIME.

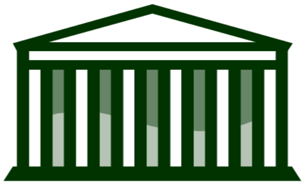
Debt Time Bomb

The world now has $250 trillion worth of debt. That debt depends on two things: 1) Low interest rates, and 2) World trade. Low rates allow debtors to roll over their debt. And trade – sales and profits – allows them to keep up with the interest payments.

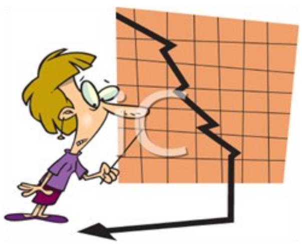
And now, both of those things are in danger. Central banks are raising rates – almost all over the world. And interest rates have been going up on their own, with mortgage rates in the U.S. now hitting the 5% mark… and the 10-year Treasury bond yield solidly over 3%.

What we are looking at is one of those great mistakes of history, where fake money from the U.S. created a whole fake worldwide economy – with loans that should never have been made… products that should never have been produced… buildings that should never have been built… and debts that now can't be repaid.

Not Fake News



Advancing in a Time of Crisis



Financial Crisis Report

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He is Managing Attorney of Miyoshi Law, an International Law Firm where he approaches legal issues through a commercial lens and is a trusted legal and business advisor to his corporate and estate clients. In military service in Vietnam, he led a Combined Action Platoon as an officer in the U.S. Marine Corps and received the Naval Commendation Medal with "Combat V".

He appears in 14 Who's Who publications throughout the world and is listed as a specialist in international business, real estate and estate planning.

And we can measure it… in time.

Because there's a limit to how much time a person can reasonably spend servicing debt. Traditionally, debts generally measure about 1.5 times output.

In other words, for every day you spend working, you can afford debts equal to a day and a half's wages. And that's why interest rates are so important.

So if you earn $100,000 net of taxes, and you owe $150,000, at a 2% interest rate, that means you will have to spend seven-and-a-half days to keep up with your repayments.

But the debt-to-output ratio in the U.S. today is 3.4-to-1. So the guy who makes $100,000 after tax owes $340,000. And at a 5% interest rate, he has to work two months just to keep up.

He's running out of time.

Out of Time

Time is what gets us all. We run out of it. Everyone in this room is running out of time. And it can't be stretched. It can't be printed. It can't be saved up, stitched up, or revved up.

It waits for nobody and no thing. And all we are left with are regrets.

We wish we had used our time better. We wish we had begun saving for our retirement earlier. We wish we had taken the time to learn Spanish or how to play the piano…

We wish we had bought Amazon 20 years ago when we first called it the "River of No Return"…

And yes, time is money… and pain.

(Yes, most speakers hope to make their audiences cheer in approval. I only hope to make them weep.)

And as time is running out, another monumental disaster is coming.

Not because we're running out of money. The feds can produce all the fake money they want.

Instead, we're running out of time.

The BBC reports that global income is about $70 trillion, with median household incomes of about $10,000 – or about $5 an hour. Global debt is the aforementioned $250 trillion.

At a 3% interest rate, that's $7.5 trillion per year interest, or 1.5 trillion hours of work… That's about 300 hours for every working adult… or about two months of the year.

Now, raise the interest rate to 5%… and what happens is obvious…

You run out of time. And you can't cheat time.

Already, working one-sixth of the year to pay interest is hard, but maybe not impossible. But raise the interest rate to 5% and you have to work nearly three months – just to pay the interest. The world doesn't have that much surplus.

For the last 47 years, the feds have been putting out fake money. Debt has increased three to five times faster than income.

Interest rates were largely the result of central financial planning by the Fed… As much as $11 trillion was quoted at negative rates of interest…

And investors really do buy Amazon at a price so high, even if they paid out every penny of earnings in dividends, it would still take shareholders hundreds of years to get even.

But just as we are all running out of time, so is the feds' huge bubble-finance economy. The business expansion is in its 112th month – the longest on record. The stock market is also the longest uncorrected bull market in history (which may be finally correcting).

So, the clock is ticking.

All of us need to be prepared. So stay woke…

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