



Financial Crisis Report

Written and Edited by David M. Miyoshi

Advancing in a Time of Crisis

Words of Wisdom: “I have never understood why it is ‘greed’ to want to keep the money you have earned but not greed to want to take somebody else’s money.” Thomas Sowell

Inside this issue:

1. Money and Hopelessness
2. Fighting Foreign Terrorists Again
3. Stocks Up, Debts Up, Economy Down
4. The Value of Our Values
5. The Real College Scandal
6. Bigger Than College Football?

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.

Money and Hopelessness



Although president Trump keeps saying America is enjoying its best economy ever, somehow to the average American it doesn't feel that way.

What it does feel like is we have been dumped into a financial, cultural, and demographic pressure cooker.

We see it in the riots and protests in Charlottesville, Ferguson, and Milwaukee. We see it in the NFL players refusing to stand for the national anthem... arguments about "The Wall" and immigration... and in the growing popularity of radical fringe groups like Antifa, White Supremacists and Black Lives Matter.

The renowned economic forecaster Porter Stansberry says these uprisings and protests may be nominally about race. Or Donald Trump. Or police brutality.

But what they're really about, underneath it all, is money... and hopelessness.

And this, according to Stansberry, is what's driving so much anger, radical politics, and the growing cries of racism in our communities.

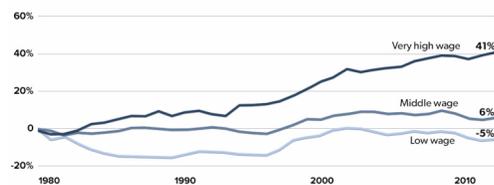
In American today... some people—like CEOs, tech entrepreneurs, and other members of the "1%"—are doing great.

In fact, there's never been a better time for wealthy Americans. But the truth is, for most people, the economic situation is getting worse.

In short: While the rich are getting richer, everyone else is actually losing ground.

Look at this chart from Stansberry's new book *The American Jubilee*, which shows how for most Americans, real wages have been stagnant or falling for decades...

Most Americans are Getting Poorer: Cumulative change in real wages, by wage percentile



Source: Economic Policy Institute.

America's middle class—the most politically and economically stable part of our society—is disappearing. Compared to the Japanese who are mostly middle class, Americans have become a nation of haves and have nots. Every time my Japanese business associate visits he marvels at



Money and Hopelessness

the consistently rising costs of living for Americans.

Conversely, we must remember the foundation of the middle class in America has been a long history of consistently rising wages. For millions of Americans, life got a little better, year after year, as the value of their wages increased and our economy grew into the world's largest.

But this is no longer happening.

According to Stansberry, low income earners now make LESS in real terms than they did in 1980! And middle income earners make just 6% more than they made back in 1980. That's an increase of just 0.00172% a year!

Can you imagine your boss telling you for 34 straight years that you're never getting more than a 0.00172% raise each year?

No wonder people are so angry and stressed!

They've been going to work, year after year, but instead of earning more over time, they've actually been earning less, in terms of what their wages can buy.

Despite the boom in the U.S. economy and financial assets over the past 30 years—which boosted the wealth and incomes of the wealthiest Americans like never before—average Americans are now worse off than they were decades ago.

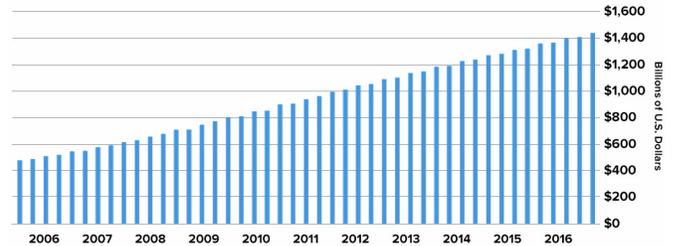
And so, Stansberry says, they've been forced to borrow more and more money simply to keep up.

Just think about your friends and people you know, and how much more debt these folks have to take on, just to keep their heads above water.

It used to be that most Americans didn't hold debt, outside of a mortgage on their first home. But after almost 40 years of declining real wages, Americans now have to go into serious amounts of debt for just about everything they buy.

Americans now have more than \$1.5 trillion in college debt, for example. Look at this chart Stansberry presents...

The Incredible Rise of Student Loan Debt in America



Source: Federal Reserve.

And it's not just college loans that have soared.

Americans also have more than \$1 trillion in credit card debt, and more than \$1 trillion in auto loan debt—all record highs.

It's gotten so bad, 73% of Americans now die with debt... with an average total of more than \$60,000!

Being in debt is an incredibly stressful way to live.

You're in a hole and there is simply no way out. So it's no surprise that deaths by drugs and poisoning for the bottom 60% of American's population have doubled since the year 2000... and suicide rates have doubled as well over the same period.

This is incredibly sad—and it's unfathomable that this is happening in the wealthiest country in history (at least up to now).

But Stansberry says that unfortunately the problem is going to get much, much worse.

He sees that tens of millions of people in America are desperate. They have no way out. And sooner or later this hopelessness and desperation are going to lead to violent and radical politics.

And this enormous political powder keg will lead to the biggest political event in modern American history.

Already, millions of Americans are calling for the government to "do something to fix our economic inequalities."

The calls for higher tax rates on the wealthy are just the tip of the





Money and Hopelessness

iceberg.

Stansberry says the bigger step, which has been mentioned and endorsed by many of the most powerful people in Washington, is to "clean the slate"... to wipe out debts and "reset" the financial system.

The crowds are cheering for this message like never before. The violence will escalate. Our politicians like AOC, Sanders, Warren et al are now promising this reset of the financial system as a way to a "new and better prosperity."

And while it might sound like good news to those who have gotten in over their head—what will really happen, says Stansberry, is a national nightmare.

We need to take note that this idea of erasing debts to reset the financial system is not new. In fact, in the Bible, it's referred to as a "Jubilee."

If you're unfamiliar with the term, it comes from The Old Testament, the Book of Leviticus, Chapter 25.

A Jubilee in the Jewish tradition was said to occur roughly every 50 years.

It was a time for total forgiveness of debt, the freeing of slaves, and the returning of lands. Pope Boniface VIII proclaimed the first Christian Jubilee in 1300.

And according to Stansberry, since then, it's been used dozens of times, when anger among a population hits extreme levels, typically because of an explosive divide between the wealthy and the working class.

Now, millions are calling for a new Debt Jubilee in America.

People like Carmen Reinhart of Harvard and Stephen Roach of Yale have advocated for a Debt Jubilee in one form or another. So have financial pundits Barry Ritholtz and Chris Whalen.

In Congress, more than a half-dozen Jubilee-style laws have been proposed, by folks such as Rep. Kathy Castor and Senator Bill Nelson from Florida.

And many of the most powerful left-wing economic "experts" are

calling for a Debt Jubilee by name...

London School of Economics Professor David Graeber says: "we are long overdue for some kind of Biblical-style Jubilee... it would relieve so much genuine human suffering."

The national affairs correspondent for *The Nation* says we should: "Think Jubilee, American Style... because it combines a sense of social justice with old-fashioned common sense."

As a *Slate Magazine* reporter recently wrote:

"Come 2020, at least one major Democratic candidate for president is going to campaign on outright canceling a boatload of student debt.

It's becoming evident that for millions of Americans, there's no more powerful political promise than a Debt Jubilee. Politicians will soon be promising it all...

I will wipe out your debts.

I will allow you to start fresh.

I will reward all of your bad decisions.

I will solve America's massive income inequality.

But guess who will pay for it.

Yes, you, me, and millions of Americans with pensions, retirement accounts, and other types of savings.

And just as in the past the folks in Washington will disguise this Jubilee under a different name.

They might call it a "National Restoration" or "Patriotic Solvency."

They'll pass an "Act" like they did in 1841... or invoke an Executive Order as was done in 1933 (Executive Order #6102)... or simply issue a mandate to the Secretary of the Treasury (which they did in 1971).

But it all means the same thing. The Jubilee will redistribute hundreds of billions of dollars from those who have invested and saved... to those who can no longer pay their debts.





Money and Hopelessness

So what does a Jubilee look like in the real world... how will it unfold in America... and what will it mean for you, your money, and your retirement?

Well, that's why Porter Stansberry and his team, who have done more work on this subject than anyone else in the financial industry—and have just finished what could become the most important book in America over the next few years.

Stansberry says that what's coming next in our country will be a lot worse than the tech crash. It will be a lot worse than the mortgage crisis too. And he says no matter how sound your financial footing, this is the most important issue facing you and your money today.

That's why he put together his brand-new book: *The American Jubilee*. It's a compilation of his firm's best research and recommendations on this subject.

This book explains in great detail how we got to where we are today. It explains the history of financial Jubilees in America and elsewhere around the world.

And most importantly, it explains everything we need to know and what to do to prepare for the first Jubilee in our country in nearly 50 years.

What will this Jubilee mean for you and your family?

What's interesting is, around the world today, the idea of a Jubilee has become the de facto solution for extreme financial problems... when debts can't be repaid.

Iceland used a Jubilee to restructure mortgages that were underwater. Croatia used a Jubilee in 2015 to wipe out millions in consumer debt. Japan is doing the same right now with nearly half its national debt.

Hurricane Maria

The idea of a debt Jubilee has become the de facto solution when debts can't be paid. President Trump proposed exactly this after Hurricane Maria.

President Trump has suggested a Debt Jubilee for all of Puerto Rico's bond debt after Hurricane Maria.

After studying hundreds of years of financial history, Stansberry says America's upcoming Jubilee will strongly resemble the one that took place in our country way back in 1841...

Back then, the laws were temporarily changed, so debtors could be discharged of their debts... without the consent of the creditors. Over a period of 13 months... more than 40,000 people wiped away their debts before the act was rescinded.

But of course, this time around, according to Stansberry, the Jubilee won't be tens of thousands of people like it was in 1841... it will instead be tens of millions of people, and trillions of dollars.

Now, if you don't think a debt Jubilee is possible in America, Stansberry says you haven't studied U.S. history... and you aren't paying attention to the current political climate...

One recent poll of Democrats showed a whopping 66% in favor of canceling student debts.

And when you look at the staggering figures behind student loans alone, you can see why...

Over the past ten years, students (most of whom are young and have virtually no income) have racked up enormous debts, which currently total about \$1.5 trillion.

Incredibly, that's what our entire federal government owed a little more than 30 years ago.

And these debts have ballooned to absurd amounts. The number of students with debts over \$100,000 has quadrupled in the last ten years. Stansberry says most of this money will never, ever be repaid.

And most Americans don't realize that the Millennials (who hold nearly 65% of this debt) are now our country's largest generation, outnumbering Baby Boomers.

Just think about the political implications...

These people have an enormous stake in whether or not a national Debt Jubilee is declared.

As Stansberry explains in his book: When the rich—a very small percentage of the population—get in trouble with debt, it's an





Money and Hopelessness

economic problem.

But when the poor and middle class—a huge percentage of the population—get in trouble with debt, it's a political problem.

And there will be major consequences...

According to Stansberry, millions of investors, pensioners, insurance customers, and creditors will lose a fortune.

Stocks will collapse. Dozens of companies will go bankrupt.

In fact, Stansberry gives one quick example of how this problem will affect EVERYONE in America...

Do you remember during the last crisis... the mortgage crisis... how many lenders never bothered to verify the income of people they were lending money to?

Some referred to these as "Liar Loans," which allowed borrowers to make up whatever income figure they wanted... and get a much more expensive house than they could realistically afford.

Well... believe it or not, the same thing is happening again right now with auto loans.

One company Stansberry has written about more than a dozen times has made an extraordinary number of these "Liar Loans" for cars. And a recent Bloomberg story says this firm verified the income on only 8% of the loans they made!

And guess what...

Just like the mortgage crisis of 2008, these loans have been packaged up into what are known as "Asset Backed Securities," and sold to hundreds of mutual funds, insurance companies, investment firms, even state pension plans.

The financial lawyer on Stansberry's research team found more than 120 entities that own these dangerous "Asset Backed Securities."

I'm sure you'll recognize the names:

JP Morgan Chase, TIAA-CREF, The State of Florida, Blackrock, Vanguard Group, T Rowe Price, Wells Fargo, UBS, Pacific Life Insurance Company, Prudential Financial, Hartford Financial Group, Swiss RE, Transamerica Investment Services, Allianz SE, Deutsche Bank, MMM Healthcare, Macquarie Group, Goldman Sachs, Invesco LTD, Bank of New York Mellon, Eaton Vance, Regions Bank, Zurich Global, People's United Bank, Franklin Resources, Massachusetts Mass Mutual Insurance, Merrill Lynch

When the Debt Jubilee arrives, Stansberry says the problems with all this bad consumer debt will hit at once.

And that's the biggest problem, says Stansberry—the uncertainty.

No one will know for months how it will all get sorted out. So the markets will react violently.

In the *American Jubilee*, Stansberry shows the various ways it could play out.

One proposed scenario, for example, comes from Rob Johnson, a former banker, who now runs the Institute of New Economic Thinking. He says:

"You call a month-long bank holiday for the twenty largest banks, and that holds everything in place while the regulators mark down the assets and see how everybody's losses will affect everyone else.

"Then you wipe out stockholders, wipe out management, possibly some of the unsecured debt... Once everybody has taken their hit and you've wiped out existing stockholders, then the government comes in and properly, transparently recapitalizes all of them. As these new institutions gain a footing, eventually they can be sold back to the private market."

No one can know exactly how it will be done, but through one mechanism or another, the government will seek to reset the financial system... and they will start by wiping out trillions of dollars in bad debt.

Car companies, homebuilders, credit card companies, insurance firms, banks, other lending institutions, and any business operating with leverage, will take a huge hit.

Stocks will fall considerably. Banks will close. There will be hun-





Money and Hopelessness

dreds of billions in losses.

In fact, at the end of the day, Stansberry believes the losses at an institution like Wells Fargo could be enough to start a bank run.

What can you do to prepare?

The one thing I would recommend is to buy Stansberry's new book, *The American Jubilee*. Please note I do not get anything for recommending this book. All I get is the satisfaction of knowing it is an excellent guide to understanding EVERYTHING YOU DO NOT want to own as America's Jubilee unfolds.

This is important, because Stansberry says there will be huge losses.

He points to a Harvard study that shows how during a Debt Jubilee in the 1930s, the U.S. government's radical changes in the financial system took more than \$700 million in a single year from one segment of the population. Another change caused millions of Americans to lose 69% of their savings, practically overnight.

In *The American Jubilee*, you'll learn not only what happened in the 1930s... but also what happened during two of America's other Jubilees, in the 1840s and 1960s. And you'll learn how other countries have implemented Jubilees of their own...

For example, Stansberry shows how, in 2015, the Croatian government used a Jubilee to erase more than \$20 million in debts for 60,000 people. This was money owed to banks, telecom operators, municipal authorities, and utility companies.

Apparently, not a single person or investor was refunded for their losses.

The book will show you the 50 most dangerous companies in America today. There's a good chance you own one of these firms.

If you do nothing else, please pay attention to their warnings.

There's an entire section in this book called: The Safety Fund.

As the next Debt Jubilee unfolds, Stansberry says he wants to make sure you know about the small group of stocks you can safe-

ly hold, with as much of your investment portfolio as you want.

You see, during the market crash of 2008, a small handful of stocks did not fall at all—they actually went up.

These companies they profile are the most financially stable companies in the world, and they also produce extraordinary returns. One has gained about 200% over the last five years. Another has gained 600% over the same period.

There is what I learned from the book.

How financial Jubilees unfolded in America during the 1930s and the 1970s. What laws were passed... how they affected regular folks like you and me, and how some assets soared during these periods.

The four warning signs to watch for to know when the next Jubilee announcement is imminent.

The financial asset we must have to survive the next crisis. There's no telling how bad social unrest may be. This strategy was taught to Stansberry by one of the richest and most successful men in America during a crisis in South America. This secret costs you almost nothing but could save your life.

The incredible way the U.S. government took nearly 69% of Americans' hard-earned savings, practically overnight, during a previous Jubilee.

A way of owning U.S. currency that will soar in a crisis. This is a clever way of holding real U.S. money. But you can't get this money from your bank. In 2009, during the last big crisis, it went up 50% in a single year..

Why the debts Americans owe today on college, autos, and credit cards are actually much more dangerous than the money owed during the mortgage crisis of 2008.

How to buy the world's "Trophy Assets" when they are selling at fire sale prices ... and a way to get some of your money out of the U.S. financial system, without having to open an offshore checking account.

The book is available on Amazon. Again, whether you buy it or



Fighting Foreign Terrorists.....Again

not, I don't receive any remuneration. But you may receive some helpful information.

Here is to your smart investing.

D. Miyoshi

Fighting Foreign Terrorists.....Again



Many Americans believe the U.S. began fighting foreign terrorists for the first time on September 11, 2001. They are unaware that 200 years before in 1801 the United States declared war on terrorism and Thomas Jefferson led the charge.

When president Jefferson saw there was no negotiating with the Barbary Coast Muslims, he formed a 400 man mercenary force composed of U.S. Marines (naturally) and attached them to U. S. Merchant vessels. When the Muslims attacked U.S. merchant vessels they were repulsed by the Marines, but the story just starts here.

The Marines followed the Muslims back to their villages and killed them where they stood.

It didn't take long for the Muslims to leave U.S. Merchant vessels alone.

English and French merchant vessels started running up our flag when entering the Mediterranean to secure safe travel.

The following is taken from an article entitled "The Beginning of the Marines and today's US Muslims" which is an interesting and must-read piece of U.S. history that points out where the U.S. is heading now in 2019.

Why does the Marine Hymn contain the verse, "To the Shores of Tripoli"

At the height of the 18th century, Muslim pirates (the "Barbary Pirates") were the terror of the Mediterranean and a large area of the North Atlantic.

They attacked every ship in sight and held the crews for exorbitant ransoms. Those taken hostage were subjected to barbaric treatment and wrote heart-breaking letters home, begging their governments and families to pay whatever their Mohammedan captors demanded.

These extortionists of the high seas represented the North African Islamic nations of Tripoli, Tunis, Morocco , and Algiers - collectively referred to as the Barbary Coast - and presented a dangerous and unprovoked threat to the new American Republic .

Before the Revolutionary War, U.S. merchant ships had been under the protection of Great Britain. When the U.S. declared its independence and entered into war, the ships of the United States were protected by France.

However, once the war was won, America had to protect its own fleets.

Thus, the birth of the U.S. Navy. Beginning in 1784, 17 years before he would become president, Thomas Jefferson became America's Minister to France. That same year, the U.S. Congress sought to appease its Muslim adversaries by following in the footsteps of European nations who paid bribes to the Barbary States rather than engaging them in war.

In July of 1785, Algerian pirates captured American ships, and the Dye of Algiers demanded an unheard-of ransom of \$60,000. It was a plain and simple case of extortion, and Thomas Jefferson was vehemently opposed to any further payments.

Instead, he proposed to Congress the formation of a coalition of allied nations who together could force the Islamic states into peace. A disinterested Congress decided to pay the ransom.



Fighting Foreign Terrorists.....Again

In 1786, Thomas Jefferson and John Adams met with Tripoli's ambassador to Great Britain to ask by what right his nation attacked American ships and enslaved American citizens, and why Muslims held so much hostility towards America, a nation with which they had no previous contacts.

The two future presidents reported that Ambassador Sidi Haji Abdul Rahman Adja had answered that Islam "was founded on the Laws of their Prophet, that it was written in their Quran that all nations who would not acknowledge their authority were sinners, that it was their right and duty to make war upon them wherever they could be found, and to make slaves of all they could take as prisoners, and that every Musselman (Muslim) who should be slain in battle was sure to go to Paradise." Admittedly, this is a somewhat compelling rationale.

Despite this stunning admission of premeditated violence on non-Muslim nations, as well as the objections of many notable American leaders, including George Washington, who warned that caving in was both wrong and would only further embolden the enemy, for the following fifteen years, the American government paid the Muslims millions of dollars for the safe passage of American ships or the return of American hostages.

The payments in ransom and tribute amounted to over 20 percent of the United States government annual revenues in 1800.

Jefferson was disgusted. Shortly after his being sworn in as the third President of the United States in 1801, the Pasha of Tripoli sent him a note demanding the immediate payment of \$225,000 plus \$25,000 a year for every year forthcoming.

That changed everything.

Jefferson let the Pasha know, in no uncertain terms, what he could do with his demand. The Pasha responded by cutting down the flagpole at the American consulate and declared war on the United States.

Tunis, Morocco, and Algiers immediately followed suit.

Jefferson, until now, had been against America raising a naval force for anything beyond coastal defense, but, having watched his nation be cowed by Islamic thuggery for long enough, decided that it was finally time to meet force with force.

He dispatched a squadron of frigates to the Mediterranean and taught the Muslim nations of the Barbary Coast a lesson he hoped

they would never forget. Congress authorized Jefferson to empower U.S. ships to seize all vessels and goods of the Pasha of Tripoli and to "cause to be done all other acts of precaution or hostility as the state of war would justify".

When Algiers and Tunis, who were both accustomed to American cowardice and acquiescence, saw the newly independent United States had both the will and the right to strike back, they quickly abandoned their allegiance to Tripoli.

The war with Tripoli lasted for four more years and raged up again in 1815. The bravery of the U.S. Marine Corps in these wars led to the line "to the shores of Tripoli" in the Marine Hymn, and they would forever be known as "leathernecks" for the leather collars of their uniforms, designed to prevent their heads from being cut off by the Muslim scimitars when boarding enemy ships.

Islam, and what its Barbary followers justified doing in the name of their prophet and their god, disturbed Jefferson quite deeply.

America had a tradition of religious tolerance. In fact, Jefferson, himself, had co-authored the Virginia Statute for Religious Freedom, but fundamentalist Islam was like no other religion the world had ever seen.

A religion based on supremacy, whose holy book not only condoned but mandated violence against unbelievers, was unacceptable to him.

His greatest fear was that someday this brand of Islam would return and pose an even greater threat to the United States. On this he was quite prescient.

Today, every American should be concerned. That Muslims have brought about women-only classes and swimming times in America at taxpayer-funded universities and public pools; that Christians, Jews, and Hindus have been banned from serving on juries where Muslim defendants are being judged (Sharia Law); Piggy banks and Porky Pig tissue dispensers have been banned from workplaces because they offend Islamist sensibilities; ice cream has been discontinued at certain Burger King locations because the picture on the wrapper looks similar to the Arabic script for Allah; public schools are pulling pork from their menus; on and on and on and on..(is this beginning to sound familiar)

It's death by a thousand cuts, or inch-by-inch as some refer to it, and most Americans have no idea that this battle is being waged every day across America. By not fighting back, by allowing groups to obfuscate what is really happening, and not insisting that



Stocks Up, Debts Up, Economy Down

the Islamists adapt to our culture, the United States is cutting its own throat with a politically correct knife and helping to further the Islamists' agenda.

Why is it okay to defile America and Israel, but inappropriate to criticize the dictatorial Muslim regimes? Why is Islam beyond reproach?

The answer, of course, lies in fear, fear that violent reprisals will occur. A memory of 9/11 and Paris bloodshed linger in the imagination. It is the unstated but obvious justification for self-censorship.

The mere suggestion that Islam is not a religion of peace awakens hostility.

When President al Sisi of Egypt said that “we need a revolution from within to challenge the violence in our faith,” the bulls-eye on his back grew, the death threats more numerous.

Sensitivities are growing but these are selective sensitivities. Political correctness is hereby insinuated into every crevice of public discourse.

Microaggressions have taken this trend to a new level. A look might be interpreted as hostility, a gesture a matter of review.

There isn't a limit to possible insult. In the process, free speech suffers and expression is stifled.

In exchanges among states language is carefully nuanced. Diplomats are coached to be cautious; it is a communication necessity. Nevertheless, microaggressions are different. It might mean a limp handshake at a G-20 meeting.

It could translate into an international incident over someone turning his back on his colleagues, even if unintentional.

Heightened sensitivities won't go away anytime soon. Yet it is also clear that some spokesmen get a pass.

When Palestinian Authority officials contend Israel planned the terror attacks in Paris, such totally unsubstantiated comment should be reproved by every responsible leader.

The statement doesn't have a hint of reality to it, but it still hasn't been censured.

And of course, it works both ways. If a statement criticizing Islam has no substance, it must be equally condemned.

There is a Chinese saying that applies to microaggressions: “Where there is a will to convict, evidence is never lacking.” If some people are ready to pounce on what is considered objectionable, evidence is unnecessary, at least in the culture that is emerging.

Sadly, it appears that today America's leaders, unlike Thomas Jefferson, would rather be politically correct than victorious!

IF YOU DO NOT REMEMBER THE PAST, YOU ARE DOOMED TO REPEAT IT.

Like Marines, we must remain faithful to the U.S.A.

D. Miyoshi

Stocks Up, Debts Up, Economy Down



As we enter August 2019, the six words above succinctly describe what is occurring in the U.S. economy and explains concisely why we are getting closer to the “Financial Crisis” portended by this newsletter.

Where but in America can you have stocks going up in the midst of a burgeoning war with Iran while a civil war dangerously festers between the hard left and right wing political factions. The recent testimony by special counsel Robert Mueller before Con-

Stocks Up, Debts Up, Economy Down

gress reveals just how distressed the hard left has become in trying to gain partisan advantage through political offensives made against the right and what happens when these offensives fail.

Prior to the testimony, House Judiciary Committee Chairman Jerold Nadler said in a widely repeated line “Nobody reads the book” (referring to Mueller’s report) “but everybody will watch the movie” (referring to Mueller’s testimony in Congress).

Well, after the pitiful and embarrassing performance by Mueller who at times, did not appear to be the actual author of the report, it seems to me Nadler’s “book” should be retitled “A Prosecutors Guide on How to Exonerate Someone Without Really Trying” while his “movie” should be called “Dumb and Dumber Goes to Congress.”

In the wake of the testimony, I expect the fallout to be especially exacerbated when revelations of secret undercover operations conducted by certain government agencies against the Trump candidacy and administration will soon be exposed by the DOJ. These revelations may take place sometime this month and will shock the conscience of many in America. My sources reveal that criminal indictments are actually in the works. Yes, it’s a sad state of affairs for our country.

Meanwhile, more on the home front, it’s becoming evident that business companies and the people of America are fast approaching the point where they will not be able to keep up with their bills and pay the minimum balances on their credit cards.

And then, suddenly without warning – they’ll be denied credit by their banks. The companies and individuals in the worst financial shape will have nowhere to turn for help.

When this happens, it will bring both the bond and stock markets to their knees.

Why will this happen?

The stock market has marched higher without pause over the past several months, gaining back all of its late-2018 losses and then some. The S&P 500 and Nasdaq Composite indexes recently hit record highs. Corporate earnings are expected to rise this year, and the economy “appears” healthy, which is a good thing for president Trump. I am sure he (like any president) planned it this way.

It’s easy for investors to be complacent right now. But most folks are forgetting that one of the hidden forces behind this record-

breaking bull market is debt.

Following the last financial crisis, corporate America deleveraged – but it didn’t last long...

Since then, companies have borrowed massive amounts of money. Today, corporate America is more indebted than ever before, owing a record \$9 trillion.

But these companies didn’t put that money toward investing in new factories, equipment, or technologies. Instead, most borrowed money simply to buy back their own stocks.

Buybacks are the single largest source of demand for U.S. stocks. They bid up stock prices by increasing demand for shares, while at the same time reducing the supply.

This strategy has also made these same companies much more leveraged and risky.

Many are now in danger of going broke. And yet, if you turn on CNBC or read the front page of *the Wall Street Journal*, nobody else is talking about how dangerous this is. It seems these days “fake news” is not only about politics.

Today, there are more “zombie” companies in corporate America than ever before.

A zombie company is a company that doesn’t make enough money to even pay for the interest on its debt. These zombie companies are like the walking dead. They have no hope of ever paying off their debts.

The only thing keeping them alive is banks with low lending standards that are willing to extend them credit. This practice is known as “extend and pretend” because the banks are kidding themselves that the zombies will be able to pay back the principals of their loans. Without the banks rolling over (or refinancing) their debts, these companies would cease to exist.

According to a study by the Bank of International Settlements (“BIS”), the number of zombie firms has increased six-fold since the mid-1980s. The BIS estimates that one in six U.S. companies is now a zombie.

Imagine how many zombies there would be if companies had to pay reasonable interest rates... or if the economy hadn’t been humming along. The number would likely be two times higher.



Stocks Up, Debts Up, Economy Down

If banks suddenly denied credit to the zombies, a tidal wave of American companies would go bankrupt. The result would be skyrocketing default rates... massive credit losses... bond investors rushing for the exits... and the economy grinding to a halt.

"Extend and pretend" is propping up the entire U.S. economy...

But this game can't go on forever. Many (including me) believe the end is near.

We're getting close to a situation in which banks will be better off denying credit. Denying credit is a simple financial decision for a bank. When a bank can make more money by refusing credit than by extending a loan, it will cut off credit to the zombies.

You see, banks can still recover most of their loans when they force a company into bankruptcy. Most bank loans are secured by company assets and are senior to all other debt. That means they get paid first when a company goes bankrupt. That's why they recover far more of their investments than other creditors. This is what I learned in banking 101.

According to credit research and ratings agency *Moody's*, banks recover between 80% and 90% of their loans in bankruptcy. They'll gladly force a company into bankruptcy if that's more than they think they'll get by kicking the can down the road and watching the company get weaker and weaker.

But other corporate lenders further down the credit ladder – like bond investors (maybe you and me)– won't fare nearly as well. Historically, they've recovered only around \$0.40 on the dollar of their investment in bankruptcy. And this time around, they'll get much less than that.

That's because the credit protections built into many types of less-senior corporate debt have deteriorated... I learned this in Finance 101.

Covenants are rules in the credit documents that protect lenders (like you and me) by preventing companies from taking certain actions. Loans with weak protections are called "covenant lite."

You can judge the quality of lending standards by the covenants that govern them. And as you might guess, loan covenants have steadily weakened since the 2008 financial crisis.

The deterioration of these covenants is known as "covenant

creep." As the Fed kept lowering interest rates, investors rushed into riskier, higher-yield investments... And as more dollars competed for these investments, investors threw credit protections to the wayside. In fact, just today (July 31, 2019) the Fed lowered its interest rate charged to other banks.

When this debt does go bad – and it will go bad – investors will be left holding the bag.

And another high-yield market is just as risky as – and even bigger than – high-yield bonds...(we are still in finance 101).

The leveraged loan market recently hit \$1.6 trillion according to *Bloomberg*, double the amount at the end of 2008.

These are loans that banks make to companies with poor credit... But they're nothing like secured loans and lines of credit that sit atop the credit ladder.

They're more like high-yield – or "junk" – bonds. Investors like these loans because of their floating interest rates. As interest rates rise, these loans pay more interest.

So, what does all of this have to do with us?

It turns out, you might own some of these leveraged loans without even realizing it.

You see, banks don't hold on to these risky loans for long. These loans – called collateralized loan obligations ("CLOs") – get packaged up and sold to institutional investors like pension funds, hedge funds, and mutual funds.

What's troubling is that there is no direct oversight of the leveraged loan market.

Yield-hungry investors have been snatching up these loans in droves, ignoring the similarities to the subprime mortgages that triggered the last financial crisis.

The risk of leveraged loans has grown faster than high-yield bonds...

The number of covenant-lite leveraged loans has soared... Today, more than 85% of leveraged loans are considered covenant-lite, up from just 17% in 2007.



Stocks Up, Debts Up, Economy Down

Former Federal Reserve Chair Janet Yellen sounded the alarm on leveraged loans last October. She's worried about "the systemic risk associated with these loans."

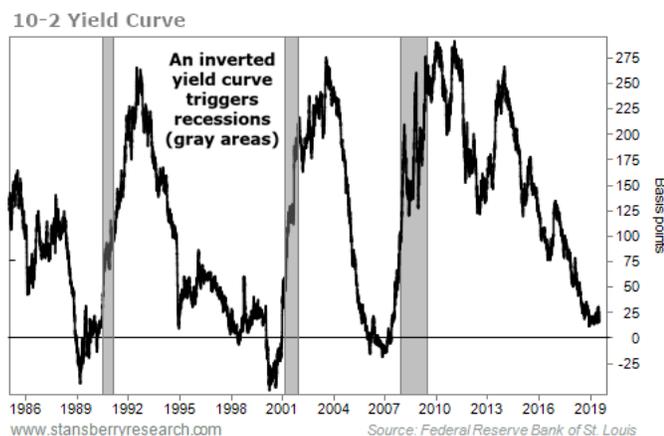
How soon could this all blow up?

To know the answer to that question, pay close attention to the so-called "yield curve" – the difference between long- and short-term interest rates.

Most of the time, long-term rates are higher to compensate for the trouble of tying up your money for longer durations. But when that relationship flip-flops, the yield curve is said to have "inverted." I learned this in Intermediate Finance 201.

You can measure the yield curve in a number of ways. The most common is the "10-2 yield curve" – the difference between rates on 10-year U.S. Treasuries (which yield 2.06%) and two-year Treasuries (which yield 1.83%). The difference is just 23 basis points (0.23%) right now. In other words, the yield curve is extremely close to inverting.

That doesn't happen often, but when it does, it spells trouble. An inverted yield curve preceded the past seven recessions. You can see the latest three instances in this chart from Stansberry Research...



When the yield curve inverts, banks tighten credit...

Banks borrow money at shorter-term rates and lend money at longer-term rates. So, when the yield curve inverts, they're forced to pay more in interest than they're able to charge for their loans. So, they issue far fewer loans... and zombie companies that rely on

banks to refinance their debt suddenly get cut off and go bankrupt.

The last time we saw this was in 2006. Before that, banks had been loosening credit. After the yield curve inverted, they immediately began tightening. By 2008, more than half of all banks were tightening. Credit dried up and kicked off the last financial crisis.

Every quarter, the Federal Reserve conducts a survey to determine whether banks are tightening or loosening credit.

Earlier this year, banks began to tighten again for the first time since 2015...

Back then, the yield curve stood at 145 basis points. Banks tightened credit when oil prices collapsed, but quickly loosened it once again as prices recovered.

But this time, the yield curve is dangerously close to inverting. Some other yield curves (like the 10-year Treasuries versus the three-month Treasuries) have already inverted.

The next Fed survey should come out soon. Pay close attention to this report. [If banks continue to tighten, this will very likely trigger the next financial crisis.](#)

The possibility of the Fed cutting rates may be enough to cause banks to begin loosening credit again. But that just means they'll continue kicking the can down the road a bit longer. But please don't ignore these risks...

Corporate borrowing has been far, far overdone. Many companies are so overleveraged now that they're on the verge of collapsing. Banks can't turn their backs on the risks forever.

The next crisis will begin in less-regulated markets like leveraged loans, where we've seen crazy rates of growth... then will quickly spread to the high-yield corporate bond market... and then into the stock market. Share prices of highly leveraged companies considered safe today will crash. This is what I learned in Advanced Finance 301.

Now, we're not there yet...

But make no mistake, a crisis is coming. It could be far worse than what we saw in 2008. And if you wait until the signs are obvious to take shelter, it will be too late.

The Value of Our Values

The social activists like to say "Stay Woke." The investment consultants should now be saying exactly the same.

D. Miyoshi

The Value of Our Values



The values of a culture determine the behavior of its people.

Many, including me, believe Democratic representative Alexandria Ocasio Cortez (AOC) is a danger to America's values of individualism, self-reliance, a strong military presence, liberty, the Constitution, freedom, and a limited federal government. All of these qualities built America into what it is. If we go in the opposite direction as AOC is advocating, America as we know it will no longer exist.

The following letter is written by a former 1971 Peace Corps volunteer to Senegal. It was published in January 2018 and can be confirmed on Snopes.com. It is a story about what is actually happening in another part of the world. I found this letter to be especially compelling since my client and I are engaged in an energy business in that same part of the world. A lot of things now make more sense.

To make America Great Again, we need to first appreciate what it offers. To that end it is important that we preserve our country's culture, values and mores.... and, our many immigrants need to assimilate and embrace our glorious and priceless culture that offers values that are invaluable.

D. Miyoshi

All cultures DO NOT share the same mores, ethics and values.

The real world....

What I Learned in the Peace Corps in Africa: Trump Is Right

By Karin McQuillan

January 17, 2018

Three weeks after college, I flew to Senegal, West Africa, to run a community center in a rural town. Life was placid, with no danger, except to your health. That danger was considerable, because it was, in the words of the Peace Corps doctor, "a fecalized environment"

In plain English: s--- is everywhere. People defecate on the open ground, and the feces is blown with the dust - onto you, your clothes, your food, the water. He warned us the first day of training: do not even touch water. Human feces carries parasites that bore through your skin and cause organ failure.

Never in my wildest dreams would I have imagined that a few decades later, liberals would be pushing the lie that Western civilization is no better than a third-world country. Or would teach two generations of our kids that loving your own culture and wanting to preserve it are racism.

Last time I was in Paris, I saw a beautiful African woman in a grand boubou have her child defecate on the sidewalk next to Notre Dame Cathedral. The French police officer, ten steps from her, turned his head not to see.

I have seen. I am not turning my head and pretending unpleasant things are not true.

Senegal was not a hellhole. Very poor people can lead happy, meaningful lives in their own cultures' terms. But they are not our terms. The excrement is the least of it. Our basic ideas of human relations, right and wrong, are incompatible.

As a twenty-one-year-old starting out in the Peace Corps, I loved Senegal. In fact, I was euphoric. I quickly made friends and had an adopted family. I relished the feeling of the brotherhood of man. People were open, willing to share their lives and, after they knew you, their innermost thoughts.

The longer I lived there, the more I understood: it became blindingly obvious that the Senegalese are not the same as us. The



The Value of Our Values

truths we hold to be self-evident are not evident to the Senegalese. How could they be? Their reality is totally different. You can't understand anything in Senegal using American terms.

Take something as basic as family. Family was a few hundred people, extending out to second and third cousins. All the men in one generation were called "father." Senegalese are Muslim, with up to four wives. Girls had their clitorises cut off at puberty. (I witnessed this, at what I thought was going to be a nice coming-of-age ceremony, like a bat mitzvah or confirmation.) Sex, I was told, did not include kissing. Love and friendship in marriage were Western ideas. Fidelity was not a thing. Married women would have sex for a few cents to have cash for the market.

What I did witness every day was that women were worked half to death. Wives raised the food and fed their own children, did the heavy labor of walking miles to gather wood for the fire, drew water from the well or public faucet, pounded grain with heavy hand-held pestles, lived in their own huts, and had conjugal visits from their husbands on a rotating basis with their co-wives. Their husbands lazed in the shade of the trees. Family was crucial to people there in a way Americans cannot comprehend.

The Ten Commandments were not disobeyed because they were unknown. The value system was the exact opposite. You were supposed to steal everything you can to give to your own relatives. There are some Westernized Africans who try to rebel against the system. They fail.

We hear a lot about the kleptocratic elites of Africa. The kleptocracy extends through the whole society. My town had a medical clinic donated by international agencies. The medicine was stolen by the medical workers and sold to the local store. If you were sick and didn't have money, you died. That was normal.

So here in the States, when we discovered that my 98-year-old father's Muslim health aide from Nigeria had stolen his clothes and wasn't bathing him, I wasn't surprised. It was familiar.

In Senegal, corruption ruled, from top to bottom. Go to the post office, and the clerk would name an outrageous price for a stamp. After paying the bribe, you still didn't know if it would be mailed or thrown out. That was normal.

One of my most vivid memories was from the clinic. One day, as the wait grew hotter in the 110-degree heat, an old woman two feet from the medical aides who were chatting in the shade of a mango tree instead of working collapsed to the ground. They turned their heads so as not to see her and kept talking. She lay there in the dirt. Callousness to the sick was normal.

Americans think it is a universal human instinct to do unto others as you would have them do unto you. It's not. It seems natural to us because we live in a Bible-based Judeo-Christian culture

We think the Protestant work ethic is universal. It's not. My town was full of young men doing nothing. They were waiting for a government job. There was no private enterprise. Private business was not illegal, just impossible, given the nightmare of a third-world bureaucratic kleptocracy. It is also incompatible with Senegalese insistence on taking care of relatives.

All the little stores in Senegal were owned by Mauritians. If a Senegalese wanted to run a little store, he'd go to another country. The reason? Your friends and relatives would ask you for stuff for free, and you would have to say yes. End of your business. You are not allowed to be a selfish individual and say no to relatives. The result: Everyone has nothing.

The more I worked there and visited government officials doing absolutely nothing, the more I realized that no one in Senegal had the idea that a job means work. A job is something given to you by a relative. It provides the place where you steal everything to give back to your family.

I couldn't wait to get home. So why would I want to bring Africa here? Non-Westerners do not magically become American by arriving on our shores with a visa.

For the rest of my life, I enjoyed the greatest gift of the Peace Corps: I love and treasure America more than ever. I take seriously my responsibility to defend our culture and our country and pass on the American heritage to the next generation.

African problems are made worse by our aid efforts. Senegal is full of smart, capable people. They will eventually solve their own country's problems. They will do it on their terms, not ours. The solution is not to bring Africans here.

We are lectured by Democrats that we must privilege third-world immigration by the hundred million with chain migration. They tell us we must end America as a white, Western, Judeo-Christian, capitalist nation to prove we are not racist. I don't need to prove a thing. Leftists want open borders because they resent whites, resent Western achievements, and hate America. They want to destroy America as we know it.

As President Trump asked, why would we do that?



The Real College Scandal

We have the right to choose what kind of country to live in. I was happy to donate a year of my life as a young woman to help the poor Senegalese. I am not willing to donate my country.

Further.....

If ever there was a email that needed to be sent around the country, this is it. What a story this woman tells of what is actually happening. It is important that we preserve our country's culture, values and mores.... and, our many immigrants need to assimilate and embrace our culture.

The Real College Scandal

By Tucker Carlson - Fox News



Tucker Exposes The ‘Quid Pro Quo’ Between Ivy League Schools And Prominent Democrats

Tucker Carlson discusses the real college scandal (Fox News screengrab)

In a July TV broadcast, Tucker Carlson described the fact that politicians — particularly Democrats — manage to get their children into elite Ivy League schools at an astonishingly disproportionate rate compared to the general public as “the real college scandal.”

The Fox News host included several examples during a segment on Monday night’s edition of “Tucker Carlson Tonight,” including the Cuomo, Gore, Clinton, and Obama families, and juxtaposed the legality of that with Hollywood figures and others currently in legal trouble for trying to bribe their kids’ way into some of the same schools.

Carlson began the segment by focusing on CNN anchor Chris Cuomo, who went to Yale despite the fact that “there are nights

when Cuomo emits entire paragraphs that mean nothing at all.”

“Is Chris Cuomo a secret genius?” Carlson asked rhetorically. “Does he have some amazing talent that’s invisible on television? Maybe he speaks flawless Urdu? Or has a deep grounding in particle physics? Perhaps he can calculate pi to the final digit? Actually, no. Chris Cuomo can’t do any of that.”

Carlson contended that Cuomo’s only qualification was having a father who was the governor of New York.

“If you want to get into a top American college, it’s best to have a parent who’s a well-known Democratic politician. That’s the most effective credential of all,” Carlson said.

The Fox News host detailed several other examples, including New York City Mayor Bill de Blasio’s son, who got into Yale along with the children of Sens. Michael Bennett, Amy Klobuchar and Sheldon Whitehouse, children of Sens. Richard Blumenthal, Bob Menendez, and Chuck Schumer, who got into Harvard along with the children of former President Barack Obama and former New York Governor Eliot Spitzer.

“The all-time record, though, must go to former Vice President Al Gore,” said Tucker. “Al Gore sent four. Imagine that: Four kids in a row to Harvard. What are the odds of that occurring in nature? Well statistically, it’s about as likely as being hit by lightning every single day for a year. Yet somehow the Gore family pulled it off. Congratulations, Gore family.”

Then, the Fox News host lit into the fact that Chelsea Clinton went to the ultra-exclusive Stanford University.

“But for pure, 200-proof exclusivity, nothing beats Stanford University outside San Francisco. You could live your entire life in this country and never meet a single person who went to Stanford. It’s that rarified,” Carlson argued. “And yet here’s the amazing part: Hillary Clinton’s daughter breezed right in. How did Chelsea do that? Was it her formidable brainpower? Well, you can check out her twitter feed and judge for yourself.”

Tucker described the obvious yet legal “quid pro quo” schools enjoy, a “form of unregulated lobbying,” versus “a group of socially-anxious soccer moms” who “tried to game college admissions.” (See article below by Rob Shimshock: These Ivy League Schools Have Spent Tens of Thousands On Democrats. Guess How Much They Spent on Republicans)

“How does this happen?” he asked. “It happens because our meritocracy is a sham. It’s fake. They tell you that only the most ac-

Bigger than College Football?

complished students get into these schools, but they're lying. Their friends' kids get first dibs. Fellow members of their social circle. Kids whose families can help them down the road. The children of sympathetic politicians are an obvious priority for admissions officers. These are the same politicians who funnel billions in tax dollars to colleges and universities every year. So, letting a senator's kid into Harvard is smart business."

Carlson accused elite colleges of "cooking the books" by keeping their admissions process a secret, and "rigging American society" in the process by "creating an impenetrable class system."

"You often hear progressives say they worry about income inequality. They don't mean it, at all," Carlson concluded. "How do you know they don't mean it? Because if the left really cared about the stratification of American society, they'd make college admissions transparent. They'd force Stanford, for example, to open the books and show the rest of us how exactly they're assembling this year's freshman class. That's what they'd do, and yet Democrats in Congress haven't done this. They seem strangely incurious about how the process works. It's like they don't really want to know the details. In fact, they already know precisely how the admissions game works, and they strongly approve. And why wouldn't they approve? Their kids are befitting from it."

Rob Shimshock
Education Reporter

Ivy League schools have spent more than \$1 million on Democratic candidates so far for the 2018 election cycle, but not even \$70,000 on Republican nominees.

All of the eight Ivy League schools have spent tens or even hundreds of thousands of dollars thus far for 2018 campaigns, according to data on OpenSecrets.org. Two of the schools have yet to spend a dime on Republican candidates.

Harvard University's ratio of Democrat to Republican nominee expenditures stands at nearly nine to one, with the school contributing \$443,125 to Democratic candidates and \$49,662 to Republican ones.

Meanwhile, Yale University has given \$172,702 to Democratic campaigns and \$2,600 to Republican congressional efforts.

The University of Pennsylvania, Brown University, and Dartmouth College all spent less than \$1,000 on Republican candidates, with the latter two institutions donating a grand total of \$0.

A 2016 study found that liberal professors outnumber their conservative counterparts on American campuses by a nearly 12 to one ratio, reported *The Washington Times*. But when sorted by political party, amounts spent on campaigns by Ivy League schools do not reflect this proportion.

The eight schools spent more than 170 times as much money on Hillary Clinton's presidential campaign as they did on Donald Trump's campaign, contributing \$2.6 million to the Democratic candidate and just over \$15,000 to the future president.

Together, the Ivy League schools have donated \$1,202,405 on Democrat candidates for 2018, or roughly 19 times as much money as the \$63,445 contributed to Republican campaigns.

Bigger than College Football?



That time of the year is again upon us and it begs the question, besides the energy industry, what could possibly be bigger than college football?

The answer isbetting on college football (not to mention the other sports).

Back in May 2018, the Supreme Court ushered in a new billion-dollar market with its landmark ruling on sports betting. The case revolved around something called the Professional and Amateur Sports Protection Act (PASPA). This Act outlawed sports betting across the U.S. The only exceptions were states such as Nevada that already had sports betting laws on the books.

What the Supreme Court decided in May was that PASPA was unconstitutional. Specifically, the court ruled that PASPA violated the Tenth Amendment to the U.S. Constitution, which states that any powers not specifically delegated to the federal government have to be left up to the states to decide on.



Bigger than College Football?

And it didn't take long for states to make up their minds...

States Rushing In

When the Supreme Court lifted the federal ban on sports betting, New Jersey's state legislature moved immediately. The Supreme Court handed down its decision on May 14... One month later, Governor Phil Murphy made the first legal sports bet in the state.

Murphy bet \$20 that the New Jersey Devils hockey team would win the Stanley Cup, and another \$20 that Germany's soccer team would win the World Cup. (He lost on both.)

Delaware, Pennsylvania, and New York now also have sports betting laws on their books.

And the midterm elections were very favorable for legal sports betting.

Voters in Arkansas passed Issue 4, which gave a number of horse tracks there the ability to take bets on sports other than horse racing. In Louisiana, fantasy sports betting is now legal in the majority of the state.

Other states that didn't vote directly on sports betting still elected governors who view legal sports betting favorably. The new governors of Illinois and Ohio have both come out in support of legal sports betting.

Why are politicians in favor of legal sports betting? One word: taxes.

It's estimated that New Jersey could make an extra \$600 million in tax revenue from sports betting each year. Delaware – which has only about 960,000 residents – took in \$322,135 in sports bets the first day after legalization there. And that was on June 5 – there were no major sporting events taking place in the U.S. then, just regular season baseball games.

When states begin to see the tax revenue that can be claimed from legal sports betting, they'll rush to get laws on the books. It's just a matter of time before sports betting is legal nationwide.

You may be wondering: How big could the industry get?

Open the Floodgates

It's hard to know for sure how big the sports betting market will become. But research from the University of Nevada, Las Vegas, suggests that the illegal sports betting industry is turning over \$150 billion a year. That's more than the GDP of Nebraska.

My own research shows that the market should turn out to be even larger than that. Markets the government has outlawed always get bigger when they become legal again.

Up until now, if you wanted to bet on a game outside of Nevada, you had to find a "bookie" – someone who would illegally take a bet for you.

If you lost the bet... and didn't pay up... your bookie might have someone break your legs. And because you were betting illegally, you probably felt like you didn't have any legal recourse.

Even with those hurdles, sports betting was, at a minimum, a \$150 billion business. Now that it can be legally out in the open, I expect the industry to hit \$250 billion in the next few years.

That may seem like a huge number. After all, the alcohol industry is estimated to be a \$250 billion yearly market. Will sports betting be as big as alcohol?

I believe so. A legal market is going to be a lot bigger than an illegal one. Just look at what we're seeing in the legal marijuana market.

In 2016, the illegal cannabis market in the U.S. was worth about \$46 billion. But with pro-cannabis legislation sweeping the country, the legal cannabis market will grow a lot more. By 2025, the legal pot market is forecast to reach \$146 billion. That's more than a 200% increase.

A \$250 billion market for sports betting may turn out to be conservative.

Of course, there are investment implications here. But it's not what you're likely thinking...



Bigger than College Football?



Advancing in a Time of Crisis

New Players

Investors may assume that the biggest beneficiaries of sports betting will be the Las Vegas casinos. That couldn't be more wrong.



Financial Crisis Report



David M. Miyoshi is a California attorney at law with a Martindale-Hubbell AV Preeminent Rating for Attorneys. He earned his Bachelor of Science degree from the University of Southern California, a Juris Doctor degree from the University of California, an MBA degree from Harvard University and an International Graduate degree from Waseda University in Tokyo.

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.

Sports betting has been legal in Nevada for years. Last year, the state earned about \$250 million from sports betting. So even with this new Supreme Court decision, it's business as usual for Las Vegas. The ruling won't hurt. But it won't cause the casinos there to see a spike in betting.

So where do you look instead?

The place to start your investment research is with legal casinos in states that previously outlawed sports betting.

There are about 1,000 casinos across the U.S. Some are tribal casinos. Others are legal commercial casinos and card rooms.

Depending on local laws, these can already have a variety of card games and slot machines. But if they're in a state that had previously outlawed sports betting, they're now looking at a new source of revenue.

The casinos I'm talking about won't be the big resorts with Celine Dion performing on the weekends. I'm talking about the small casinos where the average Joe goes on a Friday night to blow off some steam and maybe place a bet on the Sunday night football game.

Because these casinos have a physical presence in the state, they'll already have a relationship with regulators. That will put them first in line to open sports betting operations when legislation is put in place by the states.

Right now, I'm looking at casinos in Pennsylvania, West Virginia, and Rhode Island. These are states that already have sports betting legislation on the books. Local casinos there will profit the most from legal sports betting.

So, back to the greatest sport... college football.

Who do you go with these days? Do you try the favorites like Clemson, Alabama, Georgia, Michigan, Oklahoma or Ohio State? Or do you try to win more lucre with the underdogs like LSU, Auburn, Notre Dame, Penn State, California, Stanford, Miami of Ohio, UCLA or my favorite USC?

Whatever strategy you employ, it should be fun.

Fight On!

D. Miyoshi



1055 Wilshire Blvd.
Suite 1890
Los Angeles, California 90017
U.S.A.

Phone: +1-310-378-0615
Fax: +1-310-378-0000
E-mail: david-miyoshi@us.mcmillanwoods.com
www.mcmillanwoods.com

If you would like to unsubscribe to this newsletter please email to info@mcmillanwoods.com