



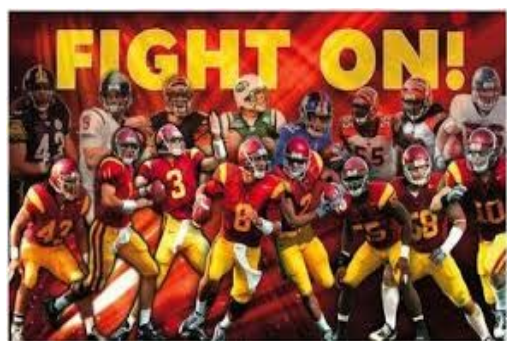
Financial Crisis Report

Written and Edited by David M. Miyoshi

Advancing in a Time of Crisis

Words of Wisdom: “There's nothing that cleanses your soul like getting the hell kicked out of you.” -- Woody Hayes

The Politics and Economics of College Football



In elementary school I began following college football and have loved it ever since. My favorite team then was the Ohio State University Buckeyes with my favorite coach Woody Hayes and favorite player Howard “Hopalong” Cassidy who in his senior year would win the Heisman Trophy as the best college football player in America. Later I would add another favorite team, the University of Southern California to which I would later attend as a student. During my years at USC, I would faithfully attend or watch on TV, coach John McKay’s teams demolish the opposition including Notre Dame and UCLA and win several national championships. It was a grand time to be a college student and fan of college football.

But these days as I watch the USC Trojan team collapse into less than mediocrity, I can’t help but feel melancholy for the grander days of yore and pine for a solution to help bring my Trojans back from the abyss. Also, I can’t help but notice the different direction my other favorite team the Buckeyes have taken under the skillful guidance of their talented but now departed coach Urban Meyer. This led me on a quest to unearth the reasons why these two teams seem now to be forging different destinies.

Of course, I realize in all human affairs there are always both micro and macro forces that impose their influence on the ultimate outcome. An ordinary coach may find a talented Sam Darnold to quarterback his USC team to a bowl berth and ultimate victory, and a good team may find itself under the direction of a highly talented defensive coordinator as Brent Venables to help lead his Clemson team to a dominant victory in the national championship game. There is no question these micro forces make a difference in the overall performance of a football team. But like unique personality quirks of people, they are more difficult to discern and even harder to predict. But these aside, there are grander and more potent insidious macro forces in play that are now determining the long-term dominance of selected college football teams and their related organizations. These are the forces I wanted to investigate and report about herein.

The Politics of College Football

Kayla Freeman and Ryan Brewer of Indiana University conducted a research paper entitled *the Politics of American College Football* wherein they empirically examined how political affiliation, education, income, ethnicity, and school enrollment are associated with college football program dominance. The results of their findings

Inside this issue:

1. The Politics and Economics of College Football
2. Is AOC the Future of America?
3. Does Rome and America Share the Same Destiny?
4. Be Ready for a Destructive Cyber Attack
5. What if All Illegals Left?
6. Do Women Rule the World?
7. Mueller's Next Target

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.

The Politics and Economics of College Football

indicate that Democratic party affiliation is negatively associated with program values and dominance, while college education ratings and income are positively associated with such program values and dominance.

A 2012 Gallup poll showed that 54% of Americans identify themselves as college football fans (Gallup, 2014). *The USA Today* reported in January 2014 that college football is the third-most popular spectator sport in the United States, only behind professional football and professional baseball (Schwartz & McGarry, 2014). From an investment's perspective, the tremendous popularity of NCAA football programs translates to a booming sports business with considerable sustainable growth potential, offering justification for further investment. NCAA Division I football programs are frequently valued at well above \$100 million with marquee programs commonly above \$250 million and in a handful of cases, near or above \$1 billion, with revenues in some cases exceeding \$100 million (Brewer & Pedersen, 2013b; Smith, 2013). The valuations of NCAA Division I football programs have grown by nearly 20% over the year leading up to December 31, 2014, and have doubled in value since 2008 (Brewer, 2015; Brewer, 2014).

But in the face of commercial numbers pointing to overwhelming popularity and financial success of American style football, questions about the sport's safety are continuing to mount (e.g., Jones, 2015). Such questions point toward another issue in American politics—whether America's two political parties (Democrat and Republican) differ in their adoption rates of new scientific discovery, or whether differences exist as to the types of science each prefers to adopt at all (Lupkin, 2012). With concussions, broken bones, and joint separations being common outcomes for participants in this American pastime every autumn, can we look someplace as fractionated and polarized as American politics to find answers about the future of America's most popular sport? Coming from the Univ. of Pennsylvania, President Trump wouldn't give a hoot anyway.

The motivation for the Freeman Brewer study is thus tied to the dichotomy between the commercial success of American style college football and the risks to American children and young adults who play the sport. More specifically, Freeman Brewer addressed the political make-up of states that host the most financially successful programs and having the most supportive fans. Do red Republican states host better football programs than blue Democratic states? If so, do blue states care more for American children's safety and well-being? The Freeman Brewer study is the first to analyze the dynamics of politics and football program success, and the authors believe a discussion is warranted to assist further investigation into a sport underwritten by America's largest universities.

In an ever-changing higher education market facing threats of reduced student matriculation ranging from online choices to certification programs, major universities are constantly seeking means of

attracting new and better students, attracting and retaining high quality faculty, and attracting and securing donations and increases to endowment levels (Just at the time of this writing, the University of California reported its first decline in applications in recent memory). Since growth in intercollegiate sports—particularly American style football—has been consistently productive in driving organizational identity and university brand recognition (i.e. Ohio State, Michigan, Notre Dame, Alabama, Georgia, Clemson, Oklahoma, Texas, Oregon, USC, etc.) with the promise of significant media attention and other intangible benefits that inure to host universities operating football programs, it is clear that university administrators are confronted with a choice to invest in capital projects in athletics at the risk of nonalignment with the university's core mission of education and research, or to risk missing the financial opportunity resulting from divestiture of a proven cash cow. Yet—what is the opportunity cost of not investing in college football? In the Freeman Brewer study they submit that it depends upon where a given university is located.

While on a national level, football is a favorite sport (Schwartz & McGarry, 2014), opinions on the game vary significantly in different parts of the country. The college football fan base is clearly not evenly distributed throughout the country. Consider the following map:

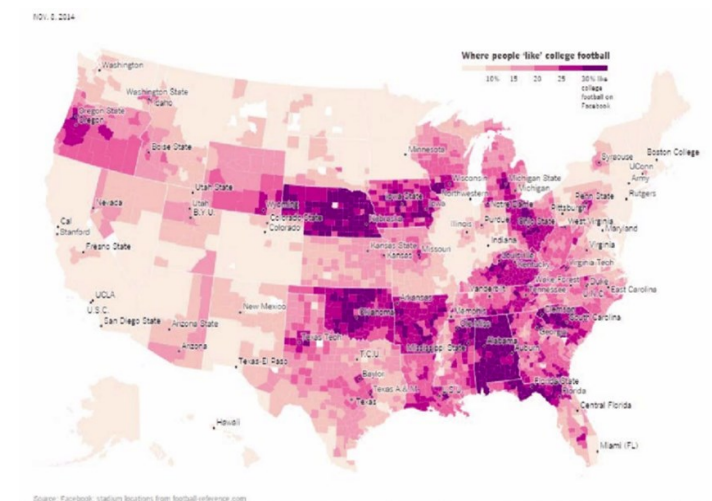


FIGURE 1
WHERE PEOPLE “LIKE” COLLEGE FOOTBALL (IRWIN & QUEALY, 2014)

The map, a result of a combined effort between the *New York Times* and *Facebook*, shows the percentage of Facebook users across the country who have “liked” a college football team (Irwin & Quealy, 2014). Generally, the Midwest and the Southeast are college football powerhouses, but regional characteristics alone seem inadequate to

The Politics and Economics of College Football

describe the amount of variation. For example, Illinois and Indiana, in the heart of the Midwest, have low concentrations of Facebook college football fans, while surrounding states have much higher percentages; meanwhile Oregon on the West Coast, surrounded by states relatively indifferent to college football (inclusive of California), has a relatively high concentration of Facebook fans. In general, two latitudinal bands of football fan identification appear across the country – the upper Midwest to West Coast and the Southeast, which are connected across the Appalachian mountain ranges.

Simple regional generalizations about a state's preferences for college football are inadequate to describe all variation in popularity levels. In some instances the proximity to a professional football team likely detracts from the NCAA football popularity (Price & Sen, 2003). This may now be the case in Los Angeles where there are two professional championship caliber teams the Rams and Chargers that may tend to dilute the fan base of the two very well-known college teams in the area USC and UCLA. For many decades Los Angeles had only USC as the predominant football team without any professional football team in the area. That is no longer the case. For other areas in the U.S., a different reason may exist for the fervor or lack thereof of college football fans. Likely underlying the variance in enthusiasm for college football are cultural factors and those reflected by demographic data, including political affiliation.

For American football in general, political lines seem to be correlated to enthusiasm for the sport. Recently, a *New York Times* article discussed national views on youth football, what it termed “the newest partisan divide” (Leonhardt, 2014). Increasingly, parents are concerned about letting their sons play the sport. In a recent poll reported by Leonhardt (2014), people were asked about their attitudes about children's participation in youth American football. Interestingly, while American football – combining college and professional – is the most valuable commercial sport in the U.S., the national survey results showed that only 55% of parents were comfortable with their sons playing football, a sharp contrast to the above-90% figures for baseball, soccer, and track (Leonhardt, 2014). Given the physical risks to participants in football, this is not surprising.

Even more intriguing, however, was the variance of responses across the respondents' socioeconomic characteristics. Specifically, unlike responses for baseball, soccer, track, and hockey, the pattern of respondents' answers was clearly different when it came to political party affiliation. Only 32% of parents who self-reported as being Democratic Party voters with a bachelor's degree were comfortable with their sons playing football. In contrast, all Republican voters and Democratic voters without a college degree had similar response rates – between 58% and 65% for each category (Leonhardt, 2014). Thus, Leonhardt's (2014) survey suggests uneducated democrats and all republicans together are about twice as likely to support their own sons' participation in youth American style football, versus educated democrats. Moreover, the overarch-

ing trend in youth football seems to be fading, as information about the risks of the sport continue to mount. Yet, when considering the overall trend and controlling for political party, the trends show something different.

While nationwide and overall, high school football participation declined by 1.4% between 2007 and 2013, participation has increased by 5.4% in “red states” (states which voted for Republican presidential candidate Mitt Romney in 2012), with a 6.6% decrease among “blue states” (states which voted for President Obama in 2012), as shown in Figure 2 (National Federation of State High School Associations - “Even Football is Red and Blue,” 2014).

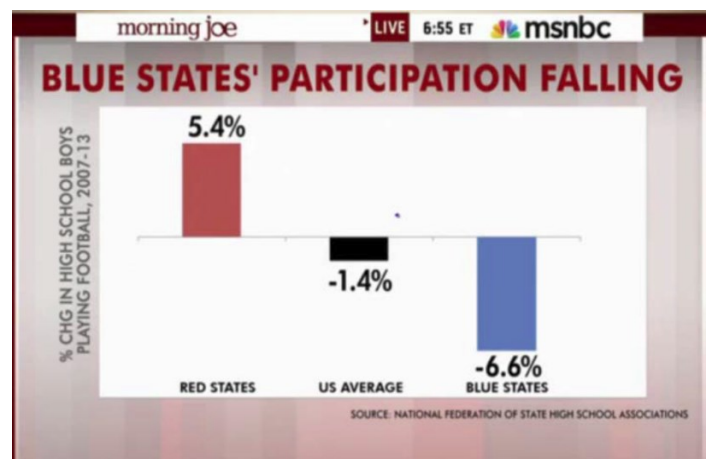


FIGURE 2
HIGH SCHOOL FOOTBALL PARTICIPATION (“EVEN FOOTBALL IS RED AND BLUE,” 2014)

After looking at the demographic or socioeconomic composition of people living in “red” and “blue” states, we see that anecdotal evidence would suggest potential demographic and ideological characteristics associated with college football popularity. If so, implications exist for college football program values and dominance: if socioeconomic characteristics drive popularity of college football, then these characteristics likely also impact the magnitude of a program's revenue growth prospects, and consequently, the program's valuation, merely as a function of where within the country a program is located, be it in the Midwest, Southeast or in more rare instances in the West.

The Freeman Brewer study addressed the following question: On a state-by-state level, what fan base characteristics are associated with a strong college football program? Because political parties are often split in terms of their demographics, Freeman Brewer looked at the relationships that education level, ethnicity, income, and political affiliation – each measured state-by-state – have with NCAA college football program values, with these characteristics cited as differences in the political science literature (Pew Research Center,



The Politics and Economics of College Football

2012).

Another study conducted by Brewer and Pedersen (2013a) found that college football program values and dominance were significantly associated with both short- and long-term team success, stadium size, endowment size, student population, stadium age, and head coach's salary. Looking at team values in professional baseball, basketball, hockey, and football, Alexander and Kern (2004) explored the impact regional and local population and local income levels have on valuations, in addition to other team-specific characteristics. McEvoy, Morse, and Shapiro (2013) found that Bowl Championship Series (BCS) conference membership and school enrollment were significantly correlated to college football program revenues, while finding no significant relationship with population and per capita income at the county level.

The Freeman Brewer study used statistical models called the Fixed Effects Model and various formulas they termed College variable, Income variable, Dmargin variable, Rmargin variable and Minority variable. In the interests of brevity, I exclude the rather tedious explanations of the calculations using this model and the various formulas and proceed immediately now to their conclusions.

CONCLUSIONS

The Fixed Effects model suggests that certain state-level socioeconomic variables are significantly associated with college football program values and dominance. Model results suggest the following:

- The significance of the College variable ($p < 0.01$) indicates that as a state's population becomes more educated, college football program revenues and valuations in that state increase as well.
- The significance of the Income variable ($p < 0.01$) indicates that as state income rises, college football program revenues and valuations rise as well.
- The significance of the Dmargin variable ($p < 0.01$) suggests that within Democratic-leaning states during presidential election years, the higher the Democratic proportion of the vote, the lower college football program revenues and values.
- Confirming results in prior studies (Brewer & Pedersen, 2010; McEvoy, Morse, & Shapiro, 2013), the significance of the enrollment variable shows that schools with a large student body experience college football revenues and values.

In contrast to Dmargin, Rmargin was found to be insignificant. The implication seems to be that, if a state leans Republican, the magnitude of the political tendency has no bearing on program revenues and values. Some explanation for this may lie within closer examination of the geographic locations of the most valuable programs outside of the Southeast. Alongside raw population, cultural preferences drive fan identity in specific geographic regions, apart from population density or number, with the American Southeast and Midwest having American college football as an engrained pastime each fall. For instance, the Ohio State University and the University

of Michigan host two of college football's most valuable franchises. Yet, they reside in states that generally are relatively split between Republicans and Democrats, with considerable blue-collar Democrats residing in these industrial states. However, they each have around 10 million people in population, which implies they are home to approximately 5 million Republicans, each. In contrast with this, the states of Alabama and Louisiana are home to significantly less population, but a higher proportion of Republicans, and the football programs at Louisiana State University and the University of Alabama are also very valuable. Therefore, while additional research would be necessary to tease out differences arising from raw population versus proportion of Republicans per state, it may simply be the case that having a state wherein enough Republicans or lesser educated Democrats live generally yields more highly valued football programs and consequent dominance.

Conversely, if a state leans Democratic, then a greater magnitude of the tendency is associated with greater declines in college football program value. Explanations for this may be associated with population density, educational attainment levels, Democratic party affiliation, and preferences for entertainment, or presence of an NFL franchise nearby. Again, more research would be necessary to explore these possibilities. But it's probably the case that wherever there is a dominant professional football team, there is less chance of having a dominant college team.

The Minority variable was not significant in the model. This could indicate that ethnic backgrounds do not relate to American college football program value. Thus, White and non-White can both like or dislike football equally. But clearly, the results of the Freeman Brewer study suggest precisely that; they found no evidence between ethnicity of states and football program value levels in those states. However, since Minority is measured simply as the non-white percentage of the population, it would not reveal information about preferences among various specific minority ethnic groups. Therefore, it could be that ethnic diversity of the state population does not relate to program values, or perhaps relationships do exist between ethnic groups and program values, but their population levels are insufficient to affect program values. In any event, results here reveal no evidence to suggest ethnicity is related to American college football program value and dominance.

Even in the midst of a trial against American style football, where more information about the physical risks to participants is presented to the public on a frequent basis (e.g., Breslow, 2013), and even as commercial athletics seems to be fully inconsistent with the mission of any nonprofit institution of higher education, the number of NCAA Division I football programs continues its rise – up from 117 programs in 2011 to 127 programs in 2014. As a commercial effort to market universities and raise awareness of brand, to attract and retain better students and faculty, more and more universities continue to make capital investment of millions of dollars in football-related resources to fund a start-up football ventures (Equity in Athletics Data Analysis Cutting Tool, 2014), as opposed to investing directly in academic facilities. More thorough understanding of the





The Politics and Economics of College Football

financial and nonfinancial college football program valuation drivers is needed. But the Freeman Brewer study provides new direction about those value drivers heretofore left unmentioned or unanalyzed.

For now, it's apparent that the colleges in areas controlled by Republicans and lower income Democrats as in the Midwest and South-eastern regions, will continue to dominate college football. USC students and fans may have to remain patient. Trump's Wall may come well before USC's next national championship, unless however, they get a very high paid and powered coach.

The Economics of College Football

Every morning, my friends and I who are all "dog lovers" meet at a local park for exercise and the chance to relieve themselves (the dogs that is). Because we are also ardent college football fans, talk invariably gets around to the college football rankings, team performances or lack thereof and, because college football has become a dominant industry, even the pay of college coaches. So, this leads me to a discussion of the economics of college football.

The NCAA and its most popular teams make lots of money. The University of Texas generated over \$100 million in revenue in 2011 (\$104 million), marking the first time in history the \$100 million barrier had been eclipsed. Thanks to lucrative television deals, merchandising and boasting many of the largest sporting venues in the United States, college football generates huge revenues. Cable and network television deals alone add millions of dollars to the coffers of individual collegiate programs. With so much money coming in, the question often comes up, should the players be expected to work so hard without a cut?

Some think this is unjust and equates to slave labor. As a pretense they ask how many other businesses make millions of dollars and don't pay their employees? In the extreme they argue that these are kids who are pulled from their homes and yanked away from loved ones to cross the country to a situation where football comes first, and school is an afterthought. Most of these players are not Rhodes scholars, have never been asked to excel in the classroom, and are thrown into prestigious universities where most students had to compete to get in. Does the public really think that these universities are hard at work making sure athletes get the most out of their education? It is highly unlikely that a "D" or "F" on a test receives the same attention as an ankle sprained during practice. This is a hypocritical situation. At least so goes the argument.

A long-standing debate recurs almost every time a college football player suffers a career-threatening injury: Should college athletes be paid? After all, in such a violent sport, players risk suffering a career-ending injury.

In a normal labor market, employees who take on risks are compensated for it. But the list of NCAA football players who suffer debili-

tating injuries keeps growing.

Many believe that college players should be paid for the risks they take and the value they create. But there's another consequence of the system that's often overlooked. Because college players can't be paid, the money that would go to them in a normal labor market shifts to other parts of the program — such as coaches.

NCAA football generates billions in revenue for schools with teams. Five athletic conferences ("the Power Five") bring in more than \$250 million annually. Yet the labor force that's largely responsible for producing this revenue — the players — cannot receive monetary compensation because of a combination of factors.

First, the NFL requires players to be at least three years removed from high school graduation before they're eligible to play pro ball. Even "NFL-ready players" who are only one year out of high school have little choice but to play college football in order to maintain and showcase their skills until they're "old enough" to play professionally.

Second, the NCAA keeps member universities from offering players a salary in excess of room, board and tuition. The NCAA is effectively a cartel — an organization of independent entities that acts as a cohesive unit — to which all who want to play football professionally must give three years of service.

Ohio State University's famed football coach, Urban Meyer, recently said that collegiate coaches are overpaid. If that's true, then athletes and coaches in the NFL would also be overpaid — but their salaries are largely determined by the demand for their product (the latest Super Bowl was the most watched broadcast in U.S. television history).

But maybe the reason college coaches are paid so much is because the salaries of their employees — the players — aren't determined by market forces.

The salaries that would be paid to the players is instead paid to the coach. That's why Jim Harbaugh can quit the NFL, go to the University of Michigan, and still get the same compensation he made in the NFL. Can you imagine any other situation where one can move from a large, for-profit institution to a smaller, "non-profit" organization, do the exact same job, and not take a pay cut?

When direct payments to the players cannot be made, indirect payments are. Because the schools aren't allowed to make monetary payment, they pay in other ways. It's amazing how much money is available when you don't pay for labor. This issue alone begs to be studied at Harvard Business School.





The Politics and Economics of College Football

With the funds that would have gone to athlete salaries, for example, schools spend additional funds on locker rooms, weight rooms, training facilities, and spend more money on tutors, advisers, trainers and coaches. Because the coaches influence an athlete's odds of going pro, a large part of these funds get placed in the coach's contract. Thus, this leads to the argument that because college coaches aren't receiving a market wage; it's artificially inflated. Maybe this is what coach Meyer is saying.

The argument then continues that this is an inefficient use of resources. The resources that go to upgrading facilities and bidding wars for popular coaches should be paid directly to the players. It's reminiscent of the 1970s, when passenger airlines couldn't change their fares; prices were set by the Civil Aeronautics Board. So, airlines competed in other dimensions — for example, by finding better flight attendants or offering fancier, "free" in-flight dining.

Once that market was deregulated, however, it quickly became apparent that many passengers prefer no-frills, low-cost air service — and now we have a robust market that serves consumers a broad assortment of air travel, suited to fit each traveler's demands. Well, maybe most traveler's demands.

The budding Milton Friedman economists continue to argue that in order to increase the efficiency of payments to college players, universities should pay them directly. And if schools feel that student-athletes shouldn't be paid while they're in school, the funds could at least be held until after college — maybe even paying a bonus for those who graduate. That would be a nice incentive for the players risking their life and limb.

But on this issue did you know there is a racial split?

Most whites oppose paying college athletes while most blacks are in favor. Some say racial resentment toward African-Americans is a very strong predictor of opposition to paying student-athletes. (And let's not forget the racial optics of the NBA's "one-and-done rule," by which most of the very best pro basketball prospects must spend a year masquerading as undergraduates because the NBA bars them from entry until they're a year out of high school.)

The following argument is related to both college football and basketball, by far the two highest revenue producing sports in college.

Ekow Yankah, a law professor at Cardozo Law School in New York City (and much to the chagrin of me and other OSU Buckeye fans, he is a huge fan of University of Michigan sports), offered a somewhat counterintuitive take in his argument against paying college athletes in his *New Yorker* essay, "Why N.C.A.A. Athletes Shouldn't Be Paid." Yankah believes the current system is unfair and rife with exploitation but believes that paying college athletes would essentially just entrench that arrangement.

The following is an edited version of the podcast featuring a conversation between the company Code Switch and Yankow.

Walk us through what you think might happen if we paid college athletes.

I think paying college athletes is almost certainly bad for the athletes, terrible for the universities and terrible for the sports they play. Other than that, it's a great idea. There's very little reason to think that a young athlete's life will be in any substantial way better if they become, so to speak, employees of the university.

Of course, many of these young men are under tremendous financial difficulty. I understand that a good number of them come from backgrounds which are difficult or even impoverished, and I'm well-aware that the demands of big-time college sports, but almost all college sports, are so consuming that there seems something unfair about their having to balance these two projects.

The problem is that paying them doesn't help relieve that stress, paying them only makes it the case that that stress seems justified. Paying college athletes will almost certainly exacerbate a problem that has been going on for generations, where athletes of a certain number of sports are ever more divided from the actual student body. They're seen as tangential. They're seen as not real students. And, indeed, given that they will then have to trade some of the minimal protections that they have as student-athletes in order to simply be employees of the university, at least in some capacity. It seems like a pretty raw deal. All of this, by the way, is in exchange for what it would be, for most athletes, a remarkably small amount of money on the free market.

You're saying that the best players would get the most money, but most players would get a pittance, if it was not equalized.

The point is that it's awfully hard to project which kids will be superstars. So outside of the small number of "can't-miss" prospects, most kids will be paid on some scale that reflects the deep uncertainty about how good they'll be. And if we want to see what that looks like, we don't have to use our imagination. We can look at the minor leagues: minor league basketball, minor league baseball and minor league hockey. Most of these young people are working nonstop. Most of them are just as talented, if not more talented, than most college athletes. Most of them are paid roughly what a Starbucks barista is paid. And in exchange for all that, they give up their opportunity to go to college, to pursue their dreams and to turn out to not be a 20-year-old superstar but maybe a 40-year-old functioning adult.

You say that there is a racial component to the way that people think about the minor league systems, and the prospect of paying student-athletes in men's basketball and football.





Is AOC the future of America?

One thing I worry about is this argument that, "Well, these students aren't really students, anyway. So, let's just pay them." And I do think that has a racial component. It's not entirely racial, of course. Part of it is that people are well-aware and turned off by the huge financial incentive that the universities have.

But it's also true that there are a ton of different students on every college campus who are not straight-A math students. Somehow when we think about young black athletes and what they do, the sort of physical talent that they bring is not valued the same way that the ballerina's is or the chess player's is, or the musician's is — and I do find that worrying. I wonder why it is that these are multitalented people whose skills may not be at its highest in science class is so quickly dismissed.

It's very clear that the true developmental league of the NBA is currently college basketball. The true developmental league of the NFL is entirely college football. And, somehow, the answer seems to be, "disconnect these students from education" rather than, "why don't we do what we do with other sports and set up a robust semi-pro league?" One that would allow some students, those who are involved and engaged, to remain student-athletes and allow those for whom being a student-athlete has no part of their project to go on to do what they want to do.

But it seems like even with that system [where minor leagues for football and basketball exist alongside the traditional college system for those sports], there's still a lot of kids who have no illusions about the fact that that they're not going to go pro, who will go to college, who will try to make the most of their college experience and will still generate tons of revenue for those colleges while they personally struggle financially because they can't be paid. I'm just curious what happens to those kids.

I think that's a great question, and it gets to the heart of how complex and hard this is. If you're a student-athlete who comes to Michigan well-aware that you're never going to be a professional, then there's a real sense in my mind's eye that you will make the deal that makes being a student-athlete worth it. That your education will be valuable to you in a way that matters. You'll be much less likely to be fooled or to trade on these fumes of dreams that allow school after school to give college athletes empty classes with no value that end up with empty degrees with no value.

I am not interested in a bunch of young men who work for three or four years for a university making a minor league salary, which, if people looked at what that would be, is quite minimal. I'm interested in the next generation of doctors and lawyers and bankers. And, for the sports that are dominated by African-American men, I'm deeply interested in the next generation of black doctors, black lawyers and black bankers, rather than kids who are seduced into trading that for making spending money from 18 to 22.

-END OF YANKOW CONVERSATION-

Well, so goes the pros and cons of paying college athletes for their services. I have no illusions about convincing college football and basketball fans of the need to either pay or not pay the student athletes. There exist good arguments for both sides. My only wish now is to find a way to improve USC's chances of getting to a bowl game next year.

You know, with Urban Meyer no longer coaching, perhaps he has some time to come to Los Angeles and help the Trojans achieve this goal.

While coach Helton may have confidence in his ability to win, the students, alumni and fans no longer appear to share a confidence in his confidence.

So, all we can do now is Fight On!

D. Miyoshi

Is AOC the future of America?



While Nancy Pelosi is the face of the Democratic Party yesterday and today, Alexandria Ocasio Cortez (AOC) appears to be the new face (and a cute one at that) of the Democratic Party today and tomorrow. But does this bode well for America? Well, it depends if you are a Democrat or Republican, or for that matter, a conservative or liberal.

At 29, AOC is the youngest woman ever elected to Congress (to New York's 14th district); she will doubtless be there for decades to come.

Eighteen months ago, AOC was working as a waitress. Then, even though her opponent outscent her 15-to-1, she won the race to sit in the House of Representatives.





Is AOC the future of America?

AOC has gotten a lot of press lately, especially about her platform and her idea of the Green New Deal. It's mostly likely, she is the future of the Democratic Party. She's attractive, vivacious, charming, different, outspoken and has a plan to "Make America Great Again." And she's shrewd. She realized she could win by ringing doorbells in her district, where voter turnout was very low, and about 70% are non-white. There was zero motivation for residents to turn out for the "tired, corrupt, old hack of a white man" she ran against.

She's certainly politically astute – but according to Doug Casey, political analyst and astute investor, AOC doesn't seem very intelligent. In fact, Casey says she's probably stupid. But let's define the word stupid, otherwise, it's just a meaningless pejorative – name-calling.

She graduated *cum-laude* from Boston University but that doesn't mean she has a very high IQ. Casey suspects that if she took a standardized IQ test, she'd be someplace in the low end of the normal range. But that's just conjecture on his part, entirely apart from the fact a high IQ doesn't necessarily correlate with success. Besides, there are many kinds of intelligence – athletic, aesthetic, emotional, situational...

A high IQ can actually be a disadvantage in getting elected. Remember it's a bell-shaped curve; the "average" person isn't terribly smart, compounded by the fact half the population has an IQ of less than 100. And they're suspicious of anyone who's more than, say, 15 points smarter than they are.

However, there are better ways to define stupid than "a low score on an IQ test," that apply to AOC. Stupid is the inability to not just predict the immediate and direct consequences of actions, but especially the indirect and delayed consequences of your actions.

AOC is clearly unable to do that. She can predict the immediate and direct consequences of the policies she's promoting – everybody getting excited about liberating all other people's wealth that just seems to be sitting around. Power to the People, and Alexandria! But she's unable to see the indirect and delayed consequences of her policies – which I don't have to explain to anyone reading this article.

If you promise people unicorns, lollipops, and free everything, they're going to say, "Gee, I like that, let's do it." So she's clever on about a third grade level.

But there's an even better definition of stupid. Namely, "an unwitting tendency to self-destruction." All the economic ideas that she's proposing are going to wind up absolutely destroying the country.

It's as if she thinks that what's happened recently in Venezuela, Zimbabwe – not to mention Mao's China, the Soviet Union, and a hundred other places – was a good thing.

This is Casey's argument for her being stupid. And ignorant as well. But perhaps we (including Casey) are all missing something. After all, Karl Marx was both highly intelligent, and extremely knowledgeable; he was actually a polymath. The same can be said of many academics, left-wing economists, and socialist theoreticians.

So perhaps a desire for "socialism" isn't just an intellectual failing. It's actually a moral failing. But what does that mean?

Casey believes that Socialism is basically about the forceful control of other people's lives and property.

Therefore Casey believes AOC is evil on a basic level. But how can that be true of a cute young girl who says she wants just sunshine and unicorns for everybody? It's too bad the word "evil" has been so compromised, so discredited, by the people who use it all the time – hard core leftists and rightists, hysterics, and religious fanatics. Evil shouldn't be associated with horned demons and eternal perdition. It just means something destructive, or recklessly injurious. Therefore, the world would be better off if AOC went back to what she did before (i.e. waitressing and bartending).

But why does AOC resonate with so many people?

Casey believes, that for one it helps to be young, good looking, and have a nice smile. But there are immense problems in the U.S., at least just under the surface. Wouldn't it be nice if everybody had a job paying at least \$15 an hour, free schooling, housing was a basic human right, free medical, free food, and 100% green energy? I know it doesn't sound evil – it just sounds stupid. But it's actually both.

The problem isn't just that AOC got elected on this platform in a benighted – but increasingly typical – district. The problem is that most young people in the U.S. have her beliefs and values.

The free market, individualism, personal liberty, personal responsibility, hard work, free speech – the values of western civilization – are being washed away, everywhere. But it's hard to defend them, because the argument for them is intellectual, economic, and historical, while the mob, the *capita censi*, the "head count" as the Romans called them, are swayed by emotions. They feel but they don't think. Arguments are limited to Twitter feeds. Or 30-second TV sound bites.

For instance when somebody says "Why can't we have free school for everybody? The university buildings are already built. The professors are already there. So why can't everybody just go to class, and learn about gender studies?" The same arguments are made for food, shelter, clothing, entertainment, communication – everything in fact.

To counter that, you have to come up with specific reasons for why not. You end up sounding like a Negative Nelly because you're telling people they can't have something.

But maybe we give too much credit to the goodwill and the common sense of the average American. The proof of that is the success of AOC. The psychological aberrations of the average human are being brought to the fore.





Is AOC the future of America?

It's exactly the type of thing the Founders tried to guard against by restricting the vote to property owners over 21 and going through the Electoral College. Now, welfare recipients who are only 18 can vote, and the Electoral College is toothless. Some want to totally abolish the College, and have even 16-year-olds and illegal aliens voting.

So what are the chances that the U.S. adopts AOC's Green New Deal plan or something similar?

Casey believes the U.S. will absolutely adopt something like that once Trump is out of office. They'll do it for a half dozen cockamamie reasons that aren't germane to this issue. For the last couple of generations, everybody who's gone to college has been indoctrinated with leftist ideas. Almost all of the professors hold these ideas. They place an intellectual patina on top of nonsensical emotion and fantasy-driven ideas. Why I didn't catch this leftist disease in college myself is a pleasant mystery. Well, even if I did, the Marine Corps would have cured me anyway.

Nobody, except for a few libertarians and conservatives, are countering the ideas AOC represents. The conservatives have a very limited audience. The spirit of the new century is overwhelming the values of the past.

As this newsletter forecasts, when the economy collapses everybody will blame capitalism, because Trump is somehow, incorrectly, associated with capitalism. The country – especially the young, the poor, and the non-white – will look to the government to do something. They see the government as a cornucopia, and socialism as a kind and gentle answer. Everyone will be able to drink lattes all day at Starbucks while they play with their iPhones.

The people that will control the government definitely won't want to be seen as "do nothings." Especially while the ship of state is sinking in The Greater Depression. They'll want to be seen as forward thinkers and problem solvers.

So we're going to see much higher taxes, among other things. There's no other way to pay for these programs, except sell more debt to the Fed – which they'll also do, by necessity.

We all know (or should at least realize) the government is bankrupt. But like all living things from an amoeba to a person to a corporation, its prime directive is to survive. The only way a bankrupt government can survive is by higher tax revenue and money printing. Of course, don't discount a war; the powers that be believe this would stimulate the economy – the way only turning lots of cities into smoking ruins can.

But AOC is proposing a 70% marginal tax rate to finance the Green New Deal? Could something like that actually happen?

Casey believes it can and probably will. We have to remember that as recently as the Eisenhower administration the top marginal tax rate was 91%. But the average person didn't pay that because it was a steeply progressive tax rate. Nobody did, frankly, because there were loads of tax shelters, which no longer exist, including hiding money offshore.

In Sweden during the 1970s, the marginal tax rate, including their wealth tax, was something like 102%. So, almost anything is possible in today's world.

Of course they'll raise taxes. It's time to eat the rich. But, perversely, many of the rich will deserve it, since many made their money as cronies during the long inflationary boom.

But let's look at the bright side. Look at it from AOC's point of view. She doesn't just get \$200,000 a year plus massive benefits. That's chicken feed. But lucrative speaking fees, director's fees, consulting fees, emoluments from the inevitable Ocasio-Cortez Foundation, multimillion-dollar book deals, and sweetheart investment deals. Not counting undisclosed bribes. She'll be worth \$100 million in no time, like Clinton and Obama. That's a pretty good gig.

That's not even the best part. She'll be idealized, lionized, and apotheosized by an adoring public. The media will hang on her every word. That's pretty rich for a stupid, evil dingbat. Other young socialist idealists will try – and succeed – in replicating her success. Congress will increasingly be filled with her clones.

So Casey believes at this point, resistance is futile.

And finally, it appears from here on AOC is destined to be the darling of the Media. Why is that? Well according to political commentator Ben Shapiro AOC is a Leftist female version of Trump. Here are five reasons why that is so:

1. She accomplished a "thing", and her supporters have mistaken that accomplishment for a qualification. AOC won a Democratic primary in a totally blue district. This victory was treated by the media as a shocking win, and AOC, a far more radical politician than Joe Crowley who she beat – she was a member of the Democratic Socialists of America – was immediately hailed as the face of the new Democratic Party. Like Trump, her victory in a primary was taken as a qualification for office: she wins! It's not taking anything away from her victory to point out that her district happened to be majority minority: 18.4 percent white, 49.8 percent Hispanic. The previous representative in that district, Joe Crowley, was white. AOC wasn't. AOC knocked him off in a primary with precisely 15,987 votes, defeating him by 4,136 votes. The population of the district is nearly 700,000. Her win has been her sole claim to fame, and her prior lack of qualifications as evidence of her unique qualifications. This is rather reminiscent of Trump's primary victories be-



Do Rome and America Share the Same Destiny?

ing scored as qualifications for office by his supporters – but he wins! Lack of qualifications were the qualification – he's an amateur destroying the pros! AOC is the same way.

2. The Media can't stop covering her. Because AOC is young (29) and attractive, the media haven't been able to stop covering her. Her every utterance has been treated as a pearl of wisdom, her every idiocy treated as a new approach to governance. She's been treated as the head of a movement that, statistically, does not exist as of yet (her attempts to endorse primary candidates backfired tremendously in 2018). She's been elevated to the highest ranks of the Democratic Party without ever serving in any important committee in Congress, or indeed, sponsoring a bill. She excels in earned media in the same way Trump did. In 2016, Trump received billions in free media coverage. AOC is playing the same game, and playing it well.

3. She's great at social media. It's not just that the mainstream media have made AOC a star: she's also terrific at social media (or at least her team is). Her Instagram cooking has become so popular that Elizabeth Warren had to emulate it (poorly). Her dancing video, which supposedly drew right-wing ire (it didn't), became such a story that Senator Kamala Harris (D-CA) unleashed her own weak version. Her Twitter account is active and personal. She plays the politics of personality beautifully. She's essentially a new-fangled reality TV star. She's likable (no, that's not sexist), and looks like she's having a good time. So did Trump, at least early on – and his social media appeal gave him the unique capacity to go over the heads of the media, which forced the media to play his game.

4. She says incredibly stupid things regularly. Like Trump, her idiosyncrasies and errors are legion. She says dishonest things, then claims that her morality ought to outweigh her dishonesty. She doesn't know anything about economics or foreign policy or domestic governance. But maybe the "average" person identifies with this. We all project ourselves onto that stage. But my latent fear is if I made such inane comments, the drill sergeant would make me do 500 pushups.

All of this actually creates more media around her. Were she highly intelligent and fluent in the basics of policy, she wouldn't draw as much fire from the right. Her unique capacity to draw cameras, combined with her near-incredible ignorance on a variety of topics, makes it almost impossible for the right wing to ignore her. If they ignore, her media allies simply repeat her stupidities verbatim and pretend that the right has no response; if they engage, her media allies claim she's in their heads. AOC's foolishness is actually a political Venus fly trap. Were she competent, conservatives wouldn't be nearly as tempted to engage. Reverse the politics, and that's President Trump.

5. She's got a massive victim complex. President Trump has spent much of his candidacy and presidency complaining about the unfair treatment he receives at the hands of the media. In his own words, he whined until he won. It was nearly impossible to imagine a whinier member of the political class – until AOC arrived. Rarely has a politician ever received such gushing media coverage without qualifica-

tion – and yet she's still whining that she's being fact-checked, that the media aren't sufficiently racially diverse to properly cover her, that the right-wing is mean to her. It works for her supporters, who see every complaint as evidence that she's "fighting the system." The only difference: Trump was correct to claim that the media hates anyone remotely conservative. AOC's complaints about media malfeasance are simply ridiculous. But remarkably, the far-left is under the impression that the mainstream media are their enemies, rather than their chief bullhorn.

Until recently AOC was called Ocasio Cortez (for some reason she was never called Alexandria). During this same time the Right Leaning pundits called her Occasional Cortez (i.e. from time to time conscious). Probably very soon those same pundits will be claiming AOC stands for "Alpha to Omega Communist"

D. Miyoshi

Do Rome and America Share the Same Destiny?



*ancient Rome and modern American gladiators

If you were a Roman citizen around, say, 200 BC, you probably would have assumed Rome was going to last forever.

At the time, Rome was the greatest republic in human history, and its institutions had proven resilient through invasions and all kinds of disasters. But the foundations of Rome started to weaken less than a century later, and by 27 BC the republic had collapsed entirely.

The story of Rome's fall is both complicated and relatively straightforward: The state became too big and chaotic; the influence of money and private interests corrupted public institutions; and social and economic inequalities became so large that citizens lost faith in the system altogether and gradually fell into the arms of tyrants and demagogues.

If all of that sounds familiar, well, that's because the parallels to our current political moment are striking.



Do Rome and America Share the Same Destiny?

Edward Watts, a historian at the University of California San Diego, has just published a new book titled *Mortal Republic* that carefully lays out what went wrong in ancient Rome — and how the lessons of its decline might help save fledgling republics like the United States today.

Sean Illing, a writer and consultant recently interviewed Watts about those lessons and why he thinks the American republic, along with several others, are in danger of going the way of ancient Rome. A lightly edited transcript of that interview follows.

Sean Illing

Why write a book about Rome's decline now?

Edward Watts

When I started teaching Roman history, the main questions from students were always about comparing the end of the Roman empire with the state of the American empire, and this was usually tied to the Iraq War.

In the past 10 years, those sorts of questions have died down. Now students are interested in Rome as a republic, and whether the American republic is collapsing in the same way. They see lots of parallels there, especially in how the two systems are structured.

Sean Illing

Tell me about some of those parallels, the ones you think are most relevant.

Edward Watts

First, we have to remember that the US is a representative democracy. We tend to drop the representative part when we're talking about what political system we live under, but that's actually quite important. This is not a direct democracy, and Rome was not a direct democracy either.

What you have in both cases is a system where people are chosen by the voters to make decisions, and then there's a period of time when they make those decisions, and then they're held accountable for how those decisions turned out.

But the representatives are making the choices — and people have noticed that that works fine until those representatives either stop making principled decisions or become paralyzed by the vicissitudes of popular opinion.

Both of those things started to happen when Rome began to decline, and both of those things are happening in the US right now.

"But it's up to Americans, just like it was up to voters in Rome, to defend our institutions"

Sean Illing

Rome didn't have to fail; it failed because Romans foolishly believed Rome would last forever. What could they have done differently, and when could they have done it?

Edward Watts

They could've recognized what their system was designed to do, which was produce compromise and consensus. Ultimately, it's better to make no decision than to make a bad decision. What the Romans failed to appreciate was that their processes were slow and

deliberative for very good reasons: that's how representative systems avoid disaster, how you get people to the table to work out compromises.

For 300 years, this system worked quite well in Rome, but for the last century or so of its existence these tools of deliberation were used not to facilitate compromise but to obstruct and punish political enemies and basically prevent anything from happening. That destroyed the goodwill within the system and really poisoned it in the minds of the voters.

Sean Illing

Well that sounds familiar!

Edward Watts

Indeed.

Sean Illing

Shortly after Donald Trump's election, I wrote about Plato's warning about the decline of democracy. Basically, he believed that democracies fall into tyranny when too much freedom leads to disorder and citizens choose the stability of autocracy over the chaos of democracy.

This is what happened in Rome. Do you believe the same thing is happening right now?

Edward Watts

I think that we're in the early stages of a process that could lead to that. The point at which Romans were willing to make that trade occurred after almost 150 years of political dysfunction, but it also occurred after a generation of really brutal civil war.

And the process that started that was one of economic inequality and the inability and unwillingness of the people vested in the upper, successful parts of the Roman state to address that economic inequality.

But as people's needs were not being addressed for decades, the tensions heightened to the point where violence started breaking out. And once violence starts to break out, it's very difficult for a republic to regain control of itself.

It's easy to see how the US and other established republics could be in the beginning states of a similar process. I don't think we're there quite yet, but there are reasons for genuine concern.

Sean Illing

The inequality problem is maybe the most striking for me. What you saw in Rome, and what you see quite clearly today, is the wealthy undermining the very system that made them wealthy, and a total failure to see how ruinous that is in the long term.

Edward Watts

Yeah, it's a real problem today, and it was a real problem in Rome. There's a pivotal period in Rome, around the middle part of the 2nd century BC, in which there's an economic revolution that displaces a lot of people who had belonged to a hereditary aristocracy and moves them off the top economic rungs of the state.





Do Rome and America Share the Same Destiny?

At the same time, it's creating economic conditions that prompt people in the middle to basically become very frustrated that their economic prospects are not increasing either. And what ends up happening is the people who win from this economic revolution try to preserve their gains through just about any means they can, and that includes gross political obstructionism, the rigging of elections, and a total unwillingness to compromise.

This kickstarts a death spiral that ultimately undoes the Roman system from within — and we'd do well to learn from it. Because the story of Rome shows that once you reach that breaking point, that point of no return, you cannot unwind the clock.

Sean Illing

Why couldn't the Roman system respond to these disastrous trends quickly enough? What short-circuited in their process?

Edward Watts

There are signs that the system was trying to respond to this new economic reality between 140 and 130 BC. There are efforts to reform the electoral process so that it's harder to buy votes and rig elections. But the reforms only go halfway because they're undermined by entrenched interests, and so the decline just continues apace.

Sean Illing

You spend a lot of time mapping the decline of norms and political customs in Rome. Was this the result of Roman politicians elevating their own self-interest over the good of the republic, or was it something deeper happening in the culture?

Edward Watts

I think the erosion of norms really starts when Roman politicians convince themselves that their personal ambitions and the good of the republic are one and the same. In other words, they started acting in their own self-interest but deluded themselves into thinking that it was really for the betterment of Rome.

The other thing you see is that Roman politicians, much like American politicians today, started to believe that all they needed was 51 percent of the people to support them, and that the other 49 percent didn't matter. But that's not how the Roman system was supposed to work, and it's not how the US system is supposed to work.

Representative democracies are designed to cool down the passions of a pure democracy and find representatives who can think more long-term and craft policies that solve problems in ways that also have broad support.

"The story of Rome shows that once you reach that breaking point, that point of no return, you cannot unwind the clock"

Sean Illing

The thing that worries me the most is the loss of faith in public institutions, something that occurred in Rome and in many ways signaled the beginning of the end. It's hard to look at the American political landscape and not see something similar afoot.

Edward Watts

I think that's definitely a way to read the political moment in the United States right now, where people who need things from the

system and from the government are not getting them, whether it's healthcare or job training or economic opportunities or infrastructure. You see this in the late Roman republic too — it simply got too big and lacked the infrastructure to support its population.

What the Roman story shows is that in a republic that's old, where people have a lot of faith in that republican system, people like Donald Trump pop up every generation or so when things reach a tipping point. You have these cycles where the system reboots, and people are shocked by what happened, and they step back and allow things to fall back into some sort of normal rhythm before they get frustrated again.

And I think this is the cycle that is perhaps most scary. If the decline of a republic is something that doesn't take five years, but instead takes 50 years, or 70 years, or 120 years, Trump is likely not the last of these kinds of figures.

Sean Illing

The title of your book is a reminder that all political systems are finite and will, eventually, die. Rome lasted centuries before it ultimately imploded. How worried are you about the trajectory of the American republic?

Edward Watts

I'm extremely worried. But I still believe our decline is reversible. I trust that enough people recognize that it's better to have a dysfunctional republic than to have nothing at all. And in Rome, you do have these moments of retrenchment, where people step back and say this is quite bad, this is too much, we have to pull back.

But it's up to Americans, just like it was up to voters in Rome, to defend our institutions and to punish people who are misusing the tools that are supposed to make it strong to instead undermine it. No one else will do it on their behalf.

So I think it's by no means a foregone conclusion. History doesn't work that way. And there have been moments where the U.S. looked to be in grave trouble and managed to bounce back. But we have to be really vigilant and defend the integrity of the republic, and defend the integrity of our system, and punish those who abuse our institutions and violate our norms.

End of Interview.

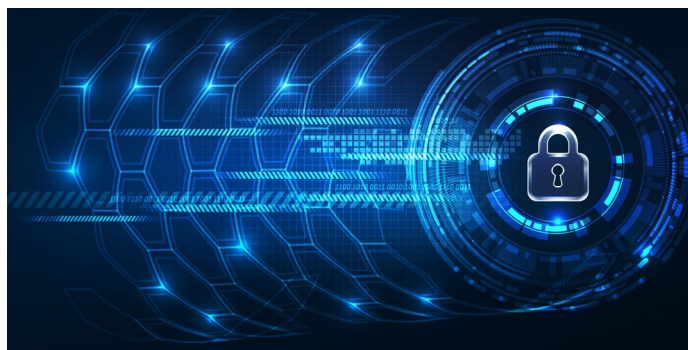
We have all heard the phrase "America is the Rome of today" Now the question now is, were the last days of Rome the America of tomorrow?

D. Miyoshi



Be Ready for The Most Destructive Cyberattack in History

Be Ready for The Most Destructive Cyberattack in History



Christian Olsen, renowned cyber-expert and editor of Stansberry Innovations Report tells us of an all too often growing experience.

Jim Hagemann Snabe awoke to a dire call at 4 a.m.

His company was under attack. There was nothing he could do to stop it. And it was going to cost his firm the better part of \$300 million.

Snabe runs Maersk, a 140-year-old shipping company based out of Copenhagen, Denmark. It's the largest company of its kind in the world, transporting roughly 20% of world trade. One of its ships arrives somewhere in the world every 15 minutes on average. And it unloads 10,000 to 20,000 containers per ship.

Maersk provides a critical part of the infrastructure that makes the world tick.

In June 2017, Maersk fell victim to what looked like ransomware, but was actually much more savage.

Ransomware is malicious software that, when installed, blocks access to an infected computer until a ransom is paid. The ransomware typically shows up as an e-mail in your inbox. Often, it prompts you to download a file that, when opened, allows "admin access" to your computer. The ransomware encrypts your data – locking you out of your own system.

It happens that easy and that fast.

The locked computer shows instructions on the screen for how to reinstate access. Once you send a hefty payment to an anonymous account, usually through bitcoin, the ransomware sends a code to unlock the computer.

Ransomware like WannaCry and Petya cost victims about \$9 billion across 150 countries in 2016 and 2017. What hit Maersk last year was even more nefarious...

It was, creatively, called "NotPetya." The CIA believes the Russian military developed NotPetya to disrupt the Ukrainian banking system. But it quickly spread to Ukrainian business partners in other countries like Poland, Italy, Germany, Denmark, the U.K., the U.S.,

and even Russia itself.

Unlike its predecessor, NotPetya did not need victims to gullibly grant it access to their systems. Instead, it spread itself through a secret U.S. surveillance peephole developed – ironically enough – by the U.S. National Security Agency... a backdoor to the Windows operating system.

NotPetya got into the Maersk system through the auto-update feature for accounting software M.E. Doc. At Maersk, all the desktop computers had the auto-update feature turned on, so software updates would install by themselves.

Normally, information technology ("IT") departments want the auto-update feature turned on because software updates include bug fixes and security patches. The security patches minimize risk and protect the assets of the company. They keep hackers from getting access to sensitive information.

But NotPetya exploited the Microsoft Windows backdoor to sneak undetected through Maersk's auto-update and wipe out the Master Boot Record ("MBR") on every infected Windows PC and server in the company. (The MBR is a special place on every hard disk you need to start up the computer. If you can't access the MBR, or if it's corrupted, you lose your data and must replace the computer.)

Petya was designed to make money. NotPetya was designed to destroy. Once inside Maersk, NotPetya spread rapidly by sending out signals called "pings" to find all devices on the network. It then built a list of names, IP addresses, usernames, and passwords... and moved laterally across Maersk's network.

The attack obliterated the company's entire IT infrastructure, and Maersk was without IT for 10 days. Remarkably, the company was able to maintain 80% of its shipping volume business manually. But it had to replace and install 45,000 PCs and 4,000 servers to recover from the ransomware attack. Over the two months following the attack, it cost Maersk \$300 million.

Reports claim that NotPetya affected more than 2,000 companies worldwide and caused \$1 billion in total damage. That's on the light side, if you ask me.

In June, Olsen traveled to Germany to attend the CEBIT technology conference. He spoke with several companies and top minds about cybersecurity, including Mikko Hypponen, chief risk officer of F-Secure, a Finnish-based cybersecurity company. Hypponen believes the financial damage and disruption from NotPetya were likely much more than that. Olsen agrees.

For example, pharmaceutical giant Merck claims the attack cost it about \$310 million. Global courier FedEx said it took a \$400 million hit. It cost Mondelēz International, the owner of Cadbury chocolate, \$180 million.

If just these three companies and Maersk total more than \$1 billion, our bet is NotPetya got away with several times that figure in the end.

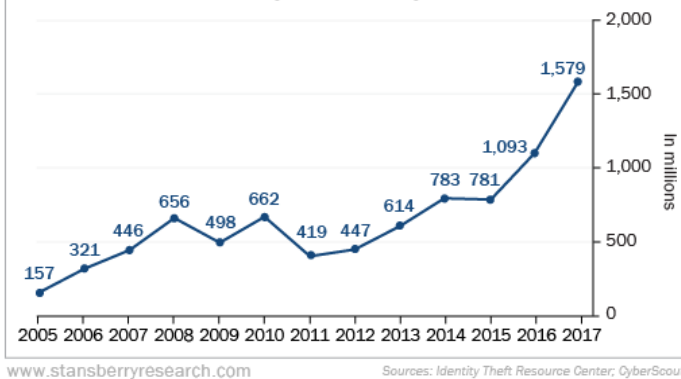
The Trump administration called it "the most destructive and costly cyberattack in history."

Cybercrime is the world's fastest-growing criminal business. As you can see, the number of data breaches has shot up more than 900% since 2005...

WHAT IF ALL ILLEGALS LEFT?

ANNUAL NUMBER OF DATA BREACHES IN THE U.S.

(2005-2017)



According to one report, all cyberattacks cost the global economy \$600 billion last year – up from \$445 billion in 2014. Research firm Gartner reports that firms will spend more than \$1 trillion on cybersecurity products between 2017 and 2021.

That offers enormous potential for cybersecurity companies with the right products and the right people to maximize the opportunity.

Keep your eye out for these investment opportunities. They will be out there for the picking.

D. Miyoshi

WHAT IF ALL ILLEGALS LEFT?



This article was sent to me by a fellow Marine classmate.

I thought it illuminating and so recreate it here for your reading pleasure. D. Miyoshi

Tina Griego is a Free-Lance reporter for the Denver Post. She writes some really good stuff and she is a strong advocate for LEGAL Immigration. She is the author of this article.

Not Democratic, not Republican, not liberal, and not conservative. Just the facts by a good reporter!

What if 20 Million Illegal Aliens Vacated America? I, Tina Griego, journalist for the Denver Rocky Mountain News has written a column titled, "Mexican Visitors' Lament."

I interviewed Mexican journalist Evangelina Hernandez while visiting Denver last week. Hernandez said, "Illegal aliens pay rent, buy groceries, buy clothes. What happens to your country's economy if 20 million people go away?"

Hmmm, I thought, what would happen?

So, I did my due diligence, buried my nose as a reporter into the FACTS I found below. It's a good question...it deserves an honest answer. Over 80% of Americans demand secured borders. What would happen if all 20 million or more vacated America? This may surprise you!

In California, if 3.5 million illegal aliens moved back to Mexico, it would leave an extra \$10.2 billion to spend on overloaded school systems, bankrupt hospitals and overrun prisons. It would leave highways cleaner, safer and less congested. Everyone could understand one another as English became the dominant language again.

It means 12,000 gang members would vanish out of Denver alone. Colorado would save more than \$20 million in prison costs, and the terror that those 7,300 alien criminals set upon local citizens. Denver Officer Don Young and hundreds of Colorado victims would not have suffered death, accidents, rapes and other crimes by illegals.

Denver Public Schools would not suffer a 67% dropout/flunk rate because of thousands of illegal alien students speaking 41 different languages. Denver's 4% unemployment rate would vanish as our working poor would gain jobs at a living wage.

In Chicago, Illinois, 2.1 million illegals would free up hospitals, schools, prisons and highways for a safer, cleaner and more crime-free experience.

If 20 million illegal aliens returned 'home,' the U.S. economy would return to the Rule of Law. Employers would hire legal American citizens at a living wage.

Everyone would pay their fair share of taxes because they wouldn't be working off the books. That would result in an additional \$401 billion in IRS income taxes collected annually, and an



WHAT IF ALL ILLEGALS LEFT?

equal amount for local, state and city coffers.

No more confusion in American schools that now must contend with over 100 languages that degrade the educational system for American kids.

Our overcrowded schools would lose more than two million illegal alien kids at a cost of billions in ESL and free breakfasts and lunches.

We would lose 500,000 illegal criminal alien inmates at a cost of more than \$1.6 billion annually. That includes 15,000 MS-13 gang members who distribute \$130 billion in drugs annually and would vacate our country.

In cities like L.A., 20,000 members of the '18th Street Gang' would vanish from our nation. No more Mexican forgery gangs for ID theft from Americans! No more foreign rapists and child molesters!

America's economy is drained. Taxpayers are harmed. Employers get rich. Over \$80 billion annually wouldn't return to the aliens' home countries by cash transfers. Illegal migrants earned half that money untaxed, which further drains America's economy which currently suffers a \$20 trillion debt. \$20 trillion debt!!!

At least 400,000 anchor babies would not be born in our country, costing us \$109 billion per year per cycle. At least 86 hospitals in California, Georgia and Florida would still be operating instead of being bankrupt out of existence because illegals pay nothing via the EMTOLA Act.

Americans wouldn't suffer thousands of TB and hepatitis cases rampant in our country - brought in by illegals unscreened at our borders. Our cities would see 20 million less people driving, polluting and grid locking our cities' greenhouse gasses.

Over one million of Mexico's poorest citizens now live inside and along our border from Brownsville, Texas, to San Diego, California, in what the New York Times called, 'colonias' or new neighborhoods. Trouble is, those living areas resemble Bombay and Calcutta where grinding poverty, filth, diseases, drugs, crimes, no sanitation and worse. They live without sewage, clean water, streets, roads, electricity, or any kind of sanitation.

The New York Times reported them to be America's new 'Third World' inside our own country. Within 20 years, at their current growth rate, they expect 20 million residents of those colonias. (I've seen them personally in Texas and Arizona; it's sickening

beyond anything you can imagine.)

We already invite a million people into our country legally/ annually, more than all other countries combined- with growing anarchy at our borders.

It's time to stand up for our country, our culture, our civilization and our way of life. Interesting statistics below!

Here are 13 reasons illegal aliens should vacate America, and I hope they are forwarded over and over again until they are read so many times that the reader gets sick of reading them:

1. \$14 billion to \$22 billion dollars are spent each year on welfare to illegal aliens (that's Billion with a 'B')
2. \$7.5 billion dollars are spent each year on Medicaid for illegal aliens.
3. \$12 billion dollars are spent each year on primary and secondary school education for children here illegally and they still cannot speak a word of English. \$27 billion dollars are spent each year for education for the American-born children of illegal aliens, known as anchor babies.
4. \$3 Million Dollars 'PER DAY' is spent to incarcerate illegal aliens. That's \$1.2 Billion a year.
5. 28% percent of all federal prison inmates are illegal aliens.
6. \$190 billion dollars are spent each year on illegal aliens for welfare & social services by the American taxpayers.
7. 200 billion dollars per year in suppressed American wages are caused by the illegal aliens.
8. The illegal aliens in the United States have a crime rate that's two and a half times that of white non-illegal aliens. In particular, their children are going to make a huge additional crime problem in the US.
9. During the year 2005, there were 8 to 10 MILLION illegal aliens that crossed our southern border with as many as 19,500 illegal aliens from other terrorist countries. Over 10,000 of those were middle-eastern terrorists. Millions of pounds of drugs, cocaine, meth, heroin, crack, guns, and marijuana crossed into the U.S. from the southern border.



Do Woman Rule the World?

10. The National Policy Institute, estimates that the total cost of mass deportation would be between \$206 and \$230 billion, or an average cost of between \$41 and \$46 billion annually over a five year period.

11. In 2006, illegal aliens sent home \$65 BILLION in remittances back to their countries of origin, to their families and friends.

12 The dark side of illegal immigration: Nearly one million sex crimes are committed by illegal immigrants in the United States!

Total cost - a whopping \$538.3 BILLION DOLLARS A YEAR!
And we don't need a wall?

Do Woman Rule the World?



Of course they do. Do you want proof?

Then just ask Jason Stutman, editor of the well know financial newsletter *Wealth Daily*.

Recently Jason took a trip to California to visit an old friend of his from high school. The friend is currently living in San Francisco after taking a job with Google a year ago, so they found time to catch up as Jason was attending a pair of conferences on the West Coast — the Consumer Electronics Show (CES) in Las Vegas and the JP Morgan Healthcare Conference in San Francisco.

Come August, Jason's friend is getting married, so naturally Jason and his friend fell into conversation over drinks about relationships and the power dynamics within them. They talked about the density of beautiful women in California and the importance of self-control in monogamous relationships.

At some point this led to a lighthearted debate about whether or not an open relationship could ever really work. Jason's friend entertained the notion that some couples need non-monogamy. Jason decried the idea, arguing that an open relationship is nothing more than friends with benefits, dressed up in a tuxedo and gown.

As the alcohol flowed, they fell further into "locker room talk." Jason's jovial conclusion was that women secretly ruled the world behind the scenes. It's an idea his friend couldn't help but laugh at, yet they both agreed there's some underlying truth to the notion. After all, life is built on the process of natural selection, and, at least in the case of most species, females take up the role of the selector.

As for how any of this is relevant to the stock market, Jason couldn't help but view their conversation through the lens of recent events. In case you haven't heard by now, Amazon (NASDAQ: AMZN) CEO Jeff Bezos recently announced that he and wife MacKenzie Bezos will be undergoing a divorce, and, with that split in limbo, the market has been wondering exactly what it means for the world's most valuable company.

As it stands, the general consensus is that MacKenzie Bezos is legally entitled to half of the \$140 billion Amazon fortune. The market remains focused on the potential consequences this will have on voting power at Amazon, but in all likelihood, Jeff Bezos will maintain those rights.

At the end of the day, voting power is a distraction from what really matters, and that's Jeff's ability to continue running Amazon with the same level of efficiency we've come to expect. Divorce, it turns out, can spark serious emotional trauma, enough so to throw off even the world's most powerful CEOs.

Take what recently happened with Tesla (NASDAQ: TSLA) CEO Elon Musk. In early 2018, the eccentric billionaire split with actress Amber Heard, only to latch on to musician Grimes a few months later.

At risk of seeming superficial, visual context helps. Elon went from dating this rather classy lady:

Do Woman Rule the World?



To this lesser species of woman:



Around this time is when Musk started to really go off the rails (are you really so surprised?).

The CEO called a man on Twitter a pedophile without evidence, smoked a joint on the Joe Rogan Podcast, broke out into tears on *60 Minutes*, and ultimately lost his seat on Tesla's board of directors after falsely announcing that "funding [was] secured" for a private takeout at \$420 a share.

Consequently, Tesla's share price suffered dramatically during this time, sinking from as high as \$370 a share to as low as \$250.

It's not much of a stretch to say that Musk's behavior during this time was being influenced behind the scenes by Grimes. Earlier this month, interestingly enough, a court granted the motion to serve subpoenas to Grimes in a lawsuit relating to the "funding secured" tweet, so it's safe to assume she was involved to some extent.

Was Elon desperately trying to impress Grimes as he dealt with the loss of Amber Heard? Was he lashing out at shorts because his ego was in damage control mode? Obviously, we can only speculate, but Jason thinks those are fairly reasonable conclu-

sions.

Women, it turns out, wield the power to make men do some pretty stupid things (intentionally or not).

Still, that's just one piece of anecdotal evidence, so let's look at what the research has to say.

According to Wheatley, Vogt, and Murrell (1991), 37% of companies report that employee divorce negatively impacts firm productivity.

According to Neyland (2012), total CEO compensation increases following divorce (boards react to offset the CEO's loss of wealth), and the cost of that usually comes at the direct expense of shareholders.

And according to Larcker, McCall, and Tayan (2013), divorce can affect the productivity, concentration, and energy levels of the CEO. In fact, one of Larcker's findings is that divorce is often even a catalyst for accelerated resignation or retirement.

As for how this will all play out for Jeff Bezos, time will ultimately tell, but it's safe to say that the unprecedented breakup adds at least some level of risk to Amazon shareholders. So far, the market has not priced any of this in, with shares up 13.9% year to date.

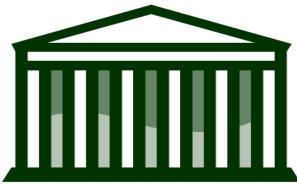
Now, maybe it's reaching here a bit by digging into the tabloids, but Lauren Sanchez smells like trouble for Bezos.

For one, former football player and Sanchez's ex-fiancé Anthony Miller claims she cheated on him and cannot be trusted. Exes can be spiteful, of course, but considering that Sanchez was having an affair with Bezos right under husband Patrick Whitesell's nose, the characterization doesn't seem so outlandish.





Mueller's Next Target/Victim?



Advancing in a Time of Crisis



Financial Crisis Report

Now, we shouldn't be calling her a gold digger... but.....

But when sources close to Sanchez say, "She's got an uncanny ability to make people do anything — she's very persuasive — both intentionally and unintentionally," that should be enough to raise the alarm for investors.

Now, is she a gold digger...?

But when she's sending her friends "dick pics" from the world's richest man (I'm not making this up) and putting his reputation at risk, that should give you a pretty good idea where both of their heads are at.

So, Amazon investors, you've been warned.

As the saying goes, behind every great man, there's a great woman. MacKenzie Bezos was behind Jeff for the last two decades. Now, it's Lauren Sanchez.

Take from that what you will, and invest accordingly.

D. Miyoshi

Mueller's Next Target/Victim?



I heard Special Investigator Mueller will soon be releasing his report on the Trump/Russia collusion affair. It is likely his findings will not be favorable for president Trump. With the recent arrest of president Trump's close confidant and consultant Roger Stone on charges of lying to the FBI and witness tampering, things are not looking particularly rosy for the president. But even more troubling is the latest word that Mueller will also be indicting Don Trump Jr. for also lying to the FBI. Of course, there is a lie and there is a LIE. A lapse of memory, an exaggeration and an outright fabrication are all deemed lies and can depend upon one's ideology and that of the particular FBI agent asking the questions. Whether this is all fair or not, it seems making America great again just keeps getting harder.

D. Miyoshi



David M. Miyoshi is a California attorney 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".

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