

CLIENT / CONTACT BULLETIN 8-17

**Just in case it matters to you:**

- BANK DEPOSITS OR WITHDRAWALS OVER \$10,000 WITHIN THE SAME DAY prompt a 'Currency Transaction Report' to the federal government. Many are not aware that "carving up deposits to avoid a Currency Report – called 'Structuring' – is a felony... Even if the money is from a legal source and used legally, the government can charge you with a crime and/or demand you *forfeit the cash!* (By contrast, with money 'laundering' the cash has to at least be related to an underlying crime.)" BE AWARE that each year banks file some 300,000 'Suspicious Activity Reports' in connection with Structuring transactions which "attract more scrutiny" than the 16 million Currency Reports also filed annually, and do not assume that your \$9,000+ deposits or withdrawals will automatically go unnoticed. [FORBES – April 7, 08]
- OVER ONE-THIRD OF AMERICAN COMPANIES NOW USE OFFSHORE OUTSOURCING and for many others "the question is not *whether* to offshore, but *which* functions to outsource, and *when*." Over half the companies doing it report that they plan to increase this strategy beyond their present level – averaging 57% of info technology and nearly a third each of their manufacturing and finance/accounting functions. "Far less fearful of a public backlash than before, companies today have a world of options when it comes to offshoring arrangements... including more significant activities like legal research, insurance claims processing and routine medical tasks such as reading of test results." Meanwhile, some of the larger Indian companies have now actually 're-outsourced' work back to America – "establishing offices and large campuses in an effort to get closer to clients and compete with U.S. rivals... In theory, a U.S. company could offshore its call center to an Indian vendor and end up having its calls handled somewhere in the Midwest, or even down the street." [CFO – March 08]
- SANTA MONICA 90402 LED LOS ANGELES COUNTY LAST YEAR IN HIGHEST MEDIAN PRICE for both homes at \$2.7M and condos at \$1.2M. Beverly Hills zipcodes 90210 and 90212 were close behind with homes averaging \$2.5M and condos around \$1M. Median home prices exceeded \$2M in Malibu 90265, Palisades 90272 and Santa Monica 90401 – which also took the honors for highest price per square foot at \$1,425 as ocean views trumped living space in buyers' priorities. In West Hollywood 90069 and other sections of Malibu and Palisades, p.s.f. prices reached the \$900 - \$1100 range (versus \$385 average for the county as a whole). Greatest percentage increases over 2006 pricing were those Santa Monica condos – nearly 45% – along with condos in Encino 91436 which grew 38%. 2008 will likely show some reversals. [LA TIMES CHARTS]
- THE LOS ANGELES OFFICE RENTAL MARKET presently averages \$2.93/month per sq. ft. – third highest in America, behind only New York City and Washington, D.C. According to the UCLA Anderson Forecast, the LA County market should remain strong through 2008 due to "pent up demand... because Los Angeles has been behind in new office building,". Not so for Orange or San Diego counties which have "fared the worst from the subprime meltdown... with developers simply too far along in construction projects to react to the weakening office demand in real estate and finance sectors," and where weakness is projected at least through 2009. [REAL ESTATE SOUTHERN CALIF – Mar 08]
- RISING CORPORATE BANKRUPTCIES "may well be a sign of much worse to come... If the debt markets are to be believed, American companies could be in at least as much trouble as in the previous two downturns – in the early 1990s and after the dotcom bubble burst... A look at the firms with distressed debt shows that problems are rapidly moving beyond the long-term sick (airlines, cars) and industries immediately affected by the crisis (home builders, mortgage lenders, monocline insurers)... to retailing, restaurants, manufacturing and food processing." Since bankruptcy rules were tightened in 2005 "to deter firms from staying in Chapter 11 too long and to stop the managers of bankrupt firms from paying themselves too much," some companies may do more to restructure without filing for B.K., however the picture is still ugly. [THE ECONOMIST – Mar 29, 08]
- THOUGHTS FOR THE WEEK: ***In the black communities some 71% of children are now born to single mothers. In the Hispanic communities, the rate is just over 50% – as one in every ten unmarried Latinas gives birth, and where more than half the families headed by a single mother are living below the federal poverty line.***

***"Age and treachery will always overcome youth and skill. B.S. and brilliance only come with age and experience."***

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