



## Just in case it matters to you:

CLIENT / CONTACT BULLETIN 12-05

- **INSIDER TRADING REMAINS ALIVE AND THRIVING.** "Greed on Wall Street set a record this month," in arrest of several Wall Streeters including a hedge fund co-founder who individually "triggered a single trade that earned \$53 million in profits." Illegal trading activity continues "rampant and routine, with criminal behavior encouraged and exploited by authority figures in several investment funds" and discovered far too seldom. [ASSOCIATED PRESS – Jan 19, 12]
- **AND, IN THE GREED CATEGORY, IT LOOKS LIKE ONLINE GAMBLING WILL SOON BE LEGALIZED IN AMERICA.** A Dep't of Justice 'formal opinion' last month concluded that interstate gambling transactions are not illegal as long as they "do not relate to a *sporting event* or contest" like basketball, football, baseball, boxing or horse races. Beyond national lotteries, this now "leaves the door open for states to consider state-specific online gambling and poker available to intrastate adult residents." [MANATT ADVERTISING LAW – Jan 20, 12]
- **THE BEST CASE SCENARIO FOR 2012 MAY BE STAGNATION,** as "economic and financial news will detail the painful and probably gradual awakening of investors to the grim and sobering reality...that underlies the growing 'sovereign debt' crisis. A sovereign debtor is basically leasing a portion of the future value of its taxing power to creditors – in effect selling a claim on future growth... Seven governments in Europe have been toppled so far because of the debt crisis and more will follow (S&P has placed 15 of 17 countries in the eurozone under credit watch)." According to Citibank's chief economist, "disorderly defaults...would trigger a global depression that would last for years, with GDP likely to fall by more than 10% and unemployment in the West reaching 20% or more" even by manipulated 'official' statistics. **Reality check: "The welfare state is broke. Busted. The expectation of retirement for the majority of people will be exposed as at best an ever more elusive dream and at worst a hoax."**

Meanwhile, absence of political courage is "merely postponing the inevitable... the equivalent of encouraging a man who is afloat over his head to tread water rather than turn back to shore. Unless able to regain solid footing, he will eventually become exhausted and drown. So it is with an economy floundering in red ink. The multi-trillion dollar losses suffered due to malinvestments are real and can only be disguised until the good credit of our government is exhausted... America is getting deeper and deeper in trouble, and there is going to come a time when...we cannot just quadruple our debt or print staggering amounts of money every four to five years... when we've shot all our bullets. It's going to be a big mess... with more and more problems financially at the state level, the pension fund level, and the national level... including higher inflation, higher interest rates, more currency turmoil... more social unrest, more governments going to fall...and more problems and turmoil around the world." [FINANCIAL INTELLIGENCE REPT – Jan 12]

- **A 3-MINUTE VIDEO BRILLIANTLY EXPLAINS THE 'DEBT CRISIS' PARADOX:** <http://www.youtube.com/watch?v=Li0no7O9zmE>  
"There's something to be said for hypocrisy. The world would be a worse place, surely, if everyone always acted on their convictions. It's a sign of maturity and mental health to be able to carry contradictory ideas in your mind, without discomfort. – David Ignatius, author
- **TRAVEL AT THE SPEED OF LIGHT?** It took Magellan's crew three years to circle the globe. In 1924, the U.S. Air Force made the trip in 175 days. Within 15 years, the globe was circumnavigated in 94 hours and, by 1961, a Russian cosmonaut flew around the Earth in one-hour, forty-eight minutes. In 1969, Apollo 10 set the current human speed record of 25,000 miles in one hour. Now, a few months ago, scientists in Italy (at CERN's particle accelerator) announced "the intriguing possibility that they detected neutrinos exceeding the speed of light... which forces us to rethink our relationship to the universe and change our thinking about colonizing other planets." [THE FUTURIST – Jan/Feb 12]
- **THOUGHTS FOR THE WEEK:** *Dining experience is cutting edge in Beijing, China, where a new restaurant, The Shithouse, prepares meals "inspired by the lavatorial experience, served in replica toilets and bedpans."*

*"The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint to keep from meddling with them while they do it." - Theodore Roosevelt*