

CLIENT / CONTACT BULLETIN 9-02

Just in case it matters to you:

- FINDING SOLACE IN POSITIVE 'EXPERT PREDICTIONS' FOR THE NEW YEAR IS TEMPTING, until you remember that reality seldom matches up. A few of last year's doozies: (1) "Oil prices will be \$150 a barrel by year end" pronounced T.Boone Pickens last June; *reality* – below \$40. (2) "In today's regulatory environment, it's virtually impossible to violate rules" advised Bernard Madoff in Oct 07; *reality* – cost his investors some \$50B in a ponzi scheme discovered a month later. (3) "AIG could have huge gains in the second quarter" advised a prominent Wall St. analyst last May; *reality* – AIG lost \$30B by Q3, and was taken over by the government in September expecting to spend some \$150B to keep it afloat; (4) "Freddie Mac and Fannie Mae are fundamentally sound, not in danger of going under, and in good shape going forward" dictated Barney Frank, House Financial Services Chairman last July; *reality* – two months later both were forced in conservatorship by the government after pledging to invest up to \$100B in each to keep alive; (5) "Existing home sales to trend up in 2008" announced the Nat'l Ass'n of Realtors in Dec 07; *reality* – 11% decrease, "the worst housing slump since the depression." And our favorite: "I'm not an economist, but I do believe that we're growing" said George Bush last July; *reality* – five months later the government declared that a recession has begun in Dec 07 – six months earlier! Don't believe everything you hear. [BUSINESSWEEK.COM - Dec 24, 08]
- "A HACKER CAN DOWNLOAD EVERYTHING OFF AN UNPROTECTED MOBILE DEVICE IN ABOUT 30 SECONDS" so keeping personal financial data on a portable device is obviously not a good idea. From a business standpoint, it's even worse. "Corporate espionage is a billion dollar business, and mobile devices are the most susceptible simply because they often share and transmit data in an unencrypted format...and because execs often don't bother setting a password for their handheld devices." State and Federal laws (including Sarbanes-Oxley) require that companies "protect and preserve a variety of business records for specified periods of time" including communications sent from portable devices which may become discoverable in event of litigation. Accordingly, if company systems and procedures are not established to protect and preserve wireless communications, "litigants may be incapable of complying with discovery requests and suffer court sanctions" – even beyond the potential economic loss of trade secrets or political cost from loss of confidential data or damaging documents. The security risks for such wireless transmission are so great, and so presently impossible to protect, that President Obama is being required to give up his Blackberry use; "smart-phones pose risks for all executives." [THE NATIONAL LAW JOURNAL – Jan 7, 08]
- THOUGHTS FOR THE WEEK: ***A new baby delivered anytime before midnight New Years Eve helped its parent's tax position for 2008 with an extra \$3,500 exemption, a \$1,000 tax credit, and another \$300 recovery rebate credit.***

Calvin's lemonade business perspective some 15 YEARS AGO fits today's auto company perspective, to a 'T'!

