



# Financial Crisis Report

Written and Edited by David M. Miyoshi

---

## Advancing in a Time of Crisis

---

### CRISIS OR PROSPERITY?

#### Inside this issue:

1. Crisis or Prosperity?
2. Investment Opportunity of the Decade
3. How to Destroy America
4. A Full Course on World Affairs

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.

I write this newsletter *The Financial Crisis Report* to give insights to investors on how they may financially benefit from the financial crisis that our country and the world is currently undergoing. I suppose when the financial crisis comes to its inevitable end, I will have to come up with a new title to the newsletter (or begin my long awaited retirement as a financial consultant).

Ultimately however, the two conditions of financial crisis and financial prosperity are not mutually exclusive. They can both co-exist in an economy and can simultaneously be experienced by the same investor.

Within the past two decades we have experienced the ravages brought on by the collapse of the MCI-WorldCom and the dot-com bubble, the bursting of the mortgage/housing bubble and the current global sovereign-debt bubble.

But we have learned from history that it repeats itself, primarily because we do not learn very much from it and thereby tend to reenact it. And because it repeats itself we can take great comfort in knowing that (at least statistically) these economic breakdowns are the harbingers of the greatest opportunities for the creation of wealth in human history.

Technologically, we have evolved from the industrial revolution to the information age with its computeriza-

tion of information. All around the world, technology is allowing people to move from the Stone Age into the Computer Age. The growth potential for humanity has never been greater. And, through computers it will accelerate.

These new technologies will continue to change our world at an ever-accelerating pace. They will create demand for additional global bandwidth, computer storage, and computer processors... demand we can't even imagine today.

And for the astute investor, these are the trends that will make them huge fortunes.

But that does not mean that our country will be free of its financial and economic problems by any stretch of the imagination.

It doesn't mean that there will be no pain and trouble awaiting millions of Americans who still don't understand the absurd risks our leaders are taking with our financial system.

Anyone with basic math skills should be able to understand that we will never repay our \$20 trillion-plus federal debts – an amount equal to a staggering \$175,000 per taxpayer. And that's only if you treat taxpayers equally, which, unfortunately, in America, we do not. As things stand today, we're counting on about 10% of the population to repay about 90%



## INVESTMENT OPPORTUNITY OF THE DECADE

of these obligations. And that will never happen. What will happen will be a truly epic financial catastrophe.

Here's the worst part... these financial problems have been staring us in the face since 2009. Most economic experts know what's causing them – vastly too much debt and not enough savings. But nothing has changed. The government's debts continue to grow and grow.

So... how do you reconcile these two views? How can you simultaneously believe that life will get tremendously better... and that our government, our way of life, and our financial system are all on the verge of an epic, generational crisis?

Simple. Throughout history that's the way progress has occurred.

Progress isn't uniform. Just consider the 20th century. More people were violently killed in the last century than in all of human history before that point, combined.

That 100-year period saw the rise of communism and socialism, two of the greatest wealth-destroying ideas ever planted in the human mind. It saw China, the single-largest ethnic population, succumb to a civil war and spend most of the period locked in a totally senseless, self-imposed isolationism. It saw the Great Depression, Hitler, Stalin, two World Wars, the Cold War, and the "Domino Theory" that sent so many brave Marines, soldiers, sailors and airmen to die in jungles. And yet...

During the last 100 years, we also saw the discovery of antibiotics – the greatest medical advance of all time. We saw average life expectancy double, from around 30 years to more than 60, globally.

Ultimately, we expect a financial crisis because we understand accounting and math. But we expect financial prosperity because we understand history, technology, and progress. There's no contradiction.

And while I believe the global sovereign-debt bubble will end badly, huge fortunes will also be made during the next phase of the computer revolution.

I recommend investors keep a large portion of their wealth in gold, silver, income-producing real estate, and very safe capital efficient companies.

But investors should also take a portion of their capital and invest it in technology businesses that will profit from the tectonic shift taking place in our world today. In 10 or 20 years, they will be 10... 30... or 100 times their current size.

It's inevitable... just like the trains and automobile revolution at the turn of the 20<sup>th</sup> century to the computer revolution in the 1960s.

D. Miyoshi

## Investment Opportunity of the Decade

**A**merica's energy infrastructure has long been the envy of the world.

We have more natural gas pipelines and refineries than anyone else. Yet this infrastructure was designed to facilitate energy imports and domestic distribution. Virtually none of it was built to export energy resources. After all, since 1949, America has been a net energy importer.

Recently, that all changed.

Thanks to the shale oil and gas revolutions, America is now a net energy exporter. Massive increases to natural gas, natural gas liquids (NGL), and oil production in America have dramatically shifted the center of energy production for the entire world back to America.

That means sooner or later... in one way or another... America's massive energy surpluses will be exported. And that shift represents the greatest investment opportunity of the decade.

Natural gas (methane) and NGLs (propane, butane, ethane) are key components to the global energy market. They are commonly used for both on-grid electrical power generation and automotive fuel.

But in many U.S. fields, these forms of energy are generally treated as merely byproducts that come out of the wellhead when





## HOW TO DESTROY AMERICA

you drill for oil.

Millions, and even billions, of dollars of these fuels are simply being torched (aka "flared") at the wellhead today in the U.S... simply because we have more than we need, and it's currently impossible to export these fuels.

The simple fact is that we're not able to use all of the energy we're producing today. So it's being wasted rather than being used to generate a profit for our industry and a massive competitive advantage in trade.

This situation won't last...

The U.S. energy sector's main impediment to higher prices and bigger profits is outdated regulations – laws passed in the 1970s, when legislators feared we were in dire jeopardy of running out of natural gas and oil. It's now 2013. Far from running out of oil and gas, more is available today than ever before... by a huge margin.

The lobbying power of the big energy companies is immense. And the benefits to our country of exporting our energy surpluses are likewise massive. Porter Stansberry of Stansberry Investment Advisory (for subscription information go to [stansberryresearch.com](http://stansberryresearch.com)) believes that the benefits of free trade for energy vastly outweigh the costs.

Consumers fear that exporting crude oil and other energy resources will lead to higher prices. In the short term, they may. But the small, temporary increases to domestic prices will lead to a vast economic boom as demand for our energy products could produce hundreds of billions in profits for our domestic oil and gas industry.

This boom will inevitably lead to increases in production and lower prices for energy everywhere.

For now, though, the U.S. Department of Energy keeps a tight grip on natural gas. More than 20 firms have applied for licenses to build natural gas export terminals and the expensive liquefaction plants that go with them. The only terminal that has been approved is Sabine Pass – which is owned by Cheniere Energy (LNG), a longtime recommendation by Stansberry Investment Advisory. If someone in Asia, or South America, or Europe wants cheap natural gas, they'll have to go through Cheniere.

We have some parts of the world with far too much gas... and some parts of the world with far too little gas. There's a huge opportunity for investors to own the companies that will correct the imbalance.

D. Miyoshi

## How to Destroy America

**W**e know Dick Lamm as the former Governor of Colorado. In that context his thoughts are particularly poignant. Recently there was an immigration overpopulation conference in Washington, DC, filled to capacity by many of American's finest minds and leaders. A brilliant college professor by the name of Victor Davis Hansen talked about his latest book, "*Mexifornia*," explaining how immigration - both legal and illegal - was destroying the entire state of California. He said it would march across the country until it destroyed all vestiges of The American Dream.

Moments later, former Colorado Governor Richard D. Lamm stood up and gave a stunning speech on how to destroy America. The audience sat spellbound as he described eight methods for the destruction of the United States. He said, "If you believe that America is too smug, too self-satisfied, too rich, then let's destroy America. It is not that hard to do. No nation in history has survived the ravages of time. Arnold Toynbee observed that all great civilizations rise and fall and that 'An autopsy of history would show that all great nations commit suicide.'"

Here is how they do it," Lamm said:

"First, to destroy America, turn America into a bilingual or multi-lingual and bicultural country." History shows that no nation can survive the tension, conflict, and antagonism of two or more competing languages and cultures. It is a blessing for an individual to be bilingual; however, it is a curse for a society to be bilingual. The historical scholar, Seymour Lipset, put it this way: "The histories of bilingual and bi-cultural societies that do not assimilate are histories of turmoil, tension, and tragedy." Canada, Belgium, Malaysia, and Lebanon all face crises of national existence in which minorities press for autonomy, if not independence. Pakistan and Cyprus have divided. Nigeria suppressed an ethnic rebellion. France faces difficulties with Basques, Bretons, and Corsicans."

Lamm went on: Second, to destroy America, "Invent 'multiculturalism' and encourage immigrants to maintain their





## HOW TO DESTROY AMERICA

culture. I would make it an article of belief that all cultures are equal. That there are no cultural differences. I would make it an article of faith that the Black and Hispanic dropout rates are due solely to prejudice and discrimination by the majority. Every other explanation is out of bounds.

Third, "We could make the United States a 'Hispanic Quebec' without much effort. The key is to celebrate diversity rather than unity. As Benjamin Schwarz said in the Atlantic Monthly recently: "The apparent success of our own multiethnic and multicultural experiment might have been achieved not by tolerance but by hegemony. Without the dominance that once dictated ethnocentricity and what it meant to be an American, we are left with only tolerance and pluralism to hold us together." Lamm said, "I would encourage all immigrants to keep their own language and culture. I would replace the melting pot metaphor with the salad bowl metaphor. It is important to ensure that we have various cultural subgroups living in America enforcing their differences rather than as Americans, emphasizing their similarities."

"Fourth, I would make our fastest growing demographic group the least educated. I would add a second underclass, unassimilated, undereducated, and antagonistic to our population. I would have this second underclass have a 50% dropout rate from high school."

"My fifth point for destroying America would be to get big foundations and business to give these efforts lots of money. I would invest in ethnic identity, and I would establish the cult of 'Victimology.' I would get all minorities to think that their lack of success was the fault of the majority. I would start a grievance industry blaming all minority failure on the majority population."

"My sixth plan for America's downfall would include dual citizenship, and promote divided loyalties. I would celebrate diversity over unity. I would stress differences rather than similarities. Diverse people worldwide are mostly engaged in hating each other - that is, when they are not killing each other. A diverse, peaceful, or stable society is against most historical precedent. People undervalue the unity it takes to keep a nation together. Look at the ancient Greeks. The Greeks believed that they belonged to the same race; they possessed a common language and literature; and they worshipped the same gods. All Greece took part in the Olympic Games. A common enemy, Persia, threatened their liberty. Yet all these bonds were not strong enough to overcome two factors: local patriotism and geographical conditions that nurtured political divisions. Greece fell. "E. Pluribus Unum" -- From many, one. In that historical reality, if we put the emphasis on the 'pluribus'. Instead of the 'Unum,' we will bal-

kanize America as surely as Kosovo."

"Next to last, I would place all subjects off limits; make it taboo to talk about anything against the cult of 'diversity.' I would find a word similar to 'heretic' in the 16th century - that stopped discussion and paralyzed thinking. Words like 'racist' or 'xenophobe' halt discussion and debate. Having made America a bilingual/bicultural country, having established multi-culturism, having the large foundations fund the doctrine of 'Victimology,' I would next make it impossible to enforce our immigration laws. I would develop a mantra: That because immigration has been good for America, it must always be good. I would make every individual immigrant symmetric and ignore the cumulative impact of millions of them."

In the last minute of his speech, Governor Lamm wiped his brow. Profound silence followed. Finally he said, "Lastly, I would censor Victor Davis Hansen's book "*Mexifornia*" His book is dangerous. It exposes the plan to destroy America. If you feel America deserves to be destroyed, don't read that book."

There was no applause. A chilling fear quietly rose like an ominous cloud above every attendee at the conference. Every American in that room knew that everything Lamm enumerated was proceeding methodically, quietly, darkly, yet pervasively across the United States today. Discussion is being suppressed. Over 100 languages are ripping the foundation of our educational system and national cohesiveness. Even barbaric cultures that practice female genital mutilation are growing as we celebrate 'diversity.' American jobs are vanishing into the Third World as corporations create a Third World in America - take note of California and other states - to date, ten million illegal aliens and growing fast. It is reminiscent of George Orwell's book "1984." In that story, three slogans are engraved in the Ministry of Truth building: "War is peace," "Freedom is slavery," and "Ignorance is strength".

Governor Lamm walked back to his seat. It dawned on everyone at the conference that our nation and the future of this great democracy is deeply in trouble and worsening fast. If we don't get this immigration monster stopped within three years, it will rage like a California wildfire and destroy everything in its path, especially The American Dream.

Thought provoking?

D. Miyoshi



## A FULL COURSE ON WORLD AFFAIRS IN TWO DAYS



Advancing in a Time of Crisis



### Financial Crisis Report



**David M. Miyoshi is a California attorney and real property broker, having earned a 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 CEO of Miyoshi Capital LLC, an international investment advisory company. In Vietnam, he led a Combined Action Platoon as an officer in the U.S. Marine Corps.**

**He is listed in 14 Who's Who publications and specializes in international business and finance.**

### A Full Course on World Affairs in Two Days

**A**lthough I subscribe to the renowned newsletter Stratfor and attended Harvard, I did not gain an in-depth understanding of World Affairs until I read two particular books written by an author of Stratfor and a professor at Harvard. These two books are entitled:

*"The Revenge of Geography* by Robert D Kaplan of Stratfor

*"Civilization: The West and the Rest* by Niall Ferguson at Harvard U., Oxford and the Hoover Institution

These books were recommended by Sean Goldsmith and Dan Ferris, writers of another eminent newsletter Stansberry & Associates, of which I also subscribe to and heartily recommend.

As Messrs. Goldsmith and Ferris state "I think you will find that read together, the two books will give you the most comprehensive understanding of world affairs today by seeing how the interaction of geography and the extraordinary developments in the numerous fields of human endeavor, but especially in Europe and America after 1500 have brought us to the place we are at today."

In 1411, the Forbidden City was under construction in Beijing, then the largest city in the world. In 1453, the Ottomans captured Constantinople. The future imperial powers of Europe accounted for about 10% of the world's surface and 16% of its population. By 1914, 11 Western empires con-

trolled nearly three-fifths of the world's territory and population, and a staggering 79% of economic output. By 1990 the average American was 73 times richer than the average Chinese. Why? Competition, Science, Property, Medicine, Consumption and Work!

You will be acquainted with Mackinder's theory of the World Island becoming after WWI fully occupied with a closed system of political ownership. The Monroe Doctrine notion of a vast and virtually sovereign area in the Americas was inspired by a friend of Henry Clay, inspired by the German notion of *Lebensraum*. A Swedish professor coined the term *geopolitik*. The adoption of Western dress arose from invention of standard sizes that enable mass production of textiles. The Iranian plateau, home of the world's first super power, remains the pivot for world history with languages and cultural traditions that have survived. Iran also possesses key geographic elements – location, population and energy resources essential to global geopolitics. No wonder they confound us so. The river of history spits in your eye.

It also provides a basis for humility in America in looking at matters of foreign policy, where we have been so ineffective of late. Our leadership in both parties appears clueless in so many ways, in the main because they have never read either of these books and do not comprehend the different forces at work in our world. Together these books have provided more insight than in all my years of schooling and international business.

I highly recommend you to read these two books.

D. Miyoshi

Past issues of the *Financial Crisis Report* can be found at the company website [www.miyoshicapital.com](http://www.miyoshicapital.com)



**Miyoshi Capital LLC**

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

Phone: 310-378-0615  
Fax: 310-378-0000  
E-mail: [david@miyoshicapital.com](mailto:david@miyoshicapital.com)  
[www.miyoshicapital.com](http://www.miyoshicapital.com)  
<http://about.me/dmiyoshi>