PUBLISHED BY MIYOSHI CAPITAL LLC

January 2015

Volume 1, Issue 39

Financial Crisis Report

Written and Edited by David M. Miyoshi

Advancing in a Time of Crisis

Words of Financial Wisdom: If you are going to play the stock market, be a bull or a bear….not a pig.

Inside this issue:

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 REAL REASON OIL PRICES ARE FALLING

The media is telling us the reason oil prices are falling is because OPEC wants to undermine the fledgling fracking oil industry in North America to rid themselves of this competition. This is a plausible and compelling story.

But it's not true.

The Saudis and OPEC ARE NOT targeting the North American shale and oil sands boom … nor alternative energy like solar, wind and hydrogen.

That's a cover story to make sure their real goal and targets (Iran, Syria and Russia) don't react with all-out military force.

The Saudis and the biggest oil kingdoms within OPEC are governed by Sunni Muslims who are being confronted with the growing threat to their very existence coming from Iran and its client state Syria.

Making the threat even more dangerous is the fact that Iran and Syria are being funded by Vladimir Putin's Russia — a la the old Soviet client state policy.

The Sunni oil kingdoms believe that — by cutting off Russia and Iran's cash flow — they might be able to force Syria's Bashar al-Assad from power.

This in turn could maybe even trigger a revolution in Iran, bringing down the country's governing Shia theocracy.

This whole "blame the U.S." perception tricked some of the right people … and a whole bunch of the wrong ones too.

And energy investors are paying the price.

But not for long.

OPEC, Saudis Miscalculated Market Psychology …

And played right into the hands of speculators who were shorting crude!

So when the Saudis and OPEC discovered that Iran and Russia — desperate for cash — were offering lower prices to key Asian oil buyers, they decided to cut their asking price for crude oil.

That way, they could match or beat slightly the lower prices being offered by Iran and Russia — both of which are still suffering under the weight of really serious economic and banking sanctions.

But in their zealousness to financially starve Russia, Iran and (by extension) Syria of cash, the Saudis and the Sunni oil kingdoms of OPEC unwittingly stepped into a speculators' trap.

This speculators' trap triggered the sharp decline in the world price of oil that started in June. And it culminated in the big decline we have seen in recent weeks.

Speculators — realizing OPEC and the Saudis were now discounting oil — started loading up on short positions and pounding a drumbeat of fear.

The Saudis and OPEC then compounded their miscalculation with the cover story about their supposed target: the North American energy boom.

As a result, they were willing to let the price of oil rise and fall without OPEC policing supplies in the market.

That reinforced short-sellers' claims that the world was swimming in oil and that the bottom was falling out from beneath the price of oil.

This fueled speculative, leveraged panic-selling in the futures market.

Consider, however, that this will be just a faded memory someday — maybe even within the next decade!

Yet, Like All Financial Panics We've Lived

THE REAL REASON OIL PRICES ARE FALLING

Through …

This one will wind up looking like a tiny blip on a five- and 10-year chart!

This isn't the first blunder in its stealth war against Iran, Syria and Russia that the Sunni oil kingdoms have made.

The fear of the Iranian threat to their existence was so great that several key members of the Sunni oil kingdoms actually funded, and encouraged several disparate militant Sunni factions that later became the Islamic State.

Now this violent terrorist group not only wants to take over Syria, Iraq and Iran, but it wants the entire Middle East and North Africa as well.

The Islamic State wants to establish one contiguous radical Sunni Islamic caliphate. And with the help of the Obama Administration's lack of a well-defined foreign policy for the Mideast, they could be well on their way.

So What's Funding This Initiative? You Guessed It: Oil!

The Sunnis who funded the Islamic State believed they could maintain control of the organization via their money purse and weapons resupply.

They never anticipated that the terrorist organization would become self-funding.

Now, the Islamic State is generating $5 million a day from the sales of stolen oil reserves, kidnapping and looting.

This means the Sunni oil kingdoms now have to worry about, and contend with, the Islamic State as a threat to their existence. This is on top of dealing with Russia, Iran and Syria's Assad.

Despite the Sunni oil kingdoms' blunder, Turkey is still stuck in the mindset that the Islamic State is the better of two evils, when compared to Assad's Syrian regime. This can partly explain why the Obama Administration has gotten virtually nowhere coordinating its forces with Turkey.

A Turkish Game of 'Chicken'

The Turks allow the Islamic State and other radical groups to use Turkish border territory to re-supply and organize … as long as the targets they intend to attack are Assad's forces.

Without Russian money flowing to Iran, Assad would be long gone. The Saudis and their allies realize that bringing down the price of oil may create some pain … but that's nothing in comparison to the screws it puts to Russia.

By slicing oil to almost half the price Russia needs to bank to keep its lights on, they're undermining Vladimir Putin's ability to prop up both the Iranian and Syrian governments.

Turkey is playing a dangerous game.

The Turks, Saudis and OPEC cannot openly be seen as doing anything to directly bring down the Russian economy in the same way the evil empire was brought down in the late 1990s for the obvious reason …

They don't want to give Putin the excuse for sending Russian troops into Syria and Iraq.

The Sunni oil kingdoms — as well as Turkey and even Egypt — know what Putin has done in Georgia and Ukraine.

They realize that by cutting the price of oil to $75 much less below $70 — if not handled correctly — is tantamount to declaring war on Russia.

Really, they are quietly declaring war on Putin himself

Oil and gas exports represent more than 50% of the cash revenues to run Russia.

So, it's not surprising that Russian stock markets and the ruble currency have been in steady decline.

On top of that, sanctions are making it impossible for Putin's Russia to borrow money from the world community.

The Sunnis know that if they can keep crude oil below $85 a barrel, then Putin's faux-Soviet government — and its support for Iran and Assad's Syrian government — will vanish like Boris Yeltsin did.

Remember, Yeltsin — the first president of the Russian Federation (1991-'99) was also VERY popular … for a while.

Putin is riding high after annexing Crimea, suppressing Georgia, antagonizing Moldova and challenging NATO and the U.S. with mock nuclear bombing drills.

But for how much longer will Putin keep riding high?

The country's finance ministry is now predicting a recession in Russia, with estimated negative growth of 0.08% in 2015.

This Russian recession estimate looks conservative at best.

Russia's recession is very likely to be closer to 2% in 2015 … and up to 4% recession 2016 … if crude oil stays at or near $85 a barrel.

Keep in mind that big multinational companies like ExxonMobil (XOM), Total S.A. (TOT) and other major oil partners cannot invest in Russia's oil projects with the current sanctions in place.

Bottom line: A Russian recession is coming, and it's going to be a lot worse than most analysts are predicting.

So again let's be clear: The Saudis and OPECs pointing to U.S. and Canadian shale oil production is nothing more than a convenient cover story for the real purpose …

To stop Russian interference in this deadly Shia/Sunni conflict.

What the Oil Bears Aren't Saying

The story the Saudis are spinning has caught on in the global oil marketplace … and spread like proverbial wildfire.

The oil bears are not just spinning the wrong story on what caused the sharp correction in oil prices.

But they are also being misleading about North American shale production and its impact on the world oil market.

Consider these four facts …

Fact #1: World oil demand is still rising by 900,000 to 1.2 million

THE CONSEQUENCES OF AN OIL COLLAPSE

barrels of oil a day, every year by 2040.

According to the International Energy Agency (IEA), demand will rise more than 37% from 92 million barrels a day to 125 million+ barrels a day.

Moreover, these oil demand estimates would be a lot higher if the projected numbers weren't being offset by fuel efficiency, technology and alternative energy assumptions being made.

Actual energy demand may be 100% — even as much as 400% — greater. But much of that demand will be met by nuclear, wind, solar, cold fusion and hydrogen energy.

Fact #2: It's still going to take $1 trillion a year of investment in world oil production to just maintain the existing world oil production, much less expand production to meet the expected growing demand.

Fact #3: The vast amount of OPEC and Saudi oil production is sold in Europe and Asia. The United States is still importing about 4 million barrels of oil from Canada, Mexico, Venezuela and only a tiny amount of oil from the Middle East.

While the U.S. has huge gas reserves and production, and we will eventually be able to export natural gas, the truth is this …

The chances of the U.S. exporting oil are slim to none, and slim is out of town.

Sorry to say, it's not happening anytime in the next 10 years.

Probably not between now and 2040, if ever.

In other words, North America poses little, if any, threat to the Saudis when it comes to oil revenues.

The BEARS also argue that lower oil prices will make financing impossible for oil producers.

Further, they say MANY oil companies will just go bankrupt because they have too much debt!

If oil drops and stays below $60 barrel — much less $40 a barrel — it will be much harder to finance and develop oil-producing properties.

Even if it does, the price drop has to last several months to have any impact.

A small number of shale-oil-producing properties have costs at or near $40 to pump in North America.

Again, this represents a tiny fraction of all oil production in Canada and the United States.

The number of these properties that are economically feasible is also remarkably low at $60 or under.

In other words, oil bears are focused on a number that — because of the 78% depletion factor in shale oil and the smaller quantity of production — is deceptive.

At $70 to $80 oil – there will be tremendous consolidation in the oil exploration and production sector.

Companies such as Whiting Petroleum (WLL), Continental Resources (CLR) and even Anadarko Petroleum (APC) and others will become takeover targets.

Or, perhaps they might themselves engineer takeovers of weaker independents.

We may not see $40 oil, but we can almost bank on seeing stronger companies buying weaker companies.

Then after they consolidate and repackage debt for lesser rates, they will no doubt make a huge fortune.

So be sure you are ready to invest in the right oil companies!

Wishing you good investing.

D. Miyoshi

THE CONSEQUENCES OF AN OIL COLLAPSE

There are a lot of folks who get pretty irate when you suggest that a near-50% drop in the price of oil might be a negative in the short term. They look at you like you're stupid. They talk about the massive benefit to consumers, the synthetic "tax cut" that everyone's getting, what it's going to do to consumption, etc.

All of this is true. But according to Jared Dillian, Editor of *The 10th Man* financial publication, if you take a major commodity and slice it in half in the span of a month or two, there are going to be major consequences.

In truth the commodities markets haven't seen anything like this since 1980 when gold went haywire. And you don't put gold in your gas tank. Without a doubt, crude oil is the world's most important commodity when you take into account both its economic and geopolitical significance. People go to war over the stuff all the time. And with oil falling from $105 to $57 in just six months, it might happen again.

Put in perspective, when people look at this move in oil 10 years from now, they may call it the "Crash of '14." A move of this magnitude in a short amount of time is a crash. When stocks went down 19% in a week in 2008, it was also a crash.

It is said any move over six standard deviations is a crash. For comparison, the Crash of '87 was 25 standard deviations—a move so uncommon, so statistically rare, that it wasn't supposed to happen in a length of time greater than the age of the universe.

I am not sure of the calculus on oil, but if it's not six standard deviations, it's close.

CYBERTERRORISM, THE NEW FORM OF ECONOMIC WARFARE

As you probably know by now, the move in oil has been more of a supply issue than a demand story. We were drilling holes all over the planet in search of it. People are drilling for the stuff in the most remote spots on the globe. You name it and people have at least thought of drilling for it there.

That's what happens when oil gets to $140 a barrel. People are incentivized to look for it. But it takes time to explore and produce the stuff. It takes years for wells to finally come online and for supply to hit the market.

There are still projects that may never be completed, like Vaca Muerta in Argentina, that Yacimientos Petrolíferos Fiscales (YPF) is developing in conjunction with Chevron. We can feel sorry for those Argentinians.

As in the mining industry, once a company has brought production online, it's difficult to take it offline. And it's hard to start it back up again, to get all the permits, to hire everyone back. So people will continue to produce at uneconomic levels for a long time, hoping that the price will come back, while simultaneously ensuring that with continuing the supply of it, it won't for a long time.

Therefore, is the oil collapse good or bad for the US? Well, 20 years ago, it would have been definitely bullish. Now, perhaps not. We produce slightly more oil than we consume. There will be winners and losers, which is being reflected in the stock market.

For some countries, it's unequivocally bearish, especially for adversaries like Venezuela, Iran, and Russia. But also for allies, like Canada, which is probably in the most precarious economic position of any country in the world.

The takeaway is: an oil crash makes the world LESS STABLE. <u>And that is when the big problems arise</u>.

These days, some say under Putin, Russia closely resembles Germany in the 1930s. Now with the free fall of the Ruble, Putin is in the midst of a full-blown currency crisis. Add to that the sanctions by the West. With that the threat of annexation by Russia of its smaller neighbors is amped up. And with our current administration, the chance of our challenging such a move is low.

We know that Russia is very much a petro-state. There are others. Norway has been enjoying a phenomenally high standard of living for years, with some of the highest incomes and the strongest currency in the world on a purchasing-power parity basis. A lot of that had to do with a very successful and well-managed state-owned oil industry, and one of the largest sovereign wealth funds to boot. If you've seen a chart of Norwegian krone (NOK) vs. the Swedish krona (SEK) recently, you know that oil's plummet has been a game-changer.

The bottom line is due to the collapse of oil prices, there are going to be second- and third-order political effects that we cannot even conceive of now. Take Venezuela. It may descend into anarchy and hyperinflation and become a completely failed state. This has consequences for the entire region, but especially Colombia. Take Venezuela and multiply it by 100, and you get a sense of the magnitude of the problem that we're facing.

Experienced traders know price moves like this do not happen in a vacuum. There's a chain reaction that extends out for years. So in situations like this, experienced traders reduce risk. They cut back on their exposure to things that gain from stability, and increase their exposure to things that gain from volatility.

Nobody has a playbook for this, because nobody saw it coming. But a leveraged long position with no cash is probably a bad idea right now.

D. Miyoshi

CYBERTERRORISM, THE NEW FORM OF ECONOMIC WARFARE

Economic warfare is the use of, or the threat to use, economic means against a country in order to weaken its economy and thereby reduce its political and military power. Economic warfare also includes the use of economic means to compel an adversary to change its policies or behavior or to undermine its ability to conduct normal relations with other countries. Some common means of economic warfare are trade embargoes, boycotts, sanctions, tariff discrimination, the freezing of capital assets, suspension of aid, the prohibition of investment and other capital flows, and expropriation.

But cyberterrorism is the new form of economic warfare. This is where computers are replacing bombs.

And its effectiveness as a form of economic warfare was recently demonstrated when Sony withdrew from distribution its movie *The Interview*, a comedy about television personalities recruited by the CIA to kill North Korea's leader Kim Jong Un.

The withdrawal of the movie was made in the wake of Sony's computer system being hacked in a cyberattack resulting in the theft of sensitive and confidential data and movies including *The Interview* and the threat of 9/11 type attacks on movie goers watching it.

CYBERTERRORISM, THE NEW FORM OF ECONOMIC WARFARE

Initially, the media reported the cyberattack was initiated by a group called "*The Guardians of Peace*." The FBI stated the evidence pointed to North Korea's select Bureau 121 Cyber warfare unit as the source of the cyberattack (but the sophistication of the cyberattack also indicated possible support and involvement of Iran, China or Russia). Later some evidence seemed to indicate that the hack was performed by a disgruntled former employee of Sony. Whatever the source, the hacking was made possible by the theft of the user name and password of Sony's computer system administrator. Initially Bloomberg estimated the monetary damage to Sony would be incalculable. Between lost revenue, computer network repairs, lost productivity and reputational damage, they said the damage should go well over $100 million. Many prominent leaders in both Washington and Hollywood called Sony's decision not to show the movie a cowardly act that led to the loss of the first "cyberwar." There was great consternation that the decision had set a very dangerous precedent against our concept of freedom of expression.

On Dec 19, 2014 at a news conference, President Obama said the Sony decision to pull the movie was a "mistake" and that "he wished Sony had consulted him first." Following the news conference, Sony officials stated the decision was not a mistake but was prompted by theaters deciding not to air the movie. Then just as suddenly on Dec 23 Sony reversed its decision under pressure to defend its right of expression and agreed to show the movie on a limited basis beginning on Christmas Eve. As it turned out, it was the first movie to be streamed over the internet before its theatrical release and the most watched movie on the net. Over the first five days the movie grossed $18 Million so it is likely Sony will at least break even though the viewing price was reduced. It's reported the cost to produce the movie was $44 Million.

There are many questions remaining as to who really committed the cyberattack, why Sony at first capitulated then suddenly reversed its decision, what fears Sony had about incurring a financial loss or suffering the release of further embarrassing emails, why on Dec 22 North Korea's internet suddenly went down temporarily, why the U.S. did not support Sony from the first time the cyberattack was made known to them and from what other sources could the U.S. and its companies expect cyberattacks to come from in the future.

But questions aside, <u>this story will definitely have economic consequences far beyond Sony</u>. I believe it carries four big lessons for us.

<u>First</u>, hackers are getting better at the same time businesses are depending more and more on the Internet. What happened to Sony could happen to any company, anywhere on the planet. No one is safe. That means businesses of all sizes have to give online security more resources.

<u>Second</u>, leaked emails can kill negotiations, ruin careers, and bring down entire companies. Executives need to realize that anything they type can go public in a heartbeat. Look for sensitive discussions to shift back to phone calls and in-person meetings.

<u>Third</u>, the most vulnerable element in any organization is the people. Hackers break in because some employee uses a weak password or bypasses an annoying security program. Management will have to crack down on those things, but it will cost a high price in productivity and retention.

<u>Fourth</u>, government can't always protect or help businesses. Even if we had ironclad proof that North Korea was behind the Sony attack, what could we do? Economic sanctions would seem pointless against a country that is already so isolated. Also, because North Korea has nuclear weapons, it would not make sense to start a shooting war over a cancelled movie. But this reason argues all the more for stopping Iran <u>now</u> from developing nuclear arms because Iran would be even a bigger threat to the West than North Korea could ever be. The Obama administration's penchant to appease foreign adversaries, especially Iran, can lead to the ultimate nuclear showdown (and resulting cataclysm) in the Mideast. THIS REMAINS ONE OF THE BIGGEST GEOPOLITICAL QUANDARIES OF OUR TIME.

The incident further raises the issue of whether it's an act of terror to steal data and movies of a company and make threats to execute 9/11 style attacks on movie goers.

Up to now, cyberattacks have been limited to stealing funds and valuable or sensitive data. Besides North Korea, the main players have been China, Russia and Iran. If we include the 2010 attack of the Stuxnet virus on Iranian computers used in its nuclear program, we can add Israel and probably the U.S. to that list.

But was the cyberattack on Sony an act of "cyberterrorism"?

These days we are increasingly dependent upon information technology. However, while technology can deliver a number of benefits, it also introduces new vulnerabilities that can be exploited by persons with the necessary technical skills. Hackers represent a well-known threat in this respect and are responsible for a significant degree of disruption and damage to information systems. However, they are not the only criminal element that has to be taken into consideration. Evidence suggests that technology is increasingly seen as a potential tool for terrorist organizations. This is leading to the emergence of a new threat in the form of 'cyberterrorists', who attack technological infrastructures such as the Internet in order to help further their cause, whether it is political, social, military or economic.

CUBA - 1 vs U.S.A. - 0

According to the U.S. Federal Bureau of Investigation, cyberterrorism is any "premeditated, politically motivated attack against information, computer systems, computer programs, and data which results in violence against non-combatant targets by sub-national groups or clandestine agents."

Unlike a nuisance virus or computer attack that results in a denial of service, a cyberterrorist attack is designed to cause physical violence or extreme financial harm. According to the U.S. Commission of Critical Infrastructure Protection, possible cyberterrorist targets include the banking industry, military installations, power plants, air traffic control centers, and water systems.

Although there was no physical violence in the wake of the cyberattack, time will only tell the extent of financial damage that Sony will ultimately suffer from it. If Sony does suffer great financial loss, then this cyberattack can be deemed an act of cyberterrorism.

Back in February 2014, president Obama proclaimed that cyberterrorism is the country's biggest threat. Then in the wake of the cyberattack on Sony, the administration stated cyberattacks pose the greatest threat to national security. If no credible response was made in response to the cyberattack, the only probable result we could expect would be even more sophisticated and greater cyberattacks being launched against our companies and government.

If it is ultimately proven that North Korea is the actual villain, it is evident the only discernable fear that Kim Jong Un has is to be humiliated on the world stage. Showing the movie, would "play" directly to his fear and demonstrate to the state sponsored cyberterrorists that the U.S. and its companies will not kowtow to the threats by any country but will continue to uphold their fundamental credo for free speech and a demand for justice and independence. With the intense international coverage of this event by the media, perhaps the curiosity it incited and the patriotic fervor it aroused will ultimately make the movie the most watched motion picture of all time (in spite of its poor ratings by critics).

Ultimately, to protect our national security, we must remain vigilant at all times. If we fail in this endeavor we can only expect to reap the inevitable consequences.

Today it was a movie company. Tomorrow it can be Wall Street, the banks, the electric grid, military command and control systems….or worse.

This is a wake up call.

D. Miyoshi

CUBA - 1 vs U.S.A. - 0

The Obama Administration, in one of the more imprudent moves in American history, handed Cuba everything. Full diplomatic relations with the U.S. Unlimited visits/vacations by Americans. An open door to U.S. markets, banks and financial services.

And what did the U.S. get in return? Zero, Nothing, Nada, oh except for the release of one U.S. political prisoner. To achieve that, President Obama didn't merely give Cuba the keys to the kingdom. He is wiping out the Florida and Caribbean tourist industries. Hotels. Cruises. Shopping. Much of that is about to go down the drain, soon to be appropriated by the Castro brothers and their merry band of communist tyrants.

Cuba was one of the great fears about the huge investments made in US/Caribbean tourism. Cuba has built up its tourist industry for 30 years. It's the best-kept secret among European wintertime holiday makers looking for endless parties, drugs and women.

Now the Obama Administration has handed Cuba the U.S. market as well. Virtually for free. Getting practically nothing in return. President Obama gave in to all of Cuba's demands for "normalization" while spitting on more than 50 years of successful U.S. foreign policy designed to bring a dictatorial regime just 90 miles from our border to its knees. History will show that President Obama "snatched defeat from the jaws of victory" -- with the Castro regime on its last legs, Obama gave in.

But he didn't really "give in." He willingly and aggressively implemented his post-American agenda.

Let's take a look at what President Obama said in his announcement. It was as if the Castro regime had written President Obama's speech. Consider these three points:

1. President Obama blamed the U.S. for the last 50 years. He said our policies have "failed" and had "little effect." He intentionally highlighted the "Bay of Pigs" invasion without mentioning the missile crisis. Obama announced that we have failed, with no mention of any benefit of 50+ years of U.S policy that has kept America safe and pushed the Castro regime to the stone ages.

2. President Obama equated our "sins" with communism. First, he gave credence to the Marxist view that the West (i.e. United Kingdom and the U.S.) has been wrongfully imposing its values on the world -- what the liberal elites and Marxists call

Investment Resolutions for 2015

"colonization." Then he equated colonization with communism. In Obama's world, we are no better than the tyrant dictators of Marxism who imprison and murder their political opponents, oppress their people and kill those who try to leave. This is what Obama said:

"Let us leave behind the legacy of both colonization and communism.... A future of greater peace, security and democratic development is possible if we work together -- not to maintain power, not to secure vested interest, but instead to advance the dreams of our citizens"

3. President Obama announced the Post-American world. This was not a minor speech. President Obama had an agenda. Let's be clear: the "prisoner exchange" was not part of any "deal" on normalization. We heard of no concessions or changes from the Castro regime in order to trigger normalization. In fact Castro promised that communism will always reign in Cuba. President Obama was simply announcing his Post-American world. This announcement goes far beyond Cuba to his Executive Amnesty. Here's what President Obama said (in Spanish):

"Todos somos Americanos"

Translation: "We are all Americans."

How could a President of the United States stand up and proclaim that "We Are All Americans"?

Perhaps because this president is "Post-American" He views America and the world through a post-American lens in which our military is weakened, our global influence is reduced and our borders are erased. America is just another player with no greater political, economic, legal, military or moral authority on the world's stage. In fact, we are more guilty for the world's ills than other countries.

We must remember that when we say "Cuba" we really mean the central communist party that runs the island-nation. The masses of Cuban people are dirt poor and desperate. Cuba has the highest divorce rate in the world. They have little to nothing: no money, no property, no opportunity, no freedoms. Tens of thousands of Cubans have been killed at the hand of their own government. Even the vaunted health care system is a farce. Why do you think so many Cubans have taken such desperate actions to try and escape the communist hellhole?

Now, thanks to President Obama's unilateral decision, Castro wins. JFK is rolling in his grave, sold out by a fellow Democrat. Like immigration 'reform,' this is another step President Obama has taken on his own without the consent or approval of Congress.

You may know the old saying: an honest politician is one who, when he is bought off, stays bought off. In speech after speech to the U.S. Cuban community, President Obama swore he would leave Cuban sanctions in place. The U.S. Cuban community bought President Obama's promises. They handed him the state of Florida in both his presidential victories.

Well, the president did not stay bought off, and the U.S. Cubans are outraged.

The Castro brothers are partying now.

D. Miyoshi

Investment Resolutions for 2015

A new year offers a fresh start. That's why so many of us begin it with a few resolutions. The following are suggestions by Alexander Green, Chief Investment Strategist of *The Oxford Club*.

Here are three that every investor would be wise to adopt.

1. Rebalance Your Portfolio. After a nearly six-year, rip-roaring bull market, you almost certainly have a larger percentage of your portfolio in stocks than you did a few years ago. That means it's time to lighten up.

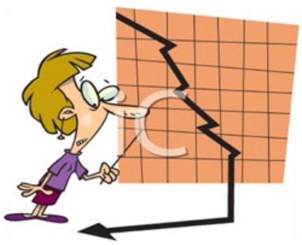
Start by looking at your total asset allocation. Gather up the statements for all your bank accounts, retirement accounts, brokerage accounts and mutual fund accounts and determine what percentage of your total investment capital is in stocks, bonds, cash, precious metals, etc.

It is recommended that you have 30% each in U.S. and international stocks, 10% each in high-grade bonds, high-yield bonds, and inflation-adjusted Treasurys, and 5% each in real estate investment trusts and gold shares.

This ensures that you are diversified among a number of non-

Investment Resolutions for 2015

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.

correlated investments and own a piece of each year's best-performing asset class. (In 2014, that was definitely large cap U.S. stocks.)

Your asset allocation is your single most important investment decision. But to do it right, you have to rebalance once a year. Bring the percentages above back into alignment by selling some of the asset classes that have appreciated the most and putting the proceeds into the laggards. A contrarian strategy? Absolutely. This adds to your returns by forcing you to sell high and buy low. It also reduces your portfolio's volatility.

2. Check Your Investment Costs. It's a sad fact of life that most investors haven't the foggiest notion what they're paying in total investment costs each year. That's because so many fees are hidden. This is especially true if you own actively managed mutual funds, annuities or life insurance policies.

All things being equal, higher investment costs mean lower net returns for you. Don't let your broker tell you his investment products justify their fees. Chances are they are not even matching - much less beating - an unmanaged index. (Three out of four mutual funds don't beat their benchmark each year. Over periods of 10 years or more, 96% of them fail to. Those are awfully long odds.)

When times are good and the market - and your account - is up, it's easy to forget about investment costs. But like termites in an antebellum mansion, the real damage is done over the long term. So stick with individual stocks, discount brokers, index funds and ETFs. Broker-sold products are virtually never worth the cost.

3. Stick to a Sell Discipline. Any investor can plunk for a few shares of stock. The real art of investing is knowing when to get the heck out.

You can't do it with economic forecasting. There is no way to know with any certainty how the economy will do. And besides, there is no direct correlation between economic growth and stock market performance. The past six years have been a prime example of this. We've experienced the weakest economic recovery since WWII but one of the strongest bull markets of the last half century.

You can't do it with market timing either. You may think some "system" or guru will warn you when to flee the market. Don't count on it. When it comes to the short-term twists and turns in equities, there is no such thing as "the foreseeable future."

With individual stocks, run a trailing stop behind each of your positions. This protects your profits in the good times and your principal in the bad ones.

In bull markets, investors often regret stopping out of a stock if it goes on to hit new highs. But, trust me, when the next bear market comes - and it will - you'll be glad you stuck with a tried-and-true sell discipline.

In sum, follow these three basic rules and 2015 should be yet another profitable year.

Good investing,

D. Miyoshi

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
www.miyoshicapital.com
http://about.me/dmiyoshi