



Financial Crisis Report

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Advancing in a Time of Crisis

Words of Financial Wisdom: "Great spirits have always encountered violent opposition from mediocre minds." - Albert Einstein

Inside this issue:

1. War Affects Everything
2. Iran 1 (won) Obama 0
3. Key to Investment Success
4. Earn Money with Options
5. Most Dangerous Secret of Corporate America
6. Why Greece Could Not Leave Eurozone

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.

War Affects Everything

War and Peace, the classic novel by Leo Tolstoy describes the two conditions that determine the fates of all societies. As a former U.S. Marine, I trained in the prosecution of one of those two conditions. The other condition of peace one doesn't necessarily have to train for since its presence is likely the absence of the first.

As an investment advisor, one must deftly understand that war, its cycles and the domestic and international context they are occurring in have a direct influence on the outcome of one's investments.

Regarding these war cycles, it is evident that not since the mid- and late-1800s have so many different war cycles converged together at the same time.

Back then we had the American Civil War, then the Spanish American War and the California Indian Wars.

Across the globe, we had the Taiping Rebellion, the Second Anglo-Burmese War, the 1853 to 1856 Crimean War, the 1854 to 1873 Miao Rebellion in China ... The Ten Years' War of Cuba and Spain ... the Japanese invasion of Taiwan (1895) ... And dozens more domestic and international

conflicts.

In the years leading up to the peak of the current convergence of war cycles — in 2020 — we will see dozens more conflicts erupt all over the world.

Many clients ask me, "What kind of wars can we expect?"

My answer: Everything, from civil war to international war, to increased government spying on citizens ... to intergovernmental and corporate espionage ... to currency and trade wars ... to rising fascism ... anti-Semitism ... to natural resource wars ... and also, to war on your wealth and retirement.

Entire borders will be redrawn. For instance, Scotland will eventually separate from the U.K. after a 308-year-old union. The Spanish province of Catalonia already wants to separate from Spain.

Italy has three secessionist movements underway: the Northern League and nationalist groups in Venice and Sardinia.

Quebec has been threatening to secede from Canada for more than 50 years, and indications are a new movement is organizing to push through another referendum. In the last one, in 1995, Quebec lost by only one percentage point. The U.S. is no exception. Movements to secede are now active in 35 states — yes, fully 70 percent of



Iran 1 (won), Obama 0

all in the union.

Included among them are active secession movements in Texas, California, Vermont, New York (Long Island) ... Massachusetts and Maryland. The list goes on and on, and includes a total of 124 active secessionist movements.

It's a sign of the times. And as more and more separatist, secessionist movements crop up all over the world, you can count on big government clamping down harder than ever before.

Big governments' hunt for higher and higher tax revenues is why you can expect more civil strife and domestic unrest.

Why? Because big governments need the tax revenues of a larger and larger number of people, not smaller numbers.

But ironically, this hunt for money that mostly the Western governments of Europe and the U.S. are engaging in ... is precisely why you can expect more civil strife, more domestic unrest and more secession movements in the future.

This is a sign of the times. It's not just Russia versus Ukraine ... it's not just China versus Japan ... it's not just the peripheral countries of Europe such as Greece versus Germany or France ... it's a systemic rise of civil and international discontent all over the world that at its root ... is all about big government versus the people.

It's going to get worse, a lot worse. And for our survival it's the single most important force that you need to pay attention to going forward.

It's more powerful than inflation ... more powerful than fiat money. Rising social discontent is more powerful that just about any economic force known to civilization.

Do you think Ferguson and Baltimore were racial issues?

On the surface, that's what they seem like. But they have less to do with race, and everything to do with people versus authority. It's the same for the recent incident at a pool party in McKinney, Texas.

As we see, the current setup of the war cycles — the way they are converging and ramping higher — has not been seen in at least 150 years ... and over the next five years, until they peak in 2020 ...

That means you can expect all kinds of strange things to happen. It is also, ironically, one of the reasons you will want to own certain stocks, once the Dow Industrials and other major broad stock markets stage a much-needed pull-back.

Why? Because the war cycles — even though they will also be impacting the U.S. — will send trillions of dollars to our shores, the U.S. being considered the safest country to park wealth in.

Right now, all markets are moving sideways in some of the tightest trading ranges in years.

But don't be fooled. The tightest trading ranges in years will soon give way to the wildest market moves in years.

Be vigilant, very vigilant and you will prosper.

Here is to your successful investing.

D. Miyoshi

Iran 1 (won), Obama 0

President Obama has been pushing hard for a deal with Iran – and on July 14, he got it.

The U.S. and six other nations signed a nuclear anti-proliferation pact with Iran. The deal will require Iran to cut its



Iran 1 (won), Obama 0

stockpile of low-enriched uranium by 98% for the next 15 years. It will also shrink the number of centrifuges it uses to enrich uranium by two-thirds, and allow for monitoring of the remainder.

In exchange, the U.S. and other foreign countries will lift sanctions on Iran's banking, oil, and other sectors. Arms sales to Iran will gradually be phased out, and sanctions can supposedly be "snapped back" into place if Iran fails to live up to its obligations.

But even before the ink was dry, Obama's foreign and domestic critics were lashing out at the deal. Israel's Prime Minister Benjamin Netanyahu dubbed it a "mistake of historic proportions." The U.S. Congress will now review the agreement for the next two months, and legislators could vote it down. That would lead to a presidential veto ... and a likely subsequent push by opposition lawmakers to override that veto.

Obama and his supporters claim this will open a new chapter in our relationship with former Mideast enemies. They liken the détente to the recent deal to re-establish formal relations with Cuba.

But long-term, democratic allies like Israel — as well as Mideast Sunni nations and ostensible allies like the much more autocratic Saudi Arabia — are aghast. Frankly, no one can blame them. Not many can understand why the Obama administration has been so eager to embrace Iran (except for maybe Obama's just had to have this one to cap off his "legacy of peace" which some call a "piece of"). But some in strategic circles say it was Russia that forced Obama to make this very irresponsible deal freeing Iran to pursue nuclear research to make the bomb, sell oil again and become the only Middle-east super power. The end game is Obama needs Iran to fight ISIS, there is no one else. And ISIS is seemingly making inroads through social media to control lone wolf terrorists in the U.S. (example is the killing of 4 Marines in Tennessee on July 16 by a single person).

We have to remember Iran is a country with a long-term (and recent) history of also trying to kill American civilians and soldiers. It has worked to counter our national interests in the region for decades.

There is no doubt whatsoever that Iran will be able to skirt the rules and continue to enhance its nuclear program if its leaders choose to. After all, the country's coffers will gradually fill over time as its economy is unshackled from sanctions. President Obama even admitted as such in a hotly debated press conference held on July 15. Lastly, this is completely unlike the situation in Cuba — no matter what kind of spin the administration

and its allies try to put out there.

What is the bottom line? Most believe (more likely know) this is a dumb deal, and our recent policy of rapprochement with Iran is just another in a long line of confused, misguided Middle East efforts over the past several years.

The Iranian nuclear accord is hardly a panacea. It does little to diffuse geopolitical tension. In fact, it looks to make matters even less secure. After all, the other nations in the Mideast such as Saudi Arabia have to protect their interests and they also have money to buy nukes. So the logical outcome will be a nuclear arms race in the Mideast.

As for conventional warfare, some factions surrounding the Iranian Supreme Religious Leader Ayatollah Ali Khamenei are already maneuvering to skirt the accord's particulars and continue supporting international terrorism. There is certain to be a hostile Congress awaiting it in Washington, and Saudi Arabia and Israel are adamantly opposed.

The deal must have an air-tight verification of *all* nuclear facilities. However, it does not seem to do so. Having a *bona-fide* reduction in an Iranian nuclear threat is a notable achievement. But it will do nothing to reduce the conventional tension in the region.

Remember, Iran is a major factor in the military opposition to ISIS on the ground in Iraq. Improving its economy may help in that regard, but at the expense of political problems for the Iraqi government in Baghdad.

Iran is currently producing about 4 million barrels a day (using the most optimistic figures). But with an economy and energy sector in shambles, Iran will be hard pressed to maintain, let alone increase, production over the next 24 months.

Initially, most of the world's produced oil will go to Asia, where demand is spiking the fastest, largely nullifying the impact. OPEC will be putting a monthly quota on how much additional Iranian production will be allowed. The lifting of sanctions will be a staged event, requiring documented Iranian performance. That means the entire "breakthrough" will take some time.

However, over the longer term, there will be backlash. Here is one possible scenario for the longer term.

Iran will get the bomb just like N Korea did. Under the threat of nuclear war and ISIS terrorism Iran will be seen fighting Arab terrorists when it attacks the gulf state's oil fields.

Iran will use the cover of fighting ISIS to attack the oil fields of its arch enemy the Saudis, Kuwait, United Arab Emirates and Dubai.

One third of the world's oil will go up in flames overnight.



The Key to Investment Success

Iran's dream of global jihad will light off a greater war in the middle-east.

Iran is convinced it will win.

It is already the mightiest military power in the Middle-east. With the region's biggest army and greatest missile arsenal ... They are the regional power broker. And Obama letting them keep their nuclear program guarantees Iran's superiority.

And this will guarantee that things will hit the fan in the Middle-East.

Now that sanctions are lifted the Iranian arms buildup will begin big time. Not just nuclear but conventional arms as well. All funded on their vast supplies of oil.

Iran will quickly modernize their military and their Partner Russia is only too happy to supply them with all the weapons they could ever want. Especially since the embargo is lifted and with oil sales resuming Iran can pay for everything.

First, all this oil coming to market will crash oil prices. Remember Iran has 50 million barrels of oil to sell today... And they will quickly ramp up production to 3 million barrels a day.

That kind of supply hitting the market will collapse the oil price in the near term. In the long term, bombing the gulf-states oil fields will create an oil supply crises like we have never seen before. That will make them a global power house. And they know just how to start an energy crises.

Are we ready for a global energy crises as in virtually no gasoline and when one can find some it will be \$10 a gallon?

The global depression will be brought to us by a world energy price of \$500 per barrel of oil. The oil crises will devastate global stock markets.

To prepare for this scenario, one needs to be able to deftly trade the world energy markets using selected stocks, options and currencies. And if one does it right, one will reap a virtual bonanza.

So be prepared if this scenario comes true.

D. Miyoshi

The Key to Investment Success

Dan Ferris, the editor of the *Extreme Value Newsletter* stated the following:

The key to investment success is not a technique or a strategy.

It's not position sizing, trailing stops, options, or having inside information. It's not even the ability to value a business (a skill without which you're virtually guaranteed to lose money in stocks).

The key is not "buy low, sell high," or "be greedy when others are fearful and fearful when others are greedy"... though both adages will certainly help.

The key to investment success is a simple, powerful truth...

It's the reason U.S. stocks appreciated 1.5 million percent during the 20th century.

It's the reason great investors are great... And it's the reason you can set yourself up for the biggest, safest gains the market has to offer.

You see, understanding this truth is what allows you to buy when stocks are down and everyone is scared... and sell when stocks are overvalued and everyone is complacent...

To succeed in the stock market, you must believe that shopping trumps politics..(no pun intended even though Trump has entered the presidential race)

That's the simplest (and maybe the crudest) way to say that what happens in the business world is more important to your daily life and the daily lives of everyone in America than what happens in the White House or the Capitol.

The amount of shopping for hamburgers at McDonald's is more important than the debt ceiling debate. The amount of shopping for beer at the local convenience store is more important than any contest for the Republican presidential nomination. And the number of shoppers occupying the aisles of Target and Wal-Mart is more important than the number of protestors occupying





The Key to Investment Success

Wall Street.

But some people think that politics is everything to investors. America could be ruined with so-and-so in the White House... and with so-and-so running Congress."

But let's remember what actually happened in the 20th century...

The panic of 1907, Prohibition, the income tax, the founding of the Federal Reserve, the Great Depression (in which half the country's banks failed), World Wars I and II, the outlawing of gold, the Korean and Vietnam Wars, the oil shocks, the end of gold-backed U.S. dollars, the great inflation of the 1970s, the market crash of 1987, the savings and loan debacle and recession of the early 1990s, and the Internet bubble and crash in 2000...

Some of those things scared the hell out of investors. But you'd have made a lot more money if you bet against them lasting forever and for the primacy of commerce.

Despite all the horrible things that happened in the 20th century – despite it being the deadliest century in history (in terms of lives lost) – U.S. stocks... as tracked by Dimson, Marsh, and Staunton in their excellent book, *Triumph of the Optimists*... appreciated about 1.5 million percent.

If you want an idea that'll help you cut through the noise and make great, winning bets when everybody else is throwing up, this is it.

Knowing that the Dow Jones Industrials' value was highly unlikely to be permanently impaired would have helped you scoop up high-quality World Dominating Dividend Grower stocks near the bottom in late 2008/early 2009. Many of those stocks rallied more than 100% in the next three years... and kept paying the world's safest dividends.

Opportunities to appreciate the importance of business over macroeconomic issues abound in the roller coaster that is the market. For example, take the European debt crisis of 2011... I can hardly think of a noisier event. People thought Europe would fall into a depression. It dominated the financial media for months.

Yet during that time, Warren Buffett was buying European stocks. That's right. The chairman and CEO of Berkshire Hathaway – and one of the richest men in the world – put more than \$1 billion of Berkshire's money into eight European stocks.

During a special, three-hour TV appearance, CNBC's Becky Quick asked Buffett why he bought those eight stocks. His answer shows how the primacy and dynamism of business trumps

the relatively static, less important business of government...

I just thought these eight companies were cheap. And they obviously were affected by the European crisis. And in the end, those eight companies I bought are going to be there five, 10, 20, 50 years from now.

And there may be something else that's bothering the world 10 years or 20 years from now. There's always going to be something that's bothering the world. These companies will do fine regardless of what happens in Europe, and there will probably be plenty that happens in Europe.

Notice the words, "... something else that's bothering the world."

That's the stuff that terrifies the herd out of being able to make money in stocks... and has made Buffett a huge fortune. Buffett effortlessly looked past the crisis in Europe and focused instead on the fact that those eight businesses were "terrific companies that were cheap."

He's telling us what's most important to us as investors... owning a terrific company that's cheap and will still exist five, 10, 20, even 50 years from now (like a World Dominating Dividend Grower) is far more important to you as an investor than the European crisis or any other government-created crisis, regulatory regime, or tax scheme.

People will continue to drink Coke, use computers, and buy necessary household goods at reasonable prices. Buffett knows this as well as anyone. That's why he likes to own big stakes in Coke, IBM, and Procter & Gamble, among others, in his holding company, Berkshire Hathaway.

I'm sure there are folks out there who are out of U.S. stocks permanently because they believe the U.S. is going straight to hell in a hand basket. There is no question we have problems, many, if not most caused by foolish politics... But they're no match for the vigor of the marketplace.

Shopping trumps politics. Business trumps politics. The best way to invest accordingly is to buy World Dominating Dividend Growers.

Here is to your good investing,

D. Miyoshi



Earn Money with Options without Buying or Selling Them

Earn Money with Options without Buying or Selling Them

The following is a very instructive article on making money in Options by my mentor Dr. David Eifrig, editor, *Retirement Millionaire*

You can make a lot of money in the options market.

Every day, people make millions of dollars in profit from options. Even people with full-time jobs, like nurses, teachers, and plumbers, can make thousands of dollars in extra income from the options market.

But to make the surest, safest, money in options, you have to use options in a totally different way than most people use them.

In this article I'm going to share a little-known way to pocket a lot of extra income with options. I first learned about it in the 1980s when I was working at Goldman Sachs, the top investment bank.

Even better, I'm going to show you a "one-click" investment you can make today that allows you to profit from this strategy. And if you're an investor looking for high-income and low volatility, you'll want to know this strategy.

Before I go any further, let me point out that today's idea does not require you to trade options. But it does give investors the benefits of a time-tested options strategy – reduced risk, lower volatility – without any of the hassle.

To start, remember... options are simply contracts that allow two parties to buy or sell an asset at an agreed-upon price by a specific date in the future. Stock options – known as "puts" and "calls" – allow investors to make targeted bets on stocks.

A stock trader can only bet whether a stock will rise or fall. But an option trader can make almost any bet imaginable. If you know how... you can bet a stock will stay the same price. You can bet a stock will rise, but only to a certain level. You can bet that a stock will rise until a certain date and then fall.

Options can turn risky stocks into safe bets, or safe stocks into risky gambles. Options can also be used as leverage to increase your risk and returns. Or they can be used to do the opposite –

lower your risks.

In other words, options allow investors to custom-tailor their levels of risk and reward to fit their needs and goals.

The possibilities are endless.

One of my favorite conservative options strategies is known as a covered-call strategy. And if you're not familiar with this idea, it's simple...

You simply buy stocks and SELL call options against those stocks.

Regular readers may recognize that we have used covered calls to great success in my Retirement Trader service. (In Retirement Trader, we call them "IRA Alternatives.") We have closed 98 out of the last 99 IRA Alternative positions for a gain, booking an average annualized profit of 26.6%.

But actively trading options isn't for everyone. Instead, with the click of a few buttons, you can buy what's called a "buy-write" fund. The fund essentially performs all the trading for you.

One of my favorite examples is the PowerShares S&P 500 Buy-Write Fund (PBP)...

The covered-call strategy takes the stock market's return and smooths out its volatility. Professional investors would say the PBP fund has a "beta" of 0.54. That simply means if the S&P 500 drops 1%, we'd only expect PBP to drop 0.54%.

Since the fund makes income from selling call options, it returns a much higher dividend yield of 5% (compared with 2% on the S&P 500 itself).

And remember, the strategy isn't some sort of black-box secret. We're not banking on the skills of any investment managers. Funds like PBP are set up to track the performance of the CBOE S&P 500 Buy-Write Index.

The index was developed by the Chicago Board Option Exchange with Standard & Poor's and Professor Robert Whaley to measure the returns of a simple covered-call strategy. You can read the exact methodology at cboe.com. In fact, if you were so inclined, you could fully enact this strategy on your own. The



The Most Dangerous Secret of Corporate America

information is entirely public.

While the funds like PBP have only been running for a few years, the index has a track record going back to 1988. As promised, it beats or matches the stock market while reducing the ups and downs during volatile times. Take a look:

According to a study by the investment consulting firm Callan Associates, the buy-write strategy produced superior risk-adjusted returns for 18 years, earning about the same as the S&P 500 with one-third less risk.

Also keep in mind, this strategy works over the long term. There will be times when it does better or worse than the market.

In particular, it tends to underperform the S&P 500 during rising stock markets. But it makes up for that by consistently outperforming the market during falling periods.

That makes now the ideal time to invest. While I still think the market is bound to keep rising in the near future, we're closer to the end of the rally than the beginning.

Every day the market ticks higher, we need to think more about getting cautious.

A buy-write strategy allows us to stay invested and benefit from the rising economy and stock market, while securing some protection against whatever may come. And funds like PBP are the easiest way to implement it.

Combine that safety with higher income and, for most investors, that sort of arrangement makes good sense.

Here's to our health, wealth, and a great retirement.

D. Miyoshi

The Most Dangerous Secret of Corporate America

This essay was written by Paul Mampilly, Editor, *Professional Speculator*

If you own stocks, chances are good you're being scammed by one of corporate America's biggest secrets.

It's very hard to learn unless you've seen it up close... unless you've shaken its hand.

Over my 20-plus years as a portfolio manager and stock analyst, I was exposed to this secret dozens of times. And it scared the hell out of me.

So what's the secret?

Many CEOs aren't good at their jobs. And some of them are morons.

I know this sounds crazy. These people appear on magazine covers and television shows. They earn millions of dollars. They drive expensive cars and live in beautiful houses. They have to be great at running a business, right?

Wrong.

Great CEOs are no more common than great baseball players. Think about it: Out of the thousands of people who attempt to play professional baseball, a tiny percentage of them make it to the big leagues. And a tiny percentage of those people become All-Stars. The rest are average or below-average players.

The same thing goes for corporate America... even people managing billion-dollar companies. Fifty percent of managers are below average... and are usually dangerous to shareholders.

I know because I've seen it up close. I've sat in dozens of meetings where I got the feeling that despite the lofty title, the people managing the company I was considering investing in weren't all that smart... or all that good at running a business. I got the feeling they arrived at their position by knowing someone... or by being good at office politics. Remember the movie "How to Succeed in Business Without Really Trying". Well, there is some truth to the message in that movie.

Yes... this really happens in large companies... where billions of dollars are on the line.





The Most Dangerous Secret of Corporate America

Watch Out for "Money Losers"

Don't get me wrong. I have a lot of respect for people who manage large businesses. But many of those people will lose the shareholders' money... because they simply focus on the wrong things.

Over the years, I've developed a short list of things these "money losers" often do and say. It's like a card game. You pick up on little things that act as "tells." Like when a poker player gives away his hand by the look in his eyes... or by altering his speech.

If you're invested in stocks, this list could save you a fortune. If you see or hear a CEO or high-level manager doing these things, you might have another Enron on your hands...

One thing you want to watch out for is CEOs who complain about their stock price. And they will always complain that it is too low.

In my hundreds of business meetings, I never met a CEO who complained that his stock price was too high. But just about every CEO told me that his stock price was too low. Now, this may seem obvious, but it's so important that I'm going to say it anyway...

If the CEO of your company is spending all his time trying to juice up the stock price, that's not good for you. He's not focusing on building shareholder value for the long term. He's worried about what the stock market says about his stock price instead of the state of the business.

If a CEO is focused on the short-term movements of his stock price, perhaps he's trying to cash out of his stock options... or maybe he's trying to hit a short-term stock-price target that's laid out in his employment contract.

But while that's good for him, it's going to be bad for the company. Short-term decision making is usually harmful to long-term returns. Ultimately, it will send the stock price lower.

For example, in the late '90s, a new type of electric company came about because of deregulation. These companies were called independent power producers (IPP). They made their money by buying and selling power as if they were Wall Street traders. Wall Street loved this business model... and began bidding up the stock prices of IPPs.

Soon, the managers of old, dull utility companies were attracted to the idea. They began adding IPP units to their businesses. I remember challenging one utility CEO, asking him why he was going to enter the IPP business. He told me that if he had an IPP unit, his stock price would get a higher valuation.

After Enron went bankrupt, investigations showed that some IPPs had been manipulating electricity prices. This CEO's company and all the IPP wannabes saw their stock prices crater. The company was eventually forced to sell its assets after taking huge losses on its IPP business. The buyer? A utility that simply stuck to the dull, old utility model... that didn't sacrifice long-term business stability to chase a Wall Street fad.

Beware of Gobbledygook

Another thing to look out for is the CEO who can't answer a question with plain language.

For example, when a company misses a sales target, a CEO should be able to explain this miss in a simple, understandable way to you.

If you start to hear a bunch of gobbledygook and technical jargon, you should immediately worry. Why? Because in my experience, CEOs that do this don't understand their business very well. Or they're trying to BS you. Or just as bad, the company has bad information systems. In other words, no one really understands what is going on. You don't want to own the stock of a company whose CEO is making decisions based on bad information.

In 1999, when utility companies like Enron were high fliers, I remember asking officers at a company that was emulating Enron how they were able to keep raising its earnings guidance to Wall Street every quarter. The answer: gobbledygook. Nobody could understand it.

The company was Dynegy. It nearly went bankrupt in 2002, and several of its executives were convicted of financial fraud and mismanagement.

This is a red flag for any relationship you're in. If a business partner, employee, or spouse can't answer a basic question with simple language, it's a red flag.

One final thing to look out for is "fibbing"... also called telling





Why Greece Could Not Leave the EuroZone

"little white lies."

Lots of CEOs tell small lies. I'm not talking about obvious, large lies... but small lies that some might call "misstatements."

And just like with anyone who tells small lies, big lies often follow.

Here's a common one you can easily spot. CEOs routinely will claim that they are giving money back to their shareholders by buying back stock. They make claims about how "shareholder friendly" the company is.

But when you look at the financial statements, you'll see that all the company did was buy shares equal to what it was giving managers in options. In other words, it did not give money back to you, the shareholder... but management is taking credit for it. The CEO is shaking your hand while peeing on your leg.

Maybe you think this isn't a big deal. It's not illegal. But I can tell you from experience that a CEO who is dishonest about things like this can end up being dishonest about bigger things that can destroy the value of your stock.

These aren't the only "tells" you can use to spot dangerous corporate managers. But these are three big ones.

Remember, most corporate managers don't have much skin in the game. They don't have significant portions of their net worth in the stock. They're not heavily incentivized to invest company money with you and me – the shareholders – in mind.

And while some CEOs are extremely honest and fantastic at their jobs, there are people out there who worry about short-term stock-price performance at the expense of long-term shareholder value, hide problems with fancy language, and tell small lies that can turn into big ones.

If you use this short list to avoid investing with these types of people – just like you would avoid them if you were investing in a private business – you'll make a lot more money in stocks.

Speculate profitably.

D. Miyoshi

Why Greece Could Not Leave the Euro-Zone

Greece could not leave the euro zone of its own accord, nor could the Germans force the Greeks out. And the International Monetary Fund (IMF) certainly had no interest in pushing Greece too far. Here's why:

The Greeks, most particularly the Syriza party, couldn't allow a Grexit because that would instantly erase Syriza from the face of Greek politics for the rest of Greek history. It would forever be tagged as the party that killed the Greek economy and led the Greeks out of a currency union that has been indescribably beneficial to the people and their standard of living. The fallout would have created economic, social and political unrest that would have destroyed Greece for years to come and ripped through the rest of Europe in very real and existential ways.

The Germans couldn't allow the Greeks to depart because that would presage the death of the euro, despite all this horse hockey about a "managed exit." It would call into question the viability of the euro and would keep others countries — namely Poland — from joining the club. Might even be enough to prompt a few to look to exit, too.

And the IMF couldn't be seen allowing a country such as Greece — an EU member state — to fail. Bad for business that is, and would underscore just how poorly the IMF is at prescribing fixes to economic crises.

So, what we have unfolding is game theory. Who can extract the most without mortally wounding the other side — or themselves?

The Greek-German Conundrum

Syriza cannot win. Period.

Its hard-liners on the left either force a Grexit — which some of them naively want because they have the political experience of a houseplant — or the centrists nearer the middle force the party to back away from the "red lines" Syriza swore to defend when the party came to power in January. Either scenario deeply undermines the political movement among its supporters. When all is said and done, it's likely Syriza has seen its 15 minutes of fame and will fade back into the shadows of Greek politics.



Why Greece Could Not Leave the EuroZone



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.

Germany will win — and that's the ultimate game here.

The Germans do not want Greece out of the euro zone. Period. If Greece fails, a hammer blow to the euro's head, the German economy suffers heavily. Worse, if Greece did exit *and succeeds* with a new drachma, then other nations in the EU — Spain, Italy, Portugal, Ireland — will think, "Hey! If the Greeks can do it, we can do it, too!" And for Germany's reliance on one continent/one currency, that's actually worse than Greece failing!

Nor do the Germans want other anti-austerity political parties gaining strength elsewhere in Europe if Syriza is seen to have succeeded. That, too, leads us back to a bad scenario for the German economy since it calls into question the viability of the euro zone again.

Germany needs Syriza to be seen across the Continent as a failure. It wants Greeks to fear that Syriza is leading them toward economic death ... and it wants Syriza to break its red-line promises, angering local supporters, thereby sending a very clear message to other anti-austerity proponents in Europe that this is the fate they face, too.

As for Alexis Tsipras, the Greek prime minister and head of Syriza ... well, he's got his own game to win — and he likely will. He's only 40 years old and clearly wants to be relevant in Greek politics for years to come. He cannot be the politician who led Greece into what would certainly be a cataclysmic Grexit. Neither can he be the politician who broke every vow he made to his voters.

The Only Solution

A grand face saving bargain is what appeared to

have happened.

Germany pushed Greece to the brink of default, (without Greece leaving the euro) similar to what Cypriots faced in Cyprus' collapse a few years ago. That caused tremendous angst in the Greek economy and population, and permanently undermined Syriza.

After a very short bout of such angst, the Germans, at the IMF's request, allowed for debt relief that reduced the debt payment burdens on Greece going forward.

Germany will claim victory in killing anti-austerity sentiment in Europe.

The IMF will save face as the organization that "convinced" the Germans to show some mercy on the poor Greek populace.

And Alexis Tsipras will be able to claim that he stood toe to toe with the mighty Germans and extracted meaningful debt forgiveness. Syriza will dwindle back into the nonentity it once was, and Tsipras will live to fight another day as a moderate, left-leaning politician.

And when we're back to a world where the media has forgotten the word "Grexit," investors who were savvy enough to wade into the Greek crisis even as it was unfolding will find that the pennies they spent today will be multiple dollars tomorrow — meaning returns of multiple hundreds of percent as the country returns to a sense of normalcy. At least until the next time Greece's debt becomes due.....again.

D. Miyoshi

Past issues of the *Financial Crisis Report* can be found at the company website www.miyoshicapital.com



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