



Financial Crisis Report

Written and Edited by David M. Miyoshi

Advancing in a Time of Crisis

Words of Wisdom: Nothing can take the place of persistence. Talent will not; nothing is more common than unsuccessful people with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are the omnipotent
—Calvin Coolidge

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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.

President Trump-What Could Happen

In a previous newsletter I wrote an article entitled *The Destiny of America*. The article was about Alexander Tyler, a Scottish history professor at the University of Edinburgh, who in 1887 wrote a thesis that posited "A democracy is always TEMPORARY in nature; it simply cannot exist as a permanent form of government. A democracy will continue to exist up until the time that voters discover that they can vote themselves generous gifts from the public treasury. From that moment on, the majority always votes for the candidates who promise the most benefits from the public treasury, with the result that every democracy will finally collapse over loose fiscal policy, (which is) always followed by a dictatorship."

That's about where we are now in America (are you listening Bernie Sanders and Hillary Clinton's fans?). But many citizens who have paid into that public treasury and not benefited from it are growing very resentful of being taken advantage of (are you listening Donald Trump fans?). In addition, the growing specter of a terrorist attack on our shores is alarming the populace.

In the midst of this turmoil, in walks the aforementioned Donald Trump with promises of "Making America Great Again" and building a 40 foot high wall to stop the illegal aliens and terrorists invading our land. These pronouncements are ostensibly resonating with the American people as Trump is racking up victory after victory in each state caucus or primary. So each day, the possibil-

ity grows that Trump will become the Republican party's nominee for president.

But according to William J. Bennett, PhD and Host of Bill Bennett's Morning in America Show, who is one of America's most important, influential, and respected voices on cultural, political, and education issues, he has made an alarming prediction. According to Mr. Bennet, who was also Secretary of Education under Ronald Reagan and head of cultural studies at the distinguished and renowned Heritage Foundation and currently famed conservative media columnist, the ending to the Trump saga is not a happy one.

This is what Mr. Bennet foretells will shockingly happen:



What I See Happening In a Trump Presidency

They will kill him before they let him be president.

President Trump-What Could Happen

It could be a Republican or a Democrat that instigates the shutting up of Trump.

Don't be surprised if Trump has an accident. Some people are getting very nervous: Barack Obama, Valerie Jarrett, Eric Holder, Hillary Clinton and Jon Corzine, to name just a few.

It's about the unholy dynamics between big government, big business, and big media. They all benefit by the billions of dollars from this partnership, and it's in all of their interests to protect one another. It's one for all and all for one.

It's a heck of a filthy relationship that makes everyone filthy rich, everyone except the American people. We get ripped off. We're the patsies. But for once, the powerful socialist cabal and the corrupt crony capitalists are scared. The over-the-top reaction to Trump by politicians of both parties, the media, and the biggest corporations of America has been so swift and insanely angry that it suggests they are all threatened and frightened.

Donald Trump can self-fund. No matter how much they say to the contrary, the media, business, and political elite understand that Trump is no joke. He could actually win and upset their nice cozy apple cart.

It's no coincidence that everyone has gotten together to destroy The Donald. It's because most of the other politicians are part of the "good old boys club". They talk big, but they won't change a thing. They are all beholden to big-money donors.

They are all owned by lobbyists, unions, lawyers, gigantic environmental organizations, and multinational corporations – like Big Pharmacy or Big Oil. Or they are owned lock, stock, and barrel by foreigners like George Soros owns Obama or foreign governments own Hillary and their Clinton Foundation donations.

These run-of-the-mill establishment politicians are all puppets owned by big money. But there's one man who isn't beholden to anyone.

There's one man who doesn't need foreigners, or foreign governments, or George Soros, or the United Auto Workers, or the teacher's union, or the Service Employees International Union, or the Bar Association to fund his campaign.

Billionaire tycoon and maverick Donald Trump doesn't need anyone's help. That means he doesn't care what the media says. He doesn't care what the corporate elites think. That makes him very dangerous to the entrenched interests. That makes Trump a huge threat to those people. Trump can ruin

everything for the bribed politicians and their spoiled slave masters.

Don't you ever wonder why the GOP has never tried to impeach Obama? Don't you wonder why John Boehner and Mitch McConnell talk a big game, but never actually try to stop Obama?

Don't you wonder why Congress holds the purse strings, yet has never tried to defund Obamacare or Obama's clearly illegal executive action on amnesty for illegal aliens? Bizarre, right? It defies logic, right?

First, I'd guess many key Republicans are being bribed. Secondly, I believe many key Republicans are being blackmailed. Whether they are having affairs, or secretly gay, or stealing taxpayer money, the National Security Agency knows everything.

Ask former House Speaker Dennis Hastert about that. The government even knew he was withdrawing large sums of his own money from his own bank account. The NSA, the SEC, the IRS, and all the other three-letter government agencies are watching every Republican political leader. They surveil everything.

Thirdly, many Republicans are petrified of being called racists, so they are scared to ever criticize Obama or call out his crimes, let alone demand his impeachment.

Fourth, why rock the boat? After defeat or retirement, if you're a good old boy, you've got a \$5 million-per-year lobbying job waiting. The big-money interests have the system gamed. Win or lose, they win.

But Trump doesn't play by any of these rules. Trump breaks up this nice, cozy relationship between big government, big media, and big business. All the rules are out the window if Trump wins the Presidency. The other politicians will protect Obama and his aides but not Trump.

Remember: Trump is the guy who publicly questioned Obama's birth certificate. He questioned Obama's college records and how a mediocre student got into an Ivy League university. Now, he's doing something no Republican has the chutzpah to do. He's questioning our relationship with Mexico; he's questioning why the border is wide open; he's questioning why no wall has been built across the border; he's questioning if allowing millions of illegal aliens into America is in our best interests; he's questioning why so many illegal aliens commit violent crimes, yet are not deported; and he's ques-





From Gold Rush to Green Rush

tioning why our trade deals with Mexico, Russia and China are so bad.

Trump has the audacity to ask out loud why American workers always get the short end of the stick. Good question!

I'm certain Trump will question what happened to the almost billion dollars given in a rigged no-bid contract to college friends of Michelle Obama at foreign companies to build the defective Obamacare website. By the way, that tab is now up to \$5 billion.

Trump will ask if Obamacare's architects can be charged with fraud for selling it by lying. Trump will investigate Obama's widespread IRS conspiracy, not to mention Obama's college records. Trump will prosecute Clinton and Obama for fraud committed to cover up Benghazi before the election. How about the fraud committed by employees of the Labor Department when they made up dramatic job numbers in the last jobs report before the 2012 election?

Obama, the multinational corporations and the media need to stop Trump. They recognize this could get out of control. If left unchecked, telling the raw truth and asking questions everyone else is afraid to ask, Trump could wake a sleeping giant.

Trump's election would be a nightmare. Obama has committed many crimes. No one else but Trump would dare to prosecute. He will not hesitate. Once Trump gets in and gets a look at the cooked books and Obama's records, the game is over.

The jig is up. The goose is cooked. Holder could wind up in prison. Jarrett could wind up in prison. Obama bundler Corzine could wind up in prison for losing \$1.5 billion of customer money.

Clinton could wind up in jail for deleting 32,000 emails or for accepting bribes from foreign governments while Secretary of State, or for misplacing \$6 billion as the head of the State Department, or for lying about Benghazi. The entire upper level management of the IRS could wind up in prison.

Obamacare will be de-funded and dismantled. Obama himself could wind up ruined, his legacy in tatters. Trump will investigate. Trump will prosecute. Trump will go after everyone involved. That's why the dogs of hell have been unleashed on Donald Trump.

Yes, it's become open season on Donald Trump.

The left and the right are determined to attack his policies,

harm his businesses and if possible, even keep him out of the coming debates. But they can't silence him. And they sure can't intimidate him.

The more they try, the more the public will realize that he's the one telling the truth.

From Gold Rush to Green Rush

In 1849 there was the famous Gold Rush to California. In 2016 there will be the Green Rush to America.

Actually, it has already begun...in Colorado.

You see, the green I am referring to is marijuana and the rush I am referring to is the money that has or will be made from it. I know there are ethical and moral issues surrounding the marijuana movement but this newsletter is a financial publication so I will limit my discussion herein to the legal and financial issues since they are now at the forefront in America (but if someone asked me my opinion on the matter I would tell them I am against the legalization of marijuana).

Now, back to Colorado.

Since legalizing pot three years ago, the state has produced 4,873 new millionaires.

That's a rate of almost five new millionaires a day!

CNN calls them **"the New Marijuana Millionaires."**

Yet most of them don't grow or own weed, but they do provide the services that benefit those who do.

These are ancillary companies raking in the lion's share of marijuana profits by providing software, real estate, and technology to growers.

Just like people who struck it rich in the Gold Rush by selling picks and shovels... not mining... these companies are spinning off a new wave of millionaire investors.

Other Rushes

This has happened before — when the government ended Prohibition...

When Atlantic City legalized gambling in the 1970s...

And other similar historic moments — what I call "crossover events."

This is when formerly illegal industries become legal... and already established companies with loyal customers generate fortunes — as do their investors.

Now, the exact same circumstances are setting us up for astronomical gains once again.

Jimmy Mengel, writer of *The Crow's Nest* and business authority on marijuana says legal marijuana is the kind of once-in-a-lifetime mega-trend that will deliver "big wins"...the kind you can retire early on, with more money than you know what to do with.



From Gold Rush to Green Rush

You see, we hardly ever see the birth of a new billion-dollar industry or the opportunity to get in before these profits are unlocked...

Much less one where money *is already there* under the surface.

That's what makes the emergence of America's newest and most lucrative industry — legal marijuana — the most extraordinary profit opportunity of our generation.

And because marijuana legalization is unfolding state by state, there is the rare opportunity to buy in before prohibition completely ends.

If you know the stories of alcohol millionaires like Joe Kennedy, then you know just how lucrative this can be...

And why Silicon Valley is now scrambling to join the "Green Rush."

The Financial Times now calls marijuana **"Silicon Valley's hot new sector."**

And as the *LA Times* puts it, **"They're leveraging the legalization of marijuana into a windfall."**

So are Fortune 500 corporations.

This includes companies previously opposed to marijuana legalization, like...

- Big Tobacco
- Big Agra
- Big Pharma

All are now getting a piece of the action.

All are putting down billions outside the purview of the government or the media.

Cannabis is even moving to Wall Street, where it could soon be traded just like any commodity.

The CEO of VC firm Privateer Holdings predicts, **"Six to 12 months from now there will be investment banks who will have analysts following cannabis like they follow healthcare or agricultural commodities."**

These "smart money" moves all point to one unavoidable conclusion...

The time to (legally) pocket massive profits from marijuana is now.

And for good reason...

Over the last 24 months, the legal market has surged from zero to a \$2.7 billion industry.

A newly released market report even called legal marijuana:

"America's Fastest-Growing Industry"

— Troy Dayton, CEO of the ArcView Group

Smartphones came in a distant second.

Last year, sales skyrocketed 74%.

The year before, 64%.

No market has taken off at this rate since the tech boom began in the early '90s.

But moving forward, this will look like a drop in the bucket.

Think about it...

Medical marijuana is legal in 23 states...

Recreational use in a mere four states.

Four others have decriminalized it.

And these are just the first dominos to fall.

New laws are rapidly advancing in half of all 50 states, red and blue alike.

The customers already exist. The market is already there. The profits are just now being tapped.

Which is why this millionaire growth story is only just beginning.

And why the 2016 elections will unlock the marijuana industry's untapped profit potential...

I'm talking about the imminent end of marijuana prohibition, thanks to a series of little-known bills on the state and federal levels.

Presidential candidates are behind legalization on both sides of the aisle.

At least 17 states are lined up to fully legalize marijuana.

And more are joining the wave, no matter who wins the White House.

The political consensus is growing.

Pew Research polls show 53% of the American public supports legalization.

63% of Republicans under 30 support legal marijuana.

And Republican support for legalization has more than doubled in the last five years.

That's why Republican presidential candidates are now jumping on board, including Trump, Bush, Cruz, and Walker...

In fact, *Newsweek* recently called 2016 **"The Marijuana Election."**

2016: The Marijuana Election

BY NEWSWEEK SPECIAL EDITION 8/1/15 AT 3:06 PM



Like it or not, we could see "green states" from sea to shining sea by early November.

And as *Forbes* predicts, **"[This move] will make investors extremely wealthy."**

But what's the REAL upside potential?



From Gold Rush to Green Rush

Now, while legal sales of marijuana have climbed to \$2.7 billion... We're just seeing the results of *four* states legalizing recreational use.

So as it spreads across the Union, it's not hard to imagine this story will look a whole lot different.

After all, we're looking at tens of millions of new and *already existing* customers.

This is a giant "mountain of money" waiting to be unlocked.

When all is said and done, estimates put the legal market at an astronomic \$200 billion.

That's an incredible sales surge of 7,300%...

The kind of astronomic growth that turns everyday folks into millionaires.

That's why financial journalist Todd Harrison calls marijuana "**the best investment idea of the next decade.**"

The Daily Bell takes it a bit further, calling it the "**profit opportunity of the 21st century.**"

And one hedge fund owner told Wall Street investors, "**There is a massive potential. It is untapped. It is just sitting there below the surface and it is ready to come above ground.**"

Now, some may still be opposed to legalizing marijuana. They may think it's unethical or immoral (I happen to think it is).

But we must respect their views.

But when you consider the tide of public opinion...

The growing number of states lining up for legalization...

And the massive profits about to be unleashed as a result...

People will have to agree legal marijuana is inevitable, as are the profits at stake.

So as far as business is concerned, there are two choices...

You can sit on the sidelines and miss out on the profit opportunity of the 21st century...

Or you can ride the wave of inevitable profits to much wealth, however you feel about marijuana.

But just how much money is at stake?

To give you an idea: First, we'll have to go back to the end of Prohibition in the 1930s...

When alcohol stocks skyrocketed for unbelievable 10-fold gains in under a year...

Even as the rest of the stock market tanked!

This is what is called a "crossover event" — illegal markets becoming legal.

Time and time again, these market anomalies have handed investors a fortune.

It's November 1932.

The writing is on the wall.

FDR wins the election by a landslide.

One of his central promises?

The repeal of Prohibition.

FDR's victory was easy to anticipate at least months before.

So were the legalization bills that passed in several states.

And much like the situation we're seeing now, alcohol's legalization was all but inevitable.

That's why, even though it would be another year before Prohibition was actually repealed...

It didn't matter.

Alcohol stocks — known as "repeal stocks" — soared.

But since selling liquor was still illegal, only three kinds of American companies were available:

- Medicinal
- Industrial (i.e. cars)

Ancillary purposes... like antifreeze

Take the major bottle manufacturer Crown Cork & Seal.

Today a blue-chip giant, this company was relatively new at the time.

In June 1932, it traded for just \$5.

But then it soared to \$10... \$30... and \$50.

By July 1933, five months before Prohibition was even repealed, it soared to \$64...

A gain of 1,180% in just 12 months.

Then there's American Commercial Alcohol, a leading producer of alcohol for cars.

It went from \$8 in 1932 to \$20... and then to \$50.

By July, it had reached \$90.

That's a 1,025% gain in just 15 months.

And there's National Distillers, the largest provider of medicinal alcohol, which surged from \$12 to \$125.

Let's not forget Canada, where alcohol was still legal...

And where major suppliers surged as the American market opened up once again.

Take Hiram-Walker, the maker of Canadian Club, which soared from \$2 in 1932 to \$59 just 12 months later.

A gain of 2,850%.

But the biggest "repeal stock" home run was the bottle manufacturer Libbey Owens-Ford...

In fact, the Chicago Institute of Securities would list it as one of the top stocks of the next two decades...

All told, the stock surged for incredible 11,326% gains.

Enough to turn just \$10,000 into over a million-dollar nest egg.

Now, these company gains are obviously big.

But how did individual investors do?

Let's consider the famous Joe Kennedy.

We have all heard the legendary story of how the Kennedy patri-





9 Virtues That Successful People Understand

arch accumulated his riches...by illegally bootlegging alcohol. But in reality, that was only a small part of it.

In actuality, Kennedy made his real fortune in just three simple steps...

- He anticipated Prohibition's end early
- He bought shares of bottle manufacturers and other ancillary companies

And then rode the tidal wave of life-changing profits as alcohol shares surged in 1933

In 1933 alone, he took home \$4.27 million in inflation-adjusted profits...

All by investing in alcohol-related stocks like National Distillers and Libbey-Owens Ford.

So the lesson is whenever an industry becomes legal, investors get rich.

History has proven this time and time again.

Consider the next big "crossover event" — the (partial) legalization of gambling in the 1970s...

It's the mid-1970s.

Atlantic City passes a historic bill legalizing gambling.

The law leads to Native Americans winning a series of historic court battles...

Paving the way for legalized gambling in Indian reservations everywhere.

The result?

Gaming stocks take off... even as the market is tanking.

Take Bally Manufacturing, the country's largest casino slot-maker.

It trades at \$5.

But then it shoots up to \$10... \$30... as high as \$68 by September.

A gain of 1,260% in just nine months.

Then there's the Las Vegas casino operator Golden Nugget.

It surges from \$5 at the beginning of the year to \$45 by August...

A gain of 800% in eight months.

But the biggest home run by far was Resorts International — the lead casino for Atlantic City.

That's a whopping 31,432% gain... in just two years.

Good enough to turn every...

- \$100 into \$31,432
- \$1,000 into \$313,432
- \$10,000 into \$3,313,432

This is the historic wealth-building power of "crossover" events — when formerly banned industries become legal.

Just like the end of Prohibition and the partial legalization of gambling...

The end of marijuana prohibition will make some investors rich, very quickly.

And the big winners won't be the growers...

Or anyone who even touches the marijuana itself.

The winners will be the ancillary companies essential to production.

That is to say real estate, growing equipment, and security systems (just to name a few).

These are companies with the potential to deliver nothing less than 10-fold returns in under a year.

Once again, investors will see the writing on the wall.

They'll see a major election in 2016 that guarantees a shift in policy...

They'll see dozens of states pass legalization bills...

And the "smart" money (i.e. Thiel, Buffett, Soros, and Musk) have already laid their claims to.

So, at the next wine and cheese party, this is something one could talk about.

In closing, I don't want to be called a hypocrite, so for the record I will state that as much as the marijuana movement will be lucrative, because I am morally against it, I will not be investing in it.

D. Miyoshi

9 Virtues That Successful People Understand

The following article is by Steve Cook, the editor of Lifeonaire.com

There are all kinds of lists... and this is certainly not the first one that covers the characteristics of successful people, however, this one just may be *different* than any other you have seen before. You see, I'm the kind of person that, if you ask me to give you a list of the top 10 most successful people I know, I would ask you to define success.

I ask this because it isn't always going to mean the same thing.

I know that most of the world we live in would define success based off of financial achievement



9 Virtues That Successful People Understand

or business accomplishments, but I define success differently. I define success by the **abundance of life one possesses.**

There are many people who can make the top income-producers list, or the fastest-growing companies, or the greatest-net worth, but if they do not possess the following characteristics... I would not consider them to be successful.

Here is my list...

1) **Love** – Without love, what do you have? I know someone who made \$874,000 in 90 minutes, and then he broke down and cried. They weren't tears of joy, but instead, tears of sadness because he felt alone. He had no one to share his accomplishment with. Is making a lot of money without love success? I would say no.

2) **Joy** – Why do we strive to climb the corporate ladder or achieve great things in business? Wouldn't you all agree that it is so we can enjoy life? Without joy, you have not arrived. If you find yourself constantly striving, yet longing to feel fulfilled with joy, I guarantee you that you do not FEEL successful no matter what the exterior looks like.

3) **Peace** – I don't look at people who are worried all the time as being successful. Do you?

4) **Patience** – Truly successful people are understanding of others who try. Successful people don't have the time for someone who expects something for nothing, but they always exhibit patience with those who put forth their best efforts.



5) **Kindness** – Many people who are perceived as “successful” are simply mean. I think that this clearly shows their weakness and it is a cover up for their *lack* of success. If you are truly successful, being kind to others comes naturally.

6) **Goodness** – A super successful person won't be walked all over, but they will allow others to get the better end of a deal. They do this because they desire the best for all they work with and they will oftentimes do things that others think are crazy. As a result, the super successful person develops a great reputation among the people they work with.

7) **Faithfulness** – Super successful people believe in something greater than themselves. They have a vision of something greater than worldly success, and they live it in their lives.

8) **Gentleness** – Super successful people are not harsh. They are firm when necessary, but they are gentle in their dealings with all. Others want to work with them and help them, whereas harshness is a means of controlling and compelling people to work with you. You will never get the best out of someone when you are harsh with them.

CAN AMERICA BECOME SOCIALIST?

9) **Self-Control** – Super successful people are able to exhibit self-control. They do what is right even when it is not easy. They take the high road even if it may cost them to do so.

Be a Lifeonaire

I call these people Lifeonaires, like millionaires, but someone who is full of life. Anyone can be a Lifeonaire. They have a clear vision of what success means to them and they pursue it with all they have.

CAN AMERICA BECOME SOCIALIST?

If there is one thing that seems certain, it is the 2016 presidential election will be decided by anger. That is to say, the far left is angry that the politicians they elected let them down, the far right are angry they get everything pushed down their throats and the middle of the road are angry they have to pay for it all.

But this article will focus on the Democratic side of the ballot. What is surprising is that the far left candidate Bernie Sanders is beginning to achieve what was once thought impossible, i.e. the recent polls say he is leading Hillary Clinton by fairly large margins.

To tens of millions, this may seem like vindication... a much needed light at the end of the tunnel that, upon arrival, will answer all questions pertaining to debt, income, education, health care, and whatever else tends to stress people nowadays.



For the rest of us, however, this popular swing signals that something has gone very, very wrong with the world.

Bernie Sanders is a self-proclaimed "Democratic Socialist," which, based on some of the models we've seen out of Europe, can actually work in sustaining a relatively small population such as Sweden, Norway and Denmark.

However, when looking at just what sort of numbers a bona fide Sanders administration would want to impose on the world's most globally integrated economy, one begins to wonder...

Alex Koefman of *Wealth Daily* argues that "Willful ignorance" means any situation in which people intentionally send their attention away from an ethical problem that is believed to be important by those using the phrase - either because the problem is too disturbing for people to want it dominating their thoughts, or from the knowledge that solving the problem would require extensive effort. This phenomenon is closely related to the aphorism, "Ignorance is bliss."

Is this just willful ignorance on the part of a man desperate to be elected?

Or is he actually in need of a thorough neuropathological workup to ensure that he's not suffering from some advanced form of brain-wasting sickness that causes a total inability to comprehend basic arithmetic?

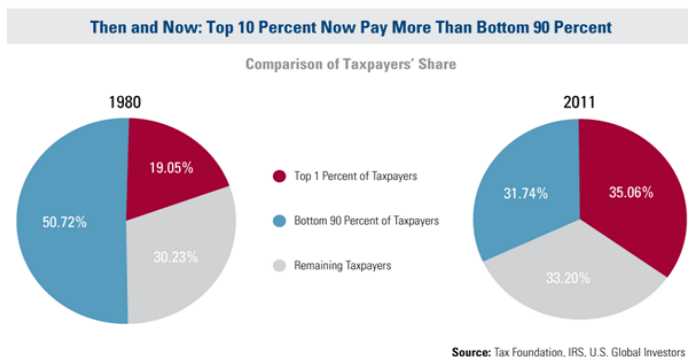
The Numbers Don't Add Up

Bernie's tax plan adds \$1 trillion of new taxes — coming almost entirely from the upper-income tax bracket.

Let's put things into perspective here.

If he intends to hit the 1% with this 12-figure tax hike, that amounts to roughly \$833,000 per household per year.

And remember, that's in addition to what they already pay, which, as of last year, was 45.7% of the IRS total annual income tax revenue.



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So how much of their annual income will the 1% have to pay, on average, if Bernie's policies escape the cobwebbed caverns of his mind and manifest themselves in the real world?

Almost 200%.

The median one-percenter household, as of 2013, brought in only about \$428,000 in adjusted income.

So assuming that Bernie Sanders isn't actually a real-life version of his namesake from the movie *Weekend at Bernie's* and has some semblance of blood pressure north of his neck, we move this tax burden from the 1% and expand its effect to the top 10% nationally.

The top 10% earning households are about 12 million strong.

Median income for the top 10% on a national basis is just \$127,695, also as of 2013.

Dividing this \$1 trillion in new income tax revenue adds an average \$83,000 to each tax bill, which would effectively put a majority of the individuals in the top 10% close to if not past the poverty line.

So clearly, Bernie, the man of the people, the Pied Piper of the Disenfranchised, must have cooked up some other plan to make this all work.

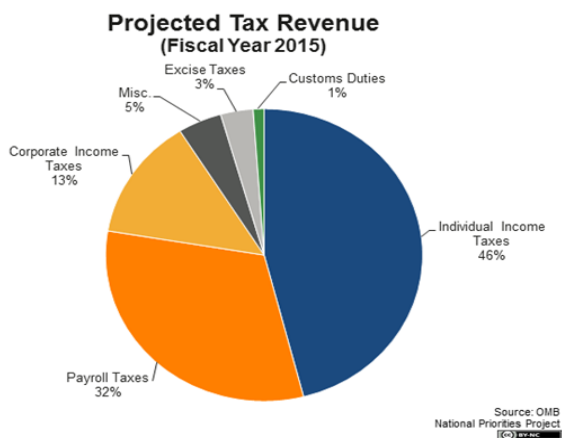
Well, the scary fact is, for the most part, it doesn't appear he has.

He's put some more effort into concealing the source of all this revenue in the proposals he's tossed out to the media, but in the end, the story plays out the same.

Let Fantasy Become Reality

No matter how you slice it, his \$1 trillion per year overheard for the creation of his socialist utopia adds an additional 30% to the total annual tax burden imposed on this nation's individuals, employers, and corporations.

As it stands, this total already set records when it surpassed \$3 trillion for the first time just two years ago.



By far the biggest prong of this revenue comes from individuals — about \$1.4 trillion annually — followed by employment taxes, which come in at right around \$1 trillion. In a distant third are corporate taxes, which rake in about \$400 billion each year.

Given his repeatedly stated intention to hit rich individuals and corporations especially hard, it's safe to say that some version of the two clearly unfeasible scenarios I mentioned are actually spinning around in old Bernie's head.

Here's one potential package he actually proposed to make his free-for-all society a reality...

An employer tax hike of \$630 billion annually — raising current rates by more than 60%.

An individual tax hike of \$210 billion — taken from the nation's top earners, or about 2 million households... an average of better than \$100,000 per household.

To help finance his "Medicare for all" dream, Bernie also plans an all-new 6.2% employer tax, which he likes to call an "income-based health care premium" (probably to keep his supporters comfortably numb to the fact that they're actually going to be on the hook for this).

In addition, to fund his proposed "free tuition" program, there's Bernie's "Robin Hood" tax, which would impose a \$0.50 fee on every \$100 traded in stock transactions.

Any way you slice it, this man's plan for the future looks less like a business model and more like an unhindered shopping spree, all at somebody else's expense.

And when I say somebody else's, I don't just mean the 1% or the 10%... because for plans of this magnitude, there simply aren't enough of them to pay for all this.

It will end up on all of our backs one way or another.

So What is Bernie Thinking?

Is he thinking at all, or is his brain merely an organic paper shredder/recombiner that takes the complaints, demands, and pleas of his constituency, mashes them all together, and spits them back out in a disjointed but colorfully pleasing narrative?

The answer to that can only be provided by extensive time in an MRI machine.

Frankly, I think he's just like the others: willing to say and do anything to get elected.

We already know he spends enough time and money on a hairstylist to ensure that the heroic white cloud resting atop his head remains the benevolently irate, never-quite-groomed, yet remarkably unvarying trademark that it's become.

Another thing we know for certain is that the very top of the pyramid, which Bernie states he wants to topple in an effort to inject

CAN AMERICA BECOME SOCIALIST?



Advancing in a Time of Crisis



Financial Crisis Report



David M. Miyoshi is a California attorney with a Martindale-Hubbell AV Preeminent Rating for Attorneys. He earned his 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 Managing Attorney of Miyoshi Law, an International Law Firm where he views legal issues through a commercial lens and is a trusted legal and business advisor to his clients. In military service in Vietnam, he led a Combined Action Platoon as an officer in the U.S. Marine Corps and received the Naval Commendation Medal with "Combat V".

He is listed in 14 Who's Who publications throughout the world and specializes in international business, finance and estate planning.

some artificial equality into the system, isn't going to take this sitting down.

With most of their income coming from capital gains — an as-of-now permissive system that allows for decreased tax liability on long-term investments — Bernie's proposed changes will have a widespread and significant effect on the net worth of the nation's wealthiest.

Unfortunately for Bernie's utopia, these are exactly the kind of people who, when the conditions become infertile, tend to just pick up and leave.

They did it in France just a few years back, when the French government decided to "experiment" with a 70% upper income tax rate, fleeing to the UK in such numbers that the tax revenue from that population segment actually fell by more than a third the year after these socialist policies were put into place.

And it will happen here, too — only in greater number, with the dollar value lost to expatriation well into the trillions.

As the case usually is, the super-rich will be okay.

No amount of Bernie's willful ignorance, ruthless campaigning, or downright senility will be enough to get them down.

Those who will suffer the most will be those who cannot do anything about it.

The middle class, as well as those on the cusps of affluence, will be hit the hardest and forced to shoulder a disproportionate burden, all for the sake of Bernie's pipe dream.

With the rich, so too will go the corporations, the industry, and the markets, taking even more potential tax revenue off the table, even before it can be cannibalized and squandered by the tentacles of socialism.

What comes next will make the recession of 2008 look like a quiet day on the New York Stock Exchange.

Big enough of a disaster, perhaps, to bring an end to the Federal Republic altogether — going the

way of the USSR in the 1990s.

Bernie Will Arrive Sooner or Later

So is it time to be afraid?

Well, the fact is, it's still likely that Hillary will win, regardless of Bernie's recent advances in the polls.

However, in view of just how popular his willfully ignorant thinking is, the prospect of future Bernies in future elections is now at its highest ever.

Sooner or later, we will see this sort of mental illness posing as fiscal policy coming home to roost in D.C.

And your only way out of it, unfortunately, is to insulate yourself against its effects by building your own wealth.

When time is limited, your best bet to do that is to find the biggest industrial trend on the horizon (UP OR DOWN) and stack your chips there.

I know that is easier said than done, but sometimes these industrial trends are just as easy to see coming as the darkness floating in on Bernie's patchouli oil-soaked coattails.

Remember, "Fortune Favors the Bold". The candidate running on the right Donald Trump illustrates this maxim well. (HOWEVER, IN NO WAY IS THIS AN ENDORSEMENT OF TRUMP).

So, this newsletter ends with the same message it began with. On page 1 remember what Alexander Tyler said "A democracy will continue to exist up until the time that voters discover that they can vote themselves generous gifts from the public treasury. From that moment on, the majority always votes for the candidates who promise the most benefits from the public treasury, with the result that every democracy will finally collapse over loose fiscal policy."

Therefore, we must all make it while the making is still possible.

Here is to your smart investing!

D. Miyoshi

Past issues of the *Financial Crisis Report* can be found on the law office website www.miyoshilaw.com



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

Phone: 310-378-0615
Fax: 310-378-0000
E-mail: david@miyoshilaw.com
www.miyoshilaw.com
<http://about.me/dmiyoshi>