



Financial Crisis Report

Written and Edited by David M. Miyoshi

Advancing in a Time of Crisis

Words of Wisdom: “The first lesson of economics is scarcity: there is never enough of anything to fully satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics”. Thomas Sowell

Inside this issue:

1. 15 Star Wars Lessons for Financial Jedis
2. What Would Happen in War Between N. Korea and U.S.
3. Rich Man’s View Of Trump
4. Is Economic Collapse Imminent?
5. Change is Coming

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.

One of my all time favorite movies is the first Star Wars that debut in 1977. The culture, values and ideas portrayed in that movie and its sequels actually make for sound financial planning. These concepts are prepared by *WealthManagement.com* and I present them here.



1. Strength In Diversity



Star Wars has always been about a diverse rebellion fighting against an oppressive Empire that enslaves alien races, but the new generation of movies embraces diversity more than ever to appeal to moviegoers. The main protagonists in 2015’s “The Force Awakens” and 2016’s “Rogue One” are females,

and “Rogue One” features an ensemble cast of varying ethnic backgrounds working together to fight the Empire. Financial professionals have long known the benefits in diversifying assets, but now its clearly beneficial to also have a diverse workforce to reach new clients.

2. The Power of Holistic Planning



As young Skywalker’s advisor, Obi Wan Kenobi teaches him that the Force, an energy field created by all living things that binds the galaxy together, is the source of his power. For financial advisors to truly unlock their potential, they need to have a holistic view of their clients’ financial lives, as well as a mastery of investment strategy. By understanding how various accounts, needs and goals all connect together, an advisor can be a truly powerful guide for their clients.

15 Star War Lessons for Financial Jedis

3. Sticking to the Plan



While Luke is a neophyte just learning the ways of the Force, Han Solo is a hardened skeptic, disregarding advisors like Obi Wan Kenobi and instead preferring the lifestyle of a risk taker, which has led him to real problems with debt. When Luke gets distracted by Solo's taunts, Kenobi reminds him to trust in his plan instead of making knee-jerk reactions. While things get rocky along the way, Luke eventually reaches his goal of becoming a Jedi Knight. It's a good reminder for when the markets get rough: Trust in the plan, mitigate short-term emotional reactions, and focus on long-term goals. Han may call it luck, but advisors know there's no such thing.

4. The Quick and Easy Path Leads to the Dark Side



We learn more about the Force in the 1980s' "Empire Strikes Back," when Jedi master Yoda teaches Luke about the Dark Side. Like a good advisor, he tells Luke that chasing instant gratification, like investing heavily in a hot stock, can lead to ruin. When Luke ignores the advice, he's almost defeated by Darth Vader. Yoda reminds us that patience is key with investing, not adventure or excitement.

5. Know Your True Value



Though his investment strategy might be questionable, Han Solo does understand value. Luke is shocked when Solo initially discloses his fees to pilot them across the galaxy in the Millennium Falcon. Luke says he could buy and pilot his own starship for less, but Obi Wan Kenobi knows expertise can command a fair price and even offers to spend more to ensure results. In this era of fee compression and do-it-yourself tools, you need to be able to prove to clients the value of your service. It turned out that Luke didn't know flying through hyperspace from dusting crops, and Solo's experience came in handy - though any client demanding "no questions asked" should probably be a red flag.

6. Embrace Technology for Growth



Robots are ubiquitous in the "Star Wars" galaxy, even if they aren't allowed to drink in bars. But no one is afraid that the technology will take their job. Using technology to automate parts of a business can help cut costs and achieve efficiencies that previously were impossible. Some advisors may have to "unlearn what they have learned," but using a robo-advisor to reach new clients is just a change in perspective. After all, R2-D2 only helped increase the power on the X-Wing; Luke had to turn the computer off to destroy the Death Star.



15 Star War Lessons for Financial Jedis

7. Make Thoughtful Decisions About Third Party Tech



When making a decision about technology, think carefully about what exactly you need to best serve your clients. When shopping for droids, Luke’s Uncle Owen purchased C-3PO to integrate with his farming technology, but purchasing R2-D2 turned out to be a bad decision. In “Empire Strikes Back,” C-3PO had difficulty integrating with the Millennium Falcon’s computer, putting everything at risk. Before investing, advisors need to be sure the tools they are investing in will integrate smoothly with their existing workflows.

8. Use Data



Another benefit to technology is access to a lot of data and analytics, and advisors should take advantage. Although Solo tells C-3PO to never tell him the odds, he risked passengers and his own life by steering them into a suicidal situation. Advisors could avoid similar pitfalls by taking advantage of the analytics available to them to avoid the same metaphorical fate.

9. Don’t Underestimate Cybersecurity



The downside to digital automation is the increased threat of hackers, and every firm needs to take cybersecurity seriously. Just as the Death Star was defeated by a small weakness the Empire simply overlooked, hackers exploiting IT vulnerabilities infiltrated large companies like Target and JP Morgan. Wealth management firms need to follow best practices and be vigilant. Even if a breach happens, having a plan can help minimize the damage, like the Rebels were able to do after the Imperial probe droid found their hidden base on Hoth.

10. The Importance of a Succession Plan



When Darth Vader finally strikes down Obi Wan Kenobi, Luke suddenly finds himself without an advisor. Without a plan or confidence in his own abilities, he is left vulnerable to the Dark Side. Advisors need to have a plan in place for clients’ assets in case something happens to the advisor, either suddenly or when they retire. It will make clients more confident in you, making your firm become more powerful than you can possibly imagine.



15 Star War Lessons for Financial Jedis

11. Connect With Clients' Children



In “Star Wars Episode VII: The Force Awakens,” Han Solo plays the role of advisor to next-generation heroes Rey and Finn, but was unable to guide his own son, Ben. As a result, Ben abandoned Luke Skywalker’s teachings, sought out the advice of Snoke, and converted to the dark side as the evil Kylo Ren. This should be a lesson to all financial advisors: if you don’t make an effort to build a relationship with your clients’ children, they will take the family assets to someone who does.

12. Support Young Talent



In addition to succession planning, firms need to attract and maintain top talent for the business to survive in the long term. Uncle Owen had a smart, young employee for his moisture farming business (Luke Skywalker) but never provided opportunity for career advancement. As a result, Luke felt like he was “going nowhere” and dreamed of days he could leave for anything else. Veterans need to guide their young advisors and help them see the potential value they can have with the company.

13. Don’t Judge By Appearances




“Judge me by my size, do you?” Yoda may be small, but his power with the force is great. Similarly, the demographics of investors are changing, and many advisors need to rethink their concept of a client. Women, minorities and millennials are looking for financial advice, and firms make a mistake by not appealing to them.

14. Be A Fiduciary



Along with Yoda’s warning about the quick, easy and seductive dark side, the heroes of Star Wars are frequently working not just for themselves, but in the best interest of the galaxy. Finn abandons The New Order after he’s asked to attack innocent villagers and uses his knowledge to aid The Resistance. And General Leia (no longer a princess), forms The Resistance when The New Republic won’t give her the support she needs to because she knows opposing Kylo Ren and Snoke is in the best interest of the galaxy. If advisors want to keep the trust of their client – as well as comply with new regulations from the DOL – advisors need to work as fiduciaries for their clients.



What Would Happen in a War Between North Korea and the U.S.

15. It's Not Just About Money



Though Han Solo told Princess Leia that he doesn't care about her or the rebellion, he becomes a true hero after he realizes that there's more to life than money. Advisors are worth more than just allocating assets and providing returns; they can be even more valuable to clients by helping them navigate important milestones in life, like buying a home, sending kids to college and retiring comfortably. Remember what Leia told Han: "If money is all that you love, then that's what you'll receive."

What Would Happen in a War Between North Korea and the U.S.

Following the death of Otto Warmbier, the college student held hostage in North Korea, several clients asked me what I think would happen in a war between North Korea and the U.S.

It's a complex question because there are many variables involved that could change the actions and reactions of both North Korea and the U.S. But based on my impression of the variables currently in play, here is my opinion of what would happen. And keep in mind this is only an opinion.

War is always ugly, but realistically there are only several scenarios possible.

If the war were to be fought "economically" then many North Korean citizens will die because of famine and poverty.

The other obvious option is militarily. A quick strike by the US: Triggered by a North Korean nuclear test, the US sends 200 bombing sorties at Zero Dark Thirty that destroy every known missile battery, military airports, hangars and equipment stashes, industrial factories and power plants, and target Kim Jong Un personally. If successful, the remaining officials think long and hard about the end of his reign and joining the rest of the world in celebration.

If the quick strike is botched, Kim Jong Un lives, and he retaliates with artillery shots at Seoul, causing significant damage (He can't launch nukes, he doesn't have enough, they're unreliable, and chances are they would have been destroyed by the initial US attack). His artillery attack on Seoul however unleashes hell on North Korea as the US is joined by South Korean, Japanese, Australian, and other forces in a non-stop bombing campaign that levels Pyongyang and every hill near the DMZ that might have artillery tucked in a cave. After 45 straight days of bombing, North Korea surrenders.

While Kim Jong Un thinks that China would have his back as it did in the Korean war and for most of the years since, that is no longer the case, and China has made that clear. The biggest argument against China taking North Korea's side is now an economic one. China is the largest holder of US treasury securities debt, at \$1.25 Trillion, so China can no longer afford to take sides against the US, so there is no longer any chance of a Korean war part II, where North Korean troops fight a ground war backed by an endless supply of Chinese foot soldiers. In fact on June 24 it was announced that China and the U.S. agreed to aim for a "complete, irreversible" Korean Denuclearization.

Top 10 foreign holders of treasury securities



Without the involvement of China, I would estimate the war to be over in less than a year (this would be the end of major military operations but there is no telling how brainwashed a large majority of the North Korean population is which could lead to a prolonged guerrilla conflict like in Iraq) but the loss of lives would be tremendous, especially in North and South Korea.

No matter the outcome, life in South Korea will suffer. A war with North Korea will be ugly for the people of South Korea. Many will die and be ruined financially. General Mattis said "it will be a war like no other." But for certain well positioned personages, it could possibly be the biggest geopolitical opportunity in their lifetimes.

But for the majority of South Koreans, their standard of living will likely decline as the country fights the war. If you are a young male South Korean, you will likely be mobilized and your fate would be in the military. If your family is from Seoul, overnight, your family



A Rich Man's View of Donald Trump

will probably change from a prosperous middle class family with several properties to one evading thousands of barrages of North Korean artillery bombardment that are now reducing your properties to rubble.

If you are Japan, it is probably favorable. South Korea, which had been criticizing you for prostituting hundreds of thousands of Korean women during WW2, will now refrain from further demonstrations, and even thank you in private, as they will realize that Japan is an important staging point and supply depot for the American troops reinforcing them. Also, everyone knows that Japan has one of the strongest air force and navies in the region. Prime Minister Abe will be delighted to have this once in a lifetime opportunity to request the Diet to change Japan's constitution to "normalize the Self Defense Forces" so that they can support the "important allies' combined war effort" to prevent the new Korean conflict from spilling into Japan.

If you are China, you have a problem. "Little Fatty" has never listened to you and even purged and killed many pro-Chinese senior officials. He and his father are nothing but trouble since their ascension. You are sick and tired of this "imperial monarchy communism" as all top Chinese leaders must depend on their own efforts and luck to climb to the top. But if you let the Americans overrun "Little Fatty", the Americans are right at your doorstep. Neither options are savory to you. You must choose the lesser of two evils and no one really knows how it will eventually end. You curse "Little Fatty" for pushing things to this destiny.

If you are Russia and Putin, you probably throw a small party, savoring top liquor as your inner circle plot on how to pull off another "Syrian Style Coup" on Korea, where you have invested the minimum capital and still are able to reap maximum gains as South Korea, North Korea, USA, and China strain under the struggles of war.

It's a longshot but let's hope "Little Fatty" comes to his senses.

D. Miyoshi

A Rich Man's View of Donald Trump

Bill Bonner is a very successful investor, businessman and author. He is the managing partner of Bonner & Partners, an investment advisory service for the wealthy. He likes Donald Trump and in the following article written by him in late April reveals the reasons why.

We Love Donald Trump

Team Trump came forward yesterday and laid what it claimed was the "biggest tax cut in history" on the table.

Before we go on, we should say "We love this guy."

If you've been reading the Diary for a while, you know that, thanks to the feds, rich people have gotten much richer over the last 35 years.

Their funny money and artificially low interest rates have boosted Wall Street stocks and bonds far faster than the Main Street economy.

The working-class guy sells his time for barely a penny more (in inflation-adjusted terms) than he did during the Reagan years.

But stock prices, measured by the Dow, are 21 times higher!

And now this.....

Presidential Chutzpah

What other president would have the chutzpah to huddle with Goldman guys and work out a tax proposal designed to make rich people even richer?

Before the French Revolution, the aristocracy paid no taxes; maybe the next thing will be to exempt America's top 1% altogether.

The latest proposal is a mix of good, bad, ugly, and mysterious... with many parts so vaguely defined that they could mean anything.

But our first thought was: Why is the president proposing tax changes?

He's supposed to represent the "administration." That is to say, he's supposed to administer the laws written by the people's representatives in Congress.

Specifically, the House of Representatives is charged with "the power of the purse":

All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

– U.S. Constitution, Article I, Section 7, Clause 1

So why is "The Donald" getting involved?

Dialing for Dollars

We have an answer...

As the Deep State grows, it puts so many greasy fingers in so many pots and pies, it becomes impossible for the legislature to keep up with them.

One faction wants a new bridge across the Susquehanna. Another wants to change section 408.7.5 so that the amortization for cherry-picking machines used in Puerto Rico can be accelerated without regard to the "backward capture" rules.

Congressmen, busy dialing for dollars from their local cronies, haven't time to read the proposals let alone understand them.

Congress is supposed to control the war-making function of government, too. But one group wants to bomb ISIS. Another wants to bomb ISIS enemy Bashar al-Assad.

In the end, power passes to the administration, which bombs them both.

That leaves lawmaking increasingly in the hands of lobbyists, indus-



Is an Economic Collapse Imminent?

try insiders, and the White House – which no longer functions on behalf of the people, but merely shifts the balance of larceny toward one group or another.

Ideological Fantasies

So, it is no surprise that, with so many Goldman representatives in the room, the new tax proposals would favor Big Business and the rich.

Note also that no threat has been proposed to the Deep State’s funding.

Taxes are the bread and butter of the swamp critters’ diet. And the tax code is the way the Deep Staters reward their crony friends and punish their enemies.

It will be a cold day in hell when they give up the revenue or the power to diddle with tax provisions.

But today, we’re thinking positive. Trump is our hero. We look upon his proposals with much pleasure. Four of them, in particular, seem designed for us.

Before we go on, we would like to make a philosophical announcement. In matters of public policy – war, taxes, laws, regulations, and government programs of all sorts – people say that “this would be good” or “that would be bad.”

But none of us really knows what would be good or bad.

First, we can never know what the results and unintended consequences of any public policy will be. We can’t know the future.

Second, even if we knew what would happen, we couldn’t know whether it would be good or bad.

Mr. Trump famously wants to “make America great again.” But there must be 200 million different, and often contradictory, ideas about what that means.

One person thinks the country would be great if the bar on the corner were reopened and once again offered 50-cent beer. Another wants to get rid of the Puerto Ricans who moved next door. Still another longs for the days when banks gave you a free toaster oven when you opened a new account.

One group of Americans thinks the country would be better off if the rich paid “their fair share” of taxes. The rich think they already pay too much.

Nobody knows how to make America great again. All anyone knows is what he wants. The poor vote for more social welfare programs. The rich vote for tax cuts and crony deals.

So, when someone says Trump’s tax changes will be “good,” what he really means is “Given the current state of my finances... along with my ideological preferences and fantasies, I like them.”

Beaucoup Bucks

You can put us solidly, resolutely, and unapologetically in that camp, too.

And for an honest, and selfish, reason: Trump’s proposed tax cuts would save us beaucoup bucks.

His proposal to cut the tax rate on pass-through income alone would

cut our tax bill in half. His proposed elimination of the inheritance tax would have an even greater effect on our children.

The president would also cut the regular income tax maximum rate from 39.6% to 35%... eliminate the alternative minimum tax (originally enacted to prevent wealthy Americans using deductions and loopholes from skimping on their taxes)... and repeal the 3.8% net investment income tax.

We don’t know what is best for the country. But we know what we want.

And if you have been lucky enough to start a successful business... and if you have selected a form of business other than a C corporation (taxed separately from its owners)... chances are you have a considerable amount of revenue passing through the corporation and showing up on your personal tax return.

There, it is taxed at the highest rate. What’s left is your estate, which is taxed again when you die.

Mr. Trump, bless his craven little heart, would greatly reduce our tax burden.

We love him.

Bill Bonner

Is an Economic Collapse Imminent?

This newsletter is specifically about an impending downturn in the U.S. economy. Of course, given enough time, “everything” happens eventually. But the real question is how close is a serious downturn in the economy. Based on financial cycle theory, it is long overdue. Based on economic cycle theory it’s about time. Based on political cycle theory, it won’t happen until the other party comes into power.

I cannot deny that indications are that a crash is imminent. But I can’t give you a date. This reminds me of the story of the physician who tells one of his morbidly obese patients the following:

“Your daily consumption of twelve cocktails, three packs of cigarettes, your diet of 4000 calories, and refusal to engage in exercise more strenuous than walking to the refrigerator will kill you, but I can’t exactly say when.”

This is how many investment advisors feel about the present market conditions, and I know it is certainly how I feel. The stock market has all the same characteristics as it did at the top of the dotcom bubble in 2000 and at the peak in late 2007.

As you recall, the NASDAQ Composite lost **78%** of its value in 2000. It plunged from 5,046.86 to 1,114.11, burning millions of everyday investors in the process. That bull market was the longest in history. It spanned 113 months from October 1990 to March 2000.

The current bull market is now the second-longest in history, having run for 99 months.

Just for perspective, the average lifespan of a bull market is 57 months.





Is an Economic Collapse Imminent?

S&P 500 Bull Markets Since WWII

	Months it lasted	Total % gain
10/1990-03/2000	113	417
3/2009-unknown	96	249
6/1949-8/1956	86	267
10/1974-11/1980	74	126
08/1982-08/1987	60	229
10/2002-10/2007	60	101
10/1957-12/1961	50	86
5/1962-2/1966	44	80
5/1970-1/1973	32	74
12/1987-7/1990	31	65
10/1966-11/1968	26	48
5/1947-6/1948	13	24

Obviously, there is strong historical evidence that the stock market will normalize to average valuations.

Now, I can't say exactly when the Federal Reserve will stop using expansive monetary policy to create the illusion of economic expansion. But we do know that Fed Chair Janet Yellen's term expires in 2018. And President Trump will likely fill the three current central bank vacancies with conservatives. So knowing that, and the fact that Yellen and her Federal Reserve Board were almost all appointed by Obama, this will be the ideal, if not last opportunity (for the Deep State) to bring down Trump by bringing down the economy and have the media pin the blame on Trump. After all, Trump is the ultimate fall guy for years of financial shenanigans under Obama and decades of corruption and abuses in Washington.

The Fed has been gradually raising interest rates in an effort to taper their monetary stimulus. This suggests the business cycle will soon peak. So what if the Fed suddenly raised the interest rates thereby severely limited financing. The economic repercussions could stoke a crash in the stock market.

In any case, at the end of June, the stock markets was giving indications of a severe downturn in prices. Perhaps this is just a temporary adjustment but if it isn't then it would behoove us all to know what to do to protect ourselves.

According to Kimberly Amadeo of the publication *US Economy*, if a U.S. economic collapse occurs, it will happen quickly. Not many will predict it. That's because the signs of imminent collapse are difficult to see.

For example, the U.S. economy almost collapsed on September 17,

2008. That's the day panicked investors withdrew a record \$140 billion from money market accounts, which is where businesses keep cash to fund day-to-day operations. If withdrawals had gone on for even a week, the entire economy would have halted.

That meant trucks would stop rolling, grocery stores would run out of food and businesses would shut down.

Fortunately, the Federal Reserve Chairman and U.S. Treasury Secretary noticed the signal and knew what it meant. Ben Bernanke was a Great Depression scholar. Hank Paulson was a Wall Street veteran. Their bailout plan supplied enough cash to stop the panic.

Another example occurred during The Great Depression. On Thursday, October 24, the 1929 stock market crash began. By Tuesday, the market had lost 25 percent. Many investors lost their life savings that weekend. The Dow didn't recover until 1954. That's how close the U.S. economy came to a real collapse, and how vulnerable it is to another one.

What Will Happen If the US Economy Collapses?

If the U.S. economy collapses, you will not have access to credit.

Banks will close. That means demand will outstrip supply of food, gas and other necessities. If the collapse affects local governments and utilities, then water and electricity will no longer be available. As people panic, self-defense becomes more important. The economy reverts to a traditional economy, where those who grow food barter for other services.

A U.S. economic collapse would create global panic. Demand for the dollar and U.S. Treasuries would plummet. Interest rates would skyrocket. Investors would rush to other currencies, such as the yuan, euro or even gold. It would create not just inflation, but hyperinflation as the dollar became dirt cheap.

When Would the U.S. Economy Collapse?

Any of the following six scenarios could create an economic collapse.

If the U.S. dollar rapidly loses value, it would create hyperinflation.

A bank run could force banks to close or even go out of business, cutting off lending and even cash withdrawals.

The internet could become paralyzed with a super-virus, preventing emails and online transactions.

Terrorist attacks or a massive oil embargo could halt interstate





Change is Coming

trucking. Grocery stores would soon run out of food.

Widespread violence erupts across the nation. That could range from inner-city riots, a civil war or a foreign military attack. It's possible that a combination of these events could overwhelm the government's ability to prevent or respond to a collapse.

Some believe the Federal Reserve, the president or an international conspiracy are driving the United States toward economic ruin. If that's the case, the economy could collapse in as little as a week. That's because it's run on confidence that debts will be repaid, food and gas will be available when you need it and that you'll get paid for this week's work. If a large enough piece of that stops for even several days, it creates a chain reaction that leads to a rapid collapse.

Will the U.S Economy Collapse?

The U.S. economy's size makes it resilient. It is highly unlikely that even these events could create a collapse. The Federal Reserve's contractionary monetary tools can tame hyperinflation. The FDIC insures banks, and the Treasury can print all the money needed to make sure depositors get their funds. Homeland Security can address a cyber threat. If not, the economy can always return to how it functioned before the internet.

The president can release Strategic Oil Reserves to offset an oil embargo. The U.S. military can respond to a terrorist attack, transportation stoppage or rioting/civil war. In other words, most federal government programs are designed to prevent just such an economic collapse.

How to Prepare for a Collapse

It's difficult to completely protect yourself from a U.S. economic collapse because it can happen without warning.

In most catastrophes, people survive through their knowledge, wits and by helping each other. Make sure you understand basic economic concepts so you can see warning signs of instability.

Second, keep as many assets as liquid as possible, so you can withdraw them within a week. In addition to your regular job, make sure you have skills that you'd need in a traditional economy, such as farming, cooking or repair.

Make sure your passport is current in case you'd need to leave the country on short notice. To be completely prepared, research target countries now and travel there on vacation so you are familiar with your destination.

Keep yourself in top physical shape. Know basic survival skills, such as self-defense, foraging, hunting and farming. Practice now with camping trips. If you can, move near a wildlife preserve in a temperate climate. That way, if a collapse occurs, you can live off the land in a relatively unpopulated area.

As for cash, it's almost pointless to have it in a real economic collapse because its value might be decimated. Gold isn't much help because it's heavy to transport and useless in a real survival situation. But it would be good to have a stash of \$20 bills and gold coins, just in case. During many crisis situations, these have been acceptable bribes.

We should be as all good Boy Scouts are "Always Prepared"

Because change will be coming. And this leads to the following arti-

cle in this newsletter.

D. Miyoshi

Change is Coming....finally

Change is coming.....whether you want this kind of change or not.

Donald J. Trump came to Washington, D.C., to "drain the swamp."

Instead, the swamp may be draining him.

In the past April edition of this newsletter, I wrote an article entitled "Will Trump Lose to the Deep State?" speculating that Trump will ultimately lose to the Deep State. Well, so far it appears the Deep State is putting Trump into deep sh*t (excuse the French). And it seems the Establishment Republicans (except maybe Newt Gingrich) don't really care.

But the Deep State is not the Democratic Party which has seemingly lost its way. At the moment the Democratic Party is in free fall struggling to find and re-engage a convincing agenda.

On the other hand the Deep State, the fourth arm of government, mainly made up of bureaucrats nominated by the Obama administration is in full power mode. These bureaucrats, supported by the liberal media, want to bring Trump down either by hook or crook.

Also, Bill Bonner, of *Bonner & Partners* writes, the media entangles Trump in fake news kudzu and special interests and Deep State operatives slither around him threateningly... while Deep State heavies try to drown him in accusations.

I thought "The Donald" would quickly make peace with the swamp.

He has no fixed convictions... no ideology or principles to get in the way (except maybe his abrasive personality).

I figured he'd go along with the insiders... and become the biggest swamp critter of all.

And when he stuffed his cabinet with generals and Goldman guys, I thought he was on his way.

But the way it looks now, "The Donald" just can't "fit in." Many of the Deep State foxes consider him unreliable. Or embarrassing (or even "deplorable"). They want to get rid of him... or weaken him so he is more or less irrelevant.

The Comey testimony didn't help anyone as near as I could figure. "The Donald's" fans came away believing their man was set up by a disloyal "leaker." And the Establishment insiders are determined to keep beating up on him until he falls down.

Based on Federal regulations, the Independent Counsel Bob Mueller, a close friend of Comey should recuse himself. But, politics dictate that he won't.

Overall, President Trump is taking so many punches, he's beginning





Change is Coming



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 approaches legal issues through a commercial lens and is a trusted legal and business advisor to his corporate and estate 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 appears in 14 Who's Who publications throughout the world and is listed as a specialist in international business, real estate and estate planning.

to wobble. Only six months into his administration and he's looking weary. He couldn't make any major changes – even if he wanted to.

However he has scored a few big victories. One being SCOTUS upheld his Muslim ban and the other being his efficacious tweet that Obama was told in August 2016 that Russia was hacking the election and Obama did not do anything because he thought Clinton was going to win and did not want to upset the apple cart. Also CNN admitted the Russia story was made up for ratings.

But, still there has been no swamp draining... no serious budget cuts... no tears in the Deep State land... no end to the make-believe wars... no Trump reflation trade... no big infrastructure projects... no "jobs, jobs, jobs"...no repeal of Obamacare and no change in course. For now.

But the feds control – directly or indirectly – half of the GDP. And the insiders control the feds. The last thing either Democrats and establishment Republicans want is real change.

But that doesn't mean they can stop change from the markets.

Economic markets don't stop just because the insiders want them to stop; markets react to the public spectacle... but they follow deeper currents, too.

Debts don't shrink just because you can't pay them. And the future doesn't wait just because you're not ready for it. This kind of change happens whether one wants it or not.

Sometime soon – most likely before the end of the year the weight of debt, lies, delusions, and claptrap is going to cause the floor to cave in.

When that happens, all of a sudden, people are going to lose interest in the spectacle in Washington.

Gone will be any interest in Russia meddling in a U.S. election (which never really mattered anyway). Gone will be any interest in whether Comey lied...

or Trump lied... or what The New York Times said... or whether "The Donald" acts "presidential."

Instead, all eyes will turn to the spectacle in New York. Crashing stock prices are bound to get their attention.

The Dow will be cut in half. The big banks, considered too big to fail, will be failing. People who have bought ETFs to be "in the market" will want to be "out of the market." Volatility, so recently like the EKG of a dead man, will begin to rise from the table like Frankenstein.

And then, the call will go up to the president and the chairman of the Fed.

"Do something! Save us! To the rescue!"

And to the rescue they will come.

But how?

With short-term interest rates already near zero... with the Fed already holding more than over \$4 trillion of government bonds on its balance sheet... with the budget deficit already set to rise by \$10 trillion over the next 10 years...

... what can they do?

That will be the next big story...

...not the Trumped-up battle over Russian election meddling...

...not the nuances of Donald Trump's "I hope you can see your way clear to letting this go" comment...

...not proposed tax cuts...

...not the withdrawal from the Paris climate accord...

No, none of it will matter very much when real change shows up.

Nine years ago Obama promised change for America. Well, change (at least the economic type), whether we like this kind or not, will finally come. Trump promised to make America great again. Great will have to wait a bit.

D. Miyoshi



Miyoshi Law

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

