

# Information Manipulation & Your Money

By Raymond M. Mullaney

August 2002

655 Main Street, Suite 211  
East Greenwich, RI 02818  
Ray@ExceptionalInvesting.com  
CT (203) 254-0000  
RI (401) 450-4040



**EXCEPTIONAL  
INVESTING, LLC**

*institutional investment research*

## **Information Manipulation & Your Money**

The institutions you trust and invest with will determine the condition of your financial security. Have you been as careful as might have been? Can you be too careful today?

Irrational financial trends (frauds) often prevail for very long time periods. They can end suddenly. But if you carefully recall and study; “who said what”, the reliability or lack thereof of the institutional advisors can be established. Knowing what institutions not to trust is the first step in deciding who you can trust.

### **Do You Recall?**

From 1992 through the 2000 election, Wall Street insisted (to investors) that America was enjoying an eight year spiral of unprecedented prosperity. They convinced most Americans. Their “advice” cost Americans trillions in lost savings. Maybe it was an innocent mistake.

*Investors beware;* Wall Street’s economic forecasts offer same degree of independence, reasoning, and wisdom as did their stock advice. Wall Street is there to serve one purpose, their self-interest, not yours. And those interests mostly conflict.

Up until 2000, Washington economists insisted (and Wall Street nodded) that America was about to enjoy unprecedented surpluses.

*Investors Beware:* Washington policy makers and economists are the same guys who helped Wall Street manipulate the market to the highs that it achieved. At the very time when Greenspan was “talking” about “irrational exuberance”, he and the Federal Reserve Board were making sure Wall Street promoters were sheltered from prudent regulations. He and they were making sure Wall Street had access to an abundance of low-cost capital to build their empires. He and they were making sure that conflicts of interests remained hidden. I don’t recall committee meetings being held *while* the theft was occurring. No they come in after the house of cards has collapsed, and warn that the foundation is weak.

The money kings of Wall Street and Washington are now telling Americans that the economy is headed for a recovery. If they did know, telling the plebeians first would leave them at strategic disadvantage. They don’t do that.

### **Recent Economic History**

In nearly every year from 1990 to the present, “reality-based” indicators of American wealth and American economic competitiveness have declined. Our economic trends have been deteriorating for many years and they continue to deteriorate, now more rapidly. We now have:

- 1) Very weak, *balance sheets* in America’s largest corporations.
- 2) Ballooning, federal and state *spending deficits*.
- 3) Declining, state and federal *tax revenues*.

- 4) Declining, “*net wealth*” of average citizens.
- 5) Escalating, *family debts levels* and rising *bankruptcies*.
- 6) Non-existent or falling, *savings rates* among families.
- 7) Mounting, *reliance on foreign loans* to live.

The above trends are not new.

Logic tells us that had America experienced eight years of growing prosperity, America would now have:

- 1) Strong, cash rich, corporate balance sheets.
- 2) Much lower, levels of federal and municipal debt.
- 3) The decline in tax revenues could/would be taken in stride, a normal bump.
- 4) Much smaller declines in average family net worth.
- 5) If Americans accumulated “wealth”, would they now be forced into more debt? That only makes sense to fools.
- 6) Prudent levels of family savings. A saving rate that wasn't the lowest in the entire industrialized world.
- 7) National self-reliance to fund any required US debts.

Wall Street and American politicians have been and remain “mistaken” about most financial matters, matters that are crucial to your personal security and liberty.

Maybe Wall Street analysts were just mistaken when they urged Americans to buy shares in companies (without sales) at \$200.00 per share that now trade at \$1.00 per share. Maybe their failure to inform you that - while telling you to “BUY” these companies shares, they were helping insiders unload (on you) billions of dollars of insiders shares. Maybe that was just a mistake or oversight. Maybe when Washington economists (and Wall Street concurred) promised Americans Trillions of dollars in surpluses. They promised us that these surpluses would provide for the elderly, minorities, rebuild our declining infrastructure and remedy third world hunger. Maybe they were just mistaken.

Don't you remember the certainty in the voices of Clinton and every other politician, when they assured Americans that their projections of future surpluses were as real as real could be?

The politicians in DC select the same large CPA firms (men of the same culture, ethics and integrity) to balance our nations books as do the directors of large public corporations. The United States federal government spends nearly \$2 Trillion dollars a year. I don't ever recall reading about any CPA firm or any individual CPA, hired by the feds, criticize, or call into question the policies, procedures, expenditures or the soundness of the balance sheets of any federal department or agency. When “whistle blowers” speak, careers end.

The elected officials that we voted to govern us either: 1) don't know the extent of America's solvency problems, 2) won't tell you for fear that voters can't “handle the truth” about the weakened competitive position, or 3) won't discuss the matter because such

discussions of this sort radically discourage the dumb-vote. The simple truth is they are doing very well right now. When does it “pay” to rock the boat”? What voters want to hear about the economic challenges America faces? Will that talk get the minority votes, the teacher’s union vote, or the environmentalists vote? The only people in America for whom economic competitiveness and fiscal prudence is a top priority are the large tax-payers (small businessmen, the villainized minority who make the country work and pay the taxes) and geeks who read balance sheets and income statements all day, who are not affiliated with institutions on the take.

How many congressmen, senators and their directors and the department heads of the many dozens of multi-billion dollar federal agencies, would swear in writing that their books are balanced and without corruption? The managers and the accountants who watched Enron, et al, commit fraud are the same types who are “on-duty” at our nation’s government agencies.

With the promise that “all will be well”, politicians will take your votes and their fat pensions. They pay no price for the loss of economic freedoms that future generations have sustained as a result of the debts these politicians burdened our children with.

Wall Street will take your investment capital. They pay no price for your lost (stolen) savings.

How can we measure of future costs of losing our political and economic freedoms as foreigners buy and control an ever increasing percentage of the total US outstanding indebtedness? Where are the prudent voices, where are the patriots?

### **Today, the talk is:**

Do you know what 2<sup>nd</sup> mortgage rates and margin rates are down to?

Have you seen how much real estate has risen in the past 7 years?

“Why worry”, they say.

### **Your Money**

Who looks over the financial statements of the banks and insurance companies that you depend upon? Do you “know” if the balance sheets of the institutions that you have invested are prudently prepared?

Maybe Wall Street and Washington politicians just make a lot of mistakes.

*Maybe they are just really good salesmen.*

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