BONNER & PARTNERS
INVESTOR NETWORK

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The Shocking Truth About Washington's Debt

Editor's Note:

This month, the shocking truth about the extent of Washington's debt… and what you can do to make sure your finances don't suffer when the day of reckoning comes.

I spoke with Boston University economics professor, former US presidential candidate… and outspoken critic of Washington's phony accounting… Laurence Kotlikoff.

Kotlikoff has one of the most impressive CVs in economics. He has served on Ronald Reagan's Council of Economic Advisers… worked as a consultant with the International Monetary Fund and the World Bank… and advised central banks and governments across the world on policy.

But he is best known as an outspoken critic of Washington's accounting standards… which he says would make the accountants at Enron blush.

If you want to understand the extent of the nation's debt burden… why neither Congress nor the White House can afford to tell you the truth about Social Security… and why the United States is heading the way of Argentina… this month's issue is guaranteed to be a real eye-opener.

This month's issue contains truly frightening facts about the true extent of America's debt burden. So please don't hesitate to get in touch with your comments and concerns. I'll be responding to your mail in your next portfolio update.

You can reach me at: investornetworkfeedback@bonnerandpartners.com.

Enjoy!

Q&A with Laurence Kotlikoff

Chris Hunter (CH): Hi, Laurence. It's Chris Hunter here from Bonner & Partners. How are you?

Laurence Kotlikoff (LK): Good. How are you doing, Chris?

CH: I'm good, thanks. Thanks for taking the time to talk to me.

You're a professor of economics at Boston University, a fellow of the American Academy of Arts and Sciences, a research associate of the National Bureau of Economic Research, a fellow of the Econometric Society and a former senior economist on President Reagan's Council of Economic Advisers.

You've also served as a consultant to the International Monetary Fund, the World Bank, the Harvard Institute for International Development, the Organization for Economic Cooperation and Development, the Swedish Ministry of Finance, the Norwegian Ministry of Finance, the Bank of Italy, the Bank of Japan, the Bank of England, the government of Russia, the government of Ukraine, the government of Bolivia, the government of Bulgaria, the treasury of New Zealand and the Office of Management and Budget.

And in 2012, you sought the nomination from Ross Perot's Reform Party to run for president.

That's an impressive CV. How did you first get into economics?

LK: I took an introductory course. It sounded interesting. So I decided to take some more courses and to major in it.

When I was graduating and trying to figure out what to do, I thought it would be safer to be a lawyer. So I applied to about 16 economics graduate programs and 16 law schools. By some act of God, I got into economics at Harvard. Had I gotten into Harvard Law School, I probably would have become a lawyer.

CH: What was studying economics

at Harvard like?

LK: It seemed scary at first. I'm decent doing math. But there was very high-powered math in economics back then. That was a little bit daunting. I didn't know whether I'd be able to keep up with other people in that area. Or whether I'd be able to contribute anything new.

I thought they'd made a clerical mistake. But over time, I discovered I could do this stuff. I was quasi-decent. There's always the sense you're behind the eight ball. That keeps me motivated.

CH: You've written papers on financial reform, personal finance, tax law and Social Security. You've also done work in health care economics. And you're a vocal critic of how the US federal government calculates the public debt.

That's a bunch of different fields. That's not typical among economics professors. Why were you drawn to such an eclectic mix of research interests, do you think?

LK: That's a really good question. Yeah, most people just specialize in one area. And they just stick with it.

I found it all so interesting. I was drawn to economics by the policy aspect – that you could possibly come up with ideas that would help society.

We have a health care system in our country that's dysfunctional in so many different ways. So some natural questions are: What would economists do if they could design it from scratch on a nonpartisan basis?

What is our view of the first-best health care system? What is our view of the first-best banking system? The first-best tax system?

Each of these things interested me – and *do* interest me – because of their ability to help society. These are not hugely difficult issues. Working out the best health care system is not like discovering general relativity.

To me, it's not surprising that I'm interested in so many different areas. It's surprising that so many other economists aren't interested in more than one area, because there are so many fascinating things to look at.

CH: You've also been vocal about the 2008 global financial crisis. You believe Washington made some big mistakes. Where did politicians go wrong?

LK: Lehman Brothers went under. But the building is still there and so were the people who worked at Lehman Brothers. None of them died. All of them got another job. But somehow, this was supposed to be the panic of the century.

CH: Why was there such a panic in 2008?

LK: It's all driven by the coordinated beliefs about the future of the economy. If everybody thinks things are bad – or times are bad – they're going to make that happen. If they think times are good, they're going to make that happen.

CH: Are you saying George Bush, Hank Paulson, Ben Bernanke and Tim Geithner were exaggerating the dangers posed by bankrupt banks and financial institutions?

LK: I'm saying that if everybody thinks times are bad, they're going to make that happen. If everyone thinks times are good, they're going to make that happen.

CH: One of the things we've seen in the wake of the financial crisis is a highly active Federal Reserve. We're being told the Fed can avoid all these breakdowns through the magic wands of ZIRP and QE.

How true is that? Should we be relying on monetary tools alone to fix what's wrong with the global economy?

LK: The policies the Fed follows – whether the interest rate is at 0% or 1% – don't matter as much as its cheerleading ability.

If the Fed can convince everybody it's keeping the economy together, we're not going to have complete financial collapse. Of course, the Fed has been engaged in enormous printing of money. It's moved the interest rate around a little bit. But that hasn't had a big impact on the economy, as far as I can see.

The policies the Fed follows don't matter as much as its cheerleading ability.

You're talking about changing long-term bond rates by about one percentage point through QE – you know, 100 basis points or even just 50 basis points. With that kind of move, experience shows that nothing will change.

So, I don't think that monetary policy is particularly effective viewed from a conventional perspective. It's part of the mechanism of cheerleading… and, in some cases, *depressing* the economy.

What Ben Bernanke did was partly bold, innovative and successful. But he also scared the hell out of the public. Hank Paulson did as well. The two of these guys made a small thing into a huge thing.

They decided they were facing the next Great Depression. They told everybody that. Immediately, employers started to lay off people.

In other words, nobody was thinking about the psychology of the market – about the need to turn things around in a way Roosevelt understood when he said, “There’s nothing to fear but fear itself.”

I think what could have been if we had a good United States Marine as president – a good drill sergeant, somebody with the gusto to get everybody on the same page. Our batch of leaders didn’t get to the essence of the problem. Instead, they went along with the panic.

To me, they just missed the big picture. Roosevelt’s “nothing to fear but fear itself” – that is as good a macroeconomic proposition as you can come up with… then and now.

CH: Do you think there was a deliberate attempt to create panic so that the Fed could come in and start monetizing Washington’s debt?

LK: I don’t think it was intentional. And I don’t think that they – then or now – understood the degree to which our country is broke.

Bernanke has a view of the Great Depression – that somehow the Fed screwed up and should have been more active. He got that view from Milton Friedman… which, coming from a guy who was proselytizing about how well markets work, is very ironic.

I’ve been looking at Paulson’s book. He’s congratulating himself for stopping the next Great Depression. It’s like on the fourth page. His idea is that these events are inevitable… and he was coming in to the rescue.

We have very, very big fiscal problems. Printing money is simply a way to ease the pressure on Congress and the president from being fiscally responsible. Otherwise, they have to raise taxes and cut spending.

CH: But isn’t that now the consensus view – that Paulson and Bernanke stopped the next Great Depression with their “stimulus” efforts?

We have very, very big fiscal problems. Printing money is simply a way to ease the pressure on Congress and the president from being fiscally responsible.

LK: We don’t have a good counterfactual of how things would have been had the government not increased the deficit, lowered taxes and printed all this money.

But it’s not like an extra $500 in the mail is going to fix another Great Depression. If it worked, it worked because it cheered up people. It gave the impression that things were under control and that it wasn’t going to get as bad as it could possibly get.

We still had something like 8.5 million people laid off after Lehman Brothers went down. And we had the Great Recession. It was tough times for many years. We didn’t need to have a Great Recession. There was nothing different about the economy the day after Lehman Brothers collapsed than there was the day before.

CH: Again, that’s not what most folks think…

LK: Look, we had a nice big central bank called the Federal Reserve to do the banking for the private sector. All it had to say was, “Step right up. Whatever money you need. We’re the bank.” Then when these other banks get back on their feet, they’ll be back in the game.

There was no reason for panic.

CH: You also view inflation as a psychological phenomenon. Can you talk a bit more about that?

LK: If you expect prices to go up, you make them go up.

When you see prices going up, you don’t want to hold on to your money. So you spend it. Money becomes a “hot potato” that starts circulating at a faster rate. In effect, you have more money because we have faster money. That pushes up prices even further.

We have seen from research that the same underlying monetary actions, in terms of how much money is being printed, can produce very different rates of inflation depending on what the set of beliefs are.

There’s a very cool paper called “The End of Four Great Inflations” by an economist at New York University called Thomas Sargent. He said, “If you look at these inflations, all of a sudden, they stopped in their tracks when the government made it clear that it had come up with a new way to deal with its fiscal problems.”

When governments said they were going to cut spending, raise taxes and not have to print money, inflation started coming down during the next month… even though money printing went on at an even higher rate. That happened because people believed things were ultimately going to get under control.

CH: So, Friedman was wrong when he said that inflation was “always and everywhere a monetary phenomenon”? Meaning that it was always a result of too much money supply…

LK: There’s no immediate relationship between how much money is out there and the price level… and on increase in the money supply and the increase in prices. It's a loosey-goosey relationship.

These are kind of common things that you think everybody would get at this point. But we have a lot of economists who are stuck in their own schools of thought.

CH: You're on record saying the US government way of calculating the official public debt is a Ponzi scheme. And that Washington uses accounting standards that Enron would be embarrassed by. Those are strong words. Can you elaborate on what you mean by that?

LK: We'll, we have a $210 trillion "fiscal gap" – the debt the nation owes when you don't use the government's phony accounting. The Fed expanded its balance sheet by about $4 trillion since 2009. But that's a drop in the bucket compared to the fiscal gap. The fiscal gap went up by $5 trillion just between last year and this year.

Fortunately, it's no longer just a few of us that believe conventional deficit accounting is a meaningless exercise. If you look at www.theinformact.org… I don't know if you've seen that…

CH: I have, yes.

LK: What you're seeing there is a "Who's Who" of economists endorsing an alternative – what I call "fiscal-gap accounting."

CH: Just to fill in our readers… the fiscal gap is the difference between Washington's projected financial obligations and the present value of all its projected future tax and other receipts, right?

In other words, it's the nation's credit card bill. And you say that gap is now $210 trillion… not the $18 trillion the government reports.

LK: Right. Over 1,200 economists have endorsed the switchover to fiscal-gap accounting. And there are 17 Nobel Prize winners – including Ken Arrow and William Sharpe at Stanford and Eugene Fama at Chicago – behind the proposal.

Then you've got guys such as George Schultz, a former secretary of the Treasury… David Stockman, a former director of the Office of Management and Budget… Glen Hubbard, a former chairman of the Council of Economic Advisers… and Steve Forbes of *Forbes* magazine behind this bill. Prominent people from all political walks of life – right, left and center.

CH: What's wrong exactly with the way Washington does its accounts?

LK: What you have to first understand in that the conventional measure of the nation's official accounting is content free. The government takes in everybody's money and it pays out money. But the words it attaches to that "taking in" and "paying out" are arbitrary.

CH: How so?

LK: Well, if I'm in government, I can come to you and take money from you and call it "borrowing." And I can hand you money back in the future and call it "repayment of principle plus interest." Or I can take money from you now and call it "taxation." And I can then promise to make you "transfer payments" in the future.

All I've done is attached different words to the same amount of money I'm taking from you now and giving back to you. But if I use the words "borrowing" and "future repayment," that liability to make the payment in the future becomes official and goes onto the books.

This increases the deficit. And this increase in the deficit increases the stock of Treasury debt between this year and next year.

But if you use another set of words – I now take money from you by calling it "taxation" and I now promise to make you a "transfer payment" in the future – it's off the books. It's really that simple.

These accounting tricks are just a way of keeping our liabilities off the books. In the United States the vast majority of our fiscal liabilities are off the books.

CH: Why is this like a Ponzi scheme in your view?

LK: Well, if you have assets that you overstate, or liabilities that you understate, you're running some kind of a scam. Any kind of financial fiscal enterprise that's not disclosing what's going on for real is engaged in what I view as a Ponzi scheme.

Bernie Madoff didn't reveal his annual assets. Allen Stanford – same thing. Enron had all kinds of liabilities it wasn't revealing… that were off the books.

We don't have any theoretical definition of a Ponzi scheme. The only thing that's common across Ponzi schemes is nondisclosure of your assets or your liabilities.

The US is massively underdisclosing its liabilities. And the entire economics profession – with the exception of some kooks from the left and the right like Paul Krugman and Art Laffer – is saying with one voice: We have an economic atomic bomb that will detonate under our children. It's time to at least honestly acknowledge that… and start fixing the problem.

We have an economic atomic bomb that will detonate under our children.

CH: You're saying this is now the consensus among economists?

LK: We've never seen 17 Nobel Prize winners get together to say anything precise about what kind of laws should be passed. This has never happened in the history of the profession. You can't get two economists to agree on anything… let alone 17 Nobel Prize winners. Maybe you can get 12 of them to agree on nuclear disarmament. So this is really a big deal.

CH: Why is this still not the mainstream view? Why do we not hear about this outside of some folks in the newsletter industry and the more fringe media outlets?

I've seen The Inform Act. There's a lot of big names endorsing it. So how come when you stop even the relatively informed man on the street… and ask them what the US owes… he will come up with a very different figure from yours?

Why is that still not percolated into the mainstream consciousness?

LK: Politicians are trying to get reelected. They don't want to deliver bad news. They've been using fallacious accounting and engaging in malfeasance for decades to hide what they're really doing.

Keep the country's ballooning liabilities off the books, and they're reelected. Just like the guys at Enron who were lying about their future obligations to keep their stock high and to get their bonuses.

It's personal profit. Members of Congress and the White House administration – partly they don't understand economics, and partly when we tell them what's really going on they come up with a convenient set of blinders.

Everybody has gotten into thinking that the official debt numbers have meaning. *But they're absolutely, absolutely, absolutely meaningless*. We've invented this set of terms that helps us lie about the future. We're using this language. And we don't even understand that it's meaningless.

We're living in a version of Hans Christian Andersen's *The Emperor's New Clothes*. And we just keep at it. Well, the emperor is naked. These numbers the government has been using for decades have absolutely no meaning. The master theory that Washington is running its fiscal policies by are stupid and silly.

But either Congress and the White House aren't paying attention, or they assume nobody else is paying attention. So they're not bothered.

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CH: Is there even an understanding on Capitol Hill about what is happening?

LK: Politicians aren't well trained in economics. There's probably not a single Ph.D. in economics in Congress. The president has no training in economics.

I don't know that any of his advisers have had the guts to sit down and tell him that the country is absolutely broke and that his spending programs cannot work for our kids.

The Republicans view of not taxing more can't work for our kids either. Both sides are living in a convenient fantasy world. They take turns in mistreating the future of the country. You can see the effects of this everywhere. There's a little bit more growth now. But the country is not doing well.

CH: Is it even theoretically possible for the US government to honor its debts?

LK: Not with a fiscal gap of $210 trillion. Eliminating it would require a permanent 59% increase in federal tax revenue. The government can't come up with revenues to cover that. And they can't print 210 trillion dollar bills.

There's no scenario where this works. The only scenario is that it gets worse. That's what's going to happen. We're not even paying the interest on our debt. It's just getting bigger every year.

CH: If it's not theoretically possible to cover the gap, what's the most likely outcome? Is it inflation? Is it some sort of cancellation of obligations? Defaults?

LK: First, we need to acknowledge our massive fiscal problems. I'm not just talking about the US. If you look around the world, Russia's got a fantastic fiscal gap… and it's getting a lot bigger.

Some European countries are in difficult shape. Japan as well. China may have a very, very large fiscal gap because it's got a huge population. It's got lots of people growing old without many kids to support them.

CH: So what happens next?

LK: I don't want to get too technical. But when we run life-cycle models tracking the behavior of economies over generations – what we see is an economy worsening through time and ending up in what we call "bad long-term steady state."

That's exactly what you see when you look carefully at Argentina.

In 1910, Argentina had something like the fifth-highest per capita GDP in the world. It went from being a highly developed country to a developing country.

That's the future I see for the US and for many other countries that aren't being fiscally responsible – countries that aren't being run by adults.

If you look at Canada, New Zealand, Chile and Australia – these are countries that had low fiscal gaps. Italy has a negative fiscal gap, according to the European Commission. That's because it has major pension reforms and because it has control of its health care spending. It's a developed country with a small fiscal gap. Meanwhile, everybody thinks it's broke.

CH: Does the market care about these uncomfortable truths?

LK: A year or so ago, I talked about the fiscal gap to about 50 bond traders at Fidelity Investments. I talked to them about these issues… about the labeling problem that makes the debt numbers meaningless.

They asked, "Do other bond traders know about this? And when will they learn about it? Because what we want to do is wait until they do. And then a minute before they do, we'll make our move."

These guys have no trouble losing or making money in a pack. But if they lose money by themselves, they're out of a job. They don't care what the fundamentals are because they think nobody else cares. Again, it's all about psychology.

CH: So you see a slow decline for the US economy, rather than a big blowup, as a result of its fiscal problems?

LK: It's a slow-growing cancer. At some point, it may kill off an organ. Or it may just gradually kill you. I think we've got a slowly growing tumor. It's enormous and getting bigger.

CH: By the sound of it, you don't see the political will – or the capacity – in Washington to react intelligently to what's going on.

LK: I think the pressures are there. People are starting to get the picture that we have 10,000 baby boomers retiring every day. And that every day these guys are collecting Social Security and Medicare benefits. That's a big burden.

If you look at the fiscal gap for Social Security – our basic pension system – it's 33% underfinanced. The Detroit pensions were 20% underfinanced.

Social Security's massive fiscal gap is in the *Trustees Report*. But it's buried. The trustees didn't even look at that table. They make no mention of it in the introduction to the *Trustees Report* in July.

These guys are political hacks. They're appointees. They should be embarrassed. If they're not there to represent our children, what are they doing?

If they're not there to act like adults, they should pack it up and leave town. This might be a little strong, but when it comes to fiscal policy I don't see a lot of grown-ups in Washington.

CH: You're probably not alone in that view… especially among Bonner & Partners readers.

When it comes to fiscal policy I don't see a lot of grown-ups in Washington.

LK: The president recently gave a very elegant State of the Union address. I respect him… just like I respect a lot of people in Washington. Some of them are good people who try their best. But either they don't know the truth… they don't understand the situation… or they're just dissembling.

I didn't hear the president tell the country we're broke… or that we've accumulated all these unfunded obligations… or that everybody needs to take a big hit to reduce our debt.

I didn't hear him tell Americans that we're going to have tough times… or that we're going to have to reallocate our spending priorities to fix our aging infrastructure and our education system. I didn't hear him say we're going to have to do some radical things on taxes.

CH: You have some bipartisan solutions to the country's problems at the website ThePurplePlans.org. Our readers can check your proposals out there, right?

LK: Right…

CH: You mentioned Argentina as an example of a country that went into decline because of similar issues. Are there examples of countries that have successfully met these types of challenges?

LK: Sure. Countries have met big challenges in the past. Dealing with Hitler and Imperial Japan was a huge challenge. But countries stood up to that. It's amazing how, when push comes to shove, countries can get their act together and do critical and important things that are very, very tough.

But to be fiscally responsible – that seems to be harder than fighting World War II.

CH: What would you say to folks who are worried about the long-term issues you're highlighting? Is there something that our readers can do now to protect themselves?

LK: Absolutely…

Part of what I do is work in personal finance. I have a personal financial software company called ESPlanner, which I run as a personal nonprofit and which your readers can find at www.esplanner.com.

ESPlanner stands for Economic Security Planner. What I try to do is help people to get what's theirs. The government is allowing you to get all these benefits right now. I recommend your readers take advantage of what is available, because that's the law right now.

Collectively, we all have to pay more in taxes and take less in benefits. But that's up for Congress to fix. But there's no obligation for your readers to sacrifice their retirements to help somebody who's not sacrificing his retirement.

Fairness requires everybody to optimize and do some basic lifetime budgeting. That's what our software does. It figures out a spending path, so that you don't run out of money in your lifetime.

So, I'd say exactly what I've been saying for years now to people, which is get a solid financial plan. Use economic software to maximize your Social Security benefits and make a lifetime spending plan.

Do what I call "upside investing." In other words, work out what you need to live off of. Then put some money aside that you want to put in the stock market.

You need to live as though your stocks are going to fail spectacularly. Our software allows you to do this. It treats investing in the stock market like going to the casino.

If you think about how people go to the casino, they generally leave their wallet at home, right? The "wallet at home" is your basic living standard – your living standard floor. The money in the casino, you don't spend it until you leave the casino. You don't spend it until you've made it safe.

CH: It sounds interesting. How did ESPlanner come about?

LK: Alan Auerbach, at Berkeley, and I were doing work early in the 1990s on the adequacy of life insurance. We had to start writing some code to figure out lifetime financial plans for people – how much they should spend… and how much insurance they should buy to ensure that living standard for the survivors.

I set up ESPlanner, and some 21 years later our software is ranked No. 1 by the *Wall Street Journal, Washington Post* and *Money* magazine.

I'm saying all this not to sell more software… but to help people. Like I said, I've been running ESPlanner as a personal nonprofit. And we haven't designed the software to help financial companies sell product either. We've stayed miles away from them. And we don't take any advertising from them.

We want to get people the right answer, not something that's going to help some broker make a buck or some insurance agent make a buck.

I'm negative $40,000 in 21 years with this company. But I'm perfectly happy. I think we've helped a slew of people. We've kept the prices for the software dirt-cheap – basically selling it at cost – and I make a living from Boston University, so I'm not hurting.

I don't feel bad hocking the software when talking to you, because I feel it's a public service. And this again goes back to why I got into economics – your original question…

I wanted to help people in a concrete way… to help our leaders with specific policy ideas. Unfortunately, they rarely listen.

But helping people on an individual level – that's using economics too. What can be better for an economist to do? What could be more fun?

CH: Thanks so much for taking the time to share you work with our readers.

LK: You're very welcome. It's been a pleasure.

P.S. Don't forget to check out Professor Kotlikoff's ESPlanner software. It works out how much to spend, save and insure each year to maintain your family's living standard. It also helps you find safe ways to boost your savings. And how to build a "floor" to your living standard – making sure you never overinvest in risky assets. You can pick up a copy here.

This Month's Key Takeaways

*** The economy is based on collective psychology. If everyone thinks there's reason to panic, they'll panic. If not, they won't. The Fed is more important as an economic cheerleader than anything else. The policies the Fed follows – whether the interest rate is at 0% or 1% – don't matter as much as its cheerleading ability.

*** There is no hard-and-fast link between how much money there is in circulation and inflation. Inflation also has psychological roots. When you see prices going up, you rush out and spend. This increases the velocity of money and pushes up prices further. Many economists still don't understand the relationship between psychology and inflation.

*** Washington is running a massive Ponzi scheme. By changing the words it uses to describe what it owes citizens, it is able to move hundreds of trillions of dollars of liabilities off the books. The fiscal gap measures what Washington really owes. It is calculated as the difference between the government's projected financial obligations and the present value of all its projected future tax and other receipts. Right now, the fiscal gap is $210 trillion.

*** Massive fiscal problems aren't exclusive to the US. Russia also has a huge fiscal gap. So do many countries in Europe. Japan and China also have big fiscal gaps. Global debt, in other words, isn't being accurately accounted for. The world owes a lot more than most people understand.

*** Politicians either don't understand this problem or they are afraid to tell voters for fear of not being reelected. Bond traders don't care either. They just care about how they can meet their annual targets. And they're happy to be wrong as long as they're wrong alongside the crowd. So there is nobody willing to blow the whistle on what's really going on with the nation's finances.

*** There are some sensible solutions to America's fiscal problems. The Inform Act would compel Washington to adopt fiscal gap accounting. This would inform citizens of what's going on and put pressure on Congress to stop spending more money than it collects in taxes. But there is no will in Washington to make this happen, despite the huge backing of the act from the economics profession.

*** If the US doesn't square up to its growing fiscal problems, it will end up going the way of Argentina – a long and painful regression from a highly production economy with strong prospects to a struggling Third World-style one. The best analogy for this is a slow-growing tumor that kills its host slowly, but nevertheless surely.

*** One way to protect yourself is to make sure you are getting the maximum out of the system as it stands and to make sure you invest only what you can afford to lose in stocks and other risky financial assets. That means first working out what you need to live off of… and then putting some money aside that you want to put in the stock market. This allows you to build a "floor" under your living standards. A great way to do this is to use economic planning software, such as ESPlanner.

Investor Network Portfolio

Recent Prices as of February 19, 2015

COMPANY	SYM	DESCRIPTION	OPEN DATE	OPEN PRICE	RECENT PRICE	DIV.	RETURN	ADVICE ^	TRAILING STOP PRICE
Sprott Platinum/ Palladium	SPPP	Rick Rule – Platinum/ Palladium	2/14/14	$9.17	$8.50	$0.00	-7.30%	Buy	$7.72
Charter Financial	CHFN	Chris Mayer - Thrift Conversion	2/21/14	$10.67	$11.48	$0.20	9.40%	Buy	$8.69
Apple Inc.	AAPL	Dan Ferris – WDDG Tech Giant	3/25/14	$77.86	$132.36	$1.88	72.40%	Hold	$99.75
Market Vectors Russia	RSX	Rob Marstrand – Russian Stocks ETF	4/22/14	$22.95	$17.35	$0.66	-21.50%	Buy	$0.00
Gazprom OAO (ADR)	OGZPY	Rob Marstrand – Russian Oil and Gas	4/22/14	$7.41	$4.98	$0.40	-27.40%	Buy	$0.00
Jack Henry & Associates	JKHY	Braden Copeland – Hidden Toll Collector	5/29/14	$58.32	$66.99	$0.44	15.60%	Buy	$50.44
General Dynamics Corp.	GD	Byron King – Defense Giant	6/27/14	$117.50	$141.73	$1.86	22.20%	Buy	$108.53
Cash America Int'l	CSH	Bill Bonner – Pawnbroker	7/24/14	$20.84	$21.55	$0.12	4.00%	Buy	$18.86
Euro Stoxx 50	FEZ	Amber Mason – Secret to Trading	9/30/14	$39.70	$39.31	$0.29	-0.20%	Buy	$33.49
Buckle Inc.	BKE	Tom Dyson – Special Regular Dividend Payer	10/24/14	$47.37	$49.73	$3.00	11.30%	Buy	$39.80

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