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Advocates for financial peace of mind

These Crazy Times We Are In

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We are not sure if it is our age or simply the crazy times we are in, but whatever the cause, we are finding it increasingly challenging to comprehend all that has and is transpiring in the economy and the markets.

For instance, how many are aware of the raging bull market that has occurred over the last four weeks? How many are aware that the Dow Jones Industrial Average has soared 18% since November 20th? How many are aware that the S&P 500 is up 21% over the same time frame? That the Russell 2000 (small stocks) is up over 25%? It appears our national media has missed these events; good news clearly does not sell the way bad news does.

Now we have the Federal Reserve lowering its interest rates essentially to zero, thus allowing banks to borrow funds for virtually no cost. The yield on 30-year U.S. Treasury bonds is now below 2.4%! More interesting, the yield on 3-month U.S. Treasury bills is essentially zero, meaning people are willing to lend their money to Uncle Sam for no interest!

Our government and monetary leaders continue to scramble to rescue our economy. Each day, the news brings us further evidence of the deep recession we are in and each day, the Federal Reserve and our elected officials throw more things against the wall in hopes that something will stick.

What we find so curious is the desperation our leaders are showing in trying to get us to borrow more money to fund purchases. Isn't this what got us into this mess in the first place? Giving an addict more of their favorite drug at lower prices doesn't seem to us a cure for addiction!

Our government is printing money like there is no tomorrow and handing it out to seemingly anyone who has a connection to the boys and gals in Washington. And where is the transparency in these transactions? Just last week, the Treasury officials sat before our Congress stating that they cannot tell us where our money is going as it may disturb the marketplaces! We simply cannot make this stuff up.

Forget disturbing the marketplaces, how about disturbing us, the concerned citizenry? It is, after all, our money. We don't know about you but seeing trillions of our dollars being handed out to corporations and financial institutions who have failed miserably is beyond appalling. And to watch our government do this in plain sight, before all of our eyes, strikes us as the great heist of all time.

And where is the accountability of our regulators in all of this? We ask why the heads of the SEC, the Fed, the Treasury, and the congressional leaders who oversee all of this are still employed? Where is the outrage?

Now we are dealing with the fresh news of what could be the largest Ponzi scheme in history. A well-known New York money manager has pulled off his own great financial heist, again all right in front of the eyes of our regulators. Folks far smarter than FFA have been caught in this scheme and have seen their multi-generational wealth evaporate in a matter of one day. Again, where were the regulators?

This most recent event begs the question of who can you trust? How do you know that FFA isn't just another Ponzi scheme waiting to happen? Well, FFA saying "just trust us" doesn't cut it anymore. There are several safeguards in place for investment clients of FFA. First, unlike the NY manager, we do not take "custody" of clients' assets; we use a third-party vendor (TD Ameritrade). Second, we do not self-manage your assets, we hire outside managers in the form of mutual funds. Third, we do not place all of any clients' assets with just one mutual fund; we typically use multiple funds and money management firms. This diversification serves several purposes, not the least of which is protection against theft such as we are seeing in NY.

So, these crazy times we are in just continue to get crazier. Preferring to light a candle rather than curse the darkness, we at FFA are clearly seeing positives. People are shaken and are reviewing their household finances. People are cutting back on frivolous spending and borrowing. People are reducing their debt. People are appreciating the small things in life.

As for the markets and the economy, well, by the time you have read this, there will be new headlines and perhaps new shocks. The one-month bull market could have already become another bear. However, one thing remains: our resolve at FFA to stand by your side through this financial tsunami.

As always, we are deeply grateful for your trust. May your holidays be blessed.

Best Regards,

Berthann & Craig