

July 4, 2006

Dear Family and Friends:

As you know, my true passion is investing. During the past several years, I have become increasingly interested in the macro trends that influence all markets. I now regularly read close to fifty different sources of financial information, including many that are not controlled by Wall Street interests. I am also convinced that the Street has no desire for investors to consider anything but their dogma, as the Wall Street message has been carefully crafted to create great wealth . . . for them, not you.

**More importantly, I believe there is an ever increasing possibility that a serious multi-year recession is imminent. This recession will substantially reduce the net worth of millions of Americans and will influence all dollar assets. Diversification as recommended by the Street will not mitigate losses as the correlation among asset classes has grown significantly since the diversification theory was created.**

If you are interested in how I came to such beliefs, I have attached a diverse selection of materials for your review. If you have limited time, please look at the derivatives information first. I have traded derivatives for twenty-seven years, represented parties in dozens of cases and read extensively about the various market events involving derivatives such as LTCM, Enron, Orange County, etc. **There is no doubt there will be additional market dislocations as a result of derivative problems; the only questions are timing and severity.**

Following the topical section, I have a table setting forth in one column my experience and background. I left a column open for your use in measuring the background and qualifications of your current financial advisors. Hopefully, you will know the information and be able to make a comparison. An interesting thing I learned in obtaining my registered investment advisor license is that a stock broker is not required to register as an investment advisor because the *SEC considers brokers to be sales people, not investment advisors.*

Finally, I have included a reply form. If after reviewing this material you have an interest in learning what I am doing to hedge against the possibility of a serious down turn, please let me know. Even if you are not interested in further communications with me about finance, please take this seriously and either learn more yourself or find someone you trust who is knowledgeable about something other than the Wall Street advertising.

Hope you are all well,

Mike K.

P.S. I spent the 4<sup>th</sup> weekend putting this package together for you; what original product did your current financial advisor send?