

Table of Contents

1. Introduction.....	3
----------------------	---

Corporate & Wall Street Ethics

2. Accounting Fraud: Inflating Corporate Earnings.....	6
3. Senior Managements' Stock Option Compensation.....	9
4. Stock Options Pricing: Levin & FASB vs. Corporate Lobbyists.....	11
5. Analysts' Conflict of Interest: The Henry Blodget Story.....	15

Government Inconsistencies

6. CPI Changes: Measuring the Cost of Living or the Cost of Survival.....	19
7. Rental Equivalences: What Does Housing Really Cost.....	20
8. Hedonic Pricing: Where Quality Improvements Equal Price Reductions.....	21
9. The Net Birth/Death Ratio: Where Job Losses Equal Job Gains.....	23

Market Inefficiencies

10. Scholes Legacy? Options Pricing or His Role in the Demise of LTCM	27
11. Four Key Lessons from Warren Buffet.....	30
12. Mandelbrot & Markets: History vs. the Efficient Market Hypothesis	31
13. The Irrational Investor & the Need for Non-Correlation.....	34

Traits of Excellent Managers

14. Chanos & Asensio on Independence.....	39
15. Resolve: Tice vs. Tyco, Asensio Gets Squeezed, & GMO on Career Risk.....	42
16. Lang, Duffy, Tice & Chanos on Being Hard-Wired Differently.....	50
17. Independent Researchers: The Demise of Solv-Ex, Enron, & Sunbeam.....	54
18. Historical Perspective: 1987 vs. Today & Austrian Economics.....	61
19. Constantly in the Lab: Breazeale, Blumenthal, & Taleb on Luck.....	71

Traits of the System

20. History Prior to the SEC: The South Sea Bubble, the Mississippi Scheme, & the Crash of '29 & the Fed's Attempts to Inflate Our Way Out	76
21. History with the SEC: The Questionable Up-Tick Rule, Reactionary Studies in 1935, '37, '63, & 76, and the 1986 Pollack Report.....	82
22. The 1970s: A Catalyst for Change.....	94
23. Short Selling Today: The Good.....	95
24. The Bad: The Rise of Program Trading & the Predictive Value of Shorts.....	101
25. And, the Ugly: Refco, A Case Study on Naked Short Selling.....	105
26. SEC (SHO) Regulations & Hindrances to Their Enforcement.....	115

Wrapping Up

27. Now, About that Bubble: the Jobless, Debt-Laden, Savings-Short, Mortgage Equity-Extracting American Consumer vs. the Trade Deficit & the Bankrupt US Government.....	124
28. Conclusion: Change Course.....	137

Doug Wakefield CFP MS
Best Minds, Inc.
3010 LBJ Freeway
Suite 950
Dallas, Texas 75234
www.bestmindsinc.com
doug@bestmindsinc.com
phone - (972) 488 -3080
alt - (800) 488 -2084
fax - (972) 488 -3079

All contents copyright © 2006 Best Minds Inc. All rights reserved. It is our desire that many people learn about our research and have the chance to download our work. For that reason, feel free to quote, cite, or review if full credit is given.

Disclaimer: Nothing in this email should be construed as advice to buy, sell, hold, or sell short. The safest action is to constantly increase one's knowledge of the money game. To accept the conventional wisdom about the world of money, without a thorough examination of how that "wisdom" has stood over time, is to take unnecessary risk. Best Minds, Inc. seeks advice from a wide variety of individuals, and at any time may or may not agree with those individual's advice. Challenging one's thinking is the only way to come to firm conclusions.