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In July 2008, the “widely acclaimed” Harvard Group Housing Study, released a few weeks ago which estimated a 30% decline in housing prices from peak to trough, sending home values to 1999-levels. When the report was released, home prices had already fallen by 21%. The list goes on, whether we are talking about Shiller, Roubini, or any other of the so-called experts the media has lied about and claimed they predicted this mess.

In contrast, in 2006 when I wrote my 2 books, I had already made these predictions, when most thought the economy was in excellent shape.

While these are just a very few of my predictions, you should be able to decide who the real expert is. Let’s have a look at a few excerpts from my 2006 books. Notice the detail, precision and analysis...

Excerpts from the real estate chapter in America’s Financial Apocalypse (2006):

“At least 30 percent of the \$11 trillion residential mortgage debt market will correct downward leading to record foreclosures, which will affect the MBS and ABS markets. If this correction has not ended by 2011, the housing share of consumer expenditures will decline gradually as the boomers reach retirement.

Under normal conditions, anywhere from *25 to 30 percent of the U.S. economy is directly affected by the housing sector*. However, due to exaggerated asset prices from the housing bubble, this share is significantly higher....*housing prices have up to two times the effect on consumer spending as they do on declines in stock prices*. Consequently, if housing prices decline by 25 percent, the economic impact will be as if the stock market declined by 50 percent.

At its bottom, I would estimate a 30 to 35 percent correction for the average home. And in “hot spots” such as Las Vegas, selected areas of Northern and Southern California and Florida, home prices could plummet by 55 to 60 percent from peak values. I expect the fallout in home prices to affect different regions at different time periods. This will be one of the confusing dynamics that will cause some to think the correction is over. But it will most likely move in waves, from region to region as a repeating cycle, sucking in more blind investors with each repeating wave.

The “Poor Effect”

Considerable research has shown that Americans view their homes as a significant portion of their future wealth. Therefore, when home prices increase rapidly, they save less. Instead, they consume excessively because they feel richer than before. A similar situation occurs during bullish stock markets, as previously discussed. But can not the opposite be true as well?

Across the nation, even if we assume a very conservative 20 percent correction, there would still be several major regions that would experience declines of 35 to 40 percent. Declines of this magnitude would wipe out the wealth effect, as many watch their home equity evaporate into thin air. This will not only halt consumer spending, but it will also force millions of foreclosures across America, causing housing inventories to rise, which could cause a further

collapse in home prices. The aftermath of record foreclosures will send shockwaves to the stock and bond markets.”

pp. 217-222 –Warning of a collapse of the banks, Fannie, Freddie and the entire financial system

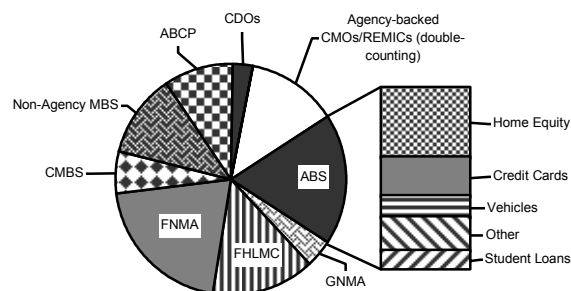
The MBS and ABS markets have exploded over the past two decades and now are considered amongst the biggest investment markets worldwide. Most consumers aren't aware of them since these securities aren't publicly traded like the stock and bond markets. Rather, ABS and MBS are typically bought by pensions, insurance funds, mutual funds, and other large institutions. But since the primary companies involved in securitization of ABS and MBS are publicly traded, (Freddie Mac, Fannie Mae, and Ginnie Mae for MBS; Sallie Mae, Citigroup, Chase, and Bank of America for ABS and some MBS) **a significant portion of mortgage and consumer debt is indirectly linked to the stock and bond markets.**

Figure 10-20 shows a breakdown of the \$12 trillion collateralized securities markets, mainly made up of MBS and ABS. The entire pie excluding the ABS slice makes up the \$9 trillion MBS market (note that 2006 data has increased to nearly \$11 and \$4 trillion for MBS and ABS respectively). As you can see, the MBS market has become so large that it now dwarfs the \$2 trillion ABS market. The extra \$1 trillion comes from collateralized derivative securities.

Figure 10-21 illustrates the size of the ABS and MBS markets relative to the overall publicly traded bond markets. As you can see, the \$10 trillion MBS market alone (Agency MBS and Agency debt, private MBS, and ABCP) is larger than the corporate and U.S. government bond markets individually, and nearly as large as both of these markets combined. When you add the \$1.9 trillion ABS market to the MBS market, the entire \$12 trillion (\$14 trillion 2006 data) collateralized market is larger than the U.S. government and corporate bond markets combined. In comparison, as of June 30th, 2006, the estimated value of the collateralized securities markets stood at over \$14 trillion while the total value of the U.S. stock market stood at around \$13 trillion. Thus, the collateralized securities market (primarily made of mortgage debt) is the biggest investment market in the world.

Combined with the fragility of the economy, it should be easy to appreciate the enormous credit risk the collateralized markets have generated. Depending on how, when and to what extent the real estate and credit bubbles correct, **large aftershocks could ripple throughout America's financial system, triggering a massive stock and bond market sell-off, as well as huge problems for Fannie Mae, Freddie Mac, and all other banks involved with ABS and MBS.**

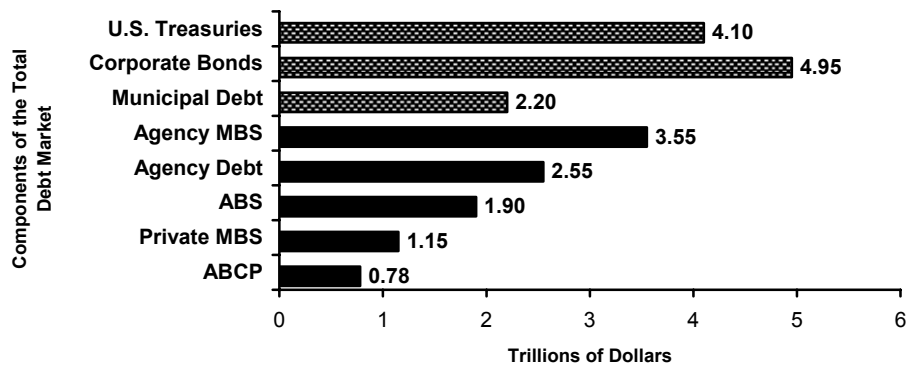
Figure 10-20. Breakdown of Debt Type in the Collateralized Markets by Asset Class



Based on a total \$9.02 trillion total as of September 30, 2005
Source: Bond Market Association, 2005

Imagine for a moment how the stock and bond markets would react to a large number of bond defaults by corporations. Now think about how vulnerable the MBS and ABS markets are, given the potential effects of the real estate and credit bubbles. Remember, *it's very easy to walk away from a mortgage with no real consequences*. Thus, it should be clear that America could face a devastating financial crisis from a misstep in the MBS market alone.

Figure 10-21. U.S. Capital Debt Markets (selected components as of September 30, 2005)



Source: Bond Market Association, 2005

Risks of Collateralized Securities

The great thing about securitization is that it creates liquidity and makes credit widely available to consumers and businesses at competitive rates, all of which helps drive the economy. While securitization is often an invaluable resource for generating abundant credit for economic expansions, it can also lead to busts if a sufficient number of consumers default on payments.

Noteworthy of mention are some of the shortfalls of the securitization process. For instance, securitization doesn't eliminate the risk of collateralized loans and assumes their liquidity and marketability will remain in tact. As well, there's an enormous amount of guesswork that goes into structuring the risk of these loans. In short, GSEs and other financial institutions have to estimate how much revenue they can expect at any given time, how much of that money they'll need to back their bonds safely, and how much cash will remain as a profit—a lot of uncertainties.

Even the riskiest of these loans can be manipulated into AAA-rated debt and sold to pensions and other large funds because the same standards that apply to corporate debt are not applied to collateralized debt products. In addition, these ratings do not account for whether investors will receive a return on principal. And since companies that securitize these loans are not regulated like banks, they don't have a capital requirement that would ensure adequate reserves to fund payments to investors.

Ever since the birth of the collateralized securities market three decades ago, we have yet to see a blowup. However, that scenario may not be so far off, as credit risk continues to increase. Consequently, recent concerns emphasizing the vulnerability of this huge market might be the major reason for the new bankruptcy law passed in October 2005. The bankruptcy law provides some security to the ABS markets since it's now more difficult to walk away from consumer debt. However, it's still relatively easy to walk away from a mortgage. Therefore, the vast majority of this market remains very vulnerable.

Government-Sponsored Enterprises

GSEs are corporations that were created by Congress to increase Americans' access to mortgage loans. There are three GSEs and several related agencies: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank (FHLB) system.

Fannie Mae was created in 1938 during the Great Depression to help Americans afford housing. It sells conventional mortgages as well as those insured by the Federal Housing Administration (FHA). Freddie Mac was established in 1970 for the purpose of providing more funds to lenders. In addition to these GSEs, there is also the Farm Credit System (established in 1916) and the Federal Agriculture Mortgage Corporation (Farmer Mac).

As far as the real estate and mortgage industries are concerned, the primary function of GSEs is to sustain a liquid mortgage market. As we have seen, the primary mortgage market is created by banks and other lenders providing financing for mortgages. But without a place to go, these creditors would soon run out of funds to loan customers. So in order to keep mortgage cash flows robust, Fannie Mae, Freddie Mac, and Ginnie Mae buy these origination loans, providing banks with cash to approve more loans. From these agencies, loans are packaged into a variety of securities, which are typically purchased by pension funds, mutual funds and banks. Thus, *the secondary mortgage market (the GSEs) generates money for lenders (the primary mortgage market) to continue supplying mortgages to consumers.*

The original intended purpose of the GSEs was to focus on affordable housing for the private sector. Yet, dozens of studies have shown that Freddie and Fannie have not been dedicating their resources towards this mission, but have been supplying funds to the overall market. Therefore, the GSEs have been a significant stimulus for the rapid growth of sub-prime loan market that has contributed to the enormous risks we see within the real estate bubble.

Why GSEs are Dangerous

As confirmed by the Office of Federal Housing Enterprise Oversight (OFHEO), an arm of the government that regulates Fannie Mae and Freddie Mac,

"The housing market contributed significantly to the Nation's economic recovery. Falling mortgage rates stimulated housing starts and sales, and many refinancing borrowers took out loans that were larger than those they paid off, providing additional funds for consumption expenditures."

Because Fannie and Freddie lack sufficient government oversight, they haven't maintained adequate capital reserves needed to safeguard the security of payments to investors. And due to exemption from the SEC Act of 1933, they aren't required to reveal their financial position. In fact, *they're the only publicly traded companies in the Fortune 500 exempt from routine SEC disclosures required for adequate transparency and investor accountability.* Exemption from the Act of 1933 also releases the GSEs from adherence to rules governing tender offers and public reporting of insider stock transactions. Finally, they're not required to register their debt offerings with the SEC, which diminishes transparency further. As a result, many feel the GSEs are exposing themselves to excessive risk. Oddly enough, while Washington subsidizes Fannie Mae and Freddie Mac each year by over \$10.6 billion (2002), they don't require complete disclosure or insist on standard capital requirements.

Fannie and Freddie hold between 20 to 50 percent of the capital required by bank regulators for depository institutions holding mortgages. As of 2003, the GSEs had \$1.6 trillion in combined assets, \$1.4 trillion in retained mortgages in their portfolios, \$1.5 trillion in outstanding debt, and \$1.5 trillion in derivatives. In addition, outstanding MBS generated by the GSEs but held by third parties totaled \$1.7 trillion.

What would happen if one or more GSE got into financial trouble? Not only would investors get crushed, but taxpayers would have to bail them out since the GSEs are backed by the government. Everyone would feel the effects. With close to \$2 trillion in debt between Freddie Mac and Fannie Mae alone, as well as several trillion held by commercial banks, *failure of just one GSE or related entity could create a huge disaster that would easily eclipse the Savings & Loan Crisis of the late 1980s.*

Furthermore, the GSEs have created very risky derivatives exposures for themselves and many financial institutions. As these debt instruments evolve into different products, less transparency and more uncertainty is created. Fannie Mae has taken about half of its MBS and pooled them into another security called a Real Estate Mortgage Investment Conduit (REMIC), otherwise known as a restructured MBS or Collateralized Mortgage Obligation (CMO). These mortgage derivatives are complex and considered very speculative.

According to recent data, the total derivative exposure for all securities stands at nearly \$300 trillion. However, it's not known for certain what the net exposure is. In other words, how much of these derivatives are used as hedging securities versus leverage. As a simple example, if \$1 million in derivatives are in call options for Microsoft stock with the same strike price and expiration as another \$1 million in put options, the net derivatives exposure is 0. Thus, even a 5 percent net exposure would be huge. It's also not known with certainty how much of these derivatives are in mortgage-related securities, since only a small portion are listed in the collateralized securities markets.

I want you to stop and think for a minute about all of the fraudulent practices that have occurred within the housing industry, from known problems of poor workmanship and cheap materials by some builders, to inflated appraisals performed to generate ease of lending and to support cash-out deals. *From inflated appraisals alone, 10 to 15 percent of MBS securities or up to \$1.5 trillion have been overvalued by conservative estimates.* Combine that with the lack of transparency, questionable risk exposure and fraudulent practices by executives at Fannie and Freddie, and you have a disaster ready to strike.

Now combine that with over 10 million Americans holding interest-only and ARM mortgages, throw in a million or two job losses due to say the failure of Delta, Ford, General Motors, or some other large vulnerable company, and you could end up with a blowup in the MBS market. This scenario would devastate the stock, bond and real estate markets. Most likely, there would also be an even bigger mess in the swaps and derivatives markets. In conclusion, the collateralized securities market is a very tall and fragile house of cards poised to collapse, and all it might take is one card to be dislodged. A breakdown in just one of the GSEs is very possible and could result in a financial collapse of far greater magnitude and scope than Enron, triggering massive losses.

Troubles Already Showing

Lack of congressional oversight and transparency with the GSEs has already resulted in mismanagement, fraud, and abuse of power. Only in 2003 did Fannie Mae finally agree to register under the SEC Act of 1934 due to mounting pressure from outside critics. It will now be required to provide annual and quarterly financial filings. But the damage has already been done. Recent investigations have forced Fannie to restate earnings to the tune of nearly \$11 billion from 1998 to mid-2004. The SEC has fined them \$400 million and the management is now being investigated by the Department of Justice. The SEC has a long track record of acting too little too late, and this could prove to be another example.

Thus far, Fannie Mae was found to have misrepresented its risk position, acted irresponsibly, and manipulated earnings so company executives would receive huge bonuses. Figure 10.3 (appendix) shows that Fannie was able to meet earnings goals for all bonuses from

1996 to 2003. No doubt, these bogus numbers would have continued if they were not caught. Box 10-1 (appendix) shows a partial summary of the 311-page special report of the OFHEO's special investigation of Fannie Mae.

Lack of Government Controls

Given the lack of standards for traditional FRMs and interest-only ARMs, it seems odd that America's home ownership is not closer to 90 percent. Think about a person who pays \$600 per month for an apartment; he can get a loan for \$200,000 and have lower monthly payments using an option-ARM. There's virtually no limit to the different types of mortgage products that have been issued. If you want you can get a 1 percent interest loan (a negative amortization loan) reducing the monthly payment even further.

The problem with this explosion of mortgage options in the midst of America's biggest housing bubble is that there's no one to provide financial advice to homebuyers regarding the suitability and financial risk of these loans. With the complexity of mortgage products thrown out in the market to entice buyers there's certainly a huge need for such an industry. We have the NASD and SEC for the stock and bond markets. Why isn't there a similar regulatory agency to prevent consumers from making potentially disastrous mortgage decisions? As well, one might ask the question why Washington hasn't created an agency to protect consumers against unfair business practices by credit card companies. Of course, having the NASD and SEC didn't prevent the Internet bubble, devastating accounting scandals, and hundreds of other episodes of large-scale fraud.

By now you should realize that Washington supports any industry that encourages consumers to spend. Creating an agency to help Americans make wise consumer financing decisions would destroy all the efforts the government has made to pump credit into the banking system. If the economy was truly healthy, Washington wouldn't need to rely on these cheap tactics. While producing deceptive gains in productivity via credit-driven consumer spending, the longer-term consequences are just one more straw (and a very large one at that) added to the camel's back. And eventually the camel's back will break.

Excerpts from Cashing in on the Real Estate Bubble (2006)

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"Most likely, over the next several years, **the housing correction will generate over 15 million foreclosures (and pre-foreclosures)**. The consequences of this rebalancing act will wipe out the wealth effect, as trillions of dollars in home equity evaporate into thin air. This will halt consumer spending, which could lead to a further collapse in home prices."

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".....all of which could result in over 15 million foreclosures over the next decade."

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"According to the Federal Reserve Board, American home owners extracted \$600 billion in equity from their homes in 2004 and spent half of this money on goods and services. ***This \$300 billion accounted for 40 percent of the GDP growth in 2004. In***

other words, almost half of the GDP growth for that year was directly due to real estate-related credit spending.”

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Due to their exemption from the Act of '33, they are not required to adhere to the rules governing tender offers and public reporting of insider stock transactions. And they are not required to register their MBS and debt offerings with the SEC, which diminishes transparency further. As a result, there is question as to whether they are exposing themselves to excessive risk.

Fannie and Freddie hold between 20 to 50 percent of the capital required by bank regulators for depository institutions holding mortgages. As of 2003, the GSEs had \$1.6 trillion in combined assets, \$1.4 trillion in retained mortgages in their portfolios, \$1.5 trillion in outstanding debt, and \$1.5 trillion in derivatives. In addition, outstanding MBS generated by the GSEs but held by third parties totaled \$1.7 trillion. The dollar amount of mortgage-related derivatives is unknown but is most likely much higher.

What would happen if the GSEs got into financial trouble? Not only would investors get crushed, but taxpayers would have to bail them out since the GSEs are backed by the government. Everyone would feel the effects. With close to \$2 trillion in debt between Freddie Mac and Fannie Mae alone, as well as several trillion held by commercial banks and funds, *failure of just one GSE or related entity could create a huge disaster that would easily eclipse the Savings & Loan Crisis of the late 1980s.*

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From inflated appraisals alone, 10 to 15 percent of MBS securities or up to \$1.5 trillion have been overvalued by conservative estimates. Combine that with the lack of transparency, questionable risk exposure and fraudulent practices by executives at Fannie and Freddie, and you have a disaster ready to strike.

Now combine that with over 16 million Americans holding interest-only and ARM mortgages, throw in a million or two job losses due to say the failure of Delta,

Ford, General Motors, or some other large company, and you could end up with a blowup in the MBS market. This would certainly devastate the stock, bond and real estate markets. Most likely, there would also be an even bigger mess in the derivatives market, leading to a global sell-off in the capital markets. Needless to say, the dollar would take a huge dive and interest rates would soar to double-digits.

Troubles Already Showing

Lack of congressional oversight combined with inadequate transparency has already resulted in fraudulent activities within Fannie Mae, and its smaller peer Freddie Mac. Recently, Fannie Mae had to restate several years of earnings. And only in 2003 did it finally agree to register under the SEC Act of 1934 to provide annual and quarterly financial reporting. As a result, Fannie has had to restate earnings to the tune of nearly \$11 billion from 1998 to mid-2004. The SEC has fined the company \$400 million and the management is being investigated by the Department of Justice. *The SEC has a long track record of acting too little too late, and this could prove to be another example.*

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“Housing prices are absolutely critical to the success of companies such as Lowe’s, Home Depot, and Sears. As well, most banks are closely tied to the health of the housing market because one way or another you can bet they have exposure to the MBS market. Many of the larger financial institutions have a much greater risk exposure with real estate derivative products. Overall, **the biggest threat of this bubble may be the broad-reaching impact of a blow-up in the MBS market that would send shockwaves throughout the capital markets.**

Based on today’s grossly overvalued housing prices, a 35 percent correction on average seems very likely. And in some areas, a 50 to 60 percent correction is possible. However, don’t expect a sudden collapse. Most likely, it will take several years for the real estate washout to be completed. **We can only hope that the MBS market doesn’t experience its first blow up since inception, but don’t bet on it.”**

Page 106-107 - **When to Buy**

“Trying to determine when the bottom hits for this bubble will be extremely difficult. And many will buy after the first or second wave of price declines, only to be stuck with houses that experience further declines. But there are some rules of thumb that may help you decide when to buy. **First, only consider buying when the median home price is at or below the price prior to the beginning of the bubble (1995-1996), adjusted for 3 percent annualized appreciation.** Recall that housing prices typically appreciate along with inflation under non-bubble conditions.

Adjusting the real estate price for inflation since 1995 would give you a price of 1999 or 2000 median home price. So subtract this price from the current median home price and calculate the percentage increase that has occurred. This percent will be used to discount the current home price. For instance, if the 2000 median home price was 190,000 and the current median home price is 222,000, that would represent an increase of about 16 percent ($\$220,000 - \$190,000 = \$30,000$; $\$30,000/\$190,000 = 15.5\%$).”

Chapter 12 - Shorting the Mortgage Stocks

“There are a few mortgage-related companies that you should watch for a breakdown in price (which would be one indicator of a potential price collapse). **First, the sub-prime lenders like Novastar Financial (NFI), Accredited Home Lenders (LEND), and Fremont General Corp. (FMT).** As mentioned, those companies that do most of their business in the sub-prime markets should experience problems first. At a later time, and depending upon how these companies handle their exposure, Fannie Mae (FNM) and Freddie Mac (FRE) could get hit bad.

It’s uncertain how much exposure to the sub-prime markets Countrywide Financial (CFC) has, but my guess is that it has a fairly large amount. The real question that’s impossible to answer is how much and how well have these loans been protected through the use of other financial products.

Understand that as the riskiest loans default, credit risk will increase in the MBS market. This will not only cause a tightening of criteria for new loans, (and therefore hit the housing market), but it will also cause existing conventional mortgages to be seen as higher risk.

If in fact a severe collapse in the sub-prime market occurs, we will most likely see a huge MBS junk bond market over a period of time. And that would spell big trouble for the stock market. However, the Fed does have ability to lighten sudden blows by increasing the money supply (lowering interest rates). But this would most likely only provide a temporary “Band-Aid” remedy to the stock and bond markets.”

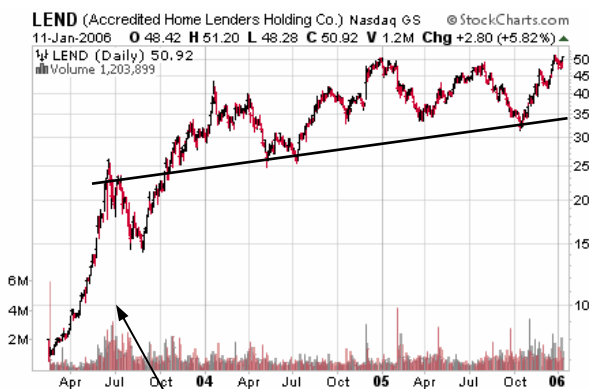
Now have a look at excerpts from Chapter 12 from “Cashing in on the Real Estate Bubble,” where I demonstrate the main way to “cash in” from real estate – by shorting the mortgage, bank, and homebuilder stocks! I have never seen any book recommend readers to consider shorting any stocks because shorting strategies are usually short-term. And by the time the book is read, the stock is likely to have risen much higher. Why did try to guide people to short these stocks then? Because that’s how sure I was they were headed to 0 or very close.



Note the very rapid price acceleration over a short period of time. In general, this can be argued as evidence of overvaluation. Therefore significant downside risk is possible.

In this chart, both the support and resistance lines have been drawn to illustrate the downward trend. Note that this is often thought of as a bullish sign. However, given the risk to the sub-primes, I would focus on the downward trend. Notice the symmetrical pattern of strong sell offs followed by gradual price rebounds or retracements. However, also note that these rebounds do not regain price levels prior to the previous sell offs, indicating a longer-term downward trend.

Update: bankrupt; investors who shorted gained 100%



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This chart does not display a reliable support trend line pattern due to the lack of intersecting points through the resistance trend line. Therefore, what may seem to represent an upward long-term price trend has not been confirmed by the chart. Accordingly, it would be fairly easy for the stock to fall to low levels.

Update: bankrupt; investors who shorted gained 100%



While this price chart shows a more reliable support trend line, keep in mind that this stock surged from very low prices in 2003. This is the case with the other two sub-prime mortgage stocks, and therefore should be viewed as a very cautious sign given the risk in the economy and the vulnerability of these very risky mortgages.

Update: bankrupt; investors who shorted gained 100%



I have drawn both the support and resistance trend lines for Fannie Mae. As you can see, it has a very strong downward trend with a cyclical pattern of large sell-offs followed by retracements that fail to regain price levels previous to the sell-offs. Note that when you have identified cyclical patterns such as what we see in this price chart, it can represent nice intermediate-term trading opportunities. A safe way to trade this would be to buy call options after a sell off.

Update: investors who shorted gained up to 95%

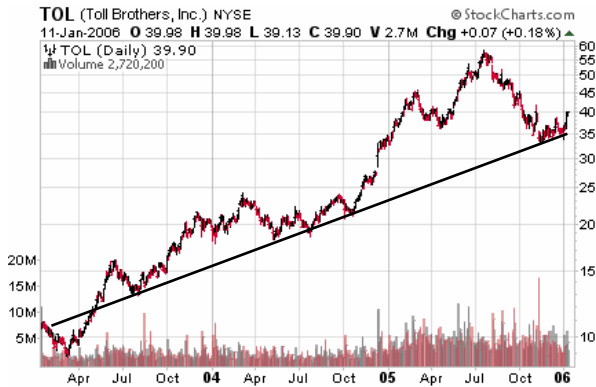


This chart is scary because it does not show any reliable long-term support trend lines. Thus, the downside is very uncertain. Similar to Fannie Mae, one might chose to take advantage of the enormous price volatility for short-term trades.

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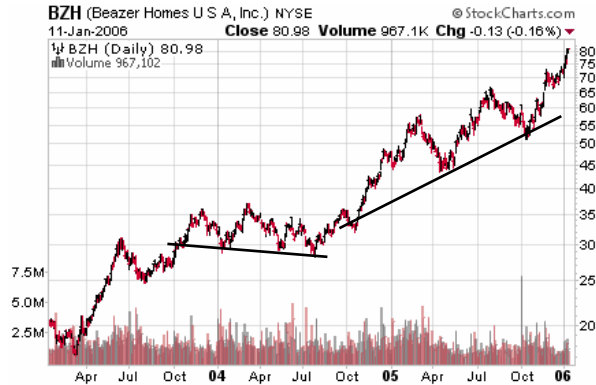
Shorting the Homebuilders

“Ever since the Internet bubble deflation began, the homebuilder stocks have enjoyed an amazing run-up in price due to record low interest rates combined with low standards for obtaining mortgages. As the housing bubble deflates, you should expect the homebuilder stocks to get crushed. You should follow the price charts and update the support trend lines as needed, waiting for a breakdown in prices.



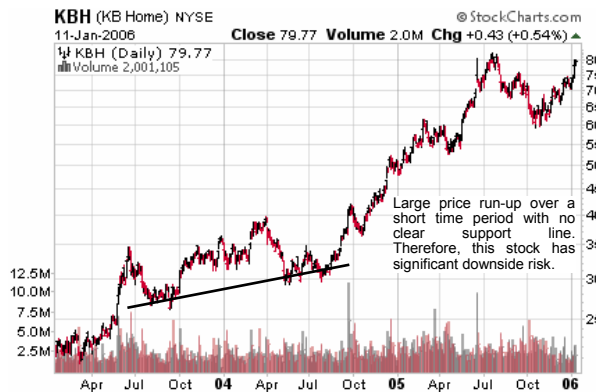
Toll Bros. has a nice support line showing a rather strong upward trend. But often, stocks that are the strongest provide the best returns for short strategies once the risk has been exposed. After all, there is more downside potential in a rising stock. It is critical to wait for a very clear indicator of a trend reversal here.

Update: investors who shorted gained up to 57%



I actually had to draw 2 support lines for BZH, due to the enormous runup this stock has had over the past 14 months. Once again, note the cyclical patterns of sell-offs and rebounds. In this case, the rebounds are stronger, accounting for the strong upward trend.

Update: investors who shorted gained up to 93%

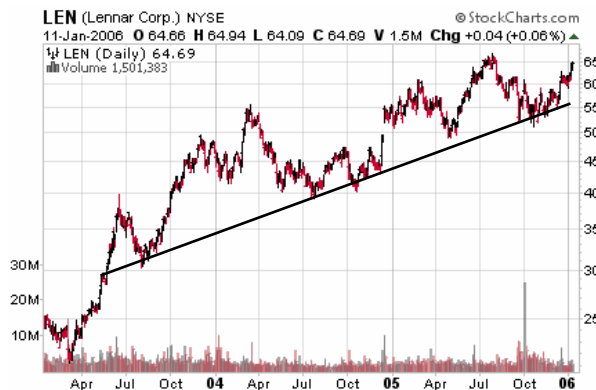


For KBH, I was not even able to draw a reasonable second support line. As such, the downside here is much more fragile.

Update: investors who shorted gained up to 84%

Once again, I would not go long in this stock or any of the others. The time to go long for the homebuilders was in the 2001-2004 period. There is simply way too much risk now.

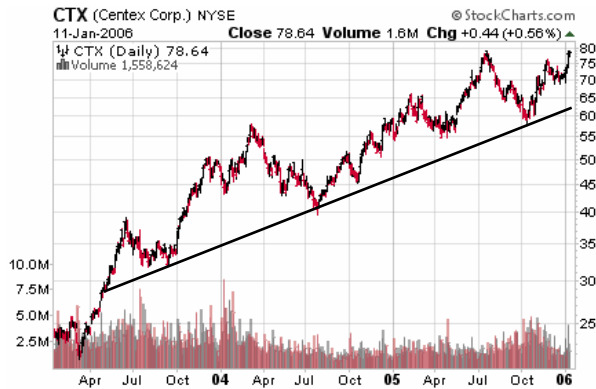
When the real estate market corrects, you do not want to be holding these stocks because you might be waiting a few decades before you break even.



While the support line appears to look quite strong for both LEN and CTX, I simply do not like it. The lack of cyclical price patterns is troubling in my opinion. However, the fact is that the stock is experiencing a strong upward trend, similar to all of the homebuilder stocks.

Update: investors who shorted gained up to 84%

Therefore, you should wait for triggering events such as some adverse data that might lead to a breakdown in the price.



Update: investors who shorted gained up to 85%

Investors who shorted the others in the group (mentioned in the book including Countrywide Financial (CFC), Citigroup, Washington Mutual, Bank of America, JP Morgan and other banks mention in both books could have made up to 90%

In the book, I also discuss the banks. I thought they would get hit bad, but not so bad. And I did recommend readers consider shorting them for shorter-term strategies. Little did I know at the time I wrote the book that the banks would be just as good to short long-term as the mortgage stocks. By Late 2007, I knew this and stated it in my online updates.

This is just from the material on the real estate bubble. I also made many forecasts for gold, oil, and hundreds of other predictions. I even predicted the correction in the commodities bubble. The fact is that the original 2006 version of “America’s Financial Apocalypse” has and will continue to serve as a crystal ball for many years to come.