Recorded voice: It's time for another episode of Stansberry Radio, the show that's too loud for radio. Here are your hosts, Porter Stansberry and Aaron Brabham.

Aaron Brabham: Welcome to Stansberry Radio. It's your host, Aaron Brabham, with the founder of Stansberry Research, Porter Stansberry.

Porter Stansberry: Hi, everybody. Back from Dallas.

Aaron Brabham: Yes.

Porter Stansberry: Wiped the makeup off of my face.

Aaron Brabham: Yeah. So, for those of you that did not attend the Stansberry Society Event, which is our second event –

Porter Stansberry: Second –

Aaron Brabham: – which I thought was far better than our first; we improved dramatically, I believe, with the speakers and the flow and what value we offered to everybody there – you came out dressed up as a woman.

Porter Stansberry: I did. I came out – I started the conference in drag –

Aaron Brabham: Yes.

Porter Stansberry: – as the chairman of General Motors, which is, of course, a woman –

Aaron Brabham: Uh-huh.

Porter Stansberry: – Mary Barra. And I was worried that people wouldn't – would think I was making fun of her for being a woman, which is completely not true. I've been writing letters in parody, as the chairman of General Motors, since 2006, I believe. So, it was furthering my effort to cast light upon what I believe is one of the worst corporate cultures in the world. And so what I do in my

parody letters is: I tell people what the chairman of General Motors should be telling people but which he – and now she – never did. And so this was in recognition of that long history I have of commenting about General Motors.

Aaron Brabham: I thought it was well received. Mark Harnell did lean over to me and he said, "He's looking less like a woman and more like Heath Ledger from – the Joker." *[Laughter]* And I was like, "I'm gonna have to agree with that." You were scary. It was scary. You –

[Crosstalk]

Porter Stansberry: It was scary.

Aaron Brabham: You would not make for a good looking woman.

Porter Stansberry: No. No, I'm not – by the way, I'm a size 28. *[Laughter]* ___ ladies.

Aaron Brabham: I don't know how they found out what size you were. I don't know how they do the conversion, but –

Porter Stansberry: Oh.

Aaron Brabham: But, yeah, I thought it was really good. Before we get into a couple of specifics – today our guest is Robert Woodson, Sr. He's the founder and president of the Center for Neighborhood Enterprise. You sent me an article from *The Wall Street Journal* a while ago. He covers a topic that I believe we are the only ones that actually cover.

Porter Stansberry: This is near and dear to my heart. I am completely fed up with the inner-city problems in our country. There's no excuse for them. We've got three or four generations, now, of people who don't know anything about personal responsibility and hard work. And I don't even believe they should be called Americans. I really don't. I think if you're on welfare or you take food stamps or whatever, then you should be ashamed of yourself. You shouldn't vote; that's for sure.

[Crosstalk]

Aaron Brabham: Right.

Porter Stansberry: Right? You shouldn't vote.

Aaron Brabham: No.

Porter Stansberry: And you should have to get back on your feet or suffer the consequences.

Aaron Brabham: Yep. Ninety-nine weeks of unemployment is the most absurd thing I've ever heard of in my life.

Porter Stansberry: I'm happy to talk with Bob. It – unfortunately, it does matter that he is a black man. It ought not –

Aaron Brabham: It does matter.

Porter Stansberry: It ought not matter –

Aaron Brabham: Right.

Porter Stansberry: – that he's a black man. What should matter was whether or not his – the life he has spent developing policy solutions are effective. That's all that should matter. But the fact is: he's on our show today because he is a black man and thus is able to say things about the black community that, for whatever reason, even 50 years after the civil rights movement, I'm not still really free to say. And they're obvious things, like: why are 80 percent-plus black children born out of wedlock? What does that have to do, 50 years down the road from the civil rights –

Aaron Brabham: Uh-huh.

Porter Stansberry: – movement – and, by the way, if you go back and you look at the 1950s, less –

Aaron Brabham: What –

Porter Stansberry: – less than 10 percent.

Aaron Brabham: Yeah, it wasn't like that. It was the complete opposite.

Porter Stansberry: No. So, what has gone wrong in this community? What is up with the drug addiction, with the violence, with the destruction of the marriage and the family? And, by the way, just ride around in the neighborhoods. What is up? They – no one takes care of their property; everything is dilapidated. Why are we standing for this? As a country, why are we not allowed to say, "Get your *[beeping sound]* together"?

Aaron Brabham: Uh-huh.

Porter Stansberry: "Stop it."

Aaron Brabham: You know, and we had C.L. Bryant on, quite a while ago, and he has been ostracized by the community – whenever he goes to any public rally, Jesse Jackson and Al Sharpton's people keep him as far away as possible. And he used to be a president of the NAACP chapter. So, there is a movement growing, but it's not big enough. And, like you said, we have to invite –

Porter Stansberry: And we're gonna – yeah, and we're gonna talk to him about why that is. What – I love it. It's Poverty, Inc. –

Aaron Brabham: Uh-huh.

Porter Stansberry: – right? There is a whole cast of characters and people who have a business that's –

Aaron Brabham: Oh, absolutely.

Porter Stansberry: – a business that's based on keeping people dependent and in poverty. And that's what they do for a living. We'll talk to Robert about that –

Aaron Brabham: Yeah.

Porter Stansberry: – later in the show.

Aaron Brabham: Before we get to him, though, I do wanna talk about – it's an epic moment for me; I think it was a epic moment for everybody in the audience: you got to sit down and interview T. Boone Pickens – a legend – 86 years old. Obviously, we had him on about a month and a half ago; maybe two months ago. You guys had a great conversation, but you really got to drill down a little bit more, and you guys had some disagreements. One of them was the price of oil and where it's headed, because you show the hockey stick chart of production in the U.S.

Porter Stansberry: Production is soaring. It's going straight up. So, production in Texas has tripled in two years. What if it triples again? And –

Aaron Brabham: Like –

[Crosstalk]

Porter Stansberry: – by the way, it will.

Aaron Brabham: Right. And, like you said, the dummies – the fidiots, as you call them, in Washington – they're gonna drag their feet about exporting it; they're gonna hold it here.

Porter Stansberry: Right. We need it.

Aaron Brabham: And where're we gonna store it?

Porter Stansberry: We're gonna run outta storage; price is gonna collapse. We don't have enough refineries for light sweet crude. These are all – these are facts.

Aaron Brabham: Right.

Porter Stansberry: Like Ron White says, "They're just facts."

Aaron Brabham: "They're just facts."

Porter Stansberry: Well, that's a fact.

Aaron Brabham: So, yeah, I was a little surprised –

Porter Stansberry: But, you know – but –

Aaron Brabham: – about the conversation, but –

Porter Stansberry: – but I wasn't, because if you go back and you read Boone's autobiography – never in his career has he had any time for the prospect of a lower price. That's never entered his mind.

Aaron Brabham: He's believed a lot more in peak oil, and he's written about it, than he has –

Porter Stansberry: He was a –

Aaron Brabham: – an abundance.

Porter Stansberry: He was an absolute proponent of peak oil, but – nice thing is: when the facts changed, Boone changed his mind.

Aaron Brabham: Uh-huh.

Porter Stansberry: So, I applaud him for that, but I still think – just based on his trajectory and his career – all he sees is higher prices forever, and

that's just not the way the oil business works. And I'm not gonna try to tell – I said, "I disagree with you," but I'm not gonna argue with –

Aaron Brabham: Sure.

Porter Stansberry: – Boone Pickens about oil. I mean, I'm –

Aaron Brabham: I agree.

Porter Stansberry: That just looks stupid. I'm not gonna win the audience over; that's for sure. But mark my words – Boone lost his first company, which was incredibly successful. He lost it. It didn't go bankrupt, but it might as well have, 'cause he had to sell it to Richard Rainwater for pennies in 1996, and he walked away with almost nothing. I mean, he had, like, about a $5 million severance check, and that was about it, okay? And he spent 40 years building that company. And at one time, it was the eighth- or tenth-largest oil company in the United States. And that's how he made his first billion. And he took over Gulf Oil with Mesa Petroleum –

[Crosstalk]

Aaron Brabham: It was huge.

Porter Stansberry: – in the '80s. Yeah. I mean, this was a very big business, and he lost it because of a bet he made on higher natural gas prices. And that's exactly what happened. He made a terrible bet in '89. He went after what is now Pioneer, and he said, basically, "We're gonna finance this thing to the hilt, and we're gonna buy all these natural gas reserves." And gas prices collapsed, as they do from time to time, and he lost his company. So, what I'm saying is: if he has an Achilles' heel, it's that he is not focused on what could drive the price lower. He is only interested in production and higher prices. He's just an oil man. That's just what he does.

Now, he's been running BP Capital, which is a hedge fund. And very interesting – he got started with BP Capital with only about $100 million, and it was all from checks that his friends wrote. He has wealthy friends in Dallas.

[Crosstalk]

Aaron Brabham: He has a lot of those.

Porter Stansberry: Yeah. So, he was busted after Mesa. His friends gave him $100 million to manage in a commodity fund in 1997. Okay? And as you know, Boone only goes long.

Aaron Brabham: Uh-huh. *[Laughter]* Yeah. Right.

Porter Stansberry: He's not shorting prices of oil and natural gas very often.

Aaron Brabham: Right.

Porter Stansberry: Now, I'm not saying he never has. I'm just saying his entire orientation is: he knows all the reasons why the price of oil and gas are gonna go up. Anyway, he was long, natural gas and oil, going into 1998, in a leveraged futures fund. What do you think happened?

Aaron Brabham: It wasn't good.

Porter Stansberry: Disastrous.

Aaron Brabham: Yeah.

Porter Stansberry: As you probably remember, oil bottomed at $7.00 a barrel in October of –

Aaron Brabham: Yes.

Porter Stansberry: – or October, November 1998, when the economists had it on the cover: "Drowning in Oil." So, here's Boone, leveraged into commodity contracts. I think he lost $30 million in one month.

Aaron Brabham: Oof.

Porter Stansberry: Okay? And according to Boone, the fund was down 90 percent.

Aaron Brabham: Oof.

Porter Stansberry: So he's down to 10 million bucks. That's pretty incredible.

Aaron Brabham: Yeah. That's –

Porter Stansberry: Okay?

Aaron Brabham: – sleepless nights for Boone –

Porter Stansberry: So –

Aaron Brabham: – for a while.

Porter Stansberry: So, Boone – you saw Boone's career collapse, from '92 to '96 when he lost his company. Then he raises this fund, and then he loses almost all of it, into '98. At that point, wouldn't you just fold up your tent and go home?

Aaron Brabham: Most people, yes.

Porter Stansberry: I mean, his wife left him.

Aaron Brabham: Yes.

Porter Stansberry: There was a – just disaster after disaster.

Aaron Brabham: His friends couldn't have been happy with him, with the –

Porter Stansberry: No.

Aaron Brabham: – money they –

Porter Stansberry: No.

Aaron Brabham: You know?

Porter Stansberry: Disaster after disaster after disaster. So, you know what Boone does? He doubles down.

Aaron Brabham: Double down.

Porter Stansberry: Doubles down. He went on to pyramid natural gas contracts from late 1998 all the way to the top of the natural gas market in '06, '07, '08 time frame – okay? – pyramiding –

Aaron Brabham: Is that just stacking them – just buying, month after month, long, long –

Porter Stansberry: Yep.

Aaron Brabham: – long?

Porter Stansberry: So, they go up – yeah, but you reinvest. They go up; you reinvest. They go up; they reinvest. He made $4 billion out of that $5 or $10 million he had left.

Aaron Brabham: Wow.

Porter Stansberry: Four billion. And that was his cut.

Aaron Brabham: Wow.

Porter Stansberry: The fund, all together, I think, over that ten-year stretch, in total – he made something like $8 billion in profits –

Aaron Brabham: That's insane.

Porter Stansberry: – off of $5 or $10 million that he had left. I mean, it was like the greatest stretch of investment performance that anyone had ever seen, but you don't hear him mentioned as a great investor.

Aaron Brabham: No, you don't.

Porter Stansberry: He – people don't talk about him like they talk about Paulson or Buffet or Einhorn or Soros.

Aaron Brabham: Uh-huh.

Porter Stansberry: But that was the greatest ten years I'd ever heard of. That was a really amazing performance. Of course, he was just long.

Aaron Brabham: Man, I tell you what, though: he is quick witted; just extremely intelligent. One thing that I liked – the question that you asked is, "If you had to choose to be long – one or the other" – you said, "Coal or uranium?" And he basically said both. Now, the thing is – I don't know if you saw this, but they just came out with the new EPA guidelines yesterday, and they're going after this huge reduction in carbon emissions, so they're really targeting these coal companies. It just seems absurd.

Porter Stansberry: Well, good luck with the lights coming on, if you get rid of coal. Coal makes up about 40 percent of our baseload power, and there's no easy or quick solution. You can – over time, you're gonna see more and more of this baseload power being produced by natural gas, but of course that's gonna have the impact, sooner or later, of pushing up natural gas prices. And, by the way – as I have been – if you go back and read my May – no, my April 2012 issue of my newsletter – April 2012 – you will see where I say, "I am more bullish today on natural gas than I have ever been on any commodity in my entire life. You should take all of your money and get long natural gas." And that was at prices below $2.00 in MCF.

Aaron Brabham: Uh-huh.

Porter Stansberry: That was the low. Prices since then have gone as high as $6.00 or $7.00 in MCF in the last wintertime boom. But I am still completely bullish on natural gas, and there's really two simple reasons to understand my natural gas hypothesis. Number one: domestically, every single possible energy consumer is switching to gas. Coal-fired power plants are switching to gas; there's a South African company called Sasol that is building a gas to gasoline – natural gas to gasoline –

Aaron Brabham: Wow.

Porter Stansberry: – plant. There's something on the order of $500 billion worth of new infrastructure in plants being built for plastic production, asphalt; there's all kinds of stuff; new – and, of course, new electricity. There's also enormous amounts of new LNG infrastructure being built. So, the bottom line is that demand for U.S. natural gas is no longer going to be domestic at all in the next – over the next five years. So, by 2019, we will be exporting 25 to 40 percent of all the natural gas produced in our country. And that means – that's enough – that'll mean that the cost of gas in the United States will be based on the international price; not the national price. And that's the same way with oil. Our oil prices are very much influenced by the price of Brent, which is the international price. Likewise, there's going to be an international price for LNG or natural gas. And right now, globally, the price of LNG is $14.00 to $16.00 in MCF. Locally, it's $4.00 in MCF.

So, I just – I'm convinced that that is the – one of the surest, safest plays you can make. And that's why we've been recommending shares of Devon. It's not just because of the fracking and the oil production that they're now moving forward with; it's because they have massive legacy resources in gas: huge amounts of gas that are trapped in the ground that they're not even drilling right now, because they're producing so much gas as a byproduct of the oil fracking that they don't have to. But sooner or later, when that gas price goes above $6.00 or $8.00 in MCF for a protracted period of time, all those drills are gonna get started again. And, I mean, that resource – ___ we have 50 or 100 years of supply at current levels. I mean, we've got tons of gas, and there's tons more out there. It's a great resource for our country; it's gonna be a dramatic story. And you will look back in time at sub-$5.00 natural gas and think to yourself, "Why wasn't I paying attention?"

Aaron Brabham: I mean, isn't it a trader's dream to find an arbitrage opportunity?

Porter Stansberry: It's great. It is really, truly great. I mean, it's one of those things that, in my mind, is almost no risk. Now, of course, there is always risk.

Aaron Brabham: Sure.

Porter Stansberry: Please – please understand.

Aaron Brabham: Don't go put your house on this.

Porter Stansberry: No. But it's just a great – it's a fantastic investment thesis, and energy's one of those cool things where the cheaper the price gets, the more people will use. So, there really is a hard floor. You know people are gonna want air conditioning; they're gonna want lights. They're always gonna be using this stuff. And fortunately, below $4.00 in MCF or whatever, it's really very difficult to produce it with given technology. So, you're gonna see a long-term average of between $4.00 and $6.00 in MCF, assuming only a national market. But that's going to change, and we know it's gonna change because we're watching the plants being built. We're watching the boats being made. We know that the demand is out there, internationally. So, it's a very exciting time for American energy producers.

Aaron Brabham: Yes, it is. And we'll get back to a little bit of the show after we're finished with our interview, but let's go to our interview now.

Today our guest is Bob Woodson. He's the founder and president of the Center for Neighborhood Enterprise and author of several books, including *The Triumphs of Joseph: How Today's Community Healers Are Reviving Our Streets and Neighborhood*. Bob, welcome to Stansberry Radio.

Bob Woodson: Pleased to be here. Pleased to join you.

Porter Stansberry: Bob, this is Porter Stansberry, and I wanna tell you: I'm new to your name and reputation. I saw an article that you were cited in, in The Wall Street Journal, in April. The title is, "A Black Conservative's War on Poverty." And this is such an issue that's near and dear to my heart as a longtime resident of Baltimore. We have a terrible inner-city problem here that seems intractable. And no matter how much money the government seems to spend on these problems, they don't ever get better; they just seem to get worse. And I was – I've just been very happy to – I'm very happy

to meet you here on the show, and I've been dying to ask you a couple questions. The first and foremost in my mind is: what do you think the core problem is, in the inner cities of America today? What is it that is trapping these people and making it so difficult for them to become upwardly mobile, socially and economically?

Bob Woodson: Well, first of all, this is – in terms of the – let's just say the black community – what you're witnessing now is a recent phenomena, I mean, that liberals will tell you the problem is racial discrimination; it's slavery and economic disadvantage. But the reality is: up until 1965, 85 percent of all black families had a man and a woman raising children, and grandkids were – grandparents were not fearful of their children. We did not have this kind of explosion of out-of-wedlock births or the violence or the huge incarceration rates, in spite of the fact that we were suffering from discrimination, no representation in government; we had a higher unemployment rate. But we had moral and spiritual institutions that kept us grounded.

But in the '60s, a major transformation occurred. We went from 85 percent of black families together – today is 50 years – to only 30 percent. Now, you can't say that racial discrimination got worse; yet – and it's happened at a time when we spent $15 trillion on poverty programs. There were a combination of contributing factors that really undermined the cultural personal responsibility. One: the policies began – 70 percent of all the dollars spent on the poor go not to the poor but those who serve poor people. They ask not which problems are solvable but which ones are fundable. So we made a commodity out of dependency, and so as the level of dependency expanded, the amount of money that went to professionals who are responsible for helping to feed this dependency expanded.

And so you had that, plus you had the cultural explosion of the '60s: drop out, tune out, get high. Well, that message was received, as well. And so it was a combination of cultural, economic factors, and we made a commodity out of poor people. And it has had a devastating effect today. And also, social planners at – in the '60s said, in their writings and in their policies, that it is unfair and racist, as a – in fact, to expect the black community to conform to bourgeois white standards, and therefore welfare workers were not – were prohibited from determining the paternity of fathers as a condition of receiving welfare. A number of these values began to get insinuated into policies but had the consequence of undermining a whole generation of people. So, that's one of the reasons are we have this mess that we're in today.

Porter Stansberry: Bob, what about the impact of disparity and drug laws? This is one thing that I see. If there were a conspiracy against the black community, you could see it taking the form of trying to get the female population on welfare addicted to subsidies, and then meanwhile, you're gonna send the men away to prison so that you completely destroy the families. And –

[Crosstalk]

Bob Woodson: Well –

Porter Stansberry: – you know the incarceration rate in the black community is off the charts, and you know it's almost all drug related. And don't you think that the disparency *[sic]* in sentencing with various kinds of drug laws has had a big negative impact on the black community?

Bob Woodson: It has had an impact, but let me just correct something for you. First of all, in 1954, there were 90,000 blacks in prison. That's the – that was commensurate with their percentage in the population. That has exploded to 900,000 today. And so I don't think that you can attribute that huge explosion to the – a conspiracy to incarcerate black men, because if you go into the black community – I can take you into some enclaves in the black community – of the United House of Prayer, where there're orthodox Muslim and orthodox Christian communities – you don't see the same explosion of problems. The difference – so that you really cannot generalize and say it's solely because of the difference in drug laws.

Porter Stansberry: Okay. But what – I'm just asking your opinion, though: do you think that, if the drug laws were changed, that that would have a positive impact?

Bob Woodson: I think it would have a positive – a marginal impact, but you're assuming that this huge incarceration rate is influenced primarily by drugs, but it's also homicide. We have – last weekend, seven people shot to death in the city of Chicago, in one laundromat. Over the Easter weekend, we had 50 people who were shot by – in those neighborhoods. That's just one city. So, you've had a proliferation of – every 6 months, 3,000 blacks are killed by other blacks.

Porter Stansberry: That's –

Bob Woodson: That's a 9/11 every six months. How do you attribute all of that to – and so that means that, since 80 percent or 90 percent of the people that commit homicides become – get arrested and go to prison, that contributes a lot to the increase in the prison population.

Porter Stansberry: It sure does. And I'm also certain, though, that a lot of those homicides are drug related, just pointing to the obvious. And here in Baltimore, by the way, we had three murders last weekend. It's absolutely shocking. And it goes on all the time, as you know.

Bob Woodson: It is, but you – and so you're saying that if we were to change the drug laws, that those kill – those murders would go down?

Porter Stansberry: I believe that they would, yeah. I do.

Bob Woodson: What about – I can take you to communities in Washington, D.C. where we had 53 murders in a 5-square-block area, in – over the course of 2 years. And we went in and identified the leaders of these warring factions and brought them to my office and negotiated a truce. And as a consequence, we didn't have a single gang-related murder for 12 years in that community.

Porter Stansberry: That's great.

Bob Woodson: So that – I mean, if you go in and change the values and choices that the people in those communities make, you can have a much more profound impact in improving the community. But as long as the message gets communicated to anybody that somehow the solution to your problem is external, then you exempt them from taking any action to improve themselves.

Porter Stansberry: You're preaching to the choir. I'm 100 percent in agreement with you. I'm just trying – I just – I'm trying to think about every possibility that could help reduce the amount of violence in our cities, because –

Bob Woodson: Well, I can –

Porter Stansberry: – it's shocking.

Bob Woodson: – only tell you what I have proven to be work – we are in 12 schools in Milwaukee, Wisconsin, where we're going in and hiring young adults from the same communities and the same cultural and geographic zip code, and they are working every day, all day, with this youth population. And as a consequence, we're able to reduce

violence by 25 percent in just 3 months. And now – we started with one school; now it's expanded to 12.

Porter Stansberry: That sounds great. How can people – is there a way for people to donate some money to your efforts?

Bob Woodson: Yes. You can email us at cneonline.org or go to our website – you can donate – www.cneonline.org, and you can contribute to our work. We help communities from the inside out and the bottom up.

Porter Stansberry: It sounds great, and I'm gonna become a big donor. Let me ask you a difficult question. I feel uncomfortable asking this kind of a question –

Bob Woodson: That's okay.

Porter Stansberry: – speaking as a white man to a black man. Discussions like this still don't yet happen commonly in most communities. But I have to ask – because you seem like such a clear thinker and an honest man – what is the hold that the popular black liberal politicians have over these communities? I just can't understand why so many people in the black community continue to vote for people who are essentially enslaving them.

Bob Woodson: Well, that's a interesting – you know, Lyndon Johnson said, when he passed the civil rights laws – and he said it in raw terms – he said, "If we pass this, these" – and he used the *N* word – "will be voting Democratic for 200 years." This is what Lyndon Johnson said. And I think what happens is that, over the past four years, we have associated the Democratic party with changes in the civil rights law. Race is being used by a lot of corrupt black politicians to deflect attention away from the critical issues.

Someone said – I just wrote an article for *National Review* that really went into details on that, and it's – and what I talked about is how black elected officials and others who are engaged in corrupt activities are able to use race as a shield against any effort to hold them accountable and a spear to any black who raises that issue. And so I just think that it's time for the black community to grow up. Someone said that if you are a sheep and you vote for a wolf as opposed to a sheepdog, don't be surprised if you get eaten.

Porter Stansberry: Yeah. And there – of course, there're a lot of great examples of this. My personal favorite is Conyers, in Detroit. I mean, the man has literally helped destroy his district so many times that he has to

be – he's been redistricted, like, three times because everyone eventually moves out of his area. And his wife went to jail for two years, for accepting bribes as a city commissioner of Detroit, and yet this guy has won reelection more times than any other person in the House of Representatives.

Bob Woodson: Well, not only that – let's look at the Second Congressional District in Illinois, represented over the past 33 years by Gus Savage, who was censored by the Congress for sexual misconduct while on official duty in Africa. Then Mel Reynolds went to jail for having sex with an underage teenaged campaign worker, and then Jesse Jackson, Jr. went to jail for stealing campaign funds. So you've had, over the past 33 years, 3 representatives in a district where you've had an explosion of black-on-black crime, and yet this is not a national scandal.

Porter Stansberry: Yeah. I really, truly find it shocking. I really do. And I'm just – I'm so grateful to talk with you and realize that there are leaders of the black community that see what's happening, particularly with the political leaders. They're just being so poorly served, and they just seem – like you said, it's like sheep voting wolves. And I can't make sense of it. And, by the way –

[Crosstalk]

Bob Woodson: _____.

Porter Stansberry: – I'm not at all suggesting that white voters are any more clear thinking. *[Laughs]* I mean, there's just tremendous amounts of bad political actors out there that seem ensconced by political systems whereby they're able to return some kinda patronage that the community deems worthy of reelection.

Bob Woodson: It's not even patronage. I could understand it if they were delivering. They're delivering for themselves. It's interesting that when a white Democrat like Anthony Wiener does something unethical, that we expect white Democrats to distance themselves from him, and they did. When a white Republican from Florida bought cocaine recently on the streets of Washington, we expected white Republicans to distance themselves, and they did. But when black Democrats are in office and they conduct – and they engage in illegal or immoral behavior, there is silence. We reelect them. And so –

Porter Stansberry: Yeah, and not –

Bob Woodson: – as long as –

Porter Stansberry: – just that, but there is – there's silence.

Bob Woodson: There's silence.

Porter Stansberry: There's silence.

Bob Woodson: There's a deafening silence.

Porter Stansberry: Yeah. Jesse Jackson –

Bob Woodson: But also the media.

[Crosstalk]

Porter Stansberry: Jesse Jackson doesn't show up and say, "We need our leaders to behave better" outside his offices. Right?

Bob Woodson: No, and –

Porter Stansberry: It doesn't happen.

Bob Woodson: No, he doesn't. He'll go to Pasadena to protest a 17 year old who was killed by a white police officer but is silent about the 50 young people who were shot in Chicago on that same weekend. And that's the double standard. We have about 30 blacks who are killed each year by whites and 6,000 blacks killed by other blacks, and you're gonna tell me our problem is racism? Give me a break.

Porter Stansberry: No, it's not. No, it's not. Bob, listen, I just wanna sincerely thank you, again, for your time today and your comments and your work. And I'm gonna pass your message and your Web address along to all of my subscribers. I have about a half a million subscribers around the world. And for many people, this is a core issue in making America a better and more equitable society, and I hope you don't mind if we contact you again, and I wanna thank you one more time.

Bob Woodson: Please. And thank God for giving me this opportunity. We really need people to be objective and clear and not be muzzled by the whole issue of race.

Porter Stansberry: You're exactly right. Man, just mad respect for what you're doing. Thank you so much, and we'll be in touch.

Bob Woodson: All right. Thank you.

Aaron Brabham: One thing I've wanted to know – but we'll get into it next time – is –

Porter Stansberry: I got chills.

Aaron Brabham: I mean –

Porter Stansberry: I got chills, talking with Bob.

Aaron Brabham: ___ some things that you and I talk about, behind closed door – and, like I said, we've had C.L. Bryant on before, and he's – he has this kind of same perspective, but what I'd really like to dig into next time – 'cause I do wanna have him back – is what he's doing, specifically, in these schools.

Porter Stansberry: Well, he started to talk about it. I –

Aaron Brabham: Yeah.

Porter Stansberry: I'm interested in supporting his efforts, and –

Aaron Brabham: Sure.

Porter Stansberry: – I will go make a large donation today, and I would encourage everyone else to do the same if they want America to be a better place, because something has to be done to fix the problems in the black community. It's a disgrace on our country. I mean, there are literally parts of Baltimore that look like Lebanon –

Aaron Brabham: Yes.

Porter Stansberry: – and the war.

Aaron Brabham: Yes.

Porter Stansberry: It's just horrendous. It's – and it's so unnecessary, and it is not because of racism, and it's not because these people are incapable of doing a better job. It's not. They're very capable. It's that no one has made those demands of them, and, in fact, everyone has empowered them to have their – to be – for their worst impulses to guide them.

Aaron Brabham: Yeah, that $15 trillion is staggering.

Porter Stansberry: It's – that's unbelievable. It's almost as much as our entire national debt.

[Crosstalk]

Aaron Brabham: _____ right.

Porter Stansberry: It's just –

Aaron Brabham: It's just staggering.

Porter Stansberry: Imagine if America bankrupted itself, all in attempt to help an underclass, and all it did was create a dramatically larger problem. So, I know this is a shocker, Aaron, but sometimes government spending doesn't accomplish what it's said to intend to.

Aaron Brabham: Just like he said: it feeds the people that are attempting – quote, unquote –

Porter Stansberry: Yeah.

Aaron Brabham: – to solve –

Porter Stansberry: Shocker alert.

Aaron Brabham: – their problems. Right.

Porter Stansberry: Yeah. Shocker warning.

Aaron Brabham: Right.

Porter Stansberry: Shocker warning: everything ____ government turns to shit.

Aaron Brabham: Everything. There's nothing that they do that is decent. So –

Porter Stansberry: And the other thing – and you know this from your own life – is if you – the sure way to destroy someone is to give them something that they do not deserve.

Aaron Brabham: Absolutely.

Porter Stansberry: The sure way to destroy anyone is to give them something they do not deserve. Look at lottery winners.

Aaron Brabham: Yeah. Lottery winners are great.

Porter Stansberry: Certain people that are close to me.

Aaron Brabham: I mean, for me, even my – I've had some family members that I've completely –

Porter Stansberry: Exactly.

Aaron Brabham: – had to cut off, because people don't understand boundaries. They will encroach and step all over yours, if you allow that to happen. So ____ –

[Crosstalk]

Porter Stansberry: Maybe we could find a good psychologist who can explain the psychology of that process, because it's not just like giving people – it's deeper than just giving them money and them never bothering to repay it. It's not – I'm not talking about that. I'm talking about the deeper – I mean, I've given people jobs, and then they end up hating my guts.

Aaron Brabham: Right. They resent you for it.

Porter Stansberry: Yeah. Well, what – what do you – *[laughter]* I mean, I've just seen it happen, time and time again. And of course I think the more you give, the more destruction that occurs. And so these people who have been on welfare for five or ten years – I mean, I'm sure it's something inside them – the psychology of them is –

Aaron Brabham: It just strips it away, man. Strips away –

Porter Stansberry: It's broken.

Aaron Brabham: – your ability to be able to feel like you can do it on your own.

Porter Stansberry: Yeah.

Aaron Brabham: And it's bad.

Porter Stansberry: I remember – anyway, yeah.

Aaron Brabham: Okay.

Porter Stansberry: Just – it's – anyway, folks –

Aaron Brabham: Yeah, ___ read the –

Porter Stansberry: Folks, do me a favor. Take your little tiny T. rex arms – *[laughter]* – this is gonna be tough for you – and, I mean, if you're not –

Aaron Brabham: Trust me. We know how tough it is for you guys.

Porter Stansberry: Yeah.

Aaron Brabham: We see the numbers.

Porter Stansberry: Yeah. The show isn't worth a ham sandwich a month, but –

Aaron Brabham: I see the downloads and the number of subscribers we have.

Porter Stansberry: We have everyone who wants everything for free, and we have no one who is willing to pay for it. That's human nature. But, listen, do me a favor. If we've ever done anything to help you – if we've ever given you a stock that went up; if we've ever given you an idea that made your life better – go to this website.

Aaron Brabham: It's cneonline.org. Cne –

Porter Stansberry: Cneonline.org.

Aaron Brabham: – online.org. That's where you can go get all the information and make a donation.

Porter Stansberry: Right. So, Charlie, Neptune, Epsilon – cneonline –

Aaron Brabham: – online.org.

Porter Stansberry: – .org. Here's what I want you to do. And listen to me really carefully, okay? I want you to go onto that website and I want you to give him something, even if it's only $10.00, okay? I suggest 100 bucks, minimum, but if you don't have it, go online; give him $10.00. And here's why you need to do it: it will make you feel like a million bucks. It will make you feel so good. It'll make you feel better than anything else that you do today. When you engage in real charity; when you engage in a noble effort to give other people an opportunity – not to give them something – it makes you feel like a million bucks. Trust me. Do it. Aaron's gonna do it; I'm –

Aaron Brabham: I'm in.

Porter Stansberry: – I'm gonna do it. And I want our listeners to create a wave of donations so that Bob Woodson will know that we're worth talking

to, and he will keep us informed on his efforts, because this is really important to me. I'm not saying it's possible, okay? I don't know what will happen. But I wanna try – try, try, try – to do something to fix our inner cities.

There is no reason why every city in America can't look like Dallas does. Dallas looks great downtown. It was a joy to be there. And instead of just sitting around and bitching and moaning about it, do something. Get off your fat ass. Get your T. rex arms, stretch them out, grab your wallet, and give this guy $10.00 at the very least. I think you should give him $100.00, minimum, but give him something. Help us make a difference. And you will never, ever hear me give a charity pitch on this show.

Aaron Brabham: I've never heard you do it once.

Porter Stansberry: I'm not – I'm a total believer in keeping charity private. I do not conflate charity and business, ever. This, for me, is a totally different story, because this is a national tragedy, and this will give us – the people who are into free markets; into personal responsibility – a chance to compete with the evil stuff that's going on __ the other side.

Aaron Brabham: I would love for this to expand and – he's got – he said – I think he said he's got 12 schools right now. I was talking to Jameson on the way home – a country club guy – on the way home, on the airplane, about what it is that bugs me when I come back to Baltimore, and what it is – it's this feeling of not being able to relax, 'cause I live in the city, and five blocks from me, any direction, it gets bad really fast.

Porter Stansberry: War zone.

Aaron Brabham: It's a war zone. And of course O'Malley doesn't allow citizens to carry guns here, so the only ones with guns are the criminals.

Porter Stansberry: Smart.

Aaron Brabham: Yeah. And I was telling him that when I go down to Winter Park for the winter or Dallas or wherever, I have the chance to actually relax. I don't have to look over my shoulder; I don't have to concern myself. And I want that for Baltimore. I want it to truly become Charm City and not Crime City.

Porter Stansberry: I got a couple updates for you. I know you've got a run – a show list, and we'll –

Aaron Brabham: Sure.

Porter Stansberry: – get to them. We've got a couple of small diversions that people are interested in. So, as longtime listeners know, I'm in the market for an island.

Aaron Brabham: Yes.

Porter Stansberry: All right? And it's not an island for me. It's an island for my atlas group. I wanna have Atlas Island. I wanna get together with 50 or maybe even 100 other families and have a nice island compound – everyone could have their own private house – but share a big community hotel kinda meeting point –

Aaron Brabham: Uh-huh.

[Crosstalk]

Porter Stansberry: – ___ restaurant, small hotel, nice pool, tennis courts, right? I don't think we need a golf course, but nine holes – that's fine – and then a really nice marina. And instead of having to have my own boat, which I do have, by the way – twosunscharters.com –

Aaron Brabham: Two Suns.

Porter Stansberry: Twosunscharters.com. *[Laughter]* If you wanna charter my boat, please do. But the idea is that I get – I only get to use my boat five or six times a year.

Aaron Brabham: Right.

Porter Stansberry: Why wouldn't I just share it? Why wouldn't –

Aaron Brabham: Uh-huh.

Porter Stansberry: Right? So, we'd have three or four bonefish boats, a couple snorkel boats, a couple offshore fishing boats, right? And they use the boats – you pay when you use them, right? But the community owns them. Anyway – and you have our own private island, and the only people that are allowed to use the island are people who are in our club –

Aaron Brabham: Uh-huh.

Porter Stansberry: – or their guests. You know, we do, like, a season between Christmas and spring break, where every weekend we'll have entertainment. It'd be a really awesome addition to the Atlas 400 group, which, by the way, is a global wealth club that I started six year ago. So, I've been shopping for Atlas Island, to do this. And I met with some folks in Dallas who own a really nice island. Really nice island. And it's near a major airport in the Bahamas. I don't wanna give any details away.

[Crosstalk]

Aaron Brabham: Is this the one – yeah, I'm not gonna say it, but is this the one you showed me?

Porter Stansberry: Yeah.

Aaron Brabham: You sent the link? Okay.

Porter Stansberry: Yeah, I sent – I showed you on –

Aaron Brabham: Yeah.

Porter Stansberry: – Google Earth.

Aaron Brabham: Gorgeous.

Porter Stansberry: Gorgeous island.

Aaron Brabham: I didn't hear how this went.

Porter Stansberry: Huge natural harbor; all the deal. Anyway, so I spent about two hours in their office, and – whoo, it sure makes me not wanna buy an island.

Aaron Brabham: Really? *[Laughter]* Did they kinda break down, like, all –

Porter Stansberry: Oh –

Aaron Brabham: – a lot of what goes –

Porter Stansberry: – my God.

Aaron Brabham: – with this?

Porter Stansberry: This was, like, a – it was, like, a two-hour litany of what can go wrong on a real estate deal.

Aaron Brabham: Ooh.

Porter Stansberry: I mean, it was just painful, painful, painful, painful. And it reminds me of when I was doing the due diligence on Chub, another island –

Aaron Brabham: Uh-huh.

[Crosstalk]

Porter Stansberry: – we tried to buy. And you just – it just seems like all these deals end up being so hairy that everything ends up costing so much, in part because of the Bahamian government and in part because you're trying to build structures surrounded by seawater, which is –

Aaron Brabham: Which destroys everything.

Porter Stansberry: Everything. Yeah. So, oh, God, it was just like ,"Wow." So, anyway, the – big downer for me, 'cause I thought I finally had found the right island, and they just screwed up the deal so badly. Now, essentially, all interests in this are owned by all kinds of different claimants, and there's been too much litigation.

Aaron Brabham: You don't want that.

Porter Stansberry: Nope. Not gonna – and so, on to the next one. The other thing I wanted to update you about is – and I was shocked by this. You know how shocked I was. There were some folks who came after us for our advertising. I don't –

Aaron Brabham: Yes.

Porter Stansberry: – wanna give them any publicity, 'cause they –

Aaron Brabham: No, no, no.

Porter Stansberry: – they are just complete scumbags. And we think that they were encouraged to do so – or paid to do so – by some hedge funds that have opposing positions to us. We don't – I don't have any factual basis; I'm just – it just – the timing seems very unusual. Anyway, there's nothing wrong with our advertising; it's completely legal. They just object to it. They don't like it. To which we say, "Look, if you don't like our advertising, don't buy our products. And, if you do buy our products but you're not happy with them, we'll give

them your money back." So, there is no fraud; there is no scam, no matter what Google says about me.

It's simple. I'm a publisher; I sell information. If you don't like it, don't buy it. Or if you're unhappy with it, I'll give you your money back. Pffff. Done. How could – can you think of any other business that operates that way? "Hey, you've had some trouble with that M3 BMW you bought. Chance that the dealer's gonna take the car back and give you all your money back?"

Aaron Brabham: Zero.

Porter Stansberry: No chance.

Aaron Brabham: Right.

Porter Stansberry: But, I mean, nobody goes after the dealer and says, "Wait a minute. You sold – you said this was the ultimate driving machine."

Aaron Brabham: Right. Right.

Porter Stansberry: "Wait. You claimed in your advertising this was the ultimate driving machine. What are you doing?" You know?

Aaron Brabham: It's the ultimate in-the-shop machine, so far.

Porter Stansberry: Anyway, these guys – they're just so annoying. But as a part of their – a part of their complaints I did take seriously, because I believe that we offer really good advice – to which they said, "Well, why don't you just prove it, then?" And I said, "Well, we do. We publish the N report cards; we do blah, blah blah; we do blah, blah, blah." And they said, "Yeah, but you can't tell us what the average return has been for every single recommendation you've ever made in your newsletter."

And I'm like, "Are you *[beeping sound]* kidding me?" That's 15 years' worth of newsletters. I mean, that's hundreds of recommendations, and a lot of the stocks don't even exist anymore 'cause they're been bought out or spun off or whatever. Like, I – no, I can't – it's all there, but, no, I mean – so, I spent $1 million – yeah.

Aaron Brabham: Really?

Porter Stansberry: Yep.

Aaron Brabham: That's absurd.

Porter Stansberry: I spent $1 million, and I hired a statistical firm –

Aaron Brabham: Uh-huh.

Porter Stansberry: – that does efficacy results for big pharma. So, these guys know math.

Aaron Brabham: Sure.

Porter Stansberry: And I said, "Go back through our newsletters, get the historical databases from the stock markets, and compute the average return of every single stock I've ever recommended in my newsletter – and in all the other newsletters I've ever published – and tell me what the average return is of every single recommendation we have ever made in our entire career at Stansberry Research."

Aaron Brabham: And?

Porter Stansberry: Well, a couple of interesting things came out of this. First of all, the results, on average, were way better than I thought they would be.

Aaron Brabham: Well, that's good.

Porter Stansberry: No – and I'm not trying to put us down. I just know when you make that many recommendations over that long a time period, the idea that you're gonna beat the market by very much – even if you're great – is small. It's just – you're – the law of averages eventually beats you down, right? But our average return, over every single thing that we've ever recommended, was around 13 percent. And the average holding period, I think, was a little bit less than a year –

Aaron Brabham: That's great.

Porter Stansberry: – which is definitely market beating. I think S&P for the period is probably up five or six percent annually, okay? So, we're killing the market.

Aaron Brabham: Double.

Porter Stansberry: Right. But guess whose newsletter had the best track record of all?

Aaron Brabham: Porter Stansberry.

Porter Stansberry: Old Porker Scamsberry.

Aaron Brabham: Old Porker Scamsberry.

Porter Stansberry: Yeah.

Aaron Brabham: What was it?

Porter Stansberry: Thirty-eight percent.

Aaron Brabham: Thirty-eight percent?

Porter Stansberry: The – let me be very clear: the average results of all the recommendations I made in my newsletter – according to this study – was 38 percent. The average holding period was something like 500 days. So, annualized, it's about 20 percent a year.

Aaron Brabham: That's fantastic.

Porter Stansberry: It's –

Aaron Brabham: Warren Buffet.

Porter Stansberry: It's as good as you can do in an unleveraged, long-only fund.

Aaron Brabham: That's right – the unleveraged, long only ___ –

Porter Stansberry: It's as good as you can do.

Aaron Brabham: Right.

Porter Stansberry: I mean, I'm sure somewhere there's someone who did better, but not much. And here's the thing: it wasn't long only. It was long and short. And that has an enormous taxing effect, right? I mean, your shorts are not gonna beat the S&P very often.

Aaron Brabham: Well, we talk about it all the time.

Porter Stansberry: *[Inaudible due to crosstalk]*

Aaron Brabham: You're always hedging.

Porter Stansberry: Insurance. Always hedging.

Aaron Brabham: Uh-huh.

Porter Stansberry: So, anyway, I wanted to share that with our listeners. I'm really proud of these results, and I hated to have to spend the money to do the study, but it's probably something we should've tracked more carefully from the start, and now we've got a nice basis to go forward. But, yeah, our results are really good. The guy who came in second place – Diggety.

Aaron Brabham: Oh, yeah.

Porter Stansberry: Yeah?

Aaron Brabham: Doc Eiford.

Porter Stansberry: Doc Eiford.

Aaron Brabham: How did Sug – Sug's had to be –

Porter Stansberry: Sug was, like, 19 percent.

Aaron Brabham: Okay.

Porter Stansberry: Doc was, like, a –

Aaron Brabham: That's great.

Porter Stansberry: Doc was 37.

Aaron Brabham: Ooh. Right there.

Porter Stansberry: Yeah. So, you can tell he's gonna –

[Crosstalk]

Aaron Brabham: You've gotta stay on top of him, because you know –

Porter Stansberry: *[Inaudible due to crosstalk]*

Aaron Brabham: – Doc would love that title.

Porter Stansberry: Aw, he's gonna be bent out of shape about that, yeah.

Aaron Brabham: Yes, he is.

Porter Stansberry: And the most outstanding product we had out of all of them was my Stansberry Alpha.

Aaron Brabham: Alpha.

Porter Stansberry: Yeah. And you'll recall when I wrote that promo, two-plus years ago –

Aaron Brabham: Uh-huh.

Porter Stansberry: – I told people, "We discovered an anomaly in the stock market, and you can make 50 percent a year on it."

Aaron Brabham: And what are you doing?

Porter Stansberry: Of course, people didn't believe us.

Aaron Brabham: Fifty percent a year?

Porter Stansberry: People didn't believe us, right?

Aaron Brabham: Right.

Porter Stansberry: No, no. Way more than that.

Aaron Brabham: Way more, yeah.

Porter Stansberry: The average return –

Aaron Brabham: You're had triple –

Porter Stansberry: The average –

[Crosstalk]

Aaron Brabham: – ___ ____ –

Porter Stansberry: – return is 51 percent. The average return is 51 percent. The holding period is only, like, 90 days.

Aaron Brabham: Right.

Porter Stansberry: So, you're – it's ridiculous. Anyway, I just like – there's – Altiture has said some things lately about how you – no one can make money in the stock market –

Aaron Brabham: Right.

Porter Stansberry: – unless you cheat.

Aaron Brabham: Right.

Porter Stansberry: Well, I don't cheat.

Aaron Brabham: Not – that's right.

Porter Stansberry: So, I mean, I just – I want people to know that, sure, our marketing is aggressive. Absolutely. We're trying to get your attention; we want you to buy a newsletter. But we're selling you the best investment research that's available anywhere, at any price, and my newsletter costs $79.00.

Aaron Brabham: Uh-huh.

Porter Stansberry: What a bargain. And so, instead of hiring a hedge fund – right? –

Aaron Brabham: Uh-huh.

Porter Stansberry: – and paying them who knows what – two percent of your assets –

Aaron Brabham: Two and twenty.

Porter Stansberry: – yeah – why not just pay $79.00 and manage it yourself?

Aaron Brabham: You know that if you were to become a hedge fund, you could probably make, say, $100 million-plus a year –

Porter Stansberry: If my newsletter –

Aaron Brabham: – with a track record like that.

Porter Stansberry: If my newsletter was a hedge fund, we would have $10 billion under management, and we would be among the most successful managers in the world.

Aaron Brabham: All right. Well, let me know when you wanna start making real money, Porter. I'm happy to go out and raise some money.

Porter Stansberry: Yesterday.

Aaron Brabham: Okay. All right, well –

Porter Stansberry: Yesterday.

Aaron Brabham: Well, all right. Well, good.

Porter Stansberry: So, if you're out there – if you're a listener and you want to put $100 million with me, just call.

Aaron Brabham: Yes. Feedback@stansberryradio.com.

Porter Stansberry: Yeah.

[Crosstalk]

Aaron Brabham: ___ –

Porter Stansberry: Minimum $100 million.

Aaron Brabham: Minimum $100 million. No problem at all on that.

All right, Porter – a couple of just pointers, here, and then we'll get some emails; get outta here. So, this ties in – this is a "You just can't make this stuff up." So, recently, the head of the SEC examinations unit, Drew Bowden, was at a private equity conference, and he had this to say: "More than 50 percent of private equity firms it has audited have engaged in serious infractions of security laws." "We believe that most people in the industry are trying to do the right thing to help their clients, to grow their business and provide for their owners and employees, so therefore, they leave private equity alone."

Porter Stansberry: Private equity is a dirty cesspool. It really is. It's the very highest-grossing part of the financial world, and it's attracted a lotta crooks. And I love how he says that half of the firms he's looked at are crooked –

Aaron Brabham: Yes. Half.

Porter Stansberry: – and then he goes on to say, "But most people are trying to do the right thing."

Aaron Brabham: ____ they're just trying to do – but Porter can't – you know, obviously people like you don't do the right thing – is what they – when they go after you super hard. It's absurd. The double standard is just – it's too much, man.

Porter Stansberry: Well, the funny thing is – is I'm not even a manager. I –

Aaron Brabham: Right.

Porter Stansberry: I don't sell or broker securities at all.

Aaron Brabham: You don't touch anybody's money, and you don't –

Porter Stansberry: Ever.

Aaron Brabham: – buy any securities.

Porter Stansberry: No.

Aaron Brabham: You have nothing to do with any of that side.

Porter Stansberry: No. But they still somehow wanna pretend like I'm a crook, somehow.

Aaron Brabham: Yes.

Porter Stansberry: And wait till they see these numbers. Now they're gonna insist that I had to have been engaging in some kind of insider thing.

Aaron Brabham: Yeah, I was gonna ask you about that. So, do we – are we able to use these in our marketing efforts, or would you rather just steer clear of these? 'Cause these are audited by a – you know –

Porter Stansberry: No. These are –

[Crosstalk]

Aaron Brabham: – those are as good as it gets.

Porter Stansberry: I mean, as far as I know, the numbers are perfectly accurate. I didn't do them, myself, but I hired someone who can – who is credible and accredited and can vouch for them. Now, what we could probably do, going forward, is: we could also probably have them – have his work audited by an accounting firm or something.

Aaron Brabham: Right.

Porter Stansberry: Make – double check.

Aaron Brabham: Double audited.

Porter Stansberry: Yeah.

Aaron Brabham: Okay. I've got one from this segment: "What Could Possibly Go Wrong?"

Porter Stansberry: Oh, by the way, there was 274 different recommendations.

Aaron Brabham: Okay.

Porter Stansberry: Yeah. So, if you're telling me there isn't a single error anywhere in his thing, I'm gonna doubt you, because that's a lot, right? ___ ____ –

[Crosstalk]

Aaron Brabham: There's a lot.

Porter Stansberry: But the point is: whether there's errors in my favor or errors against me, right – I mean, you had it – we had it done by a very credible guy, paid him a lotta money to do it, he's got databases to double-check it – I mean, with that number of recommendations, you're not gonna move the average much, either way.

Aaron Brabham: Did you send your – this report to the people that are hassling you about our claims?

Porter Stansberry: I'm not in touch with them. I don't have the patience to deal with –

Aaron Brabham: Right.

Porter Stansberry: – these –

Aaron Brabham: You shouldn't.

Porter Stansberry: – kind of idiots.

Aaron Brabham: That's not your highest and best use.

Porter Stansberry: No, and they're – just – there's these people – I just can't even stress to you guys what complete and utter scumbags these people are. So, they're pointing the finger at me and saying that I'm not being – I don't have enough disclosure in my marketing. Meanwhile, they won't tell us who their funding source is or what got us on their radar.

Aaron Brabham: Yeah. What's the point of even targeting – right.

Porter Stansberry: Because our marketing is way down. Right? I mean, where were these people in 2010 and 2011, when we had 40 million people watching our "End of America" video? They didn't have a problem ___ then. So, why do they have a problem with us now?

Aaron Brabham: Yeah. So, how did you come up on the radar? Hmm.

Porter Stansberry: Yeah, and who's sponsoring – who's paying for this investigation of us? And when you have a business that gives everyone their money back if they're not happy, how could it possibly be a scam or a fraud?

Aaron Brabham: It's not.

Porter Stansberry: Right? I'm – so, I'm trying to trick you into buying my newsletter so that you can then ask for a refund, and then I have the cost of sending you the money back and paying for the credit card both ways? I mean, I'd go – it's just so silly.

Aaron Brabham: Yeah, and it's – and there're a lot of entities out there that will take your money and give you their current –

Porter Stansberry: Oh.

Aaron Brabham: – their current – but you give every issue that's –

Porter Stansberry: Oh, yeah.

Aaron Brabham: – ever been printed – the entire archive –

Porter Stansberry: Everything.

Aaron Brabham: – for life.

Porter Stansberry: Right. Like – I tell people, "I live in a glass house." I mean, I'm not hiding anything.

Aaron Brabham: Right.

Porter Stansberry: I've – *[laughter]* – I've had the same business partner for 20 years. I've been publishing from the same address for 15 years, right? I mean, there's – *[laughter]*

Aaron Brabham: There's nothing to hide.

Porter Stansberry: No. And one last thing: the thing they were really upset about was that they accused us of targeting senior citizens, because we told them that there was a way to get free silver from the bank.

Aaron Brabham: Mmm.

Porter Stansberry: That's the thing they were most upset about. Well, you can get free silver from a bank.

Aaron Brabham: You can get free silver.

Porter Stansberry: You go and you get a roll of half dollars and –

Aaron Brabham: Right.

Porter Stansberry: – there's a –

Aaron Brabham: Pre-1965.

Porter Stansberry: – there's a percentage chance – I think it's actually 74, or whatever, but there's a high – not a high percentage chance; there is a percentage chance that you'll end up with a silver coin in there.

Aaron Brabham: Right.

Porter Stansberry: Right? And they said, "Well, yeah; it's not free, though, because you had to give them $10.00 for that roll of half dollars."

Aaron Brabham: So, you gave them $10.00 for them to give you $10.00 back.

Porter Stansberry: Right. And they're saying –

Aaron Brabham: That's called "free."

Porter Stansberry: Yeah, but they're saying it's not.

Aaron Brabham: Oh. Maybe it's the opportunity cost of –

Porter Stansberry: But how do you –

Aaron Brabham: – driving –

Porter Stansberry: – even –

Aaron Brabham: – to the bank?

Porter Stansberry: No, but I'm saying –

Aaron Brabham: So, it's just stupid.

Porter Stansberry: – how do you – how can you even have a rational argument –

Aaron Brabham: You can't.

Porter Stansberry: – with someone who says that it's not free because you had to give them the $10.00 first?

Aaron Brabham: You can't.

Porter Stansberry: You can't.

Aaron Brabham: That's – it's not rational at all.

Porter Stansberry: And so then you think, "Well, these people aren't acting out of reason. So, what's driving them?"

Aaron Brabham: What's their real motive?

Porter Stansberry: Yeah. (A) We're not hurting anybody. (B) Their arguments are nonsensical. So, what's really going on? And then when you find out who they are –

Aaron Brabham: Yeah. When you do a little digging and you start researching who's behind –

Porter Stansberry: Right. So, it's the heirs to the Pritzker fortune.

Aaron Brabham: And the Pritzkers are –

Porter Stansberry: The Pritzkers are the –

Aaron Brabham: Let me guess.

Porter Stansberry: – folks who built –

Aaron Brabham: Big Democrat –

Porter Stansberry: Big Democrats; the heirs to the Hyatt fortune –

Aaron Brabham: Ah.

Porter Stansberry: – J. Pritzker and Associate, a longtime of Warren Buffet. These guys are very liberal, and they're very rich, and they're very tied in with certain hedge funds.

Aaron Brabham: Mmm. Oh.

Porter Stansberry: Ah.

Aaron Brabham: Ah.

Porter Stansberry: Hmm. I don't know. I don't have any proof.

Aaron Brabham: Just speculation.

Porter Stansberry: I don't have any proof, 'cause I can't really afford to go hire an army of detectives and figure out what the hell's going on.

Aaron Brabham: Your best use is serving your audience –

Porter Stansberry: Anyway.

Aaron Brabham: – which is what we're trying to *[inaudible due to crosstalk]*

Porter Stansberry: This is the down side of success.

Aaron Brabham: All right. "What Could Possibly Go Wrong?" It's a new segment I have here. Porter –

Porter Stansberry: Ooh, I like ___ ___ ____.

[Crosstalk]

Aaron Brabham: – I'm gonna read a quote.

Porter Stansberry: "What Could Possibly Go Wrong?"

Aaron Brabham: I'm gonna read a quote, here. Name this firm. This is a quote from one of their heads of PR. This firm is "broadening its reach in the multifamily segment of the housing market as it seeks to fulfill its mandate to provide affordable options for low income families." And they're talking about – the next quote – "manufactured homes are a big piece of rural affordable housing."

Porter Stansberry: So, Fannie and Freddie are gonna start lending on trailers.

Aaron Brabham: Yes, they are.

Porter Stansberry: No.

Aaron Brabham: Yes, they are.

Porter Stansberry: No.

Aaron Brabham: Yes, they are.

Porter Stansberry: Oh, my God.

Aaron Brabham: What could –

Porter Stansberry: What –

Aaron Brabham: – possibly go wrong?

Porter Stansberry: What could possibly go wrong? "___ the government's gonna give you a trailer, buddy. Yee-haw."

Aaron Brabham: I know in Texas all you have to do is knock the wheels off it, and you could homestead it. *[Laughter]* That's actually a fact. I learned that in real estate school in –

Porter Stansberry: That's –

Aaron Brabham: – Florida and Texas. It was –

Porter Stansberry: That's just a fact.

Aaron Brabham: Yeah. Just remove the wheels.

Porter Stansberry: That's just a fact.

Aaron Brabham: Put it on the ground. Even if the tornado sweeps it away –

Porter Stansberry: And how do you know this?

Aaron Brabham: You can homestead – I took a real estate course.

Porter Stansberry: Oh, real estate.

Aaron Brabham: No, I didn't live in a trailer. *[Laughter]* Maybe my family did.

Porter Stansberry: I did.

Aaron Brabham: Maybe my family did.

Porter Stansberry: I lived in a trailer.

Aaron Brabham: Maybe my family did.

Porter Stansberry: I lived in a trailer.

Aaron Brabham: When?

Porter Stansberry: In college.

Aaron Brabham: Oh, okay.

Porter Stansberry: I lived in a –

Aaron Brabham: A U.S.?

Porter Stansberry: – a trailer owned by the University of Florida out at Lake Micanopy.

Aaron Brabham: Really? How much was that?

Porter Stansberry: Yeah.

Aaron Brabham: Pretty cheap?

Porter Stansberry: No, I'm sorry. It was Lake Wauburg, in a little town called Micanopy.

Aaron Brabham: Pretty cheap, huh?

Porter Stansberry: I paid $85.00 a month.

Aaron Brabham: That's fantastic.

Porter Stansberry: Yeah. And it was full of mosquitoes. *[Laughter]* Disgusting.

Aaron Brabham: Good Lord. All right, I got one more – "What Could Possibly Go Wrong?" How do you make $100 million disappear, Porter?

Porter Stansberry: Hoo. There's lots of ways.

Aaron Brabham: This one was recently in the news.

Porter Stansberry: Ever heard of Bernie Madoff Securities?

Aaron Brabham: That – or be Mark Zuckerberg and give Newark $100 million to fix their school –

Porter Stansberry: Oh.

Aaron Brabham: – problems.

Porter Stansberry: Yeah, that sounds like a good investment, doesn't it?

Aaron Brabham: What could –

Porter Stansberry: What could –

Aaron Brabham: – possibly –

[Laugher]

Porter Stansberry: I just wrote a check to the school system of Newark –

Aaron Brabham: Of Newark.

Porter Stansberry: – for $100 million. What could possibly go wrong?

Aaron Brabham: He should've given –

[Crosstalk]

Porter Stansberry: Let me – hold on. Let me guess. All of the money ended up going to lawyers and consultants and superintendents and staff.

Aaron Brabham: And bonuses. Yeah.

Porter Stansberry: Oh, and bonuses.

Aaron Brabham: Yes.

Porter Stansberry: Great. And none of the money went to build new schools –

Aaron Brabham: No.

Porter Stansberry: – or hire smarter, better teachers.

Aaron Brabham: No.

Porter Stansberry: No.

Aaron Brabham: No way. They didn't do that.

Porter Stansberry: Silly.

Aaron Brabham: They didn't do that.

Porter Stansberry: We've gotta study where to put that new school. Hang on. We've got consultants and contractors to pay.

Aaron Brabham: Should've sent $100 million to cneonline.org. Probably would've gone a lot further there.

Porter Stansberry: Ffff. You woulda been doing everybody a favor if you'd just gone to Vegas and flushed it down a toilet. What a –

Aaron Brabham: That's terrible.

Porter Stansberry: I love how – the hubris of 20 year olds. Right? They think, "Oh, I know how to build a website. Ergo, I know how to solve all of society's problems. Watch me write a big check. Watch this."

Aaron Brabham: Ah, I bet he doesn't do that again.

Porter Stansberry: "Hold my beer, baby. Watch this."

Aaron Brabham: I hope he doesn't do – I bet he doesn't –

Porter Stansberry: "What could possibly go wrong?"

Aaron Brabham: Actually, I don't care what he does. I bet he doesn't do it again.

Porter Stansberry: "I'm the Zucker. I can solve anything."

Aaron Brabham: He was young and dumb back then. Well, maybe he still is; I don't know.

Porter Stansberry: I think he did it again, though.

Aaron Brabham: I –

Porter Stansberry: I think this week he just – I think he gave a similar check to another school system somewhere.

Aaron Brabham: 'Cause I'm sure they'll have the answers.

Porter Stansberry: Right – because they're so – clearly, they're so good at managing resources. And what I love is how dedicated they are to outcomes.

[Laughter]

Aaron Brabham: We – yeah, exactly. It's like Matt Damon, also. *[Laugher]* He's the biggest critic out there of anyone that doesn't, like, wanna send their kids to public school, but yet he sends his three daughters to private school.

Porter Stansberry: But that's different.

Aaron Brabham: Well, it's totally – it's for protection –

Porter Stansberry: That's –

Aaron Brabham: – and, you know –

Porter Stansberry: That's completely different.

Aaron Brabham: It's totally different.

Porter Stansberry: Well, I mean, shouldn't there be a law that the president of the United States has to send his kids to public school?

Aaron Brabham: There should be.

Porter Stansberry: No kidding, right? Same thing with every member of Congress.

Aaron Brabham: There should be.

Porter Stansberry: Duh. That's simple.

Aaron Brabham: And if you vote for war, you send your kids to war.

Porter Stansberry: There you go. Or how about this? If you vote for war, put on a *[beeping sound]* uniform and strap –

Aaron Brabham: And go –

Porter Stansberry: – on a sidearm.

Aaron Brabham: And go serve it first.

Porter Stansberry: Yeah. You go – you – you know, leadership leads.

Aaron Brabham: That's the problem. There's no leadership up there.

Porter Stansberry: Woulda been no war. Woulda been no war if the head of the armed forces subcommittee – if the chairman of that committee had to be on the first horse over.

Aaron Brabham: Yeah.

Porter Stansberry: Literally, 'cause it was the CIA –

Aaron Brabham: Right.

Porter Stansberry: – on horseback, right? –

Aaron Brabham: Uh-huh.

Porter Stansberry: – fighting the Taliban.

Aaron Brabham: Uh-huh.

Porter Stansberry: "Nope. Not doing that. We'll send some drones."

Aaron Brabham: "Nah, yeah, that's okay. We'll go ahead and stay out of this one."

Porter Stansberry: By the way, that goes back to my "How do you fix the entire financial problem in our country?" Simple. You make every leveraged entity – so, right? – so, every private equity fund, every bank –

Aaron Brabham: Bank.

Porter Stansberry: – every leveraged hedge fund – right? – if you lose money on a loan, all right? – then you're personally liable.

Aaron Brabham: You're personally liable for it.

Porter Stansberry: So there's no corporate shield if you have borrowed money. So, banks all borrow money. That's what deposits are.

Aaron Brabham: Right.

Porter Stansberry: Banks borrowing money from you. You might not think that way, but that's what it is.

Aaron Brabham: Right.

Porter Stansberry: Right?

Aaron Brabham: They really have nothing.

Porter Stansberry: You – they can't pay back their depositors? Sorry. The board of directors and all the senior corporate executives – they're wiped out. And that happens before a penny of government money is spent.

Aaron Brabham: They'd make better decisions.

Porter Stansberry: Fannie Mae, Freddie Mac? Borrow together – $5 trillion. They can't pay it back? Like as what happened in '08, '09? They're – the corporate executives; senior people in the company; board of directors? Wiped out. Why not? It's a – it'd be the simplest rule ever. And you would eliminate all of the nonsense in one, simple piece of legislation which wouldn't cost us anything.

Aaron Brabham: We're not gonna see that day.

Porter Stansberry: It'll never –

Aaron Brabham: It's too much common sense.

Porter Stansberry: It'll never happen. By the way, they have that law in Brazil.

Aaron Brabham: Oh, they do?

Porter Stansberry: Yeah. That's why none of the Brazilian banks ever get wiped out.

Aaron Brabham: Smart.

Porter Stansberry: Yeah.

Aaron Brabham: All right. Let's get a couple emails; get outta here. Porter, here's a classic one for you.

Porter Stansberry: Hey, I didn't say it today.

Aaron Brabham: I know you didn't. "Since January, I've been trying to get an answer to why your investment advisory model portfolio lists Johnson & Johnson's dividend at $15.45 in January and now it's $16.11 in April."

Porter Stansberry: Hmm.

Aaron Brabham: "What are you doing? Are you manipulating the numbers for it?"

Porter Stansberry: Why could that – why would that be? Probably because I'm just a liar, and I just –

Aaron Brabham: Hmm.

Porter Stansberry: – I like lying.

Aaron Brabham: Right.

Porter Stansberry: And I think that if I put something in print and send it out to 500,000 people that's a lie, no one's gonna notice.

Aaron Brabham: No one's gonna notice.

Porter Stansberry: No. I'm gonna get away with it. No. Ding-dongs. That is a cumulative amount of dividend income that we have received in our model portfolio for being investors, quote, unquote, and Johnson & Johnson – since 2006 –

Aaron Brabham: Oh, is that what happens when you have a great dividend-paying company?

Porter Stansberry: Yeah. They accumulate.

Aaron Brabham: Oh, you can make money?

Porter Stansberry: And so the reason why the dividend total went from 15 to 16 is because we got another quarterly dividend.

Aaron Brabham: Fantastic. Great idea. Maybe people should start considering dividends.

Porter Stansberry: And I gotta – I just gotta tell you – and I'm not trying to be a dick. I just gotta tell you: if you can't figure that out – if that thought doesn't occur to you; if you can't read that we made the stock recommendation in 2006, and that was eight years ago, and you don't realize that dividends get paid every quarter, then here's a tip: don't buy stocks.

Aaron Brabham: Don't invest.

Porter Stansberry: You're not going to succeed. Now, on the other hand, if you say to yourself, "I didn't quite understand that, at first, so I kept reading the newsletter month after month after month, and then I figured it

out" – bingo. You're my guy. Right? Don't – please, don't do stuff you can't understand. Please don't. And please – when you don't understand something, don't send me a letter accusing me of lying. *[Laughter]* I don't know why. That's everyone's first instinct. Like, "Oh, he must be a liar."

Aaron Brabham: I don't know why, either, but that's what they do.

Porter Stansberry: It's crazy.

Aaron Brabham: It's pretty crazy. All right. I got one more, here. It's talking about the radio show: "I found it both educational and entertaining. The educational part is really important, as you boil some complex ideas down to what really matters. I'm taking the CFA exam, and that focus on what you talk about has been very helpful."

Porter Stansberry: Wow, I tell you, the CFA exam is no joke.

Aaron Brabham: No joke.

Porter Stansberry: There's actually three of them.

Aaron Brabham: Three of them, and they say that the second is by far the hardest. I know two friends – one's passed all three, and Matt Weincheng passed the second one and is looking at the third one, and they –

Porter Stansberry: I'll tell you something funny, though.

Aaron Brabham: – kill themselves.

Porter Stansberry: And I don't – again, I'm not trying to be a dick. But I've never met a rich geologist.

Aaron Brabham: Never met a – ____ a –

Porter Stansberry: And I've never –

Aaron Brabham: – rich CFA.

Porter Stansberry: – met a rich CFA. *[Laughter]*

Aaron Brabham: It's like the Ph.D., right? It's –

Porter Stansberry: You know what I think is interesting is – I taught myself accounting. I taught myself accounting by studying stocks

carefully; by watching them; by doing. And I don't know if I could pass a CFA exam or not. I think I probably could.

Aaron Brabham: I'm sure you could.

Porter Stansberry: But I'm certain that the way I acquired my knowledge is different than cramming for an exam. Does that make sense?

Aaron Brabham: Yes.

Porter Stansberry: And so, like, now, it's –

Aaron Brabham: It's called experience.

Porter Stansberry: Now, I can literally look at a company's statements – right? – their income statement, their cash flow statement, their balance sheet – and I can tell you, just looking at it, what kinda business it is. Sometimes I can tell you – and if I know what the market cap is, I can tell you what the business is.

Aaron Brabham: Experience.

Porter Stansberry: And I think that should be part of the CFA exam.

Aaron Brabham: Totally agree. Well, Porter, look, I – we're gonna get outta here, but I wanna sincerely thank everybody that attended the Society Dallas conference and, most importantly, everybody that took their time out to come up and say hello to me, to tell me that they really appreciate the radio shows. It's very humbling for me to realize how excited people are to meet me in person – you, as well – and to see that we really are making an impact, even though they have T. rex arms. Actually, the people that we talked to didn't have T. rex arms.

Porter Stansberry: No, they don't. They're very good supporters of our business, and I'm very flattered to see that 600 people came out to watch us. It wasn't cheap ticket, and it wasn't a cheap event. It was first class all the way. It was a great pleasure to be there.

I will tell you one thing, just for future reference. Aaron's not actually in charge of anything at the conference.

Aaron Brabham: No. *[Laughter]* They feel like they know me, so they – I get beat up –

Porter Stansberry: You get all the complaints.

Aaron Brabham: I –

Porter Stansberry: Like – I loved it, because we get – it's so funny. The complaints we get, we have no power over, like – right? Like, "Why is the bathroom so small?"

Aaron Brabham: Right.

Porter Stansberry: "Well, I don't know. I didn't build the AT&T Center."

Aaron Brabham: Right. "We booked it. What can we do?" *[Laughter]* Like, "We booked" –

Porter Stansberry: I –

Aaron Brabham: "The facility shoulda been built – we can't do anything."

Porter Stansberry: I rented the nicest place in town. I – *[laughter]* – I don't know what else I could do. But I'm sorry that the bathrooms weren't big enough.

Aaron Brabham: Well, you know what? It reminds me of the Louis C.K. skit where he talks about people complaining on airplanes, and he's like, "Oh, you don't have a little bit of leg room? Oh, you didn't get your soda in time? Oh, you had to turn your cell phone off that gives you access to the world, while it took off? Meanwhile, you just traveled from New York to L.A. in five and a half hours. That was something that used to take 30 years and half your family's life to do."

Porter Stansberry: *[Laughs]* That's right.

Aaron Brabham: He's like, ""Quit bitching. Just be done with it. Come on." Like, you know –

Porter Stansberry: But most of our –

Aaron Brabham: Most of them are fantastic.

Porter Stansberry: Most of our subscribers don't bitch at all; they're wonderful, wonderful, sweet people. But if you get a crowd of 500-plus people –

Aaron Brabham: You're gonna get some.

[Crosstalk]

Porter Stansberry: – over the age of 60, and – you're going to get some funny, cranky old people.

Aaron Brabham: But overall, it was fantastic, but sincerely, I appreciate it. Please send us feedback – feedback@stansberryradio.com. Good, bad, and ugly – we love hearing from you guys. Ask questions to Porter.

Porter Stansberry: Oh.

Aaron Brabham: No personal advice.

Porter Stansberry: And I've been asking repeatedly that you not – that you please – don't listen to the podcast and never send us anything. At the very least, send us something. Tell us we suck at something. It doesn't matter what you tell us. But this week, if you haven't ever sent me any feedback at all, I want you to send an email – feedback@stansberryresearch.com. If you've ever caught yourself reading something that you misunderstood and then thinking that we were lying about it – *[laughter]*

Aaron Brabham: Yes. Please do it. And –

Porter Stansberry: I love those stories. A funny thing I get from people all the time is: people email me and they go, "Is that true?" *[Laughter]*

Aaron Brabham: No, you just write about it.

Porter Stansberry: No, I just – it sounded good to me.

Aaron Brabham: Right.

Porter Stansberry: I just made it up.

Aaron Brabham: Yeah, it's – well –

Porter Stansberry: Like something – whatever it is – they sold X number of units, or whatever – and people go, "Is that really true?"

Aaron Brabham: Well, it's your auto-writing software you have. You just put the idea in, and it just writes the newsletter for you without Porter doing anything.

Porter Stansberry: Oh.

Aaron Brabham: Just kidding. Just kidding, everybody. So, yeah, send in – feedback@stansberryradio.com or feedback@stansberryresearch.com – but put in the subject line, "You lie."

Porter Stansberry: "You lie."

Aaron Brabham: If you've ever read something that you –

Porter Stansberry: Or if you've ever thought we were lying or if you ever had *[music playing, 1:06:23 to end]* a friend or a family member tell you that we were lying – ____ –

[Crosstalk]

Aaron Brabham: Please do it.

Porter Stansberry: – this is my new fun game.

Aaron Brabham: All right. All right, guys, that's our show this week. We'll talk to you soon.

Recorded voice: Stansberry Radio was a purely public broadcast and is not intended to be personalized financial advice for any individual's specific situation. Each individual's financial situation is unique, and Stansberry Radio should not be relied upon and/or considered as personalized advice. Stansberry Radio is not licensed to render personalized advice and should be considered simply the public opinions of Stansberry Radio and its guests. Recommendations on specific financial securities are not intended to address any listener's particular financial situation.

[End of Audio]