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**HAAS****Financial  
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CENTER FOR FINANCIAL GERONTOLOGY

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**JIM'S JOURNAL****From Russia with Love**

**T**he name is Bond- James Bond (alias Jim Fydroski), Code 007. I landed at the Moscow airport on August 23, 2008 with the lovely Tatiana Romonova (alias Cecelia Fydroski), a Russian agent who is attempting to defect from the motherland. My mission is to acquire a Soviet encryption machine known as Lektor. Lektor needs to be found before the evil SPECTRE organization discovers it and upsets the balance of power in the world.

From the immortal pen of Sir Ian Fleming and the 1963 James Bond movie, *From Russia with Love*, I envisioned myself landing in Moscow as a suave, daring, secret agent on a mission to preserve western civilization. However, before my fantasy came to fruition, I woke up from my dreamy slumber as Lufthansa Flight 3180 was landing in Moscow. In reality, I was part of a cultural exchange program whose real mission was to study financial planning in Russia. Sponsored by People to People (an exchange program founded by Dwight Eisenhower in 1956) and the Financial Planning Association, we were to spend almost two weeks interacting with our Russian colleagues and touring the country. I arrived with a number of preconceived notions and left with an indelible picture embedded in my psyche quite different from where I started. The difference between governments that are often at odds and the commonality of all people is the overriding lesson to be learned here. Most people simply wish to earn a living, raise a family, visit their relatives and have the freedom to travel to distant lands to see how other cultures and civilizations live. I found this to be true in Russia as well. All too often governments and the radicalism of a few upset the humanistic order. But enough philosophizing, indulge me for the moment so that I may unfold the odyssey.

Like much of Europe, the land known as Russia

was shaped by migrating tribes that rose and fell over the centuries. Russia began as a collection of city-states that gradually banded together into an empire. The first Russian dynasty began with the Rurikid princes in 862 A.D. and ended in 1598 with the death of Tsar Fedor I. Probably the most lurid but also the best known figure of this period was Grand Prince Tsar Ivan Vasilyevich.

Young Ivan was a sullen lad growing up. At the age of three his father died and his mother attempted to concentrate power in her own hands. As a young prince, Ivan witnessed palace intrigues, power struggles and violence, all of which appeared to shape his character- he grew suspicious, sadistic and revengeful. At age eight Ivan's mother died amidst rumors that she had been poisoned and at age thirteen he proclaimed himself tsar. Ivan subsequently and summarily crushed everyone in his path to consolidate his power, including his eldest son whom he killed by striking with an iron rod. Ivan is credited with forming the first secret police force in Russia in 1564 and was married eight times. Unfathomable as it may

**INSIDE THIS ISSUE:****MARK'S MEMO****WEB BROWSING**

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seem, several of the wives experienced “untimely and unexplainable deaths”. Few outside Russia would be familiar with the deeds and name of Grand Prince Tsar Ivan Vasilyevich; however, you might better recognize him by his historical nickname: Ivan the Terrible.

After the death of Tsar Fedor I, civil war engulfed Russia for the next fifteen years until 1613 when Michael Fedorovich Romanov was elected tsar. The Romanov dynasty ruled Russia until 1917. Two of the most notable leaders of this period were Emperor Peter I (Peter the Great who ruled from 1682 to 1725) and Empress Catherine II (Catherine the Great who ruled from 1762 to 1796). Peter the Great is probably the most famous member of the Romanov family. He changed the course of Russian history by turning Russia into a powerful empire. After gaining the throne, Peter spent two years on a grand tour of Europe, absorbing Western politics and ideas, many of which he brought back to Russia. He founded St. Petersburg, the “capital of the north”, which even today remains the cultural and maritime capital of Russia.

Catherine the Great of Russia was actually a German princess who married the heir to the Russian throne and organized a bloodless coup to remove her husband from power. During her reign, Catherine centralized all power in the monarchy. She defeated the Turks and reigned over an empire that extended from the Baltic Sea to the Pacific Ocean.

The Romanov dynasty ended in 1917 when Emperor Nicholas II and his entire family were executed by the Bolsheviks. The Soviet Period from 1917 to 1991 was ushered in by the Bolshevik “Red” army of Nicolai Lenin who triumphed over the opposing “White” army forces. The victorious Bolsheviks formed The Union of Soviet Socialist Republics (USSR) in 1922. The new government of Lenin began to reshape Russian society by breaking down the power of the Russian Orthodox Church and reshaping the work force. After Lenin’s death, Josef Stalin engineered a massive industrialization program and crushed all opposition in his way. Millions died under Stalin’s dictatorship via political purges, by being interned at the gulag or from famine created by inept economic policies.

Germany invaded Russia in 1941 and it is estimated that 27 million Russians perished in the conflict. Stalin’s post-war land grab saw the “Iron Curtain” of communism usurp formerly democratic countries. And in 1949, the USSR developed its own nuclear arsenal sparking a Cold War that lasted 50 years.

Discontentment with Soviet rule slowly began to emerge and peaked in the late 1980’s. Mikhail Gorbachev’s policy of glasnost (openness) addressed the need for freedom of thought but failed to tackle underlying economic problems. Boris Yeltsin pressed for faster reform, sparking a bitter struggle that ended with Gorbachev’s resignation as Soviet president on December 25, 1991. The next day, the USSR was formally dissolved.

Boris Yeltsin was elected president of Russia by popular vote in June 1991. By the fall of 1993 his autocratic ideas of the Russian presidency created discontent and an armed insurrection followed. Yeltsin shelled the Russian White House with tanks and imposed a new constitution with strong presidential powers. Vladimir Putin was elected second president of the Russian Federation in 1999 and Dmitry Medvedev became the third Russian president in 2008. The Russian economy and government are still evolving.

Russia is the seventh most populated country in the world, and the largest in terms of area. It spans nine time zones. A train that leaves Moscow takes 6 ½ days to reach Vladivostok on the Pacific coast. Russia is slightly less than twice the size of the United States.

Next month: Moscow, St. Petersburg and Financial Planning in Russia; Lookback: Third Quarter, 2008.

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## MARK'S MEMO



### DOES NOT EQUAL

#### Washington Mutual Investors Fund<sup>SM</sup>

**W**ashington Mutual Bank (WaMu), now owned by JP Morgan, is a bank. It is a completely different entity than Washington Mutual Investors Fund<sup>SM</sup>. The second is a high quality mutual fund, run by American Funds, some of the smartest people in the world of investing. I have faith in them and will be glad to discuss why with anyone. Please call for a pep-talk if you so desire.

#### Investment Company Issue

**B**etween 1996 and 2001 Franklin Templeton had a few mutual funds in which improper trading allegedly took place. They settled with the SEC. Recently Franklin Advisors issued checks. If you received a check, written to you personally, it is a tax free return of capital. If the check was written to your IRA, TSCA or Pension, then it is a taxable distribution. You could roll it over into your existing IRA. Feel free to call for guidance.

#### FISERV Goof

**S**ome of you received paperwork in the mail from FISERV indicating that Don Haas retired and was removed from your account. This was in error. FISERV has corrected the error. To avoid future error, we recommend you add either Jim or I as your representative, sign the form and send it to Haas Financial for processing.

#### Cash Money Market Fund Used By Haas Money Management Program

**R**ydex U.S. Government Money Market Fund solely invests in U.S. government securities, government sponsored agencies and repurchase agreements that are fully collateralized by U.S. treasury securities. As a result, Rydex's U.S. Government Money Market Fund has no Lehman Brothers exposure. Also, as a policy, Rydex U.S. Government Money Market Fund does not own asset-backed commercial paper of any kind.

#### Mutual Fund Name Change

**P**hoenix Investment Partners has changed their name recently, and is now Virtus Investment Partners. If you still have any funds held by them, let's talk about selling it soon. Contact our office, and we will do what we can for you.

#### Market Uncertainty

**I**f you are not frightened or at least apprehensive by what is happening in the stock market then your veins must be filled with ice. Or you might be Warren Buffett. Aside from the fact he is one of the richest people in the world, he is also one of the most successful investors ever. When the markets are in turmoil, I try to see what Warren Buffett is saying and doing.

Mr. Buffett is investing. That's right. He is buying low. How low is not important. What is important is that he is not selling low. There is a gross misconception that when the markets drop, wealth is lost. This is false! When markets drop, stuff is on sale. When markets soar, stuff is selling at a premium. If you sell into a market drop you are punished for selling low. If you sell into a market rise you are rewarded for selling high.

As soon as we see the markets soar again, we will rebalance portfolios and sell high to have an appropriate amount of cash. It's ok to be worried about this market. It is not ok to go on television and scream, rant and rave that the world is coming apart and you should sell low and put your money under your mattress. Anyone advocating such a plan should be stripped of his credentials and incarcerated for gross negligence and lying maliciously to the American people. Better yet, let's turn off such nonsense and watch a good movie.



# ONLINE RESOURCES

Here is a list of excellent websites for your consideration. Many questions can be answered by these sites. We hope you find them useful. We will post this issue on our website (<http://www.haasfsi.com>). If you open this newsletter from the website you will be able to click on the links.

## **EDIE: The Estimator**

<http://www.fdic.gov/edie/calculator.html>

This is an interactive calculator that evaluates your bank accounts. It tells you how much FDIC insurance you have available when you enter your balances.

## **Insurance Agent Information**

[http://www.dleg.state.mi.us/fis/ind\\_srch/ins\\_agnt/insurance\\_agent\\_list.asp](http://www.dleg.state.mi.us/fis/ind_srch/ins_agnt/insurance_agent_list.asp)

This website allows you to search for Insurance Agents who are doing business in Michigan. It shows you what qualifications they have, as well as what insurance types they can sell.

## **Buyers Guide to Auto Insurance**

<http://www.dleg.state.mi.us/fis/pubs/guides/auto/Search.asp>

The Michigan Buyer's Guide to Auto insurance allows you to select from a variety of life situations and insurers to compare quotes. While the most accurate quotes will come from agents themselves, this offers a great starting point to see if you are paying too much for auto insurance.

## **Buyers Guide to Home and Renter's Insurance**

[http://www.michigan.gov/documents/cis\\_ofis\\_03homegd\\_74854\\_7.pdf](http://www.michigan.gov/documents/cis_ofis_03homegd_74854_7.pdf)

This guide outlines basic home insurance premiums—how they are calculated, what they cover on a situation-by-situation basis, and how to reduce your premium costs. This is a great starting point for anyone looking to buy or rent in Michigan.

## **Michigan's Money Quest**

<http://www.michigan.gov/treasury/0,1607,7-121-44435-7924--,00.html>

An amazing website put together by the Michigan Department of Treasury, it allows you to enter your name into a search to see if there is any unclaimed property under that name. Who knows what could be unclaimed and waiting for you?

## **Michigan Office of Services to the Aging**

<http://mi.gov/miseniors>

An excellent site that offers government and not-for-profit resources for persons needing a little extra care. It also offers access to a number of topics on age and aging.



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