THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF FLORIDA TAMPA DIVISION

RICHARD FORMICA, MARILYNN FORMICA, AMI MARIE FORMICA, MATTHEW FRANCIS FORMICA, AND KEVIN FRANCIS FORMICA,

Plaintiffs,

8:11-CIV-00516-MSS-EAJ

-against-

DONALD H. ROWE, THE WALL STREET DIGEST INC., a Delaware corporation, and CARNEGIE ASSET MANAGEMENT, INC., a Delaware corporation,

Defendants.

DECLARATION OF RICHARD FORMICA IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

- I, Richard Formica, being over the age of 18 and under penalty of perjury, declare the following under 28 U.S.C. § 1746:
- I am a plaintiff in the above-captioned matter. I make this declaration on personal knowledge in opposition to Defendants' Motion for Summary Judgment.

{00219968.DOC}

- I have been a resident of Haworth, New Jersey for over thirty years. I am married
 to Marilynn Formica, and we have three children, Ami, Matthew and Kevin Formica. We were
 all residents of New Jersey during the time period relevant to this action.
- I had full authority to make investment decisions for Marilynn, Ami, Matthew and Kevin, and I made those decisions on their behalves, as their agent, during the period of 1994 through 2010.
- 4. I began subscribing to The Wall Street Digest ("TWSD") in the early 1990's. I received TWSD and the "special reports" up until 2009, though there may have been years when I did not receive it. For most of the years, I received TWSD once a month, though in certain years I received it daily via email. I read it regularly and paid a subscription fee.
- I also received "special reports" and/or "bonus reports" from Donald Rowe.
 These were the reports that recommended the hedge funds in which my family and I invested.
- 6. My first phone contact with Rowe was in the mid-1990's. I called Rowe when I had an investment decision to make, and when Rowe had an investment opportunity for me, Rowe contacted me. I had Rowe's personal mobile phone number, which was not published in TWSD or in any of Rowe's special reports.
- 7. I invested in five hedge fund families, and called Rowe to get his advice as to whether I should invest in the funds he recommended. I trusted Rowe and relied upon his purported expertise to advise me, given I am a doctor and he held himself out to be an expert regarding financial matters. Indeed, as per TWSD, Rowe claimed that TWSD is "Wall Street's Most Widely Read Investment and Financial Service." See Ex. 1. I also called Rowe any time I

{00219968.DOC}

was going to make an initial investment, if I had a question about the funds' trading, and when I was deciding whether to remain invested in a particular fund or switch.

8. Rowe gave me personalized investment advice tailored to my situation. He would advise me not only to invest in certain funds, but also when to redeem from a fund. For example, I called him about my concerns regarding High Street and he advised me to take my money out of High Street and put it in Nadel-Moody. He would also advise me as to the relative safety of investing in each fund and how the trading strategy in each fund worked. I relied heavily on Rowe's representations that he had met with the managers and trusted them.

The Draseena/Kenzie Funds (1996-2010)

- 9. In around 1995, I became aware of hedge funds when Rowe recommended that I invest in the Three Oaks Currency Fund. When Rowe first told me about the Three Oaks Currency Fund, it was part of the Kenzie Group—later known as the Draseena Group—and was managed by Daniel Spitzer and Al Gerebizza. Rowe and I discussed the Three Oaks Currency Fund in detail after Rowe published information about it and I called him to get more information.
- 10. Rowe told me that Kenzie/Draseena had developed a proprietary trading program for dealing with currencies and sovereign bonds, that this proprietary trading program worked very well and was hedged so that its gains and losses were small and that the fund was profitable and safe. He also told me that Spitzer and Gerebizza were very competent, that they had been working on their proprietary trading program for some time and that they were trustworthy.
- 11. When I spoke with Rowe, we discussed the volatility of currency investments, and Rowe explained that this was not the kind of volatile currency speculation that Rowe was {00219968.DOC}

opposed to, but instead was a proprietary trading system in which they bought global bonds, and they hedged the slight fluctuation in currency values. Rowe told me that he was confident in Spitzer and Gerebizza and in the fund's safety and profitability. Before I invested, I called and spoke with Daniel Spitzer, who told me that he had been dealing with Rowe for a while and that Rowe's description of the fund was accurate.

- 12. As a result of Rowe's recommendation and in reliance on Rowe's assurance that Spitzer and Gerebizza were trustworthy, I began investing with the Draseena Group in 1996, and remained invested for fourteen years. In or around 2000, I learned from a conversation with Spitzer that Spitzer had voluntarily turned in his trading license to the National Futures Association to avoid a protracted conflict over what he told me was a "technical disagreement over the wording of certain advertisements that preceded the Three Oaks Currency Fund operations." Spitzer added that Al Gerebizza could do the trading for the funds so it was not worth the time to straighten out the disagreement. I was not concerned, because I believed that if it were something important, Rowe would have called me and told me about it.
- 13. Over the course of fourteen years, my family invested a total of approximately \$5,849,121 in the Draseena funds (Three Oaks Currency Fund, LLC, Three Oaks Senior Strength Fund, LLC, Three Oaks Senior Strength Q Fund, LLC, Arrow Fund, LLC, Arrow Fund II, LLC.)
- 14. However, in around 2010, I learned that the government brought criminal charges against Spitzer and Gerebizza and that the Draseena Group funds were a fraud.
- 15. Though I was able to redeem some of my family's investment in the Draseena Group, we are still owed in excess of \$1,840,592. The SEC has told me that there are no assets left in the Draseena Group funds.

 {00219968.DOC}

The Nadel-Moody Funds (2001-2009)

- 16. In or around 2001, I received a report from Rowe—on Carnegie Asset
 Management, Inc. letterhead—about exceptional results achieved by managers of a hedge fund in
 Sarasota, Florida, Arthur Nadel and Neil Moody ("Nadel-Moody"). After receiving the report about Nadel-Moody, I contacted Rowe.
- 17. Rowe told me that the hedge fund discussed in the letter was the Valhalla Fund, and though it was closed to investors, Nadel-Moody created or had already created a clone fund. The report I received from Rowe stated that Rowe had done due diligence on Nadel-Moody, and I believed that the information about Nadel-Moody's results that were included in the report were based on Rowe's due diligence. I believed Rowe's representation that he had investigated Nadel-Moody's methods, their reports and their results before Rowe wrote his special report.
- 18. I believed that Rowe was an expert and a professional, and that Rowe had the ability to gather more information than I did and that Rowe knew what to do with the information and how to analyze it. Rowe told me that he knew Nadel personally, that Nadel and his wife were major contributors to the arts and to charity, and that Rowe had a lot of faith in Nadel's integrity.
- 19. Rowe also told me that Nadel's trading methodology was extremely safe as it was based on making very small investments using mathematical formulas. As a result of Rowe's recommendations, I invested millions in the Nadel-Moody funds.
- 20. But I did not know—because Rowe never told me—that Rowe received illegal referral fees in exchange for touting and recommending the Nadel-Moody funds. TWSD was nothing but a way for Rowe to tout the Nadel-Moody funds. Rowe never told me about the {00219968.DOC}

referral fees, and none of the "special reports" sent to me by Rowe about Nadel-Moody disclosed that Rowe received referral fees for his solicitation of investors.

- Rowe touted Nadel-Moody in one of his special reports and claimed that he performed "a due diligence visit to the offices of Moody & Nadel." See Ex. 2.
- 22. In addition, Rowe touted Nadel-Moody's performance results as "actual results achieved by an effective team of managers in Sarasota, Florida." See Ex. 3. I was lead to believe that Rowe had actually verified these results through his due diligence.
- 23. In mid-January 2009, I learned for the first time that Arthur Nadel had abandoned the Nadel funds under suspicious circumstances and that all of the investors' money was gone.

 On January 21, 2009, the SEC filed a lawsuit in the Middle District of Florida, SEC v. Arthur Nadel, et al., Case No. 8:09-cv-87-T-26TBM, which revealed that the Nadel-Moody funds were a Ponzi-scheme and that no money remained in the funds.
- 24. I did not learn that Rowe received fees for recommending Nadel-Moody until after January 2009, when the Nadel Ponzi scheme was exposed.
- As a result of Rowe's recommendation to invest in Nadel-Moody, my family lost \$3,893,535.

High Street Capital Management (2006-2008)

26. In 2006, I learned about High Street from a conversation with Rowe or a report sent by Rowe. Rowe told me that the fund's manager, John Bartoletta, was a state-of-the-art trader with a staff of four or five experienced traders. Rowe told me that he was in favor of Bartoletta's strategy, which was trading specific markets when they were moving in a direction that was predictable, and that Bartoletta was very successful in employing that strategy. {00219968.DOC}

- 27. Rowe told me that Bartoletta was very competent and trustworthy, and that the funds were safe in part because he could stay away from volatile and unpredictable markets.

 Rowe told me that Bartoletta's trades were very short term and would last twenty minutes to an hour, which avoided the problem of having an overinflated asset caught in a bubble. Rowe told me that he spent a week with Bartoletta and his traders, carefully studying and watching, which led me to believe that Rowe looked over the books, the trading methods and the results.
- 28. As a result of Rowe's recommendation, on May 18, 2006, I invested \$250,000 of my family's money in the High Street Futures Fund, LP. Over the next several months, until October I, 2006, we invested an additional \$1,200,000, for an aggregate investment of \$1,450,000 in the High Street Futures Fund. On July 1, 2006 and August 1, 2006, I invested a total of \$500,000 of my family's money in the High Street Global Futures Fund, Ltd. Both High Street Futures Fund and High Street Global Futures Fund were managed by Bartoletta.
 - Rowe never told me that he received referral fees for recommending High Street.
- 30. After my family invested in High Street, I had a conversation with Rowe in which he said that he was disillusioned with Bartoletta's trading system and that I should move my money elsewhere. When I asked whether I should move my money to Nadel-Moody, Rowe encouraged me to do so temporarily, while Rowe developed the Carnegie Fund.
- 31. On August 31, 2007 and December 31, 2007, I redeemed \$711,239 from High Street and invested that money in the Nadel-Moody Ponzi scheme. The remaining \$488,761 was lost by High Street. On October 31, 2007, I redeemed \$100,000 from the High Street Global Futures Fund and invested that sum in the Draseena funds.

{00219968.DOC}

Towards the end of 2007, I was able to redeem approximately \$222,862 from
 High Street, but ended up losing a total of \$815,899.

The Carnegie Fund (Late 2007-2009)

- 33. In late 2007 Rowe began soliciting investors—including me—for the Carnegie Fund, which was a "feeder fund" that he created. Rowe solicited investors for the Carnegie Fund through special reports and verbally.
- 34. Rowe told me that the Carnegie Fund was a feeder fund, and explained that he would be the general partner of the fund and that when he got money from investors he would feed it to twenty different managers, each of whom managed a fund. Rowe told me that he would select the best twenty managers out of thousands, and that he would vet each manager.
- 35. I relied on Rowe's representations and on November 1, 2007, invested \$200,000 in the Carnegie Fund. On February 1, 2008, I invested an additional \$390,000 in the Carnegie Fund.
- 36. After investing in the Carnegie Fund, I learned that three of nine managers selected by Rowe were engaged in practices that may have been fraudulent.
- 37. While my family eventually redeemed \$497,000 from the Carnegie Fund, we have been unable to redeem the remaining \$93,000 of our investment.

The Wall Street Digest Fund (Late 2008-2009)

38. Along with the Carnegie Fund, Rowe also created a fund of funds called the Wall Street Digest Fund and solicited investors through special reports and verbally. When I asked Rowe why I could not invest directly in the funds that the Wall Street Digest fund planned to invest in, Rowe told me that a certain manager required a minimum investment of \$5 million, {00219968.DOC}

and that because investors like me could not afford that, the manager would allow Rowe to pool the money of a number of investors and invest in his fund.

- 39. So, in order to invest with this manager, I had to go through Rowe. Rowe spoke in great superlatives about this manager, who ran a fund that specialized in betting against the market, and called this manager the best short trader he had ever encountered. Based on Rowe's recommendation, I invested \$100,000 in the Wall Street Digest Fund. After receiving a report that we earned 5% during November 2008 and after a discussion with Rowe, my family invested an additional \$50,000 in the Wall Street Digest Fund on January 1, 2009. But on March 19, 2009, we received a letter from the Wall Street Digest Fund stating that the track record of the fund for November and December was incorrect and it had to be revised downward.
- On April 7, 2009, my family was able to redeem \$140,000 of our investment from the Wall Street Digest Fund. We are still owed \$7,000.
- 41. I never knew that Rowe received referral fees for recommending the hedge funds that I invested in, or that he never did any actual due diligence on the hedge funds that he recommended until after January 2009, when Nadel-Moody was exposed as a Ponzi scheme and the truth about Rowe's connections to the hedge funds he recommended came to light for the first time.

Summary of losses

42. In Defendants' Motion, he incorrectly claims that between 1996 and 2009, I invested a total of \$2,885,607 in nine separate Draseena hedge funds and withdrew \$3,203,718 for a profit of \$318,110. See Defendants' Motion at 6. But in one fund alone, the Three Oaks Currency Fund, I invested \$2,885,607 and withdrew \$2,700,808 by 2005 for a loss of \$184,799. I also invested \$245,939 in a second Three Oaks Fund and withdrew \$131,000 for another loss of \$114,939. {00219968.DOC}

- 43. In sum, I, Marilynn Formica, Ami Formica, Kevin Formica and Matthew Formica, invested a total of \$5,849,121 in the Draseena funds. We redeemed a total of \$4,008,528, for a loss of \$1,840,592 incurred between 1995 and 2009.
- 44. With respect to Nadel-Moody, Defendants also incorrectly state that "between October 2001 and May 2008 the Pension Plan invested \$2,088,200 and withdrew \$2,500,000 between 2004 and 2008." See Defendants' Motion at 10. This characterization is misleading, because I did not take \$2,000,000 as profit—instead, I reinvested that money in another Nadel-Moody fraudulent fund. So, I invested \$2,228,000 and withdrew \$500,000 from the Pension Plan's account in the Nadel-Moody Viking Fund between October 2001 and 2008. The \$2,000,000 "transfer" was bogus and fictitious because my money was simply transferred by Nadel from an account in one fraudulent fund to an account in another Nadel-Moody fraudulent fund.
- 45. Ninety-five percent (95%) of the money I invested in Nadel-Moody was invested between October 2001 and the end of 2004, long before Rowe claims he stopped recommending Nadel-Moody.
 - 46. Rowe never told me that he stopped recommending Nadel-Moody.
- 47. In reality, on my own behalf and on behalf of Marilynn Formica, Ami Formica, Kevin Formica and Matthew Formica, my family invested a total of \$5,813,535 in Nadel-Moody, withdrew \$1,920,000, and lost a total of \$3,893,535.
- 48. With respect to High Street, in 2006, I invested in two different High Street Funds on behalf of myself and/or Marilynn Formica. We invested a total of \$1,950,000 in 2006. In 2007, I withdrew a total of \$1,134,101 from our accounts in the High Street funds. The total loss for me and Marilynn as a result of our investment in High Street funds was \$815,899. {00219968.DOC}

- 49. With respect to the Carnegie Fund, I invested \$590,000 in the Carnegie Fund beginning in late 2007 and ending in early 2008 on behalf of myself, Ami Formica, Kevin Formica and Matthew Formica. In late 2008, I began withdrawing money, for a total of \$497,000. I have since been told that the rest of the money is "not available and not liquid." I lost a total of \$93,000 in this fund of funds managed by Donald Rowe.
- With respect to the Wall Street Digest Fund, I invested \$100,000 in 2008 and another
 \$50,000 in 2009. I withdrew \$140,000 from the fund in 2009. The total loss was \$10,000.

I declare under penalty of perjury that the foregoing is true and correct and is executed this day of November, 2012.

Richard Formica

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 1 of 16 PageID 2767

THE WALL STREET DIGEST — Our 31st Anniversary — August 2007

THE GREATEST GLOBAL BOOM OF ALL TIME

The 2006-2010 bubble boom is being driven by record global liquidity that has been created by the world's central bankers. During his 18 years as Chairman of the Federal Reserve, Alan Greenspan created more money than all other Federalrimen combined.

Greenspan's automatic response to every financial crisis around the globe was to flood the U.S. banking system with ample sums of additional cash.

His objective was to keep each crisis from washing up on our shores. He was successful in stabilizing the U.S. economy, but the eventual net result was the current inflationary pressures that Fed Chairman Bernanke is dealing with. Greenspan created too much money, which produced a falling dollar, which then prompted OPEC to raise oil prices to compensate for the falling value of its U.S. dollar holdings and dollar-denominated investments.

Greenspan also taught the world's central bankers how to create money; hence, the global super economic boom, which I forecast two years ago.

Record global liquidity will keep any market sell-offs to a minimum because the bulls will purchase stocks on every market pullback. The current global boom will last until virtually every dollar of liquidity is finally invested somewhere. Most analysts agree that 2007 and 2008 will produce above average profits for equity investors in the U.S., Europe, Asia, Latin America, and the emerging markets.

I expect the U.S. stock market to reach a bubble top at a new all-time high in late 2009 or 2010.

However, the global boom is creating three other investment opportunities that should not be ignored. The global demand for oil will continue to push oil prices to new highs. Global oil demand is rising faster than global oil supply. Global inflation is also forcing OPEC to raise oil prices. China, with 1.3 billion people hoping to purchase an automobile, is aggressively searching the world to secure additional, reliable oil imports.

Automobile sales are soaring in China, so the demand for gasoline and other petroleum products will continue to soar.

China is rapidly building nuclear energy plants in order to produce electric power, which will reduce the strain on rising oil imports. Two hundred nuclear energy plants are planned in Mainland China. China's communist leaders are acutely aware that future global oil production will not satisfy the rapidly expanding future needs that have been created by the economic boom in China, Asia, India, and the emerging markets.

Quarter after quarter, China reports economic growth in the 10.5 to 11.5 percent range.

India just reported a 10 percent increase in industrial production last month, compared to 0.5 percent in the U.S. Oil prices are more likely to inch higher for the remainder of the decade. Therefore, I have added the following energy service investments to our recommended list:

EXHIBIT

1-26-12

8830 South Tamiami Trail - Suite 110 - Sarasota, FL 34238 - www.wallst

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 2 of 16 PageID 2768

August 2007

	Symbol	%Gain
National-Oilwell, Inc. (NYSE)	NOV	84.5
Western Refining, Inc. (NYSE)	WNR	141.6
PowerShares Dynamic Oil & Gas Services (ETF)	PXJ	36.3
Fidelity Select Energy Services	FSESX	35.8
ProFunds Ultra Oil Equipment Distribution Services	OEPIX	42.9

The global boom is also creating unprecedented demand for commodities, basic materials, and the natural resources necessary to build-out the global infrastructure. Analysts believe China, India and Asia will continue to enjoy above average growth rates well into the next decade and survive the 2010 to 2012 U.S. bear market and recession. Basic materials are among the top-performing sectors in both ETFs and mutual funds.

Because of the global boom, every investor should own at least one of the investments recommended below:

	Symbol	%Gain*
WisdomTree Basic Materials	ETF DBN	35.6
Fidelity Select Natural Resou	rces FNARX	31.4
ProFunds Ultra Basic Materi	als BMPIX**	38.0
*Percentage gain 1/1/2007-7/16/20	007	

**Leveraged at 150%

The global boom is creating unprecedented profits from 34 of the world's 35 largest stock markets. Consequently, in addition to the profit from rising global stock prices, you can capture a second profit from the falling U.S. dollar. Global/international investment profits for Americans are enhanced by the rising local currency against the falling dollar.

The bottom chart on page 6 documents the relentless fall of the U.S. dollar.

The U.S. Treasury verbally supports a strong dollar, but allows the dollar to fall, which enhances the competitive position of U.S. corporations. As a result of the falling dollar, U.S. exports are growing faster than imports. However, a falling dollar is a double-edged sword.

While helping U.S. companies, the purchasing power of the dollar continues to erode, which adversely affects all American consumers.

The 2002 U.S. dollar has already lost 35 percent of its purchasing power. Therefore, American investors should move a <u>substantial</u> portion of their total portfolio assets offshore. Let's compare the year-to-date return of the major U.S. stock market indices with the year-to-date gains from two groups of offshore investments:

Index	Gain*
S&P 400 Mid-Cap	14.4
Dow Industrial Average	11.9
Nasdaq Composite	11.7
S&P 500	9.3
Russell 2000 Small-Cap	7.7
*P	

*Percentage gain 1/1/2007-7/16/2007

Case 8:11-ev-00516-MSS-EAJ-Document 114-77 Filed 16/23/12 Page 3-of 16 PageID-2769

THE WALL STREET DIGEST

August 2007

Mutual Funds	Symbol	Gain*
Fidelity Southeast Asia	FSEAX	38.9
Fidelity Latin America	FLATX	33.6
Fidelity Emerging Markets	FEMKX	29.1
Fidelity Canada	FICDX	27.1
Fidelity International Small-Cap	FSCOX	18.5
ProFunds Ultra Emerging Market**	UUPIX	49.3
**Leveraged by 150 percent		
ETFs		
iShares MSCI Brazil Index	EWZ	45.0
iShares S&P Latin American 40 Index	ILF	34.8
iShares MSCI Malaysia Index	EWM	32.0
iShares MSCI Singapore Index	EWS	26.9
iShares MSCI Emerging Markets Index	EEM	24.0
iShares MSCI Mexico Fund	EWW	23.5
*Percentage gain 1/1/2007-7/16/2007		

With the exception of the Nasdaq 100 and the Nasdaq Composite, every major U.S. stock market index has recently posted a new all-time high. There are numerous low-risk investments in the U.S. stock market, such as the top-performing sector funds which I have recommended for more than two decades.

I have encouraged investors to own the top-performing sector funds because they have consistently outperformed every major U.S. stock market index.

Study the year-to-date performance of our recommended Fidelity Select Funds and leveraged ProFunds shown below. Now compare their impressive returns with the major U.S. stock market indexes shown on page 2.

Mutual Funds	and the same of th	Symbol	%Gain*
Fidelity Select Energy S	FSESX	35.8	
Fidelity Select Wireless		FWRLX	29.7
Fidelity Select Materials	3	FSDPX	26.0
Fidelity Select Telecomi	munications	FSTCX	22.2
Fidelity Select Technology	FSPTX	20.1	
ProFunds Ultra Basic Materials	150% of DJ U.S. Basic Mat'ls	BMPL	x 38.0
ProFunds Ultra Oil Equip. Serv.	150% of DJ U.S. Oil Serv. Index	OEPL	X 42.9
ProFunds Ultra Mobile	150% of DJ U.S. Mobile Telecon	i. WCPE	X 29.1
ProFunds Ultra OTC	200% of Nasdaq 100 Index	UOPI	X 27.5
ProFunds Ultra Telecom.	150% of DJ U.S. Telecom. Index	TCPL	X 23.5
*Gain 1/1/2007-7/16/2007			

Finally, for conservative investors, I recommend the WisdomTree International Dividend Funds because interest rates are higher in many countries than they are in the U.S. Plus, your offshore return is enhanced by the falling dollar.

Case 8:11 cv 00516-MSS-EAJ | Document 114-77 | Filed 10/23/12 | Page 4 of 16 PageID 2770

THE WALL STREET DIGEST

August 2007

Fund	Symbol	%Gain*
WisdomTree Pacific High-Yielding Equity	DNH	24.2
WisdomTree Pacific Ex-Japan Total Div. Fund	DND	24.0
WisdomTree Intl Small-Cap Fund	DLS	17.8
WisdomTree Europe Small-Cap Dividend	DFE	16.5
WisdomTree Intl Mid-Cap Dividend Fund	DIM	16.5
WisdomTree Top 100 Int'l Dividend	DOO	14.9
[17] 그램 그램 10일 : 10일		

*Gain 1/1/2007-7/16/2007

I encourage you to remain fully invested, with up to 75 percent of your assets in offshore investments because of the falling dollar. Global liquidity is one of the most important figures for you to keep in mind. \$5.24 trillion dollars will keep the bulls in charge of the stock market for at least the next 18 to 24 months.

There are two possible scenarios that I am watching closely. One could accelerate the end of the U.S. economic boom and bull market.

The other could terminate the global boom and produce higher rates of global inflation. The first scenario is a laundry list of tax increases proposed by the new Congress. If enacted, they would add nearly \$3 trillion to America's tax bill over the next decade.

And, without fixing any of the problems we have with soaring entitlements!

These taxes, if enacted, will bring a halt to the economic growth that tax cuts helped to produce. That will hurt all of us, rich or poor. The other scenario: "Oil could soar past \$100 on demand" and bring the global boom to an end. Scott Stoddard wrote the following article on page one of the July 16, 2007, Investors Business Daily:

"U.S. crude futures jumped \$1.43 to \$73.93 a barrel after the International Energy Agency said global oil demand growth in 2008 will be the strongest in years.

A supply shortfall could herald further increases in oil prices, though experts appear divided on how much higher they can go. Some said a spike in prices would derail economic growth, while others said significant price increases can be sustained. 'My line right now is that we're headed to triple-digit oil prices within three or four years and the first digit is not going to be a 1,'

said Philip Verleger, an economist who heads energy consultancy PK Verleger, LLC.

He cited 'huge' pent-up demand in China and the rest of Asia, lack of growth in production capacity and reduced investment in refineries amid local resistance to new sites, and worries about measures to fight global warming. 'We've created a situation where prices are going to go up a lot,' said Verleger, a respected forecaster." There is no question among oil analysts:

Insatiable oil demand from the global boom in China, India and the emerging markets will push oil prices to new highs by 2010.

Case 8:11-cv-00516-MSS-EAJ - Document 114-77 - Filed 10/23/12 - Page 5 of 16 PageID-2771-

THE WALL STREET DIGEST

August 2007

Every money manager is asking: "At what price will oil terminate the global boom?" Either of these two scenarios (higher taxes or higher oil prices) could unfold and produce a recession and bear market earlier than my "late 2009 or 2010" forecast. In the meantime, record global liquidity should push global stock prices much higher over the next 18 to 24 months. The period from 2010 forward, however, will be vastly different.

During that time, the American investor and consumer will be dealing with a deflationary economy for the first time since the 1930's Great Depression, instead of relentless creeping inflation.

American consumers learned how to use inflation to increase their net worth. Inflation destroyed the relative value of the mortgage on a home, while increasing the selling price of the home. That strategy will not work when deflation arrives in 2010. Instead of destroying the relative value of debt, deflation will relentlessly destroy the debtors.

The price of most things will decline, and jobs will be eliminated to cut costs.

Consequently, the monthly Jobs Creation Report is the most closely watched economic report. You should pay-off all debt before year-end 2009. Do not look for real estate foreclosure bargains. Residential real estate located on the West Coast, the East Coast and the Gulf Coast will experience further price reductions during the recession of 2010-2015.

Renting a home is still cheaper than owning a home. Consider selling all residential real estate investments, including homes, condos, and rental investment properties.

Do NOT invest money in Mainland China. China's problems are just beginning. Corruption to the core of 1.3 billion people will prevent China from becoming a global power.

THE FUTURE OF THIS BULL MARKET LOOKS VERY BRIGHT

After five years of strong returns one might expect investors to be euphoric. Instead, we continue to see extreme levels of bearishness. It is not just the average investor that is littery. Research firms and stock analysts currently have the fewest "Buy" ratings than at any other time in the last ten years.

These high levels of bearishness historically are very bullish for the markets.

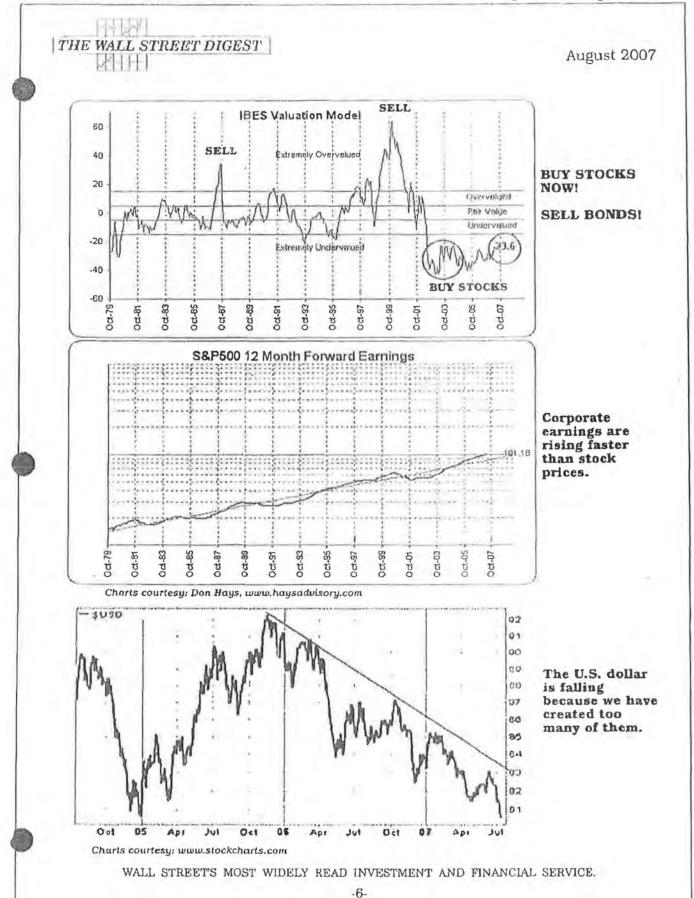
As long as there is plenty of pessimism around, the market should continue to climb the "wall of worry" toward new highs. Another component of our asset allocation model that still reflects conditions similar to the bear market is our valuation gauge.

Why are stocks still extremely undervalued after the huge market run?

The main contributing factor is that earnings for the S&P 500 have screamed up over 80 percent since October 2002. As we have stated in past market commentaries, we believe Ed Yardeni is on target with his forecast of continued

WALL STREET'S MOST WIDELY READ INVESTMENT AND FINANCIAL SERVICE.

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 6 of 16 PageID 2772



Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Fage 7 of 16 PageID 2773

THE WALL STREET DIGEST

August 2007

strong earnings growth for the S&P 500 and an earnings expectation of \$104 by the end of 2007.

Using Ed's earnings estimate and considering the old "rule" of 18-22;

which says a fair valuation P/E multiple range for the market can be calculated by subtracting the expected inflation rate from 18 and 22, we can create a P/E range and formulate some market projections for the S&P. With inflation currently running around 2 percent, according to this rule, the expected Price/Earnings Ratio for the market should fall somewhere between 16 and 20.

So how high can the market go in 2007? Let's do the math.

P/E		E EARNINGS P		
16	x	\$104	=	1664
18	x	\$104	=	1872
20	x	\$104		2080

Compare these targets to where we are today and you get an S&P 500 return for the remainder of 2007 somewhere between 10-38 percent. It is our belief that we don't really need the Fed to cooperate with a more accommodative monetary policy in order to hit the lower end of those projections.

But if we are going to hit the higher end, it will likely result with the Fed as the catalyst.

Regardless of whether the Fed cuts rates now or later, with our psychology readings still pointing to a nervous investor and our valuation gauges still extremely undervalued, the future of this bull market looks very bright.

Source: Jeff Hays, Hays Advisory Portfolio Performance, July 12, 2007, www.haysadvisory.com

GLOBAL LIQUIDITY AT RECORD HIGH \$5.24 TRILLION

Quite a bit of the surprising resilience and strength of the U.S. economy can be attributed to the Greatest Global Boom of All Times. The latest OECD data suggests that the momentum of global growth may actually be accelerating. That's impressive, especially because the OECD includes 30 countries, but not the fastest growing ones such as the BRIICs, i.e., Brazil, Russia, India, Indonesia and China.

The latest efforts by central banks to prop up the dollar are once again injecting lots of liquidity into the global economy.

FRODOR—foreign official dollar reserves—Is up \$315 billion or 19.5 percent y/y through May 2. Nongold-international reserves continued to soar to record highs in the following countries and regions: Japan (\$884 billion), China (\$1.15 trillion), Asia excluding Japan and China (\$1.23 trillion), Latin America (\$226 billion), and the Middle East (\$246 billion),

These add up to \$3.7 trillion, accounting for 71 percent of total non-gold international reserves.

Visit our Web site at www.wallstreetdigest.com

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 8 of 16 PageID 2774

THE WALL STREET DIGEST

August 2007

The vast majority of the reserves are among emerging economies. They almost all have trade surpluses, have paid off their debts, and have plenty of financial cushion. Russia is accumulating a large stabilization fund to offset oil revenue shortfalls in the future and fund current infrastructure projects.

The greatest global economic and liquidity boom of all times continues to propel industrial commodity prices in a nearly vertical trajectory.

My favorite real-time weekly indicator of global economic activity is the CRB raw industrials spot price index and its metals spot price component, which includes steel scrap, copper scrap, lead scrap, tin, and zinc: (1) The overall index (1967=100) is up 121 percent from a late-2001 low of 214 to 474 last week.

It now exceeds the previous cyclical record high in mid 1995 by 35 percent.

(2) The metals index has soared 404 percent from 170 in late 2001 to 856 last week. It is now a mind-boggling 138 percent above its early-1989 peak. Surely this must be a bubble. It sure looks like it on the charts. However, everything is relative, and relative to the U.S. core PPI for finished goods, the CRB raw industrials spot price index has simply rebounded back to its three previous cyclical highs.

On the other hand, the CRB metals index has rocketed well above previous peaks relative to the core PPI.

This ratio has risen fourfold from a low of 1.2 in late 2001 to 4.9 in March of this year. * Currencies: Is the trade-weighted dollar heading higher or lower? Currently it's heading lower. The currency dropped slightly below 80 in mid-April, and remains there, after finding support at this level four times since 2004.

While the dollar might weaken further, we don't expect a collapse in the currency.

Globalization is creating plenty of wealth that is pouring into US securities at a brisk pace, which is bullish for the dollar helping to offset other negative impacts on the greenback. * Global Liquidity & International Reserves: Is the world awash in liquidity? More than ever. Non-gold international reserves held by foreign central banks climbed to a new record high of \$5.24 trillion in February, up 20.9 percent year over year.

Emerging nations held a record \$3.81 trillion, up 26.8 percent y/y.

Industrial nations held a record \$1.44 trillion, up 7.7 percent y/y. All this liquidity provides a huge shock absorber to prevent, or reduce the impact of, any global financial crisis. * Commodities: More upside for commodities? They've gone vertical! When they do peak, we expect them to stabilize in record territory. The global economy is booming.

The CRB raw industrials spot price index continues to set new highs, led by lead and the other metal prices in the index.

CRB raw industrials and metals price indexes are up 22 percent and 46 percent y/y, respectively. The CRB futures price index up from recent lows, but still 14.8 percent below May peak weighed down by energy components. II) STRATEGY: The great global stock market meltup set some more records yesterday.

WALL STREET'S MOST WIDELY READ INVESTMENT AND FINANCIAL SERVICE.

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 9 of 16 PageID 2775

THE WALL STREET DIGEST

August 2007

The DJIA has closed higher 23 of the past 26 sessions, tying the longest streak of its kind in the index's history, achieved in July-August 1927. It's starting to feel like the Roaring 20s in China too as the Shanghai rose over 100 points this morning and is only 50 points away from 4,000. It is up 164 percent y/y.

At this pace, it will be at 10,000 in no time unless the authorities get their act together and take some air out of this bubble before millions more investors get shanghaied.

While China's stock market is showing every sign of irrational exuberance, the U.S. market is driven by rational exuberance over profits. The year over year growth rate for S&P 500 earnings for Q1 is coming in about three times greater than was widely expected by both analysts and strategists. This is partly attributable to strong earnings from overseas operations combined with the weaker dollar.

The share count is also falling, which is boosting earnings per share.

However, these might explain about half the positive earnings surprise during Q1. The other half is probably "organic." While overall productivity growth has slowed, this is mostly attributable to the drop in output in the housing industry. Most other industries continue to boost their productivity.

Source: Dr. Edward Yardeni, Dr. Ed's Morning Briefing, May 8, 2007, www.yardeni.com

2011 - THE U.S. DOLLAR: R.I.P.

In the past five weeks, we have seen a continuation of what I perceive to be the battle for the survival of the U.S. dollar. The main strategy to prop up the dollar seems to be to try to knock down the price of gold, the dollar's major alternative. The easiest way to do this is to have central banks sell gold.

After selling about 1.3 million ounces of gold in March and April, the Spanish central bank sold almost a million ounces of gold in May.

The European central bank also states that another of its member central banks has been selling gold in the past few months, but did not name which one. Austria, Portugal, and the Netherlands are central banks that have sold gold in recent years. So much central bank gold has been dumped onto the market since March that in early June the European Central Bank announced;

that sales would have to cease in order to stay within the annual limits of the 2004 Central Bank Gold Agreement (CGBA).

Under the CGBA, the European Central Bank, the Swiss and 13 other European central banks, have agreed not to sell more than 500 metric tons [16.1 million ounces] of gold each 12 months period from October 1 through the following September 30. Other central banks—such as the U.S., Japan, China, Russia, the Bank for International Settlements, the International Monetary Fund, and others—

have not signed the agreement but stated that they will align their gold sales with the CGBA.

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 10 of 16 PageID 2776

| THE WALL STREET DIGEST |

August 2007

The Dollar? Or Gold?

The U.S. dollar is suffering from a long list of problems. Here are some of the more significant ones. • First of all, the dollar is a fiat currency. In other words, it is backed by nothing at all other than the hot air promises of U.S. politicians (i.e. the full faith and credit of the U.S. government).

• Second, the U.S. money supply is now growing by at least 10 percent per year, and the efforts of the U.S. government to conceal this information have failed.

The U.S. government stopped reporting the M-3 definition of money in March 2006, a definition of currency which would make it easier to track large quantities of U.S. dollars that other central banks were shipping back to the U.S. Several analysts are smart enough to reconstruct this information.

 Third, the increase in the money supply produces surging inflation,

even though official government statistics try to represent an image of low to moderate inflation. By itself, this inflation will destroy the value of the U.S. dollar over time, • Fourth, the U.S. economy has a trade deficit at so high a percentage of GDP that no other major nation has managed to sustain for more than a few years before its currency failed.

This deficit has been growing as a percentage of GDP.
• Fifth, the U.S. federal government is running a \$200 billion budget deficit.

- * Sixth, the value of the dollar is now mostly being propped up by the willingness of China, Japan, and other (mostly Asian) nations purchasing U.S. government debt, averaging about \$2 billion every day. However, several nations have openly announced that they are shifting the accumulating reserves away from the U.S. dollar into other currencies and gold.
 - Seventh, the U.S. government is mired in two wars in addition to heightened worries about terrorist activities.
- Eighth, even though it may look like the stock markets are returning handsome results, the American stock markets have barely been able to offset the decline in the value of the dollar over the past couple of years. An investor whose stock has increased 10 percent in the past two years has actually lost ground as the dollar has dropped by more than that over that time.
 - Ninth, both gold and silver are in fundamental, longterm supply shortages.

Every year for more than 15 years now, industrial and investor demand has exceeded new supplies from the mines, recycling, and government sales. Only the draw down of existing inventories has kept prices temporarily down. • Tenth, the present value of the current debt of the federal government is more than \$50 trillion.

This includes the liabilities owed for Social Security and Medicare benefits.

The debt load is so large that even the Comptroller of the U.S. Currency and the Congressional Budget Office have declared the U.S. government bankrupt. Along with other problems, there are plenty of reasons for Americans and foreigners alike to fear that the U.S. dollar will continue its downward slide.

Visit our Web site at www.wallstreetdigest.com

Case 8:11-cv-00516-MSS-EAJ Document L14-77 Filed 10/23/12 Page 11 of 16 PageID 2777

August 2007

Even though the U.S. dollar is being massively supported by many Asian and other central banks, it has slipped dramatically this year against a market basket of other currencies. I am sure that there is a lot of political arm-twisting going on behind the scenes to support the value of the U.S. dollar.

If some of these actions are disclosed to the general public, the reaction could quickly clobber the value of the U.S. dollar.

Source: Patrick Heller, Editor, Liberty's Outlook, 30 Frandor Avenue, Lansing, MI 48912, as quoted in The Bull & Bear Financial Report, Volume 21, No. 4, June-July, 2007.

DO NOT INVEST IN MAINLAND CHINA

The men and women who run the ruling communist party in China are now running scared because the corruption that so permeates and maybe even dominates the Chinese economy now threatens their own power, prestige and personal incomes.

That is what lay behind the swift execution of China's former Drug Safety Chief.

Stories of illegal chemicals being added to China's big and growing exports of food and medicine—causing deaths around the world—have led to so much fear of Chinese products overseas that the future of China's surplus in world trade was being threatened.

So, the party ordered a speedy trial and execution of Zheng Xiaoyu.

He was convicted of taking 6.5 million yuan (\$850,000) in bribes to let potentially life-threatening drugs and medicines enter commercial markets—not only for export but for Chinese citizens. Hundreds died in China and overseas before the scale of the fraud was uncovered.

This is the first time that an execution of such a high-ranking Communist Party official has been ordered.

And, quite out of the ordinary for China, the news was not kept secret but was deliberately spread by the ruling Party. It was disclosed that Zheng Xiaoyo's wife was also found guilty of taking bribes worth millions of yuan. She set herself up in business as a consultant to drug producers.

In making this announcement, the Communist Party declared that "Corrupt elements will be thoroughly investigated no matter who they are or how high their post."

But this is hardly the first time people accused of corruption have been executed. It is widely known that corruption runs wide and deep inside the Party bureaucracy. Indeed that is nothing new in China. There were a dozen royal Dynasties in Chinese history, running back 5000 years.

Each of them rose to heights of power in their day, only to be brought down by popular anger and even disgust at the flagrant entrenched corruption of those who would rule them.

WALL STREET'S MOST WIDELY READ INVESTMENT AND FINANCIAL SERVICE.

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 12 of 16 PageID 2778



August 2007

This tradition was carried on by the Nationalist regime which followed the end of the last royal Dynasty, and they too were forced out of power when the public became fed up with the craven reaching out for bribes by even the lowest government official.

It was not just the bribes demanded of those who were doing illegal actions that got people so mad.

It was the bribes, layer after layer of them, demanded from people doing nothing illegal at all. People just wanted to go about their daily life. That is happening again in China today. The hundreds of billions of dollar being invested in China by American banks and corporations seeking profit and influence have formed a giant pool of money, and officials from top to bottom see this pool as a huge piggy bank to draw on.

So when that money is spent on new plants and equipment or on the building of needed roads or just the purchase of goods and services, corrupt Party officials demand their cut.

The weight of these added bribes loaded on top of legitimate costs for labor, materials, taxes, food, fuel, electric power and the like, is bleeding the life's blood out of China. It is forcing people to demand more yuan for their work - with 25 percent raises in each of the past two years being factored into industrial and commercial costs.

It means that China is suffering raging inflation internally, most of which is being buried by Party officials who put out soothing lies about inflation only running at 3.3 percent per year.

This high inflation is now being exported to America in the form of higher prices. Those who seek out and accept bribes today to let things happen that violate the law are now so entrenched that no executions or jail sentences have anything but a minor and temporary impact.

The view in China today is that the executed official had been carrying on such corruption for at least four years, with the full knowledge of many Party superiors.

Also the people who suffered illness or death because of faulty drugs and medicines were demanding revenge. So the feeling is that this man was chosen as the scapegoat for the whole corrupt system. The universal belief of those who intimately follow Party activities is that from now on local and regional corrupt officials will be quicker and more generous in sharing their "take" with senior Party officials.

Rising costs are forcing many companies in China to cut corners by substituting illegal components and raw materials, much of which are unsafe and even deadly.

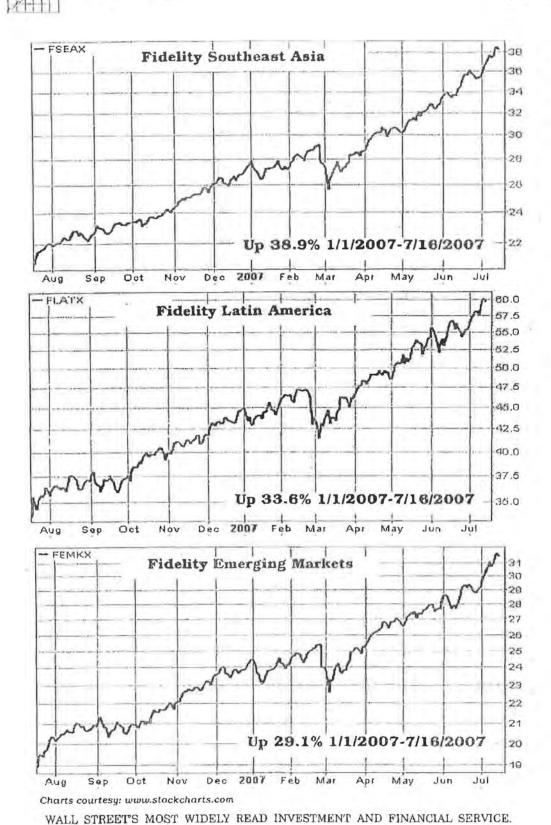
For example, America found tires from China were missing the key middle strip that bound layers together, so tires were coming apart and killing people. All of this is becoming better known, When It is combined with the fast-rising Chinese export prices, China's growth is being thrown into doubt.

Source: Adrian Van Eck, Van Eck America-China Hotline, July 11, 2007, www.VanEckTillman.com

Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 13 of 16 PageID 2779

THE WALL STREET DIGEST

August 2007



Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 14 of 16 PageID 2780 THE WALL STREET DIGEST August 2007 -EWZ iShares MSCI Brazil Index 65.0 02.5 60.0 57.5 55.0 52.5 60.0 47.5 45.0 42.5 40.0 Up 34.8% 1/1/2007-7/16/2007 37.5 35.0 Jun 2007 230 iShares S&P Latin America 40 Index 220 210 200 190 180 170 180 150 140 Up 34.8% 1/1/2007-7/16/2007 130 Jul Dec 2007 Feb May Jun Aug - UUPIX ProFunds Ultra Emerging Markets 50.0 47.5 45.0 42.5 40.0 37.5 35.0 32 5 30.0 27.5 25.0 Up 49.3% 1/1/2007-7/16/2007 Deo 2007 Feb Mar May Jun Nov Apr Charts courtesy: www.stockcharts.com WALL STREET'S MOST WIDELY READ INVESTMENT AND FINANCIAL SERVICE.

Case 8.11-cv-00516-MSS EAJ Document 114-77 Filed 10/23/12 Page 15 of 16 PageID 2781



August 2007

INVESTMENT SUMMARY

The Bottom Line - What To Do Now

Stay fully invested in our recommendations summarized on page 16. Allocate up to 75 percent of your assets to the global/international investments. As local currencies rise against the dollar, the falling dollar will enhance your profits from global/international investments. I do not recommend owning gold investments.

You would then be at the mercy of the central bankers, who regularly sell gold reserves to keep the rising price of gold from exposing their inflationary monetary policies.

Keep in mind that record global liquidity (\$5.24 trillion) is the driving force behind record global growth and rising profits. Meanwhile, Japan is financing the IPOs, leveraged buy-outs (LBOs), mergers & acquisitions (M&A), and the private equity purchases with loans at 0.5 percent.

Europe is just beginning to raise interest rates because of inflation.

China's manufacturing cost structure is rising. Net result? China will soon be a net exporter of inflation to the U.S. An American manufacturing boom is coming. The Fed is maintaining the Fed funds interest rate at 5.25 percent. The housing industry and sub-prime loan foreclosure problems beg the Fed for a cut in the Fed funds rate.

However, the falling dollar begs the Fed for an increase in the Fed funds rate to support the dollar.

What can the Fed do? Nothing! Fed funds will stay at 5.25 percent. If China were to suffer a stock market crash or a financial crisis, the Fed would probably keep Fed funds at 5.25 percent and flood the U.S. banking system with liquidity. During the crisis, a flight to quality into U.S. Treasury bills, notes and bonds would be bullish for the dollar.

Stay fully invested! The Greatest Global Boom of All Time is gaining more fans.

"The greatest economic boom ever," U.S. Treasury Secretary Hank Paulson declared in a recent interview with *Fortune Magazine*. Cisco's John Chambers seconds the notion that "this is the strongest global trend" of his career. "It is something we have never seen before."

TELEPHONE HOTLINE

The TELEPHONE HOTLINE NUMBER is 941-954-8942. Call the Hotline or visit our Website at www.wullstrectdigest.com/hotline.php for market opdates and Buy/Sell recommendations on specific stocks. The Hotline is updated every Tuesday and Friday by 6:00 p.m. EST. Interim updates occur whenever the Dow Industrial Average closes 200 points in either direction in a single trading session.

The Wall Street Digest (ISSN 10899-0526) (USPS 0502-255) is published morably by The Wall Street Digest, Inc., 8930 South Tamenti Trid Suke 110 Sarassas, Fl. 34239-3130 Provides of Provi

'Case 8:11-cv-00516-MSS-EAJ Document 114-77 Filed 10/23/12 Page 16 of 16 PageID 2782



August 2007

WSD RECOMMENDED STOCKS

COMPANY Clearly Canadian Beverages Millicom Int'l Celluler, SA Precision Caspans Conporation Novatel Wireless, Inc. Cooper Tire & Rubber Co. NVE Conporation Apple, Inc. NTELOS Holdings Corporation Flotak Industries, Inc. Perimi Corporation National-Oilwell Varso, Inc.	NVTL CTB NVEC AAPL NTLS FTK PCR	PHONE 602-742-5300 352-27-759-101 503-417-4800 858-320-8800 419-423-1321 952-829-9217 408-996-1010 540-946-3500 713-849-9911 508-628-2000 713-346-7500	NECOM- MENDED 09-27-06 11-15-06 02-21-07 03-26-07 05-09-07 05-09-07 06-06-07 06-06-07 06-18-07 07-11-07	RECOM MENDED 2.91 55.54 97.20 17.75 23.79 34.32 122.30 25.90 29.23 62.78 107.75	STATUS BUY BUY BUY BUY BUY BUY BUY BUY BUY BUY
National-Oilwell Varco, Inc. Western Relining, Inc.	NOV WNR			107.75 64.25	BUY

WSD RECOMMENDED ETFS

EXCHANGE-TRADED FUND	SYMBOL	DATE RECOMMENDED	PRICE RECOMMENDED	STATUS
WisdomTree Europe Small-Cap Dividend	DFE	01-22-07	66.62	BUY
WisdomTree Pacific High-Yielding Equity	DNH	01-22-07	63,55	BUY
WisdomTree International Small-Cap	DLS	01-22-07	64.42	BUY
WisdomTree Pacific Ex-Japan Total Dividend	DND	04-23-07	72.15	BUY
WisdomTree Int'l. Mid-Cap Dividend	DIM	04-23-07	71.10	BUY
WisdomTree Top 100 Int'l Dividend	DOO	11-20-06	60.11	BUY
WisdomTree Int'l Basic Materials	DBN	07-09-07	38.81	BUY
iShares MSCI Emerging Markets Index	EEM	02-20-07	117.10	BUY
iShares MSCI Singapore Index	EWS	02-20-07	12.29	BUY
iShares S&P Latin America 40 Index	ILF	10-23-06	152.20	BUY
iShares MSCI Malaysia Index	EWM	12-13-06	9,22	BUY
iShares MSCI Mexico Index	EWW	04-09-07	56.79	BUY
IShares MSCI Brazil Index	EWZ	07-09-07	64.99	BUY
PowerShares Dynamic Oil & Gas Services	PXJ	07-09-07	35.31	BUY

WSD RECOMMENDED MUTUAL FUNDS

FIDELITY SECTOR FUND STRATEGY FIDELITY 800-544-8888

		DATE
FUND NAME	SYMBOL	RECOMMENDED
Fidelity Latin America	FLATX	12-04-06
Fidelity Emerging Markets	FEMKX	12-04-06
Fidelity Southeast Asia	FSEAX	12-04-06
Fidelity International Small-Cap	FSCOX	12-13-06
Fidelity Canada	FICDX	07-11-07
Fidelity Select Technology	FSPTX	10-23-06
Fidelity Select Telecommunications	FSTCX	02-05-07
Fidelity Loveraged Company Stock	FLVCX	05-14-07
Fidelity Select Energy Services	FSESX	07-09-07
Fidelity Select Materials	FNARX	07-09-07
Fidelity Select Wireless	FWRLX	07-11-07
Fidelity Select Natural Resources	FNARX	07-11-07

PROFUNDS INDEX & SECTOR MUTUAL FUND STRATEGY PROFUNDS 888-776-3637

FUND NAME ProFunds Ultra Emerg, Mkts.	SYMBOL UUPIX	200% of Emerg. Mkts, 50 ADR Index	RECOMMENDED 11-29-06
ProFunds Ultra International	UNPIX	200% of Int'l. MSCI EAFE Index	12-04-06
ProFunds Uhra Mid-Cap	UMPIX	200% of S&P 400 Mid-Cap Index	08-07-06
ProFunds Ultra OTC	UOPIX	200% of Nesdag 100 Index	10-23-06
ProFunds UhraBull	ULPIX	200% of S&P 500 Index	05-16-07
ProFunds Uhra Telecom.	TCPIX	150% of DJ U.S. Technology Index	03-26-07
ProFunds Uhra Basic Mai'ls	BMPIX	150% of DJ U.S. Besic Met'ls Index	04-16-07
ProFunds Ultra Mobile	WCPIX	150% of DJ Mobile Telecom. Index	05-23-07
ProFunds Ultra Equip, Dist. Svcs.	OEPIX	150% of DJ Oil Services Index	07-11-07

CARNEGIE ASSET MANAGEMENT, INC.

THE BEST TRACK RECORD I'VE EVER SEEN

Dear Investor,

Wall Street's best and brightest began to leave "The Street" in 1995. By 1997, the exodus was a stampede. The top performing money managers from prestigious brokerage houses and the mutual fund industry are leaving well paying jobs to form their own private investment firms.

Traders from Merrill Lynch and Goldman Sachs who had produced over 50% of their firms' entire profit for the year were increasingly unhappy. They were well paid, but only a fraction of what they knew they were worth. By the end of 1998, the exodus from "The Street" had the net effect of substantially reducing brokerage company profits and seriously affected the performance of the nation's 11,000 mutual funds. Over 98% of the mutual funds underperformed the market in 1998.

Wall Street's loss of its brightest people is producing impressive investment opportunities for the private investor for the first time. Before the exodus from Wall Street began, only the partners and officers of the large brokerage houses enjoyed the unusual profits shown below.

After 39 years, Neil Moody left a well paying job "On The Street" to form an association with Arthur Nadel, who combined years of investing experience and computer programming research to develop and perfect his "black box" trading program.

		100						
	1998	Nadel*	S&P 500	1999	Nadol *	S&P 500		
	January	1.9	0.5	January	8.6	4.1		
	February	10.7	7.0	February	2.8	-3.3		
	March	9.1	4.4	March	3.4	3.9		
	April	7.7	2.4	April	3.9	3.8		
	May	4.3	-2.7	May	5,0	-2.5		
	June	5.3	4.0		23.7%	0.0%		
	July	3.0	-1.1					
	August	7.6	-15.8					
	September	2.6	7.7					
	October	3.4	B.1	(*Management fees, incentive fees and trading fees have not been deducted from performance				
	November	6.0	5.9	figures. Past pe				
De	December	5.4	5.6	future results.)				
		90.9%	26.7%					

©Copyright 1989

ONE SARASOTA TOWER . SUITE 602 . SARASOTA FL 34236 . 800-966-7693 .

CARNEGIE ASSET MANAGEMENT, INC.

In 1998 Nadel's investment program was up 90.9%, compared to only 26.7% for the S&P 500 Index. In August of 1998, the market suffered a mini crash. The S&P 500 Index was down 15.8% in the month of August, but Arthur Nadel's computerized investment program produced a 7.6% gain. In May 1999, the S&P 500 Index was down 2.5%, but Nadel produced a 5% gain. Through May 31, 1999, Nadel investors are enjoying above average returns: 23.7% vs. 6.0% for the S&P 500.

My curiosity about Nadel's computerized trading program eventually lead to a due diligence visit to the offices of Moody & Nadel. Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program. What I did learn is very important for the individual investor and truly exciting for me. After 26 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized trading/investment program has produced the best track record I have ever seen.

His proprietary program has consistently produced a profit month after month in both up and down markets without using margin or hot new issues. Nadel arrives at his office at 6:30 a.m., three hours before the market opens. He enters data from the previous day's market action into his computer which will produce the trading/investment instructions for the day. Three large screen televisions are positioned around the office, but the talking heads on CNBC are muted. Neil Moody, the firm's president and chief operating officer does not allow daily Wall Street "noise" to confuse or influence the reliable discipline of Nadel's computer program.

Moody & Nadel offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. Not surprisingly, they do not advertise. Each investment program is set up as a limited partnership which is limited to 99 investors. Each program may include up to 35 non-accredited investors. An accredited investor has a net worth of \$1 million or an annual income of at least \$200,000 each year over the past 2 years. An investment program is almost always open to accredited investors. Non-accredited investors may have to wait a month or so for the next available program. Limited partnerships of this type include a management fee and an incentive fee. Moody's investment programs, however, are unique because they do not charge an incentive fee until investors have received the equivalent return of the S&P 500.

Minimum investment is \$100,000. The investment should be viewed as long term. However, investors may redeem all or a portion of his/her investment at the end of any calender quarter. Moody & Nadel offer private programs that are available to qualified investors and only through the firm's offering materials. If you have questions or would like to review the firm's offering summary, call LaRee Campbell at (800) 966-7693.

Sincerely, Donald H. Rowe THE WALLSTREET DIGEST

AM

The ENCLOSED 3 Page

Artick has been Stulled

Into December 15500 DF

WSD.

DISA, I Plan to MAIL this

TO 10,000 MOST Recent Notmer

IN My CARNEDIE Asset MGT

file ON 12/20/02.

PLEASE put These Cliente

Into Victory fund. Mary

WALL STREETS MOST WHILLY REAL INVESTMENT AND FINANCIAL SERVICE





CARNEGIE ASSET MANAGEMENT, INC.

One Sarasota Tower

Suite 602

Sarasota, Florida 34236

Did Your Money Manager Return 55% in 2000 and 19.8% in 2001?

After last year's market disaster, would you be happy with an 19.8% return in 2001 or a 55.1% return on your equity investments for the year 2000? Would you be happy with a 90.7% return in 1998 and 87.8% in 1999?

These are the actual results achieved by an affective team of managers in Sarasota, Florida. After 39 years on Wall Street, Neil Moody left the Street to form an association with Arthur Nadel and his group to manage equity funds. The Nadel Group had enjoyed unusual success with private investment groups, testing a technical trading system that interacts with fundamentals to produce results that consistently outperform the market averages.

My curiosity about Nadel's computerized trading program eventually led to a due diligence visit to the offices of Nadel & Moody. Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program.

What I did learn is very important for the individual investor. After 26 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hodge funds, Nadel's computerized investment program has produced the best track record and most consistent returns I have ever seen.

His proprietary program, combined with screening for stock fundamentals, has consistently produced a profit month after month in both up and down markets. The highly technical program used by the group is proprietary, but I was given an opportunity to see it in action during a due diligence visit to their office.

A large group of computer meniters display market data continuously, reviewing and digesting current market movements and comparing them to previous data. Immediate newswire flashes are intermingled with muted "talking heads" on CNBC. Equity positions are adjusted, long and short, by means of instant-response trading programs.

Nadel & Moody offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. Not surprisingly, they do not advertise. Each investment program is set up as a limited partnership which is limited to only 99 investors. Each program may also include up to 35 non-accredited investors.

An accredited investor has a net worth of \$1 million or an annual income of at least \$200,000 each year over the past 2 years. An investment program is almost always open to accredited investors. Non-accredited investors may have to wait a month or so for the next available program.

Limited partnerships of this type include a management fee and an incentive fee. Minimum investment is \$100,000. The investment should be viewed as long term.

941-954-5500

800-966-7693

Fax: 941-364-8447

Nadel Moody 1998—2002 Performance Record

	1998			199	9
	Invest# Group	5&P 500		Invest#	8&P 500
January	1.9	0.5	January	10.0	4.2
February	10.7	7.0	February	3.2	-3.3
March	9.1	4.4	March	4.7	3.9
April	7.7	2.4	April	4.5	3.8
May	4.3	-2.7	May	6.1	-2.8
June	5.3	4.0	June	3.5	5.5
July	3.0	-1.1	July	4.1	-3.2
August	7.6	-15.8	August	3.8	-0.7
September	2.6	7.7	September	4.5	-2.8
October	3.4	8.1	October	5.0	6.2
November	6.0	5.9	November	7.9	1.9
December	5.4 *90.7%	5.6. 26.7%	December	7.6 •87.8%	5.8 19.5%

	20	2000		2001	
	Invest Fund**	500		Invest# Fund**	500
January	4.7	- 5.1	January	1.71	3.48
February	26.5	-2.0	February	1.09	-9.22
March	4.6	9.7	March	2.78	-6,45
April	1.5	-3.1	April	1.83	7.67
May	2.8	-2.1	May	2.53	0.56
June	3.2	2.3	June	1.41	-2.31
July	0.4	-1.6	July	1.27	-1.30
August	3.2	6.1	August	1.08	-6.36
September	1.5	-5.4	September	-0.04	-8.20
October	-1.3	-0.5	October	1.60	1.83
November	-0.6	-8.0	November	1.93	-1.98
December	8.0	0.4	December	1.02	0.79
	*55.1%	-10.1%		19.78%	-13.03%

*Management fees, incentive fees and trading fees have not been deducted from performance figures. *Comparisons are month to month. Totals are year to date and reflect monthly compounding of gains. Net year-end performance is therefore, greater than the sum of monthly performance because of compounding, **Net of all Fees and Expenses, Past performance is no guarantee of future results.

	h	2001				2002	
	Invest	New	S&P		Invest	New	8&P
	Fund**	Fund **	500		Fund**	Fund **	500
January	1.71		3.48	January	1.25	3.18	-1.57
February	1.09		-9.30	February	0.95	2,99	-2.04
March	2.78		-6.38	March	1.25	3.19	3.61
April	1.83		7.67	April	1,23	3.05	-6.10
May	2.53		0.56	May	1.24	2.99	-0.93
June	1.41	4.46	-2.31	June	1.09	1.35	-7.22
July	1,27	1.18	-1.30	July	1.32	3.06	-7.88
August	1.08	1.99	-6.36	August	1.63	3.23	0.44
September	-0.04	3.32	-8.20	September	1.73	2.87	-11.03
October	1.60	4.09	1.83	October	3.16	4.14	8.71
November	1.93	3.82	1.98	November			
December	1.02	3.13	10.49	December			
	*19.78%	*34.05%	-13.03%		*15.83%	*33.98%	-22.82

^{*}Comparisons are month to worth. Totals are year-to-date, and not the sum total of the compounded monthly returns. **Net of all fees and expenses, excluding performance fee for 2001 and 2002. Past performance is no guarantee of future results. The S&P 500 Index is unmanaged, does not reflect advisory fees, may have volatility or other material characteristics that are different from the Fund and is included for illustration purposes.

However, investors may redeem all or a portion of his/her investment at the end of any calender quarter. Nadel & Moody offer private programs that are available to qualified investors and only through the firm's offering materials.

Over the past 57 months of managing money, Nadel's Management Group has been down only twice and flat once. During the same period, the S&P 500 Index has been down 30 months out of 57.

While past performance is no guarantee of future results, keep in mind that a consistent annual return of 26% will double your money every three years.

If you have questions or would like to review the firm's offering summary, call (800) 966-7693, or you may e-mail your name, address and telephone number to info@carnegieasset.com and we will mail the company's information out to you.

Sincerely,

Donald H. Rowe

Chairman

Carnegie Asset Management

05/15/01 100 13:10 FAS 0. ALBERT

THE VALL, SUREET DIGEST

· Nadel Bood:

3001

AMERICA'S TOP RANKED MONEY MANAGER

Market Beating Performance in 2003

2003	Fund A	Fund B	S&P 500
January	1.22%	1,28%	-2.73%
February	1.84	2.58	-1.75
March	2.81	3.44	0.83
<u>Aoril</u>	8.58	3.32	8.33
Then 4/30/03	9,14%	11.04%	4.20%

A SPECIAL REPORT PROM

THE WALL STREET DIGEST



NDL-088-002723

EXHIBIT KM

05/15/03 THU 15: 11 PAX DAI 384 8447

TIM WALL STREET DIGEST ---- Madel-Moody

@1002

America's Top Ranked Money Manager

Did Your Money Manager Return 21.7% in 2002 19.8% in 2001 55.1% in 2000

After last year's market disaster (S&P 500 -23.3%), would you be happy with a 21.7% return in 2002, a 19.8% return in 2001 (S&P 500 -13%), or a 55.1% return on your equity investments for the year 2000 (S&P 500 -10.1%)? Would you be happy with a 90.7% return in 1998 and 87.8% in 1999?

These are the actual results achieved by an effective team of managers in Surasota. Florida. After 39 years on Wall Strent, Neil Moody left the Street to form an association with Arthur Nadel and his group to manage equity funds. The Nadel Group had enjoyed unusual success with private investment groups, testing a technical trading system that interacts with fundamentals to produce results that consistently outperform the market averages.

My curiosity about Nadel's computerized trading program eventually led to a due diligence visit to the officer of Nadel & Moody. Understandably, I did not learn the various mathematical formulas in Nadel's "black box" computer program.

What I did learn is very important for the individual investor. After 26 years of reviewing the track records of over 11,000 mutual funds, 6,000 money managers and 5,800 hedge funds, Nadel's computerized investment program has produced the best track record and most consistent returns I have ever seen.

His proprietary program, combined with screening for stock fundamentals, has consistently produced a profit month after month in both up and down markets. The highly technical program used by the group is proprietary, but I was given an opportunity to see it in action during a due diligence visit to their office.

A large group of computer monitors display murket data continuously, reviewing and digesting current market movements and comparing them to previous data. Immediate newswirs flashes are intermingled with muted "talking heads" on CNBC. Equity positions are adjusted, long and short, by means of instant-response trading programs.

Nadel & Moody offer private investment programs for pension plans and wealthy individuals, which are organized and administered by Moody. Not surprisingly, they do not advartise. Each investment program is not up as a limited partnership which is limited to only 99 investors. Each program is currently accepting only accepting investors.

An accredited investor has a net worth of \$1 million or an annual income of at least \$200,000 each year over the past 2 years. An investment program is almost always open to accredited investors.

05/15/03 THU 15:12 PAX 041 384 0447

THE WALL STREET DICTST --- Nadel-Hoody

6000

Nadel Moody 1998—2002 Performance Record

	199	98		199	98
	Invest Group#	5&P 500		Group#	S&P 500
January	1.9	0.5	January	10.0	4.2
February	10.7	7.0	February	3.2	-3.3
March	9.1	4.4	March	4.7	3.9
April	7.7	2.4	April	4.5	3.8
May	4.3	-2.7	May	6.1	-2.8
June	5.3	4.0	June	3.5	5.5
July	3.0	-1.1	July	4.1	-3.2
August	7.6	-15.8	August	3,8	-0.7
September	2.6	7.7	September	4.5	-2.8
October	3.4	8.1	October	5.0	6.2
November	6.0	5.9	November	7.9	1.9
December	5.4 *90.7%	5.6 26.7%	December	7.6 *87.8%	5.8 19.5%

	200	0		200	1
	Fund A**	5&P 500		Fund A**	5&P 500
January	4.7	- 5.1	January	1.71	3.48
February	26.5	-2.0	February	1.09	-9.22
March	4.6	9.7	March	2.78	-6.45
April	1.5	-3.1	April	1.83	7.67
May	2.8	-2.1	May	2.53	0.56
June	3.2	2.3	June	1.41	-2.31
July	0.4	-1.6	July	1.27	-1.30
August	3.2	6.1	August	1.08	-6.36
September	1.5	-5.4	September	-0.04	-8.20
October	-1.3	-0.6	October	1.60	1.83
November	-0.6	-8.0	November	1.93	-1.98
December	0.8	0.4	December	1.02	0.79
	°55.1%	-10.1%		19.78%	-13.03%

Althonogement fees, incentive fees and trading feas have not been deflucted from purformance figures. *Computisons are month to month. Totals are year to this and reflect monthly compounding of galas. Not year and performance is therefore, greater than the sum of monthly performance because of anisymmething. **Net of all Fees and Expenses. Past performance is no guarantee of fature results.

05/15/03 THU 15:12 PAX 95. 364 8447

THE WALL STREET DICEST

+++ Nadel-Hoody

@ 004

	2001					2002	
			S&P				S&P
	Fund A	Find B	*0 500		Fund A*	Fund B*	* 500
January	1.71		3.48	January	1,12	3.18	-1.57
February	1.09		-9.30	February	0.95	2.99	-2.04
March	2.78		-6.38	March	1.25	3.18	3,61
April	1.83		7.67	April	1.17	3.05	-6.10
May	2.53		0.56	May	1.35	2.59	-0.93
June	1.41	4.46	-2.31	June	1.09	1.35	-7.22
July	1.27	1.18	-1.30	July	1.32	3.08	-7.88
August	1.08	1.99	-6.36	August	1.61	3.25	0.44
September	-0.04	3.32	-8.20	September	1.74	2.87	-11.03
October	1,60	4.09	1.83	October	3.17	4.14	8.71
November	1,93	3.82	1.98	November	4.30	5.28	5.64
December	1.02	3.13	10.49	December	0.70	0.66	-5,98
	919.78%	*34.05%	-13.03%		*21.59%	*41,96%	-23,34%

^{*}Comparisons are month to manth. Totals are year-to date, and not the sum total of the compounded monthly returns. **Net of all fees and expenses, excluding performance/of for 1001 and 2002. Past performance is no guarantee of future results. The S&P 500 Index is wimanaged, does not reflect substance fees, may have volotility or other material characteristics that are different from the Fund and is included for illustration purposes.

Limited partnerships of this type include a management fee and an incentive fee. Minimum investment is \$100,000. The investment should be viewed as long term. However, investors may redeem all or a portion of his/her investment at the end of any calender quarter. Nadel & Moody offer private programs that are available to qualified investors and only through the firm's offering materials.

Over the past 63 months of managing money, Nadel's Management Group has been down only twice and flat once. During the same period, the S&P 500 index has been down 33 months out of 63. While past performance is no guarantee of future results, keep in mind that a consistent annual return of 26% will double your money every three years.

If you have questions or would like to review the firm's offering summary, call (800) 965-7693, or you may e-mail your name, address and telephone number to info@carnegiessset.com and we will mail the company's information out to you.

Sincerely.

Donald H. Rowe

Chairman

Carnegie Asset Management

HILAN THE WALL STREET DIGEST HILLI

8830 South Tuniami Trail, Svite #110, Sarasola, FL 34238 Phone: 800-785-5050 - Fax: 941-364-8447 www.wallstreeldigestcom