



## **Will We Learn From Our Mistakes?**

As I write this, the stock market is coming off its worst week of performance since 2002. It's almost as if no one really knows the depth of our sub-prime problems. Each day brings another revelation of bad news and a subsequent 300 point swing. At the end of each market day, we sort of shake our heads and say, "Well, we made it through another day; wonder what tomorrow will bring"? All of which is very scary for the serious investor. The pundits are saying that it may take until late next year for the markets to work out of all the issues. But, since no one really knows the depth of the issues, how can anyone say how long this volatility will be with us with any degree of certainty?

I wrote in last quarter's *PERSPECTIVE*, that there is a lot of blame to pass around. Dwelling on the blame will keep lawyers, elected officials, the SEC and the Justice Department busy for several years. But it will do nothing to temper the greed and ego that has permeated our current business practices.

I spent Monday on an airplane flying east and had the time to catch up on my reading. Besides reading "all the ink" devoted to the issues mentioned above, I found one article most interesting. It spoke to the principles that had once been the corner stone of a national brokerage firm, with the Number One principle being, "the client's interests must come first" followed by personal integrity, etc. Unfortunately, I'm feeling that we're along way from these ethical principles. Instead we just finished initiating SOX procedure and corporate governance principles into our businesses. We'll legislate these ethical issues, right? Right!

We will work our way through this mess, but it's going to hurt. Most importantly, our economy's integrity is on the line. We're no longer the world's only economic leader. European banks are chomping at the bit to take the lead. They are not happy with the AAA rated mortgage paper we collateralized and sold to them. Plus, the US consumer is no longer the only consumer. If the world business economic players can not trust our business practices, they'll start to move away from our shores.

Will we learn from our mistakes? I sure hope we will.

A handwritten signature in black ink, appearing to read 'A. Heeg', is centered on the page.

**Albert Heeg**  
Albert Heeg Investment Management  
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