

Extreme Capitalism and the Race to the Bottom

by Ronnie Moas / February 24, 2014



Philip Morris, Apple, Amazon & Yahoo –
Blacklisted on Ethical and Moral Grounds



*This is very welcome from my perspective, Father Seamus Finn told Catholic News Service about Moas' analysis. It is what we have been doing for a long time, said the priest. But Moas' action elevates it to the point where it deserves some attention. Finn is a member of the Missionary Oblates of Mary Immaculate and director of his order's justice, peace and integrity initiative. Finn told CNS that *religious groups don't want to be associated with companies that sell tobacco*. Finn has also engaged Apple on some issues as well, but is frustrated by the lack of progress.*

This report is dedicated to the hundreds of millions of lives destroyed by the tobacco industry ... to the Asian workers who were abused at Apple supplier facilities ... to the Amazon warehouse employees who were mistreated and underpaid ... to the working class poor around the world who are undervalued and underappreciated by society ... and to all of the underpaid taxi drivers, fast food workers, janitors, cashiers, street sweepers, clerks and other service providers who make our lives so comfortable. You are just as important to society as anyone else.

Standpoint
Research

Downgrading Philip Morris, Apple and Amazon to Strong Sell / Blacklisted on Ethical and Moral Grounds

Initiating Yahoo with a Strong Sell

Calling for Amazon and Apple reparations and encouraging investors and consumers to cut back on their support of these two companies

Calling for redistribution of wealth via higher taxes, crackdown on tax evasion, capping executive compensation, and elimination of the US tobacco industry.

Note: Although Yahoo has not abused people as Amazon and Apple have, and has not exterminated millions as Philip Morris has, I decided after careful deliberation to include Yahoo on this list as part of my fight against the gap between rich and poor. Most who read this report, from start to finish – those on the left and right, rich and poor -- will agree with my decision. I am a spreadsheet person – never learned how to type. Most of this was typed with one finger. I proofread it five times cover-to-cover. I hope you will take the time to read it once slowly. **Because many will skim over this I did repeat a few important things in order to decrease the chance that those points would be missed** (by those who skim). I am speaking on behalf of the more than 100,000,000 lives destroyed by the tobacco industry in recent decades and the **one billion** expected to lose their lives in this century. I am speaking on behalf of the 3,500,000,000 in this world who live on less than \$4 a day and others in this country and world who are underappreciated, undervalued and taken advantage of by the upper class – so excuse me if I get a bit emotional. With all of the powerful people on Wall Street, I am surprised no one had the courage to what I am doing here now. I speak the truth, I practice what I preach, and my new web site is now up www.philanthropyandphilosophy.com

Table of Contents

Excerpts and Media Talking Points / Pages 01-04

Introduction and My Thoughts I / Pages 05-09

Apple / Pages 09-13

Amazon / Pages 13-19

Philip Morris / Pages 19-26

My Thoughts II / Pages 26-31

Yahoo / Pages 31-37

Credits, Disclaimer and Contact Information / 38-39

Transcript of Interview with Ronnie Moas / 40-44

Excerpts and Media Talking Points

Page 05 -- My next door neighbor of four years, Frederic stopped by to visit me today. He is from France; 81 years old. He texted me last week that his brother Jean Pierre died in Paris from lung cancer at age 71. I slipped a condolence card under his door and he came by to thank me. **Fred also lost his mother, father and wife to tobacco.** Whoever is going to take the opposite end of this debate should think about Fred before doing so. That we continue to allow this industry to slaughter millions of people every year doesn't say much about us as a society, aside from the fact that we are weak, immoral and corrupt.

Page 06 -- Malnutrition now impacts 15% of the world population -- more than **one billion** people. Every year, as many as **three million** children die from hunger-related causes. Almost **one bln** people do not have access to clean drinking water. **More than two bln** people live without basic sanitation infrastructure. **More than one mln** children die every year from illness caused by dirty water and unhygienic living conditions. Half of the world population – **3.5 bln** – still lives on less than \$4 a day. We have millionaires and billionaires in this country who say they are anti-abortion, but they sit silent as 3,000,000 children starve to death. Is this not hypocritical?

Page 07 -- How is it acceptable to us, as a society, that the wealthiest 1% (70,000,000 people) in this world now control \$110 trillion? That is 65X what the bottom 50% (3,500,000,000 people) have (\$1.7 trillion).

Page 08 -- COO at Yahoo (de Castro), was fired in January 2014 after **15 months** of underperformance. He walked out with an estimated **\$109,000,000** compensation package. That is more than a group of **2,500** US soldiers **risking their lives** in Afghanistan would earn in a year -- **combined**. \$109 mln could have provided **solid** meals to **200,000** starving children in Africa for a year.

Excerpts and Media Talking Points (continued from Page 1)

Page 09 -- I am hoping, before all is said and done, that tobacco will become illegal; that Amazon and Apple will stop treating their employees like cattle; and that there will be an end to eight-figure salaries and nine-figure compensation packages. 48,000,000 people in this country are on food stamps, while many in the upper class (who sit on tens of trillions of dollars) look to limit social services while cheating on their taxes and complaining about the debt that is where it is because of that cheating.

Page 10 -- Apple (and other extreme capitalists) are apparently in *The Race to the Bottom* – the title of this report. Where will they go next? Are they looking for a country in Africa where they can find workers to work for \$1.00 an hour now that suicides in China and bad publicity are pressuring wages higher from less than \$2.00 an hour towards (and past) \$3.00 an hour?

Page 11 -- Whether or not Apple has recently changed the way it does business, does not change the fact that reparations are due for the many years of abuse. Apple has **zero** tolerance for any quality issues related to their products – abusing workers is acceptable though – for that they have plenty of tolerance. It is crystal clear that a lower level of urgency apparently applies in responding to labor rights abuses. China Labor Watch investigations revealed at least 86 labor rights violations, including 36 legal and 50 ethical violations at Apple supplier facilities.

Page 12 – Apple assembly line workers were paid \$2 an hour and housed in 200 square-foot dormitories that held 12 residents. Dozens of suicides were registered. Factories did not provide enough safety equipment and training, and at no time during the hiring or thereafter were workers informed about the likely harm to their health. Facilities contained harmful substances such as toluene, formaldehyde, lead smoke, ethanalamine, butanone, isopropyl alcohol, carbon dioxide, and laser radiation.

Page 13 – Since its founding, Amazon has attracted criticism and has been involved in controversy from multiple sources over its actions. These include luring customers from the site's brick and mortar competitors; poor warehouse conditions for workers; anti-unionization efforts; taking public subsidies; dodging taxes; anti-competitive actions; price discrimination; and decisions over whether to censor or publish content (to name a few).

Page 14 -- Jeff Bezos knows he will not be able to generate sufficient earnings per share in order to justify the overvalued Amazon share price unless he is rough towards his employees, cuts expenses, dodges taxes and cripples his competition.

Page 15 – An Amazon (UK) petition alleged that 15,000 workers in the e-commerce company employed for the holiday rush won't earn enough to buy the bare essentials for life. Jeff Bezos' net worth is \$27 billion. Their European warehouses employ foreign temp workers who have no voice. There is a great fear of being sent back home without having received money. As long as this works, Amazon is going to continue with this practice.

Page 16 -- I am sure many in the upper class feel that anything near \$10 an hour is a fair wage while they are making \$100 - \$1,000 an hour. There are some who make \$10,000 an hour. Yahoo CEO Mayer and her fired Lieutenant are closer to \$20,000 an hour and Jeff Bezos is at \$200,000 an hour (if we divide his net worth by 20 years at Amazon). In one hour he makes what his employees would have to work ten years for and be abused in the process – warehouse workers were covering 15 miles per shift for \$10 an hour – than is nearly twice the distance that a waitress logs.

Page 17 – I encourage investors and consumers to cut back on their support of Amazon until Jeff Bezos pays back his multi-billion dollar debt to employees from the last 20 years. How do we continue to support a man who made \$27 bln and left his employees with nearly nothing? It is time for us to cap executive compensation and require that a percentage of the profit goes to employees **before** shareholders gain off of their blood, sweat and tears. **We need to hold ethical and less profitable names in our retirement plans and work a bit past age 65 to offset the gains from unethical companies we are forfeiting in protest.**

Page 18 -- Some of Britain's largest chains have called for a crackdown on Amazon's tax arrangements. It is a form of piracy capitalism. They move into people's countries, take the money out, and then dump it in some port of convenience such as Luxembourg. It is an ugly return to a form of exploitative capitalism that we had a century ago.

Page 19 – We went to war over 3,000 deaths on 11-Sept-01. Why are we not going to war against the tobacco industry that is responsible for the extermination of 5,000,000 Americans and 50,000,000 worldwide since 11-Sept-01? In China alone, 740 mln people, including 180 mln children, are impacted by secondhand smoke. Each year, more than one million people die of diseases related to smoking in China and there are another 100,000 deaths related to secondhand smoke.

Page 20 – Apple goes in and abuses assembly line workers in China, then our cigarettes cause their death. There are more than 100 industries to invest in. The tobacco industry should be blacklisted. It should be an illegal product. Fund managers and individual investors should sell their shares and pull their support away from this industry.

Excerpts and Media Talking Points (continued from Pages 1 & 2)

Page 21 – To sell a product that kills up to half of its users requires extraordinary marketing, and the tobacco industry is one of the world's most manipulative product sellers and promoters. One example of marketing activity aimed at undermining the intent of tobacco advertising regulations is the sponsorship of concerts and sporting events, which are particularly attractive to youth – easy targets who are not mature enough to make wise decisions.

Page 22 -- Smoking kills more people in the US than murder, AIDS, suicide, drugs, car crashes and alcohol combined, and secondhand smoke kills more than 38,000 Americans a year.

Page 23 -- Tobacco companies and the federal government reached an agreement on publishing corrective statements that say the companies lied about the dangers of smoking and requires them to disclose smoking's health effects, including the death of more than 400,000 people per year in the US. The companies must publish full-page ads in the Sunday editions of 35 newspapers and air prime-time television commercials on CBS, ABC or NBC five times per week for a year.

Page 24 -- Actor Leonard Nimoy announced that he was recently diagnosed with chronic obstructive pulmonary disease -- 30 years after having given up cigarettes. About 44 mln Americans still smoke. 50% will die from smoking related diseases and 66% of those deaths will be before age 65. As always, it is the minorities and less educated who will pay the highest price. Almost 40% of these people smoke versus just 10% for those with a college degree -- and significantly lower than that for those with a graduate degree.

Page 25 – We must pressure fund managers and investors to blacklist and eliminate tobacco stocks from their portfolios. When we own a share in a company like Philip Morris, we are in effect supporting what they do and are to a certain extent a partner in their crimes. There are more than 100 industries represented in the stock market – there should be no place for tobacco there.

Page 26 -- Decades from now, people will be in disbelief when they hear about the way we live today -- just as many of us today are in disbelief at how people lived centuries ago. Slavery was accepted in this country just 150 years ago and segregation existed up until 50 years ago. Most people who read this report (slowly) will agree that we really have made little progress.

Page 27 -- For whoever has a problem with my demand for redistribution of wealth, I suggest you switch places for a few years with someone in the services sector who lives in a bad neighborhood and is taking home less than \$600 a week. No person working 40 hours a week should be forced to live below or near the poverty line. We need a redistribution of wealth in this country. This may be the land of opportunity, but it is not a land of equal opportunity. It is easy for people earning \$200,000 or \$2 mln or \$20 mln a year (after taxes) to justify in their own minds that they are worth this kind of money and expect others to live on \$20,000. There is **NO** way to justify this selfishness.

Page 28 -- Apple needs to pay reparations to workers in Asia – when they are done paying off this debt, maybe they can think about building a factory here in the US and creating 25,000 jobs. We should begin to wipe out the US tobacco industry in VA, NC & KY and replace the lost jobs via Apple and Amazon facilities. Apple and Jeff Bezos have cash and cash equivalents near \$200 bln – with all due respect to iPhones and overnight book deliveries -- it is high time for them to give something back to the society they have ripped off and abused for so long.

Page 29 -- Maybe we are the richest country in the world, but they say money is the root of all evil and we got to this # 1 ranking in part via evil, immoral and unethical behavior. Oftentimes, in order to reach the top, you have to step on people along the way. That is what Amazon, Apple, Philip Morris and others in this capitalist society have done – even though the public relations machines behind these giants have fooled you into thinking otherwise.

Page 30 -- I was in landlocked Nepal a couple of years ago. The population there is 27 mln. GDP per capita is less than \$800. Apple, in cash, is sitting on more than seven times what the entire Nepal economy produces (\$20 bln). Most people in Nepal will never leave their country and will never see a beach. I visited a shallow lake near Kathmandu. The kids were playing in there. That is the same water they urinate in, bathe in and wash their clothes and dishes in. For many there, a good day is finding food in the garbage. It is hard to believe that we have people in this country who earn hundreds of thousands of dollars a year (or more), cheat on their taxes and give little or nothing to those who are struggling to survive.

Excerpts and Media Talking Points (continued from Pages 1-3)

Page 31 -- I do not believe in the trickle-down theory. Nothing ever trickles down to the poor except minimum wage jobs and bread crumbs. Not everyone has the opportunities, circumstances and abilities to succeed as those who have succeeded.

Page 32 – This massive concentration of economic resources in the hands of fewer people presents a significant threat to political and economic systems. Instead of moving forward together, people are increasingly separated by economic and political power, inevitably heightening social tensions and increasing the risk of a breakdown in society.

Page 33 – Yahoo COO (de Castro) was fired last month after 15 months. It is estimated that his compensation package will reach \$109 mln. That is \$350,000 per workday – that is what people in the services sector have to work 15 years for -- and he was fired for under-performance. How anyone can argue against redistribution of wealth after reading this 44-page report is beyond me.

Page 34 -- No one in this country should be earning less than \$15 per hour. The problem with a \$15 minimum wage is that some businesses could not afford that. A raise to \$15 would be the difference between registering a profit versus a loss for some. Employers would then be forced to fire workers and push the extra workload on those who remain. That is why there needs to be a redistribution of wealth in this country where there would be elimination of loopholes and tax havens coupled with new and higher taxes on the upper class -- with that revenue being directly transferred to anyone working for less than \$15 an hour.

Page 35 -- How do we accept that 1% of the world population controls \$110 trillion dollars while the median wage worldwide is less than \$4 a day? That is 3.5 bln people in this world living off less than \$1,500 per year – that is what many in this country spend at Starbucks annually. Do people not realize that sending \$4 a day to someone in the bottom 50% doubles or triples their standard of living? Why are we so selfish as a society and only giving 2% of GDP to the poor (with many giving nothing at all)?

Page 36 -- We should not give up the fight until everyone lives on a decent income – at least a few times what is now considered to be extreme poverty. Half of the world population lives on less than \$4 a day (with half of those below \$2 a day). If my push for wealth redistribution is successful, everyone could be lifted above \$5 a day by 2020.

Page 37 -- Hundreds and thousands of years ago, the lower classes (including many who were illiterate) were not able to figure out how they were being manipulated by the upper classes. The poor trusted, obeyed, endorsed and lived in fear. Our world today is still ruled by the wealthy -- but times have changed. We have the internet now with open communication lines, and the poor have a voice; although it is not yet as strong as it needs to be. The poor are no longer as oblivious and illiterate as they were hundreds of years ago. I do not believe the bottom 50% will tolerate for much longer, a world that is driven by those who only care about their own material and political gains. Many were convinced that free markets would deliver individual freedom and prosperity for all. It should now be crystal clear to anyone who read this long report of mine that this is not the case.

This report finishes on page 37. Below the credits (page 38), the legal disclaimer (page 39) and contact information (page 39), is pasted (pages 40-44) the transcript from a radio interview I gave last month. My answers to most of the questions you may have can be found in that transcript. I have had one web site up for many years and that is www.standpointresearch.com -- my second web site www.philanthropyandphilosophy.com will be up on February 23 and features profiles for 24 high-ranking and efficient charities, and profiles for 24 philosophers. Each profile runs a few pages in length. There is also an area where visitors can read about my views and opinions and see video of my television appearances to promote the causes I am fighting for.

*Not to share one's wealth with the poor is to steal from them and take away their livelihood.
It is not our own goods that we hold, but theirs -- Pope Francis*

Blacklisted on Ethical and Moral Grounds – Philip Morris, Apple, Amazon & Yahoo

In this country, there are people who like to criticize communists and socialists. They criticize countries such as Syria, Cuba, Nigeria, North Korea, Russia and China – and much of that criticism is deserved. Unfortunately, those who read this entire 44-page report will see that we may not be much better than those we criticize. In some regards, we may be much worse. The complaints in this report versus Yahoo, Apple, Amazon and Philip Morris **do not even scratch the surface**. I could have blacklisted hundreds of companies. These are **extreme** examples that I felt needed attention. With **thousands** of stocks to choose from, I don't know why any investor or consumer would support these four in particular after reading this report. We all need to pressure these companies to change their ways. It is very unfortunate that a few greedy individuals at the top (of companies like Apple, Amazon and Yahoo), can destroy the reputation of companies that could have been the pride of this country – instead they have left many Americans ashamed, embarrassed and nauseated of the country we live in.

If a man does not have a cause worth dying for, then his life is not worth living. For some of you that may be your children. For me it is this crusade I am fighting. I am putting this report out, and in a few days, the business I built during the last 15 years can be destroyed, if I lose institutional accounts who can't accept the truth and have a problem with my political views (that I refuse to depress for any longer). I have already lost more than \$100,000 in 2014 revenues from clients who cut me off (and that is fine with me). Hopefully that money will come back from the left and those in the middle and lower class who I am fighting for. Apparently no one on Wall Street has the balls to do what I am doing. Just a bunch of materialistic sheep following the shepherd.

This is quite amazing if you think about it ... wealthy, right-wingers **who claim to be pro-life** sitting on **tens of trillions** of dollars but they allowed **3,000,000** children to die last year from hunger-related diseases and they allowed **40,000,000** children to die from hunger-related diseases since the 9/11 World Trade Center attack that killed 3,000. **\$1.5 bln** would have easily kept those 3,000,000 kids alive for another year. Apple sits on **\$150 bln** that they made abusing Asian assembly line workers. Instead of caving in to Carl Icahn's demand for a shareholder dividend he is so desperate for – *his net worth is \$20 bln and not high enough for him* -- maybe Apple should have taken 1% of their money and kept those children from **starving to death**. I am nauseated by what I see in this country and it is hard for me to imagine anyone who reads this report and visits my new web site www.philanthropyandphilosophy.com – clients, those on the far right and wealthy included – that will not agree with most of what is in this scathing report.

I am directing this report mainly – but not entirely – towards the wealthy and the far right and I will humiliate these people in the media interviews that follow if I have to -- even if it costs me my business, security, privacy and life. **People at the top do not change until they realize that it is more expensive not to change**. Speaking nicely to these multi-millionaires and billionaires (**on the left and right**) does not work. I am going on the offensive February 24-28 via the media in New York in my effort to put an end to low tax rates on the wealthy, extreme examples of capitalism, Asian sweatshops, eight-figure executive salaries, nine-figure compensation packages, tax evasion, and selfish, unethical, greedy and immoral behavior. I started this crusade in early January and have heard all of the defenses and arguments from the other side. **There is no defense to what I am complaining about in this report**. Just a bunch of selfish hypocrites trying to remain in their bubble of comfort. I hear people on the far right and from the upper class saying they support the war. Did they serve in the war? Did they send their kids to the war? No – they send minorities to war and take advantage of those soldiers just as Apple did to their employees in Asia – many of whom committed suicide already. We pay executives, entertainers and athletes millions of dollars a year, but soldiers risking their lives and service providers we interact with many times on a daily basis are only worth \$20,000-\$30,000? When those on the left want to help these undervalued and underappreciated people, there is resistance mainly from the wealthy on the right who say we have an \$18 trillion debt. The debt is where it is because there is widespread tax evasion and tax rates on the upper class – especially the top one percent – are way too low.

My next door neighbor of four years, Frederic stopped by to visit me today. He is from France; 81 years old. He texted me last week that his brother in Paris died last week from lung cancer at age 71. I slipped a condolence card under his door yesterday so he came by to thank me. Fred also lost his mother, father and wife to tobacco. Fred quit thirty years ago and still has tobacco traces in his system. It is mind-boggling how this remains a legal product. I look at the top holders of Philip Morris stock and see five institutions with at least \$3 bln invested, led by Capital Research Global Advisors at \$8.8 bln. They are followed by Vanguard, State Street, BlackRock and Capital World. This is blood money -- **Are there no other companies to invest in?**

How do these fund managers determine how well Philip Morris is performing? By the number of people they exterminate? This industry was responsible for more death in just the last 10 years than Hitler and Stalin combined. Why on earth do individuals continue to invest with fund managers who are supporting the tobacco industry and are in effect partners in their crimes?

When will one of these institutions have the courage to do what CVS did and set off a chain reaction of divestiture?

Andrew Wilson, Director of the UK's Ashridge Centre for Business and Society, argues that "shopping is more important than voting". Some theorists believe that shopping is the clearest way that we express our actual moral choices. If we say we care about something (executive compensation, sweatshops, minimum wage, employee rights, cancer), but we continue to support companies (such as Apple, Philip Morris, Yahoo, Amazon) that are causing risk, harm or destruction, then we don't really care, do we? **We are just being hypocrites.** I have had many interesting conversations with Fred in recent months. He left France many years ago as it became more socialist and tax rates skyrocketed. When we first met he thought my views were extreme, and got a bit agitated. Now, as he closely follows my crusade, he is starting to see the world through my eyes and admires me. He only had nice words for me this afternoon and wished me luck as I send this report out for distribution worldwide. He thinks I am going up against some very powerful people who may try to hurt me and he knows the business I took 15 years to build may be in jeopardy as the clients (lambs) distance themselves from me. He knows what I am doing is right and that 80%-90% of the people in this world will be behind me. What remains to be seen is what kind of damage the minority (or a lone wolf) will do to me. If a man does not have a cause worth dying for, then his life is not worth living. I have already lost some big clients because of this, and that is fine with me. I am prepared to lose everything.

I have always been a good citizen -- generous and straight as an arrow. That being said -- for the first time in my life, as I release this report, I **REALLY** feel like I am a contributing and productive member of society. A weight is finally being lifted from my shoulders and I am doing something **TRULY** constructive. If **Standpoint Research** clients of mine want to cut me off because of my views -- and a few have already -- that is a price I am willing to pay. I guess those people have difficulty hearing the truth and were no longer comfortable making eye contact with me. It took me 15 years to build my highly regarded business and I am prepared to risk everything in order to do what no one else on Wall Street has ever had the courage to do before me. If the **selfish elements** in the top one percent can't accept the truth and those on the far right want to cut me off, I will replace the lost revenue and land on my feet as I always do. For many years I have lived in the United States **embarrassed, ashamed and disgusted** by what I see and I will not remain silent any longer. This crusade is for the poor people in this world and workers who are used, abused, undervalued and underappreciated. It is **not** against the entire upper class -- it is only against the selfish, greedy, unethical and immoral people in the upper class on both sides who I blame for most of the problems in this world. They could easily have eradicated these problems long ago (and in some cases not created them in the first place). There are people in the middle class who could be doing more, but this report is targeted at the upper class and it will be clear why by the time you read to the end. Since I started my crusade in early January, my emotional approach has resonated with many. There are a few who suggested I am showing excessive emotion. It is hard to determine how much emotion to show on such passionate issues. When the poor speak with no emotion, no one listens. I am now speaking on their behalf and I will raise my voice even if I must humiliate the upper class (that I am a part of). **People at the top will never change until they realize it is more costly not to change -- and we are going to reach that point very soon if I have my way.**

When I was in South America for eight days in December 2013 and walked by myself for 120 miles in Uruguay and Chile, I reached my breaking point. I did not want to come back to the United States in its current form. I had two choices -- leave the US or remain and try to change the system. I decided to remain and change the system. **It is hard for me to believe** that anyone who reads this report slowly **from start to finish** -- **and** visits the new web site I launch on February 23 www.philanthropyandphilosophy.com -- will not change the way they think and behave going forward -- especially those on the far right and in the upper class who are selfish, greedy, unethical and immoral. I am on a crusade and will not stop until every person in this country reads (or hears) my words. This report will be distributed via my media publicist worldwide on February 24 and there are no restrictions on its use. It is available for free at both of my web sites -- at www.standpointresearch.com and the new site mentioned above. If you are in the media, be fair in covering this and do not take my words out of context. It is requested that you mention my name and both web site addresses in your piece and give credit where credit is due.

Global malnutrition, both chronic and acute, now afflicts more than one billion people. Acute malnutrition, however, is the more immediate killer: it threatens 19 million -- mostly young children -- with starvation. Every year, as many as three million children die from hunger-related causes. This loss of life is all the more tragic because acute malnutrition is preventable, predictable, and cost effective to treat. Almost one billion people on the planet do not have access to clean drinking water. More than two billion people live without basic sanitation infrastructure, such as toilets. Every year more than one million children die from illness, such as diarrhea, dysentery, and cholera, caused by dirty water and unhygienic living conditions. Half of the world population – 3,500,000,000 – still lives on less than \$4 a day. How is it acceptable to us, as a society, that the wealthiest 1% (70,000,000 people) in this world now control \$110 trillion? That is 65X what the bottom 50% (3,500,000,000 people) have (\$1.7 trillion). This statistic is from the widely distributed report from Credit Suisse and Oxfam last month titled *Working for the Few*. In a perfect world, the bottom 50% should have 50X more than the top 1%, but in our upside down world it is exactly the opposite, and the US is one of the worst offenders. The 100 wealthiest individuals in this world now control more wealth than the bottom half -- 3,500,000,000 people who are all living on less than \$4 a day. This must change; and it will change. We are at a tipping point. I don't think anyone working 40 hours a week in this country should be below the poverty line -- we need to lift everyone up to \$15-\$20 an hour.

When we are done in this country we can start lifting others outside the US. If the companies can't afford a higher minimum wage, then it has to be through a redistribution of wealth (via higher taxes on the rich and fortunate). Henrique de Castro, fired at **Yahoo**, is walking away with a compensation package that is estimated to be worth \$109 million – during the 15 months he was at Yahoo, more than 3,000,000 children in this world died from hunger-related causes. The amount Yahoo paid Henrique de Castro could have kept 200,000 of those children alive for another year. He was paid \$350,000 for every workday he was there – \$350,000 is what some people in this country earn for 20 years of work -- and it is ten times what many in this world make during their lifetime with half of the world population still living on less than \$1,500 per year -- or what some Americans spend at Starbucks (annually). **How much time did CEO Mayer and the board members take to search for a COO? Did she and her friends on the board bother to check if there was someone competent in Europe or China at a fraction of the pay? I doubt it.**

Philip Morris and the global tobacco industry continue to operate as a legal business even though they are responsible for more than 5,000,000 deaths per year – mainly uneducated individuals from minorities, and third world countries who are targeted in sophisticated marketing schemes. Jeff Bezos from **Amazon** sitting on his net worth of \$27 billion, while widespread stories of tax evasion, anti-competitive tactics and abuse of employees at his warehouses continue to circulate. **Apple** – a company who is looked up to by many – sitting on \$150 bln in cash while Asian assembly line workers are treated like cattle and paid \$3 an hour in conditions that in this country would be considered illegal. Dozens have already committed suicide because death was a better option to some versus being out of work or working for Steve Jobs and Tim Cook. **For a company like Apple, we should be counting smiles at their facilities in Asia -- not the number of suicides.** As the saying goes -- in order to get to the top of the mountain, you must step on some people along the way – Apple and Amazon are two examples of this. Just as we are in disbelief at how people lived 100, 1000 and 2000 years ago ... 100, 1000 and 2000 years from now people will be in disbelief when they find out how we are living today. We still have a survival of the fittest mentality as there was in Rome 2000 years ago ... sweatshop workers who are treated not much better than slaves and an industry in our society that is legal even though it is destroying the lives of 400,000 Americans every year including 40,000 innocent victims from second hand smoke. So what progress have we made? We have in fact taken two steps backwards. Unethical, immoral, selfish and greedy behavior is at a record high level and we are at a tipping point -- the poor will probably not remain silent for much longer. If the poor do choose to remain silent, people like myself, who have a voice -- and are privileged to have access to the media -- will speak up on their behalf.

In this report I will detail what these companies are guilty of and how investors and consumers can take simple steps that could cripple these companies and force them to change their ways. In the case of Philip Morris (and the tobacco industry) it is my hope that they will be exterminated as they have exterminated tens of millions of people already (including millions of innocent secondhand smoke victims). Since PM was added to my Blacklist on January 6, the tobacco industry was hit with three blows and the PM share price broke through a two-year low of \$76 on February 3. Hopefully this is the beginning of the end for PM -- now minus 3000 basis points versus the S&P-500 since May 2013. After my January 6 note there was news that China would ban smoking in public places. Then there was a damaging settlement with the US government. The third blow came on February 6 when CVS announced it would no longer sell tobacco. Others will now be forced to follow their lead.

This report will be controversial and upset some -- but my views will be supported by the large majority. I hope my words will not be taken out of context. My intentions are pure and I have no conflicts of interest or ulterior motives. Please read to the end before reacting. There are dozens (if not hundreds) of companies I could place on my Blacklist but I will start with these four -- Philip Morris PM, Amazon AMZN, Yahoo YHOO, and Apple AAPL -- who I decided to single out. Hopefully other research firms will follow my lead and other companies will be added. It is hard for me to believe that no one has done this before me. If someone has to do the dirty work, then I am volunteering to do so. Just do not shoot the messenger -- I am speaking the truth. **For whoever is wondering why no one has done this before me, start by reading the legal disclaimers on the research reports coming from Wall Street; look into the conflicts of interest; and the sheep following the shepherd mentality that continues to persist there.**

I recently saw the critically acclaimed movie *American Hustle*. It takes place in 1978, and I remember 1978 very well. I was 11 years old. There were record stores and book stores in my neighborhood. We had a telephone nailed to the wall with a cord that would always get tangled. I had a typewriter and a set of encyclopedia. When I went out with friends and relatives everyone was actually talking with one another and not staring at their smartphones. I don't remember at age 11 ever feeling as though there was something missing from my life. We had newspapers, a few good television stations, and anything we needed nearby. We managed just fine without Amazon, Apple and Yahoo. Now, we as a society, need to re-evaluate the direction in which we are headed. Yes, Amazon, Yahoo and Apple are making our lives a bit more convenient -- **but at what price?** These companies are so embedded into our daily lives that we can't completely disconnect from them. That being said, if we cut back on the amount of money we do send them and the number of times we visit their web sites, it will do a lot of damage -- especially to a company like Amazon that works on razor-thin profit margins. We must demand that they change their ways and they will -- because they will have no choice. There was one thing missing from my life at age 11 and that was my grandfather -- I blame the tobacco industry for his death. He was in Israel and I was in New York. I heard from my father that my grandfather was coughing up blood -- before I reached age 11 he was dead. I am sure I will lose a few more friends and relatives before all is said and done.

On January 6, 2014, I blacklisted three stocks -- **Apple, Amazon and Philip Morris** -- on moral and ethical grounds. In early February I decided to add a fourth and that was **Yahoo** and that will go out on the same day this report is distributed. When I put out short notes tied to the trio of names I blacklisted in January, I had no idea what would follow. In the last two months, I did many radio and newspaper interviews. I also appeared on CNBC, Bloomberg and Fox television live in their respective NY studios. I did a video interview at *The Wall Street Journal* office in NY that was broadcast via their online channel. My web site was flooded with visitors -- hundreds of supportive, emotional and encouraging messages have come pouring in from all over the world via my web site, Facebook, Twitter, Linked-In and Seeking Alpha accounts. *I even have a well-known priest who has made public statements about what I have done -- see excerpt on cover page. I know about the history of the church and that there were some controversies. That being said, Pope Francis is doing a nice job, and I welcome the nice (unsolicited) endorsement from Father Finn (that I felt was worth sharing).* The COO at Yahoo was fired last month after **15 months** of underperformance. He walked out with an estimated **\$109 mln** compensation package. That is what a group of **2,500** US soldiers **risking their lives** in Afghanistan would earn in a year -- **combined**. \$109 mln could have provided good meals to **200,000** starving children in Africa for a year. \$109 mln is also enough money to permanently take **200,000** homeless people off the street in third world countries where a sturdy shack for a family of five can be built for less than \$2,500. Nearly three mln children worldwide died from hunger related causes last year and Yahoo throws away \$109 mln on one employee who didn't even do what he was paid to do. It costs less than \$500 to feed a child (well) for a year in third world countries. We should be ashamed and disgusted with ourselves as a society that we allow these extreme and obscene forms of capitalism to persist. Unfortunately, in our twisted world, the underperforming COO at Yahoo is valued more than 2,500 soldiers, 200,000 starving children and 200,000 homeless people.

Many in the upper class live disconnected and without a conscience, and continue to try and convince society that this is an efficient system while doing whatever it takes to hold on to their power and position. *I got mine -- you are on your own. That is their mentality.* I don't subscribe to their trickle-down economics theory -- nothing ever trickles down to the poor aside from minimum wage jobs and a few bread crumbs. They are for free markets? Yes ... everything for them is (relatively) free and the working class pays with blood, sweat and tears. How on earth do people with a conscience earn hundreds of thousands of dollars a year (or mlns of dollars a year) and try to fight for cuts in food stamps for those struggling to survive? We need to shut their tax loopholes down, raise their taxes and double the subsidies given to those who work 40 hours a week and bring home less than \$600. These greedy and unappreciative people earning hundreds of thousands (or millions) of dollars annually, cheat on their taxes, and want others to live on \$20,000 annually (or less)?

I am going out with this scathing report and in my media push that follows, I may take it to the point where I humiliate these selfish people within the upper class until they start treating the poor like humans and not as servants. This report will go to every major newswire and network. **Speaking nicely has gotten the poor nowhere** -- it is time to be more aggressive. Enough is enough with this extreme capitalism and characters like venture capitalist **Tom Perkins** who has a net worth of **\$8 bln** and sits in his **\$130,000,000** yacht comparing people on my side of the argument to Nazis and saying the rich should be given more voting power because they pay more in taxes.

Actually we already have that system and it is called a Super PAC. In January 2014, the *Wall Street Journal* published a letter from Perkins that compared the progressive war on the wealthiest Americans to the Holocaust, comparing the Occupy Wall Street movement "demonization of the rich" to Nazi Germany anti-semitism. Writing from the epicenter of progressive thought, San Francisco, he called attention to the parallels of fascist Nazi Germany to its war on the *one percent*, namely its Jews, to the progressive war on the American 1%, namely *the rich*. Steven Schwarzman made similar comments in 2010. I served in the Israeli Army from 1987-1990 and I have many relatives who were killed by Hitler -- I do not appreciate the comparison. The upper class needs to be ashamed of themselves -- sitting silent as 100 people now control more wealth than the bottom 3.5 bln in this world when in fact a 4% redistribution would eliminate poverty worldwide. *See table on page 35.*

As the support for my January words grew, I felt the need to dig deeper into the situation and operations at AMZN, AAPL and PM and the shocking results are below in this new report. I am hoping, before all is said and done, that tobacco will become illegal; that AMZN and AAPL will stop treating their employees like cattle; and that there will be an end to eight-figure salaries and nine-figure compensation packages. 48,000,000 people in this country (15%) are on food stamps while many in the upper class (who sit on tens of trillions of dollars) look to keep the minimum wage and their tax rates depressed via loopholes, false information and other excuses. **During the last few weeks the encouragement and support I received was overwhelming. I decided to hire a media publicist for 2014 in the hope that she helps me get my message to the masses. I am fighting for the poor and unfortunate; employee rights; higher taxes on the wealthy; capping executive compensation; raising the minimum wage; crippling the tobacco industry; and encouraging more philanthropy via my new web site www.philanthropyandphilosophy.com – you can get a free copy of this report and my 33-page report on Philanthropy from December 2013 at the new site and my other web site www.standpointresearch.com**

Apple

Just as there have been demands for reparations from the Germans and American slave-owners in the past, there needs to be demand for reparations from Apple (and Amazon) to the workers who were abused during the last ten years. Why aren't more people talking about just how this company is able to manufacture 100,000,000 iPads and 200,000,000 iPhones annually? It will not satisfy me for them to simply treat workers better going forward in order to deal with the public relations mess created by the Foxconn suicides (and hopefully this report). **They must be pressured to pay reparations as well and they need to be cut off until this debt is repaid.** Consumers need to hold companies to a minimum standard or pull back on what they spend on those companies' products if the companies do not comply. I understand we can't disconnect completely from Apple and Amazon but we can cut back on what we buy from them. Instead of buying the iPhone 6, 7, 8, 9 & 10, maybe people should buy only the 7 & 9. I am sure Apple has a *five-year plan* and already knows what the iPhone 10 will look like; but they want you to buy four phones between now and then. Apple takes advantage of the very people who assemble their products, and then play the public for fools. **Apple should be forced to take \$15 bln from the > \$150 billion they are sitting on and send that to the Asian workers as retroactive pay to make things whole.** \$7,500-\$10,000 per full-time employee per year worked retroactive to 2004 would be a good starting point. Those people will never recover those lost and miserable years from their lives but at least they can be paid for the hours they worked. What I am requesting would be one step in the right direction on Apple's part.

Apple's CEO recently docked himself \$4 million in pay, as a direct result from Apple's underperforming stock price earlier this year, according to a proxy statement filed in early 2014. Expressing a "strong desire to set a leadership example in the area of CEO compensation and governance," Tim Cook insisted on putting half of his own stock grants at risk if Apple's shares underperformed the S&P-500 index this year. Apple's stock fell 26% percent from August 2012 through August 2013 while the S&P-500 index rose 18% during the same period. The 50% stock that Cook forfeited was worth nearly \$4 million when the stock vested. Even so, that number represents only 10% of what Apple paid its CEO this year: \$1.4 million in salary, \$2.8 million cash bonus, and \$36.4 million in stock grants.

Is this man delusional?

Up until recently, his workers in Asia were being paid less than \$2 an hour and he has the nerve to suggest that he is *leading by example* in the area of CEO compensation by taking a \$4,000,000 pay cut off of his annual \$40,600,000 compensation package? How considerate of him (*sarcastic*). Now instead of making 6,000 times what his workers in Asia earn, he is only making 5,400 times what they earn. He takes in 1,500 times what his Apple store employees take home here in the US even though those stores take in more revenue per square foot than most (if not all) retailers. The President of Uruguay is leading by example -- giving 90% of his \$12,500 a month salary to charity. Tim Cook is not leading by example – He is in a *Race to the Bottom*.

Buddhist proverb -- a wise and happy man is he who has no desires

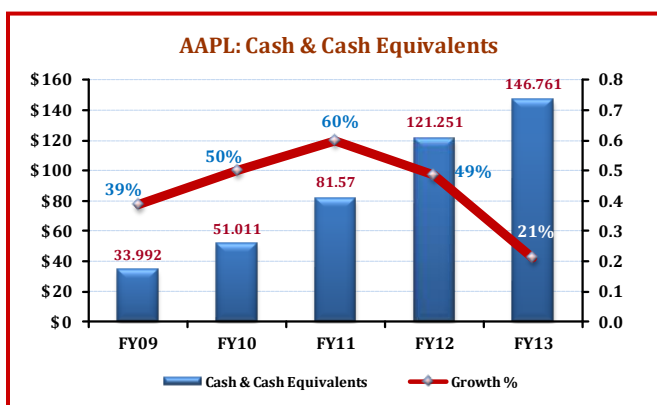
Jose Mujica, now 78, was elected President of Uruguay in 2010, but he has no interest in taking on the grand presidential lifestyle. According to the BBC, Mujica donates 90% of his salary to charity and lives in a farmhouse off a dirt road where he and his wife work the land themselves. The leader dresses casual, earns \$12,500 a month, but only keeps \$1,250 for himself, he told the Spanish newspaper El Mundo. "I do fine with that amount; I have to do fine because there are many Uruguayans who live with much less," Mujica told the paper. He focuses his giving on helping the poor and small entrepreneurs. "This is a matter of freedom," Mujica told the BBC. "If you don't have many possessions then you don't need to work all your life like a slave to sustain them, and therefore you have more time for yourself."

With all due respect to Steve Jobs, and what he created – he and his associates should have been taken to task long ago. Had it not been for the two dozen suicides at Foxconn in 2010-2011, the public relations nightmare and negative attention, it is unlikely that Apple would have made significant changes. Apple could not get away with the cold-blooded behavior detailed in this report in this country, so they went to where they could get away with it. *If you can't stop buying Apple products, then cut back on what you spend (on their products). If you do, they will get the message loud and clear. Reparations are in order and nothing less is acceptable.* In the US, most companies treat their employees fairly via unions, profit-sharing plans, year-end bonuses, healthcare benefits and fair wages. Apple does not want to play by those rules -- so they went to China and hid under the Foxconn umbrella -- now both companies have the blood and pain of many on their hands. Foxconn presently has nets to catch people who try to jump to their death from the dormitory buildings at their campus. My words in this report will be pointed and harsh. But I speak the truth -- and the truth will hurt some who read this. We live in a society that is twisted. If only we could get these selfish elements to change their ways, everyone would be better off and poverty would be reduced significantly. Unfortunately, there are people in this world who don't understand that you only need one fork with which to eat. If you have two forks, you can give one to someone who has no fork.

Apple today is the most valuable company in the world. The market capitalization (now at \$470 billion dollars) is \$70 bln higher than that of ExxonMobil (\$400 bln); more than 50% higher than Microsoft (\$305 bln); and more than 80% higher than General Electric (\$255 bln) and Johnson & Johnson (\$255 bln). When a person (or company) gets to the top of the mountain, as Apple has, they usually had to step on some people along the way. In the case of Apple, management did much worse. Their actions were criminal and they should have been prosecuted.

No doubt its innovative products have caught the imagination of many and the demand for these products continues to soar.

Each new product has led to a renewed frenzy among users -- which in recent years has translated into significant earnings for the company. Its net income grew four-fold between FY09 and FY13, and reported cash and cash equivalents over the same period have grown nearly fivefold to \$158 bln as of January 28, 2014. Manufacturer of some of the most sought after electronic gadgets, including the iPad, iPhone, iPod, and Mac, Apple is accused of resorting to unethical business practices to build its success and wealth. These practices include tax evasion, options backdating, misleading advertising, and (the most grave being) human rights violations in China. **Reparations in the order of \$15 bln are due, and I am asking that investors and consumers move to the sidelines until the debt is repaid. The \$15 bln is less than 10% of its cash balance. Shareholders would not even notice the money coming out of Apple's bank account.**



Apple apparently is in a *Race to the Bottom* – Where will they go next? Are they looking for a country in Africa where they can find workers to work for \$1.00 an hour now that suicides in China and bad publicity are pressuring wages higher from less than \$2.00 an hour towards \$3.00 (and \$4.00) an hour?

\$15 bln could be carved up in any number of ways. One way could be retroactive pay for 200,000 workers X ten years X \$7,500. Another way (for example) could be retroactive pay for 300,000 workers X five years X \$10,000. This would change the lives overnight for 200,000-300,000 people without hurting anyone.

I am sure Carl Icahn (and his obscene \$20 bln net worth) will be just fine without the 2% dividend for which he is asking. It would be nice to see him do something constructive with his life and become an activist on behalf of the abused workers in Asia instead of being greedy and demanding a payout for himself instead. Asian workers up until recently were paid less than \$2 an hour and this debt needs to be re-paid just as the Germans and American slave-owners were pressured to do in the past. **It is called reparations.**

Unethical and Illegal Labor Practices – Exploiting Human Lives

China Labor Watch www.chinalaborwatch.org is an independent not-for-profit organization. CLW has been at the forefront of investigating labor malpractice at manufacturing facilities of some of the biggest corporations in the world. In last 10 years, CLW has carried out in-depth assessments and investigations of factories in China. In June 2012, CLW published an investigative report covering ten Apple supplier factories in China. In March 2013, CLW carried out investigations at Apple’s supplier sites -- three of Pegatron Group’s facilities, namely Pegatron (Shanghai) and Riteng in Shanghai, and AVY in Suzhou.

CLW’s investigations revealed at least 86 labor rights violations, including 36 legal and 50 ethical violations. These fall into 15 categories, which are as follows: dispatch labor abuse, hiring discrimination, women’s rights violations, underage labor, contract violations, insufficient worker training, excessive working hours, insufficient wages, poor working conditions, poor living conditions, difficulty in taking leave, labor health and safety concerns, ineffective grievance channels, abuse by management, and environmental pollution.

Pegatron Shanghai and Riteng are mainly tasked with producing cell phone and computer parts for Apple, while AVY produces iPad parts. As per the CLW report on Pegatron, workers were working long hours, six days a week in 11-hour shifts with some of that time going unpaid. Workers were paid less than \$2 an hour. These wages were less than half the average local monthly income and far below the basic living wage necessary to live in Shanghai.

If a worker was unable to complete three months at Pegatron, the dispatch company that hired the worker deducted a large portion of his/her wages. Also, it was reported that more than 10,000 underage and student workers or interns, of 16-20 years of age, were working in crowded production rooms doing work similar to formal adult workers without any special protection. This clearly was in violation of Chinese regulations that require special protection for underage workers. Some students were being paid lower wages as schools deduct fees for the internship, while others did not receive their wages on time. Under constant scolding and harsh working environments, many of the student workers did not stand more than a few days of work, unlike workers recruited from outside schools. On the production line, workers were required to wear anti-static anklets with a ring and metal chip that had wires attached to it. Workers were not permitted to talk during working hours. Talking would not only result in being scolded by the line leader, but would also impact their monthly income.

If a worker managed to finish his/her work earlier, he/she was not free to move around. A worker could stretch for a minute and have some water, and that was all. Workers could apply to go to the restroom once (or twice) each day, but whether or not they received approval depended almost entirely on their team leader’s arbitrary judgment -- and not every team leader agreed to it. According to factory regulations, except for the two meal breaks, one at noon and the other in the evening, there were no mandatory breaks for workers to go to the restroom or to have water. At AVY Precision Electroplating Company, more than 80% of the posts require workers to constantly stand while working. Inside the factory, there are few places where workers can rest. If workers do not meet their quota, their overtime shift is extended, and sometimes they are not be permitted to eat during these extended shifts.

Whether Apple has recently changed the way it does business, or plans to in the near future, does not change the fact that reparations are due for the years of abuse and inadequate wages that Apple was aware of.

Ten-minute breaks were oftentimes arbitrarily cancelled by team leaders. Workers were constantly in fatigued condition due to strenuous working and sleep deprivation, as workers put in nearly 16 hours for a 12-hour shift -- including traveling and daily rituals. At Pegatron, female workers, pregnant or not, worked more than 60 hours per week. Women who were pregnant out of wedlock, or do not have a birth permission document from the government, or who do not abide by China’s family planning policies, are discriminated against -- those falling under this category cannot enjoy maternity benefits at Pegatron. CLW’s investigations found that a pregnant woman was working long overtime hours, despite Chinese laws protecting the health of pregnant women by mandating an eight-hour workday. After four months of intense work, the pregnant woman decided to leave and give up her maternity benefits rather than jeopardize the health and well-being of her unborn child and herself. It was found that pregnant workers did not know that such hours violated Chinese law.



A crowded and messy dorm room

Workers were provided meals at the factory cafeteria. They were required to wait in queue, sometimes for more than ten minutes, to receive food. The choices offered were basic dishes that were far from appetizing, with dinner usually constituting reheated lunch food. Because the food was so inferior, many workers skipped their dinner at the factory and bought late night food outside the factory (after work hours). Time machines for clocking in and out were set up, and workers were not authorized to go outside the factory during lunch and dinner recess. Monthly meals for workers cost RMB 400-600 RMB (\$64-\$96). Living conditions were also appalling. After long and grueling work hours, workers had to live in a 12-person dormitory and queue up for a quick cold shower in one of the two dozen showers shared by hundreds of workers. Workers were required to pay out a minimum monthly rent of about RMB 100 (\$16) per person.

Workers need to swipe their ID cards to enter the dormitory. **The (200 square-foot) dormitory (with 12 residents) becomes very crowded -- less than 20 square feet per person.** Also, as there are not enough dormitories in the factory complex, dozens of dormitories have come up in the area surrounding the factory. It takes about 20 minutes each way via the factory bus shuttle service. **As most dormitory rooms are unventilated, washed clothes take long to dry up, and that leads to their being stolen by others (as the items must be left unattended).**

The conditions at these factories are so poor that most workers refuse to continue working for long. In a period of



Exhausted workers taking a nap during breaks

two weeks, in March 2013, 80 of the 110 new recruits at AVY left -- unwilling to accept the work intensity, low pay, living conditions, and harsh management style characterizing the facility. In September 2012, a riot (involving over 2000 workers that led to the injury of 40 people) erupted at Foxconn's Taiyuan factory. The initial trigger of the incident involved a conflict between some guards and a worker. However, the root cause of this incident demands attention. Foxconn factories, which produce many of Apple's products, have a history of maintaining militaristic management practices as well as putting an inordinate amount of stress on workers. Coming from different places throughout China, workers are required to work 10-hour day and night shifts with little rest, receiving low wages, and all the while, withstanding

very strict factory rules on behavior (along with suffering the verbal and physical abuse of guards).

Given such stress levels, workers are on edge, and incidents like the one mentioned above are likely to continue. This is especially true during periods when Apple gave Foxconn large orders for new products, such as the iPhone 5.

Many cases of suicides due to stress and the punishing working environment have been reported in the last few years at Foxconn. We must give Foxconn some credit – and I say this sarcastically -- the company has put steel wire nets around its dormitories and work areas in attempt to prevent employees from jumping to their deaths from the high floors.

Safety and Health – Playing with Human Lives

During the period for which I am demanding reparations, most of Apple's suppliers did not take safety and health concerns seriously. Supplier factories did not provide enough occupational safety equipment and training to workers with regard to production operations, and at no time during the hiring or thereafter were workers informed about the likely harm to their health due to working at these factories.

Production facilities contain many harmful substances, such as toluene, formaldehyde, lead smoke, ethanolamine, butanone, isopropyl alcohol, carbon dioxide, dust, and laser radiation. However, due to insufficient emphasis on labor protection, several workers do not wear masks when performing tasks. There is little regard for workers' health, despite their working with hazardous substances and chemicals. In 2009, more than 100 workers were poisoned by n-hexane at an Apple supplier in eastern China while cleaning iPhone screens. In contrast to Apple's statement that they were all treated successfully, many workers still suffer from weak limbs and other health problems after nine months of hospitalization.

In 2011, two explosions at iPad factories, including the one in Chengdu, killed 4 and injured 77. A Chinese group had alerted Apple about the hazardous conditions inside the Chengdu plant before these blasts, but it appears that Apple never acted on these warning signals. Likewise, after the explosion at the iPad case manufacturer Riteng in Shanghai last December, which injured 59 workers, some employees' bones were so severely shattered they may be permanently disabled. Apple did not send anyone to visit the victims following the blast. Some of the workers are in despair because their faces were disfigured. Months passed, but the victims did not receive any compensation. Occupational safety hazards in some of the factories include acidic chemicals, noise pollution, dust, and potential machine injury. Acidic chemicals form during the anodization, polishing, and drilling processes. In early May 2011, Students & Scholars Against Corporate Misbehavior (SACOM) released a report titled *Foxconn and Apple Fail to Fulfill Promises: Predicaments of Workers after the Suicides*. In the report, SACOM raised a number of rights violations at Foxconn, including that workers regularly inhaled aluminum dust in the polishing department.

Foxconn issued a statement on 18-May-11, stating -- *we are mandated by our own strict policies, Chinese government law, and commitments to our customers to ensure that the highest level of health and safety standards are applied to our operations in all locations*. Two days after Foxconn's statement, a deadly explosion of aluminum dust occurred at its production facilities in Chengdu. After the tragedy, SACOM pointed out that Foxconn had ignored work safety at its factories despite being warned. Outrageously, Foxconn did not concede its negligence but accused SACOM of capitalizing on the blast. It is evident that Foxconn is so arrogant that it resists any criticism, even one that comes with sound evidence. Environmental pollution is another big casualty. Factories continue dumping hazardous liquids directly into the sewage system. At AVY, water-soluble cutting solution is directly poured into the sewage system. At some of the factories, work pieces covered with cutting solution are cleaned in bins with tap water. After washing a number of work pieces in a bin, water turns white due to pollutants in the solution, which is then (after a few hours) poured into recycling troughs behind each machine. After the trough is full, the dirty water is poured into drains connected to the sewage system near restrooms. At Riteng and AVY, waste water is directly disposed into the sewage system, polluting the local water source.

Apple, in its published reports, has said it requires every discovered labor violation to be remedied, and suppliers that refuse are terminated. Privately, however, some former executives concede that finding new suppliers is time-consuming and costly. Foxconn is one of the few manufacturers in the world with scale that can build a sufficient number of iPhones and iPads, hence Apple is "not going to leave Foxconn and they're not going to leave China," says Heather White, a research fellow at Harvard and a former member of the Monitoring International Labor Standards committee at the National Academy of Sciences. He adds, *there is a lot of rationalization*.

Apple has **zero tolerance for lapses in the quality of its products**. If a quality issue arises, Apple will do everything it can to have it corrected immediately. **But a lower level of urgency apparently applies in responding to labor rights abuses**. Despite its professed high standards for the treatment of Apple workers, serious labor violations have persisted year after year. Apple must prioritize its efforts to halt the abuse of workers making Apple products. As Apple launches its cheaper iPhones, it continues to profit while cheapening the value of the workers in its supply chain. Apple continues to source from Pegatron factories despite serious labor rights violations. That Apple has made promises on the conduct of its suppliers means that Apple is complicit in the persistence of violations at these factories.

Amazon

It seems as though Jeff Bezos will go to great lengths in order to prove that his shares should be trading at \$390 (a piece). He knows he will not be able to generate \$15 in earnings per share in order to justify this share price unless he is rough on his employees, cuts expenses, dodges taxes and cripples or eliminates his competition. When you go to your computer, you hit a few keys on your keyboard and in 24-48 hours there is a package waiting for you. How did it get there and at what cost to society was this *convenience*? AMZN is an American international electronic commerce company with headquarters in Seattle, WA. Jeff Bezos incorporated the company as Cadabra in July 1994 and the site went online as Amazon in 1995. It is the world's largest online retailer. AMZN started as an online bookstore, but soon diversified, selling DVDs, CDs, video and MP3 downloads, software, video games, electronics, apparel, furniture, food, toys, and jewelry. The company also produces consumer electronics -- notably the Amazon Kindle e-book reader and the Kindle Fire tablet computer. AMZN is also a major provider of cloud computing services. Although AMZN as an internet retailer prides itself on customer service and has a reputation of excellence, it all comes with a price. Since its founding, the company has attracted criticism and has been involved in controversy from multiple sources over its actions. These include -- luring customers from the site's brick and mortar competitors; poor warehouse conditions for workers; anti-unionization efforts; Amazon Kindle remote content removal; taking public subsidies; its "one-click patent" claims; anti-competitive actions; price discrimination; decisions over whether to censor or publish content, such as the WikiLeaks website; lesbian/gay book sales rankings; works containing libel, facilitating dogfights, cockfights, and pedophile activities.

Poor Working Conditions

One of the major issues plaguing Amazon is the treatment of its employees, which according to many is horrendous and exhausting. According to employees at its fulfillment centers, Amazon's relentless drive to increase productivity causes them to burn out, wears them down, and eventually costs them their jobs. An increasing number of workers are coming forward to discuss the work culture at the world's largest online retailer. On 2 August 2013, the Daily Mail ran an expose on Amazon UK -- GPS tagging of employees, subjecting them to harsh working conditions, and describing employees as human robots were in the report. The newspaper reported that Amazon employed controversial zero-hour contracts as a tool to reprimand its staff. A Channel 4 documentary broadcast on August 1, 2013, showed secret cameras installed within Amazon UK's Rugeley warehouse documenting worker abuses.

The company's 600,000 square-foot warehouse in Breinigsville, Pennsylvania, located along US Route 222, is another such example of Amazon's unfair labor practices. The warehouse has a mix of nearly 1,600 full-time, part-time, and temporary workers who receive sort, pick, and ship thousands of packages per shift. Recently, during the Christmas season, the company began seasonal mandatory overtime of five 11-hour shifts per week to meet the demand from online holiday shoppers. This schedule was to continue through the New Year, after which, workweeks were to be dropped back to four 10-hour days per week. After the holidays, hundreds of temporary employees would again be unemployed. In the Pennsylvania region, warehouse employees have few choices but to work for a base rate of \$9-\$14 per hour. They endure physically demanding conditions, under constant surveillance with an unforgiving computer-based system demerit program, and zero job security. In 2011, Pennsylvania's Morning Call newspaper exposed the exploitation of Amazon's warehouse employees in Breinigsville.

In the fall of 2011, it was publicized that at the Breinigsville warehouse, workers had to carry out work in 100°F (38°C) heat, resulting in employees becoming extremely uncomfortable, suffering from dehydration and collapsing. Loading-bay doors were not opened to allow in fresh air, as managers were *worried about theft*. Many workers were hospitalized and the attending physician reported the case to federal workplace safety regulators. Amazon's initial response was to pay for an ambulance to sit outside on call to cart away overheated employees. But the revelation compelled the company to spend \$52 million to install cooling systems at its warehouses.

Some workers – also known as pickers -- who travel the building with a trolley and a handheld scanner picking customer orders, can walk up to 15 miles a day back and forth, and if they fall behind on their targets, they can be reprimanded.

The handheld scanners feedback the real time information of employees on how fast or slowly they are going, and also allow managers to track the specific locations of employees and how much "idle time" they register.

15 miles is nearly twice what the average waiter or waitress will do in an evening

In a German television report broadcast in February 2013, journalists Diana Löbl and Peter Onneken conducted a covert investigation at Amazon's distribution center in Bad Hersfeld, in the German state of Hesse. The report highlights the behavior of some of the security guards who apparently either had a Neo-Nazi background or deliberately dressed in Neo-Nazi apparel, and who intimidated foreign and temporary female workers at its distribution center. The workers said they were informed shortly before going to Germany that they would be employed by a temporary services agency, rather than by Amazon. Upon arrival, they said, they learned they would be paid only €8.5 (\$11.4) per hour, compared to €9.7 (\$13.0) promised earlier. They were housed in an overcrowded resort complex and bused daily to the Amazon facility. *The people are stuffed in little huts, seven of them, and fed in the cellar of the restaurant like pigs*, one of the bus drivers told an interviewer on the TV show. Like most of those interviewed, he did not give his name. Amazon's German press service did not immediately respond to questions from Bloomberg (Businessweek) about the recruitment and housing of immigrant workers. A telephone message left at Amazon's Seattle headquarters was not immediately returned. Some of the most sensational footage showed security guards on duty at the resort complex.

The guards had military-style haircuts and wore black hoodies made by Thor Steinar, a company that produces similar garb worn by neo-Nazi groups. Because of that association, Thor Steinar apparel is banned at some German soccer stadiums, and Amazon's German site has refused to sell the brand since 2009. Adding to the shock value, the guards' apparel were emblazoned with the letters HESS -- representing Hensel European Security Services, the now-fired security company -- but also reminiscent of Rudolf Hess, a top deputy to Adolf Hitler. *The security guards go into our housing when the people are not there, or are sleeping, or taking a shower*, a worker who identified herself only as Selvina told interviewers on the documentary. A second worker, who said her name was Maria, said security guards intimidated her after she complained about housing conditions, and the next day she was fired.

The incident casts a shadow over Amazon's rapid growth in Germany, its second-largest market after the United States. The company employs about 8,000 workers at eight German logistics centers, five of which have opened in just the last two years, according to a list compiled by MWPVL International, a supply chain and logistics consulting company based in Montreal. A spokeswoman for Germany's Labor Ministry told Bloomberg News that the government would review the activities of the temporary employment company that recruited the workers and could revoke its license if wrongdoing is found. **Amazon has drawn criticism for working conditions at its other European facilities**, which include eight logistics centers in Britain, four in France, and one apiece in Italy and Spain, according to consultant MWPVL – so this was not an isolated incident. If Amazon is getting hit with widespread complaints from within US warehouses, we can only imagine what conditions are like in places where they are better able to fly under the radar. A recent report in the *Financial Times* quoted employees at a facility in the British town of Rugeley complaining about grueling work schedules and blisters caused by having to walk long distances in required safety boots. Amazon told the newspaper in a statement -- *some of the positions in our fulfillment centers are indeed physically demanding, and some associates may log up to fifteen miles walking per shift*. **Workers at Amazon logistics centers in France have staged brief strikes in recent years over complaints, including high injury rates and heavy-handed security measures**. None of the disputes, though, has stirred as much anger as the German documentary. Heiner Reiman, a representative of Germany's Verdi labor union who was interviewed on the program, said Amazon was taking advantage of foreigners who are desperate for work.

The foreign temp workers have no voice, he said. There is a great fear of being sent back home without having received money. As long as this works, Amazon is going to continue with this practice.

Amazon Bosses Petitioned Over Demeaning Staff Conditions

The complaints regarding working conditions have put Amazon in the spotlight for all the wrong reasons, and the company is facing several lawsuits in the US for alleged labor abuse. One allegation is that Amazon fails to compensate hourly workers for time they spend passing through security checkpoints designed to prevent employee theft. In lawsuits filed in Philadelphia and Luzerne County state courts, former employees at Amazon's sprawling fulfillment centers in Breinigsville and Hazle Township allege that workers are required to a significant amount of time waiting to pass through metal detectors at the end of their shifts and before meal breaks. Complaints allege that if Amazon had to include these increments of time, many workers would top the 40-hour workweek, which would make them eligible for overtime. Attorneys representing warehouse workers, who are required to clock out before passing through security, estimate that 100,000 people are owed more than \$100 million in back wages and penalties for time spent on security lines. In December 2013, an online campaign was started in the UK demanding Amazon's chief executive, Jeff Bezos, to pay living wages to the agency staff. The campaign received more than 40,000 signatures within just two days of its launch. Launched on the www.change.org web site, the petition featured an image of workers in a warehouse with the caption -- **Amazon UK: all we want for Christmas is a fair wage**. The petition alleged that 15,000 workers in the e-commerce company employed for the holiday rush *won't earn enough to buy the bare essentials of life*. Emily Kenway, who works at Share Action, started the petition. She urges people to re-think their position on the company. She added that the AMZN's tax affairs are a very different issue from not paying adequate salaries to staff.

Referring to an undercover report by the Observer, Kenway claimed in the petition that workers within the warehouse are unfairly treated, claiming that the following policies demean its workers:

- A sack-if-you're-sick policy that sees you cut out if you take three sick breaks in a three-month period
- Giving workers 15-minute breaks that start wherever they are in the giant warehouses
- 10-hour day
- Compulsory overtime
- Monitoring and timing toilet breaks
- Half-a-point if you're one minute late or more (three points and you're out).
- Paying the minimum wage or just above it, when it could well afford to pay the living wage.
- A "performance console" that tracks workers' activities; they can be released if their "pick rate" is too slow.

A BBC investigation into a UK-based Amazon warehouse found conditions, which, as per a stress expert, could cause "mental and physical illness". The undercover reporter got an agency job at the Swansea warehouse and was employed as a "picker", collecting orders from 800,000 square feet of storage – that is the size of 20 football fields. The secret filming of the night shift revealed that the undercover workers were expected to collect orders every 33 seconds, involving up to 11 miles of walking. A handset told workers what to collect and allotted them a set number of seconds to find each product, and count and put it in his trolley. If the "picker" made a mistake, the scanner beeped. The scanner tracked the picking rates of workers and sent their performance to the managers. If it was too low, the worker could face disciplinary action. Those on the night shift

were required to work ten and half hours, four-day a week --with an hour's break per shift. Day workers were paid a daily rate of £6.50 (\$10.80 per hour), increasing to £8.25 (\$13.75) per hour for night workers.

I am sure many in the upper class feel that anything above \$10 an hour is a fair wage while they are making \$100-\$1,000 an hour. There are some who make \$10,000 an hour. Yahoo CEO Mayer and her fired Lieutenant are closer to \$20,000 an hour and Jeff Bezos is at \$200,000 an hour if we divide his net worth by 20 years at Amazon. So he makes \$200,000 an hour and he pays his workers \$10 an hour? Maybe we need to have these people on the opposite end of my argument switch places with the Amazon (and Apple) workers for a few months (or years) and then ask how they feel about my demand for a redistribution of wealth via higher taxes on the upper class. Professor Marmot, one of Britain's leading experts on stress at work, said that the working conditions at the warehouse were *all the bad stuff at once*. The expert opinion was that **with characteristics of this type of job, evidence shows increased risk of mental illness and physical illness.**

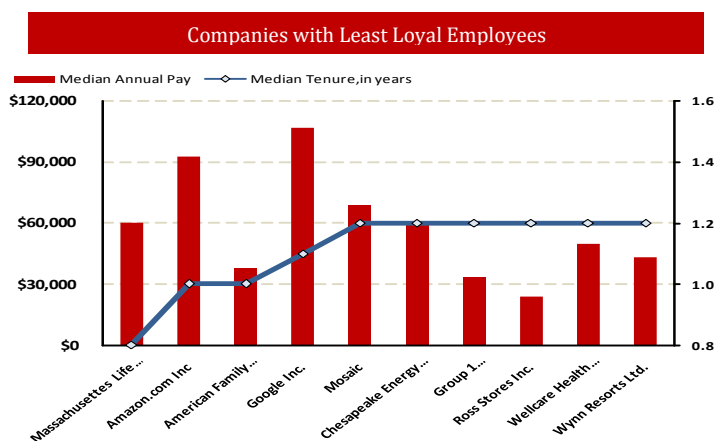
The story of the plight of workers does not end in the US and UK – recently, an escalating labor dispute between Amazon and its German workforce threatened to undermine the online retailer's reputation and business model in its largest foreign market. Germany is Amazon's second-largest market (behind the US), where sales grew almost 21% in 2012 to \$8.7 billion, a third of its overseas total. As per Verdi Labor Union board members, *the Amazon system is characterized by low wages, permanent performance pressure, and short-term contracts*. Hundreds of Amazon workers in Germany went on strike in December 2013, just as pre-Christmas sales were set to peak, in a dispute over pay and conditions that had raged for months. The company employs 9,000 warehouse staff in Germany, along with 14,000 seasonal workers at nine distribution centers. As per the Verdi union, up to 700 workers joined the strike in Amazon's logistic center in Bad Hersfeld, along with 500-600 in Leipzig. For the first time, the union also called a strike in Graben, where about 600 workers took part.

Union Verdi organized short strikes during 2013 to force Amazon to accept collective bargaining agreements, which are used elsewhere in the mail order and retail industry as benchmarks, for pay at Amazon's German distribution centers. As per Philip Jennings of global trade union UNI – Amazon must realize that it cannot export its anti-union labor model to European shores. We call on the company to come to the table and sign a global agreement that guarantees the rights of workers. Amazon treats its employees as machines and robots, low paid, overworked, and unhappy -- resulting in high employee turnover rate.

According to the article, the company has **very poor employee retention** for a large tech company (even though some seasonal turnover during Christmas is to be expected). AMZN's median employee tenure is just one year. Even Wal-Mart, which is a notoriously bad place to work, has a median tenure of 3.3 years. IBM, which AMZN now competes with in enterprise cloud computing, has a median tenure of more than 6.0 years.

Predatory Pricing and Tactics Killing Brick & Mortar Stores

Amazon is a destructive force in the world of bookselling. Their business practices undermine the ability of independent bookstores, and therefore access to independent, progressive, and multi-cultural literature to survive. Additionally, Amazon is harmful to local economies, labor, and the publishing world.



Cheap books are not always a bargain; they really mean publishers and authors receiving less, which, in turn, does not support the future of book publishing and quality writing. In fact, Amazon has compelled many publishers to slash the price of their books and eBooks. In some instances, when publishers have refused, Amazon has removed the “buy” button from the pages of the publishers’ books. This threatens the ability of publishers to survive in an industry with already low profit margins. **Jeff Bezos and his ego are so desperate to cripple the competition and justify the \$390 share price that he is willing to sell products at a loss in order to gain market share.** Everyone knows that Amazon sells books at a deep discount -- particularly hard covers, new releases, and bestsellers. Why would they do that? It is not because Amazon is philanthropic. This is the “loss leaders” strategy to gain an unfair pricing advantage over their bookselling competition. Selling certain books (or Kindles) at a loss (or no profit) lures customers to their website to buy big ticket items (such as electronics), with books now just a small percentage of Amazon’s Walmart-type business model. E-books have also been a loss leader for Amazon so that it can “gain loyalty and market share”. Amazon can offer “discounts” because they are cutting other costs: taxes, publisher payments, author payments, and safe-labor practices. So they will sell at a loss and wipe out some competition in the process. Once the competition is gone they can raise prices and benefit from a monopoly-type situation.

I encourage investors and consumers to cut back on their support of Amazon until Jeff Bezos pays back his multi-billion dollar debt to employees from the last 20 years. How do we continue to support a man who made \$27 bln and left his employees with nearly nothing? It is high time that we cap executive compensation and require that a percentage of profit goes to employees before shareholders are paid. Employees need to be paid fairly before shareholders profit off of their blood, sweat and tears.

Voices have recently been raised by authors and book lovers to restrain buying books online. Jaime Clarke, a Boston-based author and independent bookstore owner, sent out a public plea to readers to resist buying his new novel from Amazon. The author's move is just one more chapter in the *Amazon versus small businesses* battle.

In October 2013, the World Jewish Congress called on Amazon CEO Jeff Bezos to remove books that deny the Holocaust and promote anti-Semitism or white supremacy. "No one should profit from the sale of such vile and offensive hate literature. Many Holocaust survivors are deeply offended by the fact that the world’s largest online retailer is making money from selling such material," WJC Executive Vice President Robert Singer wrote in a letter to Bezos. Earlier, a report in the British online magazine *The Kernel* revealed that Amazon.com was selling books that defend holocaust denial, and (even) shipped them to customers in countries where Holocaust denial is prohibited by law. Despite the fact that independent bookstores have been making a steady comeback, as small businesses rebound in the strengthening economy, three independent East Coast bookstores have filed suit against Amazon and major publishers in an attempt to level the playing field.

Amazon tactics have also led to scrutiny from numerous individual sellers who have claimed that Amazon unexpectedly closed their accounts, and subsequently withheld their funds for indefinite timeframes. According to Amazon Seller’s Participation agreement, Amazon may earn interest on funds collected from buyers before they are disbursed to sellers -- meaning that Amazon can increase its earnings by delaying disbursement. In a bid to protect its bookstores, **French lawmakers** unanimously approved a new bill in October 2013, aimed at supporting small bookstores struggling in the face of giant online retailers like Amazon. The bill will seek to restrict the likes of Amazon from combining offers of free deliveries with discounts of up to 5% on books.

Tax Evasion

With armies of sharp-suited accountants peddling their tax minimization schemes everywhere, we know that tax evasion/avoidance is endemic across the corporate world. What singles out Amazon in its tax dodging is not just its size and market power, but the fact that its business model appears to be built around this strategy as a way of competing on price and crippling the competition. For years, Amazon has gone out of its way to avoid sales and income tax. Price was more important than convenience, and the sales tax swing was big enough to make all the difference. The world’s largest internet retailer collects sales tax from only 5 of 50 US states – taking advantage of a court ruling that requires physical presence in a state for sales to be taxable. In order to escape this liability, Amazon has a map of the US with each state colored red, yellow or green. Executives travelling to red states need company permission before entering, in case their actions trigger laws that force Amazon to collect taxes there.

The Guardian ran a series of articles on Amazon’s approach to taxes in April 2013. Evidence showed that the company which sold one in four books in the UK, and generated £7.5 billion from sales there in the last three years, did so without attracting any corporate tax on the profits from those sales. In 2012, on UK sales of £4.2 billion, the retailer paid just £2.4 million tax, as it was registered as a company in the tax haven of Luxembourg. In 2006, it transferred its UK business to Luxembourg and reclassified its UK operation as simply an "order fulfilment" business. Luxembourg is number three on the Tax Justice Network’s list of damaging secrecy jurisdictions. The Guardian estimated that the company may have avoided paying a tax bill of about £100 million in the last three years. From the very beginning it had been "constitutionally oriented to securing every possible advantage for its customers, setting the lowest possible prices, taking advantage of every known tax loophole or creating new ones."

As of May 2011, legislation was introduced in Congress to allow states to impose sales taxes on sales to their residents from out-of-state. Similar legislation, known as the Main Street Fairness Act, failed in committee in 2010. Several earlier versions of the bill also failed to advance. Amazon was not averse to using its profits to campaign against tax liabilities. Amazon lobbyists met four times with members of Congress (or their aides) in 2010 regarding the Main Street Fairness Act. The company spent \$610,000 on lobbying in 2010, though these expenses also covered other bills discussed at the same time. Amazon has increased political contributions to federal lawmakers. Amazon’s political action committee spent \$214,000 during the 2010 election cycle, double what it spent for the 2008 elections. In 2011, Amazon spent more than \$5,000,000 collecting signatures for a proposition to amend a new sales tax law in California to its advantage.

In January 2014, US tech firms made a last attempt to halt tax avoidance reforms. Lobbyists representing leading US technology companies urged the G20 not to close international tax loopholes that are exploited by the likes of Google, Amazon, and Apple to pay less tax in the UK and elsewhere. The G20 tax reform project was announced last summer, billed as the "once in a century" opportunity to overhaul the global tax system. While the work has the backing of all G20 nations, it has been most enthusiastically championed by France, with strong backing from Britain, and Germany. America’s support, as is to be expected, has been lukewarm. In the UK, many leading retail groups have called for reform, highlighting what they see as unfair tax advantages afforded to multinationals, such as Amazon, by outdated tax treaties. Some of Britain’s largest High Street chains -- including Sainsbury’s, John Lewis, Dixons and Mothercare -- have all called for a crackdown on Amazon’s tax arrangements. *It is a form of piracy capitalism. They rush into people’s countries, they take the money out, and they dump it in some port of convenience. That is not a business in any traditional sense. It is an ugly return to a form of exploitative capitalism that we had a century ago.*

Financial Performance

Bezos certainly knows how to create a buzz. What remains to be seen is whether he can generate profits for Amazon shareholders. Despite dominance and nearly 20 years in business, Amazon still struggles to turn a profit. It is the undisputed leader of e-commerce, but what most of the public are not aware of is that the company does not generate steady profits and free cash flow although Jeff Bezos’ net worth is listed at \$27 bln. Amazon spends a lot of money to generate revenue growth. It roughly has 460 million shares outstanding and a share price of about \$390, which gives it a market capitalization of \$180 billion. The company’s net profit mark has broken one billion dollars only once in the past nine years -- in 2009. After reporting a loss of \$39 million in 2012, the world’s largest online store is expected to end this year with \$349 million in net profit on nearly \$75 billion in revenue. This is close to the profit it made in 2005 (\$359 million) on just a fraction of the revenue (\$8.5 billion). Since the company’s Q3 earnings announcement late last year, high-rolling insiders sold nearly 100,000 shares, not including the 1,000,000 shares unloaded by CEO and founder Jeff Bezos.

Insider trading in month of November 2013					
Name	Title	Trade Date	Shares Sold	Current Ownership	Decrease In Ownership
Diego Piacentini	SVP	15-Nov	6,779	187,555 shares	3.50%
Jeffrey Blackburn	SVP	Nov 1-15	16,041	121,488 shares	11.70%
Thomas Szkutak	CFO	Nov 1-15	13,404	101,350 shares	11.70%
David Zapolsky	VP	15-Nov	2,228	13,861 shares	13.80%
Jeffrey Wilke	SVP	Nov 1-7	17,046	70,112 shares	19.60%
Jeffrey Bezos	CEO	Nov 1-5	1,000,000	84,970,020 shares	1.20%
Tom Alberg	Director	1-Nov	4,103	25,908 shares	13.70%
Brian Valentine	SVP	1-Nov	8,309	60,524 shares	12.10%

More than 2,400,000 shares were sold, while zero shares were purchased by insiders in 2013. Much of the insider selling was witnessed in November. The average person may think profit of a few hundred million dollars is significant, when in fact it is not relative to the size and market cap of AMZN. If the profits do not catch up to the market cap soon, this stock will collapse. Insiders at AMZN are well-aware of this -- that is why they behave in the unethical, greedy, immoral and selfish way that they do, and that is why their employee-retention rate is so disgraceful. On February 16, 2011, (competitor) **Borders applied for Chapter 11 bankruptcy protection** and began liquidating 226 of its stores in the United States. Despite a purchase offer from the private equity firm Najafi Companies, Borders was not able to find a buyer acceptable to its creditors before its July 17 bidding deadline, and began liquidating its remaining 399 retail outlets on July 22, with the last remaining stores closing their doors on Sunday, September 18, 2011. As for **Barnes & Noble – they are expected to lose more than \$50,000,000 next year**. After a series of mergers and bankruptcies in the American bookstore industry since the 1990s, Barnes & Noble stands as America's last remaining national bookstore chain – a very bad sign of the times. This is the price we paid for the convenience of Amazon. The company operates 675 stores (as of April 27, 2013) in all 50 (US) states in addition to 686 college bookstores that serve more than 4.6 mln students and faculty members across the country.

Philip Morris International

We went to war over 3,000 deaths on 11-Sept-01. Why are we not going to war against the tobacco industry that is responsible for the extermination of 5,000,000 Americans and 50,000,000 worldwide since 11-Sept-01?

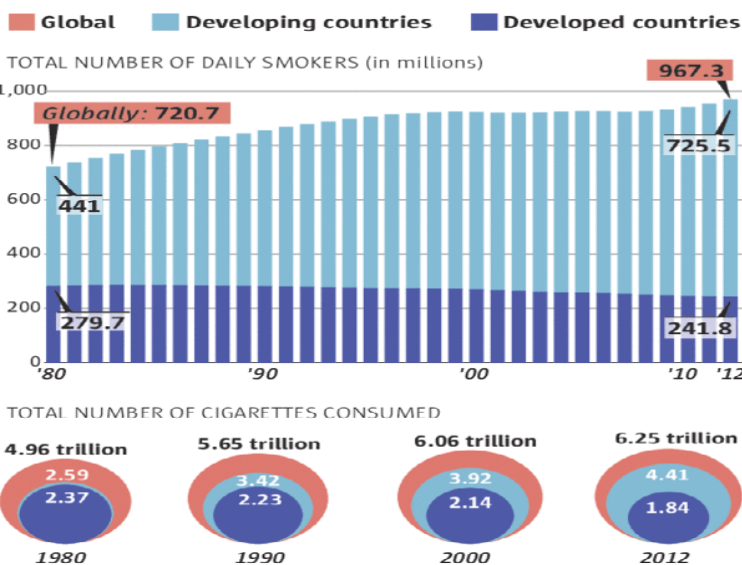
On January 6, 2014 I blacklisted three names including Philip Morris. Some bad news came out since that date and the shares have dropped \$5 since my note. On January 29, PM shares closed below \$80 for the first time in two years. On January 8, the China Health Agency announced it will roll out a nationwide smoking ban in public places by year end, setting for the first time a target date to meet its commitment to cut down on indoor tobacco use. National Health and Family Planning Commission spokesman Mao Qunan said the agency was working on the regulation along with the State Council. A ban has been on the agenda of China's cabinet since last year. Mao said the commission was also actively trying to have the National People's Congress pass a law to contain the harm of tobacco use. The announcement represents the closest that Beijing has come to a timetable for meeting its pledge to create a smoke-free indoor environment under the World Health Organization's Framework Convention on Tobacco Control. China ratified the convention in 2005, but missed the deadline to honor it by 2011. National legislation enacting a ban on smoking in public places has been seen as the most effective way for the government to fulfill its commitment, but so far action has been limited to only a handful of cities.

In 2011, the National People's Congress approved a five-year plan that pledged to ban smoking in all indoor workplaces, indoor public spaces and public transport by 2015 – a significant move for the country with the world's largest population of smokers. The Health Ministry subsequently issued a regulation banning smoking in all indoor public areas, but failed to outline how it would be implemented or (outline) any repercussions for violating it. China is the world's largest cigarette manufacturer and consumer, with more than 300 million smokers, according to national statistics. **Some 740 million people, including 180 million children, are impacted by second-hand smoke. Each year, more than one million people die of diseases related to smoking in China and there are another 100,000 deaths related to second-hand smoke, according to the health commission.**

Tobacco-control advocates were encouraged by the announcement of the nationwide plan after years of slow progress. Last month, a circular published by the State Council, and the Communist Party's decision-making Central Committee, banned officials from smoking in schools, hospitals, sport venues, public transport and other places deemed off limits to smokers. There have been no concrete moves by the government since issuing the 12th five-year plan, but this does show good intentions by the current administration. Philip Morris Int'l is the world's largest and most profitable tobacco company, with seven of the world's top 15 international cigarette brands, including Marlboro (*the world's best-selling cigarette brand*). It used to be a subsidiary of former parent Altria until it was spun off on March 28, 2008. PM sells its products in 180 countries and commands an estimated 29% market share outside of the US and China. In 2013, PM reported revenue of \$31.3 bln and a net income of \$8.64 bln. They made a lot of money -- and they killed a lot of people -- *so I guess that was a good year for them (sarcastic)*.

There is no denying that despite the global economic downturn, lawsuits, health problems, and rising cigarette prices, the global tobacco industry continues to register growth and high profits. In FY 2012, the company reported a \$209 million (2.4%) increase in profits and cigarette shipment volume rose by 1.3%.

This growth in volume contributes to the following –



One tobacco-related death every six seconds worldwide. That's 5.4 million people every year.

Premature deaths -- On average, smokers lose 15 years of life and up to half of all smokers will die of tobacco-related causes.

Higher healthcare costs and lost productivity. Tobacco causes a \$500 billion global economic drain each year -- nearly \$74 for each person in the world. For every dollar of cigarette revenue, healthcare expenses and productivity losses cost the world economy many multiples of that (dollar figure). If current trends continue, with worldwide population growth, according to the World Health Organization, there will be close to **one billion** tobacco-related deaths in the 21st century.

Globally, tobacco-related deaths have been spiking sharply as population growth continues and people rising into the middle class in developing countries can now afford cigarettes.

Tobacco is responsible for more than 15% of all male and 7% of all female deaths. Tobacco is also a risk factor for the four leading non-communicable diseases -- cancer, heart disease, diabetes, and chronic respiratory diseases, which account for more than 63% of global deaths, as per the WHO. Tobacco use is the number one killer in China, causing 1.2 million deaths annually. This already high figure, shockingly is projected to more than double within 20 years. Tobacco is also responsible for the greatest proportion of male deaths in Turkey (38%) and Kazakhstan (35%), and the highest proportion of female deaths in the Maldives (25%) and the US (23%). The vast majority (86%) of premature deaths from NCDs occur in developing countries. Tobacco use is one of the greatest contributing agents, and therefore tobacco control must continue to be given the high priority it deserves. Uniquely, among cancer-causing agents, tobacco is a man-made problem that is completely preventable through proven public policies. **Effective measures include tobacco taxes, advertising bans, smoke-free public places, mass media campaigns, and effective health warnings. There are more than 100 industries to invest in. The tobacco industry should be blacklisted. It should be an illegal product. Fund managers and individual investors should sell their shares and pull their support away from this industry.**

Tobacco companies for decades have gone out of their way to target different groups – nothing was off limits -- youth, minorities, uneducated, third world and developing countries (to name a few). They even targeted women and did extensive research in order to figure out how to hook women on smoking – at one point they even toyed with the idea of chocolate-flavored cigarettes that would curb appetite. Researchers at Harvard University's School of Public Health said they examined more than 7 million documents -- some dating back to 1969 -- for new details about the industry's efforts to lure more women smokers that went far beyond a marketing or advertising campaign. They did so much research in such a sophisticated way in order to exploit them. Tobacco companies looked for ways to modify their cigarettes to give women the illusion they could puff their way into a better life. One of the documents, from Philip Morris, praised the virtues of making a longer, slimmer cigarette that offered the false promise of a "healthier" product. Most smokers have little notion of their brand's tar and nicotine levels. Perception is more important than reality, and in this case the perception was of reduced tobacco consumption. The Harvard researchers spent more than a year sifting through an online database of internal documents made public following the 1998 settlement between tobacco companies and 46 states. They found at least 320 documents that focused on women's smoking patterns, including a 1982 report from British-American Tobacco Company that said women buy cigarettes to help them cope with neuroticism. "We can safely conclude that the strength of cigarettes that are purchased by women is related to their degree of neuroticism," the report stated.

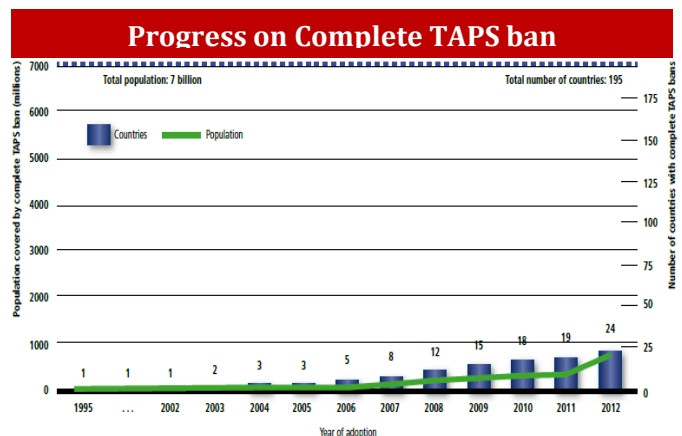
Other internal studies showed that companies explored adding appetite suppressants to cigarettes. In 1980, for instance, R.J. Reynolds proposed creating a cigarette with a "unique flavor that decreases a smoker's appetite, including brandy, chocolate, chocolate mint, cinnamon, spearmint and honey." Smoking rates among women are expected to increase significantly in the next ten years, driven by the growth of female markets in developing countries. There are calls for government officials to focus their anti-smoking efforts on women, particularly in developing countries. This is a ticking time bomb, and we must act aggressively to destroy this industry before it is too late. **American Indian** and Alaska Native lands are sovereign nations and are not subject to state laws prohibiting the sale and promotion of tobacco products to minors. As a result, American Indian and Alaska Native youth have access to tobacco products at a very young age. The smoking rates there top 40% and you can be nearly certain that tobacco companies were there to capitalize.

Enforce Ban on Tobacco Advertising, Promotion, and Sponsorship

The trend toward the globalization of the tobacco industry has led to a globalized approach to marketing, research and lobbying, and factors such as trade liberalization have opened new and lucrative markets to transnational companies. Companies are increasingly focused on their "international" brands, as it is more cost effective to manage and market a smaller number of iconic brands than to develop smaller, market-specific brands.

PM's position as the global leader in the tobacco industry has been achieved both by effectively marketing its products and opposing tobacco control initiatives.

Advertising, promotion, and sponsorship form the front line of the tobacco industry's efforts to maintain and increase its customer base, and normalize tobacco use. Although precise calculations have not been made, the best estimate is that the tobacco industry spends tens of billions of US dollars worldwide each year on tobacco advertising, promotion, and sponsorship (TAPS). In the US alone, the tobacco industry spends more than \$10 bln annually on TAPS activities. To sell a product that kills up to half of its users requires extraordinary marketing, and tobacco companies are some of the world's most manipulative product sellers and promoters. Countries that have ratified and acceded (agreed) to the WHO Framework Convention on Tobacco Control (FCTC) have made a legal commitment to implement comprehensive bans on tobacco advertising, promotion, and sponsorship, as these marketing tactics increase tobacco use, with many targeting young people and children.



One of the strongest arguments to support bans on TAPS is the impact that they have on youth smoking initiation and prevalence rates. Tobacco companies know that most people do not initiate smoking after they reach adulthood and develop the capacity to make informed decisions, and reduction in youth smoking rates may lead to lower adult smoking prevalence in future years. **PM continues to market its deadly products despite countries' efforts to regulate these tactics. One example of marketing activity aimed at undermining the intent of tobacco advertising regulations is the sponsorship of concerts and sporting events, which are particularly attractive to youth – easy targets who are not mature enough to make wise decisions.**

Effective Legislation

Tobacco is addictive and the single greatest cause of preventable death globally. Philip Morris' operations (and its competitors) are highly controversial and are increasingly the subject of litigation and restrictive legislation from governments concerned about the health impact of its products. Government intervention through well drafted and well-enforced legislation is required, as the tobacco industry has substantial expertise in circumventing bans on tobacco advertising, promotion, and sponsorship activities. Around the world, countries aiming to protect their citizens' health through strong tobacco control laws are increasingly facing legal assaults from PM, seeking to prioritize trade policy over public health. Monitoring tobacco industry strategies that attempt to circumvent the law is important for establishing effective countermeasures.

Smoking kills more people than murder, AIDS, suicide, drugs, car crashes and alcohol combined, and secondhand smoke kills more than 38,000 Americans a year.

To disguise its efforts to undermine the implementation of effective tobacco control laws, the tobacco industry often establishes front groups, entities that are funded and directed by corporations, and that act in the interest of the industry, or partners with influential allies.

Partnering with Governments – Undermining Tobacco Control Laws

Philip Morris -- as well as other players in the tobacco industry -- has a history of deceptive corporate practices, underscoring the reason why governments continue to reaffirm the protection of public health policy from the tobacco industry. It includes complicity in cigarette smuggling, including several legal settlements of government-initiated litigation and a US court ruling upheld by the US Supreme Court, finding that the major US- and UK-based tobacco companies violated civil racketeering laws and defrauded the American people by lying for decades about the health harms of its products and their marketing to children. With the intent to weaken tobacco control policies, Phillip Morris enters into partnerships and agreements with governments of various countries. The company enforces customs agencies and other government entities to enter into Memorandum of Understanding and Cooperation Agreements, claiming to be part of the public health solution and deserving of a seat at the table in policy making. National Tobacco Control Programs require support from partners within government as well as all the segments of civil society (except the tobacco industry and its allies). The continued involvement of legitimate non-governmental organizations and other civil society groups is essential to continued progress on national and global tobacco control efforts.

Tobacco industry tactics to interfere with tobacco control efforts

There are several tactics used by the tobacco industry to interfere with tobacco control efforts.

- **Influencing the political and legislative process.** The industry has been highly resourceful in undermining governments’ efforts to protect health by creating and exploiting legal loopholes and hiring lobbyists to influence decision makers and weaken normative texts.
- **Exaggerating the economic importance of the industry.** The industry often uses economic arguments to suggest that effective tobacco control would nullify the alleged economic benefits of their business to local communities and national economies, but its data exaggerate the economic importance.
- **Manipulating public opinion to improve the industry’s image.** The industry uses a wide range of public relations tactics to manipulate public opinion and improve its image, including so-called “social responsibility” initiatives.

- **Fabricating support through front groups.** The industry uses affiliated businesses in its own industry (and other industries) to create seemingly independent “grassroots” groups that support its interests, but which commonly receive direct tobacco industry funding.
- **Discrediting proven science.** In order to weaken tobacco control efforts, the industry creates false controversies about the scientific evidence of the harms of tobacco by manipulating standards of scientific proof and distorting evidence.
- **Intimidating governments with litigation.** Legal action or even the threat of action is a popular industry tactic to intimidate governments and dissuade them from introducing effective tobacco control policies.

Corporate Social Responsibility Initiatives by Tobacco Companies -- Should be Prohibited

According to WHO, tobacco companies frequently engage in *socially responsible* activities, such as sponsorship of research, charities, educational programs and community projects, in an attempt to improve their image as socially acceptable economic contributors and good corporate citizens. Many such activities focus on health philanthropy, even though there is a clear conflict of interest between the health harms caused by tobacco use and tobacco industry spending on initiatives that address health issues.

Other examples of this strategy include tobacco companies providing economic support to countries and communities suffering from natural disasters or other crises, which helps improve public perception of the industry, creates goodwill among influential groups, such as journalists and policy-makers, and serves as brand promotion. **This is blood money and should not be accepted.** *Thanks, but no thanks* (should be the reply). We can easily replace this revenue from other sources including taxes on the upper class. The interests of the tobacco industry run counter to the social good. A couple of days after I blacklisted Philip Morris in early January, news came out that the nation's tobacco companies and the federal government reached an agreement on publishing corrective statements (see below) that say the companies lied about the dangers of smoking and requires them to disclose smoking's health effects, including the death of more than 400,000 people per year in the United States – *that is in just this one country*. **Under the agreement, each of the companies must publish full-page ads in the Sunday editions of 35 newspapers and air prime-time TV commercials on CBS, ABC or NBC five times per week for a year.** The companies also must publish the statements on their websites and affix them to cigarette packs. The companies involved in the case are: Altria Group -- owner of the biggest US tobacco company -- Philip Morris USA; # 2 cigarette maker, R.J. Reynolds Tobacco; and # 3 cigarette maker Lorillard. Each corrective ad is to be prefaced by a statement that a federal court has concluded that the defendant tobacco companies *deliberately deceived the American public*.

Among the required statements are that **smoking kills more people than murder, AIDS, suicide, drugs, car crashes and alcohol combined**, and that secondhand smoke kills more than 38,000 Americans a year. Not surprisingly, tobacco companies had urged rejection of the government's proposed corrective statements -- the companies called them "forced public confessions." They also said the statements were designed to "shame and humiliate" them. They can exterminate millions of people annually, but could not deal with a bit of humiliation? Several public health groups, including the American Cancer Society, American Heart Association and American Lung Association, intervened in the case. In a statement, the groups said the corrective statements are "**necessary reminders that tobacco's devastating toll is no accident. It stems directly from the tobacco industry's deceptive and illegal practices.**" The corrective statements include five categories: adverse health effects of smoking; addictiveness of smoking and nicotine; lack of significant health benefit from smoking cigarettes marked as "low tar" or "light"; manipulation of cigarette design and composition to ensure optimum nicotine delivery; and adverse health effects of exposure to secondhand smoke.

Among the statements within those categories:

- Smoking kills, on average, 1,200 Americans. Every day.
- The tobacco industry intentionally designed cigarettes to make them more addictive.
- When you smoke, the nicotine actually changes the brain — that is why quitting is so hard.
- All cigarettes cause cancer, lung disease, heart attacks, premature disease and death — lights, low tar, ultra lights, and naturals. There is no safe cigarette.
- Secondhand smoke causes lung cancer and coronary heart disease in adults who do not smoke.
- Children exposed to secondhand smoke are at an increased risk for sudden infant death syndrome (SIDS), acute respiratory infections, ear problems, severe asthma, and reduced lung function."
- There is no safe level of exposure to secondhand smoke.

PM's expensive campaign to re-brand itself as a *socially responsible* corporation is actually a sophisticated public relations effort aimed at influencing policy makers and the public, and defeating effective tobacco control measures. PM's profits are made from selling a deadly product with tremendous economic costs, and the dollars that it drains from economies reduce budgets for essential public services, such as the ones PM now offers to support -- hunger and poverty eradication, education, and disaster relief.

There is no denying that despite the global economic downturn, lawsuits, health problems, and rising cigarette prices, the global tobacco industry has continued to generate strong growth as well as profits. For many decades, the tobacco industry has used its political and economic clout to prevent effective tobacco control policies and regulations. It is time we challenge and force tobacco giants, such as Philip Morris, from spreading the world's most deadly, yet entirely preventable epidemic, which will kill nearly one billion people in the 21st century unless current trends are reduced. Not only is the tobacco industry responsible for more than 5,000,000 deaths per year – a figure that will rise as the world population rises -- they also mistreat their employees (and that should certainly not come as any surprise).

Most of the articles I tapped into in order to write this long report were from 2013-2014. That being said, I was looking at an article from 2011 online and this is what I found – **The nearly 100,000 workers who travel to North Carolina each summer to harvest the state’s tobacco crop are often repaid for their hard work with sub-minimum wages, dangerous conditions in the fields and inhumane living conditions, according to findings from a human rights assessment conducted by Oxfam America and the Farm Labor Organizing Committee.**

Supporters continue to call on the industry to take action and end the abuses in its supply chain. As is the case with Apple and their Asian suppliers, firms such as R.J. Reynolds do not directly employ the farm workers on its contract farms -- it sets the terms with its contract growers and profits from the farm workers’ labor. In a report highlighting Human Rights Abuses in North Carolina’s Tobacco Industry, key findings highlighted include: 25% of workers reported being paid less than the federal minimum wage. Many of the workers interviewed suffered regularly from symptoms of *green tobacco sickness* which is caused by excessive absorption of nicotine through the skin. **Nearly all the workers who lived in employer-provided housing described inadequate or non-working showers and toilets, overcrowding, leaky roofs, beds with mattresses that were worn out or missing, insect and rodent infestations and lacking or inadequate cooking and laundry facilities.**

FLOC Secretary and Treasurer Beatriz Maya said at a rally, in front of the company’s headquarters -- For years Reynolds has made excuses, and tried to either deny that there is a problem or shift the blame somewhere else, and we are here today on Reynolds’ doorstep to tell them that there is a big problem, to show them the facts, and to let them know that we are holding them responsible. It is time for Reynolds to do right by the workers who harvest their tobacco, and to come together with the rest of their industry to make changes. We do not accept their excuses for the (inexcusable) conditions that tobacco farm workers are being forced to endure. For at least four years, Reynolds refused to meet with FLOC (2007-2010). In 2011, the workers gained a major victory when executives of British American Tobacco, which owned 42% of Reynolds American, agreed to meet with them. This was the first time any corporation with close ties to Reynolds American agreed to meet with workers. I was recently in North Carolina and had to drive through Winston-Salem (where Reynolds is based). **In all honesty**, when driving through, I thought about how much death and destruction came from there – and I cringed in exactly the same way when I visited a Nazi concentration camp in Poland three years ago. **It is hard for me to feel bad for those who work on the tobacco farms** and are abused, but I do understand that these people are desperate for work of any kind and I am trying to make a point -- **What you read above applies to many industries**; not just tobacco. Those working in orange fields, sugar cane, coffee, cocoa, bananas, and other products, have similar complaints. We need to think about how our products are being made; where they are coming from; and how the workers were treated in the supply chain.

Side Note: Howard Schultz from Starbucks has a net worth of \$2 bln – most individuals could not spend 99% of what he has over several lifetimes. Has anyone visited the coffee fields in South America and Central America to see how the bean pickers live and how they are paid? I have -- and it was quite disturbing. Why is he not paying his workers better? He has a very good publicist that shines a very nice light on him and his *socially conscious* company. I will repeat again what I said earlier – in order to reach the top of the mountain, you must step on people along the way. If people saw what I saw and heard the stories I heard, they probably would not be spending as much money at Starbucks. The bean pickers make significantly less than sweatshop workers in Asia – only a few dollars a day, at best. Starbucks, the largest purchaser of coffee beans worldwide, is generating record profits as coffee prices dropped drastically last year for coffee farmers, while prices at Starbucks increased. Starbucks will earn \$2.25 bln profit next year on more than \$18 bln in revenue. Many farmers who pick their beans have never even heard of Starbucks and can certainly not afford a cup of Starbucks coffee.

Back to tobacco -- At least four former *Marlboro Men*, those rugged actors of the famous ad campaign, have died of smoking-related disease. The latest was Eric Lawson, who had chronic obstructive pulmonary disease caused by his addiction. Lawson, the face of what became the best-selling brand of cigarettes, was destroyed by the lethal product he helped promote. Years ago, he became a forceful voice for tobacco control, advising children not to smoke and working with organizations including the American Cancer Society to warn the public about the hazards of tobacco. Lawson died a week before the release of a new Surgeon General's report showing that, despite decades of progress in reducing smoking rates and holding the tobacco industry responsible for its lies and deception, a tobacco epidemic still exists. In early February, actor Leonard Nimoy announced that he was recently diagnosed with chronic obstructive pulmonary disease -- 30 years after having given up cigarettes. About 44 million Americans still smoke, and one-third of all cancer deaths are caused by tobacco use. **The report found that a staggering six million children alive today in the United States will die from tobacco use and 66% of them (4 mln) will not reach age 65.**

It also found the list of harmful side effects and diseases tied to smoking is growing, including diabetes, erectile dysfunction and rheumatoid arthritis. As late as 1996, tobacco industry executives famously testified -- under oath -- that nicotine isn't addictive and smoking doesn't kill. Fifty years ago, in January 1964, the first Surgeon General's Report on Smoking and Health proved that smoking causes lung cancer and heart disease. Former Surgeon General Luther Terry's landmark report launched a major transformation in the way people think about smoking and sparked a public health movement that has led to remarkable progress in the fight against tobacco use and the devastating death and disease that it causes. When the first report was issued in 1964, the smoking rate in America was 42%. That figure has been cut by more than half, to 18% today, thanks in large part to proven tobacco control policies that discourage children and adults from smoking and protect non-smokers from cigarette smoke. Fifty years ago, passengers could smoke on commercial airplane flights, at work and in movie theaters. There were virtually no smoke-free restaurants. Today, smoking is prohibited on airplanes and in many airports, and nearly half the country's population is protected by smoke-free laws that cover all workplaces, including restaurants and bars. In the 1960s, a pack of cigarettes cost less than \$0.50. The average price today is roughly \$6.00, an increase fueled in part by efforts to raise tobacco taxes as a proven way to discourage people from starting the deadly habit. In New York City, a pack of cigarettes sells for \$12.00, but in my home State of Florida it is less than \$5.00.

The tobacco industry spent decades lying to the public about the health effects of its products, and waging sophisticated marketing campaigns targeting children and low-income populations. **In 2006, a federal judge found the major cigarette companies guilty of intentionally defrauding smokers and potential smokers for financial gain.** The evidence established that the industry was likely to engage in continued fraud. The Department of Justice and the cigarette companies last month agreed on the details of an advertising campaign that the industry must fund to air statements in the country's top-selling newspapers, and on the major television networks (during prime time). Fifty years after the country's top health official confirmed that smoking causes death, the industry will finally be compelled to level with the American people about the harm its products cause. We have a long way to go to end suffering and death from tobacco use. **Smoking will kill nearly half a million people in America this year and cost the country a staggering \$130 billion in health care costs and lost productivity.** We must seize this moment in history to renew our commitment to protecting public health by passing strong tobacco control laws. The most effective ways to help people quit smoking and keep children from starting the deadly habit are by consistently and significantly increasing tobacco taxes, passing comprehensive smoke-free laws that protect all workers from secondhand smoke and fully funding programs that help people quit tobacco and prevent others from starting.

Lawmakers at all levels of government must make a priority of these policies to end death and suffering from tobacco use. Without further action, tobacco use will remain the most preventable cause of death in this country, as it has been for more than half a century. **Another way we can cripple the tobacco industry is by pressuring mutual fund and hedge fund managers to blacklist and eliminate tobacco stocks from their portfolios. When we own a share in a company like Philip Morris we are in effect supporting what they do and are to a certain extent a partner in their crimes. There are more than 100 industries represented in the stock market – there should be no place for the tobacco industry there.** On February 5 it was announced that CVS Caremark will no longer sell tobacco products at its (more than) 7,600 drugstores nationwide -- as it focuses more on providing health care. The nation's second-largest drugstore chain said that it will phase out cigarettes, cigars and chewing tobacco by October 1, in a move that will cost approximately \$2 billion (or 1.6%) in annual revenue -- in my opinion it may come back via other channels. In fact, the CVS stock price is up 6% since the announcement (as of February 17). CVS Caremark management says removing tobacco will help them grow the company's business of working with doctors, hospitals and other care providers to improve customers' health. I was pleased to hear of this move and expect others will be forced to follow. CVS and other major drugstore chains have been adding clinics to their stores for several years now. Their pharmacists deliver flu shots and other immunizations, and those clinics also have been expanding the care they deliver. They now help people manage chronic illnesses like high blood pressure and diabetes. CEO Larry Merlo noted that conditions like those are made worse by smoking. "We've come to the conclusion that cigarettes have no place in a setting where health care is being delivered," he said. CVS Caremark has been working to team up with hospital groups and medical practices to help deliver and monitor patient care, and the presence of tobacco in its stores has made for some awkward conversations, CVS Chief Medical Officer Dr. Troyen A. Brennan said. One of the first questions they ask us is -- *If you are going to be part of the health care system, how can you continue to sell tobacco products?* "There is really no good answer to that at all."

The company's announcement drew praise from President Obama, who said in a statement that he applauded the news. "As one of the largest retailers and pharmacies in America, CVS Caremark sets a powerful example, and today's decision will help advance my administration's efforts to reduce tobacco-related deaths, cancer, and heart disease, as well as bring down health care costs -- ultimately saving lives and protecting families from pain and heartbreak for years to come," President Obama said.

Side Note: It would be nice if CVS could stop replacing cashiers with check-out kiosks. This company registered profit after taxes of more than \$4 billion last year – they should not be replacing humans with machines. Industrial and technological progress is good but we have to draw the line somewhere. For CVS to replace cashiers with kiosks is a dangerous move and precedent. This could have widespread consequences that end up costing millions of jobs worldwide if others follow their lead. If replacing a person with a machine is the difference between profit and loss, it is understandable, but CVS is nowhere near that break-even point.

CVS competitor Walgreens, the nation's largest drugstore chain, sells tobacco, as does the world's largest retailer, Wal-Mart, which also operates pharmacies in its stores. But Target, another major retailer with pharmacies in its stores, does not. Most independent pharmacies do not sell tobacco either, according to the National Community Pharmacists Association. Several cities, including San Francisco and Boston, have considered or passed bans on tobacco sales in stores with pharmacies. Other places like New York City have sought to curb retail displays and promotions, and raise the legal age someone can buy tobacco products. On the flip side, discounters such as Family Dollar have started selling tobacco over the last couple years. They note that smokers make more frequent stops at retailers, and their customers are more likely to be tobacco users. **Note:** a higher percentage of those who use tobacco are from minorities and without college education, so a disproportionate number of deaths strikes these people.

Retail sales of tobacco in this country, which is comprised largely of cigarettes, were approximately \$107 bln in 2012, according to market research from Euromonitor. Less than 4% of retail cigarette sales come from drugstores like CVS and Walgreens. The share of American adults who smoke has fallen dramatically in the last 50 years but has stalled since 2004. It is unclear why there has been no progress in the last ten years – a lack of funding for programs to discourage smoking or to help smokers quit may be one reason. **When are we going to see the major networks air anti-smoking public service announcements -- even if it ends up costing them a few dollars?** Tobacco companies have increasingly relied on their packaging and displays at retailers to build brand loyalty and grab consumers because it is one of the few advertising levers remaining after the government curbed their presence.

My Thoughts II

Sometimes it seems all that matters in this materialistic society is profit maximization -- and if crimes, selfishness, greed, and unethical behavior are required to keep buying stuff we don't need -- so be it. I will continue to speak up on behalf of those who have no voice. I hope Pope Francis and others continue to be relentless, on these very same issues I speak about, and that we can change a few minds before all is said and done. They say if a man does not have a cause worth dying for, then his life is not worth living. This is my cause and I will fight for the poor until I am out of breath. I am preaching and I am being judgmental – we live in a selfish society and it needs to change. I only ask that people read this, share this and think about what you can do to help the situation and clean up the mess we have in front of us. I have been holding my feelings in for a long time and it is going to end now with this long report to the major networks and newswires around the world. If I become a lightning rod for criticism and threats from a small minority who has a problem with my words – that is a price I am willing to pay. A close friend of mine who I have known for 15 years, told me recently as I consulted with him on this that *it is better to live like a coward than to die a hero*. Well, that is the opposite of what I believe. **Decades from now, people will be in disbelief when they hear about the way we live today -- just as many of us today are in disbelief at how people lived centuries ago.** Most people who read this report from start to finish will agree that we really have made little progress. Sometimes I think we have taken two steps backwards. Maybe human nature will never change. Money will always be the root of (most) evil. This primitive survival of the fittest mentality will remain, as will the gap between rich and poor.

That being said, I still have hope that we will change for the better. I consider myself no better than the taxi drivers, fast food workers, deliverymen, cashiers, clerks, janitors, housekeepers and other service providers who make my life easier and are marginalized and not valued in our society. In my opinion these people, who we interact with many times on a daily basis, are just as important, if not more important than the high earners are. It would be interesting to see all of the people paid below \$15 an hour go on strike for a few days, weeks or months and paralyze this country. Then maybe these workers, who we take for granted and take advantage of, would finally be appreciated. Unfortunately, in the world today some people are valued more than others -- even if those high earners are adding no value or subtracting value as is oftentimes the case.

I was almost bankrupt and homeless ten years ago -- Now I am doing very well. I have lived on both sides of the fence. I am oftentimes alone thinking about the problems in this world and how we can solve them. I have walked (by myself) more than 3,000 miles in the last six years through 25 States in the US and 50 countries on six different continents. If only people could see the world through my mind and eyes. If you read this report from start to finish, and still have a problem with anything I wrote, then you probably have never lived on the other side of the fence or (ever) thought too deeply about the injustice and the inequality in society. If anyone in the upper class has a problem with my demand for redistribution of wealth, I suggest you switch places for a few months (or years) with someone in the services sector who lives in a bad neighborhood and is taking home less than \$600 a week. No person working 40 hours a week should be forced to live below, at, or near the poverty line. We need a redistribution of wealth in this country of a few hundred billion dollars per year in order to level the playing field. This may be the land of opportunity, but it is not a country of equal opportunity. It is easy for people earning \$200,000 or \$2,000,000 or \$20,000,000 a year (after taxes) to justify in their own minds that they are worth this kind of money and expect others to live on \$20,000 (or less). It amazes me to hear people earning \$200,000 a year complain when there is discussion of wealth redistribution and how they can barely make ends meet. They want my sympathy but they don't care about the person who is making \$20,000 a year. Those in the upper class spend \$10,000 a year just on healthcare insurance, their landline, cellphone, cable and internet service and they expect others to live on \$20,000 year? As the President of Uruguay recently stated -- *If you don't have many possessions then you don't need to work all your life like a slave to sustain them. Think about that for a few minutes. Cut back on things you don't need. You then don't need to work as hard and you will have money left over to help make this world a better place. Follow those three steps and you are on your way to being a more productive and contributing member of society.*

Apple's CEO recently docked himself \$4 million in pay, as a direct result from Apple's underperforming stock price earlier this year, according to a proxy statement filed on Sunday. Expressing a "strong desire to set a leadership example in the area of CEO compensation and governance," Tim Cook insisted on putting half of his own stock grants at risk if Apple's shares underperformed the S&P-500 index this year. Apple's stock fell 26% percent from August 2012 through August 2013 while the S&P-500 index rose 18% during the same period. The 50% stock that Cook forfeited was worth nearly \$4 million when the stock vested. Even so, that number represents only 10% of what Apple paid its CEO this year: \$1.4 million in salary, \$2.8 million cash bonus, and \$36.4 million in stock grants. **Is this man delusional? Up until recently, his workers in Asia were being paid less than \$2 an hour and he has the nerve to suggest that he is *leading by example* in the area of CEO compensation by taking a \$4,000,000 pay cut off of his annual \$40,600,000 compensation package? How considerate of him (*sarcastic*). Now instead of making 6,000 times what his workers in Asia earn, he is only making 5,400 times what they earn. This is also 1,500 times what his Apple store employees take home in the US even though his stores take in more revenue per square foot than most (if not all) retailers. The President of Uruguay IS leading by example giving 90% of his \$12,500 a month salary to charity. Tim Cook IS NOT leading by example – He is in a *Race to the Bottom*. If you can't stop buying Apple products, then cut back on what you spend (on their products). If you do, they will get the message loud and clear. Reparations are in order and nothing less is acceptable.**

Jose Mujica, now 78, was elected in 2010, but he has no interest in taking on the grand presidential lifestyle. According to the BBC, Mujica donates 90% of his salary to charity and lives in a farmhouse off a dirt road where he and his wife work the land themselves. The leader dresses casual, earns \$12,500 a month, but only keeps \$1,250 for himself, he told the Spanish newspaper El Mundo. "I do fine with that amount; I have to do fine because there are many Uruguayans who live with much less," Mujica told the paper. He focuses his giving on helping the poor and small entrepreneurs.

I have already heard all of the arguments in Apple's defense -- and in defense of free markets and other theories -- and they make no sense to me. The only people out there defending multi-million dollar salaries seem to be those who are being paid the multi-million dollar salaries. Apple has workers in Asia who are doing back-breaking and eye-burning work in depressed states of mind and in many instances have already committed suicide. Instead of treating their employees like human beings, they are treated inhumanely. If it were not for their employees, Apple would not be where it is today. Instead of giving these people a better life, they give them the bare minimum and defend this action with the argument that the wage is higher than the mandated minimum and in-line with what their competitors are paying. Two wrongs don't make a right. Instead of leading by example they have slipped to a level that simply can't be defended. Apple, Amazon, and others need once and for all to be pressured to pay workers a percentage of the profits that are generated before distributions to shareholders. **I care less about the retired person who has a few shares of Apple in one of his mutual funds. Maybe Americans need to support ethical, and less profitable, publicly-traded companies, and work until age 68-70 instead of retiring at age 65 thanks to investments in unethical and highly profitable companies.** When we own shares of companies like Apple, Philip Morris and Amazon and they abuse employees and/or are responsible for death, then we are in effect partners in crime. The bottom line is that Apple can't mistreat and take advantage of workers in this (US) country in order to keep profit margins high, so they go do it in third world countries. **I am tired of hearing about the shareholder activists pressuring Apple to give cash back to shareholders in the form of a buyback or dividend. Where on earth are the activists demanding a \$10 bln-\$20 bln dividend for the employees in Asia? Do these workers not deserve to be treated better? Do they not deserve a wage that will allow them to hop on a plane every few years and go on a short vacation?** I understand the minimum wage debate and that doubling the minimum wage could put some companies out of business. But how can a company like Apple sit on > \$150 bln and not be giving part of that back to the very people who were instrumental in generating that revenue? Is there no red line in this extreme form of capitalism that Pope Francis, President Obama and others have been attacking?

Apple needs to pay reparations – and when they are done paying off this debt, maybe they can think about building a factory here in the US and creating 25,000 jobs. How about if we start to wipe out the tobacco industry in Virginia, North Carolina and Kentucky and replace the lost jobs via Apple and Amazon facilities. Apple and Jeff Bezos have cash and cash equivalents near \$200 bln. With all due respect to their contributions to society – it is high time for them to give something back to the society they have ripped off for so many years.

I practice what I preach and hardly a day passes that I do not think about the poor and how I can change the world before my days are done. In December I put out a 33-page report on Philanthropy that can be downloaded for free at both of my web sites www.standpointresearch.com and www.philanthropyandphilosophy.com --

I recently went to see the Martin Scorsese / Leonardo DiCaprio movie Wolf of Wall Street, and all that movie did -- it was well-done albeit a bit exaggerated -- was reinforce my views regarding the excess and comfort enjoyed by the upper class. Many in the upper class are greedy and selfish -- wasting money on things they don't need instead of thinking about what they can do to make the world a better place. Many in the upper class aren't very bright either. I could write a report and fill many pages detailing examples of how the rich waste money and overpay for things, whether it is \$5,000,000 for a boat they don't use; \$5,000 for a handbag, \$70 for a \$7 steak; and \$2,500 for a pair of collapsible seats to an NBA game at Madison Square Garden in New York where in fact there is a better view from the \$250 seats that actually have arm rests and more legroom; and \$20,000,000 for a penthouse apartment with the same view I get for \$2,800 a month. As my father used to say -- if you have money there will always be someone willing to take it from you.

I am speaking the truth and the truth will hurt these people. Maybe they have never really thought about the world in these terms. They live in their bubble, with their mansions and yachts trying to impress their neighbors while most of the people outside the bubble look on in disbelief, not knowing whether to laugh or cry at this pathetic scene. I travel around the world and then return home and see individuals living in their personal residences that are more extravagant than the palaces, museums and cathedrals that I visited. Is it acceptable that one person lives in a mansion while others are treated in a cold-blooded manner and live among the rats and roaches? If someone is that determined to live like a king -- so be it. We just need to have higher taxes on the wealthy and their giving should be in direct proportion to what they spend on themselves. According to Bill Gates we are only giving 2% of our income to charity. GDP per capita in the top ten in the world and we give 2%? I don't understand how people buy luxury items and blow tens of trillions of dollars a year on these items collectively while others are homeless and without food to eat -- including tens of millions of innocent children. Do they not have a conscience? I try to give away \$1 for every \$1 I spend on myself on non-essential items -- a self-imposed 100% luxury tax. I have capped my personal spending, so as my business grows I will be giving away more than \$1 for every \$1 that I spend on myself.

The poor person is not someone who has little. The person who really is poor is the person that continues to need and desire more and is never satisfied – Jose Mujica President of Uruguay.

Unfortunately, most people in the upper class are not so generous and we must force them to give back what they are not giving voluntarily. When President Obama attacks the upper class he is accused by those people (at the top) of promoting class warfare. Well, I have news for those people in the upper class -- There has been class warfare in this country since 1776. The problem is that it has been a lopsided fight with one side – the upper class – winning because they have a disproportionate amount of the money, power, lobbyists, influence and connections. The tobacco industry will eventually be wiped out. Prohibition was more than 80 years ago. When tobacco is outlawed in the US (and in other countries) it will still get to the black market but the number of deaths will be cut dramatically. We went to war over 3,000 9/11 deaths but remain silent as the tobacco industry kills more than 5,000,000 people every year? In the United States, Tobacco kills more people than murder, suicide, drugs, alcohol and auto accidents combined. It is legal only because the powerful lobbyists, the so-called freedom fighters, and defenders of the constitution have too much power. There are those who may argue that some states are dependent on the tax revenue tobacco brings in. That is blood money and should be rejected. This industry is a net expense and burden on society and needs to be eliminated. If there is someone hurt by the lost revenues, we can take it from other places. I don't understand why so many in this country are attached to the constitution (document) that was written 237 years ago by people who thought slavery was acceptable and before there was electricity. I think it is a bit outdated. **How many of those who signed that document would even be elected in today's world?** There have been 27 amendments to the constitution, and the number of articles online criticizing the original document is very high, so the founding fathers were far from perfect. Amendments can be made, but because there is such division between the left and right, those changes are few and far between. The *personal responsibility* argument that so many who stick to the constitution believe in is indeed flawed. How do we give freedom to people who do not have the mental capacity to make decisions? We give freedom in this country to everyone; regardless of whether or not they have decision making ability and regardless of what their motives are. We need government regulation and restrictions.

President Obama, Pope Francis and others on the left who are criticizing the top one percent are not communist, socialist or Nazi as Tom Perkins (2014), Steven Schwartzman (2010) and others have suggested. We are not anti-capitalism or anti-freedom either. We are just against extreme forms of capitalism, unrestricted freedom, and tax evasion, which leaves the US with a Gini (inequality) coefficient that is worse than two-thirds of the countries in this world.

Yes, we are making money here but how much of it is being made with total disregard for fairness, law, morality, human lives, dignity and ethics? Maybe we are one of the richest countries in the world, but they say money is the root of all evil and we got to this rank in part via evil, immoral and unethical behavior. As I mentioned above -- in order to reach the top of the mountain you usually have to step on people along the way. That is what Amazon, Apple, Philip Morris and others have done -- even though the public relations machines behind these giants have you thinking otherwise. The Gini coefficients in Iceland, Canada, Estonia, Czech Republic, Holland, Australia, Switzerland, Belgium, Germany, Finland, Austria, Norway, Sweden, Denmark and Hungary are all in the top third and below 0.35 sorting the table from lowest to highest. The lower the coefficient the higher the equality. The US has a Gini coefficient of 0.45 and is in the bottom third along with Mozambique, Argentina, Peru, China, Zimbabwe, Costa Rica, South Africa, Haiti, Botswana, Colombia, Brazil and others. Asking millionaires and billionaires to pay 60% in taxes instead of 50% does not turn us from South Korea to North Korea -- it will simply allow the lower classes to live a life that is a little bit better. It will also lead to a lower Gini coefficient, and a ranking of which we can be proud rather than embarrassed. If we learn to give via non-corrupt channels, there will be money left over to help the poor in other countries.

Matthew 25:40 *The King will reply -- Truly I tell you, whatever you did for one of the least of these brothers and sisters of mine, you did for me.*

I know eventually the United States will shift further to the left and there will be a reduction in the disturbing and widening gap between rich and poor in this country. We have the money and resources to close this gap and improve the living conditions of tens of millions of Americans (and hundreds of millions of people in this world) without hurting anyone. The bottom line is that the top 5% of people in this world are overpaid and the bottom 50% is underpaid, undervalued and underappreciated. The upper class needs to do more -- not just in the US but in all countries. It will not hurt them to do so. They can afford to do so, and have a moral obligation to do so. I don't know of any religion that approves of our behavior (and I have studied most of them). It is encouraged by every major religion to take care of the poor and unfortunate yet most people have conveniently and selfishly chosen not to act. My problem is with the selfish multi-millionaires and billionaires who can afford to pay higher taxes and can afford to be more charitable and philanthropic but select not to be. We also should not underestimate how much influence the middle class has to improve lives. As I mentioned earlier -- the median income in the world is \$4 a day. If every person in the top half sponsored one person in the bottom half, we would double the standard of living for 3.5 billion people. We could actually triple or quadruple the standard of living for those in the bottom 25% if we as a society made a concerted effort to do so.

I live in, and work out of, a modest apartment that I have been renting since 2010. That being said, it is a palace **relative to** how most people live in this world. The 2000-square foot two-bedroom apartment includes a 240-square foot terrace with a panoramic view of the entire Miami Beach strip. The ocean is less than a mile away. I see the sunrise in the east every morning from my terrace and in the evening I can go down to the pool facing Miami in the west and watch the sunset. I actually feel guilty living in my place when I see how others live, so I don't really understand how people living in mansions **who are not giving back** can have a clear conscience. Unfortunately, some in this world have no conscience. **I read about the daughter of Oracle CEO Larry Ellison who apparently has some money to burn. She is paying \$30,000,000 to tear down a Los Angeles house and building a new home in its place. Some may think she paid \$30 mln for the view. Well, the view from my \$2,800/month apartment terrace is not inferior to the view she has – and I do not see smog from where I am.**

People should be more humble and less materialistic. If a person is determined to spend and live extravagantly, it should be in proportion to his/her taxes and charitable contributions. We need higher luxury items and property taxes. If you want a \$400,000 Lamborghini, or a \$4,000,000 painting, you can pay a 25%-50% tax on that. I was in South Africa recently. In Soweto \$2,500 buys you a basic and adequate 400 square-foot shack made from some bricks and aluminum panels. That could be a home to a family of five. \$1,000,000 buys 400 shacks and takes 2,000 people (children included) off the street. **\$10,000,000 buys 4,000 shacks and takes 20,000 people off the street.** The same applies to the homeless in South America and Asia.

Why can't the person who is living in the \$16,000,000 house with the \$4,000,000 yacht be happy (*or should I sarcastically say struggle*) with an \$8 mln house and a \$2 mln boat, and give the \$10 mln difference to an organization that could change the lives of 20,000 people overnight? Is the life of one person -- who was probably born with high intelligence, with good parents, in a good neighborhood, in the right place at the right time -- worth more than 20,000 who were born with no hope or opportunity? Do these self-absorbed people not realize that \$10 mln feeds 2,000 children in Africa for ten years? A 100% luxury tax gets me where I want to be (in this extreme example). 25%-50% is probably where it should be and is a more reasonable goal. It is my pleasure to pay higher taxes. I am able to help pay for the very roads, military, police, public schools and other services that allowed me to get to where I am today and live as I do. Oftentimes, I give to charity and do not even declare it on my tax return. We need to do both. We have an \$18 trillion dollar debt in part because the rich cheat on their taxes and because the tax rates are not high enough. The government needs higher revenues and so do the great charities out there. Are some of my tax dollars wasted? Of course they are -- and that bothers me. Nevertheless, I continue to give, and trust the government will try to be efficient, just as I trust the charities to whom I send money (after checking their grades online). My problem is mainly with the selfish elements in the upper class who control tens of trillions of dollars while hundreds of millions in the world live like cattle.

I was in landlocked Nepal a couple of years ago. The population there is 27,000,000. GDP per capita is less than \$800 per person. Apple (\$160 bln) is sitting on eight times what the entire Nepal economy produces (\$20 bln). Most people in Nepal will never leave their country and will never see a beach. I visited a shallow lake near Kathmandu and the kids were playing in there. That is the same water in which they urinate, bathe, and wash their clothes. For many there, a good day is finding food in the garbage.

The poor rarely are able to move up the ladder by outworking the rich -- that is what the rich will try to have you believe. If someone has a low intelligence level -- and that is something you are born with -- and is starting his/her working life in services ... that is probably where he/she will end. If I am at a fast food chain working hard, my chances of getting a management position ... on the store level is less than 10%. Not everyone is cut out for success -- many simply do not have the mental capacity to go past high school -- they are with a learning disability, from a broken home, in an environment not conducive to studying. Maybe one or both parents are abusing drugs and/or alcohol and/or are abuse verbally and/or physically. There are kids raised by single moms who have to work and bring money home. Unless you were in an exclusive private school in a rich neighborhood, you remember kids in elementary school who couldn't pass a simple spelling exam. You remember kids who were lost in ninth grade when the teacher tried to explain basic algebra. By the time tenth grade geometry, eleventh grade trigonometry and twelfth grade calculus surfaced, these kids were gone. When I was in IS 27 in Staten Island, New York in 1979 I was in the seventh grade and saw 11- and 12-year olds who had already fallen through the cracks and were past the point of no return -- from broken homes, no capacity to process the information being taught at school. Twelve years old and you could see they were going to end up dead, in jail or working in services. That low IQ correlation with income is something no one talks about because it is a sensitive subject. Many people are born with three strikes against them and have no chance to get past the bottom step on the ladder. It is not a fair system and the playing field needs to be more level. I think Obama said this is the land of opportunity but it is not a land of equal opportunity ... he is 100% correct. Many are born into perfect conditions while others are born with nothing. I recently received a letter from a NY priest who told me he has 12-year old kids bringing guns to school for protection. That is the real world for many in this country -- and many in the upper class have chosen to physically, financially and emotionally distance themselves from these citizens.

If low margin businesses can't afford a higher minimum wage, then it should be subsidized via higher sales taxes on luxury items and higher taxes on those earning more than a few hundred thousand dollars a year. An executive should not be paid 250X, 500X or 1000X times what his lowest paid worker is earning. They recently tried to pass a law in Switzerland capping CEO pay at 12X what the lowest paid worker is earning and it did not pass. I think 12X is probably too low. I hope in my lifetime to see some sort of cap at or near 50X. So, if the CEO is paying his lowest paid workers \$50,000 he could earn \$2.5 mln in a year before taxes and a \$1.0 mln a year after (60%) taxes. I prefer to be called a communist or socialist than to be called a capitalist in its current extreme form. All I want is fairness -- and this system is far from fair. We have so many problems in the US that I would not know where to start listing them -- tobacco, guns, drugs, alcohol, car accidents, gangs, divorce rates, underperforming education system, incompetent politicians, lagging life expectancy rates, teenage pregnancy rates, obesity, millions without health insurance, sexually transmitted diseases, etcetera.

I oftentimes hear people in the US say this is the greatest country in the world. First of all, it is not ... but IF I am wrong and it is ... we still have a lot of room for improvement. We can start by wiping out the tobacco industry, then we can force US companies to treat employees in Asia the way they treat their employees in the US and lead by example instead of using the excuse that treating employees like humans will be less profitable and hurt their sacred profit margins. I recently read about AMZN and how much pressure is on their employees -- at the same moment Jeff Bezos with his net worth of \$27 bln was on his yacht in the Galapagos Islands. \$27 bln and his employees have nearly nothing in the bank to show for their efforts. To make an argument that charities and governments have proven less effective at raising people out of poverty than have free markets -- which allow some people to raise themselves -- is just an excuse not to give. I do not believe in the trickle-down theory. Nothing ever trickles down to the poor except minimum wage jobs and bread crumbs. Not everyone has the opportunity, circumstance and ability to succeed as those who have succeeded. I know the differences between North and South Korea, East and West Germany, and China in the 1970's versus today. Free economies do not work for all and asking the rich and ultra-rich to scale back a bit and to be more humble and generous will not turn us into North Korea or Cuba. Even if government was 100% efficient with no waste there would be selfish and well-off people fighting higher taxes. Even if everything was perfect in the economy there would be people arguing against raising the minimum wage. How do we accept that 0.1% of the world population (seven million) is controlling tens of trillions of dollars while hundreds of millions in this world suffer? If we look at the top 1% (70,000,000) or 2% (140,000,000) the figures will be even more staggering.

I don't understand why President Obama was ostracized by so many in this country while the rest of the world is praising Pope Francis for speaking the same words President Obama has been speaking all along. All he wants is for the upper class to do a bit more, and he wants to give people health insurance who can't afford it. President Obama should be supported; not criticized. **I will wait until he finishes what he started and see how history will judge him 20 years from now.** What his critics say is irrelevant and counter-productive -- especially the nasty comments. Could President Obama have gone about this differently? Perhaps. For people who have trouble managing their own lives, families and businesses to attack a man who is trying to manage a country with 320,000,000 and be policeman to the world makes no sense to me. Maybe the reason he is failing according to some accounts is because so many in this country have been wishing for him to fail and/or are trying to trip him up.

Yahoo -- Executive Compensation

Note: Although Yahoo has not killed people or abused employees as Philip Morris, Amazon and Apple have, I did decide after careful deliberation to include Yahoo on this list. I believe most people who read this report from start to finish will agree with my decision.

At first glance, many may think that Yahoo should not be on the same list as Apple, Amazon and Philip Morris, and that is understandable. That being said -- I will have to disagree with those people. As I mentioned above, we have a very serious problem in this country and around the World. According to the recent report from Credit Suisse and Oxfam, the top 1% in this World now controls 65 times the wealth that the bottom 50% controls. The top 1% controls \$110 trillion dollars. Divide that by 70,000,000 (1%) and you get **\$1.6 million per person**. The bottom 50% controls less than \$1.7 trillion dollars. Divide that by 3,500,000,000 (50%) and you get **less than \$500 per person**. If we look at the ratio of dollars per person it is **3200:1**. We have the top 1% sitting on tens of trillions of dollars while half of the world population has nothing. This system is obviously only working only for those at or near the top.

I have always had a problem understanding how a CEO can be paid 250, 500, 1000, 2500, 5000 times what his employees are paid, but I remained silent. The final straw for me was news from Yahoo in late January. On January 22, Yahoo CEO Marissa Mayer fired the # 2 man at the company. Yahoo COO, Henrique de Castro, was signed to a deal just over a year ago (by Mayer) in an effort to compete versus Google and Facebook. Estimates are that, before all is said and done, de Castro will walk away with more than \$100,000,000 for his 15 months at Yahoo. Mayer was quoted as saying *I made the difficult decision that our COO, Henrique de Castro, should leave the company.* For someone like myself who is on a crusade against the gap between rich and poor, this was quite upsetting. If the estimate in the press of **\$109,000,000** in total compensation is accurate, then de Castro will be paid what a group of **2,500** US soldiers risking their lives in Afghanistan earned while de Castro was underperforming and upsetting people at Yahoo. **Nearly 3,000,000 children died from hunger-related illness last year in third world countries.** Had Yahoo not burned \$109,000,000 on Melissa Mayer's "mistake", 200,000 of these children could have been kept alive (for another year). \$109,000,000 is also enough money to permanently take **200,000** homeless people off the street in third world countries where a sturdy shack for a family of five can be built for less than \$2,500. Unfortunately, in our twisted society, the COO at Yahoo is more valuable than 2,500 soldiers, 200,000 starving children or 200,000 homeless people. *Anyone who is as nauseated by this reckless behavior as I am can protest very easily.* There are other search engines. If the executives at other search engines are paid in a similar manner, then minimize the amount of time you spend there and avoid clicking on advertising links. We need to shine a light on such extreme examples of capitalism and pressure companies to level the playing field and reduce the gap between rich and poor. Marissa Mayer needs fire herself and/or be forced to take a serious pay cut and/or return many of the 2.4 mln shares she is holding (\$90 mln) before I will revisit their site on a daily basis (as I have for many years). I will not be clicking on anything at their site. I hope others follow my lead. They will get the message loud and clear. I understand how Wall Street works. If a few million people do what I am doing that would be enough to do a lot of damage. Yahoo will then have no choice but to change their ways. **Some people and publicly traded companies will not change until they realize it is more costly not to change.** Apple and Amazon are doing very well and abusing their employees in the process. Maybe when they come under attack and get some bad press they will change their ways as will the selfish elements in society who I am criticizing. **My crusade is not an attack on the right, on freedom, capitalism or the wealthy. It is for the poor, and against anyone who is not doing what they can to help eliminate poverty. It is against the unethical, immoral and selfish individuals and corporations who are an embarrassment to our society, and it is against extreme forms of capitalism as we see in this Yahoo debacle and the Apple, Amazon and Philip Morris examples highlighted in this report.**

Henrique de Castro was one of the key hires for Mayer, who has only been at Yahoo for 18 months. **How much will she walk away with if she is let go?** She already owns \$90 mln worth of Yahoo shares. Mayer, knew de Castro from when they worked together at Google. We need to hold companies responsible for reckless conduct and giving each other such packages even when there was no value added. If Mayer is also let go, these two friends will end up walking away with nearly a quarter of a billion dollars! Yahoo shares have indeed jumped since Mayer arrived, but so did the stock market. Also worth noting is that the shares were depressed and oversold when she took over, so she can't be given complete credit for the gain as she benefitted from a *dead-cat bounce*. Mayer also benefitted from a \$1 bln investment in Chinese Internet Company Alibaba that was struck many years before she arrived. Yahoo collected more than \$7 bln when they sold part of the Alibaba stake shortly after Mayer came on board. Yahoo remains with a 24% position. Many investors have been buying Yahoo shares as a way to get a piece of privately held Alibaba -- their revenue and earnings are growing rapidly as it prepares to go public -- and that further drives up the Yahoo share price. When we look only at what Mayer is responsible for -- including the de Castro debacle -- it seems that she and her friend have both been compensated in a manner that is impossible to justify. The combined wealth of the world's richest 85 people is now equivalent to that owned by half of the world's population -- or 3.5 bln of the poorest people -- according to a new report from Oxfam. In a report titled "*Working for the Few*", the global aid organization detailed the extent of global economic inequality created by the rapidly increasing wealth of the richest -- **warning of the major risks it poses to human progress.** According to the report, 210 people joined the list of billionaires in the past year, joining a select group of 1,426 individuals with a combined net worth of \$5.4 trillion. It added that the wealth of the richest 1% in the world now amounts to \$110 trillion, or 65 times the total wealth of the bottom half of the world's population estimated to be \$1.7 trillion or \$480 per person. **"This massive concentration of economic resources in the hands of fewer people presents a significant threat to political and economic systems,"** the report said. **"Instead of moving forward together, people are increasingly separated by economic and political power, inevitably heightening social tensions and increasing the risk of a breakdown in society."** The report came ahead of the World Economic Forum in Davos, and Oxfam called on global political and business leaders attending the meeting to take steps to turn around the rapidly exacerbating inequality. Some recommendations include refraining from the dodging of taxes and avoiding the use of economic wealth to seek political favors.

Oxfam said that based on its polls conducted across the world, it is believed that there are many laws and regulations designed to benefit the rich. "A survey in six countries (Spain, Brazil, India, South Africa, the UK and the United States) showed that a majority of people believe that laws are skewed in favor of the rich," the report said. Oxfam singled out India as an example, where the number of billionaires increased from single digits to more than 50 in the past decade, concentrating approximately \$250 bln among a few dozen people in a country of 1.2 bln. "What is striking, is the share of the country's wealth held by this elite minority, which has skyrocketed from 1.8% in 2003 to 26% in 2008," the report said. A new study shows a third of US bank tellers rely on public assistance. **CNBC reported that the 540,000 bank tellers in this country make an average of roughly \$26,000. There are bank CEOs now earning 250X, 500X and 1000X what their tellers are taking home. Eventually, many of these tellers could be replaced by machines as CVS is doing with check-out kiosks to replace their cashiers. I guess many on the right will blame President Obama for these lost jobs as well (*sarcastic*).**

Even though Yahoo has not committed the types of abuse and violations I highlighted with Philip Morris, Apple and Amazon, I did decide to add Yahoo to my Blacklist. If COO de Castro's total compensation package for his 15 months does indeed hit \$109,000,000 -- that would come out (before taxes) to nearly \$350,000 per workday -- assuming he worked five days per week for 15 months. I bet he feels he earned every cent and that he should not have to pay taxes on this jackpot. I imagine his accountants are now figuring out how he can take advantage of loopholes in the system and get out of this liability on his terms. **\$350,000 per workday is what people in the services sector have to work 15 years for** -- and he was fired for under-performance! How anyone can argue against redistribution of wealth after reading a report like this is beyond me. For those in the services sector who are upset -- all you have to do is stop going to Yahoo. At the very least, stop clicking on ads there. Every time you click on an ad Yahoo makes money. When you stop clicking they will be forced to change their ways. **Some people and companies only change when they realize that the cost of not changing is higher.**

As Pope Francis recently said --

*Not to share one's wealth with the poor is to steal from them and to take away their livelihood;
it is not our own goods we hold, but theirs*

Recently, Sam Polk wrote a column in The New York Times explaining greed -- also known as **wealth addiction**. In his column **he writes that any suggestion to the wealthy that taxes should be raised, or bonuses should be cut is unfair**, and is an attack on every individual's power and the power of the institutions that supported them. They are very good at making excuses for and rationalizing their compensation -- **they point to the fact that they are smarter, worked harder, and that they deserve the massive pieces of the pie they are taking and that their appetite is appropriate**. I have been around many of the people in the upper class and although they may be smarter, they certainly do not work harder than most people in society. In fact, I think it may be the opposite. I love what I do and so do many people in the upper class. My guess is that most in the upper class would not be willing to trade places with people in the services sector for any amount of compensation.

Unfortunately, we have many selfish and greedy individuals in our society who believe they still deserve more -- that they deserve it more than nurses, teachers, janitors, construction workers, security guards, cashiers, taxi drivers and other people whose purpose in society is very clear. These people have a problem with greed and admitting the problem is the first step to recovery. Revenue at Goldman Sachs was relatively flat in 2013, while net earnings rose by nearly 8%. How did they generate this increase in profit? They did so by slashing pay for many of their employees. As always, the CEO does just fine. Goldman Sachs' Lloyd Blankfein will likely earn a pay package topping \$20 million for 2013, even though there was no revenue growth and a dip in return on equity (a key performance measurement). The CEO from JPM (Jamie Dimon) will also take in close to \$20 million even though the firm suffered **billions** in outflows due to a host of legal problems -- also known as penalties and fines for unethical and immoral behavior. This is the dark side of capitalism -- you are rewarded for unethical and immoral behavior, firing people and using machines and sweatshops. Just turn a profit -- it doesn't matter how you get there.

In my opinion, no one should be earning less than \$15 per hour. The problem with a \$15 minimum wage is that many businesses could not afford that. A raise to \$15 would be the difference between registering a profit versus a loss. Employers would then be forced to fire and push an extra workload on those who remain. That is why there needs to be a redistribution of wealth in this country where there would be a new tax on the upper class -- with that revenue being directly transferred to anyone working for less than \$15 an hour. The tax would bring everyone who is working up to \$30,000 a year and would be paid by those earning \$300,000 a year or higher. No one who works full time should ever have to raise a family below (or near) the poverty line.

Late last year, the SEC published the text of its proposed rule, requiring US public companies to disclose: the median annual total compensation of all employees of the issuer other than the CEO; the annual total compensation of the CEO; and the ratio of those two amounts. Total compensation determined will capture base salary, bonuses, stock and option grants, non-equity incentive plan compensation, change in pension value, non-qualified deferred compensation earnings and certain other compensation, including perquisites. Every board is expected to protect its shareholders. The easiest way to do that is to align executive compensation with stock performance. Unfortunately - - as we see in the cases with bank tellers, farmers, AMZN warehouse employees and AAPL assembly line workers in Asia -- employees are insignificant and replaceable pawns in the king's game – shareholders are important while employees are not.

President Obama recently urged an increase of the federal minimum wage from the current \$7.25 per hour to \$10.10 at a Costco in one of Washington's suburbs, where the local government recently passed legislation to raise wages. Before an enthusiastic crowd, President Obama discussed the new ways to build economic security for the middle class — he pledged his renewed commitment to raise the hourly rate for all Americans and said he will lead by example starting with raising wages for some federal workers. "I am choosing this to be a year of action, because too many Americans are working harder than ever just to get by much less get ahead," he told a cheering crowd, saying the wages and incomes of ordinary people have not gone up in over a decade. "Let's make sure hard work pays off," he said. "It is time to give America a raise." In his State of the Union address, President Obama announced he will sign an executive order that will require new federal contractors to pay federal workers the minimum wage of \$10.10 an hour. Support for raising the wages for working families has picked up in the country, with five states increasing their minimum wages since President Obama called for an increase in the January 2013 State of the Union message. Maryland has been one of the states pushing most aggressively for a raise in its minimum wage: Governor Martin O'Malley, a Democrat, recently proposed raising the state's minimum wage to \$10.10 an hour. In 2007, Maryland passed a "living wage" law for companies contracting with the state. Numerous local governments have also forged ahead, in some cases passing legislation to dramatically increase the pay of low-wage workers. In the counties of Prince George and Montgomery, there was a vote to reach \$11.50 by 2017. President Obama said he supported the local efforts, praising those councils for not waiting for Congress or state legislators to act. "If you want to take the initiative to raise your minimum wage laws to help more working Americans -- then I am going to be there right there by your side," President Obama said. "People outside of Washington are not waiting on Congress, and I am not either." The Obama administration said that with increased support for higher wages across the country and historically bipartisan support for such policies, it believes Congress could pass legislation. **The White House said that a higher national minimum wage would increase morale, reduce turnover and boost productivity.** Obama is pushing for passage of a bill sponsored by Senator Tom Harkin (Iowa) and Representative George Miller (California) that would raise the federal minimum wage to \$10.10 and index it to inflation. Congress last increased the national minimum wage seven years ago.

President Obama recently visited Costco, a business that is taking a leadership position to pay its workers fair wages. Costco has supported previous increases in the minimum wage because it helps build a strong workforce and profitability over the long run. Alpha Tajudeen, 33, who is making \$13.50 an hour as a stocker at the Costco in Lanham, said earning more than minimum has allowed him to live the American dream and support his wife and two children. "It is challenging for even those of us making more than the minimum. You can't take care of your family when you earn \$8 an hour," he said. Prince George County officials called President Obama's effort an opportunity to raise salaries for all working families. "This is a national issue. It is a problem that people are dealing with. They are trying to live and raise a family and feed their families with something that is unreasonable," said Andrea Harrison, a member of the County Council who led the effort last year to increase wages. "The bottom line is that the minimum wage needs to be raised for all of these workers who are trying to take care of family."

The average worker at Costco earns \$20.89 per hour, before overtime and benefits. Full-time, that's nearly \$44,000 a year. With Obama pushing for a hike in the minimum wage to \$10.10 an hour, Costco is his poster child. The company's employees are happy, Obama says. They make a nice salary relative to others in retail. Costco has been very profitable even though it is generous to its workers. Costco is the second largest retailer in the country after Wal-Mart. "Profitable companies like Costco view higher wages as a smarter way to boost productivity and reduce turnover," Obama said. "When I was walking around taking a tour of the produce section, and the bakery, you could tell that people feel good about their job, and feel good about their company."

Unlike other giant retailers such as Wal-Mart who have tried to shake the bad public perception that they pay employees as little as possible, Costco touts its generosity to its workers and the relative frugality of its executives. Costco founder and former CEO Jim Sinegal earned a \$350,000 salary compared to Wal-Mart's CEO Michael Duke, whose salary was \$1.3 million. Sinegal was an early endorser of a higher minimum wage. Costco is leading by example -- good profits, good pay for workers and a positive reputation.

At this year's spring meetings of the World Bank and IMF, the world's global finance ministers signed up to an ambitious target for progress against poverty. "We believe that we have a historic opportunity to end extreme poverty within a generation," they declared, pledging to reduce the percentage of people living on less than \$1.25 a day worldwide to 3% percent by 2030. That would be a significant achievement. For most of history, most of humanity has lived on less than \$1.25 a day. As recently as 1990, more than 40% of the population of the developing world lived in extreme poverty, and even today, the proportion remains close to 20%. Lifting all the world's poor above the \$1.25 per day line would hardly constitute victory in the war against extreme poverty. Once we tackle that line, we most aim for higher ground. What is a reasonable income floor above which we should hope all people worldwide live? At the moment, we define \$1.25 as extreme poverty and \$2.00 as poverty. According to MIT economists Abhijit Banerjee and Esther Duflo, among those living on \$2 a day or less in urban areas of Tanzania, only 21% have a water tap in their house. In rural areas, it is less than 2%. The number with access to electricity is also quite low. In my travels around the world I have been in places where sundown is in effect lights out for entire neighborhoods. At sundown you have two options -- light candles or go to sleep. **In many third world countries, seeing one in ten children die before their first birthday** is not out of the ordinary -- most from easily preventable diseases. Two dollars a day is not nearly enough to ensure the basics of a good life.

The global median income is less than \$4 a day. In fact, 50% of the world population lives on less than \$4 a day. Is it not disgraceful that we allow half of the world population to live off what many of us blow on our daily drink at Starbucks before 9am? Let us take for example a man who spends \$4 a day at Starbucks, who agrees to give up this routine and instead transfer that \$1,460 per year to someone who is living on \$4 a day. It is a small price for him to pay and he just doubled the standard of living for the person he transferred the money to. This something that even an American in the middle class could easily afford to do. Now let us take the man earning \$1,000,000 a year and paying 40% in taxes. Why can't we raise his tax to 50%? That \$100,000 in new revenue can double the standard of living for 70 people from \$4 to \$8 per day. If we take the man earning \$10,000,000 a year who is paying 50% in taxes. Why can't we raise his tax to 65%? That new annual \$1,500,000 revenue stream can double the standard of living for 1,000 people. Is this man not able to make ends meet with \$3,500,000 instead of \$5,000,000 per year after taxes? 99% of the people in this world do not earn \$3,500,000 in a lifetime. We have two choices here: wealth redistribution or continue to treat half of the world population without mercy. How can there even be an argument here? Only someone who is lacking in compassion could have a problem with this.

Lant Pritchett is Professor of the Practice of International Development at the Kennedy School of Government at Harvard University. Mr. Pritchett has estimated that those living on more than \$2 a day in developing countries see infant mortality rates five times those of the poorest and most deprived areas of rich countries. It is possible to reduce death rates considerably using very cheap techniques, from bed nets to vaccines, but at some point the approaches start getting more expensive. At that point, having the kind of resources that can buy either a Frappuccino or a course of antibiotics can be a matter of life and death. Pritchett suggests the global floor should be something closer to the poverty lines of rich countries -- around \$15 per day. Other economists have suggested the "global middle class" bottoms out at an income of approximately \$10 per day. Worldwide, less than 2 billion make it over the \$10 line. But only about 2% of sub-Saharan Africa lives on more than \$10 a day.

There's a lot more to quality of life than income. In fact, the greatest development success of the past 60 years has been to make the quality of life cheaper. That is the only way to explain how Vietnam, a country with a GNI per capita of \$2,860, where about 40% of the population lives on less than \$2 a day, can still have a life expectancy of 75 years. The declining cost of services is why countries that have been getting poorer have still seen drops in mortality rates and climbing education rates. That being said, income still matters. It gives people choices. It makes life easier, safer, and healthier. There is absolutely no reason to think that people in the rest of the world shouldn't want to purchase the same comforts as people in the West do. Not until everyone lives on a decent income -- perhaps 10 times what is now considered to be "extreme" poverty -- should we give up the fight. With the top 1% sitting on \$110 trillion we should easily be able to get everyone up to that higher level -- but it needs to be a concerted effort.

Global wealth is so skewed toward rich countries. Half of the world population lives on less than \$4 a day with half of those below \$2 a day. If we could redistribute the wealth we could in the near-term (or medium-term) bring most people in the world near \$5 a day without hurting anyone. According to the World Bank, current world GDP is about \$76 trillion, of which about 62% percent is consumption by households – we should all be in agreement that much of this is not necessary. If all 3.5 billion people in the bottom half lived on \$5 a day (\$1,825 annually) that would require \$6.4 trillion, or \$10.3 trillion in GDP – 62% of \$10.3 trillion is \$6.4 trillion. The bottom half is already near \$2 bln, so the redistribution I am asking for is less than \$5 trillion while **the top one percent alone sits on \$110 trillion**. In my simplified example below, using round numbers, let us assume that \$3.2 trillion (or 4.2% of world GDP) is taken annually to subsidize income for those in the bottom 50%. We give \$4 a day to those (12.5%) who are below \$1 a day and lift them up above \$4 (towards \$5). We give \$3 a day to those (12.5%) who are now at \$1-\$2 a day and lift them up above \$4 (towards \$5). We give \$2 a day to those (12.5%) who are now at \$2-\$3 a day and lift them up above \$4 (towards \$5). We give \$1 a day to those (12.5%) who are now at \$3-\$4 a day and lift them up above \$4 (towards \$5).

1	875,000,000	< \$1	1,277,500,000,000
2	875,000,000	< \$2	958,125,000,000
3	875,000,000	< \$3	638,750,000,000
4	875,000,000	< \$4	319,375,000,000
			3,193,750,000,000

We could easily apply a similar system in the US that would get everyone at the bottom near \$30,000 a year.

If international tax rates are slightly increased, and tax evasion in its different forms are closed, and we all did a bit more (including those in the middle class), we would not have much trouble at all in eliminating extreme poverty. We have sent men to the moon – I am sure if there was a concerted effort, we could deal with the logistics and corruption issues and the wealth redistribution could be successful. Yes some will not participate, and there will always be corruption and tax evasion -- but that would be offset by those who do more than what they are asked to do. The rise in income inequality in the last thirty years is mainly due to massive wealth accumulating at the top of the income scale. Many think this is just a natural course when in fact the hands doing the dealing are quite visible. They belong to the directors of the boards of the major companies in the US (and in other countries). Executive compensation packages are quite offensive to the average person and those pay packages are approved by corporate directors, who are themselves paid for their service. Many of those directors are also executives at other companies, meaning they sit on both sides of the arrangement. One hand washes the other and they each take care of each other. It is a nice club to be a member of if you are greedy. Although it is reasonable to expect a CEO to be paid more than an employee, the gap in recent decades has widened to levels that are no longer acceptable. It is not just a majority on the left (66%) who feel this way, but also those on the right (58%). The CEOs are almost always male, and his # 2 or # 3 may be well paid and that is it. Not much trickles down from there. Those at the lower end of the income scale feel more and more like pawns receiving leftovers after the shareholders are taken care of. Salaries for top executives and payments to board members are all publicly available inside shareholder filings, but have never been displayed in an easy-to-explore way. "Our system of corporate governance has become a joke," said Dean Baker, an economist and the head of CEPR. "The directors are supposed to be as aggressive in holding down the pay of the CEOs and top management as management is in holding down the pay of ordinary workers. How many directors have ever asked if they could find a comparably skilled CEO in Europe or China at a fraction of the pay? This never occurs, because the CEOs are their friends, and you don't treat your friends this way." In a recent example that upset me, JPMorgan Chase' gave **Jamie Dimon** a 74% raise, in a year when the bank paid more than **\$20 billion** in regulatory penalties. They argued that Dimon should be rewarded for guiding the bank through troubled times. The board -- chaired by Dimon and including several other current and former highly paid CEOs -- agreed.

Erskine Bowles became independent lead director at Morgan Stanley in late January, after sitting on the board since 2005. He is known for his work as a co-chair of the National Commission on Fiscal Responsibility and Reform, also known as the Simpson-Bowles Commission. He also co-founded Campaign to Fix the Debt, a bipartisan group advocating for long-term deficit reduction. He has crisscrossed the country in the name of fiscal soundness since. Bowles is also a director at Facebook, Norfolk Southern and Belk. While he has toured the country over the past several years warning of reckless government spending, he has made millions sitting on the boards of companies that are dramatically underperforming versus the S&P-500, while handing out millions to their respective CEOs -- all with the approval of the board of directors. In 2007, Bowles received \$335,000 for his work as a director at Morgan Stanley. From 2008 through 2012, the financial firm paid him \$1.67 million, according to a review of public records.

In the wake of the financial crisis, CEO pay there was held down to less than \$1.3 million annually in 2008 and 2009. But from 2010 to 2012 -- when the firm's stock fell significantly -- CEO pay totaled \$38.8 million. In February 2011, Bowles became a director of Norfolk Southern. He was paid \$594,415 for his service to the railroad company, according to records. In 2012, Norfolk Southern's stock performance trailed the S&P while CEO Charles W. Moorman IV's compensation totaled \$12.7 million, 16% percent above what it was in 2010. Bowles was also a board member at Facebook, General Motors (during the bankruptcy filing), Krispy Kreme, and Cousins Properties.

Some economic studies have found that unusually high CEO pay is typically associated with sub-par corporate performance and stock returns, and that does not surprise me given the percentage of companies that underperform the S&P and the time it takes for these people to spend their millions, relax on their yachts, play on their golf courses and entertain at their mansions. One recent paper, by economists Michael Cooper of the University of Utah, Huseyin Gulen of Purdue and Raghavendra Rau of Cambridge, found that stock market returns of the top 10% of companies in terms of CEO generosity lagged the rest of the market by 8% over a three-year period. The damaging effects of overpaid CEOs only get worse with time as highly paid CEOs get over-confident and take bigger risks such as value-destroying activities and mergers and acquisitions. Despite this evidence, cozy boards continue to jack up CEO pay, which has risen twice as quickly in the past three decades as the overall stock market, according to the Economic Policy Institute.

For years, the board of San Francisco drug distributor McKesson doled out extra stock to CEO (and Chairman of the Board, naturally) John Hammergren, arguably leaving him better compensated than he should have been. At nearly \$52 million, his pay last year was among the highest in corporate America -- and it was only a third of the \$145 million he took home in 2011. Critics call attention to a \$159 million lump-sum pension payment that Hammergren would have receive had he retired. The Wall Street Journal called it one of the largest pensions in history, inflated over time by special concessions made by the board, such as credit for years of service. The pension even received coverage in the UK's Daily Mail newspaper. In such cases, shareholders have little recourse. Organizing shareholders into a voting bloc difficult. Even when it does happen, it doesn't usually work. Activist McKesson investors and independent advisers last year launched a campaign to toss out three directors and reject Hammergren's compensation plan while shareholders voted overwhelmingly to censure Hammergren's pay. But the vote was non-binding. All three targeted directors kept their seats. And Hammergren kept the money.

Much of our world today is run by individuals who get paid millions of dollars to fire people and treat employees at a standard that is unacceptable. People in this country (mainly wealthy individuals on the right) call this **freedom, capitalism** and **free markets**. I would use different words to describe this and they are not nearly as nice. I see **freedom** to run wild with inadequate regulation and freedom to deceive and manipulate the poor via money, false advertising and lobbyists; extreme and oppressive forms of **capitalism**; and **free markets** that are (relatively) free for the rich, but costing the poor (with their blood, sweat and tears). If this is where democracy and capitalism has gotten us, then maybe we need to re-evaluate this path we have chosen. In my opinion, we have taken a wrong turn, and we as a society need to change the road we are on. I don't know much about those who founded this country 237 years ago. What I do know, is that the mess I see in front of me is probably not the free, democratic and capitalist society they had in mind. If this is what they had in mind, then they probably are being given credit and praise that may not be justified. Hundreds and thousands of years ago, the lower classes (including many who were illiterate) were not able to figure out how they were being manipulated by the upper classes. The poor trusted, obeyed, endorsed and lived in fear. Our world today is still ruled by the wealthy -- but times have changed. We have the internet now with open communication lines, and the poor have a voice; although it is not yet as strong as it needs to be. The poor are no longer as oblivious and illiterate as they were hundreds of years ago. I do not believe the bottom 50% will tolerate for much longer, a world that is driven by those who only care about their own material and political gains. We were taught that free markets would deliver individual freedom and prosperity for all. It should now be crystal clear, to anyone who read this long report, that this is not the case.

This report finishes here on page 37. Below the credits (page 38), the legal disclaimer (page 39) and contact information (page 39), is pasted (pages 40-44) the transcript from a radio interview I gave last month. My answers to most of the questions you may have can be found in that transcript. I have had one web site up for many years and that is www.standpointresearch.com -- my second web site www.philanthropyandphilosophy.com is now up and features profiles for 24 high-ranking and efficient charities, and profiles for 24 philosophers. Each profile runs a few pages in length. There is also an area where visitors can read about my views and opinions and see video of my television appearances to promote the causes I am fighting for.

Credits

<http://seekingalpha.com/article/1848081-insiders-are-selling-amazon>
<http://en.wikipedia.org/wiki/Amazon.com>
<http://www.nasdaq.com/article/forget-drones-heres-why-amazons-a-sell-cm309040>
<http://www.businessinsider.com/here-are-the-real-foxconn-atrocities-2012-3#ixzz2rKweqozy>
<http://www.fundamentalfinance.com/opinion/apple-options-backdating-scandal.php>

<http://www.nytimes.com/2012/04/29/business/apples-tax-strategy-aims-at-low-tax-states-and-nations.html>
<http://www.chinalaborwatch.org/news/new-425.html>
<http://jessecurtis.blogspot.in/2012/01/apples-unethical-business-practices.html>
<http://www.insidebusiness360.com/index.php/a-look-at-apples-unethical-practices-2012-2659/>
<http://www.channelweb.co.uk/crn-uk/news/2293259/apple-supplier-accused-of-illegal-and-unethical-staff-treatment>

<http://www.chinalaborwatch.org/pdf/2012627-5.pdf>
http://www.chinalaborwatch.org/pdf/apple_s_unkept_promises.pdf
<http://foundationcenter.org/findfunders/topfunders/top100assets.html>
http://seattletimes.com/html/localnews/2022617190_smokingupxml.html
http://www.huffingtonpost.com/2013/07/01/tobacco-industry-e-cigarettes_n_3453821.html

<http://www.businessweek.com/articles/2013-02-19/amazon-under-fire-over-alleged-worker-abuse-in-germany>
http://en.wikipedia.org/wiki/Wealth_concentration
http://en.wikipedia.org/wiki/Supplemental_Nutrition_Assistance_Program
<http://www.businessinsider.com/sam-polk-nyt-op-ed-2014-1>
<http://www.aflcio.org/Blog/Organizing-Barqaining/Study-Tobacco-Workers-Face-Brutal-Conditions-in-Tobacco-Fields>

<http://www.supportfloc.org/Documents/FLOC%20report%20toplines-US%20Final.pdf>
<http://www.cia.gov/library/publications/the-world-factbook/rankorder/2172rank.html>
<http://www.ibtimes.com/amazoncoms-workers-are-low-paid-overworked-unhappy-new-employee-model-internet-age-1514780>
http://www.huffingtonpost.com/2014/01/15/yahoo-castro-leaving_n_4605120.html
<http://www.cnn.com/id/101348398>

<http://www.corpgov.deloitte.com/site/us/compensation-committee>
<http://abcnews.go.com/blogs/politics/2014/01/why-20-89-explains-president-obamas-love-for-costco/>
http://www.cnn.com/2014/02/04/opinion/seffrin-terry-smoking/index.html?hpt=hp_t4
<http://money.cnn.com/2013/12/30/technology/tim-cook-pay>
<http://www.businessweek.com/articles/2013-04-28/why-ending-extreme-poverty-isnt-good-enough>

http://www.huffingtonpost.com/2014/02/13/data-ceo-pay_n_4780937.html
http://www.nytimes.com/2012/01/26/business/ieconomy-apples-ipad-and-the-human-costs-for-workers-in-china.html?_r=2&hp&

<http://www.trefis.com/stock/pm/articles/209613/philip-morris-earnings-face-headwinds-from-anti-tobacco-measures-strengthening-u-s-dollar/2013-10-16>

http://www.washingtonpost.com/local/in-pr-georges-county-obama-visits-costco-in-campaign-to-raise-minimum-wage/2014/01/29/55b00fcc-88a1-11e3-833c-33098f9e5267_story.html

Note: It took several weeks to prepare this report. I proofread the report and revised it several times. I tried my best to list all of the credits, but may have missed a few. If you find an omission, please advise and I will update this report to be posted on both of my websites.

Disclaimer

Standpoint Research, Inc. is an independent research provider, is not a member of the NASD or SIPC, and is not a registered securities broker or dealer. The information contained in this report and on the Standpoint Research website is produced by Standpoint Research and may not be published, broadcast, rewritten or distributed in any other manner without prior written consent from Standpoint Research. Any unauthorized use, duplication, redistribution or disclosure is prohibited by law and may lead to prosecution. The materials, opinions, and ideas expressed herein, are for general informational purposes only, do not specifically address individual financial objectives, financial situation or particular needs of the person purchasing them, and are subject to change without notice. Standpoint Research does not intend for any person or entity to rely on any such facts, opinions, and ideas, as we do not assure the accuracy or completeness of this report, or any of the materials or information set forth in it. Nothing in this report constitutes individual investment, legal or tax advice. Although the information and opinions contained herein have been obtained from sources believed to be reliable, Standpoint Research makes no representations as to accuracy, completeness or timeliness and does not assume any liability or responsibility for any loss to any person or entity that may result from any act or omission by such person or entity, or by any other person or entity, based upon this report and the information and opinions expressed herein. Standpoint Research may issue other reports that are inconsistent with this report and is under no obligation to bring these reports to the recipient's attention. All opinions in this report reflect judgments made as of the original date of publication and past performance should not be taken as an indication or guarantee of future performance. Standpoint Research, its affiliates, directors, officers and employees may have long or short positions, or buy/sell options, with respect to one or more of the securities and companies mentioned in this report, may be engaging in transactions based on ideas relating to the securities and companies mentioned herein and/or may also hold positions in the securities and companies mentioned herein. Such positions and/or transactions may be contrary to the opinions and ideas expressed in this report and may have been established or engaged in prior to the writing of this report. This report shall not be construed as a solicitation or invitation to buy or sell securities relating to any of the companies mentioned herein.

Contact Us

Standpoint Research

Flamingo South Beach, Center Tower
1504 Bay Road # 2210
Miami Beach, FL 33139

Web: www.standpointresearch.com

E-mail: ronnie@standpointresearch.com

Tel: 786.768.2317 Cell: 786.315.3853

Philanthropy & Philosophy

Philanthropy and Philosophy, Inc.

www.philanthropyandphilosophy.com

Prepared by Ronnie Moas (and assistants)

End of Report

Transcript

Ronnie Moas Radio Interview with VR Radio based in Washington, District of Columbia

Rick Young: You are listening to Rick Young and this is the big story. The big story today is we have an investor, an advisor, well-recognized, well-respected, who is talking about blacklisting Amazon, Apple and Philip Morris. My guest is Ronnie Moas and he is the Founder and Director of Research at Standpoint Research. The company currently advises and sells its research to pension funds, hedge funds, day traders, individuals and asset management firms. Ronnie thanks for joining us.

Ronnie Moas: Thank you for having me.

RY: First of all, you have created a firestorm of controversy regarding your recent recommendation to downgrade Apple, Philip Morris and Amazon -- or blacklisting because of their business practices. Please tell why you are doing that but also tell us what an equity research firm is?

RM: I am an independent research provider with no conflicts of interest (and a member of the Investorside Research Association). I have put out more than 400 recommendations in last six years and there has been no one in the industry that has been able to match my accuracy (which is audited). The ideas are generated by a 155-variable computer model that took me several years to develop. I then apply heavy fundamental and subjective overlays to the ideas that are generated by the computer model before going out with an actual recommendation -- that usually goes in the form of a 15-20 page report. Being connected to the stock market, I have seen a lot in my years and one of the problems we have in a society that places value on material things is that there is pressure to act in immoral and unethical ways. I have visited more than 50 countries around the world on six different continents just in the last six years. When I go to countries that do not value material things, you do not see unethical and immoral behavior the way we see it in a country like the United States. I think we have lost our way to a certain extent and we have to get back on track and look a little bit more at values and morals and the way the poor people are treated in society.

RY: You are a person who understands money, you advise others how to invest, you research companies to the point where you recommend to investors -- institutional or otherwise -- to sell, hold or buy, but you have taken on Amazon, Apple, and Philip Morris -- these are major American companies and you have blacklisted them on moral and ethical grounds. What is it about these companies that you have found to be so objectionable?

RM: Well these are three cases that I felt were extreme. If I am going to start blacklisting every company that is acting in an unethical way, it is going to be a very long list -- whether it is apparel companies, healthcare companies, energy companies -- the list goes on and on. Everyone is guilty to a certain extent of some kind of violation but with Amazon, Apple and Philip Morris, those are the three examples that I decided to use in this political statement I made. The situation with Philip Morris, in my opinion, cannot be defended. The tobacco industry is responsible for more than five million deaths per year. According to Michael Bloomberg and others, in this century, **the tobacco industry will be responsible for one billion deaths**. In China, every year more than one million people are dying -- and 100,000 of these deaths (in China) every year are innocent bystanders that are dying from second hand smoke. **There are 180 million children every year in China that are impacted by second hand smoke**. So, the freedom of choice argument does not apply here. There are people who are dying that had no say in the matter. Just last night, the Chinese health agency said that they would be banning smoking in public places beginning next year.

RY: But Philip Morris is a very profitable company, right?

RM: Yes, but I think what we have to do in this country -- instead of asking every company at the end of every quarter, how much money they made -- is we need to start asking people what they are doing and how they are going about making the money that they are making. I am not communist, I am not anti-freedom, I am not anti-capitalism, but when you see an extreme example like we see in Apple, someone needs to be held accountable. Apple Computers is sitting on \$150 billion in cash right now while their workers in Asia are making a few dollars an hour and being treated like inhumanely.

RM: I hear all the time about shareholder activists telling Apple they need to pay a dividend to their shareholders and put some of that 150 billion dollars back in the pockets of their shareholders -- why isn't anyone asking Apple to give some of that money to the employees who made this company what it is today? Some of these American companies outsourcing jobs overseas, are treating their employees (overseas) in a way that would have them thrown in jail if they tried to treat American workers the same way. I want to know where we draw the line. Is there any level that is too low to stoop in capitalism for an extra dollar?

RY: Alright -- some say if Apple wasn't there giving folks who they employ these jobs, there wouldn't be any jobs. What do you say about that?

RM: I understand that. My point is why can't we do both? You created the jobs, why can't you also treat the employees fairly if you are in a position to do so? In America, nobody would stand for something like that. In most businesses in the US, employees get a bonus based on production; retirement plans; healthcare coverage; profit-sharing plans -- if the company does well, you do well. Then, on the other end of the spectrum, we have companies dealing with sweat shops in Asia. We have become numb to this because it has been going on for so long, we just got used to seeing *Made in China* on most of what we buy here and few are really thinking about the people that are making these goods for us.

RY: Well, I have had a chance to talk to the group called *China Labor Watch* out of New York several times and they have indicated to me that major companies like Apple and other electronics firms have companies over there -- you are right -- people making 2, 3, 4 dollars an hour and working 6 days a week and sometimes 7 -- some of the folks were under such stress that they were committing suicides. Have you found that?

RM: Well that is why I blacklisted Apple -- the suicides were taking place in the Foxconn manufacturing facility that was making iPhones and the other facility where iPads were assembled was by some accounts even worse.

RY: When you take a look at that, and they are working under these conditions, obviously this is also something that the government allows. Where is the Chinese government's role in this?

RM: Well, I am not getting involved in that. Two wrongs don't make a right. I am just looking at Apple. They have enough leverage and power to pressure their suppliers to treat their workers fairly and they are basically not doing what they should be doing. I think they need to be leading by example instead of saying *we are not doing anything that our competitors aren't doing*. They are in a position of power, they have a lot of ability to change the world in a positive way, and I think that they are falling short of the mark. Regarding Amazon, Jeff Bezos' net worth now is 27 billion dollars and I am reading widespread complaints regarding employee working conditions at his warehouses. There is excessive pressure on these workers and they are not being paid fairly. They are running around the warehouses like rats without heads -- 15 miles on a shift -- and responsible for putting together 100, 150, 200 packages an hour. In some situations they are working in intense heat and there are a few lawsuits in process right now, I don't understand why a person with 27 billion dollars is on a yacht during Christmas in the Galapagos Islands and his employees are not being treated fairly.

RY: Ronnie -- Let's take up this issue in our next hour. We are talking with Ronnie Moas, Founder and Director of Research at Standpoint Research. He has written a report that is really causing a lot of controversy on the Wall Street. Ronnie we will talk to you more in an hour ...

RM: Thank you.

----- END OF PART I -----

RY: Ronnie you have written a very explosive report regarding blacklisting Apple, Amazon and Philip Morris -- and the reasons are moral and ethical. You have blasted Apple for its working conditions overseas, especially in China through Foxconn. You have talked about Amazon and the way it treats its workers here in America and also Philip Morris and their industry that continues to kill millions of people. What reaction have you had with this rather emotional and passionate plea?

RM: Well, I have had thousands of visitors to my website in the last 48 hours. The large majority of the people are blessing me and thanking God that someone is finally speaking up about ethics, morals and the poor people of this world. Some people are shocked that I even had courage to put my life and my business on the line in order to take a stand against some powerful people -- many of whom are in the industry that I am in. I have received a couple of death threats, and I did lose one big account that was paying me a lot of money because he didn't agree with my political views -- but that is fine. I understand that I am doing something here that is going to upset a few people and I really don't care about the people that I am upsetting. I care about the people that I feel I have an obligation towards and those are the poor people that are not valued by the society the way they should be valued. I don't think someone that works in a bank or is a professional athlete or an entertainer should be looked at any differently than a person working in a fast food restaurant, a cashier in supermarket or a taxi driver. I don't think anyone is any more important than the next one. The only way we are ever going to appreciate what these people do for society is if all of the people that were making minimum wage went on a strike for a few months. Maybe then we would appreciate what they really do for us and how they allow our lives to be as comfortable as they are. I think there is a lack of appreciation, lack of respect and a lack of value for anyone that is not working in professional industries. Anyone that is in services working for near minimum wage -- I just don't think they are getting what they deserve.

RY: Well, Ronnie, you have been in the business, the equities business as an analyst for a long time and you have made, as I understand, some very good money. You know how to make money ... you know how to manage money ... and you know how to advise about investments. What is it about what is going on today -- was there a trigger, when you finally said *enough is enough*? In your report, you wrote that this has been disturbing you for a long time.

RM: Yes, my blood has been heating up gradually over the last few years and it just reached the boiling point in the last few days. The trigger was my travel around the world. I have been in 25 US States in the last five years, and I have visited more than 50 countries on six different continents. I have been in the slums in the United States, I have been in desert tents in Ethiopia, and I have been in the shacks of Soweto in South Africa. I see hundreds of millions of people in this world, suffering and living in conditions that are unacceptable. At the same time, we have people in this country (and in other countries), driving \$200,000 automobiles, living in \$10,000,000 mansions and riding \$3,000,000 dollar boats. I don't understand why we can't wipe out poverty and put shoes on the feet of the children that don't have the shoes to wear and give food to the people that are hungry and shelter to the people who are homeless before we blow money on Mansions, Lamborghinis and Yachts. We have money to wipe out poverty and there are a lot of good people doing a lot of good work but there are also a lot of selfish people and greedy people that are not doing what they need to be doing in order to give everybody minimum basic living conditions that they need in order to live a dignified life.

RY: Well in your report you write that the top 1%-2% of the people in this world are overpaid and bottom 50% are underpaid, undervalued and underappreciated.

RM: Absolutely. The truth hurts and I am speaking the truth. The people at the top are overpaid relative to what the people at the bottom of the ladder are paid. I think CEOs salaries should be capped at a multiple of what their lowest paid employees are earning and this is something that went up for vote recently in Switzerland. They tried to pass a law that would cap CEO salaries at 12X what their lowest paid workers are earning. I think 12X is a little bit low and that is why it did not pass. As far as the cap goes, I would like one somewhere around 50X and then you would have a Gini coefficient that is at a level we could be proud of instead of being embarrassed of. The Gini coefficient is a measure of inequality and the US is near the bottom of the table.

RY: And what are the countries are with the US in this Gini coefficient?

RM: Countries that you would not be proud to be mentioned in the same sentence with.

RY: Well you mentioned Mozambique, Argentina, Peru, China, Zimbabwe, Costa Rica, South Africa, Haiti, Botswana, Colombia, Brazil and others -- that is where we stand?

RM: Yes. My point is not looking at who are we grouped together with. My question is why we can't be closer to the top where Sweden, Denmark, Finland and Iceland and those other countries are. I have been in all those countries and they seem to have a very nice life there in those Scandinavian countries. You don't see a lot of people living luxurious, extravagant lifestyles -- and you don't see much poverty there either.

RY: Let's get something straight – You are a capitalist, you are not against capitalism but there is a form of super-capitalism or extreme capitalism that you seem to be against.

RM: Yes. I think that we have taken it too far -- the same way we have taken freedom too far. There are so many problems in this country (US) and it is in part because there is unrestricted freedom. You look at the statistics in this country with sexually transmitted diseases, drug and alcohol addiction, cigarette smoking, the low life expectancy that we have in this country relative to other countries. There are just so many things that are lagging – the education system, and people are sticking too much to this document that was written in 1776. That was 237 years ago. It was signed by people that thought slavery was acceptable for God's sake, and they didn't even know what electricity was. It is a bit outdated.

RY: You know what right wingers will say, hey this guy is absolutely anti-American; he actually attacked the constitution.

RM: What I am attacking is that it was written 237 years ago and people need to think about the fact that those who signed the constitution -- who have been elevated by some to God-like status -- were not perfect. I don't even know if some those who signed would even be elected if they were running for office in 2014. I am just saying that we need to look at all the problems in this country and realize that this is not a perfect system. There is a lot of room for improvement. That is all I am saying. I love this country but I think we could be doing a lot better.

RY: Let's talk about that in our next segment coming up in next hour....

----- END OF PART II -----

RY: Ronnie thanks for joining us again.

RM: Thank you.

RY: Overall, you are saying that people who have the stock of Amazon, Apple and Philip Morris sell it and you are saying sell it based on moral and ethical grounds.

RM: Yes. I think companies need to be held accountable for their behavior. There is a way to earn money without hurting people along the way. I am not against capitalism -- I am just against extreme examples of what some people and companies are willing to do in order to maximize their profits.

RY: Well, you mentioned in your report that you have appeared on various media outlets talking about not only the report but your feelings right now. You are a man who makes money, you know how to manage money, you know how to advise people on how and what to invest in and you are talking basically of that small group of people that control trillions of dollars, and how they make their money is truly impacting people's lives across the world. This is something that really bothers you.

RM: Yes, it is bothering me. If you take the top 1% of the population in the world, you are talking about 70 million people. They control tens of trillions of dollars – part of which should and could be taken to wipe out most of the poverty around the world. There are a lot of people doing good things. I don't have any problem with wealthy people. I don't have any problem if someone wants to live in a nice house and drive a nice car. I just think their spending should be in proportion to their giving.

RY: Isn't it more profitable for these companies that you talked about (and other companies) to simply pay very low wages to places that didn't have jobs before, they stockpile the cash here and spend it as they wish. They move from one poor country to the next claiming that they are going to improve the lives of these people, yet it doesn't seem to be a much of an improvement.

RM: I don't think they are trying to improve anyone's lives; I think they are just trying to maximize their profits. I read recently that Apple is now thinking about shifting operations from China to Vietnam in order to make a little bit more money because the wages in Vietnam are lower than what they are in China right now. So they are not trying to improve the lives of anyone. They are just trying to maximize their profits. I think they have gone over the edge. They need to be taking care of their workers and be content with making a bit less money. The first priority should be taking care of the people that are manufacturing the products that you are selling.

RY: Well let's talk solutions. You blacklisted Amazon, Apple and Philip Morris meaning that you are telling your clients – don't buy this, sell the stock, get rid of it. What are your solutions regarding the type of business practices that you say Amazon, Apple and Philip Morris are engaged in and especially for Philip Morris?

RM: Regarding Philip Morris – that entire industry needs to be annihilated and wiped off the face of the earth -- and it will be. There is no way to justify what they are doing. It is the one industry that I am singling out that just needs to be eliminated. The same way are in disbelief at the way people lived 100, 200 years ago ... 100 years from now, people are going to be in disbelief when they see how we live today and allow an industry like this to operate.

RY: But how can we stop it?

RM: It starts with people like Michael Bloomberg. He is on a crusade right now to cripple the tobacco industry. One thing I like about going to New York is they charge \$12 for a pack of cigarettes. That is one way to discourage people from smoking. The China Health Agency last night came out with news that they will be banning public smoking. There needs to be more advertising and more awareness with regards to what the statistics are. People don't understand -- especially if they are 16, 17 years old -- when they put a cigarette in their mouth for the first time and they get hooked on it, they have one in three chance of dying before the age 65 from lung cancer (and a one in two chance overall). Smoking on average takes 15 years off of a person's life. We need politicians who will have the courage to go against the major tobacco companies even if it means losing some votes and dealing with economies that are dependent on the income and revenue generated from this product. In next 50-100 years there are going to be changes in this world, the same way we have seen changes in last 50-100 years -- one of the changes I am expecting is to have a tobacco industry that is annihilated. The other issue I am hoping to see is the gap between rich and poor reduced dramatically.

RY: Well let's talk about it for a second because you have blacklisted Amazon and Apple. You are telling your clients to sell, get rid of that stock. Your issue with them is a labor issue but as you know labor unions are being marginalized in this country, representation from the workers is at an all-time low. How do you think that can be changed given the fact that we have all these trade agreements now in the US and other countries?

RM: The companies and the people with the money always have the negotiating leverage and the power and there is nobody standing up for the little person. One of the things that I would like to see up for debate is the cap on CEO salaries that would be fixed at a multiple of what their lowest paid employees are earning. Nobody should be paying a CEO a 1000X what one of his workers is receiving. It is really hard to replace someone like that when you are valuing him at millions if not tens of millions of dollars a year.

RY: But who would do that? Shareholders?

RM: It may have to come from the top. It could be shareholders but the problem is that if you don't do it across the board, then the CEOs that have their salaries capped at the companies that they are working at would just go where there is no cap, so this is something that has to come from the top.

RY: You are talking about the reforms from within these firms and from Wall Street where they would in effect say enough is enough?

RM: Yes, but additionally, it has to be something that comes down from the top. When I say the top, I am talking about the government. It has to be just a regulation or a law that is put in place across the board. Something needs to give here. I don't care about the people that can care of themselves -- I care about the people that nobody is taking care of and nobody is paying attention to. As you say -- enough is enough. Pope Francis is bringing a lot of attention to this argument that I am pushing right now. He is making progress and saying the same thing that many have been saying for a long time. President Obama in 2008 ran his campaign on this theme of taking a little bit from top 2% and solving some of the problems we have in the lower classes. He was dead right in this but was criticized. Now that Pope Francis is saying the same thing, people are being a bit more reserved in their criticism of Obama and realizing that there was some truth and good intentions behind what he was asking for.

RY: Ronnie, this has been a fascinating discussion. Please tell people where they can go to read your report and learn more about you.

RM: The report can be found at both of my web sites –

www.philanthropyandphilosophy.com and www.standpointresearch.com