

July 23, 2009

Dear PCM Clients and Friends:

Minnesotans look forward to summer with great expectations, a time to get out the fishing gear, speedboats, and water skis. But this year we have had a major distraction from the fun times as the news has not been filled with reports of record walleyes, but rather the squabble in St. Paul over the budget shortfall of some \$2.7 billion for fiscal 2010 and 2011 (the state fiscal year begins July 1) and how to remedy it. Minnesota, as even non-residents know, is an anomaly as it is, and always has been, a DFL (Democratic-Farmer-Labor) state, but with a non-DFL governor when Independent Ventura was in charge (1999-2003), and Republican Tim Pawlenty beginning in January 2003. The DFL-controlled House and Senate were unable, despite working on it for many months, to bring forward a budget that would eliminate the shortfall and would in turn receive the governor's blessing. Governor Pawlenty, during this lengthy period of verbal sparring, threatened to take unilateral action if an acceptable budget didn't reach his desk by mid-June at the latest. However, no agreement was forthcoming from the DFL party leaders so on June 16 the governor followed through on his threat by invoking a unique Minnesota Executive Action known as "unallotment" whereby he used a combination of spending cuts and spending deferral to reach a balanced budget. State law requires the budget to be balanced every biennium.

Of course, the outcry by DFL party bigwigs could be heard all across the state, some of which was harsh. However, the governor did what had to be done, which we believe will come to be seen in a different light as time passes. Yes, several favorite oxes are getting gored, which is unfortunate, but necessary. "The day of reckoning has come" Governor Pawlenty said; "families and businesses are battling their way through this prolonged economic downturn by reexamining their budgets, cutting expenses, and tightening their belts. State government must do the same."

Governor Pawlenty had the common sense (read: guts) to force cuts all across the state. He was one of the first, but will not be the last, as he had the tool with which to do it, and did it. Let's face it. These are tough times and families and businesses are facing severe cutbacks and it is only fair that the state and local governments cut as well. But somehow government units never seem to quit growing and stop spending. California is another example of a state government out of step with its governor. The Obama stimulus package results in another expansion in the federal government with more agencies that will be with us forever spending untold sums of money.

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INVESTMENT MANAGEMENT

A MESSAGE FROM PERK

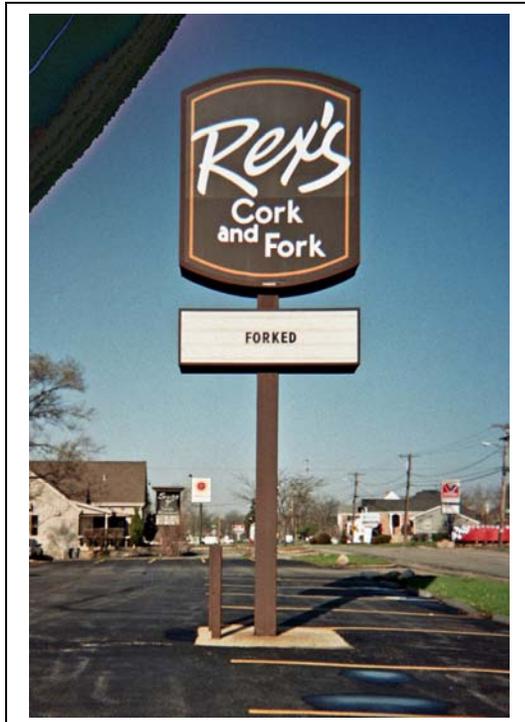
My message in the April 23 letter elicited a lot of comments which certainly makes me feel cared about to hear concern for my health from so many clients and friends. Thank you all. And don't forget to have your "walleectomy."

Picking up where we left off in April, six days into epidural number two, that one didn't help either. So three weeks after the second injection I went for a third, this time administered by Dr. Naveen Murthy, who was perhaps one of the most patient friendly doctors I have had, not that all the other Mayo doctors are not, but he was a standout in my mind. I had high hopes for this one, as he did, and I did get a few days of relief which made me think that it was going to be successful, but it was not to be. So, although it seemed to be reasonable to try other potential remedies, especially acupuncture combined with chiropractic, which was suggested by so many respondents. And so I did sign up for chiropractic/acupuncture, but as a backup plan I met with Dr. John Sherman of Twin Cities Orthopedic who has helped Dana with many of her back issues over the years. After two weeks of chiropractic/acupuncture I was not seeing progress, but I admit I was perhaps too impatient to let it work. The reason was that I was in too much pain, especially in my lower leg, and tired of Percocet. Dr. Sherman, another very patient friendly doctor gave me a tutorial on surgical procedures that should fix the problem and so, one was scheduled at Fairview Southdale for Monday, June 22. The surgery seems to have been successful and I am very grateful. He did remove a cyst that created such pressure that the nerve had flattened; I think surgery is the only thing that could have fixed that.

Changing subjects, the annual Midwest Decoy Collector's Association Show was held again in late April at the Pheasant Run Resort in St. Charles, IL. Despite my leg and back pain, I drove down not wanting to miss the show, but especially the room-to-room trading that begins on Tuesday and continues until Friday when all the decoy dealers move to the mega center to display their wares. One of the highlights for me is the Guyette and Schmidt auction which is held on Thursday and Friday. This year I had several lots for sale, none of which made even low estimate. Isn't that the way it is—when you are selling no one wants to buy, but when you are buying it seems like everyone in the place wants the same decoy that I do. A lot like the stock market, I guess.

On Wednesday night I decided I wanted a steak and thought I would go to Rex's Cork & Fork, a little steak place that I have been to almost every year when at the show, but when I approached Rex's parking lot there were no cars and I soon saw that they were closed. Closed? Yes, when I saw the





sign I knew they were closed for good as on the approach side the sign said “CORKED,” but when I turned around and came from the other direction it said “FORKED.” Being without camera, I went to Walgreens and bought one for \$7.99 to take the photos shown here. Not a good job as my thumb was in the way on one and I was at a poor angle on the other, but you get the idea. Rex’s Cork and Fork has been CORKED and FORKED, probably a casualty of the economy. So I went next door to SUGO and had one of the best Italian dinners I have had in years; lamb chops, fried eggplant, and a side of fettuccini alfredo. Who needs Rex’s? And now I am reminded by Dana’s son, Tony, that I have a camera in my cell phone which I could have used, but having never used it I forgot all about it.

The decoy auction season never seems to end. I just returned from the East Coast, specifically Hyannis for the Harmon auction July 13-14, and

Plymouth for the Copley (O’Brien) auction July 15-16. Then I was off to Portland for the July 18-19 Guyette and Schmidt auction and back home late Sunday, July 19. What a whirlwind trip! Exceptional viewing of expensive birds; the Copley auction of the Harry V. Long collection of seven A. Elmer Crowell decoys were estimated to bring \$1.650 mil to \$2.850 mil but brought only \$1.665 mil plus the buyer’s premium. I came home with one woodcock for my expanding collection of timberdoodles.

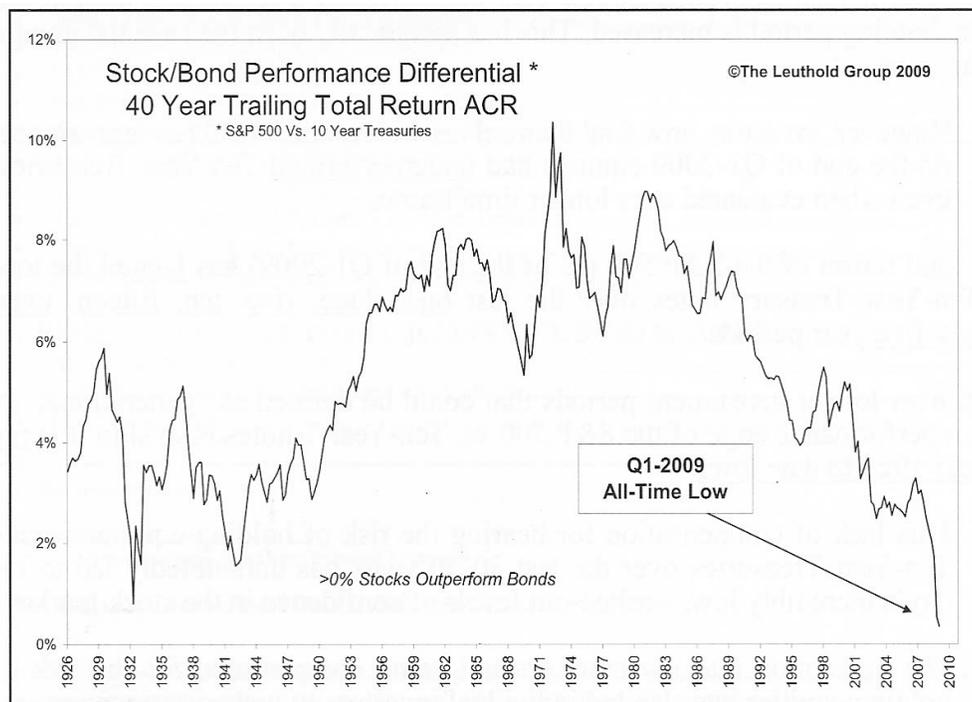
FIRST HALF REVIEW

The only discernable trend shown in the various averages for the first half of the year is that NASDAQ was down less than the other averages in the first quarter, up about the same as the others in the second quarter, and therefore, much better than the other averages in the first half. The Dow Industrials were by far the worst performer, probably because it is an unweighted average of 30 stocks, and thus at times is not as representative of the market as weighted averages.

Indexes	% Return Q1 2009	% Return Q2 2009	% Return YTD 2009
NASDAQ Composite	-3.07	+20.05	+16.36
Value Line Composite	-14.24	+26.35	+8.37
Russell 1000 Total Return	-10.45	+16.50	+4.32
Russell 3000 Total Return	-10.80	+16.82	+4.20
Wilshire 5000	-10.72	+16.21	+3.75
Russell 2000 Total Return	-14.95	+20.69	+2.64
NYSE Composite	-13.52	+18.60	+2.57
S&P 500 Composite	-11.67	+15.22	+1.78
S&P Small-Cap 600 Total Return	-16.84	+21.06	+6.7
Dow Jones Industrial Average	-13.30	+11.01	-3.75

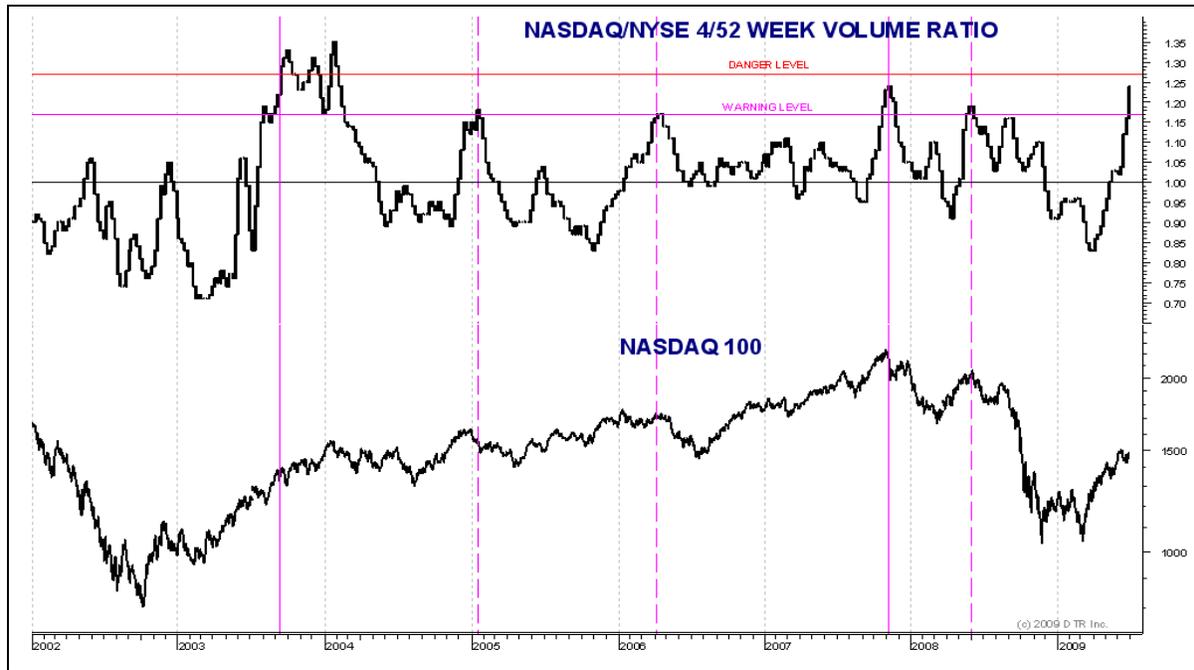
MARKET MUSINGS

Differing opinions on the market are often present, but today we find more than the usual difference in the thinking of market strategists. Steve Leuthold, one of the most prominent and successful strategists, has been bullish and continues to be so. His market calls have always been among the best and he is highly regarded in our industry. We are proud to know Steve personally; Perk worked with him in the early 1970s at Piper Jaffray. Steve goes by the numbers—the weight of the evidence as he calls it—and not by his gut feel. Steve and his staff have many things to corroborate their bullish stance. One is that the trailing annual compound return (ACR) of the S&P Index which is now at an all-time low, i.e., stocks are cheaper now versus bonds than any time in the last forty years. Equities are the preferred asset class and are on sale at bargain basement prices. This is shown in the chart here, reprinted with permission of the Leuthold Group.

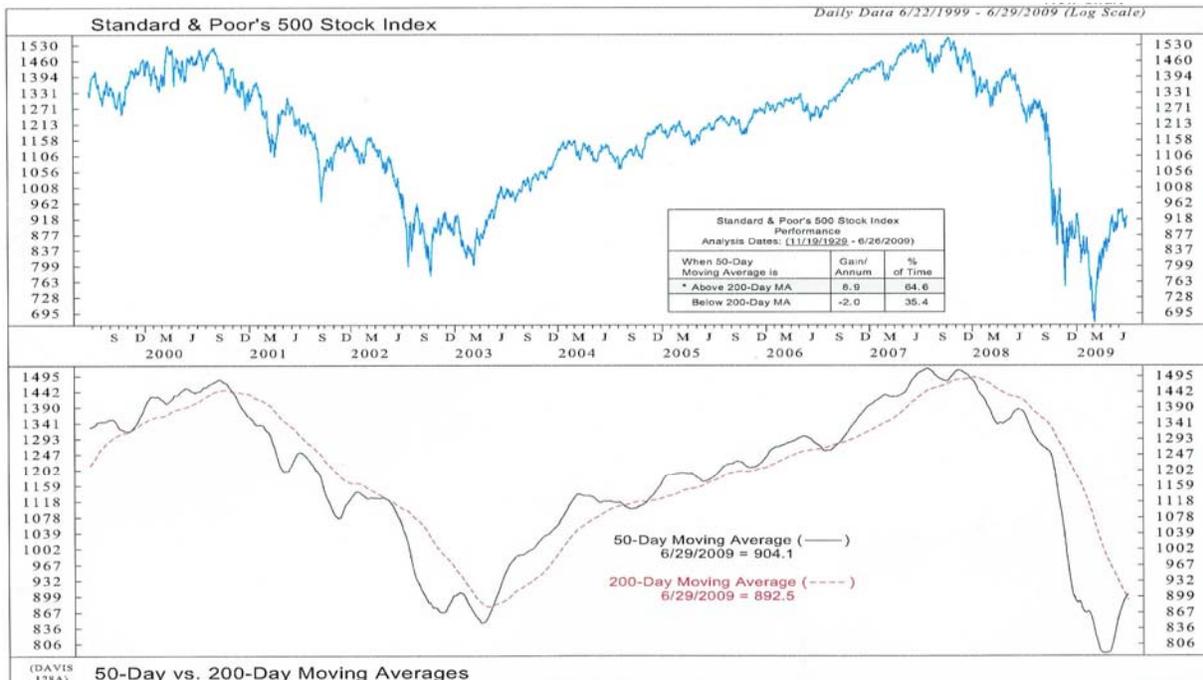


Steve also cites the Coppock curve, which gave a buy signal recently; go to page four of our April letter for a chart of the Coppock Guide which shows it at the lowest level in 80 years. A long-term buy signal if there ever was one.

Another good friend, Walter Deemer, who is likewise one of Steve's close friends, is for the moment on the other side of the fence, unhappy with much of the technical/statistical evidence such as the chart printed on page five (with Walt's permission), which shows the NASDAQ/NYSE volume ratio rising to 1.24 in the last week in June, an ominous sign when looking at the history of this ratio. It is readily seen that highs of 1.15 are precursors of market declines, and especially a ratio as high as 1.24. Thus, Walt is contending that it pays to look at the history of this ratio and to stand aside for the moment while this high number is being resolved through a market correction.



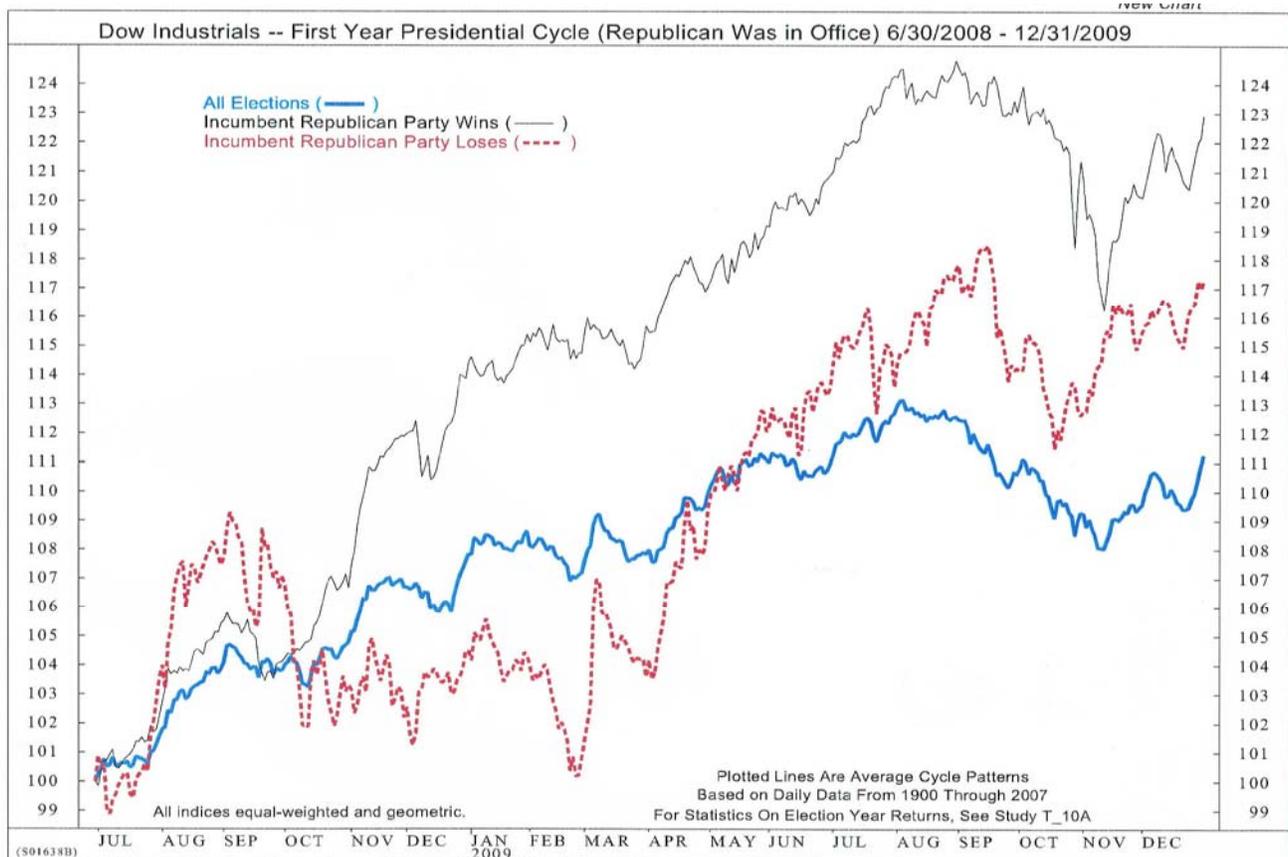
But another favorable development is the “golden cross,” an event that occurs when the 50-day moving average (short-term average) turns up and crosses through a declining 200-day moving average (long-term average). This is an initial positive signal, but becomes more positive when the declining 200-day line also turns up. This same event can announce a top or change in the market trend when the short-term average moves down through the long-term average; that event is called a “black cross.” This golden cross event is now taking place in the major averages and is illustrated here in the chart of the S&P Stock Index, which shows a top in late 2000, a bottom in early 2003 and a top



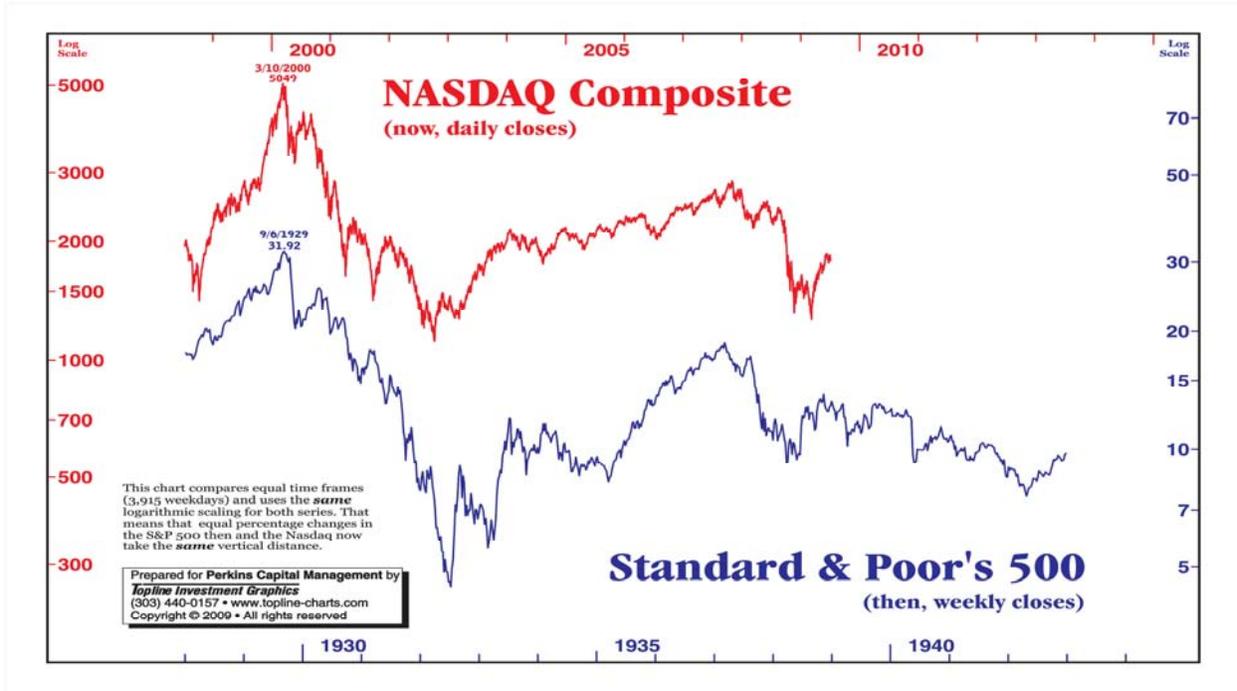
again at the end of 2007. Obviously, this pertains to the market's tone or overall health. This same event often presages a change of direction of individual stocks; indeed many of those we follow and own have recently experienced the golden cross.

The Lowry service, however, weighs in as another negative in the mix, at least for the short term. This highly regarded institutional service founded by L. M. Lowry in 1938, measures Supply and Demand in the market and describes a Buying Power Index and a Selling Pressure Index. These Lowry indices have been somewhat negative during the market rise as buying power has not been able to conquer selling pressure, and until that happens Lowry remains negative relative to a signal for a new bull market. Likewise, Robert Prechter of *Elliot Wave Theorist* is negative, expecting a market correction before another move up before a relapse to lower levels. Prechter, however, has been classed as a "perma bear" because of his dire forecasts for the market over the longer term.

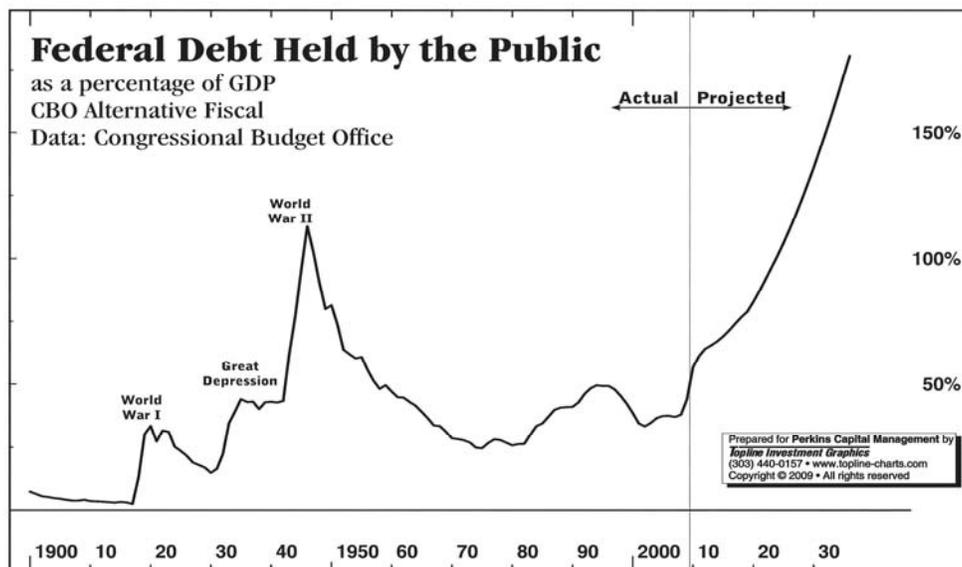
Another positive is the election cycle, which is more favorable for the market if the incumbent Republican Party loses, which as we know is the result of last year's election. Looking carefully at the chart, we see that the market bottomed roughly contemporaneous with this year's March bottom and points higher until a late summer correction, a move up and then a final bottom in October. This is very similar to the Cycle Composite chart prediction for 2009 as shown on page five of our January letter.



Our own view of the market, weighing all of the information we get from the sources outlined here as well as many others, is that the 2009 market is remarkably similar to the 1929-1942 period which was also shown in our January letter on page five. That same chart updated through June 30 is shown here.



The 1938 rally which we believe is equivalent to the up market which we have experienced since the March 9 bottom lasted over seven months, which would count out to October from the early March low. There was a correction along the way, which we believe is what we are experiencing now and which may last into early August.



We do, however, have concerns about the future of the U.S. economy, especially as it relates to the significant increase in debt as a result of the Obama stimulus plan as shown in the chart on page seven. The Congressional Budget Office just released another report estimating levels of debt that suggest either taxes must increase by \$440 billion or spending cut by that amount. That number is probably low as it does not include the cost of new health care and other programs; a better number may be \$700 billion or even more. So what to do? The Federal Government knows not how to cut spending and is expanding the Federal workforce, not reducing it, despite the cuts that the private sector has to take to stay alive. We can't control what the government does; only complain. Our solution? We think it is to take advantage of special investment opportunities by investing in companies at attractive prices where we have identified a compelling positive change which, over time, can result in significant revenue growth and earnings despite the sluggish economy. In today's economy, these companies need to have the capital necessary to execute their business plan.

SCHEMES, SWINDLES & SCANDALS

It seems that fraudulent schemes, of one type or another, tend to thrive during the boom times and then blow up when things get tough. We have written, over the years, about many investment boondoggles, such as WorldCom and Enron, the two that most readily come to mind, but there are also many that have been forgotten, such as Barry Minkow's ZZ Best, the DeAngelis salad oil swindle, and Robert Vesco's looting of IOS. In boom times, fraud schemes proliferate because people seem to be less cautionary and are eager participants in the "easy come, easy go" mentality. People are anxious to make "easy money" and seem to do less investigating than they would in more stringent times. As the economic climate becomes tough it is logical that more of these schemes are uncovered, just as Bernie Madoff's was because he couldn't get enough new investors to continue his payments to the old ones, so it was exposed by Madoff himself as he just gave up! Fortune has released a new book we are reading titled "Scandal!" which contains 20 chapters detailing the most outrageous, including Madoff, but also many you may never have heard of. We recommend it to you.

These swindles, which almost always promise excess returns, share the common characteristic of using the money of new investors to pay the large returns to the previous ones and so on until it gets top heavy and fails because there are not enough new investors to pay the excessive returns to the old ones. As we all know now, the word Ponzi to describe such a swindle derives from the last name of Charles Ponzi who perpetrated his scheme in 1920. His original scheme was in theory based on arbitraging international postage stamp coupons. The purpose of the postal reply coupon was to allow someone in one country to send it to someone in another country who could use it to pay for the postage of the reply. These coupons were priced at the cost of postage in the country of purchase but could be exchanged for stamps to cover the cost of postage in the country of redemption. To the extent these stamp values were different there was a potential of arbitrage profit. Charles Ponzi recognized this potential and raised money from friends and associates to back him promising a 50% return in 45 days or double your

money in 90 days. He started the Securities Exchange Company to promote his scheme, which he claimed could earn over 400% on any one exchange transaction. Money poured in as people invested their life savings. It worked like a charm as enough money kept flowing in to pay the large returns to the old investors. A Boston newspaper had questions, however, about Ponzi's operation and hired one Clarence Barron, the financial analyst who published Barron's to look at it, who immediately observed that Ponzi himself was not an investor. This raised more questions and further investigation revealed that to cover its investments the Securities Exchange Company would need 165 million postal reply coupons to be in circulation, whereas only 27,000 were. Just like Madoff whose trading, if real, would have exceeded the number of available trades many times over. In the end, Ponzi went to jail but ultimately was deported to his native Italy as he never had become an American citizen. But his legend lives on even today as "Ponzi scheme" has become a generic phrase when referring to frauds where incoming dollars from investors are used to pay high returns to older ones, a scheme that eventually blows up.

More has been written about the Bernie Madoff Ponzi scheme than any other because of its enormous size, and because it continued for so long, and involved so many prominent people and institutions. One reason it lasted so long is that he did not promise high payouts, just steady returns in the 10% to 15% range. He purported to run a hedge fund so people thought their money was in a successful hedge fund, but actually he was using "feeders" to raise money for him; they were paid substantial commissions for their effort, which is really what made the swindle work so well for so long. Actually, as it turns out, he didn't charge his clients a fee, but instead paid the fee to the feeders to get the money. This is one unusual twist that the scheme had. He said his pay came from the trading commissions!

But Madoff was last year. Let's look at some of the frauds that have been uncovered so far in 2009:

- Starting off the year in January, Nicholas Cosmo was arrested for a Ponzi scheme in which he took in over \$370 million from 2006-2008 by promising returns of up to 80% per year, which came unraveled when he had less than \$1 million left to continue payments to investors. This is interesting because he did prison time a decade earlier, but still conned investors. No due diligence by investors.
- Also in January, Joseph Forte was charged with running a Ponzi scheme since 1995, promising high returns but he spent \$10-\$20 million on himself. His report to investors showed his fund's value at \$154 million while the real value was about 1% of that or \$150,000.
- In February, the FBI arrested James Nicholson on charges of swindling investors in his hedge fund out of \$900 million since 2004. He had set up a fake accounting firm and his downfall came when Madoff fell and his investors in Westgate Capital Management asked for their money back which, of course, was gone.

- In April, Robert Copeland, a Georgia lawyer, stole \$28 million in a real estate Ponzi scheme promising high returns, but instead of investing in real estate he spent most of the money on himself.
- Danny Pang, of Irvine, California, whose Private Equity Management Group or PEM-Group was charged with theft of between \$400-\$600 million, much for personal expenses including a recent \$1 million Disney cruise for his entire staff. Much of the money came from Asian investors, primarily Taiwan. Most of the accusations here center around the fact that Danny Pang used the company as his own piggy bank. Evidently, it is not going to be easy for the investors to get back much money because a large share of it was invested in insurance policies on the elderly which would be collected when they passed away. Investors will need to wait for deaths.
- Brad Ruderman, a Beverly Hills hedge fund manager, was arrested in May with the accusation that he used \$45 million for personal expenses, including a \$5 million poker loss. His Ruderman Capital Partners was a classic Ponzi scheme.
- Next comes Marcus Schrenker of Indiana who faked a plane crash in his Piper single-engine airplane by setting the autopilot and parachuting out. Now he is fighting fraud as seven investors claimed they lost millions and he is facing other charges, including faking his own death.
- The swindle du jour, however, involves R. Allen Stanford, the subject of an article in the July *Vanity Fair*, who managed to steal up to \$7 billion from Caribbean investors through Stanford Financial Group, headquartered in Antigua with bank branches offering high interest certificates of deposit throughout the Caribbean and Central America. The twist here is bribery, as he paid off the top banking regulator in Antigua to conduct fake audits. He will likely share a prison cell with Madoff!
- There are many more, including Shawn Merriman, a Denver investment advisor who took \$20 million from investors in a Ponzi scheme; Daren Palmer from Idaho Falls who took \$40 Million from his investors; and Anthony James, a small fry who only took about \$5 million, some spent on personal use and the rest to pay Ponzi interest rates to investors.

Given that the last word in the title of this section is scandals, we really ought to mention a recent one which is the outrage in Great Britain as it was recently revealed that instead of receiving salary increases, members of Parliament (MPs) were allowed instead to submit many personal expenses that would normally not be allowed, ranging from furniture for second homes to commode seats. Dear me. We thought that such scandals were only prevalent in the USA. Evidently, this is quite serious as a constitutional historian has said "this is the most serious scandal to affect British politicians in the last 100 years." Oh well, the British press needed something new to focus on.

Are you tired of this? We are. Where, oh where, was the due diligence? In the stock broking world, the primary rule is “know your customer” and, evidently, that applies as well to the investment management business: “know your manager.”

PASSINGS

Peter Bernstein, the dean of economists and investment consultants, died on June 5 at age 90. He was a teenager during the Great Depression and wrote about the lessons he learned from that experience. A prolific author, he wrote ten books, five after age 75. He was famous for urging investors to regard their gains as a loan from the lender—the financial markets—that could be taken back at any time without notice. He said in a 2004 interview that “being wrong is part of the investment process.” He will always be remembered for his spiffy, yet rational thinking. Our industry will miss him.

The Grim Reaper visited Hollywood at the end of June, taking Ed McMahon, Farrah Fawcett, Michael Jackson, and on July 1, Karl Malden.

Ed McMahon, Johnny Carson’s second banana, died June 23, at age 86. Dear to all as Johnny Carson’s sidekick on the Tonight Show for 30 years, he perhaps was almost as well known as Carson and has been missed by many since Carson’s retirement. Now he remains a pleasant memory along with Johnny.

Farrah Fawcett, of Charlie’s Angels fame, died June 23 at age 62, after a long fight against cancer. Her struggle was an inspiration for others and was the subject of last month’s TV documentary “Farrah’s Story.” Her image on the famous 1976 poster is remembered perhaps as much or more as the glamorous Marilyn Monroe photo.

Michael Jackson, controversial, but loved by many, died suddenly June 23 from cardiac arrest. He went from a boy wonder at age 5 as the youngest of the Jackson Five to become a successful solo performer. He was, however, as controversial as talented and was often considered just plain eccentric. The circumstance of his death is being compared to the similar demise of Elvis Presley—drug related.

Karl Malden, famous stage, film and television actor, died July 1 of natural causes at age 97. An actor for all seasons, he perhaps is best remembered for acting opposite Marlon Brando in “On the Waterfront” and as Lt. Mike Stone in “The Streets of San Francisco.” There were no roles he was uncomfortable playing; he played the “Uncommon Everyman.”

A FINAL NOTE

For the information of all of our readers, we want to note that recently Great Britain’s Supreme Court of Justice came through with a momentous decision. The court decided that a Pringle is a potato chip and should be taxed as such--a potato chip, known in Great

Britain as a “crisp.” This was an unhappy moment for Proctor and Gamble which now owes \$160 million in back taxes to Great Britain. Oops. You can fool some of the people but not the British Supreme Court who concluded that Pringles, although only 40% potato have the quality of “potatiness.” Really? Who besides P & G ever thought otherwise.

We think you will agree that the cartoon is speaking to a very current point in our history.

Sincerely,

Perk

Richard W. Perkins, C.F.A.
President
Senior Portfolio Manager

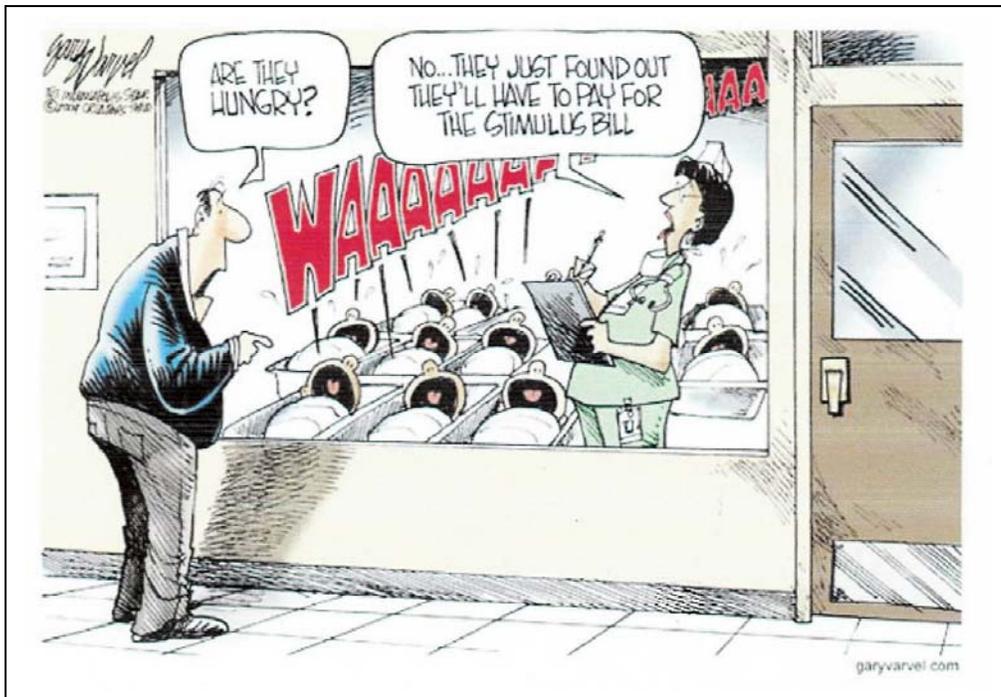
Dick

Richard C. Perkins, C.F.A.
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Portfolio Manager

Dan

Daniel S. Perkins, C.F.A.
Executive Vice President
Portfolio Manager

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A FINAL, FINAL NOTE

“It’s paradoxical that the idea of living a long life appeals to everyone, but the idea of getting old doesn’t appeal to anyone.”

Andy Rooney

ACTUAL CALL CENTER CONVERSATION

Dialogue of a former WordPerfect Customer Support employee. (Now we know why they record these conversations!):

Operator: "Ridge Hall, computer assistance; may I help you?"

Caller: "Yes, well, I'm having trouble with WordPerfect."

Operator: "What sort of trouble?"

Caller: "Well, I was just typing along, and all of a sudden the words went away."

Operator: "Went away?"

Caller: "They disappeared."

Operator: "Hmm. So what does your screen look like now?"

Caller: "Nothing."

Operator: "Nothing?"

Caller: "It's blank; it won't accept anything when I type."

Operator: "Are you still in WordPerfect, or did you get out?"

Caller: "How do I tell?"

Operator: "Can you see the 'C: prompt' on the screen?"

Caller: "What's a sea-prompt?"

Operator: "Never mind, can you move your cursor around the screen?"

Caller: "There isn't any cursor; I told you, it won't accept anything I type."

Operator: "Does your monitor have a power indicator?"

Caller: "What's a monitor?"

Operator: "It's the thing with the screen on it that looks like a TV. Does it have a little light that tells you when it's on?"

Caller: "I don't know."

Operator: "Well, then look on the back of the monitor and find where the power cord goes into it. Can you see that?"

Caller: "Yes, I think so."

Operator: "Great. Follow the cord to the plug, and tell me if it's plugged into the wall."

Caller: "Yes, it is."

Operator: "When you were behind the monitor, did you notice that there were two cables plugged into the back of it, not just one?"

Caller: "No."

Operator: "Well, there are. I need you to look back there again and find the other cable."

Caller: "Okay, here it is."

Operator: "Follow it for me, and tell me if it's plugged securely into the back of your computer."

Caller: "I can't reach."

Operator: "OK. Well, can you see if it is?"

Caller: "No."

Operator: "Even if you maybe put your knee on something and lean way over?"

Caller: "Well, it's not because I don't have the right angle -- it's because it's dark."

Operator: "Dark?"

Caller: "Yes - the office light is off, and the only light I have is coming in from the window."

Operator: "Well, turn on the office light then."

Caller: "I can't."

Operator: "No? Why not?"

Caller: "Because there's a power failure."

Operator: "A power A power failure? Aha. Okay, we've got it licked now. Do you still have the boxes and manuals and packing stuff that your computer came in?"

Caller: "Well, yes, I keep them in the closet."

Operator: "Good. Go get them, and unplug your system and pack it up just like it was when you got it. Then take it back to the store you bought it from."

Caller: "Really? Is it that bad?"

Operator: "Yes, I'm afraid it is."

Caller: "Well, all right then, I suppose. What do I tell them?"

Operator: "Tell them you're too stupid to own a computer!!!"

FISHING WITHOUT A LICENSE

While on vacation one morning, the husband returns after several hours of fishing and decides to take a nap. Although not familiar with the lake, the wife decides to take the boat out. She motors out a short distance, anchors, and reads her book.

Along comes a Game Warden in his boat. He pulls up alongside the woman and says, "Good morning, Ma'am. What are you doing?"

"Reading a book," she replies (thinking, isn't that obvious?)

"You're in a Restricted Fishing Area," he informs her.

"I'm sorry, officer, but I'm not fishing. I'm reading."

"Yes, but you have all the equipment. For all I know you could start at any moment. I'll have to take you in and write you up."

"For reading a book?" she replies.

"You're in a Restricted Fishing Area," he informs her again.

"I'm sorry, officer, but I'm not fishing. I'm reading."

"Yes, but you have all the equipment. For all I know you could start at any moment. I'll have to take you in and write you up."

"If you do that, I'll have to charge you with sexual assault," says the woman.

"But I haven't even touched you," says the game warden.

"That's true, but you have all the equipment. For all I know you could start at any moment."

"Have a nice day, Ma'am," he said as he left.

Moral: Never argue with a woman who reads. It's likely she can also think.

I FISH ON FRIDAYS

A husband and wife came for counseling after 20 years of marriage. When asked what the problem was, the wife went into a passionate, painful tirade listing every problem they had ever had in the 20 years they had been married.

She went on and on and on: neglect, lack of intimacy, emptiness, loneliness, feeling unloved and unlovable, an entire laundry list of unmet needs she had endured over the course of their marriage.

Finally, after allowing this to go on for a sufficient length of time, the therapist got up, walked around the desk and, after asking the wife to stand, embraced, and kissed her passionately as her husband watched with a raised eyebrow. The woman shut up and quietly sat down as though in a daze.

The therapist turned to the husband and said, "This is what your wife needs at least three times a week. Can you do this?"

The husband thought for a moment and replied, "Well, I can drop her off here on Mondays and Wednesdays, but on Fridays, I fish."

LITTLE JOHNNY

Young Johnny moved to Montana and bought a horse from a farmer for \$100.00.

The farmer agreed to deliver the horse the next day.

The next day he drove up and said, "Sorry, son, but I have some bad news. The horse died."

Johnny replied, "Well, then just give me my money back."

The farmer said, "Can't do that. I went and spent it already."

"Ok, then, just bring me the dead horse."

The farmer asked, "What ya gonna do with him?"

Johnny said, "I'm going to raffle him off."

The farmer said, "You can't raffle off a dead horse!"

Johnny said, "Sure I can. Watch me. I just won't tell anybody he's dead."

A month later, the farmer saw Johnny and asked, "What happened with that dead horse?"

Johnny said, "I raffled him off. I sold 500 tickets at \$2.00 each and made a net profit of \$898.00."

The farmer said, "Didn't anyone complain?"

Johnny said, "Just the guy who won. So I gave him his two dollars back."

Johnny grew up and now works for the government.

SPEEDING

A Florida senior citizen drove his brand new Corvette convertible out of the dealership. Taking off down the road, he floored it to 80 mph, enjoying the wind blowing through what little hair he had left. "Amazing," he thought as he flew down I-75, pushing the pedal more.

Looking in his rear view mirror, he saw a state trooper behind him, blue lights flashing and siren blaring. He floored it to 110 mph... then 120... then 130. Suddenly he thought, "What am I doing? I'm too old for this," and he pulled over to await the trooper's arrival.

Pulling in behind him, the trooper walked up to the Corvette, looked at his watch and said, "Sir, my shift ends in 30 minutes. Today is Friday. If you can give me a reason for speeding that I've never heard before, I'll let you go."

The old gentleman paused, then said, "Years ago, my wife ran off with a Florida State Trooper. I thought you were bringing her back." "Have a good day, sir," replied the trooper.

WELFARE

A guy walked into the local welfare office to pick up his check. He marched straight up to the counter and said, "Hi. You know, I just HATE drawing welfare. I'd really rather have a job."

The social worker behind the counter said, "Your timing is excellent. We just got a job opening from a very wealthy old man who wants a chauffeur and bodyguard for his beautiful daughter. You'll have to drive around in his 2007 Mercedes-Benz CL, and he will supply all of your clothes.

Because of the long hours, meals will be provided. You'll also be expected to escort the daughter on her overseas holiday trips. This is rather awkward to say but you will also have as part of your job assignment to satisfy her desires as the daughter is in her mid-20's and is rather beautiful.

A two-bedroom loft type apartment with plasma TV, stereo, bar, etc. located above the garage will be designated for your sole use and the salary is \$200,000 a year."

The guy, just plain wide-eyed, said "You're kidding me!"

The social worker said, "Yeah, well... you started it!"

10 COMMANDMENTS FOR FRUGAL LIVING

1. Thou shalt not buy things you don't need.
2. Thou shalt only buy when you have the money.
3. Thou shalt purchase by value, not price.
4. Thou shalt be patient.
5. Thou shalt buy used.
6. Thou shalt look for alternatives before buying.
7. Thou shalt ignore the Joneses.
8. Thou shalt not pay full retail price.
9. Thou shalt not waste.
10. Thou shalt do things yourself.