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24/ PROFITS

With over 120 million Americans now defined as overweight or obese by the government... this tiny biotech company could be sitting on the biggest selling drug of all time!

They have an anti-obesity drug in Phase III that's nearly 3x more effective than the best fat-reduction pill currently on the market!



J. Christoph Amberger

But before I let you in on this true *Taipan* profiteering opportunity, let me back up for a moment! Because last summer, on July 26, hell froze over.

If you thought that America's culture of shameless litigiousness and professional "the devil-made-me-do-it" victimhood had reached its apex when an old lady sued a fast-food chain for its coffee being too hot (and won!), American trial lawyers went to great lengths to prove they could do even better.

Because on July 26, Caesar Barber, a 56-year-old, 5-foot-10 maintenance worker weighing 272 pounds, filed a lawsuit in Bronx Supreme Court, naming McDonald's, Wendy's, Burger King and Kentucky Fried Chicken and claiming he became obese and suffered from serious health problems from eating fast food several days a week since the 1950s.

The man—who apparently was napping when nutrition was discussed in elementary school and dozed through every health and nutrition fad since Sydney Rome first hitched up her legwarmers in the early 1980s—had this to say: "They said '100% beef.' I thought that meant it was good for you."

Need money? Ask an attorney!

The filing of the lawsuit proved to be a public relations belly flop for Barber's lawyers, among them John Banzhaf, George Washington

over, please...

email: editor@taipanonline.com

University Law Professor and point man on the Barber case. After all, while adults with IQs to match their waist size may be a dime a dozen, most reasonable Americans still would confirm that a man allowed to drive a car, own a gun and vote might be expected to be held personally responsible for the food he chooses to ingest.

But this issue is only beginning to rear its ugly head.

With revenues from tobacco and asbestos lawsuits drying up, trial lawyers are measuring up the fast food industry for its potential to keep firms in limos, baseball teams, and escorts. *Taipan's* prediction: chubby children will be the new pawns in this litigation game.

It's so easy. Just go on the Web and the gentle folks at Injuryboard.com will delight you with a veritable smorgasbord of possible ways for you to play the system. Fast food is just one of the delightful menu options you have to put money in your pockets and a smile on the lips of your attorney. Even I was licking my chops when I read the following teaser:

"There are over 300,000 fast food restaurants in this country alone. The mega-corporations such as McDonald's, Burger King, Wendy's and others intentionally market their products to children, essentially ensuring the prosperity of the industry by getting people hooked and hooked early. Fast food meals are typically high in calories, fat, sodium, and cholesterol. Such diets often lead to obesity and diabetes."

And, potentially, to billion-dollar settlements! While childhood obesity is a complex issue involving such unfashionable sentiments as personal and parental responsibility and encompassing diet, exercise and lifestyle, Banzhaf—his eyes on the prize—reportedly has vowed to "sue them and sue them and sue them," hoping to eventually find a sympathetic jury and a multi-billion dollar payday.

Soup Nazis and food nannies

The building blocks for the coming wave of doughboy litigation have been painstakingly assembled for years. At its base is the common liberal prejudice that Americans are so stupid they

should not be allowed to make lifestyle choices—and that government should actively and passively modify an individual's decision-making process about things like food and drink.

Vocal protagonists such as the so-called Center for Science in the Public Interest (CSPI) are lobbying for new taxes on "nutritionally incorrect" foods, as well as a 5% tax on new television sets and video equipment, plus a US\$65 tax on each new motor vehicle or an extra penny of tax per gallon of gasoline.

Upping the ante

When the government released the findings of its National Health and Nutrition Examination

A good time to invest in pharma and biotech stocks again: Drugging the IPO market



Siu-Yee Ng

It's been a pretty quiet year for the IPO market. But we're not too far behind last year's pace. As of October 29, 2002, a total of 61 IPOs have debuted, compared to 64 in the same period last year.

Surprisingly, there's one sector that has remained resilient. In the past few years, technology IPOs (computer hardware and software products and services) dominated the new issues market.

But this year we've seen a change. Of those 61 IPOs, only seven were technology companies. And get this: they only managed to raise a total of US\$539 million.

Compare this to the health products and services industry, which includes biotechnology and drugs. Eleven companies from this industry managed to raise approximately US\$3.5 billion! Not bad, in this market climate!

IPOs are a good indicator of the market's health. And we can see that investors have lost interest in computer technology, but still believe in drug discoveries and medical advances. To me, this is a fundamentally bullish indicator for the entire sector. ■

Survey last month, I did a double take.

Check this out:

The government found that 64.5% of all American adults were either “overweight” or “obese.” Just wrap your mind around this: 64.5% of the American population translates into 120 million people. 120 million! That’s more than the populations of Canada and Germany combined!

“64.5% of Americans are either ‘overweight’ or ‘obese.’ That’s 120 million people—more than the populations of Canada and Germany combined!”

Check out these statistics:

- ◆ 64.5% of all American adults are either overweight or obese!
- ◆ 64.5% = 120 million people, or 5x the population of Iraq!
- ◆ 31%—or roughly 59 million adults—are obese!
- ◆ 5% of Americans (or 14 million people) are extremely obese!
- ◆ Heart disease—the number-one cause of death in the U.S., killing over 700,000 each year—is a direct result of being overweight!

Look here, I’ll be the first to say that America may have a weight problem. Go to Wal-Mart, Sam’s Club, Costco or Price Club any weekend, and count how many people you would like to trade physiques with.

But 120 million people?

So I did some research for myself. And I found

that the way the researchers arrived at this startling number is questionable, to say the least.

To find a person’s fat content, for example, they used a calculation known as the Body Mass Index (BMI). BMI measures a person’s north against their south—height versus weight. From that score, the government determines if you’re underweight, normal,

overweight, or obese.

If your BMI score is under 24.99, you’re okay. If it’s between 25 and 30, you’re overweight. And if it’s over 30, you’re obese.

Sounds simple enough, right? Well, check out the list of the fat and unfortunate at the bottom of this page.

Unbelievable? Absolutely, especially when you consider that Tom Cruise isn’t merely overweight—according to his BMI score of 32, he is obese! Standing 5’7” and weighing in at a “grotesque” 201 pounds, Tom would need to shed nearly 50 pounds to achieve a BMI score of 24.99, which would put him at the government’s outer limit of normalcy.

Even more dramatic is the BMI score of Priest Holmes, the star running back for the Kansas City Chiefs. This mountain of muscle is leading the league with 857 yards rushing. Priest also has 13 touchdowns... more than 10 of the AFC quarter-

over, please...

8 Famous Doughboys	BMI
◆ Rolling Stones guitarist Keith “Chubby” Richards	29
◆ Actor Russell “Flabs” Crowe	30
◆ Actor Tom “Taffy” Cruise	32
◆ Actor Harrison “Chops” Ford	29
◆ Super Bowl-winning Quarterback Tom “Crisco” Brady	27
◆ WWF Wrestler and Actor The Rock	32
◆ NFL leading rusher Priest “Fatty” Holmes	34
◆ Heavyweight champ Lennox “Lovehandle” Lewis	29

backs have passing touchdowns! But despite his athletic achievements, he must have a problem. Priest stands 5'9" and weighs 214 pounds. That gives him a BMI score of 34, and makes him obese by government standards. In fact, he's really obese.

Now, according to our microcap specialist Brian Hicks—who brought this whole mess to my attention—Priest Holmes used to play for the Baltimore Ravens. Brian has seen him and claims he's built like Adonis. But according to the government, he has to lose 50 pounds to have a normal BMI score.

Crisis and opportunity

The pieces are falling into place. We're on the brink of a veritable media blitz about obesity. The trial lawyers can't wait to turn obesity into a cash cow. And with the U.S. government expanding the circle of people who should consider themselves overweight to nearly two thirds of the American population, we think we see the makings of a powerful trend.

Let's not forget, while trial lawyers and government statisticians may have their own agendas, obesity is indeed a serious medical problem.

The Journal of the American Medical Association (JAMA) reports that over 300,000 persons die of obesity every year. Most of the top ten leading causes of death in the U.S. can be attributed to two things (outside of genetics): tobacco and fat.

Heart disease, certain types of cancer, stroke, diabetes, hypertension and high cholesterol are all direct results of being overweight. Heart disease alone—the number-one killer in America with 700,000+ deaths per year—accounts for US\$120+ billion in healthcare expenses annually.

Estimates of the social costs of obesity—the secondary effects of being overweight—range from US\$60 to US\$100 billion a year.

Which explains why I immediately asked Brian Hicks to figure out a way for *Taipan* members to profit from this mega-trend. As you know, Brian has been on *Taipan's* editorial board since 1995. As editor of the hugely successful microcap

newsletter *The Cutting Edge*, Brian has established an incredible track record recommending biotech and pharma companies.

Here's his report:



Brian Hicks

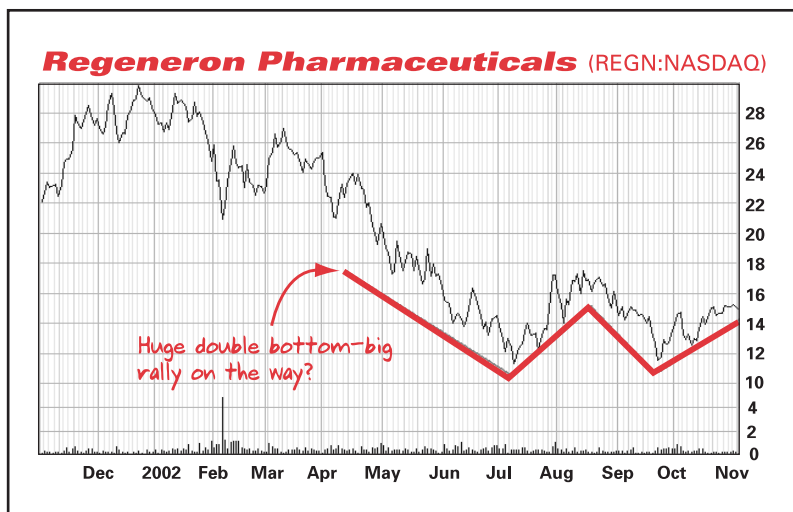
When I saw the numbers reported by the National Health and Nutrition Examination Survey last month, it hit me like a mad rush to the buffet table at a Jenny Craig convention. I did two things.

1. I dug up my old research files on a drug company developing a powerful anti-obesity drug.
2. I checked its current stock price.

The stock—**Regeneron Pharmaceuticals (REGN:NASDAQ)**—was cheap, trading for just US\$12.90 a share... and had a gut-busting US\$299 million in cash sitting in the bank.

But more importantly, their anti-obesity drug was in Phase III... and had already demonstrated very significant results. In fact, the numbers are so good that if it were approved today, it would immediately overtake the two major weight-loss drugs currently on the market.

I'll explain in a minute how the company's drug—Axokine—could become the biggest selling drug in history... and how its stock could gain 500% (at least). But first let me tell you why this drug will turn the company into a profit machine for your portfolio.



Diet or die!

Think about it—the fact that Fen-Phen destroyed your heart valves and was potentially fatal wasn't enough to stop women from taking it. And when Fen-Phen was finally banned in 1997, a multimillion-dollar black market sprang up literally overnight.

Xenical and Meridia—the only FDA-approved anti-obesity drugs currently on the market—are huge cash cows... even though they aren't exactly thwarting the fat epidemic in the U.S.

Xenical and Meridia reduce patients' weight by 13 pounds and 10 pounds on average, respectively. But that's after a full year of taking the medication. Yet these two drugs generate a combined US\$800 million in sales per year!

US\$800 million sounds like a lot of cash—and it is. But it's just a small fraction of the fat pie.

Regeneron's drug currently in Phase III clinical trials is not only safer than Xenical and Meridia, it could be 3 to 4 times **more effective** at taking the pounds off!

I'm betting that if the drug gets approved, the company's stock could rise at least 500%. And that's conservative.

Get into their heads

Regeneron is developing *Axokine* for the treatment of obesity.

The way *Axokine* works is by tricking the hypothalamus, a primitive region of the brain that's important in many human urges, including hunger, thirst and sex.

Axokine's mechanism is similar to that of leptin, a compound secreted by fat cells to signal the brain that the body has an adequate supply of calories.

Leptin gained public notoriety when it was widely reported that knockout mice that made no leptin protein (known as *ob/ob* mice) were morbidly obese but returned to normal weight when given exogenous leptin.

Amgen is developing leptin in humans, but has experienced limited success in clinical trials to date. Obese people actually over-express leptin (there's a higher-than-normal concentration of leptin in the blood and brains of obese peo-

ple), suggesting that obesity is a condition of relative leptin resistance rather than leptin underproduction.

over, please...

Dapper Dad:

How REGN's slimming drug will fatten your wallet



My Dad's been cleaning out his closet. Most of his clothes no longer fit because he just lost *45 pounds* in seven months using Regeneron's weight loss drug.

No, it's not on the market yet. He's part of the two-year Phase III trials that Regeneron is conducting. My Dad's a guinea pig. A thin guinea pig.

The Phase III trial he's involved with Briton L. Ryle is half over. Which means Regeneron could be heading to the FDA for approval some time in 2004. Dad probably won't be continuing with the drug after his trial is through. Because the drug has allowed him to modify his eating behavior so that weight gain is no longer a danger.

"It's not a miracle drug," he says. "What it does is allow you to stop eating when you've had enough."

For the drug to be effective, you have to watch your caloric intake and exercise. For Dad, that exercise has been light weight-work at the gym every other day and walking a few rounds of golf a week. He's enjoying his retirement.

Dad's weight loss began almost immediately. It was noticeable at his first check-up two weeks after starting the drug. And the weight loss has been steady throughout the trial. His treatment consists of one self-administered injection a day.

Best of all, he's reported no side effects whatsoever. No "sweaty-palm" syndrome from Dexatrim-type speed diets. And none of the fouler side effects associated with some of the other weight loss drugs on the market.

Based on my Dad's experience, it looks like Regneron may have a blockbuster on its hands. And if the diet modification angle is truly lasting, we may have to look into shorting some grocery or fast-food stocks. And maybe buying some shares of the Men's Warehouse to cash in when all those suddenly skinny big guys go in for a new wardrobe! ■

Could be 3 to 4 times better than anything on the market

In a Phase II clinical trial, obese people lost an average of 10 pounds during a 12-week treatment period with Axokine.

And here's the juice: **The weight loss seen at 12 weeks for Axokine was superior to what was seen at six months with Xenical and Meridia.**

If patients on Axokine can shed 10 pounds in every 12-week period, it's possible they could lose 30 to 40 pounds in a year.

A Phase III pivotal trial for Axokine began in 2001, and approximately two thousand patients are enrolled in the study.

Two additional studies initiated as part of the Axokine Phase III program were designed to assess Axokine's function after short-term dosing periods and to measure weight change after cessation of short-term Axokine treatment.

A separate clinical trial was initiated in June of 2002 to assess the safety and efficacy of Axokine in overweight and obese individuals with Type 2 Diabetes Mellitus.

Peripheral markets

Diabetes is just one byproduct of the obesity epidemic, but it's a huge one. Approximately 150 million people throughout the world have Type II diabetes, and it is estimated that this number will rise to over 200 million by the year 2010 and 300 million by 2025.

Several studies have indicated that loss of body weight can significantly reduce the progression of obesity-related disorders, including diabetes.

It's time to reload the biotech portfolio

As you probably know, investors in biotech made a fortune during the biotech and med-tech boom of the late 1990s. If you were with me then, you enjoyed gains like:

Aviron	+244%
Medco Research	+33%
Medco Research (2nd pos.)	+78%
Geron	+57%
Interpore	+46%
Connectics	+156%
LCA Vision	+671%
VISX	+70%
Cubist	+21%
Gene Labs	+85%
Inhale Therapeutics	+124%
Millennium Pharma	+191%
Alexion Pharma	+140%
Genome Therapeutics	+133%
Gilead Sciences	+94%
Gene Logic	+113%
Aviron (6th pos.)	+238%
Geron (2nd pos.)	+117%

But times have changed... biotech stocks are again the redheaded stepchildren of the renewed market upswing. And I couldn't be happier.

Blast from the past:

When Amgen (AMGN:NASDAQ) announced it had snagged the rights to the "obesity gene" back in the mid 1990s, investors did a double take. Within a year, the stock more than doubled. Today, the price for one share of AMGN is around US\$49.

The stock price development for Amgen between 1995 and 1997.

(AMGN:NASDAQ)



The breakout: real deal or pre-election puffery?

Who cares when you can make money either way!



It's over.

No more election coverage. No more pundits or talking heads making breathy expansive statements based on the thinnest of evidence... no more charts or graphs showing block-by-block exit polls... no more over-parsed man-on-the-street interviews.

Finally, some blissful quiet. Gone

Adam T. Lass are the exhortations to select a certain party or candidate or philosophy, and the warnings of the dire consequences should one side or the other win. The vast majority of us made up our minds which party we would vote for years ago, leaving the country fairly evenly divided between camps.

With such a divide, most campaigns were focused on demotivation... the fine art of keeping the other side's troops home in a lethargic funk while a few activists go to the voting booths to determine for the lumpenproletariat what minor policy changes will or won't happen for the next 24 months or so.

One would think that as large an event as the results of an election would have grave consequences for the market. Curiously enough, my proprietary ana-

lytic system, *WaveStrength*, puts some weight on the event itself, but really very little on its outcome.

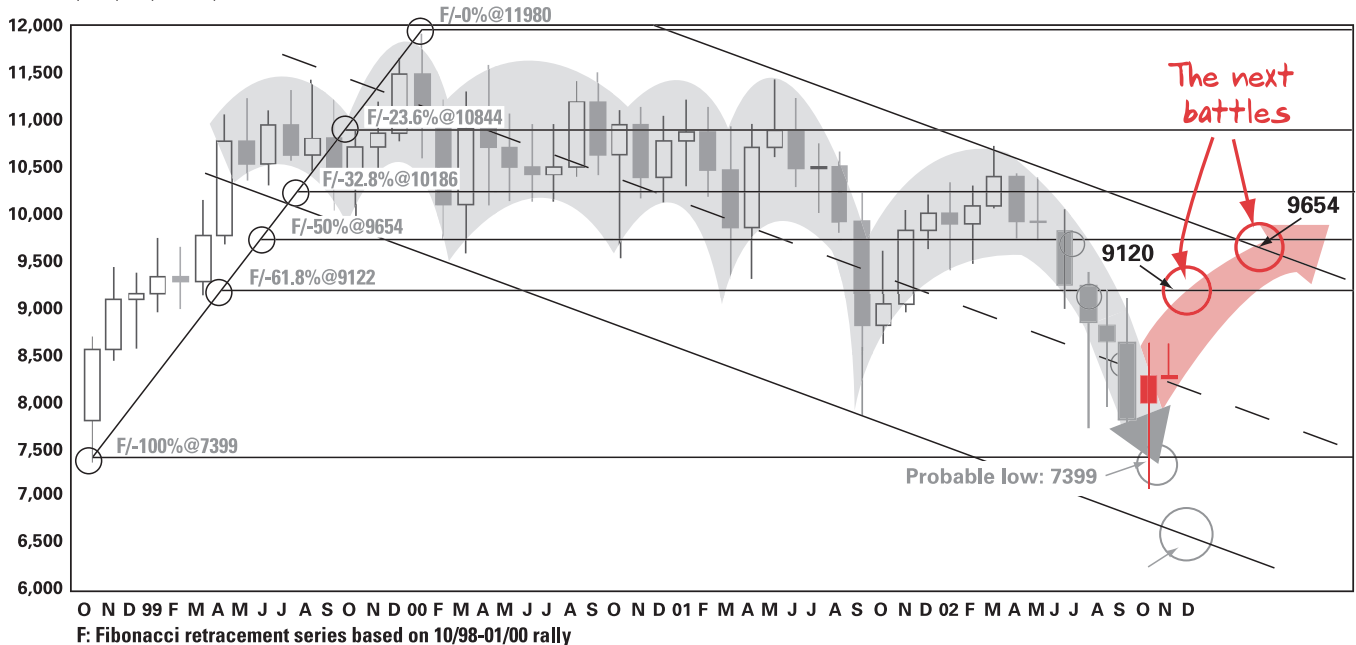
That is because both the election results and the recent market action are end results far more than leading causes. They are the effects of great quantities of information slowly worming its way into the gestalt... molding the great voting and stock-buying herd's consciousness.

I don't envy the political pundit's job. They have to tell why things happen. And the internal structure of the herd's thought processes can be quite mysterious—note how wrong the pundits were two years ago on election eve. My job—making money off the herd when it's ready to jump—is comparatively easy.

WaveStrength offers several stacked probable scenarios to prepare for, while index options provide tailor-made devices for capitalizing on each scenario. Using this combination of tools, *Taipan* readers were positioned to rack up triple-digit gains on both the agonizing two-year plummet and the recent upswing, without ever knowing "why" the market was acting in a certain way. As I sit down to write this, the **December 03 Dow Jones calls (ZDKLN)** that Bryan Bottarelli and I recommended in November's *Taipan* have more than doubled—to

WaveStrength Analysis™ Dow Jones Industrial Average

(DJI) 10/98-11/02 A. Lass



US\$6.50 in less than thirty days.

As I predicted last month, we are in the turbulent zone around 8,500. Note on the accompanying chart that this is the midpoint of the declining trend. That is far more important than any pre-election puffery or post-FOMC-meeting letdown. Even if we beat the significant resistance at this level (and there are now strong indications that we will), you can expect momentum to stall here for a bit.

In the 247profits e-Dispatch of 11/04/02, Bryan and I recommended that you sell the December 03 Dow Jones calls (ZDKLN) prior to the FOMC notice. We will probably post a sell alert for our put positions in the same venue shortly, as I expect a bit of

retracement to improve their value in the short run—but not for the long haul.

Here's the best part of the system: this play required no faith in the rally, as it came as a hedge and was purchased entirely from a fraction of the gains readers were positioned to make during the plunge. And riding that plunge required no belief in any particular candidate's policies. In fact, just the opposite: it simply required a clear view of the market's most probable behavior, and the tools to act on it.

[If you're not already receiving your FREE daily 247profits e-Dispatch update, signing up is easy: just go to www.247profits.com or www.taipanonline.com and put your name on the list.] ■

Defusing the time bomb

By December of 2003, this US\$4.50 stock will eliminate bioterrorist threats



William Colburn

Remember last year's anthrax scare? It turned out to be far less lethal than the two deranged snipers who kept the Baltimore-Washington Metropolitan area hunkering down behind the questionable protection of gasoline pumps. And yet, the economic cost of last year's anthrax mailings dwarfs even the cost of the Great

American Sniper Hunt. And so far,

there are no clear suspects, no arrests, and no other results.

We have found a small biotech company that is working diligently to provide a solution to future bioterror attacks. In a matter of months, **Cepheid (CPHD:NASDAQ)** will unveil a device that will nip bioterror in the bud... just as soon as Congress passes the proposed Terrorism Insurance Bill.

As soon as this happens, *GeneXpert* will be unleashed.

Just add water

Here's how the system works:

A sample is taken from, say, a suspicious envelope or a dead animal. This sample is placed in a tube filled with a special chemical fluid. The data is read by the machine and out come the findings. Simple. Sample in, answers out. If anthrax or another biological weapons substance is present, you

know within twenty minutes.

The product is currently being tested at various post offices throughout the United States. But it gets even better: on October 16 of this year, just weeks before this issue went to print, Cepheid made a major announcement.

Collaboration with well-established Applied Biosystems Inc. was put on the table. ABI is a leading biotech company with several fields of research and development in genetics and forensics testing.

This will enable the two companies to join their efforts towards putting a stop to bio-terror in the near future.

Combining ABI's DNA testing successes with Cepheid's new products could make a drastic difference in CPHD's bottom line.

Because real-life applications for GeneXpert are not limited to the post office, potential new ventures abound. GeneXpert can go to hospitals, military bases, government buildings, possibly even to grocery stores and malls.

The stock is currently trading below US\$5.00, with a 52-week low of US\$2.23. Earnings per share from continuing operations in the last quarter of fiscal 2002 (ended June 30, 2002) were US\$0.68 per share. Net revenue for the last quarter of fiscal 2002 was US\$3,206,000, compared to US\$2,791,000 in the first quarter of fiscal 2002.

Buy CPHD:NASDAQ during the inevitable drawbacks of the stock price past US\$5.00. ■

**Buy CPHD:NASDAQ
during the inevitable
drawbacks of the
stock price past
US\$5.00.**

Bombed in Bali:

Getting ready for blood-in-the-street profits again!



Christian DeHaemer

If you still have not signed up for our daily email alert, the Taipan Group's 247profits e-Dispatch, you're missing out on tremendous short-term windows of opportunity. Like the one opened by the vicious bombing of a Bali resort club. The day after, I wrote in the e-Dispatch:

"Bombs in Bali—BUY TLK! On Saturday night in Bali, a bomb tore through a nightclub, killing at least

216 people and injuring more than 300. Victims were mostly Western tourists on vacation in the island paradise.

"Today, despite the intervention of the government, the stock market opened down more than 10% as money fled the county and the rupiah fell 3.6%. Our favorite Indonesian play, **PT Telekomunikasi Indonesia (TLK: NYSE)**, fell more than 25% to a major support level of US\$5.30 (it trades as an ADR).

"This is one of those blood-in-the streets opportunities the late Baron Rothschild dreamed about: Buy low when the cattle are stampeding. Sell high when they come sauntering back in.

"TLK had a great last year, growing revenues 33%. EPS almost doubled from 251,888 rupiahs to 421,630 rupiahs. The company is majority owned by the government. There is little chance they will go out of business. They have a P/E of 8 and pay 55 cents a share annually.

"We've made money on this stock every time I've bought it for *Taipan*. Buy it now below US\$5.50 and look to sell over US\$8. The irrational sell effect from the bombing won't last long."

You know *Taipan* by now: there's nothing we at the Taipan Group despise more than cut-throat cowards who try to barter their way into Paradise by indiscriminately slaughtering innocent civilians. But let's make no mistake about it: massive selloffs like the one in October are not triggered by noble sentiment. They're triggered by vulgar fear and

greed. As such, they create incredible buying opportunities for those who let reason dominate their assessment of the situation.

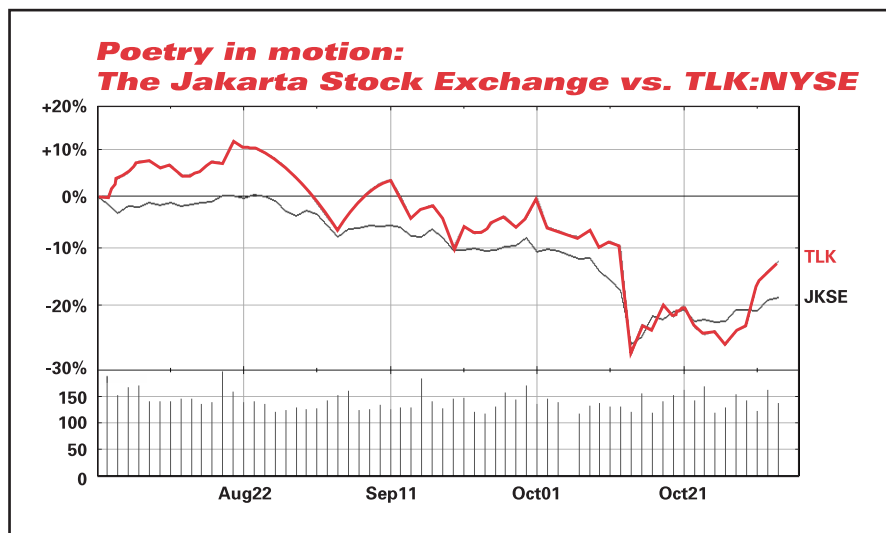
Markets have no emotions. They're not moral beings. The people who make markets... at least the majority of them... are not any more moral than the markets themselves.

Nor should they be. They have a job to do. Make a profit, any which way, for their funds, their portfolios, their clients, their companies, their families, themselves. Independent of what the markets are doing.

That is the nature of the market. It's the core experience we at *Taipan* have had over and over again in the 15 years we've made money on world markets. Here, emotion that transcends the primal drives of fear and greed and sentiment that transcends the calculation of risk and reward are as misplaced as approaching a Kodiak bear with the intent of putting a pink bunny suit on it.

On October 31, TLK:NYSE clocked in at US\$6.91. The ridiculous knee-jerk share dump was followed by the cool light of reason. Those of us with the guts to buy panic made a profit yet again. TLK has just submitted plans to the government for a rate hike of 45.5% over the next three years. The 15% jump last year has been the major driver of growth for this company.

I am maintaining my medium-term price target of US\$8. ■



Double-digits yields in a single-digit world:

Hang on to your position in Impac Mortgage Holdings... and use dips below US\$10 to expand your position!

On November 6, the day after the midterm elections, analysts kept the wires humming in early morning trading—speculating that the tectonic shift in the American political landscape would make further rate cuts unnecessary. But the Fed went to town and cut anyway. Cut deep. Cut the federal funds rate to 1.25% and the discount rate to 0.75%!

All right. I admit it. I was wrong. And so were most of my colleagues here at the Taipan Group. Only two of our professional Pythias got their pre-announcement predictions right. And one of them nailed it right on the head, down to the exact decimal point.

It is probably no coincidence that both—Ian Cooper and Christian DeHaemer—are part of the pragmatic *Red Zone Profits* team.

I have to admit that the rate cut took me as much by surprise as the stunning Republican sweep at the polls. (You have to understand, after 13 years in Democrat-dominated Maryland, I had come to consider an Academy Award for Pauly Shore to be a more realistic prospect than a Republican governor!)

I actually felt Tom Daschle's pain on live television as his facial expression shifted from radiant optimism to wide-eyed terror within a matter of hours. And I'm not gloating...

This is the danger of underestimating one's opponents. For the past three years, the establish-

ment media have been poking fun at George W. Bush and his perceived personal shortcomings... ignoring that here's a politician who actually comes across as genuine and competent to those who come in contact with him.

And in the "50/50" America the soon-to-be Senate Minority Leader Daschle kept invoking on election night, that charisma only needs to sway one percent to make the difference between winning and losing an election.

And sway it did!

As for that rate cut: it's as if Al Greenspan wants the American consumer to shed the bad habit of saving for good. With rates this low, they'll soon pay you to go into debt!

(My own pet theory is that Greenspan wants to bore interest-starved investors back into the market!)

Even before the Fed's big announcement, demand for car loans and mortgages had bounced back, notwithstanding a brief uptick in U.S. mortgage rates.

Hours before the Fed release, the Mortgage Bankers Association of America (MBA) indicated that the MBA refinance index rose 15% to 4,875.1 in the week ended November 1. Refinances accounted for 70.6% of the week's loan business. Simultaneously, the MBA's purchase index (which measures demand for loans to buy a home) rose 9.1% to 369.5.

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Again, these were the trends before the rate cut. Lower rates typically trickle down into cheaper mortgages... and increased demand for mortgages and refinancing.

For us, that's good news... since we can expect more business for our prime U.S. mortgage and real-estate play **Impac Mortgage Holdings (IMH)**. The stock looked somewhat lackluster for a while there... but you and I know that this baby pays 15-19% annual cash dividends... and has raised dividends based on higher earnings every quarter this year as mortgage

rates headed south.

Use price points between US\$9 and US\$10 to expand your position! ■

—J. Christoph Amberger



Wealth Institute's Options Trading Course

Harbor Inn Pier 5 in Baltimore, Maryland, April 25, 2003

At the past Agora Wealth Symposium, our in-house options gurus Adam Lass and Bryan Bottarelli were bombarded with questions. They couldn't shake the people no matter how they tried. One guy even followed Adam into the bathroom.

Apparently, the million-dollar question was how to actually make money with options while minimizing risk. And this is one thing you'll learn at the Wealth Institute's one-day Options Course.

You may not know this, but options are the most powerful wealth-producing tool on the planet... *once you know how to use them!* Options and futures contracts provide a means of hedging, risk management, asset allocation and speculation.

And according to the Futures Industry Association, the total number of contracts traded on exchanges worldwide grew from 475 million in 1990 to 1.8 billion in 2001!

There are a number of reasons why options and futures trading has gained global popularity. With increased market volatility, investors realize that risk management has become a key element in holding on to their money. And buying an options contract is a cheaper hedge than buying the financial institution or commodity.

But for many investors, options trading remains a mystery. That's why the Wealth Institute is sponsoring a one-day options course that will cover everything from what it means to have a long/short position, protective equity puts, buying put options and covered call selling, to the different strategies in hedging your risk with options.

For more information, please contact Vickie Beard, tel. 410-454-0495, fax 410-454-0401, email vbeard@agora-inc.com. ■

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