
BetterInvesting™ Coastal GA/SC Chapter
May 2006 Newsletter

Below is information related to the following:

- Special Notes
- Commentary
- Chapter Classes/Events
- Computer Group
- Club News
- Volunteer Opportunities

SPECIAL NOTES:

Email Announcements:

Please remember to share our chapter announcements with others who may not be receiving these messages. If you know of others with email who would like to be on this list, please ask them to email us. sgallemore@georgiasouthern.edu

Chapter Web Page:

Members and other interested investors may find information about our events, past email newsletters, and other chapter information at:

<http://www.betterinvesting.org/chapter/coastal-chapter> or
<http://www.georgiasouthern.edu/~sgallemo/coastal-chapter>.

Postcards to Clubs:

Please note that only one person per investment club receives the Chapter postcards announcing chapter events and activities. This BetterInvesting contact person should share information on that postcard with all club members. Postcards come out a maximum of once per month.

Club Visits:

Chapter Directors would like to visit your club to assist with club operations and provide a brief portfolio review of your club's holdings, to learn of your education interests, and to provide information about other services the chapter may be able to provide, and of course to provide an opportunity for club members to participate in a question/answer

session. Please let us know if you would like to schedule a visit.
sgallemore@georgiasouthern.edu

Better Investing Seminars:

If you know of a group that would like a free *Better Investing Seminar* presentation (overview of the BetterInvesting investment principles, how to get started investing, information about investment clubs, etc.), please let us know. For more information: sgallemore@georgiasouthern.edu.

COMMENTARY

Sandy Gallemore, Chapter President

An interesting article recently provided by the Motley Fool to our local newspaper was entitled "Enron Still Matters." As was mentioned in the article, in early 2001 Enron was the darling of Wall Street. The leaders were viewed as dynamic people who were revolutionizing the energy market. The earnings and revenue growth appeared consistent and "stunning."

Information and financial data were hidden from the public and from shareholders. Debt seemed to disappear. In fact, Enron set up third-party partnerships that were funded by outside investors who received Enron stock as collateral. The company would sell debt-laden assets to these third-party partnerships, getting cash from investors (who knew nothing about what was going on). Enron recorded the cash received from investors as earnings, which in essence hid the debt. But, as we know, the debt was not gone. Enron guaranteed a return to the partnership investors with stock, which worked fine as long as the stock price continued going up. However, when the stock price went down, this deceptive plan fell apart.

The Motley Fool offered some questions to help investors analyze companies with a little skepticism:

* How does this company make money? Using Peter Lynch's advice, we should be able to draw a picture of what the company does by using a crayon. We should be able to explain it to someone who has never heard of the company.

* How clear are the company's financial statements? Yes, financial statements are mandatory. But if the investor cannot figure out the basic information provided, moving on to another company is the best idea.

* Is management forthcoming when questioned about the financial condition of the company? Enron's Jeffrey Skilling, when asked why the financial statements did not include a balance sheet or statement of cash flows, responded with a profanity. Shareholders should have income statements, balance sheets, and cash flows

statements available for any company they are considering for purchase.

* “Are the rats leaving what might be a sinking ship?” When Skilling quit Enron in August of 2001 he quickly sold all of his shares of the company. An alert investor would have seen this as a huge warning sign. Add to that sign the fact that Skilling was not nearing retirement and appeared to have no good reason to be quitting at that time. Young/middle-age dynamic leaders don’t quit a company for no reason.

We should use the Enron saga as a warning to better understand the companies we own and to pay attention to all financial data. We may not be able to catch the crooks by ourselves, but we can use our own analytic skills to help us know when things just are not making good sense.

Better Investing!

Upcoming national events:

BetterInvesting CompuFest, Reno NV, June 23-25, 2006.

BetterInvesting National Convention, Columbus OH, September 7-10, 2006

CHAPTER CLASSES/EVENTS

The next workshops/classes to be held at the Mighty Eighth will be Winter Quarter 2007. Other classes will be held as off-site/club-sponsored (see notice below).

For all workshops/classes, please use registration form on webpage.

<http://www.betterinvesting.org/chapter/coastal-chapter> or

<http://www.georgiasouthern.edu/~sgallemo/coastal-chapter>

Off-Site Classes (club sponsored)

Class requests: The Chapter is prepared to provide classes for clubs or other groups of the BetterInvesting community (including individual members). Requests for an event must reach the Chapter at least six weeks prior to the requested time of the class. Email us for information about available topics. pilgrimdi@netscape.net

Responsibilities of the host: The host must guarantee a minimum of 10 pre-registrations for the day and is responsible for arranging suitable classroom accommodations, including a large screen, podium, table space for the presenter(s), etc. Further information is available on our webpage.

Registration requirements: The Chapter must receive the pre-registration forms with

fees enclosed at least 14 days in advance of the planned date. Chapter registration forms must be used – see our chapter web site (or alternate site) or email us for a copy of the form. <http://www.betterinvesting.org/chapter/coastal-chapter> or <http://www.georgiasouthern.edu/~sgallemo/coastal-chapter> or email pilgrimdi@netscape.net.

CHAPTER COMPUTER GROUP

Please respond to this email if you are interested in assisting with the re-formation of a Chapter Computer Group.

INVESTMENT CLUB NEWS

If your club would like to highlight its successes or share ideas, let us know and we will include the information in this section of the Newsletter:
sgallemore@georgiasouthern.edu.

Should you have a group of people interested in forming a new club, please let the Chapter know (you may reply to this memo with that message). We love to help new clubs form.

Clubs Currently Welcoming Visitors

Women Investing Now (WIN) Investment Club of Statesboro GA welcomes visitors to most of its monthly club meetings, which are held on the fourth Tuesday of the month. Visits to the club do not constitute any commitment on the part of the individual or the club regarding potential club membership. Please contact the club if interested in visiting. sgallemore@georgiasouthern.edu

Please note: The Chapter cannot publish any advertisements for new club members, nor can we publish any requests of individuals to be put into contact with a club. The best way to determine if a match-up exists is to attend workshops and look for others in your area, or to mention your interest in investment clubs to people you see in your area.

CHAPTER VOLUNTEER OPPORTUNITIES

The Coastal GA/SC Chapter has openings for a few Associate Directors and Volunteers who would like to assist with Chapter operations, publicity for our workshop classes and activities, teaching, and/or with providing other services to our membership.

If you are interested in serving as a chapter volunteer, please respond to this email or contact our Volunteer Coordinator. Not only will you be sharing your talents to help others improve their investment skills, but also you will have unique opportunities to improve your own investment knowledge by attending national BetterInvesting and Chapter director training programs. Volunteer Coordinator: Valjean Stell-Burns, valsburns@comcast.net